



JÖNKÖPING INTERNATIONAL BUSINESS SCHOOL  
Jönköping University

# **Entrepreneurial Marketing**

Innovative value creation

Master's thesis within Business Administration

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Jönköping January 2006



INTERNATIONELLA HANDELSHÖGSKOLAN  
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# Entreprenöriell Marknadsföring

Innovativt värdeskapande

Filosofie Magisteruppsats inom Företagsekonomi

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# **Master's Thesis in Business Administration**

**Title:** Entrepreneurial Marketing – Innovate value creation

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**Date:** 2006-01-16

**Subject Terms:** Entrepreneur, Entrepreneurship, Marketing, Entrepreneurial Marketing

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## **Abstract**

### **Background**

Historically speaking, marketing and entrepreneurship has been looked upon as something distinct without any clear relationship. However, in recent years studies on the relationship between marketing and entrepreneurship has increased significantly. Marketers are neither innovative nor entrepreneurial enough in their way of thinking and making decisions. All successful entrepreneurial businesses are based on well thought through marketing. Successful businesses are those who manage to engage in entrepreneurial activities and consider marketing as an important part of that success. The key is marketing and not the product or service.

### **Purpose**

The purpose of this thesis is to investigate and evaluate the entrepreneurial process of marketing a newly started venture, towards the end customer, and how the entrepreneur views the role and importance of marketing in future success.

### **Method**

In order to fulfil the purpose an analysis has been conducted through a holistic multi-case study. The cases included inkClub and Cinnober Financial Technology, Two entrepreneurs and their companies which received the awards *Entrepreneur of the year* and *Super Gazell* from Ernst & Young and Dagens Industri. These awards are given to entrepreneurs and companies who are characterized by entrepreneurship and growth.

### **Conclusion**

After analysing the empirical data with regards to the theory conclusions could be drawn. The study showed that through exploiting market opportunities entrepreneurs could market themselves in a way that suits the company as well as the potential customers. There is also a strong correlation between entrepreneurship and marketing and being able to intertwine these two is the key to finding novel ways of marketing. The study also showed that there are some characteristics that fit all entrepreneurs but it is impossible to find a set of characteristics that fits all.

# Magisteruppsats inom Företagsekonomi

**Titel:** Entreprenöriell Marknadsföring – Innovativt värdeskapande

**Författare:** Bäckbro, Johan

Nyström, Hampus

**Handledare:** Gustafsson, Kar Erik

**Datum:** 2006-01-16

**Nyckelord:** Entreprenör, Entreprenörskap, Marknadsföring, Entreprenöriell Marknadsföring

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## Sammanfattning

### Bakgrund

Tidigare har synen på marknadsföring och entreprenörskap varit enskilda ämnen utan någon koppling dem emellan. Dock har sambandet studerats i större utsträckning under de senaste åren. Marknadsförare är varken innovativa eller entreprenöriella i deras sätt att tänka och ta beslut. De framgångsrika entreprenöriella företagen är baserade på väl genomtänkt marknadsföring. De framgångsrika är de som lyckas arbeta med entreprenöriella aktiviteter och ser marknadsföring som en viktig del i framgången. Nyckeln till framgång är marknadsföring och inte produkten eller tjänsten.

### Syfte

Syftet med uppsatsen är att undersöka och utvärdera hur den entreprenöriella marknadsföringsprocessen ser ut för ett nystartat företag, mot slutkund, och hur entreprenören ser på vikten av marknadsföring.

### Metod

För att kunna uppfylla syftet har en analys utförts utifrån en holistisk multicasestudie. Casen innefattar inkClub och Cinnober Financial Technology, två entreprenörer och deras företag som erhållit priserna *Årets Entreprenör* samt *Super Gazell* från Ernst & Young samt Dagens Industri. Priserna delas ut till entreprenörer och företag som karakteriseras av entreprenörskap och tillväxt.

### Slutsats

Efter att ha analyserat de empiriska resultaten utifrån teorin har vissa slutsatser kunnats dra. Studien visar att entreprenörer som kan utnyttja möjligheter på marknaden kan marknadsföra sig på ett sätt som passar både företaget och de potentiella kunderna. Det finns också ett starkt samband mellan entreprenörskap och marknadsföring och att kunna koppla samman dessa är lösningen till att finna nya sätt att marknadsföra sig på. Studien visar även att det finns vissa karakteristika som alla entreprenörer besitter men att det är omöjligt att hitta karakteristiska som stämmer in på alla entreprenörer.

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# 1 Introduction

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*This chapter consists of an introduction to the contents of this thesis. The authors start off with a discussion concerning the subject of this paper which will lead to the purpose. Delimitations will then be stated. Finally, this chapter will explain the disposition of the thesis and how it is structured in order to fulfill the purpose.*

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## 1.1 Spark of interest

In 1992 Kenneth Cook wrote a book called *Complete Guide to Small Business Marketing*. In this book he states the following:

*“Small businesses, by definition, are not large. They do not have the resources to tackle whole industries or markets. They can not afford many mistakes. Mistakes cost money; lost money negatively affects cash flow; cash flow is the life and blood of a small business. Consequently, a small business owner needs to be very precise in his/her strategic thinking. Precise thinking will lead to fewer mistakes. Fewer mistakes should help your cash flow. A strong cash flow reduces vulnerability” (p. VIII).*

It was this kind of argument that sparked the interest to write a thesis concerning the success of newly started ventures and to investigate how these businesses are able to carry out certain tasks while being limited in resources or simply new to the industry with little knowledge concerning marketing.

## 1.2 Significance of Entrepreneurial Marketing

For the past ten years between 30,000 and 40,000 new ventures have been registered in Sweden per year; this while 5,000 to 12,000 companies has filed for bankruptcy on a yearly basis (Statistics Sweden, 2005). A question that is viable to ask is what the key to succeeding is. According to Webster (1981, cited in Morris, Schindehutte & LaForge, 2002) marketers were neither innovative nor entrepreneurial enough in their way of thinking and making decisions. However, about twenty years later, Bjerke and Hultman (2002) stated that small successful entrepreneurial firms are based on well thought through marketing and fail due to incompetence and lack of management. Morris et al. (2002) agrees and further states that successful firms are those who are able to engage in entrepreneurial activities in their line of production. Preshing and Ostapiuk (cited in Hills, LaForge & Parker, 1989); and Lodish, Morgan and Kallianpur (2001) agrees that firms involved in high technology are usually founded by entrepreneurs who do not consider marketing to be an important ingredient in the recipe for success. This belief frequently leads to financial difficulty due to the lack of interest in marketing and the potential success is diminished. The key is marketing and not the technological design of products or services.

Historically speaking, marketing and entrepreneurship has been looked upon as something distinct without any clear relationship. However, in recent years studies on the relationship between marketing and entrepreneurship has increased significantly. Studies have identified theoretical and practical links between these two subjects. It is often said that successful entrepreneurship needs marketing and that successful marketing needs to be entrepreneurial (Hisrich cited in Hills, 1989; Wortman, Spann & Adams cited in Hills, 1989). Most scholars cannot agree on a single definition for neither entrepreneurship nor marketing. However,



central themes still exist: positioning, targeting, relations in marketing; and novelty and opportunity identification in entrepreneurship.

Hills (1994) argue that substituting the word entrepreneurship for marketing, and vice versa, yields as a viable definition for both words. This statement can be considered to be true assuming that the definition for entrepreneurship includes aspects concerning the creation of value through transactions and interactions. The statement also illustrates how divided the notion concerning the two concepts really are and that there are rarely one “correct” definition. This so called interface (marketing/entrepreneurship) is predicated on the idea that both are important for the organizational performance. As marketing and entrepreneurship are associated with the organizational performance there is an obvious interdependence between the two.

Shaw (2004) explains that for the past two decades the field of entrepreneurial marketing has evolved and the subject has an importance for a newly started venture’s future. The field of entrepreneurial marketing is a fairly new concept. Bjerke and Hultman (2002) state that raising the awareness as well as understanding the concept of entrepreneurial marketing needs to be further explored.

*“Knowledge of entrepreneurial marketing is just in its infancy.”*

(Bjerke and Hultman, 2002, p. 209)

### 1.3 Newsworthiness and Relevance

At the age of 28 Hans Rausing inherited Tetra Pak AB. He managed to build the business to an entirely new international level and can be seen as one of the greatest entrepreneurs in Sweden. In an interview that was published in November of 2005 in Dagens Industri<sup>1</sup>; Hans Rausing states that “entrepreneurship is among the most important subjects to discuss at this moment” (Dagens Industri, 2005, # 36, Vol 4, p. 6). He further explains that entrepreneurs are the building blocks of the business world and it is extremely important to try and get more entrepreneurs active in the Swedish as well as in the European business world. If this cannot be accomplished Europe will fall behind the rest of the world, for example China and India who are full of entrepreneurs waiting for their chance. Hans Rausing has his own thoughts on entrepreneurship:

*“To not let oneself be beaten, to neutralize any obstacle and never lose faith”.*

Further examples of the importance of entrepreneurship and entrepreneurs can be shown through Michael Lundquist, who is a trainer and instructor for school teams who have won Swedish Championship in entrepreneurship four times and also managed to receive a medal in the European Championship. He explains that “entrepreneurs have always been willing to give something up for a number of years, before they actually know if their projects would survive” (Dagens Industri, 2005-10-31).

There are arguments that state that marketing can be seen as an investment for future success. Entrepreneurs must constantly look for future potential opportunities and sales; the entrepreneur must also make potential customers aware of the offerings and through this attain customers. When marketing is the topic of discussion the four P’s is usually some-

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<sup>1</sup> A major daily business journal in Sweden

thing that arises in most peoples thoughts. Product, promotion, price and place are the four elements that need to cooperate together to generate interest from present and potential customers (Scored Delaware, 2005).

As the discussion above points toward, entrepreneurship and marketing are two concepts that are very current topics. For this thesis, there are a number of research questions that are relevant for the exploring the topic of entrepreneurial marketing.

1. How are newly started ventures able to market themselves?
2. How can one argue that there is correlation between entrepreneurship and marketing?
3. Do entrepreneurs see marketing as a vital factor in the possible success of their project?
4. Is there a pattern amongst entrepreneurs?

In order to connect the newsworthiness and research questions to a purpose for this thesis using Adam Schatz's, president of Teknoseed<sup>2</sup>, thoughts about entrepreneurs can be very supportive: "it is a great challenge to finance a company in the early stages, but if you have a good idea and a strong founding team it is definitely doable" (Dagens Industri, 2005-11-02).

### 1.4 Purpose

The purpose is to investigate and evaluate the entrepreneurial process of marketing a newly started venture, towards the end customer, and how the entrepreneur views the role and importance of marketing in future success.

### 1.5 Delimitations

This thesis will be limited to companies in Sweden, as studying companies outside of Sweden would be of tremendous work and also very time consuming. In order to choose companies and entrepreneurs that would lead to fulfillment of the purpose the authors used Dagens Industri's award the *Gazelle* award and Ernst & Young's award *Entrepreneur of the year* as a base for the search. This gives the thesis certain limits, as the requirements for the awards needs to be fulfilled by the chosen companies.

