Marketing Mix Practice as a Determinant of Entrepreneurial Business Performance

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Abstract
Marketing mix practice is increasingly been adopted in virtually all the sectors of the economy. Marketing mix practice has been a major determinant of any organization’s short run and long run success and differential advantage in any marketing environment. The need for marketing practice by entrepreneur cannot be over emphasized. Marketing mix practice is particularly important in entrepreneurial business in Nigeria today because of the volatility, highly competitive and the turbulent nature of the Nigerian marketing environment. Therefore, the paper attempts to use marketing mix variables as a means of enhancing entrepreneurial business performance. It suggested that adoption of marketing mix by entrepreneur will enable them to have competitive advantage and will serve as a panacea to the problems encountered in the marketing of their entrepreneurial business.

Keywords: Marketing, Marketing mix, Entrepreneurial, Business and Performance

1. Introduction
The evolution of different marketing practices with different produces and increased rate of competition brings about the need to develop marketing approach, which will serve as a platform for development and survival of the entrepreneurial business in both the short and long run. The stakeholders in entrepreneurial business must plan effectively and efficiently to ensure the steady growth of their business in the face of the depression being faced in developing countries such as Nigeria. Marketing affects the success of entrepreneurial ventures, and entrepreneurial approaches affect the success of marketing efforts, it would seem vital for marketers to understand entrepreneurship. Views of marketing as a dynamic, socially embedded process can be linked with complexity theory. Of the 12 main schools of marketing thought (Sheth et al., 1988), the two most influential are the managerial and the exchange schools. In combination, they make up a common definition of marketing management “the process of planning and executing the conception, pricing, promotion and distribution of goods, ideas and services to create exchanges that satisfy individual and organizational goals” (Kotler, 2000). This definition could restrict attention to exchanges as "one-off" transactions that do not influence other, later transactions. However, an exchange can be embedded in a series of exchanges within an ongoing relationship over time. This view of marketing emphasises the "social embeddedness" of the parties involved in exchanges (Brownlie et al., 1999; Granovetter, 1985) and recognises that marketing is about interrelated transactions rather than a one-off transaction. That is, "the effective marketing of a post modern era is to not accept and exploit
consumers in their contemporary individualisations ... Rather the future of marketing is in offering a renewed sense of community" (Brownlie et al., 1999, p. 62). This sense of community means that markets consist of "sticky", dynamic interactions among the individual parts of a system, that is, transactions are contingent on one another, with earlier exchanges having a tendency to influence later ones.

The interface between marketing and entrepreneurship has received considerable attention in recent years (Gardner 1991, Hills 1991). It has been the subject of numerous symposia, research tracks and special sessions at international conferences, published articles and special issues of major journals. Further, the American Marketing Association has established an official interest group devoted to exploring the interface, while the publication of a journal whose sole editorial focus is marketing and entrepreneurship has been announced.

Marketing is uniquely equipped and indeed should feel uniquely responsible for analyzing environmental evolution and translating its observations into recommendations for the redesign of the corporate resource base and its product-market portfolio". In this view, marketing is a boundary function in organizations, and must be both opportunity-driven and flexible in order to address turbulence in the external environment (Murray 1981). The objective of this paper is to explore the marketing mix practice as a determinant of entrepreneurship business performance.

2. Literature Review

The marketing practice has a way of life must be suitable and practicable and addressing the need of the entrepreneurial business now and in the nearest future in Nigeria. This strategy follows a pattern as the owner of entrepreneurial business deems it fit. Hence, the entrepreneurial business owners are saddled with the responsibility of seeing their plan working effectively. Obviously it has been observed that most entrepreneurial business owners do not operate with any marketing practices, those few ones that have knowledge about marketing practice do not follow them properly and for any entrepreneurial business to be successful there is need to have good marketing practice.

The role of marketing in the entrepreneurial process in general has become part of the research agenda investigating commonalities between marketing and entrepreneurship (Hill and Laforge, 1992; Carson et al., 1995). However, both strands of the literature have limitations and weaknesses in explaining how marketing is practiced entrepreneurs. The process of learning in the market and how marketing strategies are formulated and conceived by are not understood in most of the literature examined. The term "entrepreneurship" has resisted precise definition for over 200 years Herbert and Link (1988). The traditional emphasis was on the efforts of an individual who goes against the odds in translating a vision into a successful business enterprise (Collins, and Moore, 1964). More recently, however, entrepreneurship has been conceptualized as a process which can occur in organizations of all sizes and types and which is distinct from, but dependent on, specific individuals (Kao, 1989). They served as system for attainment of national objective in terms of employment generation at low investment cost and also the development of entrepreneurial capabilities and indigenous technology. It also reduce the flow of people from rural area to urban area, henceforth, it can be easily established by the relatively less skilled labour force of a developing country (Aremu, 2011).

