

Entrepreneurial Marketing Strategies and Sustainability of Hospitality Event Management Ventures in Eldoret Town, Kenya

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Abstract

Marketing assist entrepreneurs achieve their business goals and objectives hence, choosing and adopting the right strategies is crucial in determining the sustainability of an Event Management Venture (EMV) in terms of profitability, increase in market share and attracting new customers. Strategies employed by competitors can negatively affect sustainability of EMVs. This paper explored the relationship between entrepreneurial marketing strategies adopted and sustainability of hospitality event management ventures within Eldoret Town. It specifically determined the relationship between unethical marketing strategies, growth strategies, pricing strategies promoted by the ventures and sustainability of event ventures. The study used a correlation research design and a target population of 43 entrepreneurs. Data was collected by use of structured questionnaires. Descriptive statistics was used to analyze the data. Additionally, Pearson Moment Correlation Coefficient was used to test the following hypotheses: H_{0_1} - there is no significant relationship between unethical marketing strategies and sustainability of EMVs; H_{0_2} - there is no significant relationship between growth strategies and sustainability of EMVs and H_{0_3} - there is no significant relationship between pricing strategies and sustainability of EMVs. Findings from the study revealed that the entrepreneurial marketing strategies such as lowering prices for products and services and discrediting competitors were detrimental to the growth and survival of the ventures despite the fact that they were beneficial to the entrepreneur on a short-term basis. Consequently, as entrepreneurs engaged in cut-throat competition and played undercutting tactics, they failed to maximize profits which could affect the sustainability of ventures. The results of the hypotheses tested showed an insignificantly weak relationship between the strategies and sustainability of ventures. All three hypothesis tested recorded an $r > 0.5$ and $p > 0.005$ indicating that the coefficient is insignificantly different from 0. The study concludes that entrepreneurial marketing strategies are unrelated to sustainability of EMVs.

Keywords: Entrepreneurial marketing strategies, Event management ventures, Unethical strategies

Introduction

Hospitality is one of the world's biggest and fastest-growing service industries, and is major source of income for many groups. It is a sector within the tourism industry which comprises several sub-sectors such as hotels, lodges, catering units, events management and part of mobile units such as rail and air. Event Management Ventures (EMVs) play a pivotal role in the industry and their operations have a potential to contribute to development of the service industry and the economy. Event ventures provide entrepreneurial opportunities to many players in the sector and its management is crucial for continued improved performance.

At firm level, the term "sustainability" still remains ambiguous and politically charged, particularly within the lexicon of business. However, when the term is limited to encompass environmental management and social equity, it is often perceived to be at odds with fiduciary responsibility that is linked to business strategy (France, 1997). Hence it is necessary to make a case for business for sustainability by adopting a broader view. A sustainable organization is one whose characteristics and actions are designed to lead to a "desirable future state" for all stakeholders (Funk, 2003). For investors, a desirable future state would include sustained revenue growth over the long term. Regulators and the community at large value environmental stewardship and social responsibility. Consumers seek useful, reliable price-efficient products and services. From the view of employees of the company itself, a desirable future state includes maintaining viability and profitability as well as managing risks while promoting innovation. Companies that actively manage and respond to a wide range of sustainability indicators are better able to create value for all these stakeholders over the long term (Funk, 2003). Although it may not be perfect science to identify leading indicators of sustainability, performance measurements should be linked to business objectives. Additionally, availability of both financial (economic) and intangible (satisfaction of key stakeholders) performance information and the ability to interpret them, can give decision makers a more comprehensive understanding of what is important for performance over the long term.

