

Reaching out in the rural

The role of marketing in rural side activities



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Abstract:

As the production function of the rural is regressing, a new type of enterprise arises. This is a part-time business that provides additional income while not having as much monetary reasons but more lifestyle choices. As money is not the main motivation, it is useful to look how these side activities overcome rural penalties and reach customers. This paper questions what the role of marketing is in rural side activities. A quantitative approach is chosen, where owners of side activities owners are surveyed. Results show that most side activities have some form of marketing. However, most owners spend once set-up no time or money in it. Most marketing takes place on the local level. Furthermore, most owners choose product or service related paths when responding to threads that come out of the market instead of marketing.

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Introduction

A changing countryside

The rural is undergoing large social and economic changes as the role of agriculture has increasingly declined, indeed in some regions the economic contribution of agriculture has declined to under 15% (Strijker & Markantoni, 2011). Consequently, the countryside is becoming more than a place of production. Namely, a place of consumption (Woods, 2005). However, the rural is still an industrious place, for example, 37% of all businesses in the Netherlands are in the rural (Strijker & Markantoni, 2011).

As a result, the rural has become increasingly diversified. Indeed, new activities have emerged in the rural. Many residents turn to self-employment and especially home-based businesses (Rowe, et al., 1999). On top of that, Strijker & Markantoni (2011) state that the rural has an overrepresentation in start-ups and can be seen as a breeding place for new businesses.

One of the emerging businesses are side activities. These businesses provide additional income to the household. They often do not have monetary compensation as a primary motivation (Markantoni et al, 2014). Often, they do not have ambitions to grow to a fully developed enterprise as the owners are lifestyle entrepreneurs (Markantoni et al., 2013b). However, it could be argued that since side activities still have the costs of running a business, they need at least to break even. On the other hand, the rural is not a favorable climate for business as most high-order functions and human capital are gravitated towards the urban (Anderson et al., 2010). Moreover, there is notion of some kind of a rural penalty as the rural has lower densities and is farther removed from markets, customers, and information (Malecki, 2003). Hence, business owners will have to do some effort to reach customers to overcome these penalties.

Main question and secondary questions

Therefore, this research is done to discover how rural side activity owners find their customers. This will be done with the following question:

“What is the role of marketing in rural side activities in reaching their customers?”

Apart from the main question some secondary questions can be asked. First of all, on what level does the marketing in side activities takes place? Furthermore, if this does not happen locally, is there a difference in marketing between businesses that focus on customers from outside the community and those who focus on customers from within their local community? Additionally, does more marketing lead to more profits? Lastly, do ambitions of the owner play a role in the use of marketing?

The outlook of this paper

The relevance of this research will be discussed in the following section. Afterwards, a short overview on literature about both side activities and marketing will be given. On basis of this literature, a conceptual model will be made in order to give a framework to collect data. With help of this framework, the data collection will be presented. Following that, the result of this data collection shall be explored. Finally, conclusions will be made in relation with the literature.

Relevance

Because side activities can be seen as special cases of small and micro-enterprises (Markantoni et al., 2014), it is relevant to look into marketing theory for these types of businesses. However, the role of marketing in small to medium enterprises (SMEs) is largely unexplained according to Walsh & Lipinski (2009), therefore, this research would contribute to understanding the role of marketing into SMEs. This research's relevance is not limited to social science; Huang & Brown (1999) argue that 40,2% of the problems that owners of SMEs are facing are in sales and marketing. Therefore, it is relevant to research the role and problems of marketing within side activities, to make it possible to develop aid plans for SMEs that are struggling.

There is no research yet for as far as I know in how side activity owners find their customers. This is relevant because, this research can look whether side activities are different in marketing than other SMEs, for as far literature states anything about that. Again, the relevance of this research is not limited to social science as contemporary policies aim to diversify the rural economy and consider side activities attention as mean to achieve this goal (Markantoni et al., 2013b), therefore it would be useful to find out more on how side activity businesses work.

Literature review

Side activities

Markantoni et al. (2013b) describe side activities as economic activities that are providing additional income to households while remaining homebased and small scale. In addition, Markantoni et al. (2014) give two main reasons behind the surge of side activities. Firstly, the demand increased for special foods, tourist activities and nature activities creates a market for side activities. Secondly, the decline of agricultural industry may make some people search for other incomes.

Moreover, Markantoni et al. (2013b) state that side activities can be placed in the microenterprise category and the small business category of the European Commission, since they seldom have more than three employees. On top of that, Markantoni et al. (2014) argue that side activities can be seen as a very specific case of the prementioned categories, with as important distinguishing feature that small businesses tend to generate more income for the owner. However, rural enterprises are known to have limited resources in general (Anderson et al., 2010).

Agrarians and non-agrarians

Side activities done by farmers are also known as pluriactivity (Kinsella, et al., 2000). According to Woods (2005) about 58% of agrarian household have income out of pluriactivity. Kinsella et al. (2000) estimated that in 2010 60% of the farm households would be pluriactive. The biggest difference between agrarian and non-agrarian side activities is that farmers often have different resources available, both in terms of space as in terms of human capital (Markantoni et al., 2014). Following research of Eikeland & Lie (1999) approximately 25% of side activities are done by nonfarmers, however, that research is done in Norway where the rural densities are lower than the Western European where this research takes place.

Embeddedness

Anderson et al. (2010) have found that the success of rural small enterprises is very much reliant on their embeddedness in the local community. Indeed, they argue that it can be a limitation in the sense that it is hard to expand in small communities, but also a fallback in more difficult times as they typically have a set of regular customers from the local environment. On top of that, Thapa (2015) states that embeddedness in the local environment helps microenterprises to get a better performance. According to Anderson et al. (2010) the embeddedness of rural businesses counters the negative aspects of the rural as a business environment. The embeddedness is important within side activities as well, Markantoni et al (2014) note that although their economic impact is limited, they play an important role in the social dimension of a community.

