

Innovating with underutilized marketing strategies to enhance profitability for
small retail-related firms

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Introduction and Background: To remain competitive and profitable, small businesses today face increased pressure to innovate by adding novel products, services, or marketing practices that create customer value (Sole, 2013). The present paper focuses on the perceived use of three groups of underutilized marketing strategies by small business operators engaged in retail-related operations (apparel and retail stores, restaurants, hotels, service operations). These marketing strategies included entrepreneurial marketing (*EM*), experiential marketing (*4Es*), and branding strategies (*brand distinctiveness* and *brand image*) (Fiore, Niehm, Hurst, Son, & Sadachar, 2013). *EM* consisted of four validated processes (*opportunity vigilance, consumer-centric innovation, risk management, and value creation*) (Fiore, et al., 2013) that firms undertake when developing new and innovative ways to market products and create value for customers (Fillis, 2015). Pine and Gilmore's (2011) four experiential realms, the *4Es* (educational, esthetic, escapist and entertainment experiences) were explored. Branding strategies captured *brand distinctiveness* and the creation of a unified *brand image* measured through perceived attention to the brand's 5Ps (property, product, product presentation, promotion, and people) (Oh, Fiore, & Jeong, 2007). The relationship of these practices to financial performance of small business operations (Sole, 2013) was tested. Hypotheses were:

H1: Profitable retail-related businesses will use a significantly higher level of the underutilized marketing strategies than non-profitable retail-related businesses: (a) opportunity vigilance, (b) customer-centric innovation, (c) risk management, (d) value creation; (e) education, (f) esthetic, (g) escapist, (h) entertainment experiences; (i) brand distinctiveness, and (j) brand image.

H2: Among retail-related business categories, there will be significant differences in the level of use of each of the underutilized marketing strategies: a-j listed above.

Method: An online survey was administered to small retail-related U.S. businesses ($n=301$) including retail stores (apparel, gifts, home décor) (46%), service-based retail (e.g., salons, spas) (17%), restaurants (23%), and hotels (14%). The survey instrument included Likert-type items from previously validated scales tapping the EMs (Fiore et al., 2013), 4Es and brand image/5Ps (Oh, Fiore, & Jeong, 2007), and brand distinctiveness (Yoo, Donthu, & Lee, 2000). Reported Cronbach's alphas for the scales ranged from .77-.95.

Results: In support of H1b-H1j, MANOVA (Pillai's Trace = 0.09, $F [9,285] = 3.13, p < 0.01$) and follow-up ANOVA tests ($p < 0.05$) indicated that profitable businesses reported significantly higher use of each of the underutilized marketing strategies compared to non-profitable businesses with one exception, educational experiences. In support of H2, significant differences in the use of underutilized marketing strategies were found among retail-related business

categories (Pillai's Trace = 0.36, $F [27,861] = 4.21, p < 0.00$). Results of the follow-up tests showing differences in the use of the underutilized marketing strategies for each business category are found in Table 1.

Table 1
Differences in the Use of Underutilized Marketing Strategies Among Business Categories

Underutilized Marketing Strategies	F-ratio (3,293)	Means			
		Retail Stores	Service-Based	Restaurants	Hotels
EM Opportunity Vigilance	5.37*	4.65 ^a	4.50 ^a	4.68 ^a	5.72 ^b
Consumer-centric Innovation	4.16	5.07 ^a	5.29 ^a	5.50 ^a	6.00 ^a
Risk Management	3.50	4.97 ^a	5.13 ^a	5.10 ^a	5.81 ^a
Value Creation	4.22	5.11 ^a	5.09 ^a	5.74 ^a	5.86 ^a
4Es Educational	9.88**	4.53 ^a	5.05 ^a	3.50 ^b	5.32 ^a
Esthetic	9.55**	4.48 ^a	5.06 ^a	5.22 ^a	6.16 ^b
Escapist	6.46**	4.54 ^a	5.07 ^{ab}	4.76 ^a	5.82 ^b
Entertainment	3.84	4.30 ^a	4.56 ^a	4.73 ^a	5.45 ^a
Brand Distinctiveness	5.22*	5.24 ^a	5.40 ^{ab}	5.91 ^b	6.09 ^b
Brand Image	8.26**	4.85 ^a	5.33 ^{ab}	5.60 ^b	5.99 ^b

Note: ** $p < 0.01$, * $p < 0.05$. Differing superscripts per row indicate that mean scores are significantly different ($p < .05$) (i.e., for escapist experiences, retail stores and hotels significantly differ, but service-based businesses and restaurants do not differ from retail stores or from hotels.)

Conclusion: Small retail-related firms often operate in complex environments and must transform their marketing strategies and practices in response to known and anticipated customer, market, community, and industry demands. Results of the current study show that an integrated marketing approach including entrepreneurial marketing (EM), experience economy 4Es, brand image, and brand distinctiveness is characteristic of successful small retail-related enterprises, but not fully utilized in all business categories. Thus, business operators would be wise to implement marketing strategies that fit the needs of their business. Small business assistance programs may also consider recommending these underutilized and innovative marketing strategies when designing support for specific categories of small business operators.

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