



LUND UNIVERSITY
School of Economics and Management

What comes first: the market or the product?

Strategic orientations among start-ups in the Øresund Region

by

Ivaylo Moskov Ivanov & Nathanael Muscat

May 2016

Master's in Globalisation, Brands & Consumption

Master's in International Marketing & Brand Management

Supervisor: Christian Koch
Examiner: Mats Urde

Abstract

Market orientation and product orientation propose opposite approaches towards innovation and, thus, value-creation. This paper investigates the market-product orientation debate in the context of entrepreneurial start-ups. By studying strategic orientation from the perspective of start-up entrepreneurs, the research contributes to orientation theory, which has largely concentrated on processes found in mature and large companies. Data is collected from start-ups operating in the Øresund Region, representing a renowned European network of start-up hubs. A qualitative research, the investigation is based on a series of in-depth interviews with start-up entrepreneurs. The study shows that start-ups adopt a variety of strategic orientations; at the same time, however, elements of market orientation are central to companies in this nascent phase. Entrepreneurial start-ups demonstrate a commitment to value-creation, and understanding market demand is, therefore, a crucial activity. While orientation theory proposes a progression from strategic orientation to value-creation, by way of innovation; start-up entrepreneurs conceive innovation as an incidental process. Value-creation does not necessarily have to involve innovation. Findings, then, suggest that strategic orientation takes a different form in start-up companies compared to major theoretical conceptualisations. Predominant orientation theory concentrates on activities internal to organisations, such as inter-departmental communication and company culture. In their application of strategic orientations, however, entrepreneurial start-ups are more concerned with negotiating the external environment, especially exploring needs and refining solutions. Finally, as start-ups gain economic importance, this paper argues that through strategic orientation, the field of marketing has a direct impact on value-creation.

Keywords: Market Orientation; Product Orientation; Innovation; Start-ups

Acknowledgements

No worthwhile pursuit is easy; but with the support of many around us, this journey was much easier. We are grateful to our supervisor, Christian Koch, for his meticulous guidance and patient advice. We would also like to thank our colleagues and friends: Desislava Nedelcheva, Fengge Zhao; Nora Varga, and Sally-Anne Amakye. We are indebted to the entrepreneurs who accepted to be interviewed in this research: Sebastian Hoefinger; Lewis Horne; Tatyana Kolyaka; Edgar Leon; Per Löfberg; Nikolay Minev; Klas Nilsson; Jonathan Parisi; Alexander Pedersen; Boris Petrenj; Margareta Wallentén. We wish them all success with their exciting ventures. Intellectual discipline starves without affective care: thank you Nela.

Contents

Abstract.....	i
Acknowledgements.....	ii
1 Introduction	1
1.1 Two Routes to Innovation	1
1.2 The Voice of Start-Ups.....	3
1.3 The Regional Context.....	3
1.4 Aims and Contributions.....	4
1.5 Paper Outline	5
2 Literature Review.....	7
2.1 Innovation as Value Creation	8
2.2 The Innovation Strategy.....	10
2.3 Start-ups Must Innovate.....	11
2.4 Market Orientation.....	11
2.5 Market Orientation and Innovation.....	14
2.5.1 Positive Impact on Innovation	14
2.5.2 Marginal Impact on Innovation.....	15
2.5.3 Negative Impact on Innovation.....	16
2.6 Market Orientation Revised.....	16
2.7 Product Orientation.....	18
2.8 Criticism of Product Orientation.....	20
2.9 Integrating Orientations.....	20
2.9.1 Complementary Strategies.....	20
2.9.2 Two Ways of Learning.....	21
2.10 Recapitulating the Debate.....	22
2.11 Defining a Start-up.....	25
2.12 Start-ups Are Entrepreneurship.....	26
2.13 Entrepreneurship is Innovation.....	28
2.14 Chapter Summary.....	29
3 Methodology.....	32
3.1 Object of Study.....	32
3.2 Ontological Frame.....	33
3.3 Epistemological Approach.....	33
3.4 Research Strategy.....	34
3.5 Data Instrument.....	35
3.6 Information Sources.....	36
3.7 The Øresund Context	36
3.8 Procedure of Analysis.....	37
3.9 Rigour and Dependability.....	38

3.10 Method Limitations.....	40
4 Findings and Analysis	41
4.1 Analysed Themes	41
4.2 Priority in Serving Customer Needs	42
4.2.1 Following versus Anticipating Needs.....	45
4.3 Innovation as Secondary Concern.....	48
4.3.1 Innovativeness in Start-ups.....	49
4.4 Contingency of Novel Ideas on Market Demands	50
4.5 Value-Creation as Mission	52
4.6 Agility as Strategic Resource	54
4.7 Chapter Summary	55
5 Discussion	57
5.1 Market Orientation at the Heart of Start-ups	58
5.2 Value-Creation before Innovation.....	60
5.3 An Environment of Innovativeness	61
5.4 Chapter Summary	62
6 Conclusions.....	64
6.1 Research Aims	65
6.2 Research Objectives	65
6.3 Empirical Review	66
6.4 Theoretical Implications	67
6.4.1 A Less Divisive Debate.....	67
6.4.2 Rearranging Orientation Logic.....	67
6.4.3 Dispensable Aspects of Orientation Theory	68
6.5 Managerial Implications of Value-Creation.....	68
6.6 Limitations and Openings.....	68
6.6.1 Alternative Strategic Orientations.....	69
6.6.2 Future Research	69
References	70
Appendix A – Interview Details.....	78
Table of Interviews	78
List of Companies.....	78
Appendix B – Modified Quotations	82
Priority in Serving Customer Needs	82
Following versus Anticipating Needs.....	82
Innovativeness in Start-ups.....	83
Agility as a Strategic Resource	83

List of Figures

Figure 1: Innovation, Value-Creation, and Competitive Advantage	7
Figure 2: Strategic Orientation in the Process of Value Creation	8
Figure 3: Strategic Innovation Types (Kumar et al, 2000)	10
Figure 4: Product Innovation Taxonomy (Augusto & Coelho, 2009)	19
Figure 5: Strategic Orientation Modes (Berthon et al. 1999)	21
Figure 6: Orientations Fan.....	24
Figure 7: Stages in Analysis Process	38
Figure 8: Themes for Analysis.....	42

1 Introduction

At the turn of the millennium, *The Economist* (1999) claimed that “innovation has become the industrial religion of the late 20th century.” Indeed, the introduction of new methods and products has come to define industrial activity (Blaug, 2000). From an organisational point-of-view, innovation is a systematic approach for creating new value in the market and, thus, gaining competitive advantage (Dhewanto & Sohal, 2015; McGee, 1995).

Drucker (1984) describes innovation not simply as change itself, but as an answer to shifts in the make-up of the market; developments that follow deeper transformations in the context in which the business operates. Not all companies, and certainly not all businesspersons, are adept at reading these signs of change. In fact, Schumpeter (2000) describes innovation as the specific activity of entrepreneurs.

Entrepreneurship, in the Schumpeterian view, is the process of bringing discontinuity through novel combinations of production (Bull et al, 1995; Pichler, 2010). It is the capacity of creating new resources (Drucker, 1985a) and blending them into new solutions to bring better value to the customers. The entrepreneurial pursuit of innovation, therefore, ultimately seeks legitimisation in the approval of the marketplace (Aldrich & Kenworthy, 2011).

1.1 Two Routes to Innovation

The task of driving innovation within a company is traditionally assigned to the R&D department. Reflecting upon the concept of ‘research and development’, Arrow (2000) proposes that innovation is the convergence of two types of knowledge. ‘Research’ refers to technical knowledge that leads to the possibility of creating a new product; ‘development’, on the other hand, refers to market knowledge that estimates the commercial performance of that product (Arrow 2000).

This distinction between kinds of knowledge required mirrors a broader discussion about the entrepreneurial approach to innovation. One strategy focuses on the market and the forces within it; another strategy concentrates, instead, on the product and the generation of ideas (Grinstein, 2008). Emerging in the 1990s, the debate between market-oriented approaches and product-oriented ones is still open (Grinstein, 2008; Im & Workman, 2004, Zhan & Duan, 2010).

A market orientation seeks gaps in the market: customer needs that remain unfulfilled (Berthon et al. 1999). Product orientation, on the contrary, identifies unfulfilled potential in the creation process to deliver a superior product (Macdonald, 1995). The strategies, therefore, start at different ends of the equation to achieve innovation. A market-oriented approach begins with what is missing in the market and then goes on to devise a solution to match it exactly. A product-oriented strategy first envisions a better solution to what is available and subsequently tries to find a market to receive it.

For the purposes of this paper, the body of literature about market orientation and production orientation is referred to collectively as 'Orientation Theory'. Contemporary views accept that the two strategies are complementary not antithetical (Hult et al. 2004; Naidoo, 2010) and effectively look to develop approaches integrating both (Berthon et al. 1999). Nevertheless, the digressions in method that their respective applications entail, means that entrepreneurs eventually have to adopt more elements of one orientation than of the other, ultimately leaning towards either a market-knowledge approach or a product-knowledge approach.

Consider, for example, two companies in the baby-care industry, both founded in the last decade in the United States. The Honest Company declares that it started out of “frustration in trying to find the perfect product” (The Honest Company, 2016). This claim implies that parents, the target customers, knew what they needed but were unable to find suitable solutions. The Honest Company, in trying to satisfy customers’ demands, follows a market orientation strategy.

On the other side, 4moms presents itself as a ‘robotics company’ and was established on the premise that “engineering expertise and inexpensive electronics could add value” for parents (4moms, 2016). The product-oriented strategy of 4moms trusts that development in design and technology results in products that will change what customers know and demand.

The difference in emphasis between the two companies is discernible, but it is also strategic. Market orientation pursues the exploitation of market gaps and product orientation pursues the exploitation of competencies (Hunt & Aldrich, 2011). The divergence in orientations reflects the two routes to innovation: one relying on knowledge from market elements; and the other counting on knowledge from processes and inventions.

Drucker (1985a) proposes that entrepreneurship is the exploitation of innovation; the two orientations express contrasting strategies of doing this. The contention between the two approaches is, in the following pages, referred to as the ‘market-product orientation debate’.

1.2 The Voice of Start-Ups

Orientation Theory tends to discuss the innovation process in large companies. The predominant frameworks, in fact, frequently discuss notions like ‘inter-departmental communication’ (Augusto & Coelho, 2009; Kohli & Jaworski, 1990; Narver & Slater, 1990) or ‘organisation-wide diffusion’ (Atuahene-Gima, 1996, Olson et al. 2005). Such assumptions overlook flat, unstructured organisations that are found in small companies, particularly start-ups.

At the same time, however, the phenomenon of start-ups has been on a steep rise for over three decades (Acs, 2006; Jovanovic, 2001). Drucker, for instance, saw a significant increase in entrepreneurship since the early 1980s and observed that founders were more willing to embrace the risks of starting new organisations over the security of big corporations (1985a).

Moreover, the contribution of small and young organisations towards innovation is above par, in comparison with large and mature companies (Aldrich & Auster, 2011). Start-up companies, show a stronger competence in capturing changes and bringing new value propositions to the market (Baumol, 1995). Based on a research by the U.S. Small Business Administration, Aldrich and Auster (2011) argue that the innovation rate in small companies is both higher and faster than that in big companies.

While orientation theory is firmly interested in innovation strategies, it often disregards the start-up scene as a major source of innovation. Notable exceptions explore relevant perspectives such as the relationship between small enterprises and innovation processes (Kamineni, 2002; Merrilees et al. 1998) or company growth in the context of strategic management (Cooper, 1981; Resnick et al. 2016). The market-product orientation debate, however, has largely overlooked the innovation strategies employed by entrepreneurs in start-ups.

1.3 The Regional Context

Innovation does not occur in isolation but is connected to a web of macro-level circumstances and events (Moss Kanter, 2000). Indeed, Aldrich (2011) argues that start-up innovation is a reconfiguration of the cultural norms and values that surround entrepreneurs. Strategic orientation, in this sense, is a rational negotiation with the social and cultural institutions in a particular setting (Aldrich, 2011) which, in turn, creates new needs and possibilities.

The present paper discusses the strategic orientation of entrepreneurial start-ups in the Øresund Region, across east Denmark and south-west Sweden. By studying the perspectives of entrepreneurs, this research attempts to show how entrepreneurs strategically uncover innovations from their surroundings: whether through the assessment of needs or the improvement in the process of production (Moss Kanter, 2000).

1.4 Aims and Contributions

This paper intends to extend the discussion about strategic orientation to cover entrepreneurial start-ups. The research, therefore, sets out to discover where nascent companies stand in the market-product orientation debate. By focusing on new entrepreneurial ventures as sources of innovation (Arora & Nandkumar, 2012), this study seeks to understand how start-ups strategically approach the activity of innovation in order to create new value.

The research question explored in this paper, therefore, is: What strategic orientations do entrepreneurial start-ups take, in order to systemically sustain value-creation? By investigating how entrepreneurs approach innovation, this study will be better able to understand the value-creation process within start-ups. As mentioned, the focus is on start-ups in the Øresund Region.

A second question is: To what extent do entrepreneurs see their efforts to bring new value to the market, as innovation? Although orientation strategies lead to systematic innovation (Berthon et al. 1999), their ultimate interest is value-creation, not innovation for its own sake. This research, therefore, seeks to understand the entrepreneur's priorities between innovation and value-creation.

A further question of this research is: How is strategic orientation applied in the special circumstances of start-up companies? The debate on strategic orientation frequently discusses inter-departmental behaviour and organisational culture. Start-ups, however, commonly have no departments or units. Also, by definition, a start-up is only beginning to form a company culture. Pursuing this question sheds new insight into the theory of strategic orientation.

This study, ultimately, seeks to answer one major question (RQ1), and two minor ones (RQ2 and RQ3):

RQ1: What strategic orientations do entrepreneurial start-ups take, in order to systemically sustain value-creation?

RQ2: To what extent do entrepreneurs see their efforts to bring new value to the market, as innovation?

RQ3: How is strategic orientation applied in the special circumstances of start-up companies?

The findings enrich the ongoing debate on the overlap between strategic orientation and innovation by advancing understanding on the actions of entrepreneurial start-ups. By answering the research questions, this investigation contributes in two principal ways: first, it presents a practitioners' view of entrepreneurial strategy; and secondly, it provides an understanding of systematic innovation processes in the start-up sphere.

The first contribution comes from a context-based approach to entrepreneurship (Aldrich, 2011; Moss Kanter, 2000) and provides insight into how innovation is pursued in the macro-system of the Øresund Region. A start-up is, intrinsically geared towards growth into a mature business (Reid & Smith, 2000; Ruhnka & Young, 1987). For the start-up, therefore, innovation is not only a means of gaining competitive advantage but a necessary tool for company development. By tracing and describing strategic patterns in the start-up scene, this paper makes a second contribution to orientation theory.

A further contribution is made towards the role of marketing in the economy. Entrepreneurship is an important agent in the transformation of modern economy (Gerschenkron, 2000). The increase in entrepreneurial start-ups, and their commitment to innovation through strategic marketing orientations, indicate that the field of marketing is an important factor in the performance and evolution of economies.

1.5 Paper Outline

The paper is divided into four sections: theoretical background; research method; findings analysis; and discussion. The following section presents the main themes in literature about market orientation, product orientation, and their relationship to innovation. The different theoretical positions that emerge in the market-product orientation debate are outlined in a conceptual framework: the 'orientations fan'. The framework was developed for the specific purposes of this research and is described in the section. The review then discusses start-ups and entrepreneurship in a way to clarify the notion of entrepreneurial start-ups in the context of the strategic orientation debate.

After that, the data collection plan and method of analysis is presented and discussed. The chapter includes an elaboration of the philosophical angle and methodological design chosen to answer the research questions. It also presents the start-up scene in the Øresund context and gives an account of the process of analysis. Finally, the chapter discusses the method with regards to rigour and dependability, and reflects on the limitations of the methodological strategy.

The third section produces the principal findings from the collected data and analyses their significance, connections and implications. Findings are classified according to the five themes that surfaced from the gathered data: innovation as a secondary concern; priority in serving customers; contingency of new ideas on market demands; organisational agility as a strategic resource; value creation as a mission.

The fourth chapter discusses the main research question and the two supporting ones by drawing on both orientation theory and the analysis of findings. The discussion describes how the role of strategic orientation is, at times, in line with theory but, at others, takes a different turn. The section argues that the predominant points of contention in the strategic orientation debate, are less relevant from an entrepreneurial start-up perspective.

A thesis conclusion highlights the principal elements of the paper, both theoretical and empirical. This section presents the contributions of the paper according to the aims outlined above. The theoretical, managerial, as well as political implications of the study will be assessed. Finally, the chapter proposes recommendations for future research.

2 Literature Review

This chapter provides a theoretical backdrop to the key concepts of the research, namely: innovation; market orientation; product orientation; and entrepreneurial start-ups. The review shows the distinction as well as the inter-relation between the notions.

In an attempt to gain competitive advantage, companies seek to introduce new value in the market – methods or products that challenge the existing value propositions. In order for organisations to sustain this value-creation process, they approach innovation systematically. Innovation, therefore, is not accidental or an instance that companies stumble upon; on the contrary, it is a strategically pursued activity intended to generate value. The figure below illustrates the relationship between competitive advantage, value-creation, and innovation.

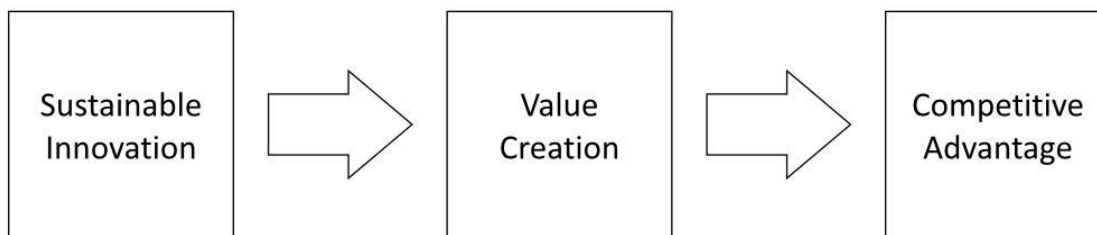


Figure 1: Innovation, Value-Creation, and Competitive Advantage

Organisations approach the process of value-creation, through innovation, in different ways. Two principal and contrasting methods that emerge from theory are market orientation and product orientation.

Market orientation is primarily concerned with unmet needs in the marketplace. Consequently, this strategy implies the capitalization on new opportunities for competitive advantage. Product orientation is interested in the improvement of the production cycle, seeking to develop products with better value. In other terms, strategic orientation is intrinsically aligned with innovation (Augusto & Coelho, 2009; Jaworski & Kohli, 1993; Narver et al. 2004).

Simultaneously, innovation is also deeply linked with entrepreneurship (Bull et al. 1995; Carland et al. 1983; Carter & Jones-Evans, 2006; Drucker, 1985a;) and start-up activity in particular (Acs, 2006; Jovanovic, 2001). This suggests a relationship between entrepreneurial start-ups, innovation, and orientation strategy.

Nevertheless, academic research is surprisingly limited in the study of the link between strategic orientation and start-ups. Although the process of innovation is a feature essential to both theoretical concepts, little is known about the orientations of start-ups. The market-product debate typically focuses on established and large companies. Research on start-ups, on the other hand, oftentimes concentrates on product design and development.

The following section will first present a theoretical understanding of innovation with regards to the scope of the research. It will define the concept of innovation in terms of value creation, strategic orientation, and start-ups.

Subsequently, a review of market and product orientation will be given, and then discuss their respective contributions to innovation. Similarly, this chapter will then outline the theory on entrepreneurial start-ups, and proceed to describe it with regards to innovation. The following figure shows the position of strategic orientation in the value-creation process.

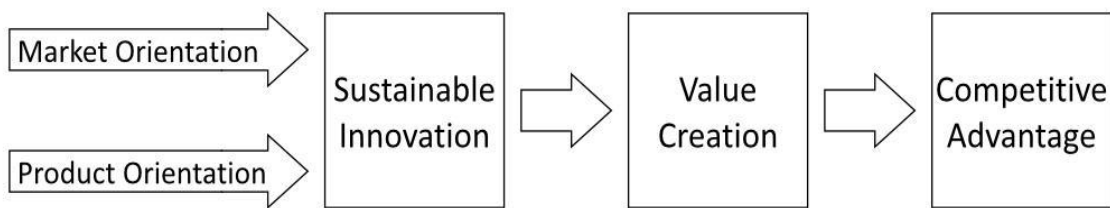


Figure 2: Strategic Orientation in the Process of Value Creation

2.1 Innovation as Value Creation

Innovation is a way of creating new value to customers (Drucker, 1985a) and of creating competitive advantage to the organisation (McGee, 1995). The process of innovation is, therefore, a strategic decision taken by the company, pursuing long-term benefits.

