Entreprenurial Marketing: A Framework for Creating
Opportunity with Competitive Angles

Michael J. Swenson
Brigham Young University

Gary K. Rhoads
Brigham Young University

David B. Whitlark
Brigham Young University

Recognizing market opportunities and then developing responsive marketing strategies and tactics are critical for any enterprise. Entrepreneurs, in particular, continually search for and seek to develop opportunities in the marketplace. We present a framework for opportunity recognition and marketing strategy development, designed to integrate marketing theory and practice.

INTRODUCTION

In recent years, the search for entrepreneurial relevance in business schools has been given additional impetus. Entrepreneurs complain that business schools often fail to meet their needs. Their major concern is that the traditional marketing strategies and tactics of Fortune 500 companies simply don’t work for start-up companies. Because of this, entrepreneurs have given additional stimulus to the search for managerial relevance in business schools. The purpose of our paper is to present a framework for opportunity recognition and marketing strategy development, designed for entrepreneurs.

The framework for opportunity recognition and marketing strategy evolves from the relevant marketing literature, from field interviews and observations that identify best marketing practices of successful entrepreneurs as well as pitfalls of startup failures. This research initiates a process of identifying and categorizing various approaches, techniques, tactics, and methods that might be useful in guiding entrepreneurs in recognizing market opportunities and then developing responsive marketing strategies. Furthermore, the classification framework provides a means of organizing strategic decision-making activities into groups that are amenable to systematic investigation.

The basic premise of the framework is that information about the marketplace has value to entrepreneurs in competitive markets. The resulting framework, delineated in Figure 1, presents a systematic approach to evaluate and execute entrepreneurial marketing: (1) creating opportunity; (2) multiplying the effect; (3) leveraging relationships; (4) accelerating the process; (5) making profits. The framework has been tested with graduate and undergraduate business students, would-be entrepreneurs, and practicing entrepreneurs.
CREATING OPPORTUNITY—COMPETITIVE ANGLES

Opportunities are hard to spot because, often, they look like simple tactics or angles. For startups, the choice of competitive angle is what really determines winners and losers. Successful products and services have competitive angles. The first test in evaluating a business idea or opportunity is to look for the competitive angle. We define a competitive angle by its components. A competitive angle has five facets, dimensions or qualities. These are (1) need to believe, (2) reason to believe, (3) blows away expectations, (4) quantifiable support, and (5) unique product claim (Rhoads, Swenson, and Whitlark, 2010).

Need to Believe
First, is there a need to believe? Is there enough pain (or pleasure) to make people really want to purchase the product? If there is no need or problem (opportunity) for consumers, then there is no solution, and with no solution, there is no company. So, the first facet of identifying a competitive angle is to understand the consumers’ need to believe that there is enough pain (pleasure) to motivate them to purchase the new product.

Reason to Believe
The desire to believe that there is a better product to ease pain or increase pleasure is a powerful force. This leads to the next element of a competitive angle—reason to believe. Does the product touch the human sense of believability? That is, will consumers “believe” that the product can deliver on its claims? Said another way, is there reason to believe that the product will deliver value to consumers?
Blows Away Expectations

The next facet of competitive angle is “blows away expectations.” Does the product’s uniqueness actually meet or exceed expectations? To blow away or exceed what people think a product is capable of doing, entrepreneurs must resist human nature to go after the entire market. Instead, entrepreneurs should focus on particular buyers in a specific usage situation and then dominate the situation.

Quantifiable Support

A related element to “desire to believe” is quantifiable support. What facts and figures enhance the product’s claims? What is the quantifiable support for product distinctions? This is a must for the analytical buyer and for risky, big-ticket purchases.

Unique Product Claim

Finally, does the product have a unique claim? What is it that gets people “fired up” and passionate about a product? What really is unique about the product? Certainly many, if not all, entrepreneurs claim that their product is unique? Indeed, marketers have long been advised to differentiate their product offerings from competitors’ products, that is, show that the product is distinct or different on one or more dimensions. Competitive advantage is a company’s ability to perform on dimensions that customers value and competitors cannot or will not match. Delivering value, on a unique claim, leads to repeat purchases and ultimately profitability (Barwise, 2004).

So, knowing and understanding the competitive angle are the first steps in creating opportunity. Without an angle, there is no opportunity. These facets or components make up a litmus test for competitive angle:

1. Need to believe—It addresses pain!
2. Reason to believe—I know it works!
3. Blows away expectations—I get real value!
4. Quantifiable support—Value is measured!
5. Unique product claim—It all adds up to a unique product claim that creates passion!