Marketing

There is no research done on marketing in side activities for as far as I could find and very little on marketing in the rural. Since side activities can be classified as micro and small enterprises (Markantoni et al., 2013b), an oversight on literature about the role of marketing in SMEs will be given. However, marketing in SMEs is not covered as extensively by literature as marketing in bigger enterprises (Walsh & Lipinski, 2009).

Moorman & Rust (1999) state that conventional wisdom on the role of marketing is that it functions as the management of the relationship between customer and company. However, Narver & Slater (1990) define marketing orientation as an organization structure that creates behaviors that lead to a better performance of the enterprise, focusing more on the competitive aspect of marketing. Simpson & Taylor (2002) argue that marketing is an important business function.

Marketing in SMEs

According to Walsh & Lipinski (2009), some scholars even doubt whether marketing is a practice in SMEs. Nonetheless, Walsh & Lipinski (2009) state that marketing is often present in SMEs, although it does not take an active significant role. They state that marketing is a tool to increase comparative advantage. As side activity owners do feel some competitiveness (Markantoni et al., 2014), some form of marketing can be expected in rural side activities. Furthermore, Walsh & Lipinski (2009) state that marketing in SMEs is very different than in bigger enterprises. Indeed, it often takes form through informal and unstructured processes. Just like ambitions to grow are highly depended on the owner (Markantoni, et al., 2013b), the role of marketing in SMEs relies on characteristics of the owner (Walsh & Lipinski, 2009). Indeed, Fillis (2004) identifies four types of entrepreneurs in the craft sector, an industry that exist mostly out of microenterprises. Most importantly, he names the lifestyler and the entrepreneur as types of business owner. They are somewhat opposites, whereas the lifestyler prefers risk aversion and does not follow business and marketing strategy and the entrepreneur-style of business owners are risk-takers that do follow business and marketing strategies. Markantoni et al. (2013a) name most side activity owners as lifestyle entrepreneurs.

In this sense, two forms of marketing can be distinguished. Marketing that is more conventional, and the informal, reactive small-scale way as described by Walsh and Lipinski (2009). Fillis (2004) describes that some businesses take a more professional, structured approach on marketing. He finds, however, that most SMEs have the informal marketing structure. This form of marketing takes place on a local level, through methods as networking, whereas more professional marketing focuses on things like advertisements.

External and internal factors: marketing as a response

Simpson & Taylor (2002) state that the role of marketing relies on internal factors and that the relevance of marketing relies on external factors. In line with this is the notion that a SMEs are influenced by both internal and external factors. Internal factors include personal factors of the owner and characteristics of the company, external factors relate towards the environment wherein the enterprise is situated (Markantoni et al., 2013b). Indeed, Anderson et al. (2010) state that the growth of firm is dependent on their ability to cope with threads and opportunities caused by external factors. This ability is produced out of internal factors. With this framework, it could be stated that marketing is an internal reaction on external market forces.

Other responses

However, marketing is not the only response to external forces. Simpson & Taylor (2002) state that some SMEs focus on technical or production capabilities, which can be just as successful. Moreover, Fillis (2005) states that the divide between market orientated

approaches and product orientated approaches is a philosophical clash. Product oriented approaches focus more on what the business owner wants to make and assume that the quality of the product will attract customers. Market oriented approaches do look at the market and base their product on what the market wants and are more likely to get into marketing. Additionally, innovation can be seen as another response. Reidolf (2016) argues that innovation in rural SMEs takes place through networks. SME managers often achieve higher levels of innovation by gathering knowledge via networks outside of their locality. In addition, a diverse network can improve their innovative powers. Furthermore, sometimes the external factors create a market where marketing is not very necessary. For SMEs that produce for consumer markets, marketing is often more relevant than for SMEs that produce for industrial markets according to Walsh & Lipinski (2009). Side activities often produce for consumer markets, so it is likely that the environment for side activities has relevance for marketing.

Towards an analytical framework

The mentioned literature is incorporated in the model shown in figure 1. The base for this model is the concept of external and internal factors discussed in the previous section. The external factors are within the right box. In the left box are the internal factors. Since these factors determine whether there will be marketing or not, the focus on the research will be on these factors. These factors are somewhat fixed, one does not get years of experience in running a business overnight.