Approached in this manner, entrepreneurship can be defined as the process of creating value by bringing together a unique package of resources to exploit an opportunity (Stevenson, Roberts and Grousbeck 1989). This process requires both an entrepreneurial event and an entrepreneurial agent. The event refers to the conceptualization and implementation of a new venture. The agent is an individual or group that assumes personal responsibility for bringing the event to fruition.

The entrepreneurial process has attitudinal and behavioural components (Bird 1988). Attitudinally, it refers to the willingness of an individual or organization to embrace new opportunities and take responsibility for effecting creative change (Miller and Friesen 1983). This willingness is sometimes referred to as an "entrepreneurial orientation". Behaviourally, it includes the set of activities required to evaluate an opportunity, define a business concept, assess and acquire the necessary resources and then to operate and harvest a venture Stevenson, Roberts and Grousbeck (1989).

3. Entrepreneur and Marketing

Marketing practice is also a process of developing and maintaining a strategic marketing plan between the organizational goals and capacities and changing marketing opportunities, it relies on developing clear entrepreneur business enterprises objectives in order to increase the level of productivity (Aremu 2006). There is no consensus as to how marketing knowledge should be defined and measured. It has been conceptualized as "market information" which needs to be processed through knowledge acquisition, information distribution,
information interpretation and organizational memory (Huber, 1991; Moorman and Miner, 1997,). Attempting to focus more closely on marketing activities, some marketing scholars have approached marketing knowledge as "market orientation" (Jaworski and Kohli, 1993; Slater and Narver, 1995; Sinkula et al., 1997); however that also depicts the generation and dissemination of market information. Li and Calantone (1998) operationalized "market knowledge competence", which encompassed customer knowledge process, marketing-R&D interface and competitor knowledge. These approaches focus however on the processes of generating and using market information: a construct that can tap how much is known in marketing (not how much is done) is still needed. Thus, we begin by specifying what marketing means by turning to Srivastava et al. (1999) and what knowledge means by turning to Bohn (1994).

Srivastava et al. (1999) proposed a framework that redefines marketing as a phenomenon embedded in three core marketing processes: product development management (PDM), supply chain management (SCM) and customer relationship management (CRM). These processes create customer value through, respectively, the development of new customer solutions, the enhancement of input acquisition and output transformation, and the creation of relationships with market entities. The three processes thus encompass the fundamental marketing tasks that are critical to attracting and retaining customers (which are the core objectives of marketing in most business organizations). Thus, marketing knowledge overall refers to knowledge of PDM, SCM, and CRM in this research.

On the basis of the conceptualization described above, entrepreneurship would appear to have much in common with marketing. The American Marketing Association [1985] defines marketing as the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives. From a managerial standpoint, this process entails scanning the environment, analysing market opportunities, designing marketing strategies and implementing and controlling marketing programmes [Cravens 1987]. Approached in this manner, Hills and Laforge [1992] have identified numerous points of interface between marketing and entrepreneurship. For instance, venture idea identification, innovation and the exploiting of opportunity logically fit between environmental scanning and market opportunity analysis. Similarly, the business plan includes market feasibility analysis and marketing strategy. Value creation is dependent on customer feedback and the ongoing assessment of customer needs.

A similar suggestion has been made by Zeithaml and Zeithaml (1984), who claim that the fundamental responsibility of marketing is to effect and manage change in the external environment. Marketing's role as agent of change at both the firm and societal levels is a theme which can be traced back to Alderson (1965), who depicted marketing as a process of arriving at desirable innovations. Marketing and innovation, which others had argued were the only two basic functions of business, were not separate functions according to Alderson. Rather, innovation was at the core of marketing, so that marketers could not expect to adapt passively to marketplace conditions.

Underlying entrepreneurial attitudes and behaviours are three key dimensions: innovation, risk-taking, and proactiveness (Covin and Slevin 1989). Innovation refers to the seeking of creative, unusual or novel solutions to problems and needs. These solutions take the form of new technologies and processes, as well as new products and services. Risk taking involves the willingness to commit significant resources to opportunities which have a reasonable chance of costly failure. These risks are typically moderate and calculated. Proactiveness is concerned with implementation, with doing whatever is necessary to bring an entrepreneurial concept to fruition. It usually involves considerable perseverance, adaptability and a willingness to assume some responsibility for failure.