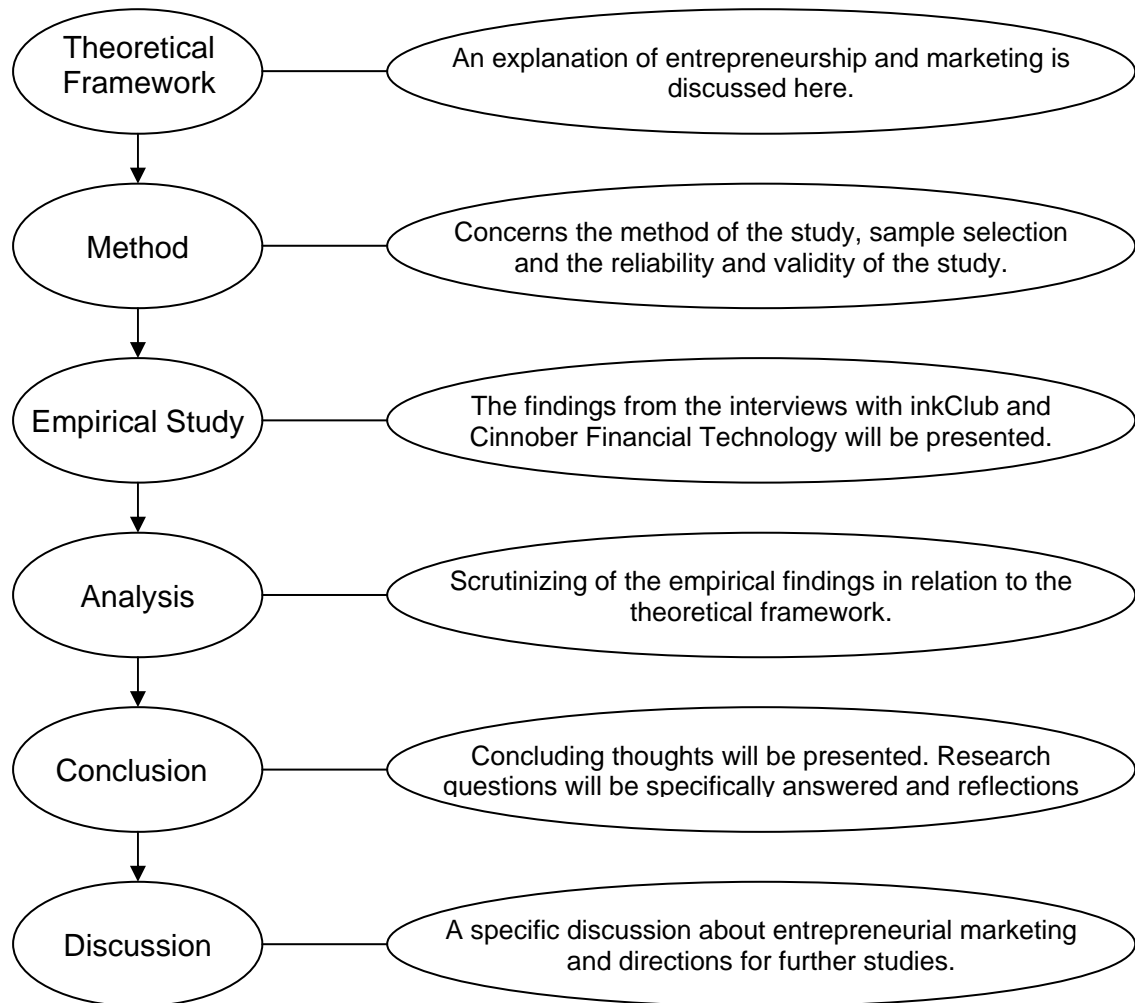
### 1.6 Delimitations concerning Literature and previous Studies

It must be noted that the literature and previous studies carried out on the subject of entrepreneurial marketing has been a disappointment. Reasons for having a hard time finding relevant and current literature can be related to the infant stage that the subject is in. However, Bjerke and Hultman (2002) seem to have a real interest and passion for the subject and their thoughts and studies has helped the authors of this thesis to collect ideas and theories regarding entrepreneurial marketing.

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<sup>2</sup> A company involved within medicine, IT and industrial development

## 1.7 Disposition of the Thesis



## 2 Theoretical framework

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*In this section the field entrepreneurship and marketing will be discussed; after two separate discussions the concepts will come together and discussions concerning entrepreneurial marketing will be undertaken.*

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### 2.1 Definitions of terms

This part will briefly define the major terms in this thesis. Further explanation and discussion can be found further into this chapter.

**Entrepreneurship:** a behavior that aims to exploit market opportunities and develop new solutions

**Marketing:** a process where relationships are exploited for value creation to take place; entry mode is also of interest here.

**Entrepreneurial marketing:** the overlapping aspects between the two subject terms above. It is a behavior that attempts to exploit market opportunities and at the same time create customer value.

### 2.2 Sources

Björn Bjerke, professor of Entrepreneurship and Small Business at Stockholm University and Claes Hultman, professor of Marketing, Faculty of Business at Örebro University are considered, according to Hills, to be pioneers within the field of Entrepreneurial Marketing and Hills further states that the book “Entrepreneurial Marketing” by Bjerke and Hultman will one day be cited as a new school of marketing thought (Hills cited in Bjerke and Hultman, 2002).

Professor Gerald E. Hills is widely merited in the field of Entrepreneurship and Marketing. Hills is Chairholder in Entrepreneurship and Marketing at the University of Illinois at Chicago, former president of the American Marketing Association Academic Council and International Council for Small Business and the US Association for Small Business and Entrepreneurship (Bjerke and Hultman, 2002).

Eleanor Shaw graduated with a doctorate from the University of Glasgow. Shaw was Director of the Master's in Entrepreneurship at Durham Business School. Shaw is now Director of the Honours Marketing Programme (The University of Strathclyde Glasgow, 2006).

Philip Kotler is the S.C. Johnson & Son Distinguished Professor of International Marketing at the Kellogg School of Management, Northwestern University. Professor Kotler was the first recipient of the American Marketing Association's "Distinguished Marketing Educator Award". Kotler is perhaps most well known due to that his books are widely used in the education of Marketing worldwide (Kellogg School of Management, 2006).

Michael Morris is currently holding the Witting Chair in Entrepreneurship at Syracuse University. Morris has previously served as Chair of the American Marketing Association's Task Force on the Marketing and Entrepreneurship Interface. During his tenure at Miami, the program was selected as the National Model Undergraduate Entrepreneurship Program (Beyster Institute, 2006).

Minet Schindehutte, Ph.D., is Assistant Professor of Entrepreneurship in the Thomas C. Page Center for Entrepreneurship at Miami University. Schindehutte has worked both in academia and the private sector, and her professional background includes technical, marketing and entrepreneurship related activities (Minet Bio, 2006).

## 2.3 Entrepreneurship

The word *entrepreneur* descends from the French word ‘entreprendre’, which indicates an act in which the individual attempt, try, adventure or undertake an act of some sort. It was Richard Cantillon who in the 18<sup>th</sup> century separated entrepreneurial activities from those of capitalistic activities. Later, Jean-Baptiste Say developed the term to relate to the change of resources from low productivity to that of high productivity. During the middle of the 19<sup>th</sup> century John Stuart Mill further developed the novel concept and added the idea of entrepreneurial profit in the equation together with undertaking risk. At the beginning of the 20<sup>th</sup> century Joseph Schumpeter separated the capitalistic role from entrepreneurship and argued that entrepreneurs were “sociologically distinct individuals” (Carland, Hoy, & Carland, 1988 cited in Krueger, 2002; McDaniel, 2002).

Most of the time entrepreneurship is associated with newly started businesses. However, it does not mean that entrepreneurship can only be found in certain professions. Two researchers, Hisrich and Peters (1992, cited in Bjerke & Hultman, 2002) argue that entrepreneurs can be found in any profession: education, engineering and architecture are just a few examples of where entrepreneurship can be found. Because of this it is hard for scholars and entrepreneurs themselves to agree on one single definition of the field and concept since the concept is to be found in so many different and unlike professions. Cook (1992) agrees and further states that an individual who inhibits organizational and managerial skills and knowledge of how to reduce risk is one who will be successful as an entrepreneur in any profession.

There are still today many different views of entrepreneurship and these can differ greatly. Many researchers view entrepreneurship as a vital factor when it comes to economic growth and the development of societies. The great differences concerning the growth and development of entrepreneurship descends from the many different views of the concept. Societies where there are many entrepreneurial individuals; the growth and development will be more intense, compared to societies where there is a lack of entrepreneurial individuals. Another view of entrepreneurship is that the subject matter, entrepreneurship, is not at all active in the growth and development of a society. The progress is more likely to emerge at times where “economic conditions are more favorable” (Bjerke and Hultman, 2002, p. 59). Bjerke and Hultman (2002), who has studied the subject extensively, further argue that “if the economic conditions are not favorable, entrepreneurship will not emerge and the economy of the society will stagnate” (p. 59). The last view is one in which entrepreneurship is seen as an “intervening variable between prior conditions on one hand and creation of new business ventures (which in turn causes economic growth and development) on the other” (Bjerke & Hultman, 2002, p. 59).

### 2.3.1 What is an Entrepreneur?

Even though it is hard to claim one definition as ‘correct’, most scholars agree on certain characteristics of an entrepreneur. The following characteristics describe personality or attributes of an entrepreneur:

- Motivated to achieve and produce
- High energy level
- A vision to do something out of the ordinary
- Willing to take some risk, but are still realistic and avoid projects with too much risk
- Commitment, determination and perseverance
- Are able to learn from mistakes and use feedback as something positive
- Confident and responsible
- Focus on the task and getting it done
- Takes initiatives and act upon them
- Efficient
- Hold a certain tolerance for failure, but learn from them in future ventures

(Bjerke & Hultman, 2002; Kuratko & Hodgetts, 1995 cited in Bjerke 1998 cited in Hills & Miles 1998; McDaniel 2002.)

Research has indicated that there are no personal attributes that predicts if a person will become a successful entrepreneur (Hatten cited in Bjerke & Hultman, 2002). Entrepreneurs come in every shape, size, color, and from any backgrounds. Since there are so many different attributes of an entrepreneur the question to ask is *how do entrepreneurs think?* The research has not come far enough to be able to say with any certainty that a person with certain attributes think in a certain way and the way of thinking is what makes an entrepreneur successful.

The authors of this thesis argue that a definition of entrepreneurship is needed in order to be able to continue using the word. The definition that has been chosen to be the basis for entrepreneurship in this thesis comes from Shaw (2004) and Chaston (2000):

*Entrepreneurship is a behavior shown by an individual and/or organization which seeks to exploit market opportunities others have neglected/missed and develop new solutions.*

## 2.4 Marketing

Marketing is very similar to entrepreneurship; in the sense that finding one accepted definition of the concept is very difficult, if not impossible. However, the American Marketing Association argues for the following definition of marketing; “the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, services to

create exchange that satisfy individual and organizational goals/objectives” (Hills, 1994, p. 6). Sheth, Gardner and Garret (1998, cited in Hills, 1994) simplified this definition and explained the purpose of marketing to be the creation and distribution of values among the business parties involved by using the business network. As stated above, marketing is a process including transactions and exchanges; and as Hunt (cited in Hills, 1987) argues, marketing is only a part of the process during which the entrepreneur tries to create wealth. One must remember though, that marketing does not create wealth itself, but is rather the means to that end.

Above, different standpoints are given by different researchers and authors. They are different but are aiming towards the same goal. Kotler, Armstrong, Saunders & Wong (2001) further agrees and argues that marketing is something that most people consider to be the act of selling and advertising a product or service. This is only one part of the marketing process, marketing actually starts long before the product is produced or the service is finally designed. Kotler et al. (2001) argues that marketing must be understood “in the sense of satisfying customer needs” (p. 4). Marketing can be seen as homework that managers and employees need to do in order to understand customer wants and needs in the potential market, and to assess if there is a potential profit in the market. When studying marketing one usually comes across the four P’s. The four P’s include product, price, promotion and place (distribution) which are all fundamental elements of marketing. The *product* aspect concerns decisions related to features of the product itself. The next P, *price*, is all about how the entrepreneur/manager determines what the initial price should be on the product or service in order to compete with similar products or to get a market share. The following P is *promotion* and is directly related to promoting the product or service to the market. It is here where the entrepreneur attempts to show the product or service as being more valuable than competitive products or services, i.e. value creation. *Place* (distribution) is the last P and this concerns the use of distribution channels in order to optimize potential success of the product or service, and in turn the venture (Kotler et al., 2001).