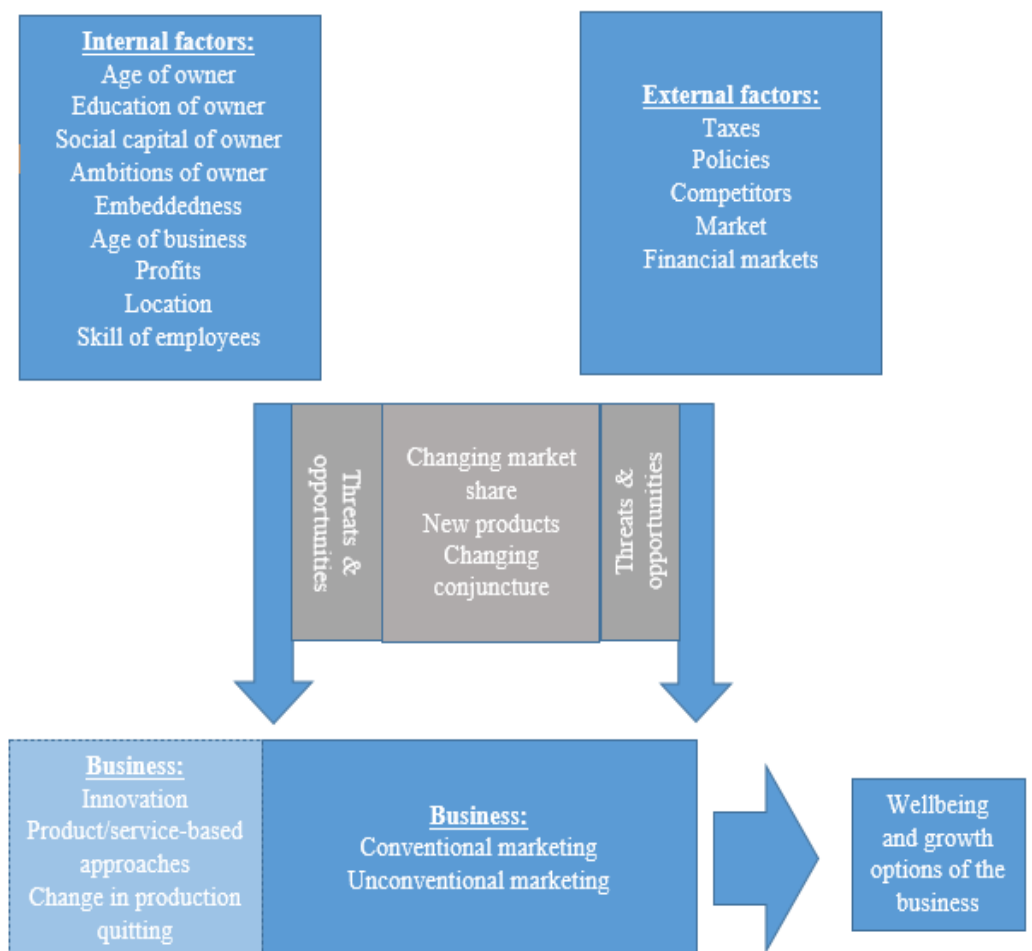


Figure 1: the conceptual model

Both factors create threats and opportunities that affect the business. In order to deal with this, the business adopts a strategy. Possible strategies are marketing oriented strategies and product oriented strategies. Within the marketing oriented strategies, there are several forms. There is the prementioned conventional marketing, and the more reactive, unconventional

marketing based on local networks. Furthermore, the business can choose a product orientated approach. It should be mentioned that product and service based responses and marketing are the only measurement that are easily possible short term. As side activities are small, lowering or raising production either makes the business stop existing or is not possible because that would mean the end of the part-time basis of side activities. It is of course possible to adopt multiple strategies, however, since microenterprises have limited resources, it is unlikely that they have adopted two well-developed strategies.

Which strategy is chosen is determined by how the factors affect the enterprise. Additionally, this determines the manner in which the strategy is adopted. Finally, the strategy affects the wellbeing of the business. In what way, it affects the wellbeing is reliant on manner in which the strategy is adopted.

Methodology

In order to determine the role of marketing within rural side activities a quantitative research is done. Although qualitative research could explore a great deal of the deeper considerations of choosing to use marketing or not and assessment of threats by side activity owners, quantitative research suits this research better. Because of the lack of research on this area, it would be suitable to explore the greater trends before searching for deeper processes. Since qualitative research is suitable for researching bigger trends (Clifford, et al., 2010), this method was chosen.

Main question and hypotheses

In order to answer the main question and the secondary questions, the following hypotheses are made based on literature:

1. There is no major role for marketing in side activities. Simpson & Taylor (2002) state that marketing is important to service growth of a company. However, if a company does not want to grow the role of marketing is reduced. Indeed, as Markantoni et al. (2013b) found, most side activity owners have no ambitions for growth. Thus, marketing would not be as necessary. Furthermore, Walsh & Lipinski (2009) observed that marketing is often in a basic state in SMEs. It can be expected that side activities follow the same pattern as they are SMEs as well.
2. Side activities that actively pursue growth have a bigger role for marketing. Walsh & Lipinski (2009) argue that marketing creates comparative advantages. These advantages are necessary when one want to expand their enterprise. Consequently, when growth is pursued, marketing will play a role.
3. There is a positive correlation between profit and marketing. As mentioned above, marketing is necessary to increase or create comparative advantage. Therefore, if a side activity owner makes use of marketing, he or she will make more profit.
4. More use of marketing for side activities that rely on customers from outside the community. To attract people from outside the community, more marketing would be required to let the potential customers know that the option is there.
5. Most marketing takes place through local social networks. As Walsh & Lipinski (2009) mention, marketing in SMEs often takes places through informal networks. As side activities can be seen as SMEs with a smaller revenue (Markantoni, et al., 2014), it is to be expected that they too rely on informal networks, instead of building out to a more mature marketing structure.

Means of data collection

To answer the main question and to test the hypotheses, a survey was done. These surveys were taken under owners of side activities of rural municipalities of the provinces of Groningen and Drenthe, namely the municipalities Veendam, Menterwolde, Hoogezand-Sappemeer, Slochteren, 't Oldambt and Aa en Hunze. This choice of this location has three reasons. Firstly, Markantoni et al. (2014) state that the urbanized character of Dutch countryside is comparable to, among others, rural areas in West-Germany, Belgium, and the UK, therefore the result have a wide applicability. Secondly, out of the research done by Markantoni (2012) came forward that this region has a high number of side activities, therefore increasing the chance of success to find them. The municipality of Slochteren was

not intended to be included at first, but the researcher wandered into this municipality by accident and found cases as the villages visited are comparable with the villages in the selected communities, there is no reason to not include these cases. Given the nature of this research, a descriptive definition of the rural is chosen. Descriptive definition of the rural are often based on population density (Woods, 2005), in this research as well. Furthermore, places that have relatively high densities were avoided to prevent demarcation problems as often happens with descriptive definitions of the rural according to Woods (2005). The excluded places with relatively high density were: Hoogezand-Sappemeer, Winschoten and Veendam. To get a more complete picture, both side activities of agrarians and non-agrarians are included in the research, however most side activity owners found were nonfarmers. In order to find side activities, the researcher went through this region by bicycle to look for side activities. A search on internet would not have sufficed, since some side activities do not have a website or are not registered. Therefore, in situ research provides a more complete sample. To reduce the invisibility of side activities even more, some snowballing was done: once a case was found the owner was asked whether he or she knows more side activities. A total of 25 cases has been found, the specifics of the cases will be discussed in the respondent description section.