Schumpeter's conception of innovation as "a new combination of methods or products", remains the most widely-accepted definition among scholars (Bull et al. 1995: 4). In this sense, innovation is the process of bringing new things together, or of bringing things together in a new way.

The close relationship between innovation and entrepreneurship has frequently been highlighted, presenting innovation as the essence of entrepreneurial activity. According to Drucker (1984), entrepreneurial ventures develop consumer satisfactions or demands; For

Schumpeter, the entrepreneur is the agent of change within the economy, bringing new value to the market (Pichler, 2010).

Neither innovation nor entrepreneurship is sufficient to create sustainable competitive advantage on its own (Hult & Ketchen, 2001). The two elements, while distinct, fulfil the potential of one another. Hult and Ketchen (2001) understand entrepreneurship as the quality of developing new opportunities; and innovation as the ability to address such opportunities.

Echoing this point, Aldrich and Kenworthy (2011: 45) note that “entrepreneurship often happens when people are on their way to something else.” As individuals explore and better understand a particular field, they see new possibilities for innovation which, if acted upon, turns them into entrepreneurs (Aldrich & Kenworthy, 2011).

The innovation process involves two elements: a change in market proposition, and an alternative business arrangement (Augusto & Coelho, 2009; Kumar et al. 2000). The proposition refers to the customer side of the bargain: benefits, acquisition costs, and price. The business arrangement, on the other hand, includes the organisational processes to create, produce, and deliver the value proposition. Innovation, therefore, is not simply a development in the final product but includes also business systems (Kumar et al. 2000) and service (Kim & Mauborgne, 1997).

Kumar et al. 2000 describe four types of innovation, reflecting the changes in value proposition and business system. A low measure of change in both dimensions produces the lowest degree of innovation, what Kumar et al. (2000) term “incremental development”. On the other hand, “market driving” innovation is the result of a discontinuous leap in value proposition and a unique business system (Kumar et al. 2000).

A highly innovative value proposition brings about “value innovation”, if the business system is not innovative. Conversely, innovation in the business system but not in the value proposition develops “architectural innovation” (Kumar et al. 2000).

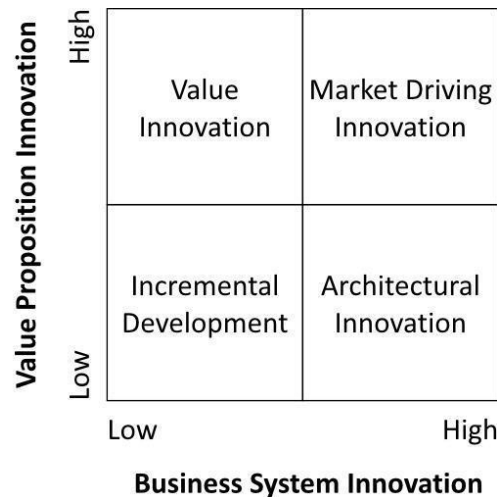


Figure 3: Strategic Innovation Types (Kumar et al, 2000)

Entrepreneurship, thus, can be analysed through a company’s commitment to value creation by way of innovative processes. Innovating entrepreneurs adopt an “innovation logic” (Kim & Mauborgne, 1997) in order to sustain their competitive advantage and seek to bring value to customers by remodeling the entire value chain (McGee, 1995). The aim of innovation is, in this manner, to create more worth to both the company and the market.

2.2 The Innovation Strategy

For Kim and Mauborgne (1995b), the creation of value through innovation is strategic and requires systematic and deliberate action. In their view, an innovative logic concentrates on what is possible rather than on what is presently available in the industry. In fact, the principal concern of innovative entrepreneurship is not surpassing competitors but producing value to customers (Kim & Mauborgne, 1997).

This departure from a known market structure to an unexplored scenario means that the exercise of marketing assumes a role of “educator” instead of a “seller” (Kumar et al. 2000, Webster, 1988). Customers and other players in the value chain need to be persuaded to take up the novel proposition. The nature of such market-driving companies (Jaworski et al. 2000; Kim & Mauborgne, 1997; Kumar et al. 2000) is different from conventional ones on three levels: they change the industry standards; originate from a clear and far-reaching vision; and transcend current markets (Kumar et al. 2000).

This transformative character means that innovation is not accidental, or serendipitous, but strategic (Drucker, 1985b); and demands that the entire organisational setup revolves around it. An entrepreneurial company, in this perspective, actively pursues innovation for the sake of new value-creation in the market.

2.3 Start-ups Must Innovate

The effect of innovation has been classified as either competence-enhancing, in the case of incremental change, or competence-destroying, in the case of market-driving change (Hunt & Aldrich, 2011). Innovations that involve adjustments based on prevailing knowledge, give an advantage to companies with established markets. Innovations that grow out of a significant change in knowledge, however, pave the way for a more agile form of entrepreneurship (Hunt & Aldrich, 2011).

Market incumbents are less able, less willing, or both, to undertake the risks of upsetting the market, which explains why often it is new entrepreneurial entrants that accept the challenge to introduce breakthrough innovations (Kumar et al. 2000). While established companies tend to preserve their markets with familiar offerings, start-ups show more commitment towards disruptive innovation which requires the creation of new markets (Christensen & Bower, 1996).

Aldrich (1995) suggests that start-up entrepreneurs may not always be aware of the risks of innovation, however, knowledge of the possibility of failure still does not hinder innovating entrepreneurs. Innovative entrepreneurs accept the risks of radical change either because they are confident in their chances of success, or because they carry a sense of mission. This scenario means that young firms have more skill and incentive to strategically pursue innovation and drive the market (Kumar et al. 2000).

The creation of new value may give rise to market uncertainty as far as an established company is concerned (Grewal & Tansuhaj, 2001). On the other hand, innovation is a necessity for entrepreneurial start-ups (Aldrich, 1995). To gain legitimacy, start-ups need to do more than adapt to the available business context: they have to create a new one.

2.4 Market Orientation

The concept of market orientation attracted considerable academic attention towards the end of the twentieth century, and the beginning of the twenty-first. Liao et al. (2011) report that over five hundred articles have been published directly on the theme in 153 journals between 1995 and 2008.

This scholarly interest reflected a change in the practice, as marketing shifted from a “selling philosophy” to a “market philosophy” (Narver et al. 2004). Webster (1988) says that until the 1950s, when market orientation started to develop, ‘marketing’ and ‘selling’ were interchangeable notions. The main purpose of companies was to create markets for their products. Eventually, through the development of consumer societies, this view

transformed radically and companies adopted the opposite approach – creating products for their markets (Webster, 1988). In doing so, the discipline of marketing transferred its attention to the needs and wants of customers in order to identify potential gaps in the market.

The emergence of the marketing concept meant that organisations were ready to define their business in terms of the market. The concept envisages business as the creation of customer satisfaction (Drucker in Webster, 1988). Webster (1988) believes that it is not by coincidence that notions such as ‘market segmentation’ and ‘product differentiation’ surfaced around the time when the market-first perspective of the concept was developing. Business was clearly moving into a long-term, strategic understanding of marketing.

There is a distinction between the marketing concept, as an accepted strategic formula, and the application of the strategy itself. Market orientation is the “implementation of the marketing concept” (Kohli & Jaworski, 1990). For Kohli and Jaworski (1990), therefore, market orientation signifies strategic action that fulfils the marketing concept.

A market-oriented company seeks profitability by concentrating on the demands of customers and other stakeholders in the market (Naidoo, 2010). In practice, market orientation means the collection of information about customers and competitors within a specific target market. Secondly, it involves the sharing of intelligence with the whole structure of the company (Narver & Slater, 1990).

Similarly, Kohli and Jaworski’s (1990) theoretical framework on market orientation, involves three processes:

1. Gathering information about current and future customer needs;
2. Circulating the intelligence around the organisation;
3. Actively and systematically working to meet any identified needs.

The principal conceptualisations of market orientations were developed in the early 1990s, forming two main schools of thought. Kohli and Jaworski (1990; 1993) provide a behavioural analysis, describing market orientation in terms of managerial actions and organisational structures in response to the customers’ needs. For them, a market-oriented firm engages in “organization-wide generation, dissemination, and responsiveness to market intelligence.” (Kohli & Jaworski, 1990). In this view, the emphasis is on purposeful action, and the implementation of the marketing concept means acting in accordance with the results of a systematic learning process.

For Kohli and Jaworski (1990) market orientation produces three behavioural effects: it unifies the organisation around a common vision and strategy; promotes employee fulfilment and commitment; and, increases customer satisfaction and loyalty. It can be

observed that this perspective is strongly functional in nature, and product quality is understood as the result of internal performance (Zhou et al. 2008)

An alternate grouping of literature draws mainly on the works for Narver and Slater (1990), who propose a cultural approach. This strand focuses on attitudes that encourage new processes with the customers and competitors in mind. In contrast with the behavioural approach, market orientation is here understood as the underlying culture that incentivises customer-focused value within an organisation.

Lichtenthal and Wilson (1992) see market orientation as a systemic change in the norms of an organisation, facilitating the implementation of the marketing concept. In this perspective, Lichtenthal and Wilson also adopt a cultural understanding.

Narver and Slater (1990) develop two “criteria” by which to qualify market orientation: a long-term perspective and profit-generation. By focusing on the long-term, market orientation engages in a continuous exercise of data-acquisition about customers and competitors. While Kohli and Jaworski (1990, 1993) suggest profitability is an effect of market orientation functions, Narver and Slater (1990) contend that economic gain is the end objective of a market-oriented organisation and needs, therefore, to be integrated into the process.

Kohli et al. (1993) develop a scale (MARKOR) that measures the market orientation of a strategic business unit. The model is concerned with the concrete generation of intelligence, breadth and quality of intelligence distribution, and responsive actions taken thereupon. In contrast with Narver and Slater (1990), the MARKOR scale takes a broader view of the market and focuses on change factors. Narver and Slater’s MKTOR scale (1990), on the other hand, narrows the organisation’s focus on customers, competitors and inter-functional processes. Noticeably, while the MARKOR model understands orientation as organisational behaviour, the MKTOR scale considers it as an attitude.

Despite the structural differences, both perspectives rely on the premise that market orientation is directly beneficial for business performance (Naidoo, 2010). According to Zhou et al. (2008), market orientation behaviour builds upon market orientation culture. In this manner, both schools are part of a comprehensive conceptualisation of market orientation. In fact, both Narver and Slater (1990) and Kohli and Jaworski (1990) agree that market orientation is concerned with developing sustainable competitive advantage by creating better value for the customer.

Comparing the two schools of market orientation, Hult, Ketchen, and Slater (2005), find that while Kohli and Jaworski concentrate on the processing of market information, Narver and Slater emphasise organisational vigilance. Both efforts increase a company’s ability for responsiveness, which, in turn, affects business performance (Hult, Ketchen, & Slater, 2005).

Moreover, the customer-focus nature of market orientation requires the company to consider the entire value chain, not just the ultimate pattern of consumption (Narver & Slater, 1990). Hult, Ketchen and Slater (2005), argue that a successful market orientation strategy includes both the culture-creation dimension advanced by Narver and Slater, and the information-processing dimension advanced by Kohli and Jaworski.

2.5 Market Orientation and Innovation

2.5.1 Positive Impact on Innovation

The influence of market orientation on new product development has been a central issue of research, exploring also other variables that lead to or hinder innovation (Augusto & Coelho 2009). In fact, a central aspect of market orientation is innovativeness. Innovativeness is defined as an organisation's capacity for adopting innovation (Hult et al. 2004). It is, therefore, closely linked to the process of acquiring and using information. For Hult et al. (2004) innovativeness is an effective learning strategy that contributes to the introduction of successful products in the market.

Innovation itself, however, can be categorised into radical and incremental (Naidoo, 2010). The former refers to major shifts in technological or knowledge systems, and are often the effect of ground-breaking discoveries. An example of this type of innovation is the creation of the World Wide Web. Incremental innovation, which is the type of innovation marketing literature is normally concerned with (Grewal & Tansuhaj, 2001), refers to substantial changes in an established area of technology or knowledge. A corresponding example would be the transformation from Web 1.0 to Web 2.0.

Focusing on the changing needs of the market means that organisations are required to develop and introduce new products and services. In this sense, Jaworski and Kohli (1993) suggest that market orientation is a "form of innovative behaviour" and, following Zaltman, Duncan and Holbek, understand innovative behaviour in terms of two elements: an initiation stage and an implementation stage.

The initiation stage is the foundational work that precedes the introduction of an innovation; the implementation stage is the actual realisation of the innovative process. Market orientation covers the two sides of innovative behaviour. The accumulation of information, its diffusion, and ensuing strategy, make up the initiation stage. The execution of the strategy is the implementation stage (Jaworski & Kohli, 1993).

Similarly, Zhou et al. (2008) see a direct connection between market orientation and innovation. The two constructs aim at adopting new processes, whether in organisational structure or in the development of products, in order to bring value to the market (Naidoo,

2010). By responding better to customer needs, a market-oriented company earns a better position over its competitors. Ultimately, the object of market orientation is to improve business performance by creating competitive advantage (Jaworski & Kohli, 1993).

On their part, Narver and Slater (1990) believe that sustainable competitive advantage is created by either increasing the benefits in relation to the customer's costs, or decreasing the costs in relation to the customer's benefits. Innovation takes a broad view of the environmental forces and mechanisms that impact this benefit-cost dynamic and is, thus, central to a company's market advantage. This view postulates that innovation is, in effect, the principal contribution of market orientation to business performance (Damanpour 1991; Jaworski & Kohli, 1996).

2.5.2 Marginal Impact on Innovation

An alternative line of reasoning accepts that marketing orientation contributes to innovation, but does not regard the influence as automatic (Hult et al. 2005) or sufficient (Renko et al. 2009). Market orientation does not necessarily lead to higher product innovation. Augusto and Coelho (2009), for example, argue that Motorola and Yahoo! are two market-oriented companies that, nevertheless, have not shown a sustained degree of innovativeness.

Im and Workman (2004) suggest that customer-focused organisations are better at introducing products that are meaningful to the market and that customers appreciate. This, however, does not mean innovation (Dhewanto & Sohal, 2015). Market orientation is instrumental in terms of timing, implementation and market identification (Baker & Sinkula, 2005; Dhewanto & Sohal, 2015), but its influence on innovation, particularly on radical innovation, is limited (Hult et al. 2005; Im & Workman, 2004).

Similarly, Renko et al. (2009) agree that the strategy is useful to commercialise innovations but does not itself contribute to innovativeness. According to this perspective, market orientation contributes to product development by virtue of its capacity to mediate between customer needs and organisational learning. According to this position, market orientation contributes towards but does not have a causal impact on innovation processes (De Luca et al. 2010). In fact, for De Luca et al. (2010), it is inter-departmental collaboration rather than customer listening, which facilitates innovation programmes.

Market knowledge is a strategic resource (Augusto & Coelho, 2009), but it needs the right environment to result in new product development. Awareness of customer needs, although not without merit, still requires the risk-taking qualities of innovativeness in order to bring breakthrough products to the market.

2.5.3 Negative Impact on Innovation

Some researchers, however, have questioned altogether the benefits of market orientation on innovation. Some claim that market orientation diminishes the quality of innovativeness in organisations (Berthon et al. 1999), or that it may lead to dysfunction in the business process (Macdonald, 1995). One of the main criticisms is that market orientation may result in short-termism, particularly with regards to research and development (Frosch, 1996). Consequently, the lack of innovation with a long-view is enough to spell the downfall of a company (Christensen & Bower, 1996). Another thread in literature sees no inherent connection between innovation and market orientation, and treats them as completely separate business strategies (Deshpandé & Farley, 2004), or simply as “two distinct constructs which can interact in a facilitative or inhibitory fashion” (Berthon et al. 1999).

Over time, market orientation hinders innovation because an organisation becomes more and more constrained by what the market readily accepts (MacDonald, 1995). Shaping product development according to the signals received by a company’s “competitive antennae” (Christensen & Bower, 1996) stagnates the entire innovative process. In fact, according to MacDonald (1995) “complete customer satisfaction” ultimately leads to fewer sales, not more.

Atuahene-Gima (1996) examines specifically the relation of strategic orientation with product-newness. From an organisational perspective, product-newness includes two separate categories. On one hand are “reformulations” of existing offerings, such as line extensions or product upgrades; on the other hand, are “breakthrough” innovations including new lines and new-to-the-world products. From the consumption perspective, product-newness refers to the extent of change that consumers need to make to receive the innovation.

In his analysis, Atuahene-Gima (1996) argues that market orientation does not contribute to product-newness because companies are less likely to take a risk of introducing innovations that require significant change on the part of consumers. Companies will be more prepared to bring products that are easily received by the market. In this sense, market orientation encourages reformulation of innovation, more than breakthrough newness. A market orientation leads an organisation to develop “me-too” products rather than truly innovative ones (Atuahene-Gima, 1996).

2.6 Market Orientation Revised

Narver et al. (2004) believe that the concerns about the relation between market orientation and innovation, arise especially when the strategy is understood as “responsive”.

According to this idea, innovation is customer-led and is merely a reaction to the expressed needs of the market (Zhan & Duan, 2010).

Augusto & Coelho (2009), however, argue that a customer focus does not simply mean listening to what customers say, but understanding current and future needs from their perspective. In the same line of thought, Narver et al. (2004) propose a second understanding of the strategic concept: “proactive” market orientation. In this sense, innovation is market-driving in character. In contrast with responsive market orientation, proactive market orientation seeks answers to the latent, unexpressed needs of customers.

Expressed needs involve the wants that customers are aware of, and often also know the solution for (Zhan & Duan, 2010). Latent solutions, on the other hand, are directed towards needs that customers are not yet conscious of. Neither type of needs is more real than the other; however, expressed solutions lead to lower product differentiation, and to more intensive price competition (Narver et al. 2004).

In contrast, by exceeding the market’s expectations, proactive market orientation creates new value for the customers and the organisation. Both responsive and proactive market orientation are conducive to innovation and new-product success; proactive strategies, however, make a stronger contribution towards them (Narver et al. 2004).

Similarly, Jaworski, Kohli, and Sahay (2000) argue that market orientation allows organisations to either take the market structure as a “given” or choose to “shape” them (Jaworski et al. 2000). In both scenarios, market orientation retains its strategic method of collecting, sharing and acting on customer information; their viewpoints, however, are different.

Accepting the structures of the market, such as roles, patterns, or combinations, as given, moves an organisation towards a market-driven approach (Jaworski et al. 2000). The company follows the expressed desires of the customers more closely and tries to serve them in a better way than the competition (Berthon et al. 1999).

The opposite approach – driving the market – means challenging the current setup of the market in a way to propose new value to the customer (Jaworski et al. 2000; Kumar et al. 2000). Focusing on the players in the value chain, Jaworski et al. (2000) see three main ways of how to achieve a market-driving strategy: deconstruction, construction, or modification.

Deconstruction means ejecting players from the field, for example mergers and acquisitions of competition. Construction, on the contrary, occurs when new players are introduced, like creating a new business network. Finally, modification refers to the change in function of specific players, such as transforming a distributor into a supplier.

Jaworski et al. (2000) see a complementary relationship between the two approaches, and a market orientation strategy normally includes elements of both. It is the extent of shaping that identifies a strategy as market-driving or market-driven. Also, both approaches are concerned with the expressed needs of customers (Jaworski et al. 2000).

A market-driving inclination, however, looks primarily for latent needs that customers are not aware of, and competitors have not yet met (Jaworski et al. 2000). In this manner, Jaworski et al. (2000) propose a market orientation strategy that purposely pursues new-to-market products, initiating the process of breakthrough innovations from within the market itself.

Market orientation developed to accommodate radical innovation better (Baker & Sinkula, 2005). Both theoretical camps distinguish between approaches that encourage different degrees of product innovation (Jaworski et al. 2000; Narver et al. 2004). At the same time, however, they remain firm in the belief that value creation begins with an understanding of market dynamics.

2.7 Product Orientation

The general criticism levelled at market orientation is that, by adopting a customer perspective (Hamel & Prahalad, 1994), organisations compromise their ability to develop truly innovative processes (Augusto & Coelho, 2009). The motif beneath such objections is that organisations know the capabilities of the industry better than their customers.

The ambivalent relationship between innovation and market orientation led to the development of an alternative approach in product orientation. Gatignon and Xuereb (1997) explain that, while the marketing concept accounts for market orientation, it does not naturally accommodate product orientation. This strategic orientation proposes to overcome the obstacles of market orientation in terms of innovation by focusing squarely on the processes that result in product development (Berthon et al. 1999).

This perspective counters the view that market orientation leads to innovation (Atuahene-Gima, 1996; Berthon et al. 1999; MacDonald, 1995). In fact, Arora and Nandkumar (2012) see an inherent divergence between the concepts and suggest that the less innovative a company becomes, the more it relies on market-listening to enhance business performance.

