

ENTREPRENEURIAL STARTUPS AND THE IMPORTANCE OF BOOTSTRAP  
MARKETING

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## ABSTRACT

*A popular definition of the term “bootstrap marketing” relates to that of bootstrapping in general—using creative means to start businesses in a financial context—as compared to using creative means to promote businesses, respectively. Existing scholarly research on bootstrap marketing is extremely limited, even though the vast majority of start-up businesses will need to employ less expensive, creative methods to successfully launch their products and services in the marketplace. Due to a lack of existing scholarly research this paper is necessarily exploratory in nature, and presents an overview of bootstrap marketing as well as implications for future entrepreneurship research, teaching and practice.*

## INTRODUCTION

Bootstrap marketing can be related to entrepreneurial bootstrapping in general, which aims to start businesses with little or no capital (or reliance on traditional sources of capital), by employing creative means to achieve goals (Bhide, 1992; Van Auken & Neely, 1996; Winborg & Landstrom, 2001). Some have argued that constrained resources can be an advantage. Firestone observed: “Entrepreneurs use unorthodox methods to get their messages across; the best start-ups are chronically undercapitalized. Although researchers have typically connected bootstrapping with a lack of access to traditional sources of capital, more recent research has suggested that it may be a conscious choice to bootstrap, so as to avoid the “strings attached” when accepting money from investors, lenders, or even friends or family members (Lahm, 2005).

Van Auken stated that there is a “serious gap in the literature” associated with entrepreneurial bootstrapping (Van Auken, 2005). However, the relevance of bootstrapping as a whole in the practitioner community is perhaps far more significant than research to-date would imply. It is well known that traditional sources of capital from banks, investors and venture capitalists can be extraordinarily hard to acquire (Detamore-Rodman, 2003; Fried & Hisrich, 1995 ; Van Auken & Neely, 1999). Several sources, none of which state their basis for saying so, indicate that the vast majority of small businesses are bootstrapped. For instance, according to Firestone, “probably less than 1% of all startups ever get any funding from VCs; that means that 990 out of 1,000 new enterprises are forced to use bootstrapping as their only means to success.” (Firestone, 2004). *Entrepreneur* magazine suggests a similar number, in an article stating that “Despite the dream of some entrepreneurs to meet a VC with deep pockets, the fact is that 99.9 percent of business owners will struggle alone, pulling themselves up by their bootstraps” (Worrell, 2002).

Obviously, if one is by choice or by necessity bootstrapping with respect to the financial aspects of starting a business, it follows that bootstrap marketing would go-hand-in-hand with the overall approach. It is also presumed that entrepreneurship teaching that includes a greater emphasis on bootstrap marketing and financing would be paramount, if educators are to address the set of circumstances and invoke the requisite skills, knowledge and abilities that students will need.

## REVIEW OF EXISTING LITERATURE ON BOOTSTRAP MARKETING

The term “bootstrap marketing,” as a construct, has received little attention by scholars to date. Scholars are also beginning to recognize differences in entrepreneurial marketing, abbreviated EM (Morris, Schindehutte, & LaForge, 2002) versus marketing as it is practiced by large, mature firms with significant budgets.

In the course of conducting the literature review for this paper, several leading databases were consulted in searches on the term “bootstrap marketing.” The *WilsonOmniSearch* database produced only one irrelevant result. *Ebsco* results also indicated a dearth of articles in the existing literature. *ProQuest* produced only one result with settings to select full text scholarly articles, and this hit was evidently based upon the authors’ advocacy for including bootstrap marketing within what they suggested would be an improved entrepreneurship curriculum (Debra, Justin, & Ryan, 2006). *LexisNexis* produced numerous results, but upon examination almost all of the 125 initial hits were either duplicates, from non-scholarly sources, or presented in decreasing levels of relevance.

Having encountered virtually no other choice, *Google* was selected as a search tool. At first, it appeared that a large number of hits (1420) were produced—albeit not from scholarly journals as sources—but after reviewing the first 365 links across 37 web pages, Google’s search algorithm displayed a message to the effect that the remaining hits were duplicates. Of those links that were among the first 365 hits, this reviewer found a hodge-podge of results that included a smattering of mentions that bootstrap marketing and bootstrapping would be included as topics in academic courses, a larger number of independent training programs, anecdotal articles about bootstrap marketers and accounts of their efforts, marketing and PR firm websites and other consultants, brochures, press releases, and the criticisms about a lack of coverage relative to bootstrapping as a topic at large that is deserving of greater emphasis in entrepreneurship education. Nevertheless, many of the documents and were helpful in constructing an image of what is meant by the term, bootstrap marketing, but this was the result of qualitative data analysis that ensued.

