

The Role of Entrepreneurial Marketing in Developing Economic Countries (Saudi Arabia Case Study for SME)

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Abstract

The Kingdom of Saudi Arabia is growing into an economic power in the Middle East. However, small- and medium-sized business establishments continue to struggle to break the local market. The challenges faced by the businesses result from the lack of adequate information, poor technological infrastructure, untrained human resource personnel, and consumer behaviors.

Entrepreneurial marketing provides an adequate means through which business organizations in Saudi Arabia can build a competitive advantage and penetrate the market more efficiently and effectively. The approach enables value creation, resource manipulation/utilization, opportunity focus, innovation, risk-taking, customer intensity, and proactive practices, allowing businesses to become competitive. The study evaluates the connection between competitive advantage and entrepreneurial marketing, informing business stakeholders and policymakers on the best marketing practices to ensure the success and sustainability of small- and medium-sized firms in Saudi Arabia.

The study employed the qualitative approach to facilitate data gathering. The study involved fourteen participants recruited from a WhatsApp group and interviewed over the phone. The study findings established differences from sector to sector in terms of marketing opinions and skill. The subjects identified value creation, resource manipulation/utilization, opportunity focus, innovation, customer intensity, and proactive practices to be critical to building a competitive advantage, with risk-taking considered insignificant. Given the source of challenges facing small and medium organizations in Saudi Arabia, there is a need to ensure education and access to information for SME stakeholders. Similarly, the Saudi government needs to put in place adequate technology infrastructure to facilitate the growth and development of the businesses.

Keywords: small and medium enterprises, Competitive Advantage, Enterprises Entrepreneurial Marketing, Saudi Arabia.

Introduction

The business environment is increasingly becoming dynamic and fiercely competitive. Business organizations, particularly small and medium enterprises (SME), operate under a rapidly changing environment, where ambiguity, complexity, uncertainty, fragmentation, and chaos shape the market conditions. In regards, there is a need for the redefinition of business approaches and practices to ensure survival. Entrepreneurial marketing provides a paradigm shift from the traditional marketing practices, allowing business organizations to maneuver the turbulent business world more efficiently and effectively. The concept integrates entrepreneurship with vital marketing elements to transform marketing practices into entrepreneurial actions. The business environment in Saudi Arabia is increasingly becoming more turbulent, characterized by stiff competition and uncertainty, among other forms of chaos that characterize the business world. In response, business organizations are considering Entrepreneurial marketing to safeguard their business interests. Entrepreneurial marketing provides the opportunity for value development,

Communication, and delivery to the target client and the tools for customer management with an orientation towards organizational and stakeholder gains.

Entrepreneurial marketing provides an intersection between marketing and entrepreneurship that encourages the establishment and promotion of market concepts and value creation by developing new ideas. Morris et al. (2002) perceive entrepreneurial marketing as acquiring and retaining a valuable customer base through innovative value creation, resource leveraging, and risk management practices. Therefore, entrepreneurial marketing provides a better platform through which small and medium enterprises with limited resources can advance their marketing practices and profitability. Ordinarily, the concept is associated with small and medium-sized business organizations' marketing enterprises (Kraus et al., 2010). However, entrepreneurial marketing can apply to any firm irrespective of its size; the concept encompasses marketing activities based on entrepreneurial principles, but the processes and meaning may differ between large corporations and small enterprises.

Study Problem Statement:

According to Morris et al. (2002), the business environment worldwide is increasingly becoming turbulent. Similarly, Saudi Arabia is experiencing a business environment that is frequently fluctuating, owing to factors such as reduced forecasting abilities, increased risks, and heightening competition. Besides, traditional managerial principles remain deeply rooted in the Kingdom, thus the need to consider the structural form that allows and facilitates change creation.

Small and medium enterprise owners need an understanding of the economic transformations and learn to adapt and forecast or predict future trends in the business environment and market demands to ensure continuity and success. The changing business environment is creating additional demands and putting more pressure on businesses to reinvent their marketing practices; small and medium enterprises should be more innovative in terms of marketing practices and tell the likely market changes beforehand (Morris et al., 2002).

The new demands present challenging conditions, hindering competitive advantage in a market that is increasingly becoming volatile.