Getz (2005) notes, however, that a principle applying to all events is that they are temporary and that 'every such event is unique stemming from the blend of management, program, setting and people'. Moreover, Shone and Parry (2004) observes that special events are those phenomenon arising from non-routine occasions which have leisure, cultural, personal or organizational objectives set apart from the normal activity of daily life, whose purpose is to enlighten, celebrate, entertain or challenge the experience of a group of people.' While Douglas *et al.* (2001) regard events as an activities where people come together to celebrate, to demonstrate, to worship, to honour, to remember, to socialize ...' Allen *et al.* (2008) view them as 'specific rituals ... or celebrations that are consciously planned and created to mark special occasions' and that it is 'impossible to provide a definition that includes all varieties [of events]'. In this study, event management ventures consist of outside caterers, decorators or florists, banqueting and conference managers, event planners and ventures involved in hiring of tents, chairs, furniture and equipment for events, public address systems, event grounds and function cake bakers. Entrepreneurial ventures are widely seen as a major engine of economic growth due to their ability in recognizing and exploiting new opportunities. Nonetheless, few ventures are started (Davidson & Henrekson, 2002) and barely 60% of these ventures survive longer than three years (ITPS, 2006).

Entrepreneurship being the process of creating value by bringing together a unique package of resources to exploit an opportunity (Stevenson, Roberts and Gousbeck, 1989) should result not only in the creation of new, growth-related firms but in the strategic renewal of existing firms

(Guth & Ginsberg 1990; Pinchot 2000; Morris & Kuratko 2001). Thus, entrepreneurial marketing can be used to describe the unplanned, non-linear, visionary marketing actions of the entrepreneur. Generally, businesses operate in an environment consisting of increased risk, decreased ability to forecast, fluid firm and industry boundaries, a managerial mindset that must unlearn traditional management principles and new structural forms that not only allow for change, but also help create it. It is a competitive landscape that has been characterized by over-riding forces such as change, complexity, chaos and contradiction that have an important effect on marketing (Hitt and Reed, 2000). Furthermore firms interact as competitors, customers and collaborators in a global, knowledge economy. Besides customers are becoming ever more demanding (Day and Montgomery, 1999; Kinnear 1999). Likewise, marketing is context dependent, but the context is continually changing thus, it has been argued that the fundamental precepts of marketing remain unchanged, but that more attention must be given to specific areas, such as customization and one-to-one approaches (Sheth, Sisodia and Sharma, 2000), relationships, networking, strategic alliances, globalization and technology (Gronroos, 1999; Piercy and Cravens 1994; Day *et al.*, 1999). Consequently, entrepreneurial marketing synthesizes critical aspects of marketing and entrepreneurship into a comprehensive conceptualization where marketing becomes a process that firms can use entrepreneurially. It is an effective approach for marketing in an era of environmental turbulence and a time when firms face unique pressures for improved performance.

Marketing must replace a focus on short-term exchange with an emphasis on acquiring and retaining customers and building customer equity in the long run (Blattberg *et al.*, 2001). However, entrepreneurial marketing has been frequently associated with marketing activities in firms which are small and resource constrained, and therefore must rely on creative and often unsophisticated marketing tactics that make heavy use of personal networks. Alternatively, it has been used to describe the unplanned, non-linear, visionary marketing actions of the entrepreneur (Tyebee *et al.*, 1983; Hultman 1999; Stokes 2000; Lodish, Morgan and Kallianpur 2001; Kotler, 2001). Kotler (2001) suggests that effective marketing today requires different strategies at different stages. Acting in an entrepreneurial fashion frequently entails breaking or bending rules, creative interpretations of agreements or stipulations and use of resources in ways for which they were not intended.

Marketing assist entrepreneurs achieve their business plans, goals and objectives by providing customers with tailored solutions thus enhancing customer satisfaction. Marketing tourism and hospitality event management ventures pose several challenges resulting from the nature and characteristics of services. Generally, the choice of strategies employed in marketing can determine the sustainability of an enterprise. In other words, sustainability of a business in terms of profitability, increase in market share and attracting new customers can be achieved through adopting the right strategies by the entrepreneur and competitors.