To the extent that an undertaking demonstrates innovative, risk-taking and proactive qualities, it can be considered an entrepreneurial event, and the person behind it an entrepreneur. Further, any number of entrepreneurial events can be produced in a given time period (Wortman 1987). Accordingly, entrepreneurship is not an either/or determination, but a question of "how much" and "how often."

The behaviour patterns, motives, objectives and success rates of those who engage in entrepreneurial behaviour display considerable variation among persons, industries, nations and geographic regions (Hoselitz 1960). In Nigeria, for instance, entrepreneurial efforts resulted in sizeable contributions to the gross national product and the standard of living in the latter halves of both the nineteenth and the twentieth centuries (CBN 2003). On the other hand, such efforts were relatively insignificant in neighbouring Mexico during the same time period (Hewlett, Weinert, Brazil and Mexico 1982). Such situational results can be traced to the environmental context in which entrepreneurship occurs. The tendency towards innovation, risk-taking, and proactiveness is not so much
innate to people or to a society, nor is it a random or chance event. Rather it is determined by environmental conditions operating at a number of levels.

Entrepreneurship is arguably the single most dynamic force operating in free market economies. It is a major factor both in creating economic wealth and advancing societal quality of life (Morris, Sexton and Lewis 1993). To the extent that it is a part of marketing, and marketing is a part of it, the underlying determinants of entrepreneurship hold important implications for the marketing discipline. The model of marketing mix presented here suggests that entrepreneurship success revolved around marketing mix and by extension, so is entrepreneurship. Moreover, it is our position that entrepreneurship plays an instrumental role in affecting the evolution of marketing both at the societal and organizational levels. Where higher levels of entrepreneurial intensity occur, not only is economic growth and development facilitated, but the nature and scope of the marketing function change as well. Countries evolve through various stages of economic development (Rostow 1971). As they do so, the focal point of economic and social activity moves from satisfying lower order to higher order needs. Correspondingly, the relative importance and general thrust of marketing activities change. Sirgy and Fox-Mangleburg (1988) describe a movement through marketing stages (e.g. production-oriented, selling-oriented, customer satisfaction-oriented, societal benefits-oriented) as society advances the stages of economic development. Thus, the forces that facilitate entrepreneurship at the societal level also affect movement through stages such as these.

A similar set of inferences can be drawn at the level of the firm. Higher levels of entrepreneurial intensity affect company performance and, by extension, the movement of a firm through the organizational life cycle (Adizes 1978). This movement is accompanied by changes in the role of the marketing mix. A relevant perspective in this regard is provided by (Tyebjee, Bruno and McIntryre 1983) who discuss an evolution through four levels of marketing development in a given company.

The figure 1 below attempts to buttress further the important of marketing mix elements and entrepreneurial activity. The figure indicates that marketing mix elements are sine qua non to the entrepreneurial business performance.

4. Marketing and Entrepreneurship Performance

Murray (1981) postulated that marketing is the logical home for the entrepreneurial process in organizations, similarly, Foxal and Minks (1996) attribute the performance of entrepreneurship to marketing. However their analysis pertained to established and in the latter case to large firms. That marketing is inherently entrepreneurial in small firms and start up businesses has also received considerable attention in recent times and culminated in a vast body of the literature (Hills and Laforge, 1992; Carson et al., 1995; Romano and Ratnatunga, 1995; Morris and Lewis, 1996). In fact Carson even went further and proclaimed the discipline as a new paradigm (Carson, 1995). The initial aim was to investigate "just how well do existing marketing mix and the traditional marketing paradigm fit the operating environment, behaviour and processes found in entrepreneurial organizations?" (Muzyka and Hill, 1993). One needs not to underscore that fact that the effectiveness of organizations will depend on their ability to respond positively to their environment where they operate Olujide and Aremu (2004). To satisfy the consumer's needs and wants, sound and profitable marketing programmes and strategies which constitute sets of products as well as communication channels and pricing policies that would satisfy the needs and wants of the target group of consumers should be developed (Olujide, Aremu and Bamiduro 1999).

The main approach used by many writers was then to take the main concepts used by marketing (i.e. the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchange that satisfy individual and organizational objectives) and compare them to the entrepreneurial performance. This modus-operandi led many writers to identify various common points (Hills and Laforge, 1992; Carson et al., 1995).