This sample is somewhat small. Reason for this is that the researcher was often invited in for the survey. As a result, it often took an hour to get one response. However, during these visits, the respondent provided additional information about their business. In this way, these visits can be seen as a non-structured interview, the time investment was compensated with more understanding.

The surveys

The full survey is included in the appendix. The survey can be divided in four categories that all cover a part of the model. The first category covers for the owner's characteristics in order to cover for the importance mentioned by Markantoni et al. (2013b) & Walsh & Lipinski (2009). Factors like experience of the owner and ambitions to grow were asked. Questions 17 to 21, 2, 3 and 7 cover this category. The second category are questions about characteristics of the business and covers alongside the previous category for the internal factors. Questions about the age and the embeddedness in the local community were asked. Questions 1, questions 4 to 6, and question 22 fall into this category. The third category covers for the perceived threats in order to find out whether there are threats at all and how owners experience those. Questions about competitors and their opinion on them were asked. Questions 8 until 10 covers for this. These questions explain whether there is any perceived need for marketing, and therefore provides data to check hypothesis 1. The fourth category covers for the strategies and chosen instruments. These are the responses on the threats and opportunities. This will explore their forms of marketing, but also the other responses possible on threats.

Response to the surveys

All the surveys were taken with the researcher nearby. Therefore, if the respondents had any questions about the survey, an explanation could be given. Furthermore, somewhat personal information was asked. These questions were asked in the end of the survey in order to give the researcher and respondents time to bond a bit. Additionally, to protect the privacy of the respondent, the surveys are completely anonymized; neither the place, the sector nor the name

of the company was noted in any way. This was clearly communicated with the respondents at the start of every survey as well. Surprisingly, the respondents signaled that start up motivations played a role in how they led their business, however there were no questions in the survey to explore this.

Data analysis

Two multiple linear regressions were done on the dataset to see which variables have a correlation with the size of the efforts put into marketing. The dependent factors were hours put into marketing for one regression and relative investment into marketing for the other. The advantage of doing a regression is that it takes all the factors in a model and does not calculate the single effect of a variable on its own. In this way, the whole model in figure 1 can be put to the test.

However, as the sample turned out small and skewed, as will be discussed, a Spearman's Rho was done. This test is less sensitive towards this skewedness; however, it is nonparametric. Lastly, to test hypothesis 2 and 4. Some Mann-Whitney tests are done to compare the investments in marketing, both in means of capital and time

Results

Respondent description

Because side activities are somewhat hard to find, the sample turned out rather small, namely 25 cases. The distribution of cases per municipality is pictured in figure 2. Furthermore, the sample is overwhelmingly female; only 12% of the respondents is male. Although it is normal that more women are found as more women are active in side activities, this sample is more skewed than the sample of Markantoni (2012). This bigger distortion could be caused by the size of the sample.

The median age of the respondents is 50 years old, which is nice in the middle. The companies are younger than the owners, the median age of the company is 8 years old. The owners have on average somewhat more

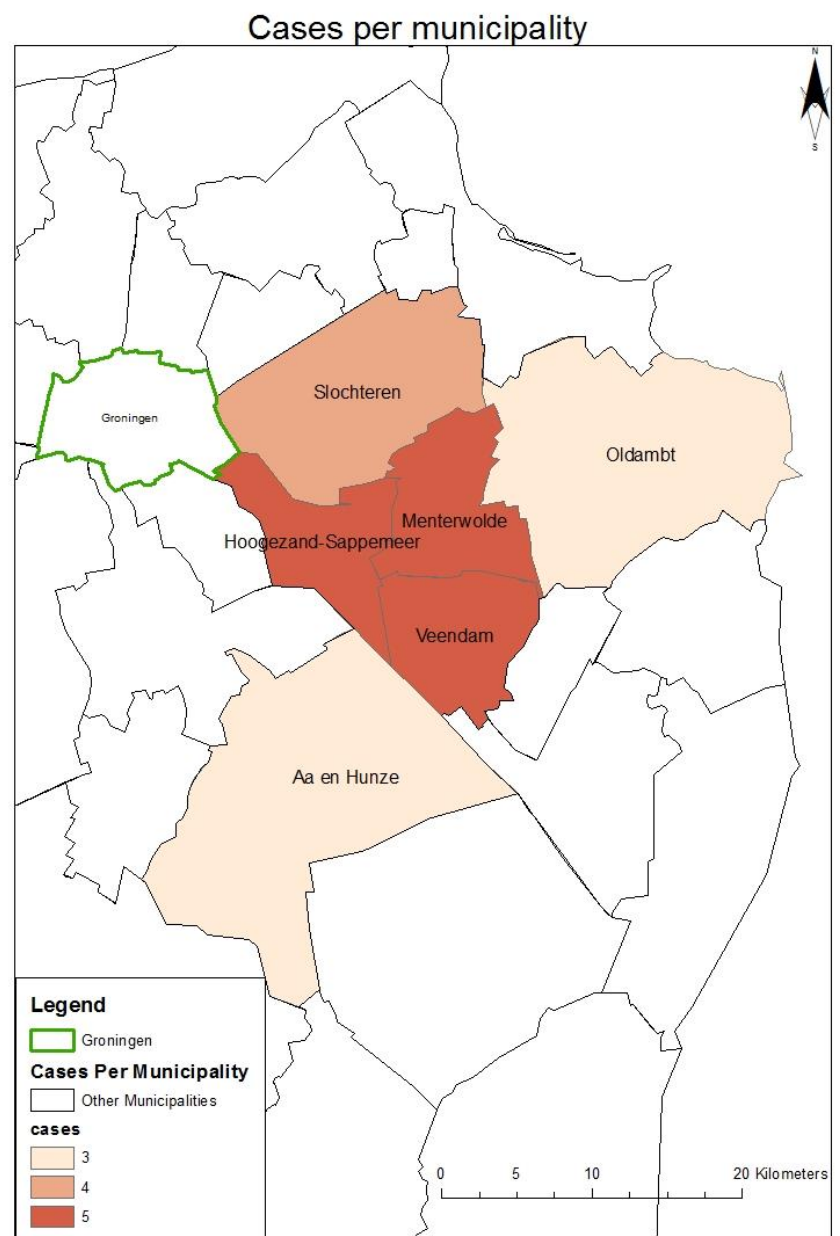


Figure 2: the geographical distribution of the cases

experience, namely 11 years. However, the median experience is just like the median business age 8 years. Only 4 cases have had previous experience with side activities, often just a couple of years. The sectors in which the side activities operated were extremely diverse, from beekeepers to kayak rentals.