Product orientation, on the other hand, is intended to help organisations gain market leadership through the introduction of high-quality innovations (Grinstein, 2008). In some instances, product orientation is also referred to as 'technology orientation' (Christensen & Bower, 1996; Gatignon & Xuereb, 1997; Grinstein, 2008). Technology, in this sense, means company systems that transform "labour, capital, materials, and information into

products and services” (Christensen & Bower, 1996). Gatignon and Xuereb (1997) define as “technological orientation” the conscious effort to invest in better technology in order to develop superior products.

According to Berthon et al. (1999), innovation is the strategic decision to create *a* market, rather than *for* it. Product orientation, therefore, is a direct pursuit of long-term innovation and product-newness. As a strategic orientation, it has an impact on a company’s internal processes and organisational structures, while allowing a flexible culture (Gatignon & Xuereb, 1997). Moreover, the strategy concentrates on new and different solutions in response to market conditions, and is, hence, able to anticipate future needs (Im & Workman, 2004).

Christensen and Bower (1996) distinguish between sustaining technology and disruptive technology. While the former mainly involves product upgrades with established market strategies; disruptive technologies are novel processes that require new strategies. Product orientation, in contrast with market orientation, is committed to pursuing and exploiting disruptive technologies.

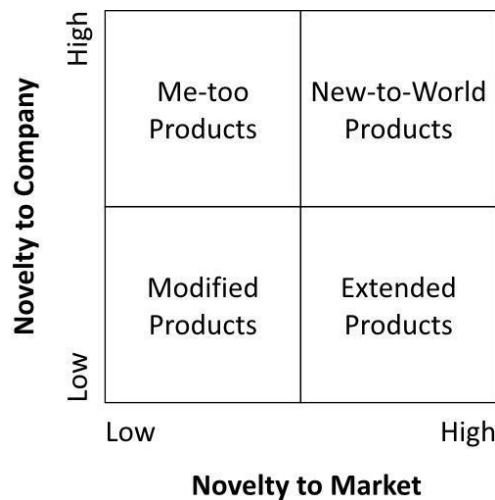


Figure 4: Product Innovation Taxonomy (Augusto & Coelho, 2009)

The difference in technology is reflected in four main types of product innovation (Augusto and Coelho, 2009). New-to-the-world products enjoy the highest degree of innovation, being new to both the company and the market; on the opposite side, product modifications are the least innovative. Line extensions are new to the market but not innovative from the firm perspective, while me-too products, on the contrary, are new to the company but not to the market.

While the final objective of superior product offerings is in itself a proposition of added value to the market, this strategy is decidedly more product-centric in comparison to the customer-centric dialectic of market orientation. By employing technical capability

strategically, product orientation allows companies to perform better specifically by introducing products that are distinctive and value-adding (Arora & Nandkumar, 2012). Gatignon and Xuereb (1997) argue that a product-orientation strategy can achieve lower costs and thus create sustainable value to customers and competitive advantage to the companies.

2.8 Criticism of Product Orientation

Hult and Ketchen (2001) argue that a product orientation always needs to be implemented within a wider context of market orientation. However, orientation strategy itself is part of a broader ecosystem. Market orientation combines with organisational learning, entrepreneurship, and innovation to develop a “uniquely competitive position” (Hult & Ketchen, 2001).

In this perspective, a comprehensive plan for business performance blends outer-looking strategies – market orientation and organisational learning – and inner-looking strategies – entrepreneurship and innovation. At the same time, though, Hult and Ketchen (2001) conclude that the strongest influence on competitive advantage is market orientation.

Innovation is oftentimes the result of interaction with “problem sources” (Moss Kanter, 2000: 172) more than technical ideas. Moss Kanter (2000) argues that product development has to be grounded in the very circumstances that it aspires to resolve. Knowledge, processes, systems, and their combinations do not exist in a different reality from the needs-base for which innovative products are ultimately developed (Hunt & Aldrich, 2011).

Furthermore, product orientation cannot completely escape the demands of customers. A product development is not legitimately an innovation unless the market accepts and receives it (Aldrich & Kenworthy, 2011). The creation of new value, in the end, needs to be validated by the forces in the market (Aldrich & Kenworthy, 2011; Moss Kanter, 2000).

2.9 Integrating Orientations

2.9.1 Complementary Strategies

Gatignon and Xuereb (1997) indicate that there is tension between market-oriented strategies that concentrate on the external market, and product-oriented strategies that are more interested in internal developments. At the same time, though, researchers in general

agree that the main issue is not choosing one strategy over the other, but finding an optimal balance between the two (Grinstein, 2008).

Dhewanto and Sohal (2015) argue that the successful commercialisation of product development requires both product orientation and market orientation at different stages. While product orientation adds to the quality and range of innovation in new products, market orientation facilitates the introduction phase and the value-creation process (Dhewanto & Sohal, 2015). In this manner, product orientation contributes to R&D until the product is rolled out, and customer orientation guides the subsequent market-creation exercise.

Nevertheless, the sequence in strategies does not necessarily need to follow this order. For Arrow (2000), the question of how to integrate the strategies together is a crucial entrepreneurial decision and depends on a breadth of factors, such as growth stage or industry type. A market-oriented company seeks what is primarily profitable and then fashions the research accordingly. Product orientation, on the other hand, focuses on research and looks for ways to make it feasible thereafter.

2.9.2 Two Ways of Learning

Customer perspectives and the product development can both be sources of organisational learning. The former typically involves market research and feedback, typified in market orientation; the latter concentrates on advances in technical knowledge, adopted mostly by product orientation (Berthon et al. 1999).

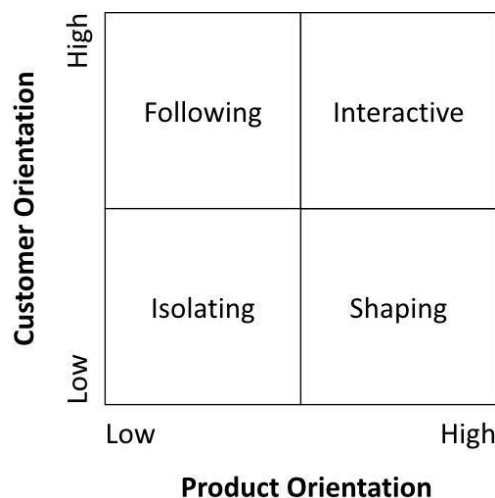


Figure 5: Strategic Orientation Modes (Berthon et al. 1999)

Berthon et al. (1999) develop a taxonomy of “Strategic Orientation Modes” that describes the dynamic relationship between market-oriented strategies and product-oriented

strategies. A high degree of customer-based learning coupled with a high degree of product-based learning, allows the market and innovation to interact. American fitness brand SoulCycle, for example, introduced an innovative workout concept while emphasising the customer experience (SoulCycle, 2016).

At the extreme end, low customer-orientation and low product-orientation result into isolation, disconnecting the company from developments in both the market trends and innovation cycles. Berthon et al. suggest that this inward-looking approach does not mean that innovation is lacking, but rather that it goes at a tangent from established industry. One such company is Kodak, which developed a series of ground-breaking innovations at the turn of the century. To prevent cannibalising its own established business, though, the company's actions went against both the industry trends and the customer demand (Weissmann, 2012).

Low innovation orientation with high customer orientation leads the organisation to closely follow market needs. Emphasis is normally on market research, customer service, and feedback programs (Berthon et al. 1999). A case in point is OK Soda, introduced in 1993 by The Coca-Cola Company, following the preferences shown by the market they were targeting. The product was designed to match the studied perceptions and desires of Generation X, including its brand identity and supporting marketing campaign (Galindo, 2013).

High product orientation in combination with low market orientation, prioritises research and development over customer demands. This strategy encourages innovative products that, consequently, shape the market. Berthon et al. (1999) argue that this mode is frequently driven by technology and design. Blue Origin, for example, develops reusable spaceflight technology even if there is no immediate market for it (Gates, 2016). Whether Jeff Bezos' company succeeds commercially remains to be seen, but the impact the innovation has had on traditional space technology (Berger, 2016) is what Berthon et al. (1999) consider 'influencing'. In contrast, when a market-shaping innovation also exemplifies the market, it is considered 'defining' (Berthon et al. 1999). A prime example is Dyson's cyclonic vacuum which, although expensive by market standards, successfully developed a market around the innovation and inspired competitors (Kelley, 2011).

Berthon et al. (1999) stress that no strategy is, of itself, better than another; success depends on other environmental factors. Meanwhile, the same organisation may, over time, switch from one strategy to another (Berthon et al. 1999).

2.10 Recapitulating the Debate

The marketing concept implies that, in order for a company to gain competitive advantage, it needs to offer new value to the market (Webster, 1988). Innovation, therefore, is a systematic way of finding and bringing value to the end customer (Bull et al. 1995); either by introducing new products or by re-arranging the process that produces them (Drucker, 1985a).

The debate between market and product orientation revolves around pursuing the strategy that best promotes innovation. While a market-oriented approach follows the wants of customers, a product-oriented one precedes them. The former, therefore, develops products according to market analysis and customer feedback (Kohli & Jaworski, 1990; Narver & Slater, 1990). Product orientation, instead, is interested in technological advances that result in products of higher quality (Gatignon & Xuereb, 1997; Berthon et al. 1999). Technology, in this context, refers to the series of factors involved in the system of production, such as knowledge, materials and technical developments (Christensen & Bower, 1996).

Critics of market orientation argue that customer needs constrain innovation to what is already known, thus, innovation can only be incremental (Atuahene-Gima, 1996; Macdonald, 1995). Product orientation has also received criticism for the failing to acknowledge that the creation of value lies, ultimately, in the approval of the market (Aldrich & Kenworthy, 2011; Moss Kanter, 2000).

While the orientations remain radically different, attempts at integrating their strengths have dominated recent orientation theory (Grinstein, 2008). Proponents of market orientation suggest that, by focusing on subtler, tacit needs of customers, this strategy is able to bring breakthrough innovations to the market (Augusto & Coelho, 2009; Narver et al. 2004). On the other hand, efforts have been made to show how customer needs can be a source out of which product orientation develops products of better value (Hult & Ketchen, 2001; Hunt & Aldrich, 2011).

Literature, therefore, presents four principal degrees of market-product orientation. On opposite sides, sit the drastic conceptualisations of the two strategies: product orientation that ignores customer feedback on one extreme; and market orientation that faithfully listens to the market, on the other extreme. Between them are more moderate visualisations of the two strategies: a product-oriented approach inspired by the need-source of the market; and a market-oriented approach that probes unexpressed customer needs.

The relationship between these four currents is presented by this paper in the conceptual framework below. The 'orientations fan' categories strategies according to their approach towards value-creation: market orientation that focuses on responsive techniques; market orientation that emphasises proactive techniques; product-orientation that concentrates on technological innovation; and, product-orientation that favours market-sourced innovation.

Furthermore, strategies may involve a combination of elements from different approaches. The model, thus, introduces lines of latitude that run across the segments, indicating the varying degrees of orientation strategy integration. The closer to the centre-point, the higher the integration.

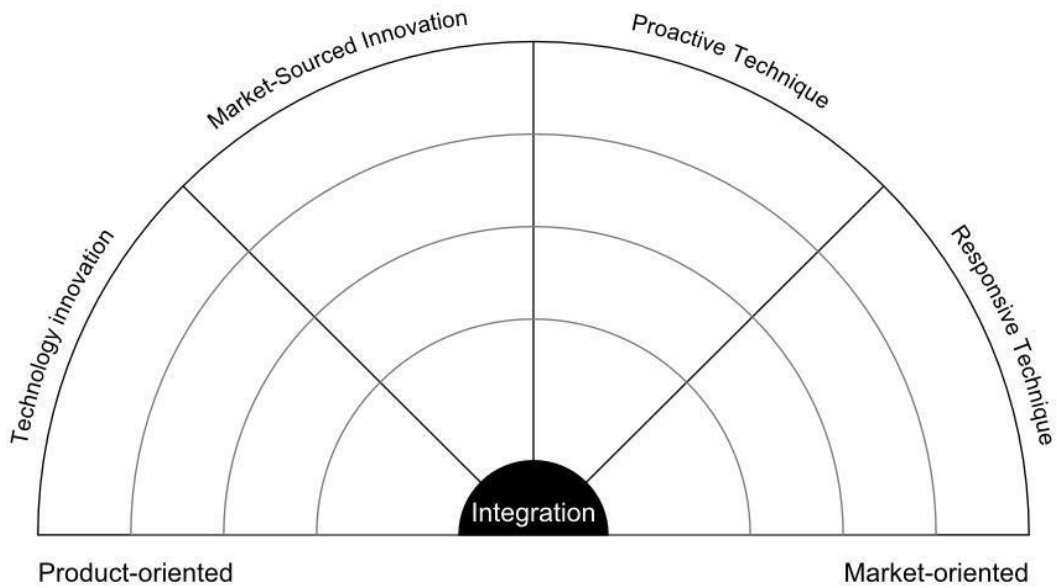


Figure 6: Orientations Fan

2.11 Defining a Start-up

Start-ups have, in a short time-span, gained economic and scholarly importance, indeed Jovanovic (2001: 55) claims that we are now in the “era of the young firm”. Scholarly analysis, identifies start-ups as phases in which new companies try to translate innovations into feasible businesses.

The surge in start-ups since the 1980s (Carter & Jones-Evans, 2006) has not escaped the attention of scholars, as the wave of emerging companies was accompanied by a wealth of research into small business and entrepreneurship. In his seminal paper, Cooper (1981) argues that small businesses go through three main phases of transformation: start-up; early growth; and late growth. The author identifies as ‘start-up’, the period when a business idea is first introduced in a particular market, with a unique strategy and a defined business model.

This view, clearly presents the notion of start-up as the first link in the chain of company development. Over the following years, literature continued to approach start-ups as a more-or-less delineated stage in the life-cycle of a company. For Churchill and Lewis (1983) the start-up covers the period before the organisation becomes successful, in other words: profitable and sustainable. In this phase, the company oscillates between mere “existence” and “survival”; characterised by a loose structure and an experimental approach (Churchill & Lewis, 1983).

The embryonic organisational structure is a defining feature of start-ups (Cooper, 1981; Luger & Koo, 2005; Mount et al. 1993). A sign of growth is, in fact, the clash between inventiveness and management, when the ideas need to be sustained and developed. Scott and Bruce (1987) identify the start-up as the phase in business that is spurred by creativity but challenged by a crisis of leadership.

The role of the founders is critical both to the setting up of the start-up, but also to its exit. Mount et al. (1993) believe that the growth path is exemplified by the gradual disengagement of the original creators of the company. At the point of “inception”, founders are completely involved in all processes of the start-up.

The first transition into what Mount et al. (1993) call “survival”, sees the founders detaching themselves from the operations of the organisation. A second step in company development, the shift from “survival” to “growth”, comes about when they withdraw from management as well. In this perspective, the start-up phase is represented by its indefinite organisational structure, that sees the full involvement of the founders.

A comprehensive analysis of small business development by Cunneen, Mankelov and Gibson (2007), reduces the major models of business growth to four main stages. The start-up phase, according to the authors, means identifying an opportunity and transforming it

into commercial activity (Cunneen et al. 2007). Following this view, the main activities of a start-up include: idea generation; market analysis; strategy formulation; and operations management.

An alternative view perceives the period of resource-accumulation and other background work, as the pre-startup phase (Van Gelderen et al. 2006). According to Van Gelderen et al. (2006) a company only proceeds to the start-up stage when it formally enters the market. A start-up is, thus, the process of actively finding a path to profitable growth, for a novel business idea (Scott & Bruce, 1987).

Ruhnka and Young (1987) agree that, in its start-up phase, a company does not often generate revenue; at this stage, entrepreneurs are mainly concerned with increasing demand and refining the offering. However, the progression from pre-startup to the start-up phase demonstrates that the business idea itself is viable (Churchill & Lewis, 1983).

Luger and Koo (2005) propose a rather legalistic understanding. They define a start-up in terms of its recentness, activity and autonomy. A start-up is a newly-created company, and it is not connected to any other in terms of heritage or tradition. Also, a start-up has to participate in the market and be actively in operation. Finally, it is independent of management and resources from other organisations.

As to what completes the start-up phase, there is no consensus among scholars. Cooper (1981) suggests that the start-up stage ends when the whole formula is profitably received by the market. For some, the next stage starts when profitability is sustainable over the long-term (Ruhnka & Young, 1987); for others, it follows internal changes into a formalised organisational structure (Scott & Bruce, 1987) or in the diminishing activities and responsibilities of founders (Mount et al. 1993).

This overview shows that literature has cultivated an understanding of start-ups based on stages of development. A start-up, in this perspective, is the period in which an organisation is formally established but not yet profitable (Reid & Smith, 2000). A start-up is, therefore, intrinsically oriented towards growth and development into a mature business. Furthermore, start-ups are typified by loose organisational structures.

2.12 Start-ups Are Entrepreneurship

Carland et al. (1984) distinguish between entrepreneurial ventures and small business ventures. The two types share some basic features; namely, that they are independently-owned and are not dominant in their field of operation. However, they are driven by completely different objectives. Entrepreneurial ventures develop consumer satisfactions

or demands; small businesses, even if they are newly established, develop neither one nor the other (Drucker, 1985a).

Small business ventures follow traditional processes and are intended to satisfy their owners' personal goals (Carland et al. 1984), be they income, self-employment or a particular passion. Entrepreneurial ventures, in contrast, are oriented towards profitability through innovative processes. The owners' primary interest is the company's growth and they employ strategic management to reach that goal. Echoing Schumpeter and Vesper, Carland et al. (1984) believe that entrepreneurship shows innovation in, at least, one of five areas:

1. Introduction of new goods;
2. Introduction of new methods of production;
3. Opening of new markets;
4. Opening of new sources of supply;
5. Industrial reorganisation.

Discontinuous innovation is also central to start-ups (Acs, 2006), drawing them more towards Carland's idea of entrepreneurial ventures than small business ventures. Furthermore, the strategic pursuit of business growth and sustainable profitability within start-ups demonstrates their entrepreneurial nature.

In the same tradition of Schumpeter, Bull et al. (1995) propose a theory of entrepreneurship as a source of "new combinations". In the authors' view, entrepreneurship occurs when four criteria are satisfied:

- a. Motivation: The entrepreneurial project itself stimulates the founders;
- b. Expertise: The right knowledge is available and accessible;
- c. Gain: The assumption that the activity will bring economic and/or other benefits;
- d. Support: An environment conducive to the aims of the enterprise.

Motivation and passion to the particular market-changing activity are key to entrepreneurship. Unlike the venture capitalist, for example, the entrepreneur is not merely interested in economic gain but demonstrates real devotion to the value-creating exercise. Indeed, Rockey (1986, in Bull et al. 1995: 8) suggests that such ventures provide "entrepreneurial highs" such as enthusiasm and enjoyment to entrepreneurs.

Creative destruction requires a broad and deep understanding of the current situation (Bull et al. 1995). Entrepreneurship implies a confidence that enough knowledge can be amassed

and that it can be used effectively. The entrepreneurs might not themselves have the sufficient knowledge, but they know how to access it, or who they can rely on to provide it.

Shapero and Sokol (1982, in Bull et al. 1995) believe that the start of an entrepreneurial venture is often the result of personal and social circumstances. However, the reason for responding to such situations by starting an enterprise is the expectation of future gain (Bull et al. 1995). An important factor in the risk of entrepreneurship is that it produces a possibility of tangible or intangible improvements to one's condition.

Enterprises are part of the social fabric: they respond to the market and are affected by a whole series of environmental factors. The system of relationships with other enterprises, resources and actors determine the rate of success of entrepreneurship (Bull et al. 1995). Van de Ven (1993, in Bull et al. 1995) suggests that entrepreneurial ventures ought to be seen as "collective achievements" involving the contribution of a network of public and private entities.

The four dimensions advanced by Bull et al. (1995), attempt to delineate entrepreneurship as an activity that comprehensively involves the founders, and yet is projected beyond their individual capabilities and resources. This perspective is consonant with the general definition of start-ups discussed above. The transpiring view, then, is that start-ups need to be understood as entrepreneurial phenomena.

2.13 Entrepreneurship is Innovation

Entrepreneurship is the capacity to read change and react to it (Drucker, 1984); through innovation, entrepreneurs take advantage of the changes they observe to propose new value to the market. Bull et al. (1995) accept Schumpeter's interpretation of entrepreneurship as action that brings about "discontinuity". According to this view, an entrepreneur is directly engaged in the realisation of change that an innovative idea promises. In contrast, investors, managers or business owners are contributors to the entrepreneurial exercise by providing capital, management and so on. They are not, however, part of the innovative process.