Hisrich and Peters (1998) further explains how marketing is a necessity for a venture’s future success in any business. As an organization expands, new goods and services will be needed to be developed in order to maintain and strengthen ones position in the market. The process of development is an ongoing process and customer wants and needs are the basis for being able to carry out proper developments. Contact with customers, either formal or informal, can be of great assistance when it comes to generating new ideas for new products.

### 2.4.1 Entry Modes

Included in marketing is also the method of entry into a market. The entry mode chosen is very important for future success on the market. Many firms start at a national level and then turn to the international market after success on the home front. It is very important to make proper decisions regarding partners, employees, customers and advertising among others. Imbedded in the decision process lies both, internal and external factors that affect the company. Internal factors include *firm size*, which indicate the resource availability and it can give some sort of indication of the future international involvement; *international experience*, concerning the employees’ international experience. If the international experience is high this probably leads to the firm investing resources to a future international involvement. The last internal factor is *product*. This includes the physical appearance of the product or service. If the product is seen as highly valuable, such as expensive items, it will most likely be used for direct exporting. (Hollensen, 2004).

External factors consider *socio-cultural distance between home country and host country*, which concerns countries of similar kind to that of the home country. Common language and culture are what determines the socio-cultural distance between the two countries. The greater the distance the greater chance there is that the firm will not enter a specific country at this moment. Joint ventures can instead be used in order to enter the market in a more protected way, i.e. minimize the distance between markets. *Country risk/demand uncertainty* includes risks such as political and economical. *Market size and growth* is the next factor; this factor concerns the size of the potential market and the growth rate. The higher both of the aspects are the more likely it is that the firm is willing to invest resources in that market. Smaller markets can be controlled from neighboring countries and does not need as much attention and therefore not as much investment. *Direct and indirect trade barriers* relates to the fact that the many governments favors local production and will therefore impose tax on imported goods. In this case it might be good to get a local partner that will be able to take care of local production and negotiations. *Intensity of competition* is an important aspect considering the fact that when it is high, any firm should avoid entering that market, since it is likely to be less profitable and investing resources would just be a waste. *Small number of relevant intermediaries available* is the last external factor and if this is the case that there are a few relevant intermediaries available the firm is favored and hierarchical modes can be used in order to exploit the opportunistic behavior (Hollensen, 2004).

As with entrepreneurship, marketing needs to be defined in order for this thesis to have a consistent meaning of the concept. Therefore, the authors of this paper have decided to use the following definition for future references to the word marketing:

*Marketing is a social and managerial process where transaction and market relationships are exploited in order to create and distribute value with others; and also the entry mode of individuals as well as organizations.*

(Kotler et al., 2001; Sheth, Gardner & Garret, 1998, cited in Hills 1994)

### 2.4.2 New Venture Marketing

As a new venture takes off, there are many decisions to be made. Decisions concerning aspects of marketing, and also decisions concerning a potential success are what need to be taken into consideration. Issues as positioning, targeting and segmentation need to be dealt with, as well as their relation to the company's strategy. There is a constant need for feedback to be present; if this process fails it will most likely lead to decisions not being clear and not structured in a way that suits the company's strategy. Figure 1, below, shows an example of the processes that might take place in a new venture.



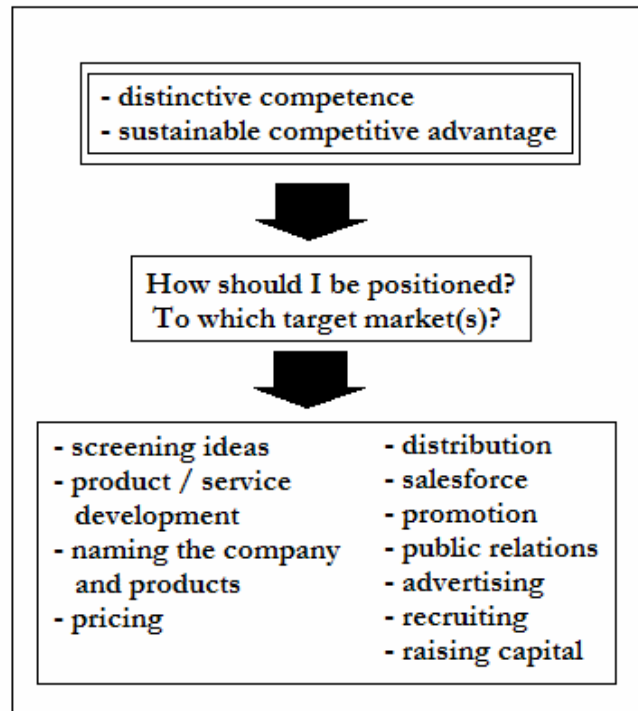


Figure 1 Market oriented strategy and tactics (Lodish et al., 2001)

*Sustainable competitive advantage* is the process of finding a way to constantly be ahead of competition, which in turn will lead to higher return on invested capital than other competitors. The competitive advantage is the reason for customers choosing one company over others. The next important source of success is *distinctive competences*. Some argue that this is the basis for the sustainable competitive advantage. If a venture manages to be distinctive in a way that competition has problems to copy and imitate, then the advantage is sustainable. This is where creative entrepreneurs show their best qualities. They seem to be able to find “new distinctive ways to get customers to prefer them to that of the competition” (Lodish et al., 2001 p. 3). Some of these new distinctive ways can involve certain technology; excellent design, quality or continual innovation; excellent customer service or the reputation of being reliable in the customers’ perspective.

## 2.5 Entrepreneurial Marketing

Evidence exists that argue for entrepreneurial marketing being a positive feature for any organization. Hills and Singh (1998, cited in Shaw, 2004) explains that organizations are more suitable for finding and exploiting new market opportunities when marketing and entrepreneurial activities are merged into one. However, as previously stated, the concept of entrepreneurial marketing is just at the beginning and little is really known concerning the subject (Bjerke & Hultman, 2002; cited in Shaw, 2004).

The reason for the interest in the subject is that the entrepreneurship and marketing is not that unlike. There are several aspects which overlap and Omura et al. (1993, cited in Shaw, 2004) argues that both concepts are very much concerned with identifying opportunities and then transforming resources into value. One major advantage with the concept of entrepreneurial marketing is the responsiveness to an ever changing environment. Organizations who have limited financial resources and are less capable of committing time to mar-

ket research, make greater use of relationships within the business network; and therefore are able to collect information concerning the external environment (O'Donnel et al, 2001; Shaw, 2002, cited in Shaw, 2004). Thus, creating networks are of vital importance for organizations with limited resources, i.e. newly started ventures and other small businesses.

Bjerke and Hultman (2002) express the concept of entrepreneurial marketing with the help of a “conceptual framework for entrepreneurial marketing” [Figure 2]. This framework shows the relationship between the four pillars of the subject. *Entrepreneurship* explains the why and how processes of opportunity recognition. This is further implemented together with either transactional and/or relationship marketing in order to increase customer value. *Resources*, which is the next pillar, concerns the fact that there is a need in the offering to generate value to the customer. Resources can be acquired by cooperating with partners or they can just simply be owned by the company. In growing entrepreneurial firms, customer value is usually not created on an individual level. Rather, it is created by the cooperation between several different actors. Growing firms rely on contributing partners in the process of increasing customer value. There are several reasons why a growing firm chooses to rely on partners in order to increase customer value; economies of scale and niche specialists are two reasons why a newly started venture might turn to partners in order for them to optimize the use of resources. There might also not be any available competence for in-house production, which also requires time allocation; and using partners can also increase the flexibility when it comes to changing aspects of customer demands. The bottom line might lie in the fact that the newly started venture is lacking overall resources to take care of all aspects of production and therefore needs to rely on other firms to handle parts of the production. The third part of the framework is *processes*. It is here where the value creation takes place; co created by all the different processes that take place in the value assemblage. Any firm is permeated by processes at all levels of the organization. Maintaining customer relationships, distribution channels, production planning and development of products are just a few processes that take place in any organization. The core of these processes lies in the ambition to create customer value and increase this value to overcome competitor's customer value. The last and final pillar is the *actors*. The actors are individuals or organizations that run the processes and co create customer value.

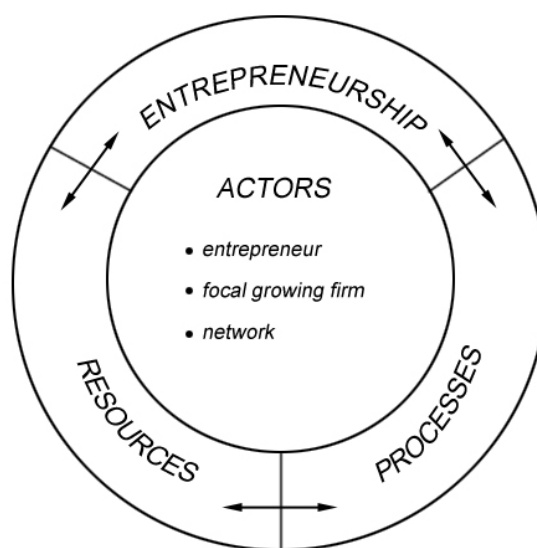


Figure 2 Four Pillars of the Entrepreneurial Marketing framework (Bjerke & Hultman, 2002)

Hisrich and Peters (1998) further explains how marketing is a necessity for a venture's future success in any industry. As an organization expands, new goods and services will be needed to be developed in order to maintain and strengthen ones position in the market. The process of development is an ongoing process and customer wants and needs are the basis for being able to carry out appropriate and proper developments. Contact with customers, either formal or informal, can be of great assistance when it comes to generating new ideas for new products.

Bjerke and Hultman's (2002) study of successful entrepreneurs showed that these entrepreneurs have managed to create high customer value through offerings to the market. There are, however, other activities, then the creation of customer value, which needs to be taken into consideration. Activities such as creating transactions and relationships with the market and business partners are also of importance. Christopher, Payne and Ballantyne (cited in Bjerke & Hultman, 2002) explain what transactional and relationship marketing signifies:

- *Transactional marketing* includes the focus on particular sales and the orientation on product features. This sort of marketing is thought of on a short time scale and the customer commitment are somewhat limited, as well as the customer contact. The major concern of production is quality and focus is on that. The major focus is to get the customer to buy the product or service; i.e. the transaction itself.
- *Relationship marketing* deviates and focuses on the customer maintenance and considers the marketing to be on a long term scale. Customer service, commitment and contact are of vital importance in order to maintain the relationship. Together with transactional marketing, quality of production and product features are also of significant meaning. The major focus is to keep and maintain the relationship with the customer over a long time and not on a single transaction or purchase.

### 2.5.1 Seven themes of Entrepreneurial Marketing

Bjerke and Hultman (2002) explain that most entrepreneurs practice both of the previously mentioned marketing aspects (transactional and relationship marketing), even if both are not practiced at the same intensity and commitment. Bjerke and Hultman (2002) continue to argue that there are several themes of excellent entrepreneurial marketing. In short, these themes include aspects such as processes, resources, implementation, management, customer expectations, complex marketing strategy and being able to balance transactional and relationship marketing. For future reference, entrepreneurial firms should not attempt to anticipate the future; instead they should try to create it with the help of entrepreneurship and innovative skills. The themes mentioned are what will determine this 'creation' of the future; these themes all have in common that they are processes and they are there in order to create value for the customer.

