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Research paper

Marketing capability and new venture survival: The role of marketing myopia

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ABSTRACT

Ventures face a duality in developing marketing capabilities—ventures may lack the resources and have a limited understanding of the market to develop marketing capabilities, and yet, capabilities can be a key to venture survival. We ask whether marketing capability helps ventures improve their survival odds and whether myopic marketing investments induce necessary adaptiveness to strengthen the effect of marketing capability on venture survival. Resource-constrained ventures may particularly benefit from myopic marketing investments that help re-evaluate and adapt marketing capability. Using a sample of 47,875 ventures in Portugal and a Cox proportional-hazards model, we obtain several results. First, we find that ventures realize a positive survival benefit from marketing capability. Second, myopic marketing investments have a positive moderating effect on the relationship between marketing capability and venture survival odds. Lastly, although the effect sizes of marketing capability and the interaction between marketing myopia and marketing capability are not large, they are robust to a variety of model specifications and robustness checks.

1. Introduction

The value of marketing capability is well-established in large and small and medium-sized enterprises (SMEs) (Merrilees, Rundle-Thiele, & Lye, 2011). A capability refers to an organization's ability to control and coordinate resources and activities to improve competitive advantage (Amit & Schoemaker, 1993). Marketing capability is defined as "superiority in identifying customers' needs and in understanding the factors that influence consumer choice behavior" (Dutta, Narasimhan, & Rajiv, 1999, page 550). A significant body of work has focused on marketing in SMEs (Carson & Gilmore, 2000; Miles, Gilmore, Harrigan, Lewis, & Sethna, 2015) and studies have found support for a positive relationship between marketing in SMEs and performance (e.g., Bocconcelli et al., 2018). In research at the marketing-entrepreneurship interface, the concept of entrepreneurial marketing has been theoretically (Hills, Hultman, & Miles, 2008; Morris, Schindehutte, & LaForge, 2002) and empirically (Bocconcelli et al., 2018) studied. Although prior work has examined the impact of marketing capabilities on certain performance outcomes (e.g., Fang & Zou, 2009; Gregory, Ngo, & Karavdic, 2019; Morgan, Katsikeas, & Vorhies, 2012; Morgan, Zou, Vorhies, & Katsikeas, 2003), there is a dearth of research on the relationship between marketing capabilities and survival in ventures, and more importantly, the boundary condition of marketing capabilities in the setting of venture survival remains understudied. Ventures are firms at the early stage of organizational life cycle, and marketing capabilities could improve their odds of survival.

Ventures differ from SMEs on three main dimensions—liabilities of newness, early-stage uncertainty of survival, and legitimacy challenges (Carland, Hoy, Boulton, & Carland, 1984; Cooper, 1981)[2]. Liabilities of newness are related to increased risk of failure as young ventures develop and experiment with newer products and markets, which may result in economic inefficiencies and challenges to the new rules and routines ventures must develop (Stinchcombe, 1965). SMEs, as small yet more established firms (compared to ventures), have somewhat overcome liabilities of newness by developing stable routines and market base. Due to less tested value propositions, ventures face early-stage resource gathering challenges and resource constraints to a higher extent than SMEs. Lower legitimacy, less established internal

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[1] The first two authors contributed equally to this manuscript
[2] Carland, Hoy, Boulton, & Carland, 1984 define small business as "any business that is independently owned and operated, not dominant in its field".

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Table 1
Literature review of empirical studies of marketing capability (papers are presented in alphabetical order of the first author)

Author(s)	Predictor(s)	Outcome(s)	Firm survival	Moderator(s)	MC is measured by	Venture	Sample	Sample size	Data source
Akdeniz, Gonzalez-Padron, and Calantone (2010)	MC	Performance (sales)	×	N/A	SFA	×	Dealers of furniture	155 obs	Primary data (survey)
Angulo-Ruiz et al. (2014)	MC (Customer-oriented)	Performance (q)/ Analyst recommendations	×	N/A	DEA	×	Public firms across 16 industries	264 obs	Secondary data
Angulo-Ruiz, Donthu, Prior, and Rialp (2018)	MC	Abnormal stock returns	×	Indicator of retailer	DEA	×	Public firms across 10 industries	270 obs	Secondary data
Arunachalam, Ramaswami, Herrmann, and Walker (2018)	MC	Performance (profits)	×	Innovation	Survey	×	SMEs in the manufacturing sector	190 obs	Primary data (survey)
Bahadir et al. (2008)	MC	Performance (portfolio value)	×	M&A strategy/ Sales growth	SFA	×	Public firms in services, instruments, industrial, commercial machinery, and computer equipment industries	133 obs	Secondary data
Boyd and Brown (2012)	MC (3 dimensions)	Marketing control right	×	N/A	Outcome-based (SG&A)	×	Public firms in the pharmaceutical industry	129 obs	Secondary data
Buccieri, Javalgi, and Cavusgil (2020)	MC	Performance	×	N/A	Survey	✓	International ventures in high-tech industries	286 ventures	Primary data (survey)
Dutta et al. (1999)	MC	Performance (profitability)	×	R&D capability	SFA	×	Public firms in the semiconductors industry	72 firms	Secondary data
Fang and Zou (2009)	MC (marketing dynamic capability)	Performance; Competitive advantage	×	Market dynamism	Survey	✓	International joint venture	126 responses	Primary data (survey)
Feng et al. (2017)	MC	Performance (revenue and profit growths)	×	R&D capability/ Operating capability/ Market conditions	SFA	×	Public firms in 60 industries	7437 obs (612 firms)	Secondary data
Gregory et al. (2019)	MC	Performance	×	N/A	Survey	✓	Export ventures	340 export ventures	Primary data (survey)
Hirunyawipada and Xiong (2018)	MC	Performance (ROA, q)	×	Environmental commitment	SFA	×	Public firms in the S&P 500 index	1197 obs (376 firms)	Secondary data
Jayachandran, Hewett, and Kaufman (2004)	MC (customer response capability)	Performance (ROA, market share, growth)	×	N/A	Survey	×	Firms in the retailing industry	227 responses	Primary data (survey)
Ju et al. (2018)	MC	New product performance	×	Market uncertainty; Technological turbulence	Survey	✓	Venture in the high-technology sector	110 responses	Primary data (survey)
Kaleka (2011)	MC (2 dimensions)	Service advantage	×	N/A	Survey	✓	Export ventures in the manufacturing industry	312 responses	Primary data (survey)
Kaleka and Morgan (2019)	MC	Efficiency; Marketing differentiation	×	N/A	Survey	✓	Export ventures in the manufacturing industry	312 responses	Primary data (survey)
Kashmiri, Nicol, and Hsu (2017)	MC	Performance (abnormal return)	×	Marketing influence in TMT/Corporate social performance	SFA	×	Public firms in the retailing industry	168 firms	Secondary data
Kim, Shin, and Min (2016)	MC	New product-market performance	×	Uncertainty	SFA	×	Top Korean firms	209 responses	Primary data (survey)
Krush, Sohi, and Saini (2015)		Marketing's influence	×	Interaction between 2	Survey	×	Firm in the B2B sector	152 responses	