Furthermore, slightly less under the half of the respondents has ambitions to expand their activities, namely eleven. This is somewhat higher than what came forward out of Markantoni et al.'s (2013b) research. However, this can be because of different definitions: ambition in this research is simply defined as any extension of current activities, whereas Markantoni et al. (2013b) went more in-depth. On top of that, the smallness of the sample could be an explanation as well.

Marketing

First of all, all respondents filled in one form of the possible marketing methods, this means that at least some form of marketing is present. The distribution of methods is shown in table 1. Somewhat paradoxically, while every owner signaled to use at least one of the listed forms of marketing to reach their customers, most signaled that they did not allocate any funds into marketing. Indeed, although the mean investment into marketing was around 5% of the revenue, the median investment was 0% of the revenue. On top of that, 8 cases signaled that they did not spend any hours working on marketing either. Other respondents did not invest a large amount of time in marketing either; the respondents put in 28,36 hours on average into marketing for their firm monthly. The median, however, was at 2 hours monthly. Many participants signaled that no money and almost no time is spent into marketing once set up. Many respondents referred to marketing as something that once set up was self-sufficient, which can explain the presence of marketing although no time has been put into it.

The regression

The first regression has monthly hours spend on marketing as a dependent variable, the second had relative investment into marketing as dependent, all the explaining variables are listed in table 2. Both regressions turned out insignificant with a 95% confidence interval. The regression 1 had a probability value of 64,1% and not a single variable with significant effect on hours in marketing. The second regression, however, had a probability value of 6,9%. Table 2 shows the significance and the coefficients of the regressions.

Table 1: the distribution of marketing methods

<i>Method</i>	<i>Number of users</i>
<i>Signs</i>	21
<i>Local networks</i>	16
<i>Social media</i>	13
<i>Website</i>	15
<i>Papers</i>	8
<i>Contact with distributors</i>	7
<i>Tourist Routes & events</i>	6
<i>Folders</i>	3
<i>Radio and television advertisements</i>	1

<i>Variable</i>	<i>Regression 1</i>		<i>Regression 2</i>	
	<i>Significance</i>	<i>Coefficient</i>	<i>Significance</i>	<i>Coefficient</i>
<i>Age of business</i>	0,171	0,412	0,117	0,667
<i>Experience of owner</i>	0,528	0,053	0,215	-0,429
<i>Size of community</i>	0,923	-0,024	0,332	0,298
<i>Number of customers</i>	0,961	-0,705	0,786	-0,101
<i>Number of competitors</i>	0,276	-0,217	0,875	-0,035

<i>View on competitors</i>	0,566	-0,193	0,206	-0,230
<i>Age of owner</i>	0,095	-0,275	0,583	-0,228
<i>Level of education</i>	0,927	0,042	0,837	0,056
<i>Level of education in business</i>	0,138	0,820	0,044	0,719
<i>Profits</i>	0,434	0,525	0,243	-0,484
<i>Customers from the outside</i>	0,960	0,035	0,437	0,319
<i>Customers from the local</i>	0,882	0,087	0,177	0,508
<i>Uses marketing responses</i>	0,726	0,119	0,086	0,391
<i>Uses product/service focus</i>	0,931	0,047	0,179	0,474
<i>Gender of owner</i>	0,6888	-0,189	0,164	-0,422
<i>Focus marketing on the outside</i>	0,459	-0,357	0,551	0,171
<i>Focus marketing on the local</i>	0,197	0,657	0,552	0,171

Table 2: the outcome of the regressions

As shown in table 2, one variable turned out significant, namely the highest level of education that the owner ever had followed. This is quite logical, when an owner has had education he or she is more likely to follow conventional business structure. The effect of the variable is strongly positive, meaning that investment in marketing strongly increases with the level of education in business. The models had an explaining power of 67,1% and 88,1% respectively. This shows that there is no basis to believe that there is a correlation between the prementioned internal factors, threats and threat perception and the size of the effort put into marketing except for education in business. However, with such a small sample, it is relatively difficult to find a significant result. Therefore, further analysis of the variables could prove useful.

Locality

Local methods and relatively cheap methods are the most used methods, as can be seen in table 1. Signs can be seen as a local method as it is only visible when one is near it. Moreover, resource-low methods as websites and social media are popular. Methods that reach more people outside of the community and that also are costlier are less popular. Hence, the conclusion can be drawn that marketing in side activities is often of the unconventional form. To test whether side activity owners that do not focus locally use more marketing the data was divided into two groups: those who rely on outsiders and those who do not. The group that did both was left out. Because of the smallness of the sample a Mann-Whitney test was used. The mean rank of hours into marketing and relative investment into marketing was not significantly different between the two groups. Therefore, there is no basis to believe that hypothesis 4 is true.

This can be explained with the somewhat tight definition of locality. Side activity owners can still use local methods while their customers are not from the local community, when the customers are from a neighboring village. We can still speak of local level of marketing then, while the customers are from outside of the community. Furthermore, some entrepreneurs that had more customers from outside of their community told that their customer base completely existed out of regular customers. They did not want to expand their business and therefore did not use marketing intensively. Therefore, it can be concluded that hypothesis 5 is confirmed and most marketing takes place on the local level as most owners use local methods.