For Schumpeter, the entrepreneur is indeed the agent of change within the economy, bringing new value to the market (Pichler, 2010). In Pichler's interpretation (2010), the Schumpeterian view of entrepreneurship is more relevant in the contemporary economic climate. Today, the economy revolves around the entrepreneurial "creative destruction" (Schumpeter 1926, in Pichler, 2010) and the entrepreneur drives the market dynamic.

Until the last two decades of the 21st century, innovation was seen to depend on the knowledge and resources that big corporations could make available (Acs, 2006). By their

very nature, small enterprises seemed to lack the capabilities required to drive innovation. Over time, however, the scenario has changed and small companies became to be seen as more effective innovators.

A main cause is the emergence of market fragmentation (Carter & Jones-Evans, 2006), where different customers demand different products. In this scenario, small firms prove more agile and successful at addressing the new needs; in contrast, complex hierarchies make corporations slower and less efficient in adapting their offerings.

In fact, Jaworski and Kohli (1993) claim that organisational centralisation and lack of inclusiveness have an inverse impact on innovative performance. On the other hand, the readiness to accept the possibility of failure is a favourable quality for innovation (Jaworski & Kohli, 1993). Drucker (1985a) observes that entrepreneurial founders are more willing to embrace the risks and start-ups, therefore, provide fertile ground for the application of innovative processes.

The flexibility and focus of new managerial trends in small organisations means that they enjoy a higher rate of innovation. Indeed, the “new economy” guided by young firms (Jovanovic, 2001), is defined precisely by the fast rate at which innovations are superseded by new ones.

Aldrich and Kenworthy (2011) further distinguish between two kinds of start-up: ‘reproducers’ and ‘innovators’. The main difference is their position in relation to an industry; thus, reproducers operate according to the established norms of a given sector, following the proven patterns of serving demand. Innovators, conversely, transgress the rules of their industry and conduct their business according to experimentation and creativity (Aldrich and Kenworthy, 2011).

Baumol (1995) suggests that this contrast arises out of a difference in the founders’ outlook. “Firm-organising” entrepreneurs are primarily concerned with the right allocation of resources for a projected return on investment; “innovating” entrepreneurs, on the other hand, are interested in the application of models of knowledge that come from without the immediate sphere of industry (Baumol, 1995). At the same time, though, Aldrich and Kenworthy (2011) point out that innovator start-ups, ultimately have to reconcile their innovations with the selective forces of the market; one of which, is customer demand.

In the end, innovation is more of a social phenomenon than a technical one: it transforms a material into a new resource (Drucker, 1985a). In this perspective, innovation is a response to the value-systems of the market. It represents the entrepreneur’s method of identifying and applying means that bring new benefits to customers. In Drucker’s view (1985b), entrepreneurship is precisely the management of purposeful innovation.

2.14 Chapter Summary

This section reviews the major theoretical angles on the guiding concepts of the main research question. The constructs of innovation, market orientation, product orientation, and entrepreneurial start-ups were presented, and the inter-relation between them discussed.

The pursuit of innovation is a strategic decision (Kim and Mauborgne, 1997) intended to create new value in the market (Drucker, 1985a) and sustain an organisation's competitive advantage (Hult & Ketchen, 2001; McGee, 1995).

Market orientation has emerged as a source of value-creation by identifying and responding to customer needs and wants (Kohli & Jaworski, 1990; Narver & Slater, 1990; Webster, 1988). Its influence on innovation, however, has been subject to contention. While some argue that it contributes significantly to innovation (Damanpour 1991; Jaworski & Kohli, 1996; Zhou et al. 2008), others show less enthusiasm (Baker & Sinkula, 2005; Dhewanto & Sohal, 2015). A third group suggest that the impact on innovation by market-oriented approaches is actually negative (Berthon et al. 1999; Christensen & Bower, 1996; Macdonald, 1995).

In response, market orientation theory gradually developed to account better for the latent needs of customers (Jaworski et al. 2000; Narver et al. 2004) that allow organisations to introduce market-driving innovations (Kumar et al. 2000).

A product orientation strategy was advanced to make up for the shortcomings of market orientation (Arora and Nandkumar, 2012; Gatignon & Xuereb, 1997). Instead of listening to the market, a product-oriented approach focuses on the factors that lead to product development, and works to create value by introducing superior products (Atuahene-Gima, 1996; Im & Workman, 2004).

At the same time, product orientation has been criticised for overlooking the role of the market in product development (Hult & Ketchen, 2001). Innovation arises out of lived contexts and is, ultimately, projected towards that same context (Aldrich & Kenworthy, 2011; Moss Kanter, 2000). Product development cannot bracket out the market completely.

Literature accepts that the creation of value requires an integration of market and product orientations (Arrow, 2000; Grinstein, 2008). Both approaches contribute to a specific type of learning, which in turn makes innovation possible (Berthon et al. 1999).

Start-ups are poised to bring new value to the market (Carland et al. 1984; Drucker, 1985a). As agile forms of entrepreneurship, start-ups are better placed at innovating than mature companies. Furthermore, the unstructured organisation of start-ups facilitates innovativeness within the company.

Entrepreneurial start-ups are part of the social complex, and their performance is intricately tied to the environment they operate from. In fact, by committing themselves to innovation

(Aldrich and Kenworthy, 2011), start-ups are an increasingly important agent of change in the business and economic landscape (Jovanovic, 2001; Pichler, 2010).

The following sections will study and discuss how entrepreneurial start-ups in the Øresund Region approach innovation. The analysis will concentrate specifically on the strategic orientation entrepreneurs pursue in order to create value and gain competitive advantage.

3 Methodology

3.1 Object of Study

This research intends to produce an entrepreneurial perspective of the strategic orientations within start-ups in the Øresund Region. The study aims to discover how individuals directly involved in creating and running start-ups understand the innovation process and the market. The fundamental question is, therefore: what position do start-ups take in the market-product orientation debate?

Specifically, the research is interested in knowing whether start-up entrepreneurs are guided more by a market-centric or a product-centric view of innovation. The object of the method design is to generate sufficient and reliable insight about the point-of-view of entrepreneurs in start-ups.

This perspective will then be analysed against the reviewed body of literature where comparisons and contrasts between theory and practice can be discussed. By elaborating the entrepreneurs' angle, this paper aims to contribute towards a better understanding of the relationship between strategic orientation and innovating entrepreneurship.

The entrepreneurial voice is made up those individuals who directly commit to the start-up's market proposition (Schumpeter 1936, in Bull et al. eds., 1995). Those who have an active function within the operation of the organisation, are understood as 'entrepreneurs'. The perspective that the research intends to uncover is an aggregation of perceptions, insights and understandings of persons directly involved in the running of start-ups.

The research question moves the focus onto the awareness of individuals engaged in entrepreneurial start-ups. The object of research is their own ideas about the notions of innovation, market needs and wants, expressed and latent solutions, and the defining features of start-ups.

While the entrepreneurs' personal experience within such structures might be part of their thought formation, the attention is not on the particular start-ups. The study is rather interested in an abstracted view, relevant to all comparable organisations. The perspective that the paper aims to describe, is applicable to entrepreneurial start-ups in the same context.

3.2 Ontological Frame

The study is concerned with the interpretations of entrepreneurs about the culture and behaviour of start-ups. Manifestations of which may be inferred through the individuals' attitudes or conduct, but can be discerned also through thoughts, observations and opinions that they share. The present project opts for the analysis of rationalisations through direct dialogue with entrepreneurs.

The inquiry into the object of study precedes any formal theoretical forecast and is, in this sense, inductive in nature. Pursuing the entrepreneurs' point-of-view demands the suspension of a priori assessment and encourages the researchers to prioritise the inflow of data. As a result, the connection with theory is 'empirical-inductive' as described by Frege (2005, in Bryman & Bell, 2011). It is the findings that drive theory, rather than the other way round; the perceptions of entrepreneurs foreshadow the subsequent theorisation.

Insights, ideas and understandings are fluid fragments of data that this project approaches through a social constructivist frame. Since the study is interested in how the actors within organisations employ the research concepts, it leans towards the tradition of ontological nominalism (Easterly-Smith et al. 2012). The required information is not found in raw heaps ready for collection, rather, it needs to be elicited from individuals who might not hitherto have thought about the questions themselves.

Although constructivism depends upon interpretation from the researchers' part, it allows for data to surface in a natural manner (Easterly-Smith et al. 2012). This ontological approach seeks to capture meaning about start-ups as it occurs, forging a broad perspective out of the interaction between various positions and interpretations (Bryman & Bell, 2011). In this light, social constructivism facilitates the production of ideas by entrepreneurs and gradually moves towards a comprehensive picture through the method of triangulation (Easterly-Smith et al. 2012).

3.3 Epistemological Approach

This investigation treats entrepreneurial start-ups as a particular context with an 'internal voice'. This position favours an interpretivist epistemology, keen to uncover a broad system of reference. The frame through which the main question is asked, involves two dimensions. The first dimension is phenomenological: it narrows the focus down to the strategic orientations of start-ups and leaves everything else out. The second dimension is hermeneutic: it seeks to infer meanings within the specific environment of entrepreneurial start-ups. In this sense, the perspective that the research pursues is hermeneutic-phenomenological in character (Bryman & Bell, 2011). Epistemologically, the question

relies on the context of start-ups and the individuals who are engaged in them. It also brackets out the entrepreneurs' strategies as stand-alone units of data.

The strong hermeneutic-phenomenological approach notwithstanding, the research also takes cues from other epistemological traditions, namely postmodernism and pragmatism. Although it seeks well-defined answers, the study is interested in discovering tacit knowledge held by entrepreneurs. According to Easterly-Smith et al. (2012), this represents an essentially postmodern frame. Furthermore, the centrality of the 'lived experience' (Easterly-Smith et al. 2012) as a source of perspectives, introduce elements of pragmatism into the project.

3.4 Research Strategy

The research strategy is inspired by Grounded Theory in that it facilitates the emergence of ideas, follows an iterative procedure, pursues saturation and involves a synthetisation of conceptualisations (Easterly-Smith et al. 2012; Scott, 2012). The collection of data adopts a blank-slate technique and approaches entrepreneurs, as direct sources of information, without pre-existing answers or hypothesis.

The nature of the major research question requires the method to be 'recursive', permitting it to refine and develop ideas as it goes (Bryman & Bell, 2011). The collected data may lead to new paths for research that provide a fuller understanding of the sought perspective. As already indicated, triangulation means that drawn concepts were able to be harmonised into a comprehensive collection that provides a framework within which the entrepreneurs' perspective is analysed.

The main source of information is primary data, which consists of in-depth one-on-one interviews. The emic focus (Miles et al. 2014) of interviews was selected as a method to create a deeper understanding of how entrepreneurs devise their strategic orientation in relation to innovation. The structure of the interviews contributes both to the study and to the entrepreneurs' self-assessment; in this sense, the interaction between the interviewer and the interviewee led to a co-creation of new knowledge (White & Drew, 2011).

3.5 Data Instrument

Interviews followed a semi-structured design, allowing the interviewer to follow new ideas and themes that emerged during the interviews. An interview guide drew the general parameters of the discussion, but the interviewees were granted sufficient leeway in the way of providing answers (Bryman & Bell, 2011).

While a semi-structured design allows for a flexible process and spontaneous responses (Bryman & Bell, 2011), the participants did receive the question guide in advance. Prepared answers on the part of entrepreneurs provide a possibility of deeper thought and rationalisation on the subject of discussion. In addition, participants were presented with a brief overview of the aim and interest of the research before the interviews took place. This facilitated the process and helped entrepreneurs to express their thoughts in line with the object of study.

All interviews were recorded and stored. Interviews followed a common procedure: the researchers first introduced themselves and the aims of the study. Formal discussions were preceded by casual dialogue, not necessarily related to the study. Finally, the interviewers led the discussions in a way to tap into the conscious and tacit knowledge of entrepreneurs.

The questions were generally the same for all participants, according to the interview guide. Slight changes were introduced, taking into account the particular circumstances and entrepreneurial backgrounds of the respondents. However, adherence to the same question guide was kept to facilitate comparability and reliability. The questions were intended to be leading and open-ended, allowing participants a safe degree of openness. By encouraging more openness, the instrument was able to produce more valuable data.

After the first interviews, the question guide was modified to follow up on emerging themes. Entrepreneurs had indicated that start-ups possess structural advantages, such as size and organisation, that can be strategically tapped to support their orientations. A second stream of responses emphasised the attitude of entrepreneurial start-ups towards bringing innovation to the market: especially, that they demonstrate a degree of dedication towards value-creation.

The updated interview guide, thus, included questions about the qualities of start-ups in comparison to mature companies, and whether entrepreneurs wanted to keep these properties as their organisations grew. Participants were also asked directly about their perspective on innovation and value-creation. On the other hand, questions about the phases of growth, brand management, and corporate communications were discarded.

Interviews were subsequently transcribed and are reproduced in the research appendix. The chosen method was word-for-word transcription, in order to maintain original meanings of both questions and answers. This procedure is important for the detailed analysis required

in qualitative research and to ensure that the answers are presented on the participants' own terms (Bryman & Bell, 2011).

3.6 Information Sources

The number of interviews conducted was not predefined and, in accordance with the research strategy, patterns were allowed to surface naturally until a saturation threshold was observed by the researchers (Easterly-Smith et al. 2012). Interviewees were selected among entrepreneurs working within business incubators in Copenhagen in Denmark, and Malmö and Lund, in Sweden.

The study purposefully sought interviewees with different levels of experience and coming from a range of industries. Additionally, entrepreneurs were chosen from start-ups running at different phases. The approached entrepreneurs represent a diversity of nationalities but were all presently working in start-ups in the Øresund Region, across Sweden and Denmark. The variety of sources provides relevant and rich information to the research.

Ultimately, a series of eleven interviews were held, and the iterative character of the study strategy, allowed the researchers to continuously assess the interview process. The interviewing period was stopped once the researchers noted the emergence of a general picture that could be analysed and discussed with reference to the theoretical framework.

3.7 The Øresund Context

The contacted participants were located within the Øresund area, enabling face-to-face interviews. The Øresund Region, crossing between Denmark and Sweden, accounts for 27% of the GDP of both countries combined (Nauwelaers et al. 2013). Moreover, Sweden and Denmark top the *Innovation Union Scoreboard* of the European Commission, outperforming all the other EU Member States (Hollanders et al. 2015).

The OECD earmarks The Øresund Region as a “technology hub with excellent innovation potential, world-class scientific infrastructure and a good environment for start-ups” (Nauwelaers et al. 2013: 7). In fact, the area enjoys a dynamic rate of new ventures and a concentration of start-ups, resulting in a major share of total Swedish and Danish R&D (Nauwelaers et al. 2013).

The Øresund Region is also growing into an international hub for start-ups (Bearne, 2016; Newman, 2015) and the main cities in the region – Copenhagen and Malmö – placed among the top fifteen in the OECD Index of the Inventive Cities (Pentland, 2013).

This research takes an evolutionary perspective on entrepreneurship (Aldrich, 2011; Bull et al. 1995), conceiving an interactive relation between organisations and their environment. The policies; legal provisions; and public and private investment, intended to encourage the successful creation of start-ups in the Danish-Swedish Sound, mean that the Øresund Region can be regarded as a distinct start-up environment.

Following this socially-embedded understanding of business ventures, the present research sought entrepreneurs running start-ups in three incubators: Ideon Science Park, in Lund (Ideon, 2016); Minc, in Malmö (Minc, 2016); and, Cphbusiness Incubator, in Copenhagen (Copenhagen Business Academy, 2016). The incubators are located in main start-up cities in the region (Øresund Startups, 2016), permitting to study entrepreneurs working in a dynamic setting.

3.8 Procedure of Analysis

Documentation of the interviews through transcription allowed the information to be dissected and analysed visually. Interviews were held over a period of five weeks, which allowed the transcripts to be read in between sessions. This helped the researchers to observe emerging concepts and pursue them in following interviews. Formal analysis of the text, however, was suspended at this stage.

After a level of consistency among arguments and perspectives was satisfactory to the researchers, interviews were halted and the transcripts scanned. This first level of formal analysis led to the general conceptualisations, marking broad but separate points. A process of re-reading of the texts, in different orders, helped to reduce the interviews to a set of central concepts (Miles et al. 2014).

Codes were then applied to connect ideas and expressions across different transcripts. This second level of analysis aimed to bridge responses across entrepreneurs and start building a meaningful picture (White and Drew, 2011). The third level of analysis involved categorising the coded data into unified constructs that could be refined into free-standing insights for further investigation. The figure below presents the main stages of the analysis process.

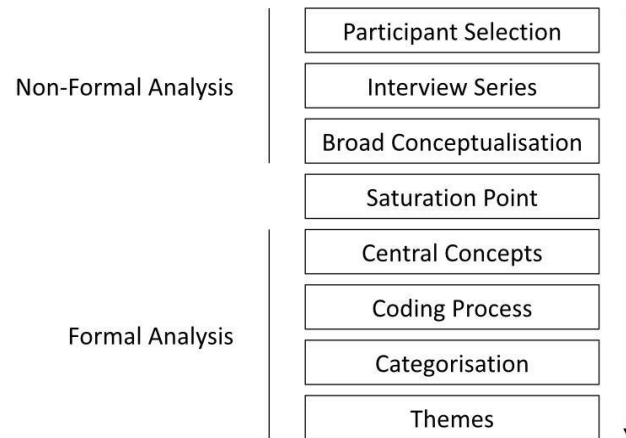


Figure 7: Stages in Analysis Process

The units of investigation that gradually emerged from the transcript analysis, were developed into five main themes:

- a. Innovation as a secondary concern;
- b. Priority in serving customer needs;
- c. Contingency of new ideas on market demands;
- d. Organisational agility as strategic resource;
- e. Value creation as a mission.

These themes include an assortment of views, conflicting or in agreement between them, which form the empirical source of analysis in the following chapter. The analysis draws out the implications of the findings on the research questions.

Specifically, the section examines the relationships (Miles, et al. 2014, 330) between the interview responses and, in doing so, seeks to provide explanations in the light of the market-product orientation debate.

3.9 Rigour and Dependability

Qualitative data is not “found like shells on a beach” (White & Drew, 2011), and its creation actively involves the researcher. For this reason, describing, interpreting, and abstracting interview answers raises issues of fidelity to the source (Smith & Firth, 2011)

and trust in the analyst (Siccama & Penna, 2008). This research identifies three main points in the methodological process that especially need to answer to procedural soundness.

The first of these is the interviewing process itself, and the interviewer's role in it. Second, is the recognition of the saturation point in data collection. Third, is the approach to data analysis and the researcher's frame of understanding.

While interviewing and data analysis were formally distinct steps, the discussions with entrepreneurs themselves involved an element of analysis, as White and Drew (2011) propose. The interviewing process allowed the researchers to clarify meanings and refine their own understanding of the main elements of discussion.

As such, the study team acknowledges its role in the creation of understanding. Although this research prioritises the comments of the interviewee, the interviewer is responsible not only for the selection of data for analysis, but also for the answers that participants are ready to give (White & Drew, 2011). Roulston (2016) defines the self-assessment of interviewers as "reflexive practice". This approach means that the researchers' questions and interventions during interviews, were considered part of the generated data.

Interviews are not a collection of free-floating comments by participants, but crucially include the anchorage provided by the interviewer. In the meantime, the researchers' active role in the creation of data links the whole series of interviews into a unified, purposeful text (White & Drew, 2011).

Indeed, consideration of the part played by the interviewers contributes to a deeper understanding of the context (Roulston, 2016). Attributes of the particular environment of entrepreneurial start-ups in the Øresund area, became more clearly visible to the researchers as they assessed their own performances over time. By analysing the type and timing of their own questions, interviewers were able to observe their growing familiarity with the context and extract the components that develop this familiarity (Roulston, 2016).

Better understanding the context, helped the research to establish the point of saturation more confidently. Siccama and Penna (2008) argue that there is no universal manner for determining saturation; in the case of this paper, that level was considered reached when a substantial degree of consistency in the respondents' answers was discernible. The variety in industries and developmental phase of the start-ups gave the coherence that grew around certain themes more solidity.

The adopted "reflexive practice" (Roulston, 2016) was also followed by the research team in the transcript analysis. White and Drew (2011) argue that meaningful data is, ultimately, a co-creation between researcher and the body of knowledge. This interactive approach means that analysis was, in many ways, a development of the understanding that initially started to generate during interviews.

Nevertheless, re-reading the transcripts often shed light on concepts that went unnoticed during the interview process. In order to facilitate this emergence of unobserved motifs or nuances, White and Drew's (2011) methodological advice was followed, and different members of the team conducted either interviewing or transcription.

3.10 Method Limitations

Interviewing is congruent with the emic focus demanded by the research questions, and with the contextual approach to entrepreneurship. At the same time, however, the method may extract what participants think, but not necessarily what they do (Easterly-Smith et al. 2012). While the interview guide was designed to help entrepreneurs reflect on their actions and decisions, it cannot determine whether responses expressed real conduct or just intention.