MULTIPLYING THE EFFECT

For entrepreneurs, the notion of the multiplying effect is to identify and partner with people who have a significant influence over the target market and who can catapult the entrepreneur’s idea to the forefront. Certainly, entrepreneurs have two generic choices about how to grow and develop the business. They can do it on their own or they can solicit help from others. The age-old adage of “If you want something done right, do it yourself” has two qualifiers: (1) only if you can do it well, and (2) only if you have the bandwidth and energy to do it well. Many entrepreneurs try, at first, to do it on their own. They want complete control of market research, product design, finance, accounting, production, marketing, sales, distribution, etc. Some can do it all, many cannot. Our experience as researchers, marketers, and entrepreneurs suggests that finding the right people to help grow the business is an important determinant of success for entrepreneurs. This is particularly true in the marketing function.

An entrepreneur increases the probability of success when he/she connects to and have influence over the target market (e.g., Gladwell, 2002). Such connections provide introductions and recommendations that lend credibility to the entrepreneur and to his/her product offering (e.g., Heiman and Sanchez, 1987).

LEVERAGING RELATIONSHIPS

Leveraging relationships with advisors, suppliers, and customers has the potential to increase business success. Entrepreneurs are counseled to find company advisors as soon as possible to save time, frustration, and headaches in the early stages (Lusk and Harrison, 2002). Advisors with experience and knowledge may provide strategic and tactical guidance. Furthermore, entrepreneurs should leverage
advisors’ experience and connections to create a network of capabilities and counsel, attract supportive investors, and craft a successful company image.

Early adopter customers keep the new venture going and provide a platform for growth. They can demonstrate the value of the entrepreneur’s product offering and reassure the market that the product works—reason to believe. Moreover, they highlight specific usage situations for potential customers. With reference customers, the entrepreneur builds credibility within the target market and increases the rate of sales or customer acquisition and significantly decreases the sales cycle time (Rhoads, Swenson, and Whitlark, 2010). Furthermore, these early adopter customers may provide funding for the startup because of the value they derive from the product offerings.

New businesses need evangelists to spread the message—the good news about the company and products. Of course the ultimate credibility source is customer to customer or customer to new prospect. Entrepreneurs can leverage these relationships so that customers buy more and customers sell products to each other and to new prospects. The objective is to connect customers with other customers and with new prospects, in person or in virtual mode, to learn, share, enjoy and celebrate personal connections to the company and products (Rhoads, Swenson, and Whitlark, 2010). Entrepreneurs do this with owners’ groups, marketing events, classes, BLOGS, and any other activity or event that brings customers together.

ACCELERATING THE PROCESS

To accelerate the process, entrepreneurs must target their efforts and resources and drive the market. There are a number of ways to segment a market into manageable chunks. The mainstream marketing textbooks promote the usual dividing lines separating groups of people. Things like demographics, psychographics, lifestyles, benefits sought, product usage, etc. Our favorite segmentation approach, however, is borrowed from politics. Political strategists and candidates look at the world and their task in very simple terms. Voters are separated into three groups—Pro, Swing, and Anti. Just to make things a little more interesting, we refer to the groups as Love, Swing, and Hate. A key step in accelerating the process is to discover what the Love Group loves about the product and take this message to the undecided or to the Swing Group. We call this selling to the Swing Group through the eyes of the Love Group.

We frequently ask marketing managers, “Who is in your Love Group?” We rarely receive a satisfactory answer, however. The fact is that most companies can’t identify who faithfully purchases their products beyond offering up a few demographics like average age, gender split, and regional sales percentages. Entrepreneurs can’t afford to be that cavalier. The Love Group is their lifeblood. Just like a political candidate, entrepreneurs must know and retain their Love Group while at the same time help the fence sitters see their product through the eyes of the Love Group. Entrepreneurs don’t need 50 percent of the popular vote to succeed, but nevertheless need a strong core audience that they thoroughly understand. By thoroughly understand, we are talking about drawing together a customer profile that looks more like a Mona Lisa than a stick figure. What do customers look like, how do they express themselves, what do they read and watch, where do they live, what vehicles do they drive, what are their hopes and aspirations, and most important, which of our product features and benefits really get them going?

Entrepreneurs like the simple Love-Swing-Hate approach to attacking the marketplace, but often point out that their new products, many of which are just in the idea stage, don’t have a Love Group. They raise an important point and put themselves on the threshold of discovering what really sets a successful entrepreneur apart from a frustrated, would-be entrepreneur. Successful entrepreneurs don’t expect their Love Group to find them; they aggressively seek out their Love Group. “Build it and they will come,” rarely works in today’s world of information overload and product proliferation. Realizing we don’t have a Love Group is the first step in beginning to prospect to find a Love Group.

There are many ways to prospect for a Love Group, but we suggest bringing eight to twelve people together that should benefit from the new product, feed them pizza, and solicit their impressions. After explaining the product concept, the researcher asks questions like, “Who would love this product; what would they love about it; where and how would they use it?” Or if a little more adventuresome, the
researcher might hand out some paper and crayons and ask everyone to draw a picture of someone really loving the product. Then as people show off their artwork, the researcher may ask questions like, “Who are they; what are they doing; why are they so happy?” Listening and noting the responses, but more importantly observing the participants and looking for those few who are completely engaged and articulate, enables the researcher to build the Love Group. We have observed that about three to five prospecting sessions are needed to identify and understand the Love Group.