Growth

Furthermore, to find out whether there is a correlation between ambitions to grow and the size of the effort put into marketing, the dataset was divided again into two groups: cases that are looking to expand their activities and those who are not. For prementioned reasons, a Mann-Whitney test was done again. Both for hours put into marketing and relative investment in marketing there was significant difference in mean ranks. This gives a basis to assume that there is a difference in the size of the effort put into marketing between groups with different ambitions and, thus, confirm hypothesis 2.

In addition, to find out whether there is a correlation between profit and size of effort put into marketing, a variance analysis was done between revenue and relative investment into marketing. A second was done with hours put into marketing instead of relative investment into marketing. Both result gave no indication to assume that there is a correlation. However, the dataset has some heavy outliers. Therefore, a Spearman's Rho test was done, since that test is less sensitive to outliers. However, for both the two combinations, there was no significant result. Therefore, there is no reason to believe that there is a correlation between profit and marketing. This mean that there is no reason to confirm hypothesis 3.

Reasons for no marketing: view on competition

Indeed, it seems that marketing is not very popular under side activity owners. Only two respondents signaled that they increase marketing in order to deal with competition. Eleven choose to focus on providing better products and services and 12 chose to not do anything to gain an edge. Furthermore, as table 2 shows, most of the respondents had a positive view of their competitors. Although no correlation could be proved between opinion on competitors and size of the effort or funds put into marketing, either it being be analysis of variances or Spearman's Rho, it is telling that only 2 respondents have a negative view on competitors. It is hard to find a correlation because the smallness of the sample. However, one of the respondents that has a negative view on competitors spends an excessive amount in marketing, namely 60% of the revenue spending the most into marketing of all respondents. However, the other respondent with a negative opinion on competition did spend nothing into marketing, neither time or money.

<i>View</i>	<i>Count</i>	<i>Percentage</i>
<i>No competitors</i>	2	8
<i>Very Negative</i>	0	0
<i>Negative</i>	2	8
<i>Neutral</i>	11	44
<i>Positive</i>	7	28
<i>Very Positive</i>	3	12

Table 3: the opinions on competition

Therefore, it is possible that side activity owners do not see competitors as a threat. On the contrary, some side activity owners told that they are friends with their competitors and even help each other in their businesses from time to time. Furthermore, sometimes owners even work together in marketing in order to pool resources. Prime example of this are bicycle routes past antique stores. It can be concluded that embeddedness is not only a vertical customer – business relation, but also a horizontal business – other businesses relation. This can explain the big group of people who do nothing to gain an edge on their competitors.

Reasons for no marketing: the product & relation with the customer

Another explanation for the absence of marketing can be found in the hobby-like aspects of side activities. Most owners start their enterprise out of passion for the activity, therefore, it is

a more logical response to rely on improving the product or the service, a subject on which the owner has knowledge and enthusiasm, rather than experimenting into marketing. Moreover, this would explain the significant effect of education in business. Side activity owners that had some education in this are likely to be more familiar with marketing and therefore possibly less hesitant to invest in this.

Furthermore, many respondents mentioned that providing a special experience for the customer was the most satisfying factor of having a business. On top of that, many stated that they believed that providing a better service would work as marketing in itself as they believed that their service was unique, making customers return and telling other people about the good experience. This can explain the big group that chose product and service based responses.

Conclusions

This research set out questioning: “What is the role of marketing in side activities?”.

However, because the small sample, it is somewhat hard to make generalizations. Most of the test results are from nonparametric tests. Therefore, the conclusions that are drawn are less strong than when they would have come out of a parametric test.

On the other hand, the sample represents the majority of side activities in rural regions that are representative for the Dutch countryside. Indeed, the smallness of the sample does not mean that this research does not provide insight into the role of marketing in rural side activities.

The environment of operations

When looking at the dataset it can be concluded that the fifth hypothesis is confirmed. Most side activities had local customers and made use of local methods of marketing. This reaffirms the important social function that side activities have that were mentioned by Markantoni et al. (2014). Not only in establishing meaningful connections between customers and owners, but also horizontal integration between side activity owners as they often help each other out. This is very much in line in the informal, reactive way that Walsh and Lipinski (2009) described as how marketing in SMEs takes places. Marketing in side activities often goes through the unconventional version.

Further, despite being in consumer oriented markets, it can be concluded that the environment in which side activities operate can be described as having low relevance for marketing as described by Simpson & Taylor (2002). Most businesses are not very much engaged in marketing and having more investments into marketing does not equal a higher revenue. Therefore, hypothesis 3 is rejected.

Revisiting the model

The model sketched in figure 1 can be updated as well. The new version is visible in figure 3. In this model marketing has less of a prominent role as it turned out as an unimportant strategy. Moreover, it can be stated that side activity owners rather base their strategy on their internal factors than on external factors. In this sense, marketing is one of the strategies based on the resources in a business that respond to threads and opportunities caused by external factors.

Furthermore, some other factors have been added; embeddedness is split up into the embeddedness in the business environment and embeddedness in terms of customers. The first is more of an owner trait as the relation with other businesses is determined by the relation between owners, the second more a business trait. However, the distinction is not hard.