A second limit of the research method is that the selected incubators, even if of significant importance in their respective cities, are only a small number of start-up hubs in the studied region (Øresund Startups, 2016). Similarly, a fourth major Øresund start-up city, Helsingborg in Sweden, was not included in the research.

The study does not account for the influence that a particular incubator culture might have on entrepreneurs and their strategies. The variation in start-up phase, industry, and experience of entrepreneur, was deliberately sought in order to counter this obstacle; nevertheless, the research does not cover enough breadth to be able to trace the impact of particular incubator culture of entrepreneurial orientation.

While the researchers are satisfied with the depth and richness of data collected, and with the emergence of patterns, it is acknowledged that the number of interviewed entrepreneurs is not exhaustive. For this reason, the empirical findings of this study can be said to establish a solid foundation for more extensive research.

Finally, as non-native residents, the researchers may not be fully familiar with social or cultural subtexts present in the Øresund Region. Their personal background means that they approach the localised start-up environments with an outsider's vision.

4 Findings and Analysis

4.1 Analysed Themes

This section presents the empirical findings that emerged from the data collection process. In-depth interviews were conducted with start-up entrepreneurs to better understand how they employ strategic orientation to innovate. The results have been structured according to the method of analysis discussed above.

The following pages assess the findings in three keys:

1. Innovation as a secondary concern;
2. Priority in serving customer needs;
3. Contingency of novel ideas on market demands.

As is the case in the theoretical landscape, there is a high degree of variety in strategic orientations among entrepreneurial start-ups. Although most entrepreneurs are quick to seek a working balance between market-oriented and product-oriented approaches, they still show strategic preference towards one particular orientation. A deeper level of the theme, concerns the start-ups' approach towards identifying market demands. A sub-section of the first theme, thus, analyses the empirical data in terms of 'Following' and 'Anticipating' needs.

The view on the notion of innovation is mixed: while entrepreneurs express that start-ups always involve a degree of innovation; they do not consider it necessary or a quality to aim for. Furthermore, start-up innovativeness was a recurring concept during the interview series, and is here explored.

Discussions on innovation often branched out into other distinct areas. In this situation, the study introduces two derivative themes that arise out of the main theme of innovation. The derivative themes are:

- a. Agility as strategic resource;
- b. Value creation as a mission.

Entrepreneurs placed significant emphasis on organisational flexibility and alertness as a way to support innovation. This quality possesses strategic value to the development of the company. Similarly, start-ups view value-creation for end users as their business raison d'être, and not simply a circumstantial fact.

Finally, it emerged from interviews that start-ups prioritise market-needs over novelty of products. As such, the worth of propositions ought to be seen in terms of their relevance to customer needs and wants, rather than to their newness. This set of data forms the third theme of the analysis.

The rest of the chapter presents the three main themes first, and then proceed to analyse the two derivative themes. The figure below illustrates the connection between the main themes and the sub-themes.

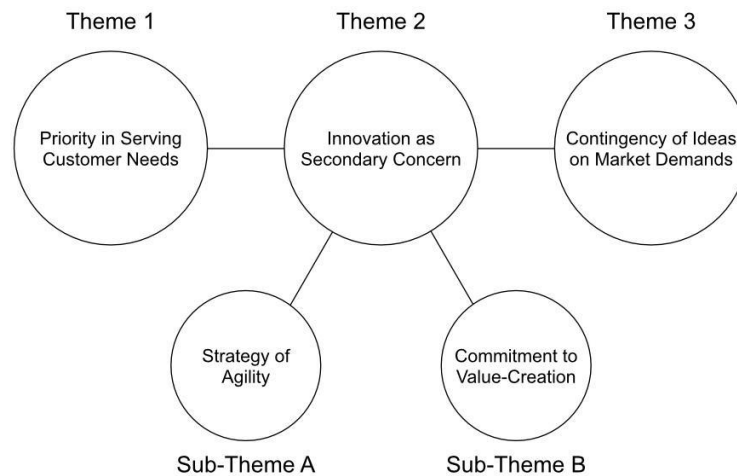


Figure 8: Themes for Analysis

4.2 Priority in Serving Customer Needs

The majority of the entrepreneurs demonstrate a strong inclination towards market orientation. In fact, many of them attribute start-up success to the company's ability to meet the needs of customers. Identifying a pressing need and responding to it is a central part of the start-up phase itself. Organisational elasticity follows from the fact that young companies are hunting for opportunities and trying to adjust their operation to them:

“A start-up is a company that is in transformation, [...] in order to follow the change when you validate and verify with the market, you need to listen and change, adapt.” (Margareta Wallentén, NIOWA)

Similarly, a market orientation is better suited for companies with restricted resources. The strategy, in this way, makes up for the lack of advanced R&D departments or research funds. As a young entrepreneur put it:

"If you want to start, but don't have any budget or anything, then you should find a gap in the market and try to deliver that." (Jonathan Parisi, MacKabler)

Market orientation, thus, strategically attempts to contain and lessen the environmental risks that surround the entrepreneurial experiment. One entrepreneur explained that, by paying attention to market needs, the founding team was able to filter the business ideas that it had initially brainstormed. Moreover, feedback from potential clients clarified the opportunity, and allowed them to develop the selected idea accordingly.

"We had many ideas and we started working on some ideas before, but then for this one we had an opportunity to apply for funding. We did and we got it." (Boris Petrenj, AgriShares)

Market orientation is an intended strategy that allows entrepreneurs to "evolve" (Per Löfberg, Emerging) their business concepts. In this perspective, innovation takes the shape of market needs. Entrepreneurs repeatedly expressed that innovation has to be relevant to the needs of the market. Indeed, innovation for its own sake does not necessarily make for a valid business case:

"... just because something is innovative, in my opinion, that doesn't mean that it's sensible to do." (Sebastian Hoefinger, MyPaper)

The process of innovation, from a market orientation point-of-view, is not essential to serve the unmet needs of the market. In fact, innovation is somewhat secondary to the solutions that a start-up may introduce.

"[Our business idea] could be innovative, but right now we're really looking for the match between our value proposition and the market needs." (Nikolay Minev, Splash Collective)

Among start-ups, therefore, market orientation is a systematic way of uncovering unresolved problems. As hinted above, these have to represent profound customer needs. Market-oriented strategies help start-ups to discern what the significant demands are and separate them from other superficial needs.

"[Start-up entrepreneurs have to] find the need, find the pain point, find the problem, figure out why the customers are lying sleepless during night and crying - "Aaaah, I want this solved!" That is where you should go! And the problem needs to be very important, if it's just interesting, nice too, but not important enough, you have to continue searching and keep asking questions." (Margareta Wallentén, NIOWA)

Entrepreneurial start-ups with a market orientation allocate a large share of their resources to discover and explore the gaps that are left open. In this sense, they not only adopt a customer perspective but also scan the propositions already available in the market. Market orientation, then, means also identifying competitors whose offers can be exceeded.

“[A business idea] doesn't have to be that complex, just look what are the other companies doing out there, how are they doing: can you do it better?”
(Jonathan Parisi, MacKabler)

Ultimately, the strategy seeks to bring an offer that is not yet existing in the market, and not simply to emulate what other companies are doing. Market-oriented entrepreneurship is interested with new possibilities that can be exploited in a way that no one else does. From a start-up perspective it is important to:

“Identify these gaps and see how they could be changed. And the challenge is to create a business model that supports such of change.” (Per Löfberg, *Emerging*)

The responses from entrepreneurs indicate that market orientation is not an accidental approach; on the contrary, it provides start-ups with a solid foundation in an otherwise changing climate “where everything is uncertain” (Margareta Wallentén, NIOWA). Although entrepreneurship may begin with a business idea, entrepreneurs who adopt a market-oriented approach tend to keep it malleable enough to fit in the gaps that industry fails to cover.

The degree of innovation depends, in fact, on the requirements of the identified unmet demands. For market-oriented entrepreneurs, the fundamental function of a start-up is to learn about the market; and only afterwards decide upon the extent to which company processes need to be innovative. As described by a founder, innovation is led by market knowledge:

“When you know the market enough, you can always come up with something innovative.” (Nikolay Minev, *Splash Collective*)

Indeed, strategies that start with the market, compensate for intense product research programmes that, unlike large companies, start-ups cannot afford. By focusing on understanding customers' needs and competitors' propositions, market-oriented start-ups try to find a secure foothold in the market. Such perspective was clearly described by an entrepreneur who thinks that the business idea only plays a minor part in the success of a venture. While discussing systematic ways to define market needs, he said that:

“[It] also helps a lot to choose a niche product, because it is also, it's easier for you.” (Jonathan Parisi, MacKabler)

Market orientation is a strategic direction that facilitates the development, or at times the creation, of entrepreneurial start-ups. Unsatisfied needs open possibilities of access to entrepreneurs, if they can respond to them meaningfully.

4.2.1 Following versus Anticipating Needs

Although market orientation has a significant presence among start-ups, entrepreneurs do not necessarily adopt an identical approach towards customer needs. According to interview answers, strategies applied by start-ups can, in fact, be grouped into two. A first approach observes customer behaviour and industry offers, and looks out for gaps between them.

An alternative approach that emerges from the research tries to find meanings behind market patterns in order to elicit underlying needs that customers do not clearly articulate. This approach corresponds more to proactive and market-driving conceptualisations discussed in market orientation literature. The first approach, conversely, is closer to responsive and market-driven strategies.

When asked about differentiation from competitors, one entrepreneur said that it is not in the start-ups interest to distinguish itself too much. On the contrary, they are looking for companies that offer a similar product in order to better understand customer needs. In fact, the entrepreneur reveals that:

“The business model is going to the [client] companies, see what they want, see what they need.” (Nikolay Minev, Splash Collective)

This presents a case of following the known wants and standards of the customers, and developing the business idea to reflect that exact demand. The opposite approach is adopted by a start-up in the engineering industry, where, while the entrepreneurs sense the need for their product, spend most of their time explaining it to their potential customers.

“There was a demand, but there was also kind of certain expectations that you not always explicitly express in the market” (Tatyana Kolyaka, Greinon Engineering)

The market orientation strategy, in this sense, not only serves to identify needs and develop a more relevant solution, but also to facilitate the introduction of the same idea in the market. Market-oriented approaches help customers to clarify their own needs, and, therefore, allow a company to disseminate its business idea.

“You need sometimes to create the market and you need to... ignite some kind of passion in your future customer, so they can feel, “Yeah, I want that! I want to be part of that!”” (Margareta Wallentén, NIOWA)

Listening to customers, in this view, is more about understanding what they are unable to express rather than what they say. Tapping into tacit wants and needs allows an entrepreneurial start-up to harness the power of market orientation and propose relevant innovations to the market.

A strategy that stays closer to expressed needs, however, allows a company to start out sooner and establish itself in the market more easily. Market needs, in such perspective, are an instrument for growth; when a company has evolved, it can then focus on developing better products. An entrepreneur recommends that companies take this longer-term view of business:

“Many people also believe that their company or product should be perfect when they launched it, but they should just launch it.” (Jonathan Parisi, MacKabler)

Still, start-ups need to approach the market with a new solution to a need; if the demand itself is being met by the industry, market-orientation seeks new ways to go about the problem. Even in cases where start-ups consign themselves to what is already known, market orientation encourages them to exceed the products currently available in the market. An interview participant believes that start-ups exist precisely to satisfy a particular market need:

“That either has not been yet solved or it tackles that need or solves that problem in a different way that can be more efficient, quicker, cheaper, or just more liked by people than existing solutions.” (Sebastian Hoefinger, MyPaper)

This understanding shows that market orientation is less about the product and more about finding a match between what customers need, and what the entrepreneur can propose. In this sense, this strategy attaches primary importance to market development, rather than to product development. Developing a market involves a re-arrangement of elements in order for the company to make latent needs more visible to potential customers. Speaking about his company's product, an entrepreneur reflected:

“We didn't invent it; we just saw a couple of things that could be combined into a business proposal. [...] we didn't invent pellets, we didn't invent gasified stoves, but we did invent the combination in this market.” (Per Löfberg, Emerging)

A market-oriented strategy, in fact, helped this particular start-up identify its market. The company did not have any relationship with the chosen market before entering it, and was actually considering different approaches to enter markets that the founders were familiar with. Following tacit needs, they spotted an opening in a new market and saw that the company's solution could satisfy unmet, unexpressed needs.

*“[There was a] very, very, very big gap from what was, to what could be!”
(Per Löfberg, Emerging)*

At the same time, however, approaching an unfamiliar market means that the proposition has to be ready for modification. Articulated and defined needs, allow a start-up to form their product in a way that can, truly, make the difference it promises. A start-up company developed its business idea by speaking directly with the target group. In the same way, when they were looking to test a different market, in another country, they felt compelled to find native speakers to do the job for them. Understanding the problem, for this entrepreneur, means hearing it from the source:

“If you want to get a feedback and get people on the platform you need to be there somehow; you need to know the local language.” (Boris Petrenj, AgriShares)

In fact, by learning what the expressed needs were, this particular start-up was able to find an opening, and proposing an alternative to the current solution.

“So we found out that there is a huge market. And then we realised that this exists, [...] but in a traditional way.” (Boris Petrenj, AgriShares)

A strategy that is responsive to known wants and needs is crucial to establish whether the venture is worth pursuing or not:

“You have seen a problem and you have solved the problem, but you don't know if anyone else wants the problem solved. So the first thing you need to do and that is in common with everyone with a new business idea is that you need to go out and verify the need on the market, that the market has this problem and wants it solved.” (Margareta Wallentén, NIOWA)

On the other hand, though, validating a business idea with potential customers also means challenging them to see new possibilities. By anticipating and surpassing customer needs, market-oriented entrepreneurship tries to create the market gap for the venture to thrive.

“[By listening to the market] I have maybe changed the customer, because they realized now that they have this need that they didn't have beforehand, before I explained that need and presented a possible solution.” (Margareta Wallentén, NIOWA)

Market orientation, therefore, works on two fronts – the product and the customer. A market-oriented start-up bridges between needs and propositions, and eventually tries to change them both. A number of entrepreneurs, however, have indicated a stronger bias towards letting the market change products, rather than the other way round. The main reasons are faster growth, better acceptance, and more customised solutions.

Entrepreneurs with the opposite view stress that, by looking at invisible needs, market orientation can satisfy customers better. This often involves looking for new markets, or

even creating them anew. The final benefit, however, is bigger to both company and customer.

Participating interviewees offered a recognisable pattern of responses that literature has categorised into proactive and responsive market orientation. While some intend to take a market-driven approach, others see more value in driving the market. The focus on customer needs and wants, whether tacit or expressed, indicates that entrepreneurial start-ups see an advantage in adopting market-oriented strategies.

4.3 Innovation as Secondary Concern

One of the central findings from the data collection is how innovation relates to entrepreneurial start-ups. The majority of interviewees consider that innovation does not necessarily play a significant role in the creation of value in the market. Indeed, one entrepreneur with experience in more than one venture, believes that most start-ups do not innovate at all.

“A lot of start-ups might appear to researchers as they’re innovating, that they are burning for some innovation [...] but they don't have any innovation”

(Lewis Horne, Uniti)

At the same time, however, entrepreneurs feel that, in proposing better value, start-ups need to engage in some form of innovation. While innovation is not the primary concern, value-creation often grows from a degree of innovativeness.

“To some extent you have [to be innovative], you maybe do something that is already there but you have to do it better or in a smarter way, something like that, but I don't think that everyone has to be super innovative.” (Per Löfberg,

Emerging Cooking Solutions)

Entrepreneurs, therefore, are not interested in innovation for its own sake; rather the contrary, innovation is only sought if required by the value-creation process they pursue. Start-ups consider the proposition first, and how it impacts value in the market. The process of innovation is, then, an instrument that may help the generation of new value. In this sense, innovation is a consequence of a solution-finding activity, not a problem-finding one.

“You don't have to create, let's say, a flying car. It has to be creative in the terms of the product; that it has an added value over the other products.”

(Edgar Leon, El Chaparrito)

Indeed, start-ups do not have to adopt ground-breaking innovations to be successful. Quite the contrary, breakthrough ideas are rather the exception, not the rule. As Jonathan Parisi from MacKabler says:

“Many people believe that their idea has to be ground-breaking or the biggest thing in the century, but that's not the true thing.”

An innovative idea, in itself, does not add value to the market, and is, thus, not sufficient for start-up success. As Boris Petrenj (AgriShares) says, “A good idea is just an idea! Because I have heard about so many good ideas that didn't work.”

Although entrepreneurs acknowledge that not all start-ups are innovative, some think that innovation should be given more importance. One start-up founder claims: “I would never start a non-innovative company” (Klas Nilsson, Cognibotics). A clearer process of innovation, in this view, brings a more comprehensive approach to value-creation.

Innovation, while following the product idea or the identified need, highlights possibilities for value-creation around the end proposition. In fact, innovation does not even have to affect the proposition itself: innovation can be found in the methods of production, or the delivery of the product. In this perspective, innovation means making the value proposition more relevant and better suited to the gap it is designed to fill. As such, it is more closely linked to differentiation techniques than to new-product development. As an entrepreneur explains:

“I don't think [a start-up] has to be innovative; it just has to differentiate from the competition. Like in some way can be under price, but I don't think it needs to be a whole new product that no one has seen before, to be innovative.” (Alexander Pedersen, RestoreX)

4.3.1 Innovativeness in Start-ups

During interviews, innovation was frequently referred to in terms of the elasticity that entrepreneurs adopt in order to develop better solutions. Innovation, in this view, is a qualitative aspect of the start-up rather than an operational one. For entrepreneurs, ‘being innovative’ means embracing a mindset for new thinking:

“For me this term innovative is used so often, I'd like to say creative! Creative problem solutions, creative approaches, creative business models, revenue models, things like that!”

Innovation, therefore, is how a start-up approaches a conceived solution to a problem. In this manner, innovation is the pursuit of combinations that make an idea work. Indeed, rather than a particular process of business operation, innovation has been described as an organisational attitude:

“I think it’s more about innovativeness of people in a start-up, than the idea as such.” (Tatyana Kolyaka, Greinon Engineering)

Innovation, in this perspective, is the capacity of a start-up to encourage new solutions. It refers, therefore, to the organisational culture and the entrepreneurs’ open approach to solutions. Innovation is the result of the collaborative spirit of entrepreneurs in the start-up, and their willingness to change and adapt the proposition according to the market values.

“In order for the invention to become an innovation [...] it is extremely important for a start-up to have a circus organisation, where everyone helps regardless of position in the company.” (Margareta Wallentén, Niowa)

From the entrepreneurial perspective, innovation is a process for sustaining the development of value within a category, and in this sense, it follows the proposition rather than the other way round. Innovation is the ability to move from idea to application. Asked about the priority between an innovative idea and innovativeness, Boris Petrenj (AgriShares) says: “I think if you ask me personally the most important thing is execution.”

From the interviews, thus, emerges that innovation is a secondary concern for entrepreneurial start-ups; the identification of market needs is more important in the value-creation process. At the same time, though, entrepreneurs think that an extent of innovation is intrinsic to new propositions. This, however, does not mean that innovation has to lead to a radical type of newness:

*“99% of things that we really need or we’d really like to have [...] are already out there, so it is really hard to really do something completely new.”
(Sebastian Hoefinger, MyPaper)*

Besides being subordinate to the value-creating process, entrepreneurs also understand the concept of innovation as an organisational mindset. Start-ups adopt an innovation agenda in order to find their way in the market. In this view, innovation refers to the company-wide effort to realise the new value proposition.

4.4 Contingency of Novel Ideas on Market Demands

Start-ups with a stronger product-oriented approach, find that value propositions need to be rooted in an advanced understanding of the product category. Value-creation, in this manner, corresponds to developments in the product and often involves technical knowledge. At the same time, however, it also needs to respond to identified market needs.