(*continued on next page*)

Table 1 (*continued*)

Author(s)	Predictor(s)	Outcome(s)	Firm survival	Moderator(s)	MC is measured by	Venture	Sample	Sample size	Data source
	MC (inter-/intra-organizational dispersion			dimensions of MC					Primary data (survey)
Luo and Donthu (2006)	MC (marketing communication productivity)	Performance (shareholder value)	×	R&D intensity/ Competition intensity	DEA	×	Public firms in Fortune 1000	712 obs (89 firms)	Secondary data
Luo, Hongxin Zhao, and Du (2005)	MC	Speed of internationalization	×	N/A	Outcome-based (SG&A)	×	Public e-commerce firms	93 firms	Secondary data
Martin, Javalgi, and Ciravegna (2020)	MC	Export venture performance; Marketing communication	×	Technological turbulence	Survey	✓	International venture	260 respondents	Primary data (survey)
Mishra and Modi (2016)	MC	Performance (stock return, risk)	×	CSR	SFA	×	Public firms in the KLD database	8017 obs (1725 firms)	Secondary data
Moorman and Slotegraaf (1999)	MC	Performance (product development outcomes)	×	Technology capability	Outcome-based (market share)	×	Firms in the food manufacturing industry	124 brands	Secondary data
Morgan et al. (2012)	MC	Performance (implementation effectiveness)	×	N/A	Survey	✓	Export ventures in the manufacturing industry	219 responses	Primary data (survey)
Morgan, Slotegraaf, and Vorhies, Morgan, and Autry (2009)	MC (3 dimensions)	Performance (profit growth)	×	Interactions among different dimensions of MC	Survey	×	Public firms in 7 industries	114 firms	Primary and secondary data
Morgan, Vorhies, and Mason (2009)	MC	Performance (profitability, market effectiveness, ROA)	×	Market orientation	Survey	×	Firms in 12 industries	230 responses	Primary data (survey)
Morgan et al. (2003)	MC	Adaptive performance	×	N/A	Survey	✓	Export ventures	460 ventures	Primary data (survey)
Murray, Gao, and Kotabe (2011)	MC (3 dimensions)	Performance, Competitive advantages	×	N/A	Survey	✓	Export ventures	491 firms	Primary data (survey)
Najafi-Tavani, Sharifi & Najafi-Tavani, Sharifi, and Najafi-Tavani (2016)	MC	New product performance	×	Absorptive capacity	Survey	×	Manufacturing firms	188 responses	Primary data (survey)
Narasimhan et al. (2006)	MC	Performance (profitability), absorptive capacity	×	N/A	SFA	×	Public firms in the semiconductor and computer industries	64 firms	Secondary data
Nath et al. (2010)	MC	Performance (profitability)	×	Efficiency	DEA	×	Firms in the logistics industry	102 firms	Secondary data
Orr et al. (2011)	MC (3 dimensions)	Performance (market effectiveness), customer satisfaction	×	Interactions among different dimensions of MC	Survey	×	Firms in 12 industries	168 responses	Primary and secondary data
Patel & Feng (2021)	MC	Customer satisfaction	×	N/A	SFA	×	Firms in different sectors	123 firms	Secondary data
Ramaswami, Srivastava, and Bhargava (2009)	MC (customer management market-based capability)	Performance (customer management)	×	N/A	Survey	×	Firms in 5 industries	88 firms	Primary data (survey)
Ruiz-Ortega and García-Villaverde (2008)	MC	Performance (5 dimensions)	×	N/A	Survey	×	Firms in the information and communications technology industry	253 firms	Primary data (survey)
Shipley, Hooley, Cox, and Fonfara (1998)	Privatization	MC	×	N/A	Survey	×	Firms in the industrial capital goods, fast-moving consumer goods, and other industries	216 firms	Primary data (survey)
Sok, O'Cass, and Sok (2013)	MC	Performance (3 dimensions)	×	Innovation capability/	Survey	×		171 firms	

(*continued on next page*)

Table 1 (*continued*)

Author(s)	Predictor(s)	Outcome(s)	Firm survival	Moderator(s)	MC is measured by	Venture	Sample	Sample size	Data source
				Learning capability			SMEs in the manufacturing sector		Primary data (survey)
Song, Droge, Hanvanich, and Calantone (2005)	MC	Performance (3 dimensions)	×	N/A	Survey	✓	Joint ventures in 7 industries	466 firms	Primary data (survey)
Song, Di Benedetto, and Nason (2007)	MC	Performance (profit margin)	×	Strategic type	Survey	×	Firms in 10 industries	216 firms	Primary and secondary data
Su, Xie, Liu, and Sun (2013)	MC	Performance (3 dimensions)	×	Product innovation/ Market turbulence	Survey	×	Firms in the manufacturing sector	223 firms	Primary data (survey)
Sun, Price, and Ding (2019)	Internationalization	Performance	×	MC	SFA		Firms in different sectors	9200 obs	Secondary data
Trainor, Rapp, Beitelspacher, and Schillewaert (2011)	MC	Performance (3 dimensions)	×	Market turbulence/ Competitive intensity	Survey	×	Firms in industrial, technology, financial, and media industries	522 firms	Primary data (survey)
Vorhies and Morgan (2005)	MC (8 dimensions)	Performance (3 dimensions)/ Capability interdependence	×	N/A	Survey	×	Firms in 6 industries	230 responses	Primary data (survey)
Vorhies et al. (2009)	MC (2 dimensions)	Performance (market effectiveness, cash flow)	×	N/A	Survey	×	Firms in the motor-carrier industry and Fortune 500	270+85 firms	Primary data (survey)
Vorhies et al. (2011)	MC (3 dimensions)	Performance (ROA)	×	Interaction between 2 dimensions of MC	Survey	×	Firms in 12 industries	169 responses	Primary and secondary data
Wilden and Gudergan (2015)	MC	Performance (market performance, profitability)	×	Environmental turbulence	Survey	×	Firms in the services and manufacturing industries	228 responses	Primary data (survey)
Xiong and Bharadwaj (2013)	MC	Performance (abnormal return)	×	News sentiment	SFA	×	Public firms in 15 industries	141 firms	Secondary data
Yu et al. (2014)	MC	Performance (2 dimensions)/ Operations capability	×	N/A	DEA	×	Firms in the retailing industry	186 firms	Secondary data
Zhou, Wu, and Barnes (2012)	MC	Performance (int'l growth)	×	Market type	Survey	×	Young firms in 6 industries	159 firms	Primary data (survey)
Zou, Fang, and Zhao (2003)	MC	Performance/low-cost advantage/ branding advantage	×	N/A	Survey	×	Exporters in the manufacturing industry	50 firms	Primary data (survey)
This research	MC	Firm survival/ Performance (ROS)	✓	Marketing myopia	SFA	✓	Ventures across 57 industries	189,827 obs (47,875 firms)	Secondary data (audited)