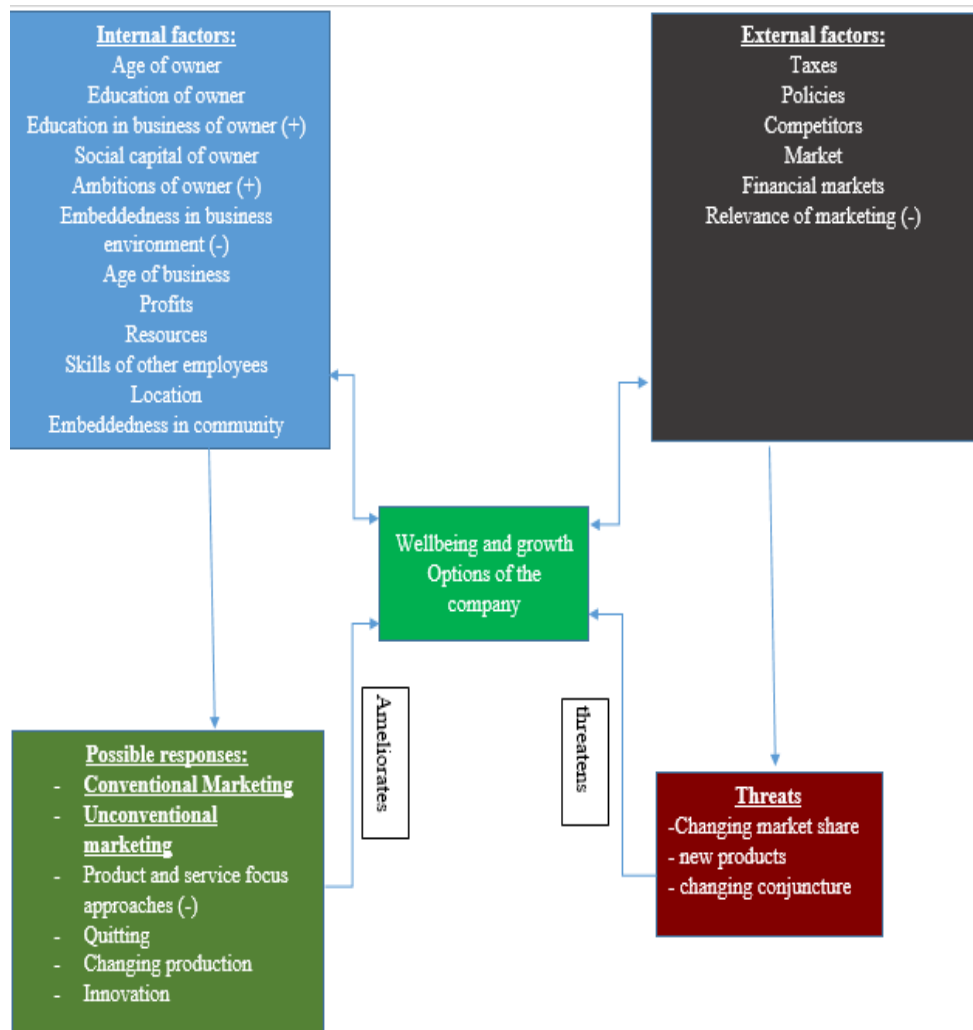


Figure 3: the model revisited

Furthermore, relevance of

marketing is added in external market forces. Moreover, human capital is split up in education and education in business.

Lastly, the factors of which is known that they have an effect on marketing are given a plus or a minus to signal their effect. These factors are education in business, relevance of marketing and ambitions of the owner. Relevance of marketing has a negative effect on size of the effort put into in the case of side activities, as they operate in marketing irrelevant environment. The embeddedness in the business community has a negative effect on marketing as well. When competition is seen in a more positive light or are even friends with them, respondents are more likely to do nothing to gain an edge on them or just focus on their own product or service. Finally, having higher business education came significant out of the regression as having a positive effect on the investment in marketing.

The role of marketing

Conclusively, marketing is not a major component in rural side activities, both in time and in investment. This confirms hypothesis 1. It seems that the only two components that have significant influence on the importance of marketing are the ambition to grow, however only few side activities have this ambition, and whether the owner has had some education in

business, possibly because they learned that this is part of having a business or because they are more familiar with the option.

Instead of marketing, product and service focused strategies seems to have the preference. This cannot be separated from the notion that most side activity owners are lifestyle entrepreneurs by Markantoni et al. (2013b). It explains why the relation between customer and owner is more important than reaching more customers: it fits in the entrepreneurial and rural lifestyle. Furthermore, because many owners have a special relation with their service or their product, they prefer working on delivering a good product or service, and believe that this was the best marketing possible for their product. This is in line with the hobby-like aspects mentioned by Markantoni et al. (2014). Additionally, a reasonable part of the owners is not actively looking to expand their customer base.

Although marketing was there in some form in the side activity of every respondent, it was on a rudimentary level as described by Walsh & Lipinski (2009). In this sense, side activities follow general literature on marketing in SMEs.

Potential follow-up research

For follow-up research, this research leaves two gaps. Statistics based on a bigger sample would be useful to explore the role of marketing in rural side activities further and to verify this research. Moreover, the role of the other variables could be researched more.

Furthermore, there is a room to explore product focused responses more, into the relation between owner and product and owner and customer.

Reflection

As mentioned, the data collection was problematic, as it was time consuming and provided a low yield. In further research, I would cut the visits shorter to have best of both worlds: the additional information and the time to visit more cases. Furthermore, the lack of questions about starting motivations is a shortcoming in this research.

Furthermore, the model I used initially proved problematic. It did not give enough space for marketing, whereas it is one of the central concepts in my research. In future research, I would look more critically at my model before starting to collect data, so I do not have to replace the model of data collection.

Lastly, my literature review was too narrowly focused on side activities, whereas I should have had broader view on SMEs too. In further research, I will try to keep a broader approach.

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Appendix: questionnaires

Dutch

Geachte lezer,

Deze enquête wordt bij u afgenomen omdat u eigenaar bent in een zogenaamde side-activity op het Nederlandse platteland (een parttime bedrijf met vaak hobbyachtige aspecten). Deze enquêtes zullen worden gebruikt in een scriptieonderzoek in hoe eigenaars van side activities hun klanten bereiken. Dit onderzoek wordt gedaan in het kader van mijn scriptieonderzoek voor de Bachelor Sociale Geografie en Planologie aan de Rijksuniversiteit Groningen. Het invullen van deze enquêtes is volledig anoniem. Verder, deze enquêtes zullen alleen worden gebruikt voor dit onderzoek. De enquêtes zelf worden alleen bekeken door mij en mijn begeleiders. In het eindresultaat wordt alleen alle data als aggregaat gepresenteerd, dus niet uw onafhankelijke case.