Looking into the themes on a more detailed level; the first one is *mastering important process*, which concerns the creation/identification and maintaining processes that can and will develop the organization. One important feature is the skill to be able to create and maintain the entrepreneurial spirit that guides other processes in the right direction. *Using the best available processes and being able to organize the value constellation* is another important vicinity for successful entrepreneurs, in order to maintain external as well as internal resources. Bjerke and Hultman (2002) recognize most resources for entrepreneurial firms as being external;

and this is regarded as something positive considering the increase of flexibility that it brings as well as the possibility to adapt to swift changes in the industry. The next theme that is described is the critical process of *implementing the vision of what sort of value to create and how to go about achieving this*. This vision needs to be clear and concise in order for all employees to understand the set goals and the process of getting there. Another reason for the vision to be clear and concise is that it is the vision that needs to be evaluated with the stakeholders (owners, customers and the employees) in mind.

With the help of entrepreneurship, *changing the rules of the game* is the next theme. Changing the rules of the game relates to breaking the standard procedures and processes of an industry and doing something different than competitors in order to create customer value. Examples of this behaviour are companies such as IKEA and Tetra Pak; revolutionary methods of shipping and distributing furniture in flat packages and the way liquids are packaged. The rules of the game are changed by a visionary or entrepreneur seeing an opportunity to create customer value in a way that has not been thought of before and therefore the entrepreneur changes the rules of the game by breaking away from the traditional ways of doing things. The next important attribute is *leading as well as managing*. This applies to knowing how to manage the process of a growing company. Leadership or management should never be absent at any time of a maturing venture, as this can cause the balance between leading the company and managing to come to a balance. Leading the company concerns the first stages of a ventures life, and managing takes over when the company has matured and settled down (Bjerke & Hultman, 2002).

*Exceeding customer expectations* is the next important aspect that newly started ventures should try to accomplish, this in order to create customer value. This theme includes eliminating competitors with inferior offerings, with less customer value; and therefore presenting offerings with high customer value. The last theme concerns the ability to balance transactional and relationship marketing; as well as balancing tangible and intangible aspects in the market offering and combining these into a *complex marketing strategy*. The previous discussion regarding transactional and relationship marketing concluded that successful entrepreneurs practice both aspects. However, Bjerke and Hultman (2002) argue that some entrepreneurs are better suited for one of the two and should therefore invest more in one than the other; either way, there should be a balance between the two. Those entrepreneurs are better suited for a relationship approach, can for example adopt ways of personalizing and tailoring their marketing communications towards their end customers, while those entrepreneurs adopting a transactional approach can focus on other activities related to the selling process. In any one of the options the manager must choose one of the two or mix both into the marketing and entrepreneurial aspect of the organization in order to optimize the venture's resources.

In order for this thesis to move on concerning the discussion about entrepreneurial marketing it is time to define the concept. The authors of this paper have agreed on using the following definition for the concept of entrepreneurial marketing:

*Entrepreneurial marketing is the overlapping aspects between entrepreneurship and marketing; therefore it is the behavior shown by any individual and/or organization that attempts to establish and promote market ideas, while developing new ones in order to create value.*

(Shaw, 2004; Chaston, 2000; Morris et al., 2002)

Morris et al. (2002) further argues that entrepreneurial marketing is the proactive exploitation of markets where marketers are seeking new ways to create the desired value. In order to be able to create value the marketer must use business relationships and networks. Since, entrepreneurial marketing has been mostly associated with small and resource constrained firms the assumption has been made that marketing tactics of the unsophisticated kind have been of importance as well as personal networks. Further argued; the term describes “the unplanned, non-linear, visionary marketing actions of the entrepreneur”. Morris et al. (2002) summarizes the concept by stating that “entrepreneurial marketing represents an opportunistic perspective wherein the marketer proactively seeks novel ways to create value for desired customers and build customer equity”.

### 3 Method

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*This chapter intends to explain the method chosen for carrying out this study. First the methodological approach will be described, followed by sample selection, data gathering, reliability and validity of the study and will end with how the analysis is going to be conducted.*

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The purpose of the thesis is to investigate and evaluate the entrepreneurial process of marketing a newly started venture, towards the end customer, and how the entrepreneur views the role and importance of marketing in future success. To be able to understand the area of the purpose a literature search was conducted. The literature search was carried out using the library's resources, books, academic publications and databases. The chosen method for this thesis is a qualitative approach. In order to fulfil the purpose a comparison analysis will be made between two entrepreneurs through a single/holistic multi-case study.

#### 3.1 Methodological Approach

To be able to fulfil the purpose of the thesis a qualitative study will be performed. This is due to the fact that the thesis aims at making an analysis of how an entrepreneur views the process of marketing a newly started venture and also if marketing is an essential part in the possible success of the venture. Using qualitative research for a thesis is the most suitable approach because qualitative research is the effort taken by the researcher to understand situations and the uniqueness of these situations as a part of a greater situation (Patton, 1985 cited in Merriam, 1998). Strauss and Corbin (1996) state that a qualitative research is research of any type that aims at produce findings, which is not arrived by any statistical means or other kinds of quantifications. Carson and Gilmore (2002) further discuss the fact that when researching the interface there is a need for greater understanding of the decision process and business in general.

*"Qualitative research is not only entirely suited to reaching appropriate levels of knowledge and understanding, it is entirely compatible with the way in which entrepreneurs go about doing business".*

(Carson & Gilmore cited in Hills & Singh, p. 167, 2000)

The advantage of using a qualitative method when researching the interface amongst SMEs is that the researchers can obtain specific characteristics concerning the company and observations can be carried out in a relatively dynamic business environment. The fact that the method is also very flexible helps to create a method process that fit the company as well as the researchers (Carson & Gilmore, cited in Hills & Singh, 2000).

Merriam (1998) states some key characteristics in qualitative research. The first one concerns the importance of seeing and understanding the event through the eyes of the participants. The second is the fact that the researcher is the most important instrument for collecting data and analyse the collected data. The third one concerns the fact that qualitative research requires field work, observing situations and people with own eyes. The fourth characteristic is the reality of qualitative research which focuses on creating new theories rather than testing old ones. The last concerns the way the result from the study is presented. The results in a qualitative study are presented with the help of text and pictures.

So, why are these key characteristics important for this thesis? Looking at the first characteristic the authors of this thesis need to see and understand the situation through the interviewee's perspective in order to make an objective analysis. The second concerns the

importance of the authors as being solely responsible for collecting data and analyse that data in a correct way. The third issue is concerned with the researchers being able to observe situations and people. This will however most likely not be possible, as the authors of this thesis wish to interview on basis of past situations and reflect on the method chosen by the entrepreneurs. The fourth characteristic is one which hopefully will be achieved, and therefore add something to the subject area. The fifth and last characteristic will be achieved by how the result is presented using text and visual aid.

### 3.2 Case Study Approach

*“The essence of a case study, the central tendency among all types of case studies, is that it tries to illuminate a decision or a set of decisions: why they were taken, how they were implemented, and with what result.”*

(Schramm, 1971, p. 71, cited in Yin, 2003)

This quote reinforces the use of a case study for this thesis. Yin (2003) also supports the use of a case study for a thesis of this kind by stating that a case study should be used when the research questions starts with *how* or *why*, when there is not an immediate need for behavioural events in relation to decision taken for the company and when there is a high degree of focus on contemporary events. Questions with the words *how* and *why* are tentative and are likely to lead to the use of case studies. The case study includes observations of the events being studied and interviews with the persons involved in the events (Yin, 2003). This purpose of this thesis aims at finding out in what way an entrepreneur views the importance of marketing and the affects it might have on a newly started venture. There will however not be any opportunity to study the entrepreneurial process of marketing in real time due to time constraints. In its place, interviews with persons involved in these processes will be performed.

There are several strengths with a case study but the greatest strength is its capacity to employ different methods, interviews, participant observations and field studies (Hamel, Dufour, & Fortin, 1993). This thesis intends to give a thorough description of the entrepreneurial process of marketing a newly started venture, towards the end customer, and the importance of that marketing by interviews with two companies: inkClub and Cinnober; both who have won awards given out by Dagens Industri or Ernst & Young. However, it is argued that a case study is less desirable than either surveys or experiments due to that researchers are careless or has not followed systematic procedures or has let their own view affect the findings, thus making the research partial (Yin, 2003). Another issue with the case study is that it does not provide a large base for generalization. It is argued that it is impossible to generalize from one, two or three studied cases and how can it be representative.

Still, case studies are generalizable to theoretical propositions and not to populations. A case study does not represent a sample but the case study is able to investigate and generalize theories (Bryman and Burgess, 1999, cited in Yin, 2003). In the end, this thesis will have generalized and expanded theoretical reasoning and this will be supported by the use of a case study.

### 3.2.1 Designing the Case Study

Yin (2003) states that there are four types of designs for case studies, single case (holistic), single case (embedded), multiple cases (holistic) and multiple cases (embedded). Since this thesis will do a comparison between two cases/companies the multiple cases design is the most appropriate design. In a multiple case study every case must serve a certain purpose within the range of the investigation. According to Yin (2003, p. 470) “a major insight is to consider multiple cases as one would consider multiple experiments – that is, to do exactly the same thing every time. Every single case has to be chosen carefully so that it predicts similar results or contradicting results (Yin, 2003).

The case study can either be embedded or holistic. An embedded design collects and analyse quantitative data whereas a holistic design is used when the nature of the organization is examined and it is useful when the theories is of holistic nature (Yin, 2003). Since the theory in this study is holistic a holistic approach will be chosen.

### 3.3 Sample Selection

When conducting research the selection of research persons is crucial, choosing the wrong persons could risk the study’s validity. It is always better to study a few individuals in-depth than studying a few individuals superficially (Åkerberg, 1986). When doing a qualitative study the researchers have to make a selective selection, the researchers should choose from other criteria rather than choosing a miniature copy of the population (Svenning, 1996).

The authors of this thesis have chosen to use Dagens Industris *Gazell* award and Ernst & Young’s *Entrepreneur of the year award*. Both awards are given to companies or the entrepreneur within the company that has fulfilled the criteria.

The *Gazell* award is based on rigid criteria (facts):

- Has published at least four annual reports
- A turnover that exceeds 10 MSEK
- At least ten employees
- Continuous increase of turnover over the last three years
- At least doubled the turnover over the same time frame
- A operating income for the four years

(B. A. Olson, personal communication, 2005-30-11)

However, these criteria are not rigid in the sense that Dagens Industri use a database and then picks the winners from that. Dagens Industri manually examines each individual company in order to get an accurate view of the company, as numbers can at times be deceiving (B. A. Olson, personal communication, 2005-30-11).



The *Entrepreneur of the year* award is based on more loose criteria:

- *Business development* – A person that is characterized by a new way of thinking and creativity and a strong ambition for growth.
- *Profitability* – A person that creates sustainable economical results with a financial commitment and risk-taking approach.
- *Leadership and personnel policy* – A person with good leadership qualities and a good personnel policy.

(S. Hultstrand, personal communication, 2005-01-12)

The process of selecting a winner is complicated and a jury is selected for the process. Every nominee is scrutinized thoroughly and there is a subjective aspect of this process. However, Stefan Hultstrand (personal communication, 2005-01-12) states that due to the extensive research conducted by the jury and the expertise the jury possesses helps to limit the subjectivity.