Marketing's impact on individual consumer welfare has been criticized for its high prices, deceptive practices, high-pressure selling, shoddy or unsafe products, planned obsolescence and poor service to disadvantaged consumers. Marketing's impact on society has been criticized for creating false wants and much materialism, too few social goods, cultural pollution and too much political power. Critics have also criticized marketing's impact on other businesses for harming competitors and reducing competition through acquisitions, practices that create barriers to entry and unfair competitive marketing practices.

In the context of this study, unethical marketing strategies are those strategies that aim at creating negative perceptions of competitor products and services in order to 'win' the customer's confidence. It involves aspects such as entrepreneurs discrediting competitors to potential customers by portraying them as unable to provide 'quality services', falsely blaming a competitor

for an event that failed in the past irrespective of whether the competitor undertook the event, claiming credit for a competitors successful event and also trying to use a competitors event-in-progress by issuing brochures during an the event. These strategies thrive in entrepreneurs going out of their way to look better than their competitors at whatever cost. This study looked at growth strategies in term of horizontal growth where entrepreneurs expand in a single line of business, vertical growth where entrepreneurs undertake to provide other services that are complementary to their main line of business and where entrepreneurs expand by providing services to more than one customer at a time.

Marketing strategies can be used to select a target market and develop a marketing mix that satisfy a market's needs thus the choice of strategies adopted can determine the sustainability of a venture. Sustainability of a business in terms of profitability, increase in market share and attracting new customers can be achieved through adopting the right marketing strategies by the entrepreneur. This study therefore aimed at establishing the relationship between unethical marketing strategies, growth strategies, pricing strategies and sustainability of EMVs. Specifically, the study tested the following hypotheses; H_{01} - there is no significant relationship between unethical marketing strategies and sustainability of EMVs; H_{02} - there is no significant relationship between growth strategies and sustainability of EMVs and H_{03} - there is no significant relationship between pricing strategies and sustainability of EMVs.

Methodology

The study was undertaken in Eldoret town in Kenya. The study adopted explanatory research design since it minimizes bias through probability sampling and maximizes the reliability of data collected. Besides, it was also appropriate for the study as it allowed for the use of questionnaires that facilitate rapid collection of data from entrepreneurs of event management ventures. The target population comprised 43 event management ventures. Census sampling technique was used to select the entire population that formed the sample. Therefore, the sample size for this study was 43 entrepreneurs of event management ventures within Eldoret Town. Structured questionnaires were used to collect the data. Statistical Package for Social Science (SPSS) was used as a tool for analysis. Descriptive statistics were employed to summarize, analyse and present data in the form of percentages. Pearson Moment Correlation Coefficient was used to test the hypotheses.

Research findings and discussion

Sample Description

The mean age of entrepreneurs was 34 years. Majority of the entrepreneurs (58%) had college education, 34% had secondary education while 8% had university education. However, only 23% of the entrepreneurs had formal training in the ventures they engaged in. With regard to marital status, majority of the respondents were single (74%), 16% of the respondents were married whereas 10% were separated/divorced. Most of the participants engaged in outside catering, decorations and hire of tents and chairs for weddings and business events.

Unethical Marketing Strategies

From figure 1, a majority (89.2%) of the respondents felt that it was unethical for entrepreneurs to market themselves by discrediting competitors as this affects sustainability of event management ventures. When entrepreneurs discredit their competitors, they destroy their image and reduce customer confidence, hence making it very difficult for the aggrieved to counter the accusations

as the damage destroys the venture at a fast rate. The cycle becomes vicious as the aggrieved retaliates when an opportunity arises thus, creating a ‘dirty’ business ground. An example of discrediting is like in the case of the catering venture, an entrepreneur can tell a customer that his/her competitor serves cold food, burnt food, inadequate food, cooks in unhygienic conditions and overcharges. Such comments are very destructive to ventures. Additionally, discrediting may arise when entrepreneurs magnify a small mishap that arise in a function and really bring out the negative part of it irrespective of whether customers realized the mishap or not. At times a situation is converted to look like a mishap and misreported.

