Entrepreneurial Marketing Strategies, Brand Distinctiveness, and Small Business Success

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Background. Small businesses face many challenges due to escalating competition from discount retailers, regional shopping malls, and the Internet. Developing entrepreneurial solutions to these challenges is a key way for independent businesses to sustain a competitive advantage. However, many small businesses have resource (time, money, training) limitations, and limited access to consultants and entrepreneurial role models that foster development of these solutions. Based on our six years of cooperative efforts with small retail (e.g. apparel) and hospitality (e.g., cafés) businesses, we have found varying levels of entrepreneurial tendencies (i.e., entrepreneurial mindset) and innovative solutions, particularly solutions related to marketing practices that differentiate their offerings.

Contemporary marketing increasingly offers experiential value that differentiates a firm through efforts that are positive, unique, engaging, interactive, and memorable (Pine & Gilmore, 1999). Likewise, the development of a truly distinctive brand image helps to further differentiate a business from competitors (Ogle, Hyllegard, & Dunbar, 2004). Whereas these practices may be viewed as standard among large retail and hospitality chains, our experience suggests that this is not the case for many smaller retail and hospitality businesses. Therefore, the purpose of this pilot study is to investigate entrepreneurial tendencies, specifically entrepreneurial intentions (EI) (Drnovsek & Erikson, 2005) and entrepreneurial marketing (EM) (Morris, Schindehutte, & LaForge, 2002) of small retail and hospitality business owners, their use of contemporary marketing practices (experiential marketing and brand distinctiveness strategies), and resulting business success.

Method. The sample of 3,688 retail and hospitality businesses from one Midwest state was drawn from manta.com's national database of small businesses. The sample was stratified, representing communities from each of the state's counties and ranging in populations from 1,000 to 200,000. The survey instrument consisted of two entrepreneurial tendencies scales (Entrepreneurial Intentions [EI; Krueger & Brazeal, 1994]), Entrepreneurial Marketing [EM; a new scale built on concepts in Morris et al., 2002], adaptations of two innovative marketing practices scales (4Es and 5Ps; Oh, Fiore, & Jeong, 2007), a brand distinctiveness (BD) scale, and a perceived business success scale (BS). All measures consisted of seven-point Likert-type items. Confirmatory factor analysis determined their structures; each had a reported Cronbach's *alpha*

above .70. Demographic (e.g., owner education level) and business data (e.g., sales volume) were also collected.

Results. A total of 332 usable surveys were returned (response rate =9%). Structural equation modeling (SEM) using AMOS 4.0 resulted in confirmatory factor analysis-based structures. Eigenvalues ≥ 1, along with standardized factor loadings above .50 on the factor, guided development of factor structures. Resulting factors explained 74 percent of total variance; *alpha* values ranged from .87 to .94, which confirmed reliability. In the process of enhancing fit of the structural model, some items were eliminated based on modification indices. Comparison of the resulting fit indices with corresponding recommended values provided evidence of reasonably good model fit ($\chi^2 = 2217.86$, $df = 1153$, $p < .001$, CFI=.90, RMSEA=.06), considering χ^2 is sensitive to sample size. Standardized path coefficients and significance levels provided support for each hypothesis. EI affected EM ($\beta=0.82$, $p<.001$), EM influences both marketing strategies (4Es [$\beta=.90$, $p<.001$] and 5Ps [$\beta=.70$, $p<.001$]). The 5Ps ($\beta=.34$, $p<.001$) and 4Es ($\beta=0.23$, $p <.001$) affected BD. Lastly, BD led to BS ($\beta=0.44$, $p<.001$).

Conclusions. SEM results provide preliminary evidence of validity and reliability of the new EM scale, which we will confirm through a national survey. Small business owners with entrepreneurial marketing tendencies used experiential marketing (4E) and brand identity development strategies (5Ps), both of which contributed to owners' perceptions of a distinct brand identity for their businesses. Brand distinctiveness led to perceived business success, which should encourage educators to further develop educational materials for and collaborations with small businesses in the area of contemporary marketing strategies.

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