The authors of this thesis have used the nominees and winners, Cinnober Financial Technology received the award *Super Gazell of the year 2004* and inkClub's Lennart Nyberg was runner up for the award *Entrepreneur of the year 2005*, for selecting interviewees since the nominees and/or winners represent an entrepreneurial way of thinking and approaching the business, both internally as well as externally.

### 3.4 Data Gathering

The collection of data for this study has been carried out through interviews with inkClub, Cinnober, Dagens Industri and Ernst & Young. There are many different forms of interviews discussed by a number of authors; Merriam (1998) has however summarized the different varieties in the *Interview Structure Continuum*:

- *Highly Structured/Standardized*
- *Unstructured/Informal*.
- *Semi structured*

The *Highly Structured/Standardized* interview gives the researcher a more controlled interview. The structured or standardized interview is usually used when the researchers does not have much information about the subject to ask specific questions. This leads to a broader set of questions, in order to cover the subject. The disadvantage with this design is that the researcher has to be brilliant in managing the flexibility that comes out of these broader questions. There is also a chance of feeling lost when receiving new information. Though, there are some advantages and those are the possibility to get new and different perspectives and the easiness to organize and analyse the data (Bryman and Burgess, 1999).

The *Unstructured/Informal* interview is more conversation like; most interviews are unstructured. An unstructured interview allows for open ended questions which can lead to new insights and to new questions to the area of discussion (Bryman & Burgess, 1999). However, Holloway (1997) means that unstructured interviews can be seen as conversations with a purpose. The interview is carried out by the help of key points, important issues to address and the interviewer can direct the interview in a specified direction. However, there

is a downside; information can be different since having conversations with different people will obviously result in different answers. This leads to that the data can be hard to analyse and organize. The unstructured interview could be too unstructured and there is a risk of getting off subject and the researcher could end up with less information than desired.

The *Semi structured* interview is a mix of the previous two. The advantage with the semi structured interview is that the interviewer can make certain to gather the intended information and still leave room for follow up questions and allow the interviewee to answer in the interviewee's own way. The interviewer uses the best from both the structured and the unstructured and is by this able to receive additional information (Holloway, 1997).

The authors of this thesis will use the semi structured interview technique in order to exploit the advantages from the other two techniques. Since the authors are going to interview entrepreneurs with own views on the surroundings and their ventures it is important to freely let them express their opinions and views and this to show the full picture of a situation.

### 3.5 The Quality of the Research

There are four assessment criteria for the quality of any empirical social research. These four tests are according to Kidder and Judd (1986, cited in Yin, 2003).

- *Construct validity* – Establishing correct optional measures for the concept being studied.
- *Internal validity* – Does not apply to qualitative studies and will therefore not be discussed in this thesis.
- *External validity* – Establishing a domain to which a study's findings can be generalized.
- *Reliability* – Demonstrating that the operations of a study, such as the data collection procedure, can be repeated with the same results.

Yin (2003) argues for a number of tactics for dealing with these tests while doing the case study.

*Construct validity* – This test is the hardest for researchers conducting case studies. The critics mean that the researcher fail in establishing a set of measures that can be used throughout all interviews, instead subjective judgements are used. There are however tactics to increase the construct validity. Multiple sources of evidence – two or more sources stating the same facts, establishing a chain of evidence – links between the asked questions, the collected data and the drawn conclusions and to have the draft of the case study report checked by the interviewee.

*External validity* – In order to increase the external validity several cases must be carried out in the same way. In order to attain a higher degree of external validity, two cases were chosen.

*Reliability* – To attain high reliability, the interview process has to be documented. Another researcher should be able to conduct the same research with the help of documentation and reach the same result (Yin, 2003). To achieve high reliability the interviews were conducted using the same questions for all of them and the interviews were also recorded.

### **3.5.1 Reliability and Validity of Interviews**

The most important factor when conducting interviews is to be able to present the results as reliable and valid as possible. This is however affected by the interviewers' and the interviewees' bias. Data collected during an interview is influenced by the interviewer (Patton, 2002). Holloway (1997) shows how the interviewer can have an impact on the results. Depending on how influential factors are treated it can be either positive or negative outcomes. For example, demographics should be considered in order to present an objective result. The authors of this thesis have a differentiated background and coming from a business school might affect the outcome of the interviews. With different backgrounds, there might be a difference in perspective between the authors. However, this is not seen as something negative, but instead positive and gives the thesis a more reliable outcome.

## **3.6 Method of Analysis**

Previously it was described how a case study can be less desirable because of careless researchers and loose discipline when it comes to the systematic procedures or the influence of own views; the authors of this thesis has however made attempts to decrease these risks. Interview questions have been formulated in the same way to the interviewees and the interviews have also been recorded in order to be certain of the answers.

The method of analysis has been an overall analysis of each company. There has been a short scrutinizing of the situation as each company got started and how they handled the immediate success. A question that was asked was whether marketing was a necessity for each company; or if it was less necessary for one of the companies, as they were active in different industries. It is vital to get an overall picture of the situation for both companies.

Entrepreneurship is the first subject to be applied to the empirical findings. Here, different aspects of innovative idea generation will be brought up. The next aspect of both companies is the marketing aspect and what decisions the two companies have taken in order to enter the preferred market. The next step is to merge the two subjects together into entrepreneurial marketing. Here, the four pillars of the marketing framework [Figure 1] and the seven themes will be analyzed in regards to inkClub and Cinnober.

## 4 Empirical Study

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*This section will present the findings from each company examined. The authors will present the company's and the entrepreneur's view on the company; as well as the entrepreneur's view on entrepreneurship, marketing and entrepreneurial marketing. The companies are: inkClub and Cinnober Financial Technologies.*

*Note: the interviews were recorded and the facts below are accurate in all aspects.*

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### 4.1 inkClub

Date of interview: 2005-29-11

Location: inkClub in Uppsala, Sweden

Interviewee: Lennart Nyberg, co-founder and CEO.

Award: Entrepreneur of the Year 2005 in the Uppsala/Gävleborg region.

Statement of reason for award: "with an exceptional growth and profitability, Lennart Nyberg has managed to, in short time, position inkClub on an international market as well as becoming world-leading within the industry. The success is based on the business plan and technology which is permeated by new ways of thinking and creativity adapted to the new economy" (S. Hultstrand, personal communication, 2005-01-12).

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*"No matter how hard a person works, the customer will only appreciate the work if value is created; the more value that is created the better the business will do."*

(L. Nyberg, personal communication, 2005-29-11).

The keyword for an entrepreneur is value and lots of it. This is the answer that Lennart Nyberg gives when asked what an entrepreneur is and does. He does not consider himself to be an entrepreneur, but more of a marketer that sees things from the customers' perspective. It was this viewpoint that sparked the interest of a new venture at the end of the 1990s. Most people usually attempts to sell what they are interested in, instead of selling what is possible. What were possible in Lennart Nyberg's case were ink cartridges. Small, no purchase experience and less confusion when ordering ink as the customer can order via the Internet in front of a computer with the printer next to the potential buyer and that there are cheaper ink cartridges which are compatible with most printers was among the reasons why ink seemed to fit. Lennart Nyberg explained that if they would have realized that the project would not make it without financial help they would have turned to an investor and asked for financial aid, with basis of explaining how great their idea is. Lennart Nyberg claims to not have found a better product as of today and finds the market of ink to be quite unexplored. The first market inkClub entered was the Swedish market. Their first offer to the market was via coupon offers. The first day inkClub received 1,000 orders, and as this showed to be a product that had potential success other countries were decided to be explored.

Denmark, Finland and Norway were all explored within a few months after the launch in Sweden; inkClub saw no reason for slowing down their expansion and they moved as fast as they possibly could. The first country outside of Scandinavia was Holland and as this went well other countries were also explored. Today inkClub is active in Sweden, Denmark, Finland, Norway, Holland, Germany, Austria, Switzerland, Belgium, France, Ireland, Italy, England and Spain. Even though inkClub have customers all over Europe no customer is

prioritized. Everybody is treated equally; it does not matter if a customer orders three or 3,000 ink cartridges. Another relating factor is that their biggest customer is nothing in proportion to the turnover and therefore prioritizing is not an issue. InkClub's turnover was for 2004 around 300 million SEK, on a world wide scale the industry has a turnover of 300 billion SEK; the European turnover lies somewhere around 100 billion SEK. inkClub is the world leader on the Internet market. The reason for inkClub's success lies in the fact they are able to cut costs, which benefits the customer and which in turn benefits the company. inkClub does not need to hire employees in order to handle customer information, since the customer enters the personal information via their own computer. The customer support department is also one of inkClub's keys to success. The employees are all native speakers and through this they are able to give the customer quick response in the customer's own language. The only cost was an initial cost of setting up the web site, and then minor costs relating to maintenance of the web site. inkClub managed to save money, which in turn lead to lower costs and cheaper prices for the customer. Another factor of competitiveness lies in inkClub's storage where they have over 2,500 different sorts of ink; as this quantity would be very complex to store for a physical store compared to inkClub which is an Internet store, i.e. virtual store. It was thanks to the possibilities of the Internet that inkClub managed to grow in such a way as inkClub did. The advertising was at the time very cheap, as the belief concerning the Internet was negative, compared to today where the belief is instead very positive and advertising spots are quite expensive.

*"Sell what is possible, not what is interesting."*

(L. Nyberg, personal communication, 2005-29-11)

When the topic of marketing was brought to the table Lennart Nyberg had his own perspective of it, a very different one, especially compared to what most textbooks discusses. Lennart Nyberg saw marketing as a cost; a huge cost, but worth it or at least most of it. However, inkClub is in great need of their marketing; they have no salespersons but they still manage to sell extreme amounts of ink cartridges. So, as a conclusion: marketing is for inkClub a large but necessary cost. They spend around five million SEK per month on aggressive marketing. The reason for being aggressive is that they want potential customers to be aware of the product. Ink is a very difficult product to market, since it is very uninteresting and there is no purchase experience. It is also an expensive product, which is one of the reasons for selling the first purchased ink cartridge for 1 SEK (plus a service charge of 49 SEK). The other reason is that they want to obtain the customer and build a relationship with that customer. It is this first transaction that is important, but after this the focus is directed on building a long term relationship. A monthly newsletter to customers is the communication tool that communicates bargains, such as digital cameras to a very low price, and not that the customers' ink is running out. By using this sort of newsletters the customers keep reading the coming newsletters looking for other bargains. When asked if Lennart Nyberg felt that they had changed the rules of the industry, the answer slightly leaned towards a yes. Within the marketing aspect, they had definitely changed the rules of the industry; considering the aggressive marketing. When looking at the entrepreneurial aspects, not much was changed. Before inkClub entered the market there were other actors and inkClub did pretty much the same, but in a smaller scale.

inkClub does not have any indications on their office building announcing where their office is, the only sign that can be found is inside the office building and here only a small sticker is placed on the door. There are several reasons why this discreteness is chosen. The major one is that they do not want to be visible. If customers could find them they might think that they can buy ink cartridges at the office, which is not possible, inkClub only ex-

ists in cyberspace and there is no phone number where they can be reached, only e-mail. The focus lies on the customer getting the ink and being recognized for their cheap price, not getting recognized by their name.

## 4.2 Cinnober Financial Technology

Date of interview: 2005-30-11

Location: Cinnober Financial Technology in Stockholm, Sweden

Interviewee: Nils-Robert Persson, Chairman of the board

Award: Super Gazell of the year, 2004

Statement of reason for award: “the fastest growing company in Sweden due to a growth of over 800 % and high profitability over the years 2000-2003” (B-A. Olson, personal communication, 2005-01-12).