The intersection between entrepreneurship and marketing provides an opportunity for small- and medium-sized firms to maximize the leveraging of limited resources for improved benefits for both the organization and its stakeholders. However, various factors, including a lack of adequate information, poor technological infrastructure, untrained human resource personnel, and consumer behaviors, limit market penetration initiatives by the firms. As a result, many small and medium enterprises fail to focus on critical entrepreneurial marketing strategies, including value creation, leveraging resources, focusing on opportunities, innovation, calculated risk-taking, and proactive practices. The limitations that characterize small and medium business organizations render them incapable of establishing a competitive advantage in their respective industries. This study investigates the challenges that the enterprises encounter concerning entrepreneurial marketing and suggests possible solutions to the problem.

Objectives of the Study:

The study will seek to establish the relationship between competitive advantage and entrepreneurial marketing. It will involve evaluating how value creation, resource manipulation/utilization, opportunity focus, innovation, risk-taking, customer intensity, and proactive practices affect the growth and profitability of small and medium firms in the country. The study seeks to realize its objective by responding to the question:

What is the connection between competitive advantage and value creation, resource manipulation/utilization, opportunity focus, innovation, risk-taking, customer intensity, and proactive approaches in small and medium-sized business organizations in Saudi Arabia?

Scope of the study:

The primary focus of the study is the application of entrepreneurial marketing by small- and medium-sized firms in Saudi Arabia.

The study variables considered in the research include the independent variable (entrepreneurial marketing) and the dependent variable (competitive advantage of small and medium firms). Serving as proxies to entrepreneurial marketing include value creation, resource manipulation/utilization, opportunity focus, innovation, risk-taking, customer intensity, and proactive practices. Considering the focus is on small- and medium-sized organizations, the research is limited to SMEs operating in the Saudi Arabian market, eliminating any business organization that does not meet the established criteria. The study will consider small and medium organizations across multiple industries. The struggle to penetrate the market by SMEs despite the country's advancement to an economic powerhouse in the Middle East made the Kingdom of Saudi Arabia an area of interest.

Significance of the Study:

The significance of the study lies in its attempt to establish the connection between competitive advantage in small and medium organizations and entrepreneurship marketing initiatives. The study's findings will lay down the foundation for further research in the area by providing researchers and scholars with the necessary reference. Also, it will provide vital information to small and medium business organizations in terms of understanding and applying entrepreneurial marketing strategies to improve their performance and market positions. As a result, the study will provide valuable insights, enabling small and medium organizations to compete more adequately, increasing their success rates and survival in a highly dynamic and competitive environment. Besides serving business establishment and researchers, policymakers are likely to find relevance in the study; it will inform policy-making decisions regarding the sustainability of small- and medium-sized businesses in the country.

Lastly, the study will illustrate the difference between entrepreneurial marketing and conventional marketing practices, demonstrating marketing practices deemed most effective to small and medium enterprises in the Kingdom and other parts of the world.

Research Methodology:

The study employed a qualitative methodology approach for data collection. The qualitative approach involved interviewing entrepreneurs over the phone, a method decided upon due to time limitations and the current coronavirus situation that has resulted in limited interpersonal contact across the world in general and in Saudi Arabia in particular. Study subjects were identified through a WhatsApp group comprised of Saudi Arabian entrepreneurs in the small- and medium-sized categories. Fourteen study subjects, both male and female, were recruited to participate in the study. Phone interviews were scheduled for a later date after identifying interviewees to facilitate the data collection process.

Sociodemographic characteristics of entrepreneurs within Saudi Arabia.

The table below highlights the sociodemographic characteristics of entrepreneurs within Saudi Arabia. The report includes interviews with 14 males and females, considering the educational levels of the sample population.

Target group Table 1

Gender of the entrepreneurs	
Female	3
Male	11
Level of education of the entrepreneurs	
High School	2
University	9
Postgraduate	3
Location of the facility in the Kingdom	
Al-Baha	1
Jeddah	2
Mecca	11
Sector to which the facility belongs	
Artificial intelligence	1
Restaurants and cafes	4

Perfumes and clothes	2
Human resources and social development	1
Food and drinks	3
Construction and reconstruction	2
Retail sales	1
Ownership of the facility	
Partners	7
Owner	7

Findings:

The study findings revealed significant differences in terms of entrepreneurial marketing perspectives across different industries. The study established that restaurant and café workers recognize simplicity in product presentation, innovation, and knowledgeable customer behavior, whereas workers in artificial intelligence recognize negotiation and customer care. Subject in the clothing industry fell in between the restaurant and artificial intelligence sectors, sharing the marketing characteristic from the two. Further differences were realized in the construction and food and beverage sectors. The food and beverage sector entrepreneurs considered creating growth opportunities and a substantial supply of goods to be critical, while such characteristics were dependent on marketing through communication in the retail sales and the construction sector. The study also discovered the opinion differences in terms of marketing skills necessary for success across different sectors. The retail sales, construction, and food and beverage considered factors such as creativity, negotiation, action timeliness, and realistic analysis essential for survival and success.