To accelerate, we advise entrepreneurs to carve out new space in the market by chasing and driving customers, not competitors. Drive the market. This means reinventing the marketing concept. Most companies know the marketing concept is to (1) analyze the stated needs of customers and (2) make decisions to satisfy those stated needs, and (3) do it better than the competition. However, “too many companies are expending enormous energy simply to reproduce the cost and quality advantages their global competitors already enjoy. Imitation may be the sincerest form of flattery, but it will not lead to competitive revitalization” (Hamel and Prahalad, 2005, p.148). To be successful, the reinvented marketing concept is the philosophy that firms should (1) analyze the latent needs of customers and then (2) make decisions to satisfy those latent needs with their own strengths, and (3) create new market space (Rhoads, Swenson, and Whitlark, 2010). Latent needs are needs the customer does not state explicitly. Latent needs must be discovered by careful observation of customer behaviors to identify customer problems and opportunities and the possible solutions. Accordingly, “the strategist’s goal is not to find a niche within the existing industry space, but to create a space that is uniquely suited to the company’s own strengths—space that is off the map” (Hamel and Prahalad, 2005, p.157). Additional research in new product development underscores this point. “For if in developing its new products a business relies solely on what customers state as their new product needs, the business is very vulnerable economically. Such a business is vulnerable not only for relying on customers’ best guesses for new products…but also to competitor’s parallel new product responses and the inevitable resulting price competition. A business that relies solely on customers’ expressed needs to develop its new products creates no new insights into value-added opportunities for the customer and thereby creates little or no customer dependence and foundation for customer loyalty” (Narver, Slater, and MacLachlan, 2004, p.334). As a result, entrepreneurs must do more that merely listen to customers stated or expressed needs. To stay ahead of the competition, entrepreneurs should discover and satisfy customers’ latent needs.

MAKING PROFITS

To drive profits, successful entrepreneurs get products and ideas out quickly, involve early-adopting customers, identify specific buying and usage situations, tap into revenue streams that complement core products, and learn to sell.

Most new products fail. Starting with the Booz Allen Hamilton study in the 1980s, research shows again and again that new products have about a one in ten chance of success (Booz Allen Hamilton, 1980). We are not alarmed by the low percent of success. There is a lot of failure in the marketplace, but there also is a lot of success.

Entrepreneurs cannot afford to spend years perfecting a product idea. To identify a winner, they need to get the ideas out quickly and involve early-adopting customers in the design process. We admit the thought of putting out a less-than-perfect product is painful, but the prospect of never striking gold, when gold is all around us, is even more painful.

Perfect products don’t guarantee entrepreneurial success. Combining a good product with the right angle or high-value application is more important than finding absolute perfection out of the starting gate. Most customers, particularly early adopters, are surprisingly forgiving when a fresh idea appears to have real merit.

Successful entrepreneurs often turn good ideas into great ideas by fine-tuning the details to address a specific usage situation. They find a situation to dominate. By understanding the usage situation, the entrepreneur can easily understand needs, wants, and how to deliver value. Consumers look for products and make purchase decisions based on situational needs not according to some demographic profile.
best marketing approaches usually are an outgrowth of understanding the customer and the usage situation triggering the customer’s need to purchase. Understanding the buying and usage situations can lead to ideas about augmented products that complement the core product, provide additional revenue streams, and afford new profit pools for the entrepreneurial venture (Gadiesh and Gilbert, 1998).

An interesting study by the Harvard Business School (Bhid, 1998) examined, among other things, the determinants of success for entrepreneurs. The sample included 87 Harvard Business School entrepreneurs and 100 entrepreneurs from the Inc. 500 companies. One of the key findings from the study and recommendations to entrepreneurs is: learn to sell. “The data suggest that face-to-face selling is a crucial skill: for most ventures to have any chance of success the entrepreneur has to be able to call on a customer and secure an order for a product or service” (Bhid, 1998, p.4). So, entrepreneurs must learn to sell or find someone who can sell for them.

Calling on a customer and securing an order means selling. It means asking the right questions and listening to customers to understand their needs and wants. It means matching the benefits of the product offering to the needs and wants of the customer. It means getting commitment from the customer for the order—closing the deal. It means delivering on commitments. It means meeting, even exceeding, customer expectations. Successful entrepreneurs know how to sell. They know how to close.

DISCUSSION

At this stage we are not claiming that our framework is complete. Our purpose is to initiate a process of identifying and categorizing various approaches, techniques, and methods that might be useful in guiding entrepreneurs in recognizing market opportunities and then developing responsive marketing strategies. Furthermore, the classification framework provides a means for organizing strategic decision-making activities into groups that are amenable to systematic investigation.

REFERENCES