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Cinnober Financial Technology (further referred to as Cinnober) started in 1998. Cinnober was started by four individuals with previous experience developing trade applications for market places i.e. stock exchanges. Cinnober started to develop JAVA applications (trade applications) for market places, around the world. Today Cinnober has 80 employees and offers fast and modern exchange system technology with short time-to-delivery, Cinnober continuously attracts interest from the leading marketplaces in the world. Cinnober’s customers today are, among others, the American Stock Exchange (AMEX), the London Metal Exchange (LME) and Euronext.liffe.

Nils-Robert Persson, chairman of the board, has previously been given the attribute ‘entrepreneur’ due to his willingness to create, take risks and accomplish goals without concerns about organizational management. Nils-Robert Persson argues that this is what an entrepreneur is. Nils-Robert Persson mean that Cinnober is an entrepreneurial organization due to that there is no hierarchy and a relatively flat organization. The CEO and co-founder Gunnar Lindell, is still one of Cinnobers best programmers and Nils-Robert Persson still handles sales. An example of the entrepreneurship within the organization, according to Nils-Robert Persson, is that when Cinnober does not manage to win a contract sadness perspires the employees, but when a contract is signed there is joy throughout the organization and that shows not only the commitment but also the will to create and achieve something. Since day one Cinnober has had the vision to be able to take care of three projects at the same time, as well as maintaining their relationship with their customers. Cinnober works actively with recruiting the “right” people that fits Cinnober. Recruitment always goes through personal relationships in order to guarantee that the future employee is engaged and has a high drive to achieve goals and to work independently. The largest risk Cinnober faces is to recruit the “wrong” people. This risk is today marginalized but is still a crucial part in Cinnober’s every day business. Another aspect that emphasizes the entrepreneurship within Cinnober is that there is no decision making process in the traditional sense. All employees are sitting together and almost everyone knows everything within the respective area and that leads to the correct decisions being made instantly and that the those decisions being made are obviously the correct ones.

*“It is through our employees that we get customers”*

(N-R. Persson, personal communication, 2005-30-11)

Nils-Robert Persson states that failure is not a negative thing as long as something is learned from the failure. Cinnober tries to get their employees to feel free in their work and get them to work independently and also to make them realize that failure is not the end of the world. If something goes wrong there is always something to be learned from that failure. Being able to fail and then learn something from it is something that Nils-Robert Persson views as a very important aspect of running a business. With this comes the aspect of risk, taking a risk could lead to failure but Nils-Robert Persson means that being able to take risks is an important attribute for a business in order to call themselves entrepreneurial.

As mentioned above Cinnober was awarded *Super Gazell* of the year in 2004; the award was based on Cinnober's growth over the last years. Nils-Robert however does not value growth as the most important factor when grading companies' level of success. Nils-Robert means that it is the profitability that is the most crucial factor.

Cinnober does not work with marketing in the sense of advertising. The only real advertising Cinnober has done is installing a neon sign on the office building in order to boost the employees' self esteem. Cinnober has a sales division that acts both as salesmen and marketers. Cinnober only gets new customers through already established contacts and after that a contact person is assigned to that customer and it is that person that handles all contacts with the customer and the goal for this person is to keep the customer satisfied and to create as many relations with the customer as possible. The contact person has to learn everything about the customer in order to be able to foresee the future needs of the customer. An example of Cinnober's relationship building is that they have five employees situated in New York City, USA in order to help the American Stock Exchange with any obstacles that might arise. Cinnober's core competence is strong relationship building with the customers and Cinnober would not be able to survive without these relations. These strong relationships also act as a barrier of entry for competitors.

Today, when Cinnober has made a name for themselves they have started to advertise via banners and also in trade fairs. Cinnober are now strong enough and the market is mature enough, according to Nils-Robert Persson, to strengthen their brand name. This is due to Cinnober's reputation on the market. Cinnober knows that they are in great position and have the competences to improve further and now they want to show the world what they are capable of.

### 4.3 Characteristics of an Entrepreneur

- ✓ Agree  
 ◆ Agree and disagree  
 ⊗ Disagree

	inkClub	Cinnober	Dagens Industri	Ernst & Young
Motivated to achieve and produce	✓	✓	◆	◆
High energy level	✓	✓	◆	◆
A vision to do something out of the ordinary	✓	◆	◆	◆
Willing to take some risk, but are still realistic and avoid projects with too much risk involved	◆	✓	◆	◆
Commitment, determination and perseverance	✓	✓	◆	◆
Are able to learn from mistakes and use the feedback as something positive	◆	◆	◆	◆
Confident and responsible	✓	◆	◆	◆
Focus on the task and getting it done	◆	✓	◆	◆
Takes initiative and acts upon them	◆	✓	◆	◆
Efficient	◆	✓	◆	◆
Hold a certain tolerance for failure but are able to learn from them in future ventures	✓	✓	◆	◆

Table 1 Characteristics of an entrepreneur

The matrix above is based on the list in the interview guide [Appendix A]. The list summarizes different characteristics of an entrepreneur gathered from researchers and authors. Cinnober and inkClub were asked to comment on the list and give their opinion of how the characteristics fits to them and their company; Dagens Industri and Ernst & Young were asked to give their personal perspective as well as the organizational perspective on the list.

As shown by the matrix Dagens Industri and Ernst & Young both agree and disagree on all points in the matrix. Both Björn Anders Olson (personal communication, 2005-30-11) and



Stefan Hultstrand (personal communication, 2005-01-12), states that all of these attributes are in some way attributes that a successful entrepreneur possesses. Both Björn Anders Olson and Stefan Hultstrand have the perception that asking all the winners of both awards the answers will be as many as there is entrepreneurs. They both mean that, for example, in order for an entrepreneur to believe in their project/idea some of these attributes must be present; motivated to achieve and produce, high energy level, commitment, determination, perseverance, and efficient just to mention a few. Björn Anders Olson and Stefan Hultstrand both viewed the criteria to be broad i.e. they could fit an entrepreneur in one way or another.

## 5 Analysis

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*This chapter of the thesis will scrutinize empirical findings with relation to what has been discussed in the theoretical framework. The aim of this chapter is to analyze the firms with regards to research questions; purpose and theoretical framework*

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### 5.1 Entrepreneurship

Whether entrepreneurship and entrepreneurial businesses contribute to the growth and societal development the authors would like to argue that it does in the sense that these entrepreneurial businesses are the ones creating employment for the masses. It is not large corporations that create employment even if these large corporations have many employees; their employees are just a fraction of the total number of employments. However, the number of entrepreneurial businesses depends on the economic conditions, if they are favourable it allows for more new ventures. This was the situation when Lennart Nyberg started inkClub. After the IT crisis it was very cheap to buy advertising space on the Internet and that was a vital part of inkClub's success, as it was this channel that was used to reach potential customers. It is small windows of opportunities like this that allows for new ventures to become successful.

As previously stated entrepreneurs have different attributes, and certain entrepreneurs might view some things differently than the other. inkClub started to sell ink cartridges via Internet and at the time this was something new and only a few did it and that was Lennart Nyberg's vision, to do something that no one had done (successfully) before. Nils-Robert Persson and Cinnober on the other hand had no vision to do something out of the ordinary, Cinnober just wanted to develop Java based trade applications. Even though Cinnober did not see this as something new, looking at the market at that time and the fact that no one developed Java based trade applications, so in a way Cinnober did something out of the ordinary even though that was not the intent. In order for these businesses to turn into successful businesses the entrepreneurs have to be motivated both to produce and achieve and always be driven to succeed. An entrepreneur in Sweden has to be willing to take risks in order to succeed. Cinnober is a company that is willing to take risks but they still plan ahead and try to minimize risks, in order to guarantee that the risks are within the margins. inkClub on the other hand was a risk taking company at the beginning since inkClub entered a new market. Today inkClub tries to minimize the risks but if inkClub sees an opportunity they feel that it is important to pursue that opportunity. Risk has to be an issue in everyone's minds but it can never be the issue; it is the ambition to overcome the risk and make use of an opportunity that drives them forward in the development of ideas.

An entrepreneurial firm is only as good as their employees. The business has to take care of its employees, be responsible and not to take careless risks. On the other hand, a business is not run for the employees but for the customer. This of course depends on what kind of market the business is targeting. A business aimed at the mass market and where the employee can be substituted within ten minutes, the focus does not need to be on the employee but for a business aimed at a niche market and when the employees are the cornerstone the business has to keep the employees in focus because without them there would not be a business. From the interviews, both Lennart Nyberg and Nils-Robert Persson spoke of the fact that entrepreneurs fail from time to time, that is a fact. However, failure is not necessarily something negative; it can be seen as something positive. To fail is the best way to learn for the future. Failing from time to time is an everyday occurrence for an en-

trepreneur and as long as the entrepreneur learns from these mistakes the failure is not a negative occurrence. Learning from mistakes makes the business stronger and the likelihood of making the same mistake again is minimized.

Lennart Nyberg, inkClub, and Nils-Robert Persson, Cinnober, are both entrepreneurs as well as their organizations being entrepreneurial. Lennart Nyberg saw the opportunity to sell ink cartridges via the Internet. The majority of ink cartridges were previously sold in stores at a high cost for the buyer. Lennart Nyberg was able to cut the price in half by selling the same cartridges via the Internet. Lennart Nyberg came up with a new solution and was able to fit it into the market perfectly. Nils-Robert Persson and Cinnober also developed a new solution, trade applications based on JAVA. At the beginning the use of JAVA was not recognized as a valid solution but Cinnober was convinced that the benefits with JAVA outweighed the little resistance in the beginning. Both companies and entrepreneurs exploited a market opportunity and managed to develop a new solution successfully.

## 5.2 Marketing

The American Marketing Association defines marketing, in short terms, as an act where individuals and organizational goals are satisfied through a process of planning in order to create a satisfying exchange. For this thesis the chosen definition embraces marketing as a social and managerial process where relationships are exploited in order for value creation to take place, and also the entry mode for a certain market. In inkClub's case the internal factors were important for the future growth of the company. The firm size, in numbers of employees, is still quite small considering that they are the market leader and have a turnover around 300 million SEK. They strive to keep it quite small; they do not bring attention to their business which might prevent competition to enter the market, in the sense that competitors might not see the opportunity. Even though the size is still quite small, the international involvement is likely to increase. As of right now, Europe is the market where inkClub is active, the Asian and the North American continent are potential markets of entry. The international experience among the employees at inkClub is very high. The customer service department consists of native Dutch, German and French citizens to mention a few. This setup was decided in order to be able to serve the customers in the best possible way. Employees in other departments are considered to be experts in their field as well. Lennart Nyberg explains that he wants his employees to be better at what they do than what he is himself. Lennart Nyberg does not want to have to delegate, he wants his employees to be able to work independently. inkClub sells ink cartridges and as this sort of product has no purchase experience and the buyer only cares about getting the same quality every time it is optimal for selling via the Internet. For future international involvement, the product also increases the possible success as it is small and easy to transport and send to customers all over the world.