“We were exploring the problem in university research. Then we found the solution, which was way better than we hoped for!” (Klas Nilsson, Cognibotics)

Customer demands are fundamental for entrepreneurial ventures. Nevertheless, start-ups see scientific knowledge as an important resource on the way to uncovering new needs and solutions. In fact, product-oriented start-ups actively seek the backing of research institutions to develop their solutions. Besides product-development, scientific knowledge also has an effect on the entrepreneurs' resolve:

“It's a complicated business idea, it's gonna be a very intensive investment, it's gonna take a long time in order to get into the market. But we were working on that idea for long and there is university expertise involved.” (Tatyana Kolyaka, Greinon Engineering)

Product-oriented entrepreneurs follow an idea-based strategy, founding the start-up on an aspiration to develop a particular product. In this case, entrepreneurs manifest a strong attachment to the new proposition and its capability to bring better value to the market. Describing the start-up's product concept, one entrepreneur says that: “it's quite an ambitious thing, it is a change-the-world kind of thing!” (Lewis Horne, Uniti)

Enthusiasm towards the idea, however, is not sufficient for product-oriented entrepreneurs. Future demand is a crucial consideration and novelty has to be reconciled with customer needs. An aspect observed during interviews, is that start-ups in the technology sector tend to adopt more product-oriented strategies. At the same time, this does not mean that the sector ignores market demands:

“I like the notion of being technology driven, but some people think technology-driven, means you just develop things you like or think it's fun. But it's not the meaning, the meaning is that you actually know that there is need for that technology, and you develop the technology and expose it.” (Klas Nilsson, CogniBotics)

In fact, product-oriented start-ups show awareness that the market might not be fully receptive to their proposition: “you still have to make a round steering-wheel [...] because, you know, that's just what people expect!” (Lewis Horne, Uniti)

New ideas, therefore, develop in parallel with an understanding of market needs. In this sense, entrepreneurial novelty is seen in terms of value-creation and start-ups seek market relevance first. Entrepreneurs demonstrate an openness to modifying their propositions so as to match the demands of customers. In other cases, they are ready to seek new purposes for the product, or new markets that are more accepting of their propositions.

“My dad has a company where he produces the cream, we try to sell for a different purpose. He sells it for agriculture – for cows – and we tried it on

humans and then we had a great success with our network.” (Alexander Pedersen, RestoreX)

Product orientation means also that, at times, receptive markets are inexistent and have to be created. In fact, commitment to the idea may mean that a company not only is ahead of the market but ahead of the entire industry as well: “[Industry] doesn't adapt and move anywhere near as fast as technology adapts and moves” (Lewis Horne, Unity)

In this situation, entrepreneurs consider product-novelty not as an end in itself, but as a response to identified and unserved needs. Entrepreneurs that propose new products, especially in the technology sector, take a more product-oriented approach and consider scientific or technical knowledge as central. At the same time, however, product-oriented start-ups actively seek market demands that can translate novelty into value.

4.5 Value-Creation as Mission

The attitude of entrepreneurs towards value-creation emerged as a further theme from the interviews. The codes that formed the theme surfaced primarily from the broader conceptualisation of innovation. For this reason, this theme is being considered as a derivative of ‘Innovation as Secondary Concern’.

Entrepreneurs demonstrate a sense of commitment to bringing value to the market and offering new propositions to customers. Indeed, value-creation is the core of the venture: “Every business is a value creator, by solving this problem, we create value.” (Sebastian Hoefinger, MyPaper)

Strategic orientation is, in this way, a method for generating meaningful propositions. Value-creation is a result of relevant knowledge about the market and current trends within it, and follows from a strategic decision to provide for them. Explaining the reason behind the eco-friendly approach to their business concept, Edgar Leon (El Chaparrito) says: “We thought that it is very important here in Sweden, where everyone has that culture of recycling and being environmentally friendly, so we said okay we have to do it!”

Similarly, elements that bring value to the customer, are deliberately integrated into the product offering. For example, in one case, a start-up concentrated its business efforts on locally-sourced materials because that resonates with the market. Asked whether customers appreciate the fact that his company’s offering is locally-produced, Alexander Pedersen’s (RestoreX) reply is unequivocal: “A lot! Definitely!”

In fact, start-up entrepreneurs seek customer engagement in order to improve their products and, in turn, serve the market needs better. Customer relationship, however, has a second benefit of adjusting the market for the new propositions. Through this engagement, both

market-driving and market-driven entrepreneurs believe that they facilitate receptivity of the market. Good customer experience adds to the proposition by communicating the company's commitment to value.

“I think that is the main thing about a start-up today - you should always focus on your customers [...] it is a small thing but in the end it creates attention and people feel appreciated.” Jonathan Parisi (Mackables)

Indeed, value-creation is not a supplement to the business model or a limited-term tactic. On the contrary, it becomes part of the start-up's mission and the founders' vision. Value-creation, therefore, sits at the core of the entrepreneurial start-up.

The pursuit of a solution to an identified problem is spurred by this ingrained commitment to bring better value. Despite their awareness of possible obstacles, entrepreneurs manifest a deep attachment with the value proposition of their product or business system:

“We know that it's gonna take a long time but we just, kinda, needed to see it through.” (Tatyana Kolyaka, Greinon Engineering)

Indeed, the prospective value that the start-up idea brings, affects also the setup of the organisation. Entrepreneurs establish their own ways of understanding a market problem and, consequently develop novel solutions to overcome them. This microsystem, focusing on a defined area of business, evolves into a unique value-creating climate.

Entrepreneurs feel that this commitment to a specific demand grows into a special type of expertise that “even if you take the smartest person in the world, it takes some time just realise all [the facets of the solution]” (Boris Petrenj, AgriShares).

Such a profound understanding of the unique value-generating process transforms start-ups into more than just profit-seeking organisations. Dedication to the process outbalances other interests such as precise working hours or defined results. In fact, a main concern of entrepreneurs is recruitment, as new people might not share the same enthusiasm towards the underlying value-bringing objective of the company.

“[A cause for concern is] getting external people that do not feel about your business the same way, as it is your baby.” (Tatyana Kolyaka, Greinon Engineering)

Start-ups are created around a solution to an identified problem. However, the entrepreneurial perspective is not simply functional in this respect, founders become immersed in the value-creating process of the company. Their ventures develop a mission to introduce superior value to the market; so much so that profit becomes almost an afterthought: “So we just saw that there are so many pluses [in the solution]: it's only a step up and it's possible to make money on it.” (Per Löfberg, Emerging)

4.6 Agility as Strategic Resource

Concepts such as ‘flexibility’, ‘swiftness’, ‘simplicity’, have emerged from interviews to describe the resources of start-ups. As in the previous section, this analysis results from distinct codes observed in the conceptualisations about the wider theme of innovation. For this reason, the present theme is also derivative ‘Innovation as Secondary Concern’.

There is a resounding consensus among entrepreneurs that a start-up’s advantage over other organisations is its capacity for swift adaptability. At the same time, however, a start-up is “weaker in terms of perseverance” (Per Löfberg, Emerging). Bigger companies are able to sustain periods of experimentation for longer because they can absorb losses better.

Similarly, the resources that large companies have, means that are in a better position to bring their products to the market. Entrepreneurs see that mature companies can bring new introductions to success more efficiently.

“Imagine if I am a big manufacturer and have this platform [the company’s product], for well establish companies it’s easier to reach the market.” (Boris Petrenj, AgriShares)

Nevertheless, by virtue of their uncomplicated decision-making procedures, start-ups are better at identifying problems and at fine-tuning solutions.

“[Start-ups are] much more flexible, [...] they can look on the world and see what is missing and then come up with the solution!” (Margareta Wallentén, NIOWA)

Not only does the flexibility of start-ups facilitate their problem-solving, but they are better organised to identify and obviate difficulties. Reflecting on the advantages of entrepreneurial start-ups, Nikolay Minev (Splash Collective), says that: “If you see something that’s like dangerous you can easily avoid it.”

The market, on the other hand, tends to be more accepting of solutions proposed by start-ups. The process of starting-up gives entrepreneurs more freedom to modify and experiment with the idea:

“If you are already big and developed company, you have a lot of customers expecting from you and the society expecting something from you.” (Jonathan Parisi, MacKabler)

A low profile with customers, therefore, means that start-ups can take longer to negotiate their value proposition with the market and adjust it to match the needs in a better way. On the contrary, “in a bigger company you always have some certain limits” (Alexander

Pedersen, RestoreX) and the necessity to meet existing demands may overcome the possibility to create new value.

The environment within start-ups is also conducive to agility. Interview participants have repeatedly referred to the working spirit within start-ups, and contrasted it to traditional company cultures:

“A start-up is the team; the start-up is the people. A mature company is an organisation; a bureaucracy of some sort.” (Tatyana Kolyaka, Greinon Engineering)

This climate allows start-up members to share knowledge more effectively and more willingly, thus enhancing the possibility of understanding both problems and solutions better. “A start-up culture [is] where people love it and people wanna be there” (Lewis Horne, Uniti). On the contrary, Sebastian Hoefinger (MyPaper) believes that the structured process that mature organisations often adopt is “slow, inflexible and [...] annoys people in the company.”

The flat organisation within start-ups, therefore, is leveraged by entrepreneurs to add higher value than bigger companies. While interviewees admitted that the lack of resources makes it difficult for start-ups to launch their solutions, and to penetrate the market successfully, they feel that start-up structures are better at identifying deeper needs.

At the same time, start-ups afford to introduce solutions that require further development. In fact, this represents one of the strategic strengths that entrepreneurs utilise. Adaptability means that start-ups can move away from ideas or potential threats more quickly: “We can change direction from one week to another.” (Klas Nilsson, CogniBotics).

At the level of organisational culture, start-ups are able to keep enthusiasm higher and for longer. This results in greater commitment to value-creation and encourages an environment that pursues better, preferable solutions to more relevant market needs.

4.7 Chapter Summary

Analysis of the empirical data collected through interviews with start-up entrepreneurs produced three main themes. The first theme, ‘Priority in Serving Customer Needs’, presents the importance of market needs for start-ups. Although in a diversity of ways, entrepreneurs show a tendency to adopt market-oriented strategies. A broad classification of approaches was observed among start-ups that follow identified needs, and those that seek to anticipate needs.

The second theme that emerged from the interview series is: ‘Innovation as a Secondary Concern’. For entrepreneurs, it is value-creation that fuels innovation, not the other way round. Start-ups, therefore, see innovation processes as a consequence of new value propositions and not as an end in itself. Furthermore, entrepreneurs understand the concept in terms of their resolve to bring a solution to the market. In this sense, they speak of the attitude of innovativeness that start-up environments engender.

The third theme is: ‘Contingency of Novel Ideas on Market Demands’. Product-oriented start-ups believe that a technical understanding of the business idea brings better value to customers. At the same time, however, ideas need to be relevant to market demands. Entrepreneurs seek to modify their products, find different uses for them, or look for new markets, in order to answer better to the needs of customers.

A further two sub-themes derived from the conceptualisation of innovation. First among these is: ‘Value-Creation as a Mission’. Entrepreneurs show a commitment to bring new value to the market. Their primary concern is, in fact, the contribution of the start-up to more meaningful solutions for customers’ needs. Start-up entrepreneurs show a high sense of involvement in the entire value-creation process that goes beyond operational tasks.

The second sub-theme is: ‘Agility as strategic resource’. Start-ups are small organisations with simple structures and closely-knit teams. This is seen by entrepreneurs as a major advantage in identifying needs and developing relevant solutions. Agility also helps start-ups to respond more quickly to either threats or opportunities. Meanwhile, an agile environment means that start-ups enjoy a high level of motivation.

5 Discussion

Market orientation and product orientation are distinct strategies to drive innovation. While the former takes advantage of identified gaps in the market, the latter exploits developments in the production process. Through innovation, however, both seek to bring new value to customers and, hence, gain competitive advantage. The logic being strategic orientation, therefore, is a systematic approach to value-creating innovation.

This line of reasoning runs in parallel with entrepreneurship theory which understands entrepreneurial activity as a change in the value-system of a market. Entrepreneurs design new combinations to bring better value to the customer (Schumpeter, 2000).

The link between innovation and value-creation, as a way to gain competitive advantage, emerges in both orientation and entrepreneurship theory. Research, however, has not been plentiful in investigating orientation strategies employed by entrepreneurial ventures that are in their start-up phase.

The aim of this research is to understand the strategic approaches that start-ups adopt in order to create new value. As nascent companies, start-ups are considered by this paper as entrepreneurship in its pure form: completely absorbed with transforming an innovation into a profitable business formula (Cooper, 1981; Luger & Koo, 2005; Mount et al. 1993).

In this perspective, the question that this study seeks to answer is:

What strategic orientations do entrepreneurial start-ups take, in order to systemically sustain value-creation?

Although the market-product orientation debate centres on the best method for achieving innovation, innovation itself is only a middle-step on the way to value-creation. Innovation, thus, is not an end in itself but is a transversal element between strategic orientation and the generation of value. This raises a further question in the investigation:

To what extent do entrepreneurs see their efforts to bring new value to the market, as innovation?

Orientation theory tends to take the point-of-view of large companies, with formalised and centralised structures (Jaworski & Kohli, 1993). Start-ups, however, often have loose organisational structures and embryonic company cultures. Such fundamental organisational variations mean that the application of strategic orientation may take a

different shape in a start-up setting. Not all elements of traditional orientation theory may be applicable to organisations in their start-up phase. A third question, therefore, is placed by the paper:

How is strategic orientation applied in the special circumstances of start-up companies?

The pages that follow discuss the main question and the two derivative ones. The discussion draws on the theoretical background introduced in the literature review, and the empirical results presented in the findings analysis.

5.1 Market Orientation at the Heart of Start-ups

The findings show that start-ups in the Øresund Region tend to be highly market-oriented in character. Not only are product orientation strategies less adopted, but they also frequently include strong elements of market orientation. This section discusses the main research question: What strategic orientations do entrepreneurial start-ups take, in order to systemically sustain value-creation?

This coincides with the Druckerian view (1985a, 1985b) that entrepreneurship is rooted in market needs and wants. Market knowledge, in fact, emerges as a crucial aspect both in orientation theory (Augusto & Coelho, 2009; Bull et al. 1995) as well as in the empirical data gathered by this research. Knowing the market is a vehicle, rather than an approach; a way of executing a market-oriented strategy.

In this perspective, start-ups can be seen as attempts at satisfying customer demands. Start-up entrepreneurs, then, are inherently driven towards a strategy of market orientation. If entrepreneurial ventures grow out of market needs, and founders aspire to offer new solutions to these needs, starting-up is an essentially market-oriented activity.

In the meantime, the findings also show that some start-ups adopt a product-oriented approach, basing their operations on an idea, rather than an observed need, and concentrating on finding ways to bring that concept to life. These same entrepreneurs, however, do not pursue a drastically product-centred strategy. On the contrary, they show that gaps in the market present the most important opportunities for the idea-realisation to succeed.

Product-oriented strategies that were observed fall closely in line with “need-source” theoretical perspectives, such as those held by Moss Kanter (2000). In fact, entrepreneurs that adopt this orientation admit that market validation is an important task in the start-up phase. Product-oriented founders invest a significant portion of their resources to communicate the idea, at times even before the product itself has been developed.

Although not starting with the identification of unmet needs, product-oriented ventures still devote a substantial part of the start-up stage to find those gaps that their ideas could fill. Product orientation within start-ups, therefore, is not exclusive of market orientation strategies. Quite the contrary, in these cases, a decision to start up can be said to be an exercise in balancing a product-oriented approach with elements of market orientation.

Product-oriented start-ups show a need for market-oriented strategies in order for them to create markets. In this sense, market-orientation is a means to guide entrepreneurs towards a receiving market. From a product-centric point-of-view, therefore, Christensen and Bower's (1996) "competitive antennae" serve to fine-tune a value proposition, rather than pursue it.

Consequently, product-oriented entrepreneurs demonstrate a marked interest in market-driving forms of market orientation. Indeed, the start-up scene shows that market orientation strategies are diverse and change from venture to venture. The theoretical categorisation of responsive and proactive market orientations (Narver et al. 2004), however, summarily reflects the main approaches of start-up entrepreneurs.

The choice between the two approaches is not necessarily deliberate, but may also depend on the industry type organisations operate in. Start-ups in sectors that rely on high technical and scientific understanding, like engineering or automotive, adopt a more market-driving approach where they seek to satisfy tacit needs. In other industries, such as services or food and beverage, enterprises tend to be rather market-driven, where their focus is on answering to expressed market needs.

When start-ups operate from without established industry, markets are, by definition, inexistent and need to be created (Baumol, 1995). Market-oriented start-ups, however, still show a tendency to avoid complete market creation, even if they are not active in a defined sector. Rather the contrary, entrepreneurs try to highlight similarities with other existing products. In this light, market creation is not an automatic result of product-newness, but is instead a tactical approach in accordance with market-oriented strategy.

Conversely, market orientation is also capable of proposing disruptive technologies. Orientation literature suggests that disruption in the process and methods of production is a main advantage of product-oriented strategies over market orientation. Nevertheless, entrepreneurial start-ups that adopt a market-oriented approach show both intention and commitment to disruptive technologies, seeing them as a viable way to satisfy identified demands.

The main criticism of market orientation is that it impedes the high-quality innovation that proposes a leap in value proposition (Arora & Nandkumar, 2012; Grinstein 2008). In the context of entrepreneurial start-ups, however, market-oriented strategies lead to a deep assessment of the entire value chain. The young age of start-ups means that they suffer less

from the inertia that critics accuse market-oriented companies of (Atuahene-Gima, 1996; Gatignon & Xuereb, 1997; Macdonald, 1995).

Market orientation is fundamental to start-ups in the Øresund Region and entrepreneurs employ a variety of strategies, ranging from responsive to proactive methods. Product-oriented organisations also actively seek to integrate market-oriented methods in their pursuit of customer-validation. Contrary to what market orientation critique suggests, the strategy does not limit a start-up's capacity for market-creation and high-quality innovation.

The market-product orientation debate is decisively less polarising in the start-up scene, as founders need both product-development and market-validity to step up to the next stage of growth. At the same time, and in contrast to the arguments of the debate, market-oriented strategies at start-up level encourage and sustain value-creating innovation.

5.2 Value-Creation before Innovation

Start-ups are driven by an ambition to introduce better value in the marketplace, and strategic orientation provides a way to manage this pursuit effectively. The market-product orientation debate envisions systemic innovation as a precursor to value-creation (Berthon et al. 1999; Drucker, 1985b). Start-up entrepreneurs, however, do not demonstrate any special engagement with the process of innovation. This section reflects on the second research question: To what extent do entrepreneurs see their efforts to bring new value to the market, as innovation?

According to the empirical results, start-ups play down the necessity of innovation in their efforts to create new value. Innovation is a secondary thought and develops in accordance with the identified gap in the market. Product-oriented entrepreneurs, too, prioritise market-validation over a commitment to innovation.

In this scenario, entrepreneurial start-ups do not regard systematic innovation in itself a pivotal action in the generation of value. Orientation theory, on the contrary, promotes intentional and methodological innovative processes in the pursuit of new value propositions (Aldrich, 1995; Im & Workman, 2004; Kumar et al. 2000). In theory, engagement in innovation facilitates both product-development (Gatignon & Xuereb, 1997) as well as need-identification (Jaworski et al. 2000).

Although entrepreneurs do not see an essential causal link between innovation and value-creation, the propositions that start-ups seek to introduce still represent, at least, a minimal degree of innovation. If radical innovation, in the sense expressed by Naidoo (2010), is

enacted by only a particular category of start-ups; all ventures, in their attempt to create value, involve some form of incremental innovation.

The de-emphasis on the importance of innovation techniques reveals that entrepreneurial start-ups are less concerned with outdoing competitors than orientation theory seems to suggest. Literature frequently presents innovation as a support to positioning and differentiation (Augusto & Coelho, 2009; Im & Workman, 2004; Jaworski et al. 2000). Start-up entrepreneurs, however, are less concerned with competition and more with value-creation.

This view matches the ‘innovation logic’ recommended by Kim and Mauborgne (1997) and start-ups understand their function in the market, primarily in terms of new value propositions. Indeed, entrepreneurs demonstrate a high commitment to value-creation, cultivating a sense of mission around it.

Start-ups, therefore, do not adopt a strategic orientation in order to facilitate innovative processes; their main object of attention is introducing new value to customers, rather than innovation. Nonetheless, by virtue of their mission to value-creation, ventures still bring combinational discontinuity in the market (Bull et al. 1995). For entrepreneurial start-ups, therefore, innovation is incidental but value-creation is essential.

5.3 An Environment of Innovativeness

Start-ups present a different set of circumstances from mature companies. By focusing on processes that are typically manifested in large organisations, the market-product orientation debate does not comprehensively account for the start-up context. This part, therefore, responds to the third research question: How is strategic orientation applied in the special circumstances of start-up companies?

Entrepreneurial start-ups involve highly unstructured environments (Churchill & Lewis, 1983 Cooper, 1981), with a limited number of people that, as interviewed entrepreneurs disclosed, handle all parts of the operation. Inter-departmental efforts as proposed by orientation theory, such as Narver and Slater, (1990), Kohli and Jaworski (1990), and Berthon et al. (1999), do not apply to the flat organisations found in start-ups.

The flexible environment means that start-ups can identify market needs more profoundly and respond to them in a more meaningful way. Company knowledge is easily shared and entrepreneurs are more adept at matching innovations and market demands. Agility gives start-ups the advantage of changing course quickly when they spot either new opportunities or threats. This means that entrepreneurs spend less energy in gathering and disseminating

market intelligence (Kolhi & Jaworski, 1990; Narver & Slater, 1990), and more in developing value propositions.

