

EXAMINING PERSONAL CONTACT NETWORK SUCCESS OF THE MARKETING ENTREPRENEUR

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ABSTRACT

Recent calls for a more entrepreneur-centric perspective of marketing theory offer opportunities to probe shared dimensions of both academic disciplines. Personal contact networks are central to both bodies of literature. This study examines these networks in the contexts of both marketing and entrepreneurial theory. Analysis of a case is used to illuminate the primacy of personal contact networks for entrepreneurs in marketing enterprises.

EXECUTIVE SUMMARY

Addressing marketing theory and practice from the perspective of entrepreneurs demonstrates both the convergence of philosophies and the divergence of marketing in day-to-day practice. Entrepreneurs are skilled in many business practices, but are not expected to have expertise in any particular area. Importantly, divergence from formal theory that falls within the philosophy of Entrepreneurial Marketing provides a foundation and logic that brings marketing home for practitioners.

This case study of a marketing entrepreneur, one whose business is marketing provides a provocative look at how formal marketing theory and practice can work for an entrepreneur. Examining how a marketing-knowledgeable entrepreneur practices some aspects of formal marketing theory while privileging the creativity, flexibility and innovation of day-to-day business found in entrepreneurship. Roles and importance of personal contact networks in each aspect of marketing are examined. Finally, entrepreneurs are encouraged to assess their own situations and identify ways to increase the reach of their personal contact network and improve their communication skills.

INTRODUCTION

The academic disciplines of marketing and entrepreneurship share many dimensions. Both emphasize managerial processes. Both emphasize unique combinations, in one case marketing mix elements and in the other case resources. Both privilege the notion of value creation; that is the notion that elements are combined in a manner that results in the provision of value to the user (Morris, Schindehutte & LaForge, 2002). While this scenario paints a rosy picture between disciplines, scholars continue to call for greater presence of entrepreneurial elements in marketing theory and practice (e.g., Carson, 1993; Stokes, 2000). Some scholars criticize traditional marketing theory and education for “an over-reliance on established rules of thumb, encouragement of formula-based thinking, lack of accountability for marketing expenditures, an emphasis on the promotion elements of the marketing mix, focus on superficial and transitory

whims of customers, the tendencies to imitate instead of innovate and serve existing markets instead of creating new ones, a concentration on short terms, low-risk payoffs, and marketing as a silo with static and reactive approaches” (Morris, et al., 2002, p. 2). These scholars and others have set about to remedy this apparent lack of entrepreneurial focus in the marketing discipline. They argue that marketing and entrepreneurship can be conjoined more completely, creating a new, entrepreneurial paradigm of marketing. This paper examines how the shared dimension of personal contact networks is enacted in a SME.

NOT BUSINESS AS USUAL: RE-THINKING THE 4P’S

Marketing scholars and practitioners have long depended on the same basic elements for success. The elements of successful corporate marketing usually boil down to the traditional 4p’s: price, promotion, product and placement (Kolter, 2001). Companies typically organize these elements into proven patterns, marked by logical step-by-step processes. The plans behind the patterns are both highly structured and disciplined (Carson, 1993).

While it may seem appropriate to take the wholesale view of marketing elements as gospel, doing so would blind one to important difference at the heart of entrepreneurial experience. Scholars argue that the usefulness of the 4p’s as a general theory is highly questionable (Gronroos, 1994), that adherence to them misses the “fundamental point of marketing— adaptability, flexibility and responsiveness” (McKenna, 1991, p. 13) and is “both wasteful and inappropriate, and consequently is not seen to function effectively” (Carson, 1993, p. 190). Zontanos and Anderson (2004) offer up a different set of 4p’s: person, process, purpose and practices, as a better frame for understanding marketing in entrepreneurial firms.

THE OWNER/MANAGER, THE ENTREPRENEUR

The traits, styles, competencies and behaviors of the owner/manager are key components of entrepreneurial organizing. Zontanos and Anderson note that “what seems to distinguish “formal” marketing from “entrepreneurial” marketing is the active role of the entrepreneur and networks appear to be the link between the phenomena” (2004, p. 231). Scholars generally accept that behaviors and competencies are primary to a general theory of entrepreneurship (e.g., Carson, Cromie, McGowan & Hill, 1995; Stokes, 2000; Zontanos, & Anderson, 2004). Zontanos and Anderson (2004) argue that “it is generally accepted that the characteristics of the small firm influence marketing practice” (p. 230). Carson, et al. (1995) describes the marriage of entrepreneurship and marketing in terms of the experience, knowledge, communication abilities and judgment of the owner-manager. Overall, behaviors and competencies of entrepreneurs are key to success of the enterprise.