Voor meer vragen kunt u altijd mailen naar g.h.westra@student.rug.nl

Bedankt voor het invullen en vriendelijke groet,

Gijs Westra

1. Hoe lang heeft u dit bedrijf?
..... Jaar

2. Heeft u eerdere een vergelijkbaar bedrijf gehad?
 Ja
 Nee

3. Hoe lang heeft u dat bedrijf gehad?
..... Jaar

4. Hoe groot is de gemeenschap waar u bedrijf is gesitueerd?
..... Inwoners

5. Hoeveel klanten heeft u maandelijks?
.....klanten

6. Komen uw klanten uit de plaatselijke gemeenschap of van erbuiten?
 Vanuit de gemeenschap
 Van erbuiten
 Geen overwegende groep

7. Heeft u de ambitie om uw bedrijf uit te breiden?
 Ja
 Nee
 Misschien

8. Heeft u concurrenten in buurt zitten?

- Ja, ga door naar vraag 9
- Nee, ga door naar vraag 12

9. Hoeveel concurrenten heeft u vlakbij zitten?

..... Concurrenten

10. Wat is uw beeld van deze concurrenten?

- 1 (zeer negatief)
- 2 (negatief)
- 3 (neutraal)
- 4 (positief)
- 5 (zeer positief)

11. Hoe gaat u om met deze concurrentie?

- Ik probeer meer klanten te bereiken?
- Ik probeer een beter product/dienst te leven
- Niets

12. Hoe bereikt u uw klanten (meerdere antwoorden mogelijk)?

- Lokale netwerken
- Social media
- Borden langs de weg
- Een website
- Advertenties in regionale kranten
- Advertenties op regionale tv
- Ik ben er niet actief mee bezig, de klanten bereiken mij wel
- Anders, namelijk

.....
.....

13. Heeft u een van de bovenstaande opties eerder gebruikt maar bent u ermee gestopt?

- Ja
- Nee, ga door naar vraag 16

14. Welke manier gebruikte u?

- Lokale netwerken
- Social media
- Borden langs de weg
- Een website
- Advertenties in regionale kranten
- Advertenties op regionale tv
- Ik ben er niet actief mee bezig, de klanten bereiken mij wel

- Anders, namelijk

.....
.....

15. Waarom bent u gestopt met deze methode?

- Het werkte niet
- Het leverde niet genoeg op
- Het kostte te veel moeite
- Anders, namelijk

.....
.....

16. Wie probeert u te bereiken als klant

- Mensen binnen de gemeenschap
- Mensen van buiten de gemeenschap
- Niemand in het bijzonder

17. Wat is uw leeftijd?

..... Jaar

18. Wat is uw geslacht?

- Man
- Vrouw
- Anders/Wil ik niet zeggen

19. Wat is uw hoogst afgeronde opleiding?

- Basisonderwijs
- Vmbo
- Havo
- Vwo
- Mbo
- Hbo
- WO

20. Heeft u enige opleiding genoten in bedrijfskunde?

- Ja
- Nee

21. Op welk niveau heeft u dat gedaan?

- Mbo
- Hbo
- WO
- In een cursus

22. Wat is ongeveer uw maandelijkse omzet (u mag een marge geven of een jaaropbrengst noemen)?

€.....

23. Hoeveel geeft u maandelijks uit aan uw klanten bereiken?

€.....

24. Hoeveel uur spendeert u maandelijks aan het bereiken van uw klanten?

..... uur

English:

Dear participant,

This survey is given to you because you are an owner of a side activity on the Dutch countryside (a part-time enterprise with often hobby-like features). This survey will be used for a thesis about the how owners of rural side activities reach out to their customers. This research is done as a thesis for my Bachelor's degree in Human Geography and Planning at the University of Groningen. The surveys are completely anonymous. Furthermore, the results will only be used for this thesis. The only people with access to the complete dataset are me and my supervisors. The whole dataset will not be presented in the thesis, so it is not retraceable to you.

For questions, I am always available via g.h.westra@student.rug.nl.

Thanks for participating and kind regards,

Gijs Westra

1. How long do you have this enterprise?

..... years

2. Did you manage other side activities before?

Yes

No

3. How long did you have that business?

..... years

4. How big is the community that your enterprise is situated in?

..... inhabitants

5. How many customers do you have monthly?

..... customers

6. Are most of your customers from within your community or outside?

Within

- Outside
- Equal shares of both

7. Do you have ambitions to grow your business?

- Yes
- No
- Maybe

8. Do you have any competitors nearby?

- Yes, proceed to question 8
- No, proceed to question 11

9. How many competitors are nearby?

..... competitors

10. How is your perception of these competitors?

- Very positive
- Positive
- Neutral
- Negative
- Very negative

11. How do you deal with these competitors?

- I try to attract more customers
- I try to deliver a better product/service
- Nothing

12. How do you reach your customers (multiple answers possible)?

- Local networks
- Facebook & social media
- Road signs
- A website
- Regional newspapers
- Adds on regional TV
- I do not actively reach out to them, they come to me
- Other, namely

.....
.....
.....

13. Did you ever use one of the options above, but stopped using it?

- Yes
- No, proceed to question 15

14. What did you use?

- Local networks
- Facebook & social media
- Road signs
- A website
- Regional newspapers
- Adds on regional TV
- I do not actively reach out to them, they come to me
- Other, namely

.....

15. Why did you stop using it?

- It did not work
- It did work but it did not give enough yield
- It was too much effort
- Other, namely

.....

16. Who do you try to reach as your customer?

- People from outside the community
- People from within the community
- No one in specific

17. What is your age

..... years

18. What is your gender?

- Male
- Female

19. What is your highest level of completed education

- Elementary school
- VWO
- HAVO
- VMBO
- MBO
- HBO
- WO

20. Did you ever follow any education in business?

- Yes
- No

21. On what level did you follow that education

- WO
- HBO
- MBO
- In a seminar
- Other, namely

22. What is the monthly revenue of your business?

€.....

23. How much do you spend on reaching your customers?

€.....

24. How many hours do you spend on marketing weekly?

..... hours