

Chapter 1

How Do Entrepreneurs See Digital Marketing? Evidence From Portugal

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ABSTRACT

The growth of the internet is giving rise to the overall importance of digital marketing for business management. In fact, digital marketing is widely accepted as an essential component of business management, and its share of the marketing budget is getting bigger. Still, digital marketing professionals deal with some resistance, especially from small and medium companies from more traditional sectors and from businesses struggling with limited budgets for marketing and communication. Entrepreneurs and startup managers are expected to have a clear acknowledgement of digital marketing tools' benefits, which is confirmed in this study. However, budget constraints limit their willingness to spend money on digital marketing and to hire specialized personnel. This chapter provides valuable cues for digital marketing practitioners and companies that intend to approach startups.

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INTRODUCTION

Studies on marketing and entrepreneurship arose as a result of the difficulty of applying traditional marketing concepts, very focused on large companies, to the reality of the small businesses. The main differences of small and medium-sized enterprises (SMEs) in relation to the large ones is the availability of resources (financial, human resources, facilities) and their strict potential for developing skills (Stokes, 2000; Gilmore, Carson & Grant, 2001). As a consequence, there are currently lines of research in the initial phase of study on the interface between marketing and entrepreneurship. These lines of research consider that combining marketing and entrepreneurship can help explain the performance of an entrepreneurial company, demonstrating that there are many touch points and possible synergies between the two areas of research. Most of the interface research explores how marketing concepts and principles are particularly relevant in entrepreneurial contexts and how they can help explaining business performance. Furthermore, digital marketing is an essential factor to consider when explaining the performance of new companies. This chapter focus on digital marketing for SMEs, because it is no longer a trend, it has become more and more crucial for these companies.

Many entrepreneurs have relegated digital marketing to the background, but it is currently an essential factor in globalized world we live in. In fact, the mastery of communication technologies has become essential in the business world and, in recent years, the Internet clearly offers a set of great opportunities and challenges of extreme importance, especially for SMEs. The Internet allows to enhance the marketing efforts of these companies in areas as different as efficiency improvement, access to new markets, business-to-business collaboration, customization of goods and services, product creation with customers, and developing relationships with customers, just to name a few (Ansari & Mela, 2003; Barnes et al., 2012; Harrigan et al., 2010; Harris & Rae, 2009).

The new forms of communication and relationship with customers in this digital era have completely modified the way companies engage with their stakeholders, especially their customers. A few years ago, the focus of the companies was the website, however now there are more and more evidence demonstrating how important it is for SME to define and adopt an online marketing mix and interactive applications (Durkin et al., 2013; Barnes et al., 2012; Kim et al., 2011; Bulearca & Bulearca, 2010). This transition to a wide variety of technologies, such as applications for mobile devices, application interfaces, social network sites, and data analysis, are complex and difficult for companies to evaluate their costs and benefits. Hence, in this chapter we intend to understand the importance entrepreneurs attribute to digital marketing, in order to provide indications on how digital marketing professionals and agencies ought to approach this market segment. Despite the increase in literature

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