Connecting with People: Relationships and Networks

The importance of relationships in marketing is foundational to entrepreneurial practice and has more recently found favor in formal marketing theory (Chaston, 1997). Practitioners in both disciplines practice boundary spanning activities foundational to personal contact networks. Zontanos and Anderson (2004) argue that networking provides a crucial link between entrepreneurial theory and relationship marketing. Hill and Wright (2000) note that personal

contact networks play a crucial role in characterizing a marketing orientation in a SME. In 1997 Chaston developed a hybrid model of four alternative marketing styles based on two important aspects influencing marketing strategy: closeness to the customer (transactional v. relationship) and level of entrepreneurial activity (conservative v. entrepreneurial). Chaston (1997) is reticent to privilege one alternative marketing style as the formula for success. This is understandable when one considers how formulaic processes are generally anathema to the four key factors of successful entrepreneurship-organization: creation, innovation, uniqueness and growth (Hills & LaForge, 1992). More to the point is the primacy of relationships as indicative of one's personal contact network. According to Carson (1993), contact networks are a natural phenomenon, not a planned process. However, there may be some difference in how they are used: marketing managers' networks are consciously used, while entrepreneurs' are subconsciously used (Carson, 1993). The appears to be a distinction between the way personal contact networks are used relative to the different roles and responsibilities expected of marketing managers and entrepreneurs.

Marketing Entrepreneurs

Entrepreneurs are not marketing experts. It is generally accepted that most entrepreneurs are specialists in a field other than marketing. As such, the vocabulary and foundations of formal marketing theory are often unfamiliar to entrepreneurs (Stokes, 2000). Dodge, Fullerton and Robbins (1994) argue that most prevalent problem in small firms is a lack of knowledge about the marketplace and planning. Indeed, most "owner-managers do not define their own marketing mix in terms of product, pricing, place and promotion, but appear to prefer interactive marketing" (Carson, 1995, p. 230). Although most entrepreneurs are unfamiliar with formal marketing theory, they are often so personally embedded in the enterprise that they can ill afford mismanagement of their personal contact network at the heart of entrepreneurial marketing success.

Marketing scholars have identified the need to better understand strategic relationships, alliances, and networks (e.g., Achrol & Kotler, 1999). Zontanos and Anderson (2004) note that "a small firm's marketing advantage, in contrast to a large firm, is precisely these close relationships between the entrepreneur and customers" (p. 231). Entrepreneurs must be excellent communicators; both effective at conveying understanding and good at persuasion and influence. An entrepreneur who specializes in marketing would seem to have his or her feet planted in both worlds. Those who are competent communicators, the cornerstone of personal contact network success, and knowledgeable marketers, who have an understanding of formal marketing theory, are in a unique position. This case examines the work of an entrepreneur has an extensive marketing background and specializes in magazine publication/editing and motorcycling event management.

METHODS

This study continues the support of earlier arguments establishing a logical link between development and testing of Entrepreneurial Marketing theory and qualitative research methods (e.g., Gibb, 1990; Hill & Wright, 2000). Hill and Wright (2000) suggest in-depth research programs in the ethnographic tradition. Although not an ethnography in

the strictest sense, this study benefited from my prior experience as both an entrepreneur and motorcyclist as a “prolonged engagement” in the ethnographic tradition. My association with motorcycling is very loosely akin to what Corsaro (1980) described and strongly recommended as, “‘prior ethnography’: becoming a participant observer in a situation for a lengthy period of time before the study is actually undertaken” (in Lincoln & Guba, 1985, p. 251). From 1990 to 1998 I owned and operated a marketing consulting business. My hiatus from entrepreneurship enabled an appropriate distancing; an opportunity to problematize the familiar.

This investigation focuses on one organization in which the entrepreneur is well versed in marketing practice. Formal data collection for my study occurred over a period of 3 months. I observed and video-tape recorded nearly over 20 hours of interviews. Initially 50 pages of field notes, meeting transcripts, and interview transcripts made up the data pool. Fieldwork consisted of observations and interviews at annual international motocross competition. Analysis included artifacts (magazine, flyers, website, and trade publications) and an in-depth interview with the entrepreneur. The interview guide was designed to capture critical aspect of the dimensions of entrepreneurial marketing.

