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## Entrepreneurship Marketing in Indian Technology Startups

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### ABSTRACT

“Entrepreneurship” is something that’s quite relevant in the last few years and has taken a very important position in today’s business world and economy- especially in India. There have been various studies and researches that have happened to understand the reasons for the success or failure of the entrepreneurial initiative, and to arrive at a possible solution or framework to increase the chances of success. The reasons for failure could be due to the market problems, business model adopted, management issues, capital and the product itself. Given this context, this paper focuses on the Marketing aspects of an Entrepreneurship specifically in the Technology space within India, where-in we look at few of the Entrepreneurial Marketing approaches adopted in the initial phase of the business as against Traditional Marketing. The approach might change after the initiative reaches a certain level of growth. This paper focuses on first time entrepreneurs and the initial phase of entrepreneurship, as this phase would act as an important phase for the survival and sustenance of the initiative.

**Keywords:** Startups, Entrepreneurship, India, Entrepreneurship Marketing, Marketing in Entrepreneurship, Effectuation, Causation

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Although quite a bit of research and observations have happened on small and medium sized enterprise (SME) marketing in the past few years, findings have not reflected specifically on the various marketing practices amongst SMEs and Entrepreneurial ventures in India. Large organizational models applied to small firms setting have been criticized in the literature (Gilmore et al, 2001) and there is obviously a need for further research to identify the challenges faced by Entrepreneurs specifically in India, considering their exponential growth. One important aspect to prod about is about the challenges faced by first time entrepreneurs. They tend to try optimizing and balancing between the risk and success.

Even though marketing is an important factor in building any initiative; entrepreneurs seem to vary a lot from the traditional marketing techniques. Entrepreneurs and small business owners interpret marketing in ways that do not conform to standard textbook / traditional theory and practice. Considering the key marketing concepts, there seems to be a visible difference

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between the approaches entrepreneurs take towards marketing as against the traditional marketing theory. Entrepreneurs to a large extent tend to have dependency on restricted and reliable customer base, unplanned effort and all these with their own limited marketing expertise. Instead of being fully customer oriented or assessment of customer needs, they seem to be innovation- oriented, driven by new ideas and intuitive marketing. They adopt a bottom-up approach with their own selection and recommendations of customers and other influence groups, rather than relying on top-down segmentation, targeting and positioning processes. They gather information through informal networking rather than formalized intelligence and research mechanisms. They prefer interactive marketing methods as against the traditional mix of “P”s. It can also be said that in Entrepreneurial Marketing the customer and the entrepreneur are equally important actors that shape the culture, strategy and firm behavior. Entrepreneurial Marketing is influenced by entrepreneur’s personal characteristics and values.

Existing literatures suggests that the characteristics of Small and Medium Enterprises or Startups marketing are definitely different from those of large organizations. Small players’ marketing takes into account the unique business environment, characteristics of the owner, skills, abilities and resources. With these processes customized to entrepreneurial contexts, rather than traditional marketing due to various reasons, this concept paper aims to see how SME and first time core technology and technology based entrepreneurs practice marketing – Traditional Vs Entrepreneurial in India.

### **Literature Review:**

Eckhardt and Shane (2003) have indicated that the dominant theory in entrepreneurship focuses on investigating the role and process of opportunity recognition in entrepreneurial activities. Some Entrepreneurs and their Startups are successful and there have been a considerable number of failures. There have been various studies and researches that have happened to understand the reasons, and to arrive at a possible solution or framework to increase the chances of success. Lots of research studies have suggested solutions to these like the Lean Startup model and the Management Systems.

Many studies have attempted to catalogue factors that contribute to Entrepreneurial success and failure (Alstete, 2008; Bellu, 2003; Benzing et al, 2009; Kennedy and Drennan, 2001; Mole and Hassall, 2000; Rogoff et al, 2004; Sahlman, 1990; Sapienza, 1991; and Timmons, 1994, Cardon et al, 2010; Politis and Gabrielsson, 2009; Zacharakis et al, 1999).