There is a relatively short socio-cultural distance between Sweden and other countries where inkClub is active. They started with the local market, Sweden, and swiftly moved to the surrounding Scandinavian countries. Sweden, Denmark, Norway and Finland are countries that are very similar in culture and value, i.e. demographics; therefore it was very logical that inkClub expanded to these four countries before attempting to enter the European market. The first country outside of Scandinavia was Holland. Lennart Nyberg confesses that it was a bit uncertain to enter this country, but as it soon showed to be a success other European countries were entered. Another external factor is risk and demand uncertainty, which includes the risk of economical failure or if a country is politically unstable. Europe as a whole is a stable market; however, Lennart Nyberg explained that since the Mediterra-

nean countries were less advanced with Internet there was a risk that it would be difficult to get customers in these countries. However, these countries were and are developing their IT structure and are right behind Sweden when it comes to Internet usage. The competition that inkClub faced was little and weak. There were competitors on the Swedish market, but as they dealt in very small number they were not seen as competitors, instead physical stores were seen as competitors. However, as the success came immediately, inkClub felt that there would be no problem of entering other potential markets. inkClub is in charge of receiving orders, packaging the product and sending it to the customers. The process of packaging is however outsourced to another company; inkClub is still in control of making all the decisions concerning the process of packaging, their organization is favoured and they can exploit the opportunities that exist in the market.

Cinnober's internal aspects have had great effect on the company. It was the experience and knowledge of the founders that made it possible for the company to be started. Management at Cinnober has previously worked in the banking and stock exchange industry and therefore has extensive knowledge concerning this field. The firm size is however, in numbers of employees, a quite small organization with only 80 employees. These employees are recommended by personal friends and contacts in order to make sure that the 'right' employees are hired that fit the company. The international experience is increased over time, as an employee is assigned a customer, and as the employee will learn everything there is to know about the customer, the international and customer service experience will be gained and further future international activity by Cinnober can be made possible. Cinnober's product which is an application that enables brokers, salespeople and their clients to negotiate deals and to have control over these deals relieves the workload and is therefore very attractive to their clients, but also very expensive.

When it comes to the external factors of entry mode that concerns Cinnober, it is arguable that the socio-cultural distance between home country and host country is very short. Cinnober's customers are all very alike; all stock-exchanges in major cities around the world. This makes the choice of entry mode easier, compared to inkClub as their customers have great difference in demographic terms (not to be confused with socio-cultural distance). Cinnober's customers might not have a common language, but the culture is very alike as the industry is run on the same basis throughout the world. When it comes to risk and demand uncertainty Nils-Robert Persson explained that the risk of something going wrong is always present and not in any way acceptable. Concerning possible growth of the market, there is a potential for adding another 50 clients or so to Cinnober's portfolio. At present they have eight customers and adding one customer per year they have a slow growth rate. Further, this is for the customers' best interest, as attempting to gain too many customers would lead to the organization increasing in size too fast. As previously mentioned, Cinnober has setup a small office in New York, USA in order to serve their biggest customer, the American Stock Exchange. Cinnober's core competence is strong relationship building with the customers and Cinnober would not be able to survive without these relations. These strong relationships also act as a barrier of entry for competitors. As Cinnober is the sole producer of the product, they are favoured and they can exploit opportunities that arise. The intensity of the competition has severely decreased since Cinnober entered the industry. When they started there was around 100 competitors, but today there are only five left. One can therefore argue that since the intensity is low Cinnober should not be hindered to move into new potential markets.

### 5.3 New Venture Marketing

In the theoretical framework there was a discussion concerning possible processes in a new venture. This discussion leads to figure 1 showing two characteristics that should be present and several strategy related decisions that also should be made. inkClub managed to include a competitive advantage, which was selling ink cartridges to lower prices than other wholesalers. This showed to be sustainable, as they five years later are the market leaders and see no risk of not growing as a company to other continents. Their distinctive competence came in their aggressive marketing that was prioritized from day one. The already established actors in the industry were very silent, and therefore inkClub's rapid entry into the industry made their distinctive competence to be their aggressive advertising as they were selling the same products as their competitors. However, what is important to remember is that in the year 2000 the belief for the Internet was very low and inkClub could advertise for a relatively low cost. Today, the belief has risen and the cost of advertising is increasing and therefore it is arguable that it would be hard for new actors to enter the market as the initial costs would be very high.

Cinnober's relation to the discussion concerning 'marketing oriented strategy and tactics' is not as clear as inkClub's, but can still be applied to the company. Cinnober's sustainable competitive advantage is their limited organization. Another important feature is the overall will to create and achieve that permeates the company's employees. It is through this very simple and flat organization that Cinnober is able to be on top of their market. Perhaps, the most important feature is that they deliver a product that has yet to fail their customers and they have never missed a date of delivery to this date. In their customers' perspective Cinnober is reliable and deliver what is promised and sometimes more than promised.

### 5.4 Entrepreneurial Marketing

The conceptual framework for entrepreneurial marketing consists of four pillars: entrepreneurship, resources, processes and actors. These four pillars are all visible in both inkClub and Cinnober. The entrepreneurial activity in inkClub lies in their ability to recognize potential markets and the process of getting new customers; the process of first using transactional marketing in order to get the customer to buy that first cartridge and then using relationship marketing to maintain and develop the relationship with the customer in a positive direction. The value that inkClub generates is quite simple; ink cartridges to lower prices than competitors and fast delivery to the customers. This offering is seen as inkClub's most valuable resource, which is a major reason for their market leading position they hold today. inkClub as a company today is flexible due to the absence of hierarchy and the fact that every employee is allowed to make decisions by themselves, not due to the fact that the packaging is outsourced. This opposes Bjerke and Hultman (2002) and their argument that smaller firms are limited when it comes to in house production and outsourcing can limit the flexibility of a firm. However, if inkClub was to change niche the only restructuring that would need to be made would be to change their outsourcing structure. Hence, no organizational changes within inkClub itself would have to be made, and therefore it is arguable that inkClub keeps their flexibility by outsourcing the packing of ink cartridges. The framework's next pillar is processes and it is here where the value creation takes place. inkClub is able to maintain their customer relationship via monthly newsletters, speedy deliveries of products and providing an easily operated website for ordering ink cartridges. The final aspect of entrepreneurial marketing, according to this framework, concerns the actors. It is Lennart Nyberg together with the employees who run the organization, and as previously mentioned Lennart Nyberg wants his employees to be very independent. Not only

does the independence of the employees decrease meetings concerning decisions to be made, but it also makes the organization run more smoothly and a higher degree of customer value can be created.

Cinnober also show signs of integrating the different features of the framework. The entrepreneurship and resource pillar goes hand in hand in Cinnober and is very evident in their relationship marketing. Cinnober's relations with the customers are strong and they spend time to make sure that the customer is satisfied with the product. The employee who is the customer's personal contact spends time and effort to learn everything there is to learn about the customer in order to build onto the relationship. Further, Bjerke and Hultman (2002) argue that for entrepreneurial firms it may be difficult to keep an in house production, because it requires time and money and that is something these firms do not have. However, Cinnober's CEO is one of the best programmers and Nils-Robert Persson is involved in sales and meets clients on a regular basis; hence, this illustrates that a flat organization is able to keep an in house production as well as it contradicts Bjerke and Hultman's (2002) theory. The value creation, which is created through processes, is basically created through the employees' ambition to create and achieve. It is the individuals within the organization that controls the processes of value creation and because of the open communication that exists within Cinnober. Decisions are rarely taken as an organization, but rather on an individual level for the organization.

#### **5.4.1 Seven themes of Entrepreneurial Marketing**

In previous sections Bjerke and Hultman (2002) were discussed in relation to their thoughts on the seven different themes that characterize excellent entrepreneurial marketing. Supposedly, these themes are what will determine the future of a venture. During the interviews with inkClub and Cinnober these themes were discussed in order to see how well they fit into the two companies.

The first theme that was mentioned concerned the ability to control important processes that will develop the organization. The ability to organize and deliver a high customer value is for both companies very important. Cinnober's ability lies in recruiting the right people for the company. When it takes years to replace an employee, the customer comes in second hand. However, if a customer expresses dissatisfaction with the personal contact at Cinnober the personal contact is replaced in order to keep delivering customer value. For inkClub it is about the way they are able to do two things for their customers: save time and money. This idea of value creation was set from day one and has been kept the same since. The open communication in both companies also aids in expressing the vision of what the company should strive for. Cinnober strives to go outside the box in the field of business development and they also feel that it is important to show this in order to make the impression of being at the frontier in business development. This also emphasize the entrepreneurial activity in the company, as they try and show their innovativeness when it comes to new applications and systems. Exceeding customer expectations is something that both companies believe is very important to succeed with. inkClub does this by their quick delivery times and Cinnober attempts to exceed their customer expectations by delivering flawless applications. If a stock exchange's system was to crash it is big news and bad publicity and as their clients see Cinnober's products as business critical applications they want different and unique solutions. Cinnober and their customers differ in what they see as delivery of the product; the customers are surprised by the fact that Cinnober is able to deliver on time, while Cinnober sees this as sticking to the contract. Cinnober also shows their commitment by starting to work on a project even before the contract is signed.

Nils-Robert Persson feels that it is very important to lead the employees in the right direction, but then let them work on an independent level. This is why Cinnober recruit people who could be leading their own company; however, as positive this may seem this leads to one difficult issue as Nils-Robert Persson explains that “it is difficult to run a business with 80 potential CEOs” (Personal communication, 2005-30-11). Lennart Nyberg feels that it is important to lead in the infancy of a business or employment, but as the company becomes more stable and as the employees feel more at home only slight managing is necessary. Both interviewees feel that changing the rules of the industry has some relevance. Seeing this theme as doing something different compared to competitors, inkClub with their aggressive marketing and Cinnober with their relations and excellent products. The last theme that was discussed concerned the balance between transactional and relationship marketing. inkClub is interested in making that first transaction and then build on to the relationship with monthly newsletters, while Cinnober is not at all interested in transactional marketing. Cinnober wants to build a long lasting relationship with their customers. Hence, both companies do not balance the two different approaches, but manages to keep their customers after all. One can see that maintaining customer relationships are of great relevance, as can be said concerning most businesses.

## 6 Conclusion

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*This final chapter will conclude the findings for this thesis. The research questions will be specifically answered; a reflection on the undertaken study is also presented and there will also be a short discussion in relation to entrepreneurial marketing as the authors feel that it is important to highlight this because of the relatively new stage that it is in.*

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As the introduction lead to several research questions, it is not more then just specific answers to these questions should be given:

*How are newly started ventures able to market themselves?*

By using available resources such as personal contacts and exploiting opportunities in the market entrepreneurs are able to create a marketing strategy that suits their company as well as the customers they are attempting to attain.

*How can one argue that there is correlation between entrepreneurship and marketing?*

As an entrepreneur needs to find novel ways of marketing themselves, they need to intertwine both subjects in order to optimize the limited resources that are available to them.

*Do entrepreneurs see marketing as a vital factor in the possible success of their project?*

When it comes to a mass market, marketing is very important. On the other hand, niche markets are not as concerned and dependent with marketing as the potential clients will search for unique solutions to their unique problems. Agreed by all interviewees was the fact that it is not the product that sells, it is the marketing effort made by the company that makes the product sell. It is not necessary to have an amazing product, as long as the marketing is done in a well thought through manner the product will sell.

*Is there a pattern amongst entrepreneurs?*

Yes, there is. However, the entrepreneurial characteristics found and discussed can be applied to many different individuals. As Björn Anders Olson and Stefan Hultstrand explained that they each have several thousands possible candidates for their awards and the characteristics can be applied to all these. The pattern is as shown in the matrix in an earlier section, but of course features can be added and eliminated depending on the individual entrepreneur.

### 6.1 Discussion and Reflections on the Study

This thesis has deepened the authors' knowledge concerning both entrepreneurship and marketing. Through interviews with two companies' founder and co founder it has been acknowledged that entrepreneurship and marketing is so much more then what is taught through textbooks. It has come forward that entrepreneurs do not always see themselves as entrepreneurs, even if the media sees them as this. Entrepreneurs do not have to be involved in constantly starting new ventures, but can be an already established business person and involved in finding new ways for the established business to grow and enter new markets. Marketing is not a subject of just exposing a company via advertising, but also building relationships through personal networks. Recruiting the 'right' people for a com-



pany is also a marketing strategy as this adds to the customer relationship, through customer contact with employees who show commitment and dedication to a customer.