THE CASE AND ANALYSIS: MAGAZINE AND MINI-BIKES

MiniMoto SX and *MiniMoto* magazine represent the convergence of Tim Clark’s two passions in life: motorcycles and marketing. With his wife, Cindy and his partner Eric, Tim successfully carved out a new market segment in the competitive motorsport market. Tim’s business combines magazine publishing/editing and competition promotion and demonstrates creativity, innovation, uniqueness and growth that hallmark successful entrepreneurial enterprises (Hills & LaForge, 1992). His constant attention to innovations in design and after-market products led to identification of a new market segment: Motocross competition for adults on mini-bikes (MiniMoto). Tim explains how he got the idea for a new market segment:

I just watched and looked at everything. And I watched how these companies were working very hard to build products to build on to the Honda 50 and the KLX 110. Just looking in my daily stuff. I spend a lot of time connecting myself to the industry. I watch the web a lot, I read the magazines a lot. ... I look and read and look and read and look and read. ...A lot of industry publications. We receive every industry publication. We look at everything that comes in the door.”

Tim kept a close eye on mini-bike after-market product innovations that allowed adults to ride and compete on bikes originally designed for children. Interviews with competitors at the second annual MiniMoto SX in Las Vegas revealed several reasons for the success of MiniMoto competition. Adult riders find competing on mini-bikes to be easier, safer, and more accessible than full size motocross racing. Several riders moved to minis after getting hurt on their big bikes. If a rider gets in trouble on the mini, he or she can just stand up and let the bike roll out on its own rather than risk the danger of going down. The retro-fitted mini-bike provides adults a chance to ride again, to be “new entrants” in a way that gives them confidence, competence and pleasure. MiniMoto riders in the professional classifications even get the chance to compete against top motocross racers...on mini-bikes.

Leaning on Marketing Theory and Development of a New Segment

An understanding of the traditional 4p's is evident in the way Tim talks about his development of MiniMoto SX and *MiniMoto* magazine. He notes "We really PRed the heck out of it. We built this incredible mailing list, email list, really pushed the industry to help us promote it... Marketing never stops, promotion never stops." Development of this new motorcycle market segment is also indicative of Zontanos and Anderson's (2004) 4p's of entrepreneurial marketing: person, process, purpose and practices.

Practices (Placement)

The MiniMoto SX is strategically designed to take advantage of another event in the motorsport industry. By holding the annual MiniMoto SX on the night before the Las Vegas Supercross, a major international motocross event, Tim takes advantage of the audience of motorsport enthusiasts already in town for the Supercross.

"Supercross is Saturday night ... and I got into the mini-bike thing and I no sooner got into the minibike magazine and I thought, there's nothing to sell. I need to create some sizzle, so let's created a race so let's do it the night before the biggest Supercross in the world... Cause there's 40,000 people that are going to come to this race."

Purpose (Product)

MiniMoto magazine grew out of need to provide a place for after-market innovators to advertise to a highly targeted market. Through constant monitoring of the industry, Tim connected the dots and:

"realized that the mini market had tremendous potential because it was made up of a number of cottage industries, several dozen...(of) these mom and pop start up shops and they needed a place to advertise. The biggest magazines for off-road [motorcycle market] which minibikes would fall into are in my opinion, [too expensive for the after-market innovators]. So if you were a manufacturer that came up with a great idea for a lever, or a swing arm or a grip, you couldn't afford to advertise in any of those publications because a *Dirt Rider* full page ad is eight or nine grand. My whole concept was to give these guys an arena they could participate in and ... we still have passion. ...so I said let's make a magazine where a small guy could be a big fish. So we put the full page at \$1500 now \$1800, it's the same magazine, you can buy full color more than black and white."

Person (Promotion)

A deep understanding of promotions and the role of public relations in launching a new venture allowed Tim to leverage his personality and extend his limited resources. Careful handling of the requests from the general motorsport media outlets allowed MiniMoto SX to have a major impact in enthusiast and trade press:

"We always cater to the media. The biggest Supercross in the world was in Las Vegas the night after us and in every magazine in the world we have more pages about the MiniMoto than the Supercross. It makes us feel like we accomplished what we were after. We really get more press than ... a billion dollar company."

Process (Price)

Tim's understanding of marketing theory extends to his careful analysis of price point.

"The genius of MiniMoto in Las Vegas... you know why it was so successful. It's because I realized that there were 42,000 people that went to Sam Boyd on Saturday night to watch Supercross because they love to be there, they love to gamble they need something to do. So we created Friday night for the 42,000 people. The first year we did it, 5000 people showed up. Then the buzz hit. Do you realize that next year we could double the prices and we could still sell out? We're not going to do that, we're going to keep the prices the same. It's going to explode."