The strategic marketing literature first began to deal with SMEs couple of decades ago

(Carson and Gilmore, 2000; Gilmore et al, 2001; Julien & Ramangalahy, 2003) and some topics like small and medium enterprise's market orientation, international growth and strategic operations have received extensive attention (Juilen & Ramangalahy, 2003; Kara et al, 2005; Blankston et al, 2006; Paccito et al, 2007). Entrepreneurial Marketing is a concept that was developed at the interface between two sciences – marketing and entrepreneurship – couple of decades ago. Researchers from various areas in addition to Marketing and Entrepreneurship disciplines have been working on a concept called as Marketing- Entrepreneurship Interface. It is a general view that entrepreneurs behave differently from traditional marketing. Some of them have been very successful.

One important definition of Entrepreneurial Marketing is that it considers that it is a total integration of marketing and entrepreneurship. “The construct of EM is not simply the nexus between the sets of marketing and entrepreneurial processes that has emerged as the conventional conceptualization of Entrepreneurship Marketing, but fully includes all aspects of Administrative Marketing and entrepreneurship” (Morrish, Miles et al., 2010, p. 305) and thus it becomes a strategic orientation, exceeding the marketing function (Schindehutte & Morris, 2010). Instead, the other definitions consider Entrepreneurship Marketing as an alternative perspective to traditional marketing and associates it with innovative marketing techniques “this term Entrepreneurship Marketing is used as an integrative conceptualization that reflects such alternative perspectives as guerrilla marketing, radical marketing, expeditionary marketing, disruptive marketing and others.” (Morris, Schindehutte et al., 2002, p. 1).

Entrepreneurial Marketing has gained popularity in both the entrepreneurship and marketing disciplines in recent times. Lot many ventures that have pursued the non-traditional marketing approaches have grown successfully. Morris, et al. (2002) developed seven core dimensions of Entrepreneurial Marketing. These are: opportunity-driven, pro-activeness, innovation-focused, customer intensity, risk management, resource leveraging and value creation. These dimensions distinguish entrepreneurial from administrative marketing (Hills, Hultman and Miles 2008). In their study of 59 firms from Sweden and the US, Hills et al. (2008) found that firms with Entrepreneurial Marketing orientation exhibit a different strategic orientation, commitment to opportunities, opportunity recognition mechanisms, control of resources, and management structure. For example, non- entrepreneurial Marketing oriented firms would tend to use formal market research while

Entrepreneurial Marketing firms tend to rely on experience, immersion and intuition. Further, Entrepreneurial Marketing firms are less constrained by budgets and have adaptive strategies

whereas other firms are more oriented to using budgets and top-down corporate planning driven by financial metrics (Hills, et al., 2008).

Major differences between the two concepts (Stokes, 2000b):

Marketing principles	Traditional Marketing	Entrepreneurial Marketing
Strategic orientations	Customer orientated (market driven)	Innovation oriented (idea driven)
Strategy	Top-down approach: segmentation, targeting, positioning	Bottom-up approach: targeting a limited base of customers, further expansion
Methods	Marketing mix (4/7 P's)	Interactive marketing methods, word-of-mouth, direct selling, referrals
Market intelligence	Formalized research and intelligence systems	Informal networking and information gathering

**Source:** Adapted from Stokes, D. (2000), "Putting Entrepreneurship into Marketing: The Process of Entrepreneurial Marketing", *Journal of Research in Marketing & Entrepreneurship*, 2(1), p. 13.

Expert Entrepreneurs start with what they have, what they can do and whom they know and build various options with different ends. Choosing an option is not based on maximizing the results but on how much can afford to lose by choosing that option (Sarasvathy, 2003). Effectual logic is also about building partnerships and to attract stakeholders which would act as a base for the entrepreneur to identify and understand the market expectations and deliver accordingly. Thus stakeholders are allowed to express their views and shape the company as a result of collective efforts. This way of thinking is different from the causal marketing models. Additionally, the bottom-up, wherein the entrepreneur identifies the partners and customers from his personal network and use this as a base target set, as against the upside-down approach, where the marketing starts with dividing and segmenting the market based on the market research and analysis.