Conversely, public relation was necessary for restaurant and cafes. Entrepreneurial marketing perspectives varied further, with the clothing sector deeming the ability to deal with apps critical for continuity. Simultaneously, good knowledge and morals were imperative to human resourcing,

And artificial intelligence and perfume were inclined towards innovation, creativity, and new ideas. Also worth noting is that analytical skills varied from one industry to another, with entrepreneurs from the restaurant and café sector ranking below average and human resources and social development, and the food and beverage sectors ranking above average.

Result Analysis:

Despite being one of the largest markets, small and medium business organizations establishments in Saudi Arabia continue to struggle with building stable customer bases. The study explored a range of opinions from entrepreneurs across different sectors. The outcome indicates that small and medium entrepreneurs lack adequate information regarding proper marketing strategies, lack adequate resources to invest in technological infrastructure, lack sufficient training for human resource personnel, and experience unpredictable consumer behaviors, rendering them unable to perform adequately. Entrepreneurial marketing provides an adequate option through which small- and medium-sized organizations can improve organizational performance.

The various characteristics of entrepreneurial marketing that include value creation, resource manipulation/utilization, opportunity focus, innovation, risk-taking, customer intensity, and proactivity have varying effects on competitive advantage. The study reveals a strong connection between value creation and competitive advantage. Value creation supports exchange; a successful firm advocates for value creation that conform to its strategic objective within the scope of its competitive segment (Amit& Han, 2017). Small- and medium-sized business organizations improve their chances at better results by determining new means of value creation.

Even though not directly linked to competitive advantage development, resource leveraging supports value creation, thus improving an organization's market participation and performance.

The study determined customer intensity to be essential to realizing competitive advantage. The retail and the construction sectors considered communication between the business and customers essential. Business organizations should be aware of consumer perceptions and the public image they convey (Sadiku-Dushi et al., 2019). It allows them to put in place appropriate strategies and work towards realizing customer needs. Another characteristic deemed critical to realizing a competitive advantage is innovation. While customer intensity enables an organization to realize the specific customer needs, innovation allows meeting those needs (Toghraee et al., 2017). Entrepreneurial marketing focuses on creating new ideas about market needs, hence establishing a competitive advantage for small and medium organizations that proactively pursue innovation (Hidayatullah et al., 2019). However, risk-taking did not prove significant to the establishment of competitive advantage.

Therefore, there is a need for adequate information dissemination, business infrastructure, and training for small- and medium-sized enterprise stakeholders. Education and access to information should be made available to small and medium-sized enterprise stakeholders. Business managers and policymakers should have access to adequate information on best business practices to enable informed decisions, achievable through seminars and training sessions. The Saudi Arabian government should facilitate the growth of small and medium enterprises by putting in place the necessary technological infrastructure to enable efficient engagement in e-commerce and the interconnectedness between businesses and customers. Advancements in information dissemination and technology will create growth opportunities for small- and medium-sized business organizations.

Conclusion:

Similar to the rest of the world, the business environment in Saudi Arabia is rapidly changing. It is increasingly becoming complex due to unpredictability, increased risks, and stiff competition.

The last few decades have seen the country undergo tremendous economic growth.

Nevertheless, most small- and medium-sized business organizations continue to struggle with market penetration. The study findings identified poor marketing strategies as a significant contributing factor concerning poor performance witnessed among SMEs in Saudi Arabia. Entrepreneurial marketing provides one of the powerful tools through which these enterprises can boost their competitive advantage. It advocates for proactive orientation and innovativeness, encouraging firms to continuously seek new ideas and creative ways of attaining and improving competitive advantage. Entrepreneurial marketing provides the tools through which SMEs can focus on the customer and realize value creation. Focus on the customer enables an organization to attract, retain, and develop and meet the customers' specific needs. Value creation is a necessity for improving business-customer relationships and transactions. Besides, core to entrepreneurial marketing is opportunity utilization and risk management. Business ventures entail recognizing and pursuing opportunities characterized by the introduction of new goods, services, and raw materials and the application of new strategies. Entrepreneurial marketing also provides a competitive advantage by allowing the identification and mitigation of risk factors.

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