Market Knowledge in a Small Firm: An Approach and Illustrative Case Study

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Abstract

All too often the discussion of market knowledge has been neglected or subsumed into a learning approach. This paper considers if the early adoption of a learning approach might prevent a rich understanding of the personal engagement with the market that often occurs in the context of an entrepreneurial small firm. A review of the theories of market orientation, learning organisations, and personal knowledge is followed by the exploration of knowing in a small firm with an illustrative case study.

Market orientation has been widely debated in the literature and is a central tenet of marketing (Morgan & Strong 1998). The starting point of a market orientation is the development of market intelligence (Kohli & Jaworski 1990), what we know about the market. How what we know is used to construct our beliefs about the market is problematic. The implications of asking ‘what we know’ can be that it has a central structured element; the organisation of the knowledge, accompanied by a content basis – the items of knowledge, the elements captured in the structure. Alternatively our knowledge is produced by our intentional actions, what do we need to know?

The pursuit of knowledge in the abstract has been criticised; the ‘spectator view of knowledge’ (Dewey 1948), this has led to the view of knowledge as a conversation (Rorty 1980) and the concentration on beliefs, which do not require the ‘truth’ criterion of knowledge. A holistic approach requires a coherence between the specifics of the elements captured in a knowledge structure; a relational one-item-to-another and an evidential ‘grounding’. The learning approach concentrates on processes and behaviours to accomplish change, because in a ‘runaway world’ this is what is essential.

The context of a small firm is that it is more reliant on individual customer encounters than a larger firm that becomes more physically distant from its customers. The larger firm relies more extensively on second hand information (Kotler 1966). Small firms rely on interactive ‘word of mouth’ marketing (Stokes 2000); they prioritise the information gained from talking to their customers (Hogarth-Scott et al 1996). This customer focus is both an objective for survival and a situational requirement of the small entrepreneurial firm (Collinson & Shaw 2001).

Learning is a personal construct applied to the enterprise, and often focuses on systems and routines for knowledge capture. Small businesses are considered to be less systematic; they are characterised by informal unplanned activity (Blankson & Stokes 2002) and are more personal. If this is the situation of small firm activity the justification is there for exploring the nature of personal and interpersonal knowledge in a small firm.