Effectuation theory provides a theoretical framework on how expert entrepreneurs utilize resources within their control in conjunction with commitments and constraints from self-selected stakeholders to fabricate new artifacts such as ventures, products, opportunities, and markets (Sarasvathy, 2001; Wiltbank, Dew, Read, & Sarasvathy, 2006). A variety of studies in multiple industries have shown that expert entrepreneurs commonly utilize a set of effectuation heuristics (Read, Song, & Smit, 2009; There are additional studies on broader empirical measures of effectuation (Brettel, Mauer, Engelen, & Kuepper, 2012; Chandler, DeTienne, McKelvie, & Mumford, 2011) and how it may affect firm performance (Fischer & Reuber, 2011; Read et al., 2009).

Studies of expert entrepreneurs have distilled their heuristics into four effectual principles: means orientation, affordable loss, building partnerships, and leveraging contingency (Dew, Read, Sarasvathy, & Wiltbank, 2009). According to Simpson and Taylor

(2001) many SME owners perceived sales and marketing as the most dominant problem they encounter when running their business. Studies have suggested that Small and Medium Enterprises / Entrepreneurs deal with their lack of marketing expertise through other approaches such as networking and customer engagement. Entrepreneurs will have a product or service to offer to the market place, at a price and they will promote and deliver this using an affordable method and medium. This will be done in a pragmatic and practical way that suits the firm and will be structured around the existing functions and activities of the firm itself (Gilmore & Carson, 2007).

### **Research Methodology:**

This paper attempts to study the available literature and information and it is based on the secondary data which has been collected through books, websites, newspapers, research papers etc. The measurement unit is the Startup entity primarily for overall performance again, it should be agreed that any Startup is the reflection of the Entrepreneur's abilities, mindset, orientation and strategy. After referring various case studies and observing existing Startup management marketing practices, researcher has made his own analysis and elaborated on few aspects on approach to Marketing practiced in Startup companies.

### **Discussion:**

There has been a flurry of new Startups and innovations in India in recent years. The Indian Startup ecosystem has evolved, being driven by factors such as growth in number of funds/angels, evolving technology, higher smart phone and social media penetration, growth in incubators and accelerators, younger demographics etc. Government initiatives such as, Start up India, Stand up India" should result in additional growth in this space.

Startup is all about conceptualizing a good idea into effective business model and implementing the same with the application of necessary skills and abilities. Startups are increasingly emerging in and around India since last decade and there seems to considerable entries on a regular basis. In the earlier years Startup sectors which were attracting funding was limited to information technology, consumer and retail sectors. However, recently there has been a huge influx of Startups in other IT enabled services verticals.

India is home to some world-class entrepreneurs who have created very great businesses. At the same, India has seen lots of first time entrepreneurs without any background or backing having jumped into the pool without proper planning, hoping to walk along the rope. Marketing in the context of most of these entrepreneurship have been developed and strategized by the

entrepreneur himself to large extent and have been based on traditional marketing frameworks to suit the specific situation of the initiative.

Companies with small budgets such as Startups and SMEs have little to spend on promotion and therefore, they have been promoting their business by word of mouth and other below the line model of marketing. They build business based and customer interactions and relationships. Products have been obtained and offer services outside around that and also provide a customized version of their standard offering to key customers to ensure that they stay loyal to their company rather than looking elsewhere for accessories. In this way, entrepreneurs have taken an integrated approach to sell their whole range of products and services.

In present day, India is one of the world's strongest countries in terms of entrepreneurship. Across IT and IT enabled services, entrepreneurs are finding new ways to reach out to the market. Indian business people have access to an incredible amount of resources, businesses, and software. India current economic growth speed can also be attributed to the young innovators who are creating new businesses, which are able to compete with international environments. In the last few years innovations and great ideas have made great inroads. Most of the innovations have happened by Startups in addition to innovation focused organizations.

Minimal Viable Product strategy is increasingly adopted by software Startups. This starts with a product vision, which is maintained throughout the product life cycle, although it is adapted based on various direct/indirect feedbacks from potential future customers of the product. One major challenge in India kind of market for innovative Startups is absence of early adopters.