From the findings, 75.6% entrepreneurs also engage in placing false blame on competitors for a failed event. This occurs when a customer makes inquiries about certain events or seeks information of the venture that undertook a certain failed event. At this point, the entrepreneurs places the failed event on the ventures that poses as the greatest obstacle to the anticipated job, hence the entrepreneurs ‘fuels’ blame on the wrong venture which makes it difficult for the customer not to believe. Therefore from the findings, this kind of strategy by entrepreneurs result in negative sustainability of ventures as others may lose business in high seasons and be unable to service their loans or get return on investment hence give up and close-business.

Again, a majority of the respondents (77%) indicated that when entrepreneurs take credit for successful events undertaken by their competitors, it can reduce sustainability of ventures. This is because as a venture invests in doing good jobs in order to get more business, it never materializes as the same is ‘stolen’ away by others by claiming credit. This also makes it difficult for ventures to gain stability in the market as it always creates a situation that calls for ‘trying to correct misinformation’ which in some instances customers may have believed.

Finally, 70.6% of the respondents indicated that when entrepreneurs issue brochures to market or introduce themselves during an event that they have not undertaken they are likely to affect the sustainability of a venture. This practice makes customers keep the brochures and assume that the services they received were rendered by the marketing venture, hence the venture undertaking the work fails to get business based on the outcome of the event duly managed. This practice makes marketing through quality service difficult and can lead to closure of business or poor performance resulting from reduced market share. It also makes aggressive ventures benefit from those that believe in playing a fair game in the world of business.

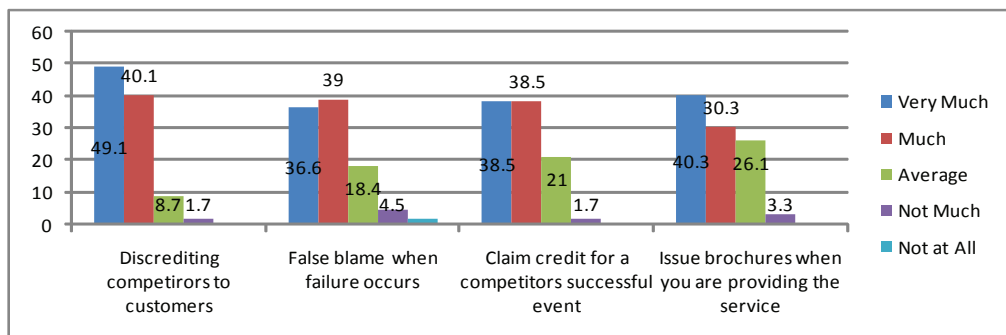


Figure 1: Unethical strategies and sustainability of event management ventures

Growth Strategies

As shown on figure 2, 93.1% of the respondents felt that the most acceptable growth strategy for sustainability of event management ventures was horizontal growth i.e. growth on the same line

of activity. For example, a venture undertaking hiring of tents and chairs for functions stood more chances of sustainability by expanding the venture through acquisition of more tents and chairs than adding other ventures such as outside catering. Growth in the same line of business enables entrepreneurs to specialize and master the art of the job hence provision of quality services can result in customer satisfaction and eventual sustainability of the business as the market share grows resulting from customer confidence. However, this kind of growth was acceptable in situations where vendors would like to be a one-stop-shop. On the other hand, 88.6% of the respondents felt that sustainability of a venture may be affected by unacceptable growth strategies such as vendors attempting to provide all services required in an event irrespective of their capabilities in terms of human resources, capital resources and multi-tasking abilities. In addition 72.7% of the respondents felt that sustainability of the venture was affected when vendors undertake many events simultaneously such as having up to or more than five events on the same day. These unacceptable practices compromised quality of service and eventual customer satisfaction.