Note: MC "marketing capability"; SFA "stochastic frontier analysis"; DEA "data envelopment analysis"; obs "observations"; CSR "corporate social responsibility"; q "Tobin's q"; int'l "international"; ROA "return on assets"; ROS "return on sales".

operational activities, and greater experimentation during early stages are some of the problems faced by ventures that significantly increase the odds of failure. A venture may become an SME during the later stages of its organizational life cycle, however, the nature of the evolution of a new venture can lead to distinct resources and strategic challenges that an SME may not face.

The distinctiveness of ventures from SMEs calls for a closer examination of whether marketing capabilities are worth pursuing for ventures in order to survive in the market. To validate this gap, we review a list of 51 empirical studies on marketing capability in Table 1. As can be inferred from this list, although there are several existing studies focusing on the relationship between marketing capability and firm performance in new ventures (e.g., Fang & Zou, 2009; Ju, Jin, & Zhou, 2018; Kaleka & Morgan, 2019), no studies have examined the relationship between marketing capability and venture survival in extant literature.

The value of marketing capability cannot be understated for ventures. On the one hand, building early-stage marketing capability could be central to the long-term competitive advantage of ventures. For instance, Diageo controls a significant portion of spirit sales. Yet, Tito's Vodka, starting as a venture, became a dominant player by relying on marketing capabilities with a focus on word-of-mouth, emotional connection, and social media engagement (Petan, 2020). Arteza, an Inc. 5000 company, relies on its marketing capabilities to sell art supplies through its website while providing content for art enthusiasts and a high-quality purchase experience for its users. Practitioners attribute Arteza's success to its strong marketing capabilities of managing customer relationships (Dahlberg, 2019). Similarly, Impossible Foods

Inc. has been applauded for its superior marketing capability to build followership among millennials (McKinsey, 2019).

On the other hand, the distinctiveness of ventures from SMEs also calls for a more critical examination of the role of marketing capabilities in improving the odds of venture survival. Capability building requires significant resource allocations. Liabilities of newness, limited resources, and lower legitimacy may render the efficacy of early-stage marketing capabilities less meaningful. For instance, Airware (a maker of the operating system for drones) ceased operations in September 2018, with one of the reasons being limited market data from the less developed commercial drone market[3]. Hivebeat (a platform for member-based organizations) discontinued its operations in 2016 due to poor product-market fit and doing too many challenges on both product and marketing fronts[4]. These examples illustrate that marketing capabilities may be resource-intensive and could be too premature to consider for ventures building their value proposition. In fact, Jeng & Pak (2016, page 122) find that "[f]or small enterprises, the relationship between marketing capability and performance is negative". Similarly, Lee and Zhou (2012) suggest that marketing capability *may not* help a certain type of firm to obtain long-term profitability given that "extensive marketing requires substantial resources … [w]ith these high expenses, marketing capability may cancel out the benefits" (page 5). In practice, it has been reported that "[b]uilding a world-class, data-driven marketing capability requires a large investment at all levels of the organization, but those efforts can fail to achieve the desired result …" (O'Neill, 2018). Overall, from a theoretical perspective, we know little about the role of marketing capability in improving the survival prospects of a venture, and from a practical perspective, the above representative examples suggest that marketing capabilities could be a double-edged sword.

Given the limited theoretical evidence and cautionary practical evidence, balancing short- and long-term focus on marketing capability development that helps promote exploration and exploitation may be useful (Luger, Raisch, & Schimmer, 2018). Marketing myopia offers a meaningful lens to help more frequently and critically evaluate the development of and investment in marketing capability. Marketing myopia refers to "marketing actions motivated by immediate, tangible outcomes, such as growth in current earnings and stock prices, without regard to their longer-term implications" (Saboo, Chakravarty, & Grewal, 2016, page 657). The gestating business model of a venture, emerging competitive landscape, and the multidimensional learning across different functional and strategic areas may require ventures to adopt a myopic marketing lens that can help adjust focus on the long- and the short-term efficacy of marketing capabilities. Murdock & Varnes (2018, page 258) suggest that ventures tend to "focus on short-term experiments to identify business opportunities under uncertain conditions in which the loss is affordable in the worst-case scenario". Intuitively, marketing myopia may moderate the influence of marketing capability on survival as short-term adjustments in marketing allocations may help a venture re-evaluate and reconfigure marketing capability. A less myopic focus may limit adaptation as marketing resources are dedicated for the longer term—not only it is a significant commitment for resource-constrained ventures, but it also limits the reallocation of resources that is necessary to maintain adaptation in the face of the emerging competitive landscape. Lower marketing myopia could restrict the efficacy of marketing capabilities as adaptations to input-output routines may not be feasible. Marketing myopia provides the necessary variation in financial constraints to lower commitment to a single course of temporally proximal marketing capabilities and enhances focus on reconfiguration of marketing capability based on performance feedback. Therefore, marketing myopia may further strengthen the relationship between marketing capability and venture survival.

Overall, we propose two research questions: (i) *does marketing capability improve the odds of new venture survival?* and (ii) *with increasing marketing capability, does greater marketing myopia further improve the odds of new venture survival?* We focus on venture survival as it is a more commonly used outcome in entrepreneurship research (Delmar & Shane, 2006; Strotmann, 2007) and the typical accounting performance-based measures may be less stable during the early years of a venture. To test the proposed research questions, we draw on a census of ventures (N=47,875) founded in Portugal and utilize a variety of empirical methods to test the proposed associations. For ventures in Portugal, financial data audited by a third-party accountant is available, thereby providing a unique opportunity to test the effect of marketing capability on venture survival using reliable, representative, and archival data with limited survivor bias. We find that marketing capability has a positive, yet small effect, on new venture survival, and marketing myopia further strengthens the relationship between marketing capability and venture survival.

The proposed theoretical framework and findings aim to make the following contributions. First, the current study complements both entrepreneurship and marketing literature. In the broader marketing and management literature, marketing capability is generally considered to have a positive influence on firm performance (Feng, Morgan, & Rego, 2017). For marketing researchers, whether the benefits of marketing capability are contingent on the firm life cycle stage (i.e., ventures versus established firms or SMEs) is an important theoretical and empirical distinction to explore. Facing the liabilities of newness and smallness as well as significant resource constraints, ventures may or may not significantly benefit from investments in marketing capability (Carayannopoulos, 2009). Our empirical study reveals that, although the effect size of marketing capability on venture survival is not large, it is positive and highly significant.