Many Entrepreneurial ventures have been built because of the need in the market and the Entrepreneurs have been able to identify those and seize the opportunity. This has been the case with most of the IT enabled solutions. Hyper local concept has been revolutionized. In addition to these, few of the niche technology and highly innovative ventures have made inroads but again they have taken their time to build up the base. Importantly, even though, initially, it had been perceived by many as Technologist as against Entrepreneur, the scenario seems to be changing. This is an important factor. Building on their personal network and highly innovative marketing techniques has been the core strategy. Marketing spend by many of these Startups have been excellently managed by the extensive use of viral, social and other non- traditional means of marketing. Entrepreneurs seem to take the reference marketing concept very seriously and this makes it more relevant to have an excellent product and service story. Omni channel is as well witnessing a surge. Taking hyper local services to the next level,

Omni channel strategies brought offline players into e-commerce spectrum. Omni channel retail gave more inclusivity. Instead of Organizations reaching out to customers, the customers have been discovering the product/service from the organizations. Entrepreneurs are highly pro- active in identifying/looking for opportunities to promote their products in non-traditional ways be it media, blogs, Eeents etc. Entrepreneurs seem to look at partnerships as an important element in their own growth, Due to this, technology, innovation and services have started to reach Tier 2 and Tier 3

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cities also. India being a diversified and multi- language country, entrepreneurs have made use of this as an opportunity as against a constraint. Offline small time players (say real estate) have started to use various technologies based platforms with their limited and basic understanding and has to reap benefits of innovation. Partnerships with technology providers have helped Startups add visibility and necessary credibility to their names and in- turn increase customer base. The significant demand in the quality of services across domains in Tier II and Tier III cities and online services have been recognized by Entrepreneurs. Extensive exponential growth of mobile technology has been a catalyst to their innovative thought process. Even though, traditionally, Indian IT market has been service oriented, there has been a sincere change in this and entrepreneurs have been able to create a niche for themselves through differentiated product line and they have been to identify/reach identified unique market segments in tailored inexpensive way with non- traditional marketing activities.

Most of the Startups have been on a bootstrapping mode, these were insufficient if growth was to be pursued. Having a strong push and support from government and a great eco system entrepreneurs have to large extent leveraged this. Entrepreneurs have tried to use their personal and business networks as sources of additional finance, shareholding and creative ideas. But having said this, there have been enough evidence that entrepreneurs have leveraged their access to unique resources and technology. Mentorship is one resource tool that most of the entrepreneurs in India have been looking forward to. But risk is an important element that any first time entrepreneur would like to overcome in a market like India.

Entrepreneurs in India have revolutionized the marketing thought process and most of these have an innovative business model and a unique proposition. Besides intelligently using segmentation, targeting and positioning strategies the Startups have clearly focused on providing customer satisfaction and value addition as per specific demands of consumers. Innovation has been the key driver to the recent paradigms in marketing vertical and it has to go on and on.

### **Observations and Conclusion**

Even though, traditionally, Indian IT market has been service oriented, there has been a sincere change in this and entrepreneurs have been able to create a niche for themselves through various differentiated product line. Observing the generic trend, it can be said that Indian first time entrepreneurs do practice Entrepreneurial Marketing, but not to the fullest extent. One could be that there's not much of formal training on these and second, walking along the rope in the pool (lower risk appetite and risk mitigation) indirectly might be leading

to a bit of Entrepreneurial Marketing. Also, considering the availability of limited resources, to an extent they might not have been able to look at expensive traditional marketing models through the employment of formal Marketing expert. Innovation, be it altogether a new concept or a solution based on an already existing concept has been the baseline for most of the ventures. They have been able to identify the need of the market and come out with an innovative solution to address it. This is the case in the IT enabled service market more than core technology space. Entrepreneurs have tried to drive sales and marketing directly or very closely connected with this function. This has helped them stay close to the customers and also to understand what worked and what did not. They seem to have adopted the approach of fail cheap then an expensive failure and fail early then late, in the process they have let go of what was not working, and refined and perfected what market and customers found value in. Also, they went for scale after they knew what worked and what didn't. One aspect of most of these entrepreneurs has been the focus on dominating a specific market niche first and then expanding into adjacent markets, instead of spreading themselves thin across multiple areas.

Finally, this work is not free from limitations and mostly based on the researcher's observations and secondary research. This opens up an interesting question on how successful Indian Entrepreneurs are what model has helped first time entrepreneurs to be successfully sustainable. For sure, there is a strong need to develop tools, principles and theories to help businesses – especially Startups and small ones – to survive and thrive in an increasingly hostile and unpredictable environment.

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