Thus, it was found that the marketing culture that is the belief about the central importance of the customer prevailed in many small firms. Similarly, market segmentation, targeting and positioning and defining how the firm is going to compete in its chosen market, were also widely used. Finally, the use of the elements of the marketing mix, that is the 4 Ps, is adopted by most firms (Hills and Laforge, 1992).

It is quite clear, however that the weaknesses of such studies lie in the fact that they deal mainly with the use of marketing after the firm is already in existence. There is little insight about the process of identifying customer needs prior to the creation of the firm. The only studies devoted to high-tech firms like the study by Peterson (1991) deals with product innovation after the firm's existence that is at the growth stage. Some of the criticism leveled previously against the success and failure literature is valid here also. Thus although many studies
conclude the use of segmentation, positioning and targeting of consumer segment by entrepreneur is strategic. It must also be noted that marketing environment surrounds and impacts upon the organization Aremu (2008).

5. Methodology
The methodology for this investigation was based on primary data which were obtained from purposive sample of selected 150 entrepreneurs spread across three Local Government in Kwara State, Nigeria which comprised of Ilorin West, Offa, and Irepodun Local Governments with 50 respondents from each of the above Local Government. The respondents consist of major entrepreneur located in the sampled area. This was achieved with the administration of questionnaires and also by personnel interview in order to obtain the degree of level of awareness created by the entrepreneur in respect of marketing mix practices. The responses obtained from the questionnaires were evaluated using Chi-Square Statistics at 5% level of significance with the assumption that the sample size is large and normally distributed with a table value for such sample as +1.96.

6. Results and Discussions
The 138 returned questionnaires were screened by the standard definition proposed by UNCTAD (1998) for small firms. Entrepreneur with fewer than 100 employees were selected thus, 117 cases were finally analyzed and used for the study. The Chi-Square test in the CROSSTABS routine of the SPSS/PC +13.0 computer software package was used to identify the differences in entrepreneurial business performance across the various marketing mix practices.

Entrepreneurs were categorized according to a self assessed measure, using information supplied in the questionnaire. Entrepreneur were asked to classify how their organizations had perform (5 = Excellent, 4 = Good, 3 = fair, 2 = poor, 1 = uncertain) relative to other entrepreneurs on the following indices. Profit/sales volume market share and Return on Investment.

The result revealed that there is a significant relationship between entrepreneur business performance and marketing mix practice ($\chi^2 = 7.321, df = 4, p = 0.031$). This is significant at 95 percent confidence level. The result of Frequency Distribution Analysis (FDA) also revealed that 16.2% of the respondents indicated excellent while 21.4% and 15.4% of the sampled entrepreneur are of the opinion that performance by entrepreneur approach was due to marketing mix practice. The results further shows that 34.2% of the respondents indicated “poor” which means that the entrepreneur performance is not base on practice of marketing mix.

The table further shown that a significant relationship exists between advertising and entrepreneur business performance, ($\chi^2=7.321, df = 4, p = 0.031$). Although, the result of frequency distribution analysis shows that majority (47.0%) of the entrepreneur sampled indicated that advertising of goods and services is poor. 10.3%, 16.2% and 8.5% of the sampled entrepreneur indicated ‘excellent’, ‘good’ and ‘fair’ respectively, this result suggest that entrepreneur performance is slightly related to advertising of goods and services.

The study also revealed that there is relationship between new product planning and development and entrepreneur performance. The result shows that there is a statistical relationship between entrepreneur performance and product planning and development ($\chi^2=18.402, df = 4, p = 0.000$). The results further shows that 15.4% of the sampled entrepreneur are of the opinion that performance is as a result of new product planning and development while 12.0% and 12.8% of the respondents indicated “Good” and “Fair” respectively on the issue of product planning and development and entrepreneur business performance. However, 43.6% and 16.2% of the entrepreneur respondents indicated “poor” and “uncertain” respectively.

The result further reveals that the responses of the entrepreneur on issue of price varied significantly. It was shown that 29.1%, 23.9% and 14.5% of sampled entrepreneurs indicated “Excellent”, “Good” and “Fair” which implies that there is significant relationship between price and performance ($\chi^2 = 15.412, df = 4, p = 0.002$). 20.5% of the respondents are of the opinion that price has no relationship with the performance of the entrepreneur. The paper also revealed that distribution of goods and service has not been adequate, this is because majority of the respondents indicated ‘poor’ (41.9%). The result of Frequency Distribution Analysis (FDA) shows that 8.5%, 14.5% and 17.9% of the respondents indicated “Excellent”, “Good” and “Fair” with respect to distribution of goods and services by the entrepreneur.