Second, survival-related challenges in new ventures call for myopia of learning, which places a strategic focus on current and distant times, that is, "any consideration of the future must accept survival in the short run as a constraint" (Levinthal & March, 1993, page 101). During ventures' early years, developing capabilities requires learning and unlearning. Committing to a course of action and continuously allocating limited resources to develop path-dependent marketing capabilities (i.e., being less myopic) could be detrimental given the severe short-term constraint of survival in new ventures. Marketing myopia may help new ventures leverage marketing capability to further improve the odds of survival. Complementing past work, although myopic marketing is construed negatively (e.g., Mizik & Jacobson, 2007), myopic marketing investments in the face of survival challenges could facilitate the necessary unlearning and imbue necessary discipline for resource-constrained ventures.

In the following sections, we first start by discussing the theoretical background and propose our hypotheses. Thereafter, we present our sample, empirical models, and results. We conclude the paper by discussing the implications of the present study and provide directions for future research.

2. Theoretical background and hypotheses

Resource constraints and resource acquisition challenges during early years require new ventures to solve tasks and problems, set goals, reconfigure asset stocks, adapt competitive strategy, and improve decision-making structures and styles (Kazanjian, 1988; Kazanjian & Drazin, 1990; Man, Lau, & Chan, 2002). Kazanjian and Drazin (1990) suggest that ventures face the challenges of developing a viable business model, establishing a functional structure, and responding to unexpected events. Ventures face liabilities of newness and smallness, yet, in

[3] Source: https://techcrunch.com/2018/09/14/airware-shuts-down/, accessed on October 22, 2020.

[4] Source: https://medium.com/@jonasboegh/why-were-shutting-down-hivebeat-and-what-we-ve-learned-along-the-way-1b6006101944#.rjxw06plz, accessed on October 22, 2020.

Table 2
Theoretical bases adopted by prior studies of organizational capabilities in ventures

Study	Theoretical base	Capability type	Sample	Measure of capability	Findings
Chandler & Hanks (1994)	• Resource-based view of the firm	Marketing capability	155 manufacturing businesses	Self-reported	Perceived market attractiveness and resource-based capabilities were related to venture performance. Also, the performance of ventures is based on fit with cost leadership and product differentiation strategies.
Arthurs & Busenitz (2006)	• Dynamic Capabilities • Resource-based view of the firm	Product related capability	268 (134 matched pairs) of IPO firms	Proxied by Sharpe's ratio	Venture capital-backed ventures demonstrate greater dynamic capabilities as they relate to product and management development but do not display any greater dynamic capabilities as they relate to legal and government regulation threats.
Morgan et al. (2012)	• Dynamic Capabilities	Marketing capability	219 Exporting manufacturers in the UK	Self-reported	Export marketing strategy is associated with export market success and financial performance. Marketing capabilities play an important role in enabling effective marketing strategy implementation in export venture operations.
Zhao, Song, & Storm (2013)	• Resource-based view of the firm	Market linking and service design capabilities	372 service ventures	Self-reported	Market-linking and service design capabilities in new service ventures help drive scalability and protectability to improve performance.
Razmdoost, Alinaghian, and Linder (2020)	• Resource-based view of the firm	Human and functions related capabilities	299 solo-founded ventures	Self-reported	Ordinary capabilities (i.e., resources and competencies), dynamic capabilities (i.e., sensing and seizing), and founders' dynamic managerial capabilities (i.e., human capital, social capital, managerial cognition) can explain venture formation.
Tatikonda, Terjesen, Patel, & Parida (2013)	• Contingency theory	Operational capabilities	812 Swedish ventures	Empirically derived	Inventory turnover, gross margin, and employee productivity explain new venture survival odds.
Branzei & Vertinsky (2006)	• Dynamic Capabilities • Resource-based view of the firm	Product development capabilities	3,065 SMEs	Self-reported	SMEs' capability-building efforts are positively related to product innovation capabilities.
Adomako, Danso, Boso, and Narteh (2018)	• Entrepreneurial alertness • Networking capability perspective	Networking capability	203 ventures from Ghana	Self-reported	Social and business networking capabilities strengthen the association between alertness and new venture performance
Gruber, Heinemann, Brettel, & Hungeling (2010)	• Resource-based view of the firm	Sales and distribution capabilities	230 technology firms in Germany	Self-reported	Tangible and intangible resources coalesce in equifinal ways to improve performance, however, not all combinations are equifinal.
This study	• Resource-based view of the firm • Myopic learning	Marketing capability	47,875 ventures established between 2010 and 2013 in Portugal and then followed through 2017	Empirically derived	Marketing capability has a positive yet small effect on venture survival. Marketing myopia moderates the relationship between marketing capability and venture survival.

Note: Other studies in marketing (Martin & Javalgi, 2016; Morgan et al., 2003; Murray et al., 2011; Zhou et al., 2012) generally show a positive effect of marketing capability on export performance.

the interest of long-term viability, they must invest in capabilities. Ventures must adopt a selective focus with a contingent allocation of resources towards capability development during the early stages of their life cycle (Covin & Slevin, 1990; Gilbert, McDougall, & Audretsch, 2006).

Capabilities in the entrepreneurship literature have been studied in a variety of contexts. In Table 2, we provide a representative list of studies focused on capabilities. The two main themes in Table 2 are: (i) a variety of capabilities have been studied over the past three decades, and (ii) studies tend to focus on a configuration of capabilities conducive to venture performance. Research has focused on individual capabilities ranging from marketing capabilities to innovation capabilities and from founder human capital capabilities to networking capabilities. However, many marketing capabilities related studies have focused on the performance of SMEs, but not on that of ventures. Related to capability configurations, studies have focused on the role of equifinality in developing capabilities in ventures.