## BOOTSTRAP MARKETING: IT’S A PROCESS (AND IT’S NEVER FINISHED)

It would be very easy to overlook the underlying requirement for extraordinary creativity in bootstrapping in general or bootstrap marketing by succumbing to an inclination to list specific tactical methods (e.g., use low cost doorknob hangers, pass out lots of business cards—whatever), while failing to address the underlying philosophy or ingeniousness in well executed bootstrap marketing processes. Product development does not fail, it just isn’t finished yet. For example, market research (Lawrence, 2003) can be used by bootstrap marketers before the fact: before starting a business; before creating a product or a prototype; before writing a single word in a business plan; and most importantly, before deciding the features and benefits, wants and needs, or even the target audience for a product (hereinafter, synonymous with service).

Bootstrapped businesses do not fail, philosophically—from the point of view of the bootstrapper—because if pre-sales do not fund the creation of a product, a business isn’t started in the first place; if multiple sales transactions and requisite cash-flow and profits do not follow the first sale, then a business isn’t launched, either. Rather than pre-selling an actual product up-front, an alternative is to sell a redeemable premium, such as a gift certificate, and use the

proceeds from those sales to underwrite start-up costs. Lissa D'Aquanni, founder of The Chocolate Gecko, used this approach (Detamore-Rodman, 2003):

*In 1999, the cash-strapped chocolatier needed molds and a temperer for the Christmas rush. Recalling a strategy she had seen in a magazine, she sold discounted gift certificates to raise capital. D'Aquanni offered customers \$25 in free chocolates for every \$100 in gift certificates purchased. Within two weeks, she had \$5,000 for the equipment purchase. 'A lot of folks mailed them as gifts to friends, family and co-workers,' D'Aquanni says. 'And most of those people ordered chocolates. My customer base exploded'....D'Aquanni routinely barter to pay for professional services for her business; both her accountant and Web site designer accept chocolates in exchange for their services.*

As is demonstrated in the instance described above, motives and actions that pertain to financing can become inextricably intertwined with marketing results, and vice versa.

## LEVERAGING OTHER PEOPLES' MONEY, RESOURCES, OR GOOD GRACES

Bootstrappers are continuously looking for ways to leverage other peoples' money, resources, or good graces. They may promise to pay later, in exchange for support lent now by a supplier; they may do something for a supplier within the realm of their talents or production capacity for exchange in lieu of cash. In so doing, they might also form deeper and more meaning alliances. By paying a supplier in chocolates, as compared to cash (Detamore-Rodman, 2003), one might tend to appeal to the recipient at a more basic level that invokes emotional attachments and a lasting friendship.

The above discussion suggests means by which bootstrappers can buy at a discount, or trade. However, to fully appreciate the cleverness of bootstrap marketing, one must become aware of the next iteration: viral marketing. A bootstrapper would be inclined to create a message, and have that message disseminate itself for free, or even while making a profit. The Internet website, BloggingontheSide.com's "free" ebook on blogging provides an illustration, and explains the reasoning: "In exchange for giving you valuable information, including links to additional free ebooks and other resources, we ask you to support our sponsors. The last page of this ebook contains banner advertisements representing these sponsors" ("Making Money Blogging on the Side - A FREE Ebook For Stay-at-Home-Moms and Dads, Students, and Anyone Else Who Needs to Earn Extra Cash," 2007). The site also says, feel free to pass it along directly, or give it away as a gift on [your] own website, thereby enlisting an army of sales agents (leveraging other peoples' resources, i.e., their websites).

## BOOTSTRAP MARKETING COMMUNICATIONS

The ability to bypass intermediaries in several contexts has empowered bootstrap marketers as they are now able to leverage forces never before available to humankind. The Internet allows individuals to sell, promote, produce or deliver globally, from the comfort of one's own home, for instance. This ability to bypass intermediaries is changing the face of communications and the ability to reach audiences directly. An "entrepreneurial blogosphere" (Lahm, 2006) has arisen, wherein virtually anyone can create and disseminate text, audio, graphical and video messages that circulate the globe in real time. Blogs and other forms of social media have enabled virtually anyone with a message to obtain a platform ("Bootstrappers Guide to Blogging," 2007) and broadcast messages across major media pipelines, as more and

more journalists consult blogs or use them in their daily reporting ("US: 51% of journalists use blogs," 2004).

## CONCLUSION

One of the purposes of this paper has been to begin the process of distinguishing the term "bootstrap marketing" from other idioms. Implications for entrepreneurship education are also suggested by this present analysis. Perhaps these are of even greater urgency as students who are to become entrepreneurs are vitally important to our future economic development and well being. Knowing that the majority of all businesses are indeed very small businesses—knowing that in all likelihood venture capital is not going to be awarded to students, entrepreneurship educators must do more to develop and disseminate better information and direction about bootstrap financing and bootstrap marketing alternatives.

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