The result of the study also revealed that there is a significant relationship between the entrepreneur business performance and sales volume/profit. ($\chi^2 = 2.622, df = 4, p = 0.001$). 35.0% and 23.1% of the sampled entrepreneur indicated ‘Excellent’ and ‘Good’ respectively that performance is a function of sales volume/profit. Although, 10.3% of the entrepreneur respondents did not see any relationship between performance and sales volume/profit in their businesses.

The table also shown that there are no significant relationship between entrepreneur business performance and
market share ($\chi^2 = 10.038, \text{df} = 4, p = 0.061$). Interestingly, majority of the sampled entrepreneur find it difficult to measure market share in their respective Local Government. They are unable to determine the level of market and position of their business in the marketing environment. The result of frequency distribution also supported the Chi-Square value. 46.2% of the sampled entrepreneurs are of the opinion that determination of market share is not an easy task given their level of awareness in marketing environment.

The table finally revealed that there is significant relationship between entrepreneur performance and return on investment (ROI) ($\chi^2 = 6.214, \text{df} = 4, p = 0.004$). 17.9 per cent of the entrepreneur respondents indicated ‘Excellent’ while 33.9% of the entrepreneur respondents indicated ‘Good’. The implication of this is that more than fifty percent of the sampled entrepreneurs are of the opinion that there is directional relationship between entrepreneur business performance and return on investment.

7. Conclusion and Recommendation

It can be concluded from the study that marketing mix has direct relationship with performance of entrepreneurial business. Therefore, managements of entrepreneurial business are encouraged to pursue the use of marketing mix elements with rigour so that their business can achieve a sustainable competitive advantage.

The position of this paper is that entrepreneurial business that has good marketing mix practice will perform more effectively than those without marketing practice. The managerial implications from the discussion indicate that marketing as well as marketing mix is an important element for the success of entrepreneur. Marketing and entrepreneurship are considered as opportunity-driven, value-creating processes and can be applied in a wide variety of contexts. The paper recommended that entrepreneur must intensify the application of marketing and marketing mix because they are agents of change in the business environment. A better understanding of this marketing mix and dynamics of the marketing-entrepreneurship interface will enable scholars and practitioners to capitalize on the full potential of the theories, concepts, tools and ideas that constitute contemporary marketing knowledge.

References


American Marketing Association, Committee on Definitions, AMA. (1985). Chicago, IL.


Table 1. Marketing Mix Practices and Entrepreneur Performance

<table>
<thead>
<tr>
<th>Variables</th>
<th>( n = 117 )</th>
<th>Excellent</th>
<th>Good</th>
<th>Fair</th>
<th>Poor</th>
<th>Uncertain</th>
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<td>19</td>
<td>25</td>
<td>18</td>
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<td>Chi-square = 16.421, df = 4, p = 0.004</td>
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<td>(16.2%)</td>
<td>(21.4%)</td>
<td>(15.4%)</td>
<td>(34.2%)</td>
<td>(12.8%)</td>
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<td>19</td>
<td>10</td>
<td>55</td>
<td>21</td>
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<td>Chi-square = 7.321, df = 4, p = 0.031</td>
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<td>(10.3%)</td>
<td>(16.2%)</td>
<td>(8.5%)</td>
<td>(47.0%)</td>
<td>(17.9%)</td>
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<td>14</td>
<td>15</td>
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<td>Chi-square = 18.402, df = 4, p = 0.000</td>
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<td>(12.8%)</td>
<td>(43.6%)</td>
<td>(16.2%)</td>
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<td>17</td>
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<td>14</td>
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<td>(20.5%)</td>
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<td>(14.5%)</td>
<td>(17.9%)</td>
<td>(41.9%)</td>
<td>(17.1%)</td>
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<tr>
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<td>19</td>
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<td>(23.1%)</td>
<td>(16.2%)</td>
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<td>(15.4%)</td>
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<td>08</td>
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<td>(13.7%)</td>
<td>(6.8%)</td>
<td>(46.2%)</td>
<td>(22.2%)</td>
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<td>Performance by entrepreneur with return on investment.</td>
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<td>24</td>
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<tr>
<td>Chi-square = 6.214, df = 4, p = 0.004</td>
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<td>(17.9%)</td>
<td>(33.9%)</td>
<td>(20.5%)</td>
<td>(15.4%)</td>
<td>(12.8%)</td>
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Source: Study data 2010

Figure 1. Model of the marketing mix as an inseparable part of entrepreneurship

Source: Author conceptualization