For new ventures, survival may depend on marketing capabilities. The conceptualization of marketing capability is rooted in the ability to transform marketing resources into marketing outputs (Mu, 2015; Nath, Nachiappan, & Ramanathan, 2010; Vorhies & Morgan, 2005) and to leverage relational assets to satisfy customer needs (Angulo-Ruiz, Donthu, Prior, & Rialp, 2014). The positive relationship between marketing capability and performance has been widely supported in the marketing literature (e.g., Dutta et al., 1999; Morgan, Slotegraaf, & Vorhies, 2009; Narasimhan, Rajiv, & Dutta, 2006; Vorhies, Orr, & Bush, 2011). The intangibility of marketing capabilities and its complementarity with other capabilities increase the competitive advantage of firms, resulting in growth (Feng et al., 2017) and higher financial value (Bahadir, Bharadwaj, & Srivastava, 2008). Though much of research in the marketing-entrepreneurship interface has focused on SMEs, research on new ventures in this stream of literature is scarce. So far, studies from the marketing literature (in the context of SMEs) have largely focused on conceptual aspects of entrepreneurial marketing (Hills et al., 2008; Morris et al., 2002) and mostly internationalization of SMEs (Jones, Coviello, & Tang, 2011; Knight, 2000).[5]

Past literature on entrepreneurial marketing primarily centers on linking marketing capabilities and the efficacy of SME marketing activities (Miles et al., 2015; Stokes, 2000). Gains from investments in marketing capabilities could be higher than investments in resource-intensive capabilities (e.g., operational capabilities) or capabilities with more uncertain returns (e.g., R&D capabilities). Building marketing capability in ventures requires strategic asset stocks "accumulated by choosing appropriate time paths of flows over a period of time" (Dierickx & Cool, 1989, page 1506). The task of building marketing capability in ventures requires investments in product enhancement, pricing strategies, promotion, and channel relationship management. Marketing capability allows a venture to develop its business model by improving market sensing and fostering superior customer relationships (Day, 1994). Overall, marketing capability is believed to "[enable] firms to efficiently combine organizational resources to achieve marketing objectives" (Saboo, Kumar, & Anand, 2017, page 46).

We hypothesize that marketing capability could lower the odds of venture failure. We define venture failure as discontinuation of a venture (i.e., out of business) (Bruno & Leidecker, 1988; Singh, Corner, & Pavlovich, 2015; Zacharakis, Meyer, & DeCastro, 1999). Consistent with extant entrepreneurship research, we do not consider the acquisition or merger of a venture as a failure. We expect that improving marketing related input-output conversion efficiency could lower the odds of failure because such improvement helps manage available marketing resources to meet customer needs. Marketing capability can help further differentiate new ventures from competitors in the task environment, especially for ventures that have a limited track record with customers and suppliers (Aldrich & Pfeffer, 1976). The task environment of ventures consists of stakeholders, including buyers and suppliers, who engage in resource exchanges with the ventures (Drori & Honig, 2013). Developing marketing capability could further improve legitimacy in the task environment, improve credibility among stakeholders, and enhance the brand value of a venture.

Marketing capability enhances the value relevance of product and service offerings reflected in customer satisfaction and brand equity (Patel & Feng, 2021; Zhang, Jiang, Shabbir, & Du, 2015). The efficient conversion of marketing inputs to outputs requires the development of product and service offerings that are acceptable by the markets. Lack of adaptation to markets may lead to a decline in output (and customer satisfaction) despite similar marketing inputs (Patel & Feng, 2021). Over time, high levels of conversion efficiency imply reliable conversion routines that can improve brand equity (Zhang et al., 2015). A venture with a higher marketing efficiency reflected in marketing input-output conversion routines may also improve its image and legitimacy with the stakeholders in the task environment by signaling reliability in meeting customer expectations. A venture with lower marketing capability may be inefficient at converting marketing inputs, resulting in lower sales driven by the inability to meet customer expectations.

The value relevance reflected in brand equity further informs participants in the task environment about ventures' growth potential. In research on the marketing capability of established firms, the value relevance component explains stock returns (Jacobson & Mizik, 2009; Srinivasan & Hanssens, 2009) and growth potential (Bahadir, Bharadwaj, & Parzen, 2009). For new ventures, marketing capability reflects their ability to generate positive word of mouth, design a competitive pricing menu, maintain high efficiency in distribution, attract and retain customers, and improve stakeholder satisfaction that are all central to the survival prospects of new ventures (Angulo-Ruiz et al., 2014; Bahadir et al., 2009). In summary, with the positive relationship between marketing capabilities and performance in established firms as the backdrop and the potential benefits of marketing capabilities for new ventures, we propose the following hypothesis:

Hypothesis 1. *Marketing capability is positively associated with the new venture survival.*

2.1. Marketing myopia

Despite the hypothesized benefits of marketing capability in improving new venture survival, developing marketing capabilities is a dilemma for ventures—marketing capabilities require significant investments, but resource shortages in ventures may limit such investments. "[A]n organization cannot survive in the long run unless it survives in each of the short runs along the way, and strategies that permit short-run survival tend to increase long-run vulnerability" (Levinthal & March, 1993, page 110). We propose that marketing myopia could help balance long- and short-term marketing needs. We do not advocate that ventures embed marketing myopia in its value proposition at the onset. Ventures have an early-stage business model and core mission and objectives, and therefore, marketing myopia in our theoretical context is not proposed as a short-term disciplinary tool, but rather as an enabler that helps ventures balance long-term versus short-term orientation or balance exploration and exploitation related to marketing. Marketing myopia may strengthen the positive association between marketing capabilities and new venture survival.

Our theoretical conceptualization of the value of marketing myopia is rooted in the conceptualization of dynamic exploration and exploitation by Luger et al. (2018) who proposed the value of "combining capability-building processes (to balance exploration and exploitation) with capability-shifting processes (to adapt the exploration–exploitation balance)" (page 449). A venture that does not have strategic and

[5] We refer interested readers to Bocconcelli et al. (2018) for an overview of marketing and SME research.