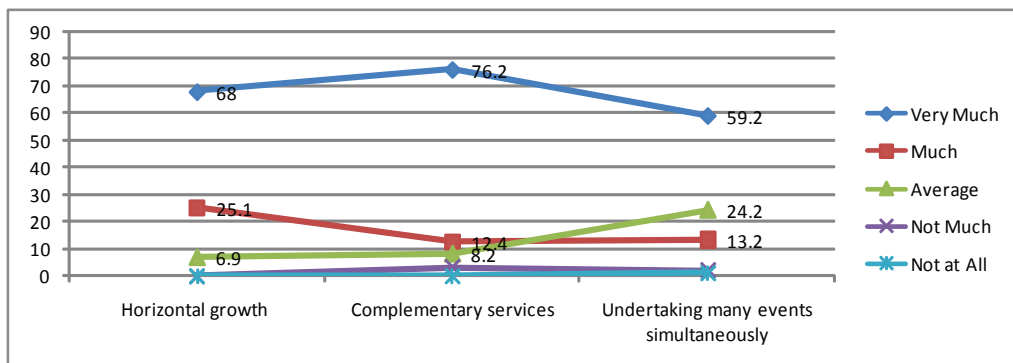


Figure 2: Unplanned Growth strategies and sustainability of event management ventures

Undercutting Price Strategies

Findings from the study revealed that marketing strategies used by entrepreneurs such as lowering prices for products and services and having low introductory prices for new products and services were detrimental to the sustainability of the ventures. Low introductory prices makes it difficult for an entrepreneur to increase the price at a later date hence reduces their chances of attaining return on investment or maximizing profits. For example, when a new vendor dealing with tents joins the market, their tents are new and the demand is also very high because of the newness of the tents. At this point, the vendor should have taken advantage of the demand to maximize profits, but because of the low prices, the vendor does not gain much yet at the same time, the tents highly depreciate thus reducing chances of increasing prices.

From table 1 below, a majority of the respondents felt that price strategies affect sustainability of event management ventures. With regard to cash discounts, 69% of the respondents indicated that this strategy reduces return on investment and force other vendors to reduce prices which affect profitability. In the long run, many vendors are pushed out of business because they are not able to re-invest, cannot renew their equipment due to low liquidity and hence end up closing up their businesses. Similarly, a high percentage of 82% of the respondents felt that skimming strategy whereby products are introduced at low prices was detrimental to the growth of the business and that raising prices for economic gains was difficult. Finally, 87% also indicated that many competitors market themselves by lowering prices based on quotations of their competitors

to win customers. This eventually affects ventures negatively hence making it difficult to attain sustainability. In summary, 79.3% of the respondents felt that pricing strategies employed affected sustainability of event management ventures.

Table 1: Undercutting pricing strategies and sustainability of event management ventures

Price Strategies	Very Much %	Much %	Average %	Not Much %	Not at All %	Total %
Cash Discounts	39.0	30.0	29.0	2.0	0.0	100.0
Skimming	50.0	32.0	13.0	4.0	1.0	100.0
Lowering price after knowing your competitors price to undercut	48.5	38.5	8.0	2.0	3.0	100.0
AVERAGE	45.8	33.5	16.7	2.7	1.3	100.0

Sustainability of Event Management Ventures

Findings from the study indicated that majority of the entrepreneurs felt that their ventures were sustainable. Specifically, 64% achieved return on their investment, 58% were able to expand their ventures, 72% anticipated that they would remain in their businesses, 74% were able to repay their loans, 66% retained their employees as they could afford awarding them commission for extra jobs and 48% had the ability to attract talent from their competitors (figure 3)