The priority and commitment shown towards value-creation contrasts with orientation theory that seeks to promote culture-management. Both sides of the market-product orientation debate include proponents that see strategic orientation as a way to instil a company-wide climate that facilitates innovation and value-creation (Atuahene-Gima 1996; Gatignon & Xuereb, 1997; Lichtenthal & Wilson, 1992; Narver & Slater, 1990). Start-ups, on the other hand, do not yet have a developed organisational culture.

At the same time, however, entrepreneurs demonstrate that a start-up is, by its own nature, an environment of innovativeness. By focusing on new value propositions, start-ups maintain an inherent climate of “creative destruction” (Schumpeter 1926, in Pichler, 2010). Additionally, empirical analysis shows that the pursuit of value-creation keeps a high level of employee satisfaction and stimulation towards the company goal.

The factors particular to start-ups mean that strategic orientations are applied in different ways than in mature companies. Orientation theory, which largely takes a large-organisation perspective, concentrates on the precursory processes of value-creation, such as exhaustive market research; orchestrated company-learning; and, nurturing innovativeness. From the point-of-view of start-up entrepreneurs, however, strategic approaches focus more on the refinement and introduction of new value propositions.

The main characteristics of start-ups, with regards to adoption of strategic orientations, are structural agility and organisational motivation. By being flexible and committed, entrepreneurs use strategic orientation to engage with the market more actively and directly.

5.4 Chapter Summary

The market-product debate presents opposing ways of exploiting innovation with the aim of creating new value for customers. This section discussed the main question of the research: What strategic orientations do entrepreneurial start-ups take, in order to systemically sustain value-creation?

While start-ups adopt highly-integrated strategies, market orientation is fundamental to their existence. Entrepreneurs take different approaches to strategic orientation, in line with what orientation theory suggests. At the same time, however, specific strategies can be a result of the market sector rather than a deliberate choice.

It has also been discussed that, since start-ups are somewhat yet undefined companies, market orientation can lead to high-quality innovation and value propositions. Orientation

theory, in particular product orientation, suggests that market-oriented strategies hinder radical innovation. The entrepreneurs' perspective, however, indicates that innovation depends on the commitment to value-creation rather than strategic orientation.

This derives a second question from the research: To what extent do entrepreneurs see their efforts to bring new value to the market, as innovation?

Start-ups are not directly concerned with innovative processes, which they regard as secondary to the creation of value. Indeed, according to the entrepreneurs, innovation is a potential by-product of a commitment to new value propositions.

Orientation theory sees the role of innovation as crucial to the generation of value; the market-product orientation debate, in fact, revolves around the best way to systemically approach innovation in companies. Entrepreneurial start-ups, however, understand value-creation as a mission, and strategic orientation is a way to achieve it more efficiently.

The different conditions found within start-ups in comparison to mature companies, signal that strategic orientations take a different shape when employed by start-up entrepreneurs. The third question, thus, is: How is strategic orientation applied in the special circumstances of start-up companies?

While orientation theory discusses organisational process and culture in detail, start-ups often have loose structures and, many times, lack a defined company culture. Practices advised by both market orientation and product orientation theorists, seek to encourage innovativeness and knowledge-sharing. Due to their setup and inherent climate, however, start-ups devote little time to these processes and focus, instead, on sharpening their value propositions to match better the demands of the market.

6 Conclusions

The marketing concept, first developed in the 1950s, shifted the attention of companies towards market relevance (Webster, 1988). Organisations became more interested in the benefits they could bring to customers, rather than in the methods to convince them to buy more. In the scenario, value-creation became the cornerstone of efforts to gain competitive advantage.

By proposing better value, companies attract customer preference and, thus, strengthen business performance (Webster, 1988). Continued innovation, therefore, is a methodological way to sustain the value-creation process (Drucker, 1985b).

Two contrasting approaches for systemically pursuing innovation have emerged: market orientation and product orientation. While the former explores customer demands and seeks solutions for them, the latter is concerned with enhancing available products and developing better ones.

Market-oriented strategies create value by identifying gaps in the market and guiding the innovation exercise accordingly (Kohli & Jaworski, 1990; Narver & Slater, 1990). Product-oriented strategies, on the other hand, bring new value by tapping into the potential of production systems and realising better products (Atuahene-Gima 1996; Gatignon & Xuereb, 1997).

While both strategies have their critics (MacDonald 1995; Moss Kanter, 2000), recent literature has looked at ways to integrate them (Arrow, 2000; Dhewanto & Sohal, 2015). At the same time, however, the theoretical contention is still unresolved (Grinstein, 2008), and this research refers to it as the market-product orientation debate.

Orientation theory focuses mostly on the innovation processes within large companies, often revolving around organisational communication (Jaworski et al. 2000), structure (Olson et al. 2005), and culture (Narver et al. 2004). Meanwhile, start-ups have increasingly been noted as an important source of innovation (Aldrich & Auster, 2011; Baumol, 1995).

Over the past decades, start-ups have not only increased in number (Drucker, 1985a), but also in economic significance (Jovanovic, 2001). By concentrating on mature companies, however, literature on strategic orientation largely overlooks the value-creating efforts in start-ups.

6.1 Research Aims

This research aims to bridge the divide between orientation theory and entrepreneurial start-ups by studying the position of start-ups in the market-product orientation debate. The study adopts an “evolutionary” approach to entrepreneurship (Aldrich, 2011; Bull et al. 1995), and recognises that start-ups grow out of an interaction with a given social and economic backdrop. As a result, the research develops an entrepreneurial perspective particular to the Øresund Region.

The point-of-view of start-up entrepreneurs on orientation strategies gives new insight to theoretical constructs, by revealing new questions and possible answers. Furthermore, since entrepreneurial start-ups are a growing phenomenon in global economies (Gerschenkron, 2000; Nauwelaers et al. 2013), their application of strategic orientation makes the case for marketing as an active contributor towards economic development.

6.2 Research Objectives

The primary objective of the paper is to investigate what strategic orientations are adopted by start-up entrepreneurs in the selected region. By extending the market-product orientation debate to the start-up context, the process of value-creation within nascent companies can be better understood. The main research question, therefore, is: What strategic orientations do entrepreneurial start-ups take, in order to systemically sustain value-creation?

Orientation theory suggests that an active commitment to innovation processes results in value-creation. A second concern of this research is how much start-up entrepreneurs consider value-creation an effect of innovation. A further research question, then, is posed: To what extent do entrepreneurs see their efforts to bring new value to the market, as innovation?

Start-ups have different organisational setups from mature companies. Orientation theory, however, traditionally discusses elements that are found in large organisations and concentrates on internal activities such as structure and culture. Since these features do not typically apply to a start-up, the study is interested in understanding the particular ways in which strategic orientations are applied in a start-up environment. A third question emerges: How is strategic orientation applied in the special circumstances of start-up companies?

A series of eleven semi-structured interviews were conducted with start-up entrepreneurs in order to collect the necessary data. Participants were selected from a broad range of

industries, different entrepreneurial backgrounds, and with diverse nationalities. The number of interviews represents the point of saturation at which relevant response patterns were deemed sufficient by the research team.

6.3 Empirical Review

The central themes that emerge from the data collection suggest that: start-ups prioritise the service of customer needs; entrepreneurs consider innovation of secondary importance; and, novel ideas depend on market demands. Two supplementary themes evolved from the general conceptualisation of innovation: agility is a strategic resource for start-ups; and, entrepreneurs see value-creation as a mission.

The demands of customers are crucial to the definition and development of a start-up; entrepreneurs, in fact, actively and consciously engage in needs-identification. Start-ups strategically pursue gaps and unresolved problems in the market.

A recurring theme during interviews was that value-creation does not necessarily require innovation processes. While the generation of better value is vital for start-ups, the rate and degree of innovation are incidental.

Similarly, novel ideas are contingent on customer demands and one of the main activities of entrepreneurial start-ups is, in fact, the validation of propositions with the market. In order for products to bring value, they need to demonstrate relevance to the end users.

The organisational structures in start-ups give them more flexibility and adaptability. Agility surfaces as a strategic resource and the main advantage of start-ups over mature companies. Entrepreneurs can recognise demands and opportunities more profoundly, facilitating the development of valuable propositions. Conversely, agility allows start-ups to move away from potential threats more quickly.

Value-creation is, for start-ups, a mission in itself and entrepreneurs are deeply involved in the process of new value propositions. Satisfaction of customer needs is a pressing concern and the start-up environment is geared towards delivering superior value.

6.4 Theoretical Implications

6.4.1 A Less Divisive Debate

The spectrum of strategic variations found in orientation theory is substantially narrower in the start-up context as entrepreneurs seek rather integrated approaches to strategic orientations. The market-product debate distinguishes between four main groupings: responsive market orientation (Kohli & Jaworski, 1990; Narver & Slater, 1990); proactive market orientation (Jaworski et al. 2000; Narver et al. 2004); technological product orientation (Atuahene-Gima, 1996; Gatignon & Xuereb, 1997); and, need-source product orientation (Aldrich & Kenworthy, 2011; Moss Kanter, 2000).

The difference in approaches can also be discerned in start-up strategies; at the same time, however, start-up entrepreneurs show a strong inclination towards market-oriented strategies. In fact, this research argues that starting-up is, fundamentally, an exercise in market orientation. Even in the case of product-oriented companies, a primary function of the start-up is the calibration of products against customer demands.

A subsequent implication is that, through a commitment to value-creation, market orientation contributes directly to high-quality innovation. In contrast with criticism that market-oriented strategies obstruct innovation (Berthon et al. 1999; Christensen & Bower, 1996; MacDonald 1995), market orientation approaches in the start-up context show that understanding customer demands better, leads to sustainable innovation.

6.4.2 Rearranging Orientation Logic

Orientation theory follows the principle that, by innovating, organisations create value for customers (Augusto & Coelho, 2009; Jaworski & Kohli, 1993; Narver et al. 2004). Theoretically, therefore, there exists a causal tie between innovation and value-creation. In applying strategic orientations to serve customer needs, start-ups also demonstrate a deep sense of innovation. Nevertheless, entrepreneurs understand the relationship between innovation and value-creation in a reverse manner.

Start-ups are committed to bringing new value, and as such, see the process of innovation as a marginal importance. While orientation theory presents a logical flow, where efforts to innovate naturally lead to better value; start-up entrepreneurs consider innovation as an effect of value-creation. Although start-ups do not deny the benefit of innovation, the conceptual steps are rearranged: instead of adopting orientation strategy to facilitate innovation that brings about value-creation; entrepreneurs apply orientation strategy to create value that may require a process of innovation.

6.4.3 Dispensable Aspects of Orientation Theory

Start-ups provide an alternative setting where strategic orientations are applied. The major theoretical frameworks concentrate on mature and large companies, where orientation means developing an environment of knowledge-sharing and common purpose (Berthon et al. 1999; Kohli & Jaworski, 1990; Narver & Slater, 1990). This suggests that organisational structure makes processes of innovation and value-creation less efficient and effective (Kohli & Jaworski, 1993).

Start-ups, on the other hand, lack structural centralisation or formalisation and are characterised by loose organisational setups (Churchill & Lewis, 1983; Cooper, 1981). This means that the inward-looking elements of orientation strategies, such as inter-departmental communication, do not apply to the circumstances of start-ups. In fact, entrepreneurial start-ups manifest an inherent environment of innovativeness, without any need to enact strategies. On the other hand, start-ups focus on the outer-looking aspects of strategic orientation: identification of needs, validation of propositions, and fine-tuning of products.

6.5 Managerial Implications of Value-Creation

While the ultimate goal of value-creation is a stronger competitive advantage (Webster, 1988), this research indicates that it has a further three benefits. Commitment to value-creation results in more relevant propositions, which is especially important in a market where power is shifting towards customers (Florin et al. 2007; Labrecque et al. 2013).

A second benefit of commitment to value-creation, as evidenced from the collected data, is employee engagement and satisfaction. Thirdly, a focus on value-creation creates a climate of innovativeness within the organisation.

6.6 Limitations and Openings

This research studies what strategic orientations start-ups adopt in order to create value; at the same time, however, it does not delve into the effectiveness or success rate of these strategies on business performance. Similarly, it relies on the information disclosed by entrepreneurs and does not investigate how they actually apply the strategic orientations.

6.6.1 Alternative Strategic Orientations

By concentrating on the market-product orientation debate, this paper brackets out other strategic orientations that are part of a broader body of literature. Another strategy of relevant interest is ‘competitor orientation’ (Narver & Slater, 1990), which turns the attention of organisations more directly on other market players. Closely linked is ‘learning orientation’ (Baker & Sinkula, 1999), that concentrates on the sustainable production of knowledge within the company. A third related strategy is ‘entrepreneurial orientation’ (Bhuiat et al. 2005), drawing on systematic risk-taking activities as a way to create new abilities.

An alternative strategy that has not been explored goes beyond the market factors and innovation processes. ‘Brand orientation’ (Urde & Koch, 2014) looks at brand identity as a way to create better value.

6.6.2 Future Research

The “evolutionary” (Aldrich, 2011) stance of this study places significant importance on the geographical context. A suggestion for future research, therefore, is the investigation of strategic orientations among entrepreneurial start-ups in other regions. Contrast and similarities would enrich the discussion.

It was also observed that start-ups in the technology industry adopt a more distinctly product orientation. The purpose of this research restrains it from pursuing the matter further; the relationship between start-up industry and strategic orientation, however, indicates to be another area of investigation.

The entrepreneurs’ dedication to value-creation, and its effects on innovativeness, employee motivation, and customer satisfaction open a new line of inquiry. The market-product orientation debate concentrates on the process of innovation; the start-up context, however, insistently points towards the centrality of value-creation. The conclusions of this research hint at a looming value-creation orientation.

References

- 4moms (2016). Our story, Available online: https://www.4moms.com/about_us [Accessed 1 March 2016]
- Acs, Z.J. (2006). Innovation and the small business, in Carter, S., and Jones-Evans, D. (eds), *Enterprise and small business: Principles, practice and policy*, Essex: Prentice Hall, pp. 76-99
- Aldrich, H.E. (1995). Entrepreneurial strategies in new organizational populations, in Bull, I., Thomas, H., and Willard, G. (eds.), *Entrepreneurship: Perspectives on Theory Building*, Oxford: Pergamon, pp. 91-106
- Aldrich, H.E. (2011). Beam me up, Scott(IE)! Institutional theorists' struggles with the emergent nature of entrepreneurship, in H.E. Aldrich, (ed.), *An Evolutionary Approach to Entrepreneurship*, Cheltenham: Edward Elgar Publishing Limited, pp. 83-118
- Aldrich, H.E. (ed.). (2011). *An Evolutionary Approach to Entrepreneurship*, Cheltenham: Edward Elgar Publishing Limited
- Aldrich, H.E., and Auster, E.R. (2011). Even dwarfs started small: Liabilities of age and size and their strategic implications, in H.E. Aldrich, (ed.), *An Evolutionary Approach to Entrepreneurship*, Cheltenham: Edward Elgar Publishing Limited, pp. 257-290
- Aldrich, H.E., and Kenworthy, A.L. (2011). The accidental entrepreneur: Campbellian antinomies and organizational foundings, in H.E. Aldrich, (ed.), *An Evolutionary Approach to Entrepreneurship*, Cheltenham: Edward Elgar Publishing Limited, pp. 341-375
- Arora, A., and Nandkumar, A. (2012). Insecure advantage? Markets for technology and the value for entrepreneurial ventures, *Strategic Management Journal*, vol. 33, no. 3, pp. 231-251
- Arrow, K. J. (2000). Innovation in large and small firms, in Swedberg, R. (ed.), *Entrepreneurship: The Social Science View*, New York: Oxford University Press, pp. 229-243
- Atuahene-Gima, K. (1996). Market orientation and innovation, *Journal of Business Research*, vol. 35, no. 2, pp. 93-103

- Augusto, M., and Coelho, F. (2009). Market orientation and new-to-the-world products: Exploring the moderating effects of innovativeness, competitive strength, and environmental forces, *Industrial Marketing Management*, vol. 38, no. 1, pp. 94-108
- Baker, W.E., and Sinkula, J.M. (1999). The synergistic effect of market orientation and learning orientation on organizational performance, *Journal of the Academy of Marketing Science*, vol. 27, no. 4, pp. 411-427
- Baker, W.E., and Sinkula, J.M. (2005). Market orientation and the new product paradox, *Journal of Product Innovation Management*, vol. 22, no. 6, pp. 483-502
- Baumol, W.J. (1995). Formal entrepreneurship theory in economics: Existence and bounds, in Bull, I., Thomas, H., and Willard, G. (eds.), *Entrepreneurship: Perspectives on Theory Building*, Oxford: Pergamon, pp. 17-33
- Bearne, S. (2016). Cool Copenhagen heats up its startup scene, *The Guardian*, 10 March, Available online: <http://www.theguardian.com/small-business-network/2016/mar/10/cool-copenhagen-startup-community> [Accessed 2 May 2016]
- Berger, E. (2016). Forget Blue Origin vs. SpaceX—the real battle is between old and new ideas, *ArsTechnica*, January 25, Available online: <http://arstechnica.com/science/2016/01/forget-blue-origin-vs-spacex-the-real-battle-is-between-old-and-new-ideas/> [Accessed 26 April 2016]
- Berthon, P., Hulbert, J. and Pitt, L. (1999). To serve or to create? Strategic orientations towards customers and innovation, *California Management Review*, vol. 42, no. 1, pp. 37-58
- Bhuian, S., Menguc, B., and Bell, S. (2005). Just entrepreneurial enough: the moderating effect of entrepreneurship on the relationship between market orientation and performance, *Journal of Business Research*, vol. 58, no. 1, pp. 9-7
- Blaug, M. (2000). Entrepreneurship before and after Schumpeter, in Swedberg, R. (ed.), *Entrepreneurship: The Social Science View*, New York: Oxford University Press. Pp. 76-88
- Bryman, A., and Bell, E. (2011). *Business Research Methods*, Oxford: Oxford University Press
- Bull, I., Thomas, H., and Willard, G. (eds.). (1995). *Entrepreneurship: Perspectives on theory building*, Oxford: Pergamon, pp. 1-16
- Carland, J.W., Hoy, F., Boulton, W.R., and Carland, J.C. (1984). Differentiating entrepreneurs from small business owners: A conceptualization, *Academy of Management Review*, vol. 9, no. 2, pp. 354-359

- Carter, S., and Jones-Evans, D. (eds) (2006). *Enterprise and small business: Principles, practice and policy*, Essex: Prentice Hall
- Christensen, C.M., and Bower, J.L. (1996). Customer power, strategic investment, and the failure of leading firms, *Strategic Management Journal*, vol. 17, no. 3, pp. 197-218
- Churchill, N.C., and Lewis, V.L. (1983). The five stages of small business growth, *Harvard Business Review*, vol. 61, no. 3, pp. 30-50
- Cooper, A.C. (1981). Strategic management: New ventures and small business, *Long Range Planning*, vol. 14, no. 5, pp. 39-45
- Copenhagen Business Academy (2016). About Cphbusiness, Available online: <https://www.cphbusiness.dk/english/about-cphbusiness/> [Accessed 17 April 2016]
- Cunneen, D.J., Mankelov, G.J., and Gibson B. (2007). Towards a process model of independent growth firm creation, *Small Enterprise Research*, vol. 15, no. 1, pp. 90-105
- Damanpour, F. (1991). Organizational innovation: a meta-analysis of effects of determinants and moderators, *Academy of Management Journal*, vol. 34, no. 3, pp. 555-99
- De Luca, L.M., Verona, G., and Vicari, S. (2010). Market orientation and R&D effectiveness in high-technology firms: An empirical investigation in the biotechnology industry, *Journal of Product Innovation Management*, vol. 27, no. 3, pp. 299-320
- Deshpandé, R. and Farley, R.U. (2004). Organizational culture, market orientation, innovativeness, and firm performance: An international research odyssey, *International Journal of Research in Marketing*, vol. 21, 1, pp. 3-22
- Dhewanto, W., and Sohal, A.S. (2015). The relationship between organisational orientation and research and development/technology commercialisation performance, *R&D Management*, vol. 45, no. 4, pp. 339-360
- Drucker, P.F. (1984). Our entrepreneurial economy, *Harvard Business Review*, January-February, pp. 59-64
- Drucker, P.F. (1985a). *Innovation and entrepreneurship: Practice and principles*, Harper & Row: New York
- Drucker, P.F. (1985b). The discipline of innovation. *Harvard Business Review*, May-June, pp. 67-72
- Easterby-Smith, M., Thorpe, R., and Jackson, P. (2012). *Management Research*, London: SAGE Publications Ltd