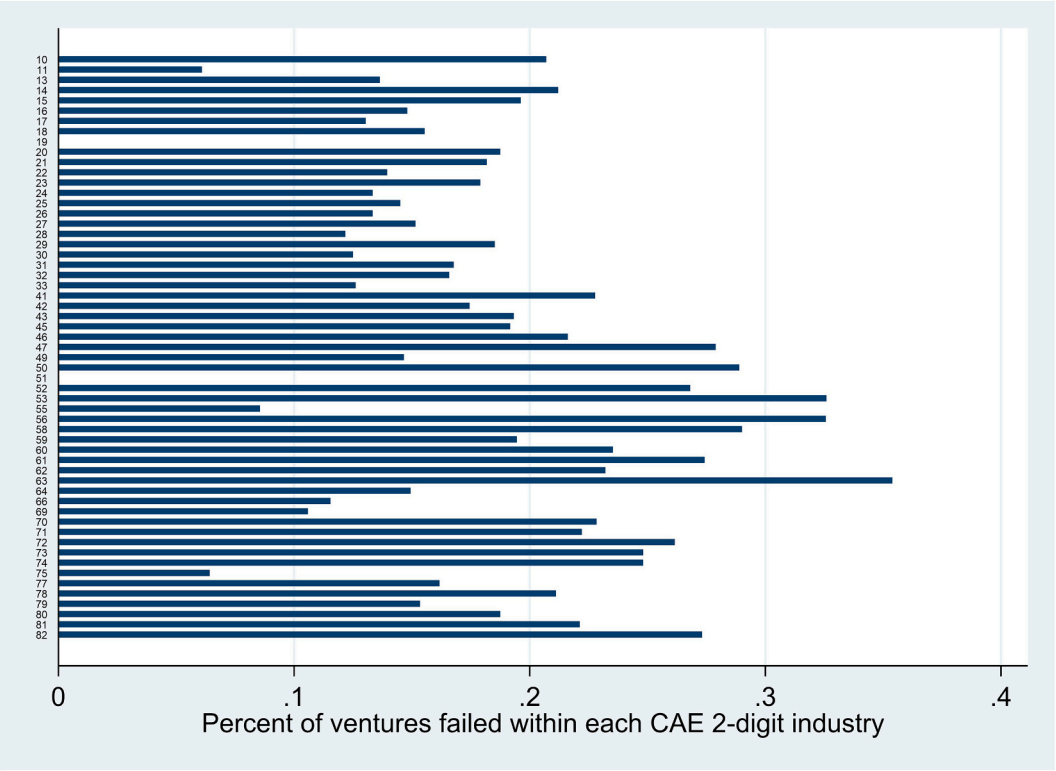

Fig. 1. Percentage of ventures failed within the sample period. Note: each number represents a 2-digit industry division code defined by *Código de Actvidades Comerciais* (CAE). Names of industry divisions are provided in Appendix A

functional policies at the onset and the full choice set related to capabilities is unknown ex-ante. Therefore, both explorative and exploitative feedback is critical to improving the efficacy of marketing capabilities. The feedback driven by myopic marketing investments allows ventures to improve their marketing capability over time by realigning and reallocating its limited resources (Levinthal & March, 1993). Marketing myopia could be a mechanism that helps balance short- and long-term focus on marketing capabilities and promote exploration and exploitation in marketing capabilities development. Marketing myopia can improve coalignment and learning "to engage in sufficient exploitation to ensure its current viability and, at the same time, to devote enough energy to exploration to ensure its future viability" (Levinthal & March, 1993, p. 105).

The value of marketing myopia in balancing short- and long-term focus on marketing capabilities could be analogously explained by the R&D volatility framework (Mudambi & Swift, 2014), where volatility in R&D expenditures over time help not only exploit current competencies by also exploring new ones. Without volatility in R&D investments, a firm is locked in a cycle of exploitation resulting from stability in R&D expenditures. However, volatility induces variation, disrupts stability, and forces firms to reevaluate their existing competencies. Disruption and turbulence are necessary to direct attention towards novel ways of innovating. Another analogy can be drawn from the lean startup framework (Ries, 2011). Known as hypothesis-driven entrepreneurship (Eisenmann, Ries, & Dillard, 2011), the lean startup model focuses on experimentation with the market. Adjusting investments in marketing-related activities based on performance feedback is at the core of the conceptualization of pivoting from the base idea.

There are two reasons new ventures may adopt a marketing myopia mindset to improve the efficacy of marketing capabilities. First, longer-term resource outlays for marketing lower availability of resources for other functional areas (Starr & MacMillan, 1990). Unlike established firms, ventures must grow simultaneously on multiple functional dimensions and develop variegated stakeholder relationships (Edelman & Yli–Renko, 2010). Dedicating longer-term marketing resources could lower the overall efficacy of marketing capability on survival as complementary functions and relationships in non-marketing areas could be stunted in a resource-constrained venture.

As customers and competition are evolving dynamically (Moorman & Day, 2016), marketing myopia could provide the necessary discipline for reconsidering customer needs and product offerings. New ventures must adapt by redesigning their products or adjusting distribution channels (Brettel, Engelen, Müller, & Schilke, 2011). Pricing and promotional strategies are also in the early stages of development that require a constant reevaluation of the efficacy of current marketing capability and a requisite change in myopic marketing management (Williams, Tsai, & Day, 1991). With survival as a short-term constraint, being myopic in marketing investments may provide the necessary compression and decompression in learning related to the product, pricing, promotion, and distributional aspects of building marketing capabilities (Gruber, 2007).

Second, a venture is required to continuously respond to the emerging competitive environment through experimentation (Nicholls-Nixon, Cooper, & Woo, 2000). A longer-term resource outlays limit reevaluation and reconfiguration of marketing resources (Andries, Debackere, & Van Looy, 2013). A shorter-term resource outlays for marketing allow for a more frequent reevaluation of marketing outcomes and imbues the necessary discipline to improve marketing performance through reconfiguration and reallocation (Andries et al., 2013). Therefore, without using a shorter-term approach to better allocate marketing resources, a new venture may be subject to the constraint on resource availability.

Overall, while myopic learning behavior could generally lead to suboptimal outcomes and costly changes (Coviello, Brodie, & Munro, 2000; Denrell, Fang, & Levinthal, 2004), the core and critical constraint in ventures is survival. Adjusting marketing budget allocations based on performance feedback could result in lower core-rigidities and improved adaptation, which in return can lead to a lower hazard of failure. Myopic

marketing management under increasing marketing capability provides the basis for adjusting the marketing budget (Brownlie, Saren, Whittington, & Wensley, 1994). With changing marketing capability, the benefits of marketing myopia are salient because a new venture's product offerings are less well-defined and subject to changes based on supplier/customer feedback. Details of the products, after-sale services, logistics, and pricing remain underdeveloped for ventures. Committing to a steady marketing budget that does not adapt to performance would not only lower available resources for other activities in resource-constrained ventures but also increase propinquity traps (Ahuja & Lampert, 2001) and increase learning biases related to marketing (Greve, 2000). Thus, for ventures with strong marketing capabilities, engaging in marketing actions that can produce immediate and quantifiable outcomes (i.e., being marketing myopic) may be crucial to survival.

Based on the above discussion, we propose the following hypothesis:

Hypothesis 2. *Marketing myopia strengthens the positive association between marketing capability and new venture survival.*

3. Sample and measures

3.1. Sample

Our sample is drawn from the INFORMA D&B database, which includes key financial and accounting information from the *IES* (*Informação Empresarial Simplificada*) form. The *IES* form is an annual document that all Portuguese firms are required to file for tax and accounting purposes and that has to be audited by at least one external accountant to ensure accuracy and authenticity of financial records. As pointed out by Zhao, Ishihara, & Jennings, 2020, it is difficult to obtain fine-grained marketing data for certain industries in entrepreneurship and business venturing research. Thus, given that all ventures' financial and marketing information from the INFORMA D&B database is required by the Portuguese government to be verified by a third-party accountant, this feature provides a unique opportunity to study venture survival in general and to understand whether and how marketing capability is associated with firm survival in particular.