Dimensions of Culture, Strategy and Tactics

MiniMoto SX was nurtured in a culture of creativity and innovation. True to Stoke's (2000) description of entrepreneurial culture, Tim first developed the race and the magazine and then looked for markets. Tim explains:

"I decided we needed to have a race. What wins on Sunday sells on Monday. They had no place to race; there was no organized event. Everything is about competition... the one little part of the puzzle you're missing... a buddy of mine was the editor of (another) magazine. ...He had been there for years, came to me asking for creativity I said I got this idea about the mini-bike market. I'll create the magazine, I'll do all the art, you print it for free and they did that. It was inserted into his magazine called Motorcycle Product News. At time it was half of their magazine, I then took the same artwork and I sent it to my printer in California and he printed me my own with the same artwork. He printed 10,000. Once it got in Motorcycle Product News, it just exploded. Every dealer in the United States gets that and there are about 10,000 dealers."

MiniMoto magazine started as an insert to an established motorsport publication. As interest in both the mini market segment and the magazine grew, Tim responded to requests from both enthusiasts and after-market suppliers/advertisers. As he explains, readers called for:

"more 'how to' articles ... [they said] can you give us more opinion of how things work and operate, can you give us more options on where to go and find products? What is so great about our magazine right now is that it is so new, that people don't even know who makes tires for mini-bikes. And I'm going to the advertisers saying 'hello, if you advertise, people are going to find you.' That's the marketing, it's different than your ideas and concepts, that's how to manage a magazine. You know I really try and merge them."

The strategy works and customer know they are being heard. Tim claims that "our customer base absolutely does what we [want them to] do because we give them everything they ask for." This bottom-up approach first serves the needs of a few customers and privileges customer preferences (Stokes, 2000).

The tactic of direct interchanges and building personal relationships (e.g., Stokes, 2000) is the overarching tactic in the MiniMoto SX organization. Tim notes that when he calls up motocross superstar Jeremy McGrath and "says 'Jeremy I'm having a race' and he shows up. He don't go anywhere for under \$10,000. And he shows up to our races [for free]!" The opportunity to compete with one of top pros in the world brings other competitors to the track to test their

mettle. Even if they never make it past the heat races, they can, as one competitor exclaimed “I tell the guys at home I raced Jeremy McGrath!”

Working His Talk: Personal Contact Networks

Tim enthusiastically acknowledges the importance of personal contact network in the success of his enterprise. He seems to know everyone in the motocross world. If he doesn't know someone, his European partner Eric, does. Tim notes that “When we come up with a name we don't know, we're in shock and we question that name.” The network at the heart of MiniMoto SX and *MiniMoto* magazine reflects more of a what Carson (1993) would call a natural phenomenon than a planned process. Counter to Carson's viewpoint, the use of networks in this case seem to be both consciously used and subconsciously used. Tim purposefully approached his future partner Eric about helping him with the US Open of Supercross, staged inside the MGM in Las Vegas. As Tim tells the story:

“It was really the first indoor, big style race and Eric created it and I called like on day two and said Eric, you've got to know me. So Eric, you've never met me, but you've got to know me, I'm the guy who's going to help you make this thing work. ...And I called up Eric and he said I should meet his partner and if you showed up to this meeting in Vegas maybe we can do something with you. ...so I showed up in Vegas. And after an 8 hour meeting I ran everything. Eric made the calls but I took over everything.

This conscious decision to extend his impact and network in the motorsport industry led to the partnership that gave rise to MiniMoto SX and *MiniMoto* magazine.

SO WHAT? IMPLICATIONS FOR THEORY AND PRACTICE, PRACTITIONERS AND THEORISTS

The case study demonstrates how these networks are parsed into the day-to-day activities of entrepreneurship and thereby uncover the foundations of their success. An undeniably important aspect of one's personal contact network is the effectiveness of communication. The case presented here offers a unique opportunity to examine a marketing entrepreneur, one whose product is marketing and promotion. The most salient aspect of his success is his effective leverage of his personal contact network coupled with exceptional communicative skills for negotiation and influence.

Chaston, (1997) notes that a competency development process model would serve to bridge the gap between theory and practice for working entrepreneurs. The case of MiniMoto exemplifies just one of “situations in which organizations are not practicing the classic, traditional strategic approach posited within in standard marketing texts” (Chaston, 1997, p. 62). Entrepreneurs are encouraged to assess their own situations and identify ways to 1) increase the reach of their personal contact network and 2) improve their communication skills, if needed. Seminars and community education opportunities focused on improving public speaking are often based on the foundations of persuasion and influence theory which easily translate to interpersonal communication interactions. Moreover, personal contacts that may lead the marketing manager to a new employment opportunity are not as likely to be available to the entrepreneur who has used/misused his contacts in pursuit of entrepreneurial success.

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