It is often said that the entrepreneurs are different from larger corporations, however in a sense they are not. Both kinds of corporations attempts to cut costs and wants to reach out to potential and present customers in the best possible way; both are entrepreneurial organizations who attempts to find new ways of marketing themselves and the novelty of doing this is the key to any successful corporation. An example of this kind of large corporation who keeps their entrepreneurial spirit is IKEA. IKEA's strategy is one in which the customer assembles the furniture on their own and through this IKEA is able to cut costs and prices for their customers; making their prices very hard to imitate and therefore to compete with. IKEA manages to stay ahead of competition with this strategy and it has shown to be their winning strategy.

## 6.2 Discussion concerning Entrepreneurial Marketing

As this thesis' purpose was to investigate and evaluate the process of marketing a newly started venture, towards the end customer, and how the entrepreneur views the role and importance of marketing in future success, a short discussion concerning the outcome is needed.

The definition for entrepreneurial marketing for this thesis is:

*Entrepreneurial marketing is the overlapping aspects between entrepreneurship and marketing; therefore it is the behavior shown by any individual and/or organization that attempts to establish and promote market ideas, while developing new ones in order to create value.*

(Shaw, 2004; Chaston, 2000; Morris et al., 2002)

So, how has inkClub and Cinnober showed any of the traits described above? Lennart Nyberg sees himself as a marketer and not an entrepreneur, even if he has been awarded the Entrepreneur of the Year 2005 in the Uppsala/Gävleborg's region. Nils-Robert Persson saw Cinnober as being a company with entrepreneurial traits, but mainly influenced by traits concerning relationship marketing. Morris et al. (2002) argued that entrepreneurial marketing was the proactive exploitation of seeking novel ways of creating desired customer value. Both inkClub and Cinnober was very much in line with this perspective. Finding ways to create customer value was prioritized and they both managed to deliver this value. In order to create this customer value, relationship marketing was of vital importance. However, as this vital importance of relationship marketing applies to these two companies, there are of course different companies active in other industries that might only focus on transactional marketing or feel that having two kinds of customers suits them better; one where single transactions are of importance and another where long term relationships are of more interest.

## 6.3 Critique of the Study

The subject of entrepreneurial marketing is, as has been expressed previously, at its infancy. The literature search for previous studies and theories has been limited. Bjerke, Hultman and Hills are researchers that have been found to contribute most to the subject and has therefore also had much influence on the choice of literature for this thesis.

The authors of this thesis has however made an attempt to include other authors, who come from the field of either entrepreneurship or marketing; and through their views on respective subjects tried to incorporate it into the subject of entrepreneurial marketing.

Strong points in this thesis are that the authors feel that they have actually contributed to the subject of entrepreneurial marketing. Since it is such a new subject, this study can be argued to have contributed through new angles that can be studied further, as well as on the importance of this field for ventures of any kind.

### 6.4 Directions for Further Studies

Once again, the subject of entrepreneurial marketing is only at the beginning and therefore further studies are endless. The field has much to explore.

In close relation to the empirical data that was collected in this thesis is the subject of branding in focus. Both Cinnober and inkClub expressed their views on the exploitation of their brand name. inkClub felt that they would gain by not exploiting their name wherever they could. They felt that keeping their name somewhat invisible and concentrating on their offering is what would be the key to future success. Cinnober felt that because of their method of getting in contact with customers, through personal contacts, they would not gain much by advertising. However, lately they have slowly started to appear at trade fairs and exhibitions. In conclusion three questions come to mind:

1. How important is branding for a company?
2. Can a company succeed with only exploiting their offering and not exploiting their name to a customer?
3. How important is the 'right' name for a company?

Another subject that can be studied further is awards. It is possible to go further into how previous winners have done after they have been given an award. Both Ernst & Young and Dagens Industri express their purpose for giving out an award is to promote the national economy and make it grow. One can assume that similar awards concerning entrepreneurship have a very similar purpose and therefore any one of these kinds of awards could be studied on a deeper level. Questions to ask are:

1. Do the awards really promote a national economy?
2. Will companies strive to become nominated in these sorts of awards? Motivation factors?

A conclusion for this thesis regarded relationship marketing as being something of vital importance for any company, as having a healthy relationship with customers is a good aspect no matter what industry the company is active in. Transactional marketing was seen as something to be avoided, or at least not something that should be in focus. This leads to two questions:

1. How important is relationship marketing, in comparison to transactional marketing?
2. Are there companies who can survive on single transactions?

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## Appendices

### Appendix A Interview guide for the Entrepreneurs

This interview guide has been translated from Swedish into English.

The following areas and issues summarize what the authors would like to discuss with Ernst & Young. Ernst & Young is of course welcome to further develop these areas and issues as they see fit.

#### **The entrepreneur:**

Who are you?

Education?

Earlier experience within entrepreneurship? Businesses?

#### **The company:**

How did the idea come up? Background?

The business today, which markets are of interests?

#### **Entrepreneurship:**

What does entrepreneurship mean to you?

Has the entrepreneurial aspects had any influence of the process of developing the idea into a business?

How can your business be seen as entrepreneurial?

- New markets?
- New methods?
- New products?
- New service?
- Internationally/Globally/Nationally?

The decision making process, did you make all the decisions or was there investors involved?

If yes, in what way did they influence the business?

Is it possible to find entrepreneurship in all professions?

Are there professions where there are more entrepreneurs than others?

A list that summarize attributes of an entrepreneur developed from what researchers and people active within the field of entrepreneurship has stated.

- Motivated to achieve and produce
- High energy level
- A vision to do something out of the ordinary
- Willing to take some risk, but are still realistic and avoid projects with too much risk involved
- Commitment, determination and perseverance
- Are able to learn from mistakes and use feedback as something positive
- Confident and responsible
- Focus on the task and getting it done
- Takes initiatives and act upon them
- Efficient
- Hold a certain tolerance for failure, but learn from them in future ventures

Does the entrepreneur agree with this list?

Are these criteria suitable for the entrepreneurs business?

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**Only for inkClub, Lennart Nyberg**

As you received *Entrepreneur of the year* award from Ernst & Young we here have the criteria for the award:

- *Business development* – A person that is characterized by a new way of thinking and creativity and a strong ambition for growth.
- *Profitability* – A person that creates sustainable economical results with a financial commitment and risk taking approach.
- *Leadership and personnel policy* – A person with good leadership qualities and a good personnel policy.

Do you agree with these criteria in the sense that based on these a successful entrepreneur can be found?

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**Only for Cinnober Financial Technology, Nils-Robert Persson**

As Cinnober received the *Super Gazell of the year* from Dagens Industri we here have the criteria for the award:

- Has published at least four annual reports
- A turnover that exceeds 10 MSEK
- At least ten employees
- Continuous increase of turnover over the last three years
- At least doubled the turnover over the same time frame
- A operating income for the four years

Do you agree with these criteria in the sense that based on these a successful business can be found?

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**Marketing:**

The authors' view on marketing in this case is more about how to enter a market, but also advertising and exposure of the brand.

What importance has marketing had on the business?

Does the entrepreneur feel that marketing is important for a newly started venture?

How was the first market approached? Strategy?

How is research done for a potential market?

What efforts were made to make the brand known?

On an international/national level?

The customer needs,

How important are they to consider before making a certain decision?

**Entrepreneurial Marketing:**

What is Dagens Industri's opinion on entrepreneurial marketing?

Is there an importance/relation between marketing and entrepreneurship?

Could an entrepreneur do without (intentionally) marketing and rely on word-of-mouth?

Risks?

What is Dagens Industri's opinion on the relation between marketing and entrepreneurship?

Is there a relation?



## **Appendix B Interview guide for Dagens Industri**

This interview guide has been translated from Swedish into English.

The following areas and issues summarize what the authors would like to discuss with Dagens Industri. Dagens Industri is of course welcome to further develop these areas and issues as they see fit.

### **The award:**

Why does the award exist?

The purpose of the award?

During what period has it been given?

Is there any future change with the award to expect?

The *Gazell* award is based on:

- Has published at least four annual reports
- A turnover that exceeds 10 MSEK
- At least ten employees
- Continuous increase of turnover over the last three years
- At least doubled the turnover over the same time frame
- A operating income for the four years

### **Entrepreneurship:**

What does entrepreneurship mean to Dagens Industri as a company?

Dagens Industri's definition of entrepreneurship?

Is Dagens Industri trying to be entrepreneurial?

Is it possible to find entrepreneurship in all professions?

A list that summarize attributes of an entrepreneur developed from what researchers and people active within the field of entrepreneurship has stated.

- Motivated to achieve and produce
- High energy level
- A vision to do something out of the ordinary

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- Willing to take some risk, but are still realistic and avoid projects with too much risk involved
- Commitment, determination and perseverance
- Are able to learn from mistakes and use feedback as something positive
- Confident and responsible
- Focus on the task and getting it done
- Takes initiatives and act upon them
- Efficient
- Hold a certain tolerance for failure, but learn from them in future ventures

Does Dagens Industri agree with this list?

Previous winners of the award, have they had these characteristics in common?

Is there an entrepreneur that has separated him/herself from the masses?

### **Entrepreneurial Marketing:**

What is Dagens Industri's opinion on entrepreneurial marketing?

Is there an importance/relation between marketing and entrepreneurship?

Could an entrepreneur do without (intentionally) marketing and rely on word-of-mouth?

Risks?

What is Dagens Industri's opinion on the relation between marketing and entrepreneurship?

Is there a relation?

## Appendix C Interview guide for Ernst & Young

This interview guide has been translated from Swedish into English.

The following areas and issues summarize what the authors would like to discuss with Ernst & Young. Ernst & Young is of course welcome to further develop these areas and issues as they see fit.

### The award:

Why does the award exist?

The purpose of the award?

During what period has it been given?

Is there any future change with the award to expect?

The *Entrepreneur of the year* award is based on:

- *Business development* – A person that is characterized by a new way of thinking and creativity and a strong ambition for growth.
- *Profitability* – A person that creates sustainable economical results with a financial commitment and risk-taking approach.
- *Leadership and personnel policy* – A person with good leadership qualities and a good personnel policy.

### Entrepreneurship:

What does entrepreneurship mean to Ernst & Young as a company?

Ernst & Young's definition of entrepreneurship?

Is Ernst & Young trying to be entrepreneurial?

Is it possible to find entrepreneurship in all professions?

A list that summarize attributes of an entrepreneur developed from what researchers and people active within the field of entrepreneurship has stated.

- Motivated to achieve and produce
- High energy level
- A vision to do something out of the ordinary

## Appendices

- Willing to take some risk, but are still realistic and avoid projects with too much risk involved
- Commitment, determination and perseverance
- Are able to learn from mistakes and use feedback as something positive
- Confident and responsible
- Focus on the task and getting it done
- Takes initiatives and act upon them
- Efficient
- Hold a certain tolerance for failure, but learn from them in future ventures

Does Ernst & Young agree with this list?

Previous winners of the award, have they had these characteristics in common?

Is there an entrepreneur that has separated him/herself from the masses?

### **Entrepreneurial Marketing:**

What is Ernst & Young's opinion on entrepreneurial marketing?

Is there an importance/relation between marketing and entrepreneurship?

Could an entrepreneur do without (intentionally) marketing and rely on word-of-mouth?

Risks?

What is Ernst & Young's opinion on the relation between marketing and entrepreneurship?

Is there a relation?