To mitigate survivorship bias, we start with all the ventures established between 2010 and 2013 in Portugal and then followed through 2017, resulting in a final sample of 189,827 firm-year observations with 47,875 unique ventures. We excluded ventures with 10 or more employees at the founding. Firms with more than 10 employees at founding may be spinoffs or subsidiaries and therefore may not be considered ventures (Baumann & Kritikos, 2016; Mulhern, 1995). Due to data unavailability, we have no information to identify spinoffs or subsidiaries in our sample. However, using 10 employees as cutoff is consistent with existing studies and industry practice of defining micro firms (Baumann & Kritikos, 2016; Crozet & Milet, 2017; Lumpkin, McKelvie, Gras, & Nason, 2010; Nyuur, Brečić, & Simintiras, 2016).[6] Consistent with the nature of ventures, firms in our sample have less than 4 employees on average. Of note, the percentage of venture failure varies significantly across the 57 CAE ("*código das actividades comerciais st*" or the industrial classification system) 2-digit industry divisions (ranging from 0% to 35.39%) and is consistent with prior literature studying venture survival (e.g., Patel, Guedes, & Pearce, 2017). The industry sectors represented in our sample include: *manufacturing*, *construction*, *wholesale and retail trade*, *transportation and storage*, *accommodation and food service activities*, *information and communication*, *financial and insurance activities*, *professional, scientific, and technical activities*, and *administrative and support service activities*. Fig. 1 presents these venture survival rates for each 2-digit industry division.

3.2. Focal independent variable: marketing capability

Because marketing capability is not directly observable, the literature proposes three major approaches to measure marketing capability. The first approach utilizes surveys to solicit managers' knowledge or opinions towards their firms' marketing activities (e.g., Vorhies & Morgan, 2005). The second approach is primarily outcome-based such that some financial variables (e.g., market share) are used as a proxy for marketing capability (e.g., Moorman & Slotegraaf, 1999). The current study adopts the third method to measure our focal independent variable, marketing capability, by using an input-output approach[7]. In particular, we adopt the stochastic frontier analysis (SFA), which was popularized by Dutta et al. (1999) and is widely used in the marketing literature (e.g., Bahadir et al., 2008; Feng & Fay, 2016; Xiong & Bharadwaj, 2013).

SFA allows researchers to decompose the error term to recover firm-specific (in)efficiency, which is considered a proxy for firm capability. One major advantage of SFA lies in the fact that it takes the relationship between inputs (such as marketing intensity) and outputs (such as sales) into account, thus allowing a more comprehensive benchmarking across firms. This is particularly useful because adopting inputs (output) *alone* as benchmarking criteria would overlook the nuances in output (inputs). Essentially, SFA captures ventures' (in)efficiency of converting inputs into output.

We follow Kumbhakar, Wang, and Horncastle (2015) by using the newly developed 4-factor SFA in the current study. Of note, most of the prior studies in marketing mainly adopt the 2-factor SFA developed by Aigner, Lovell, and Schmidt (1977). The 4-factor SFA allows researchers to recover firm-specific time-invariant and time-varying components that are related to marketing capabilities while teasing out time-invariant and time-varying residuals that are irrelevant to marketing capabilities. To our knowledge, Feng et al. (2017) is **one of the early studies** that adopted the 4-factor SFA to estimate marketing capability in the literature.

Similar to prior studies (e.g., Dutta et al., 1999; Feng et al., 2017; Xiong & Bharadwaj, 2013), we use annual total sales as output and marketing spending and accounts receivables as inputs in the SFA. Next, we estimate firm-specific persistent and time-varying efficiencies from the SFA and use the product of these efficiency estimates as our measure of a venture's overall marketing capability (Feng et al., 2017; Kumbhakar et al., 2015). To demonstrate the robustness of our results, we also test different model specifications of the SF model. The specific SF model used to measure marketing capability as well as the estimation results are presented in Table B1 of Appendix B.

3.3. Outcome variable: venture failure

Our primary outcome variable is time to venture failure. The starting point of a venture could range from idea conception to legal registration. To avoid subjective determination and follow the existing practice in the literature (e.g., Davidsson & Reynolds, 2009), we consider the year when a venture becomes a legal entity as the founding year. Each venture is followed starting its founding year until 2017. A venture is coded as failed if it discontinued its operations and censored if it continued to be active in 2017. Ventures that were acquired were excluded (Patel et al., 2017).

In addition to the survival analysis, we also explore a different model specification with a binary outcome variable that represents failure in a given year and survival otherwise. Although not the primary focus of the present study, we also investigate firm performance (i.e., ROS) as an additional outcome variable.

[6] In an untabulated analysis, we find that our results still hold if we further restrict our sample to no more than 5 employees at founding.

[7] Stochastic frontier analysis and data envelopment analysis are two widely used techniques under this approach.

Table 3
Summary statistics and correlation matrix.

Variables	Mean	S.D.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(1) Failure	0.034	0.180	1.000									
(2) Marketing capability	23.247	9.736	0.004	1.000								
(3) Myopia	0.766	0.423	-0.038*	0.003	1.000							
(4) Operating capability	38.209	10.444	0.046*	-0.236*	-0.035*	1.000						
(5) Positive R&D	0.001	0.032	-0.001	0.060*	0.008*	-0.007*	1.000					
(6) Firm size	11.090	1.565	-0.176*	-0.204*	0.131*	-0.415*	0.016*	1.000				
(7) EBITDA	22896.608	1139569.195	-0.005*	-0.008*	0.003	-0.029*	-0.001	0.046*	1.000			
(8) Liabilities	21.870	8010.745	0.001	-0.003	-0.005*	-0.004	-0.000	-0.018*	-0.000	1.000		
(9) Growth	0.378	1.363	0.020*	0.003	-0.006*	-0.011*	0.003	-0.015*	0.017*	0.000	1.000	
(10) HHI	0.026	0.074	-0.013*	-0.115*	0.000	0.072*	0.000	0.044*	0.031*	-0.001	0.194*	1.000

Notes: S.D. represents standard deviation; * shows significance at the 0.05 level.

3.4. Moderating variable: marketing myopia

We follow the lead by Mizik and Jacobson (2007) to measure our moderating variable, marketing myopia. In particular, we leverage a first-order autoregressive model as follows to estimate unanticipated marketing intensity (*MKT*) and unanticipated return on assets (ROA), respectively:

$$MKT_{it} = \gamma_{0i} + \gamma_1 MKT_{i,t-1} + Year + \tau_{it} \quad (1)$$

$$ROA_{it} = \varphi_{0i+}\ \varphi_1 ROA_{i,t-1} + Year + \varsigma_{it} \quad (2)$$

where MKT_{it} corresponds to marketing intensity of venture *i* in year *t*, and is measured as the difference between selling, general, and administrative (SG&A) expense and R&D expense as a fraction of total assets. ROA_{it} corresponds to return on assets and is measured as the ratio between earnings before interest, tax, depreciation, and amortization (EBITDA), and total assets.