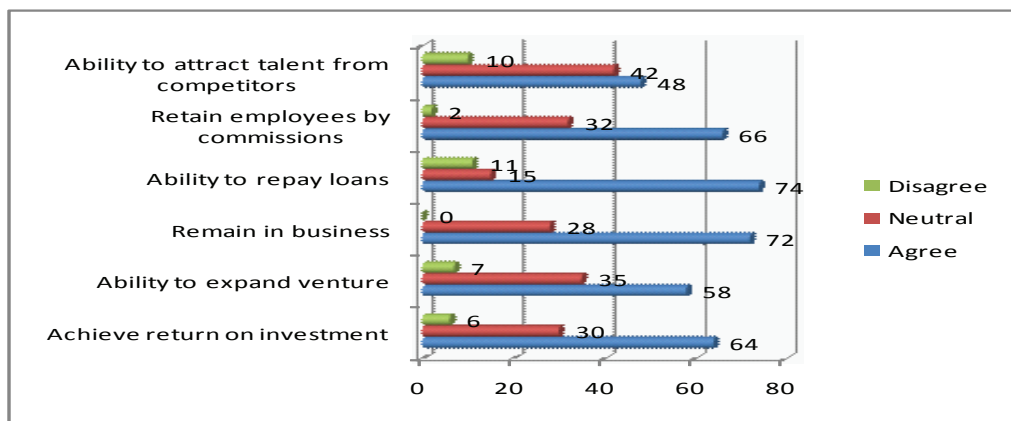


Figure 3: Sustainability of Hospitality event management Ventures

Hypothesis Testing

From the Correlations results (table 2), it can be seen that for unethical marketing strategies, growth strategies and price strategies, the correlation coefficient (r) equals 0.260, 0.151 and 0.015 respectively indicating a weak relationship between the strategies and sustainability of EMVs. All three hypotheses had a value of $p > 0.001$ (see table 2), which indicates that the coefficients are significantly different from 0. This means that for entrepreneurial marketing strategies there

was evidence that they are not related to sustainability of ventures. In particular, it seems that the more a venture undertakes entrepreneurial marketing strategies, the less effect it has on the sustainability of the ventures.

Table 2: Correlations results					
		Unethical Marketing Strategies	Growth Strategies	Undercutting Pricing Strategies	Sustainability
Unethical Marketing Strategies	Pearson Correlation	1	.372*	.204	.260
	Sig. (2-tailed)		.014	.190	.093
	N	43	43	43	43
Unplanned Growth Strategies	Pearson Correlation	.372*	1	.071	.151
	Sig. (2-tailed)	.014		.650	.335
	N	43	43	43	43
Undercutting Pricing Strategies	Pearson Correlation	.204	.071	1	.015
	Sig. (2-tailed)	.190	.650		.922
	N	43	43	43	43
Sustainability	Pearson Correlation	.260	.151	.015	1
	Sig. (2-tailed)	.093	.335	.922	
	N	43	43	43	43

*. Correlation is significant at the 0.05 level (2-tailed).

Conclusion and Recommendations

Marketing strategies used such as lowering prices and discrediting competitors were detrimental to the growth and survival of the ventures. Most entrepreneurs engage in marketing strategies aimed at undermining their competitors hence, many of the ventures performance are negatively affected which makes it difficult to achieve sustainability of the venture. Unethical marketing strategies, pricing strategies and growth strategies currently employed by event management ventures affect sustainability of their ventures. This was supported by a majority of the respondents. As a result of the marketing strategies employed by the ventures, many of the ventures eventually closed down, were not able to expand, did not attract good employees and were unable to repay loans granted hence some had to sell off their investment to offset loan balances in order to prevent them from accruing interest.

Based on the findings, the researcher recommends that entrepreneurs should form an association to coordinate the activities of ventures wherein regulations are enacted to govern the ventures for sustainability. They should create conducive environment where all parties work in a kind of network or collaboration. In addition, there is need for the ministry of trade to train entrepreneurs on the importance of applying marketing strategies that enhance partnership and sustainability of the ventures such as attempting to setup uniform price guidelines to enhance profitability for all ventures.

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