- Florin, D., Callen, B., Pratzel, M., and Kropp, Jeanne. (2007). Harnessing the power of consumer insight, *Journal of Product and Brand Management*, vol. 16, no. 2, pp. 76-81
- Frosch, R. (1996). The customer for R&D is always wrong!, *Research Technology Management*, vol. 39, no. 6, pp. 22
- Galindo, B. (2013). The strange story of “OK Soda”, *BuzzFeed*, February 25, Available online: <http://www.buzzfeed.com/briangalindo/the-strange-story-of-ok-soda#.gmJBMM7lp> [Accessed April 26, 2016]
- Gates, D. (2016). Jeff Bezos’ Blue Origin reveals a mix of serious tech and space-fan fun, *The Seattle Times*, March 8, Available online: <http://www.seattletimes.com/business/boeing-aerospace/bezoss-blue-origin-reveals-a-mix-of-serious-tech-and-space-fan-fun/> [Accessed April 26, 2016]
- Gatignion, H., and Xuereb, J.M. (1997). Strategic orientation of the firm and new product performance, *Journal of Marketing Research*, vol. 34, no. 1, pp.77-90
- Gerschenkron, A. (2000). The modernization of entrepreneurship, in Swedberg, R. (ed.), *Entrepreneurship: The Social Science View*, New York: Oxford University Press, pp. 102-138
- Grewal, R., and Tansuhaj, P. (2001). Building Organizational Capabilities for Managing Economic Crisis: The Role of Market Orientation and Strategic Flexibility, *Journal of Marketing*, vol. 65, no. 2, pp. 67-80
- Grinstein, A. (2008). The relationships between market orientation and alternative strategic orientations, *European Journal of Marketing*, vol. 42, no. 1/2, pp. 115-134
- Hamel, G. and Prahalad, C.K. (1994). Competing for the Future, *Harvard Business Review*, July-August Issue
- Hollanders, H., Es-Sadki, N., and Kanerva, M. (2015). European Commission Innovation Union Scoreboard 2015, Available online: http://ec.europa.eu/growth/industry/innovation/facts-figures/scoreboards/files/ius-2015_en.pdf [Accessed 8 April 2016]
- Hult, T., and Ketchen, D.J. (2001). Does market orientation matter? A test of the relationship between positional advantage and performance, *Strategic Management Journal*, vol. 22, no. 9, pp. 899-906
- Hult, T., Hurley, R. and Knight, G. (2004). Innovativeness: Its antecedents and impact on business performance, *Industrial Marketing Management*, vol. 33, no. 5, pp. 429-38

- Hult, T., Ketchen, D.J., and Slater, S.F. (2005) Market orientation and performance: An integration of disparate approaches, *Strategic Management Journal*, vol. 26, no. 12, pp. 1173-1183
- Hunt, C.S., and Aldrich, H.E. (2011). The second ecology: Creation and evolution of organizational communities, in H.E. Aldrich, (ed.), *An Evolutionary Approach to Entrepreneurship*, Cheltenham: Edward Elgar Publishing Limited, pp. 341-375
- Ideon Scienc Park (2016). About Ideon, Available online: <http://www.ideon.se/en/about-ideon/> [Accessed 17 April 2016]
- Im, S. and Workman, J. (2004). Market orientation, creativity, and new product performance in high-technology firms, *Journal of Marketing*, vol. 68 no. 2, pp. 114-32
- Jaworski, B., Kohli, A.K., and Sahay, A. (2000). Market-driven versus driving markets, *Journal of the Academy of Marketing Science*, vol. 28, no. 1, pp. 45-54
- Jaworski, B.J., and Kohli, A. K. (1993). Market orientation: Antecedents and consequences, *Journal of Marketing*, vol. 57, no. 3, pp. 53-70
- Jovanovic, B. (2001). New technology and the small firm, *Small Business Economics*, vol. 16, no. 1, pp. 53-55
- Kamineni, R. (2002). Who is an entrepreneur? A review, *Small Enterprise Research*, vol. 10, no. 1, pp. 88-99
- Kelley, R. (2011). How James Dyson revolutionized the vacuum, *Newsweek*, January 13, Available online: <http://europe.newsweek.com/how-james-dyson-revolutionized-vacuum-67039?rm=eu> [Accessed April 26, 2011]
- Kim, C.W., and Mauborgne, R. (1997). Value innovation: The strategic logic of high growth, *Harvard Business Review*, January-February, pp. 103-112
- Kohli, A.K., and Jaworski, B.J. (1990). Market orientation: The construct, research propositions, and managerial implications, *Journal of Marketing*, vol. 54, no. 2, pp. 1-18
- Kohli, A.K., Jaworski, B.J., and Kumar, A. (1993). MARKOR: A measure of market orientation, *Journal of Marketing Research*, vol. 30, no. 4, pp. 467-477
- Kumar, N., Scheer, and L., Kotler, P. (2000). *European Management Journal*, vol. 18, no. 2, pp. 192-142
- Labrecque, L.I., von dem Esche, J., Mathwick, C, Novak, T.P., and Hofacker, C.F. (2013). Consumer power: Evolution in the digital age, *Journal of Interactive Marketing*, vol. 27, no. 4, pp. 257-269

- Liao, S., Chang, W., Wu, C., and Katrichis, J.M. (2011). A survey of market orientation research (1995–2008), *Industrial Marketing Management*, vol. 40, no. 2, pp. 301-310
- Lichtenthal, J.D., and Wilson, D.T. (1992). Becoming market oriented, *Journal of Business Research*, vol. 24, no. 3, pp. 191-207
- Luger, M.I., and Koo, J. (2005). Defining and tracking business start-ups. *Small Business Economics*, vol. 24, no. 1, pp. 17-28
- MacDonald, S. (1995). Too close for comfort? The strategic implications of getting close to the customer, *California Management Review*, vol. 37, no. 4, pp. 8-27
- McGee, J. (1995). Formal entrepreneurship theory in economics: Existence and bounds, in Bull, I., Thomas, H., and Willard, G. (eds.), *Entrepreneurship: Perspectives on Theory Building*, Oxford: Pergamon, pp. 33-38
- Merrilees, B., Miller, D., and Tiessen, J. (1998). Serendipity, leverage and the process entrepreneurial internationalization, *Small Enterprise Research*, vol. 6, no. 2, pp. 3-11
- Miles, M.B., Huberman, A.M., Saldana, J. (2014). *Qualitative Data Analysis*, California: SAGE Publications, Inc.
- Minc (2016). About Minc, Available online: <http://www.minc.se/about-minc> [Accessed 17 April 2016]
- Moss Kanter, R. (2000). When a thousand flowers bloom: Structural, collective, and social conditions for innovation in organization, in Swedberg, R. (ed.), *Entrepreneurship: The Social Science View*, New York: Oxford University Press, pp. 167-210
- Mount, J., Zinger, J.T., and Forsyth, G.R. (1993). Organizing for development in the small business, *Long Range Planning*, vol. 26, no. 5, pp. 111-120
- Naidoo, V. (2010). Firm survival through crisis: The influence of market orientation, marketing innovation and business strategy, *Industrial Marketing Management*, vol. 39, no. 8, pp. 1311-1320
- Narver, J.C., and Slater, S.F. (1990). The effect of market orientation on business profitability, *Journal of Marketing*, vol. 54, no. 4, pp. 20-35
- Narver, J.C., Slater, S.F., and MacLachlan, D.L. (2004). Responsive and proactive market orientation and new-product success, *Journal of Product Innovation Management*, vol. 21, no. 5, pp. 334-347

- Nauwelaers, C., Maguire K., and Ajmone Marsan, G. (2013), The case of Oresund (Denmark-Sweden) – regions and innovation: Collaborating across borders, *OECD Regional Development Working Papers*, no. 2013/21, Paris: OECD Publishing
- Newman, K.M. (2015). Top 10 startup cities where entrepreneurs want to meet up, *Tech.Co*, 2 February, Available online: <http://tech.co/top-startup-cities-where-entrepreneurs-want-to-meet-up-2015-02> [Accessed 2 May 2016]
- Olson, E.M., Slater, S.F., and Hult, G.T. (2005). The performance implications of fit among business strategy, marketing organization structure, and strategic behavior, *Journal of Marketing*, vol. 69, no. 3, pp. 49-65
- Øresund Startups (2016). About us, Available online: <http://oresundstartups.com/about-us/> [Accessed 17 April 2016]
- Pentland, W. (2013). World's 15 most inventive cities, *Forbes*, 9 July, Available online: <http://www.forbes.com/sites/williampentland/2013/07/09/worlds-15-most-inventive-cities/#6ca3a7b07e68> [Accessed 2 May 2016]
- Pichler, J.H. (2010). Innovation and creative destruction: At the centennial of Schumpeter's theory and its dialectics, *Our Economy (Nase Gospodarstvo)*, vol. 56, no. 5/6, pp. 52-58
- Reid, G.C., and Smith, J.A. (2000). What makes a new business start-up successful?, *Small Business Economics*, vol. 14, no. 3, pp. 165-182
- Renko, M., Carsrud, A., and Brännback, M. (2009). The effect of a market orientation, entrepreneurial orientation, and technological capability on innovativeness: A study of young biotechnology ventures in the United States and in Scandinavia, *Journal of Small Business Management*, vol. 47, no 3, pp. 331–369
- Resnick, S.M., Simpson, R.C.M, and Lourenço, F. (2016). Marketing in SMEs: a “4Ps” self-branding model, *International Journal of Entrepreneurial Behavior & Research*, vol. 22, no.1, pp. 155-174
- Roulston, K. (2016). Issues involved in methodological analyses of research interviews, *Qualitative Research Journal*, vol. 16, no. 1, pp. 68-79
- Ruhnka, J.C., and Young, J.E. (1987). A venture capital model of the development process of new ventures, *Journal of Business Venturing*, vol. 2, no. 2, pp. 167-184
- Schumpeter, J.A. (2000). Entrepreneurship as innovation, in Swedberg, R. (ed.), *Entrepreneurship: The Social Science View*, New York: Oxford University Press, pp. 51-75

- Scott, H. (2012). What is Grounded Theory? Grounded Theory Online, Available at: <http://www.groundedtheoryonline.com/what-is-grounded-theory> [Accessed 8 March, 2016]
- Scott, M, and Bruce, R. (1987). Five stages of growth in small business, *Long Range Planning*, vol. 20, no. 3, pp. 45-52
- Siccama, C.J., and Penna, S. (2008). Enhancing validity of a qualitative dissertation research study by using NVIVO, *Qualitative Research Journal*, vol. 8, no. 2, pp. 91-103
- Smith, J., and Firth, J. (2011). Qualitation data analysis: The framework approach, *Nurse Researcher*, vol. 18, no. 2, pp. 52-62
- SoulCycle (2016). Find your soul, Available online: <https://www.soul-cycle.com/about/find-your-soul/> [Accessed 26 April 2016]
- The Economist. (1999). A survey of innovation in industry, February 18
- The Honest Company (2016). What we're about, Available online: <https://www.honest.com/about-us/our-story> [Accessed 1 March 2016]
- Urde, M., and Koch, C. (2014). Market and brand-oriented schools of positioning, *Journal of Product and Brand Management*, vol. 23, no. 7, pp. 478-490
- Van Gelderen, M., Thurik, R. Bosma, N. (2006). Success and risk factors in the pre-startup phase, *Small Business Economics*, vol. 26, no. 4, pp. 319-335
- Webster, F.E. (1988). The rediscovery of the marketing concept, *Business Horizons*, vol. 31, no. 3, pp. 29-39
- Weissmann, J. (2012). What killed Kodak?, *The Atlantic*, January 5, Available online: <http://www.theatlantic.com/business/archive/2012/01/what-killed-kodak/250925/> [Accessed 26 April 2016]
- White, J., and Drew, S. (2011). Collecting data or creating meaning? *Qualitative Research Journal*, vol. 11, no. 1, pp. 3-12
- Zhan, J. and Duan, Y. (2010). The impact of different types of market orientation on product innovation performance: Evidence from Chinese manufacturers, *Management Decision*, vol. 48, no. 6, pp. 849-867
- Zhou, K.Z., Li, J.J., Zhou, N., and Su., C. (2008). Market orientation, job satisfaction, product quality, and firm performance: Evidence from China, *Strategic Management Journal*, vol. 29, no. 9, pp. 985-1000

Appendix A – Interview Details

Table of Interviews

The table below records the dates when the interviews with start-up entrepreneurs were conducted as well as the duration of each session. The name, age and nationality of the entrepreneurs are also included to demonstrate the diversity between respondents. The table also illustrates the variety among their respective start-ups: business hub where they are based; company name; number of employees; and, industry.

Date	Place	Interviewee	Age of the interviewee	Nationality	Start-up	Number of employees	Industry	Interview Duration
13.04.16	Ideon Lund	Nikolay Minev	26	Bulgarian	Splash Collective	4	Art	26;17
13.04.16	Ideon Lund	Edgar Leon	25	Mexican	El Chaparrito, Mr. Biggotes	2	Food	28;45
13.04.16	Ideon Lund	Tatyana Kolyaka	-	Ukrainian	Greinon Engineering	4	Engineering	24;33
14.04.16	Ideon Lund	Sebastian Höfinger	27	Austrian	MyPaper	3	IT	34;06
18.04.16	Uniti Office, Lund	Lewis Horne	32	Australian	Uniti	20-60	Automotive	17;02
19.04.16	Ideon Lund	Margarita Wallenten	56	Swedish	Niowa	2	Business Consultancy	14;05
19.04.16	MINC Malmö	Boris Petrejn	31	Serbian	Agrishares	2	Agriculture	26;39
21.04.16	MINC Malmö	Per Löfberg	40+	Swedish	Emerging Cooking Solutions	23	Consumer energy	28;45
26.04.16	Incubator Cphbusiness	Jonathan Parisi	23	Danish	MacKabler	9	Consumer goods	10;48
26.04.16	Incubator Cphbusiness	Alexander Pedersen	25	Danish	RestoreX	2	Consumer goods	10;17
10.05.16	Ideon Lund	Klas Nilsson	50+	Swedish	Cognibotics	6	Technology Robotics	26;06

List of Companies

The following is a list of venture descriptions, comprising of the start-ups that interviewed entrepreneurs come from.

1. Agrishares

Agrishares aims at building a collaborative consumption marketplace (or ‘sharing economy’) in agriculture. It is a socio-economic system built around the sharing of goods and services by different people and organizations. One of the collaborative consumption

guiding principles is that *'unused value is wasted value'*. When goods are shared, the value of those goods may increase, for the business, for individuals, and for the community. The focus is on agricultural machinery, equipment and services, with a possibility to enlarge the scope in the future.

Agrishares matches renters' needs and owners' spare assets and resources. It is not limited only to physical assets or machinery; it can be also a service, or a pure resource. AGRISHARES increases the usage of existing agricultural machinery, equipment and other resources. The main goal is to optimize efficiency and reduce costs for both sides – owners and renters

<http://www.agrishares.com/sv/>

2. Cognibotics

Cognibotics specializes in methods and services for high-performing and cost-effective determination of robot properties such as backlash, friction, and non-linear compliance.

By knowing joint and link properties, robots can:

- move with higher accuracy
- better compensate for deflections due to process forces
- be more predictable by simulating the effect of the determined properties
- be monitored to predict upcoming errors due to robot wear

Cognibotics offers low-cost solutions for determining joint properties, thereby enabling robots to work in application areas where existing calibration techniques and current robot solutions are not tractable.

www.cognibotics.com

3. El Chaparrito/Mr Bigotes

El Chaparrito is a food-truck specialising in authentic Mexican Tacos. The service targets office areas around Lund that restaurants do not reach. The truck is not in operation yet, but is expected to be launched in the second half of 2016.

Mr. Bigotes offers authentic Mexican homemade sauces with an authentic and unique taste using fresh and natural ingredients.

4. Emerging Cooking Solutions

The company provides solution to customers' energy needs. It offers a new kind of fuel specifically designed for households and businesses. They make pellets out of sustainable forestry waste and sell stoves that run on these pellets instead of charcoal. The stoves are built with an internal combustion system that produces clean gas emissions from the pellets - producing a hot, clean flame. This reduces cooking time by as much as 75%, allows for indoor cooking and keeps carbon monoxide at bay. The stove's flame is so strong, that is more energy efficient than even an electric stove.

<http://www.emerging.se/>

5. Greinon Engineering

Greinon is an innovative company that develops intelligent engineering solutions with the mission to optimize the use of resources and provide environmentally friendly system. Greinon was founded in 2012 in Lund, Sweden. The main office is located at Ideon Science Park in Lund. Greinon is awarded as 2015's one of the top-10 South Sweden's start-up companies by Sydsvenskan.

<http://www.greinon.se>

6. MacKabler

MacKabler strives to give customers easy and affordable access to cables to their devices at the lowest possible cost. The company leads the Danish market for cable for Apple products such as MacBooks, iPad, iPhone and iPods with low prices and the best customer service.

<https://MacKabler.dk/>

7. MyPaper

Mypaper is an online service where frequent readers of online newspapers, magazines or journals can set up an account and from that point on can, whenever they hit a paywall at a newspaper's or -magazine's site, purchase single articles, time-access passes or simply add a certain subscription package to that medium to their account; with only a click on the website or a tap on the screen. Mypaper's mission is to both make digital journalism accessible to many people but also to make it easy and convenient for users to pay for exactly the content they want. Likewise, Mypaper wants to make sure that publishers can monetize their operations and finance journalism of great quality and value.

<http://www.venturelab.lu.se/en/inkubator/mypaper/>

8. NIOWA

Niowa has accumulated more than 20 years of experience in idea and innovation development through structured business development with proven models and tools. Niowa offers ideas, innovation, and business development within:

Customer focus and offer development

Problems / needs assessment, change planning

Inspiration through seminars, lectures and training courses based on Almi Focus Business development and SRI International's 5 Disciplines of Innovation

Niowa has world-leading expertise in the development and operation of incubation operations at national, regional or local level.

<http://niowa.se/>

9. RestoreX

RestoreX was founded in 2014 and has collaborated with DETO ApS to develop a cream that significantly reduces the athlete's recovery time. After the owner's positive experience with the product, they wanted to provide the benefits of it to the rest of the sporting world. All athletes are struggling with sore muscles and injuries. In order to keep on training and minimize the pain and tenderness, most athletes use warming creams with questionable effect. RestoreX relieves pain and fights inflammation, making the athlete recover faster. RestoreX sport cream consists entirely of vegetable oils.

www.RestoreX.dk

10. Splash Collective

An agency linking young artists and business, Splash Collective helps companies find custom-created art pieces to match their corporate brand. Splash Collective brings together a network of up-and-coming artists from a range of fine art disciplines. Organisations can commission unique works that reflect the values, competencies, and culture of their brand identity. Splash Collective is in its early start-up stage, with the prototype launch held in April 2016.

11. Uniti

Uniti is an electric city car that aims for holistic sustainability, a futuristic user experience and is developed in an open source manner.

<http://teamuniti.com/>

Appendix B – Modified Quotations

The selected quotations used for illustrating the collected data, were shown to the original interviewees for their approval. Quotations found in the Findings & Analysis have been modified in the instances when specifically requested by the entrepreneurs. Changes were only made for linguistic effect; the meanings of the original utterances were kept intact.

The following are the original quotations, as transcribed from the interviews. Only those that were modified are produced here. The quotations are listed under the themes corresponding to the Finding & Analysis Chapter.

Priority in Serving Customer Needs

“A start-up is a company that is in transformation, [...] in order to follow the change when you validate and verify with the market, you need to listen and change.” (Margareta Wallentén, NIOWA)

“We had many ideas and we started working on some ideas before, but then this one was like we had the opportunity to [develop a project] so we applied.” (Boris Petrenj, AgriShares)

“[Start-up entrepreneurs have to] find the need, find the pain point, find the problem, figure out why the customers are lying sleepless during night and crying - “Aaaah, I want this solved!” That is where you should go! And the problem needs to be very important, if it’s just interesting, nice too, but not important enough, you have to continue and keep asking questions.” (Margareta Wallentén, NIOWA)

Following versus Anticipating Needs

“You need sometimes to create the market and you need to...you should ignite some kind of passion in your future customer, so they can feel, “Yeah, I want that! I want to be part of that!”” (Margareta Wallentén, NIOWA)

“Because you have seen a problem and you have solved the problem, but you don't know if anyone else wants the problem solved. So the first thing you need to do and that is in common with everyone is that you need to go out and verify on the market, that the market has this problem.” (Margareta Wallentén, NIOWA)

“[By listening to the market] I have maybe changed the customer, because they realized now that they have this need that they didn't have beforehand, before I explained that need.” (Margareta Wallentén, NIOWA)

Innovativeness in Start-ups

“In order for the invention to become an innovation [...] it is extremely important for a start-up to have a circus organization, where everyone can help.” (Margareta Wallentén, Niowa)

Agility as a Strategic Resource

“[Start-ups are] much more flexible, [...] they can look on the world and can see this is missing and then come up with the solution!” (Margareta Wallentén, NIOWA)