Following existing literature (e.g., Mizik & Jacobson, 2007; Saboo et al., 2016), marketing myopia is defined as 1 if a venture is having a negative unanticipated change (i.e., the residuals of equation (1)) in marketing intensity, namely, $(MKT_{it}\text{-}\widehat{MKT}_{it})<0$, and simultaneously a positive unanticipated change (i.e., the residuals of equation (2)) in ROA, namely, $(ROA_{it}\text{-}\widehat{ROA}_{it})>0$, and 0 otherwise. We replace missing data of marketing myopia with 0, a practice that is consistent with existing research using firm-level secondary data (e.g., Koh, Reeb, & Zhao, 2018; Shao, Kwok, & Zhang, 2013). With lagged dependent variables included in equations (1) and (2), we face the problem of Nickell bias (Nickell, 1981), which suggests that there will be a bias applying OLS to estimate the coefficient of the lagged dependent variables because of their correlation with the fixed effects in the errors. Instead, we utilize the difference GMM estimator (Arellano & Bond, 1991) to alleviate the Nickell bias. The estimated residuals from equations (1) and (2) thus allow us to forecast unanticipated change in marketing intensity and unanticipated change in ROA.

3.5. Control variables

In addition to our focal independent and moderating variables, we control for several variables at the firm- and industry-level. In a meta-analysis, Krasnikov and Jayachandran (2008) find that marketing capability has a greater influence on firm performance than two other types of organizational capabilities, namely, operating and R&D capabilities. Thus, we control for additional variables that further reflect a venture's capabilities. *Operating capability*. Similar to marketing capability, we adopt a similar inputs-output approach but use a cost stochastic frontier model to estimate operating capability (Feng et al., 2017; Hirunyawipada & Xiong, 2018; Narasimhan et al., 2006).

Table 4
Main results (Cox survival analysis)

VARIABLES	(1)	(2)
Marketing capability	0.987**	0.993**
	(0.001)	(0.002)
Myopia	0.951	1.181*
	(0.049)	(0.093)
Marketing capability × Myopia		0.991**
		(0.003)
Operating capability	1.002	1.002
	(0.002)	(0.002)
Positive R&D	1.405	1.478
	(0.589)	(0.625)
Firm size	0.623**	0.623**
	(0.006)	(0.006)
EBITDA	1.000**	1.000**
	(0.000)	(0.000)
Liabilities	1.000*	1.000*
	(0.000)	(0.000)
Growth	1.007	1.007
	(0.009)	(0.009)
HHI	1.041	1.020
	(0.431)	(0.415)
Observations	189,827	189,827
Industry fixed effects	Yes	Yes
Location fixed effects	Yes	Yes
Year fixed effects	Yes	Yes
Ventures at risk	47,875	47,875
Ventures failed	6,382	6,382
Log-likelihood	-63,712	-63,705

Notes: Hazard ratios are reported in this table with robust standard errors presented in parentheses; ** $p<0.01$, * $p<0.05$.

Specifically, we use capital cost (i.e., interests divided by current liabilities) and employee cost (i.e., staff expenses divided by the number of employees) as inputs and cost of sales as output.[8] *Positive R&D*. Since only 0.1% of venture-year observations have a non-zero R&D expenditure, we are unable to estimate R&D capability using the input-output approach. Instead, we include an indicator variable equal to 1 if R&D expense is positive in a given venture-year and 0 otherwise. *Firm size*. Larger ventures can better sustain in the marketplace and enjoy size advantages such as economies of scale (Klein, Frazier, & Roth, 1990). In our study, firm size is measured by the natural logarithm of total assets. *EBITDA*. Earnings reflect a venture's operating situation and its performance in the market. Poor earnings realization may lead to venture failure (Patel et al., 2017). *Liabilities*. Liabilities ratio (i.e., total liabilities scaled by total assets) reflects a venture's legal financial obligations accumulated during operations and has implications for operating

[8] Note that when cost of sales is not available in our data, we replace this variable with total staff expenses to avoid a large number of missing values.

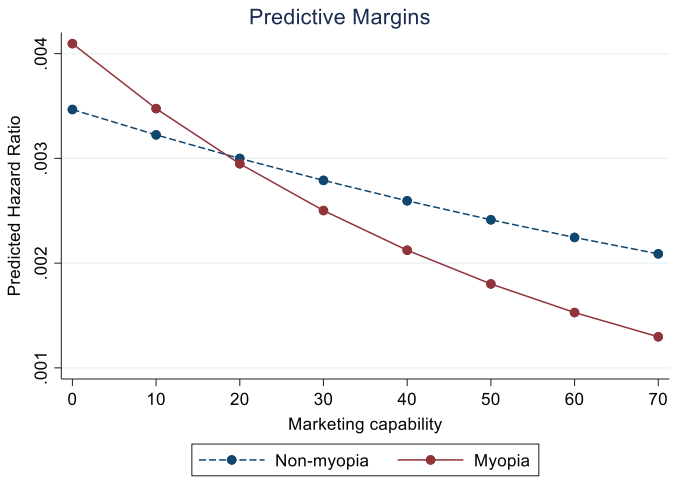

Fig. 2. Plot of interaction effect. Note: This figure is plotted based on results in Column 2 of Table 4

decision-making, which is directly linked to business survival (Cressy, 1996). *Growth*. Industry growth indicates a potential opportunity for ventures to improve their performance, thus reducing the odds of failure (McDougall, Covin, Robinson Jr, & Herron, 1994). We use the year-to-year difference in total sales within the same CAE 2-digit industry as a fraction of last year's total sales to measure industry growth. *HHI*. Industry concentration reflects industry structure (as well as the competition level) and therefore may influence venture survival (Robinson, 1999). HHI is calculated as the sum of the squares of each firm's market share within the same industry.

4. Empirical model

We consider the following basic Cox proportional hazards model (Cox, 1972):

$$h_i(t, X_t) = h_0(t) \times exp(X_{it}\beta_x) \tag{3}$$

Specifically, the vector of covariates includes:

$$\begin{aligned} X_{it}\beta_x = {} & \beta_1(\text{Marketing capability})_{it} + \beta_2 \text{Myopia}_{it} + \beta_3(\text{Marketing capability})_{it} \\ & \times \text{Myopia}_{it} + \Theta\, Controls + \omega\, Industry + \sigma\, Year \end{aligned} \tag{4}$$

where β_1 captures the association between marketing capability and venture survival odds, β_3 captures the interaction effect between marketing capability and marketing myopia. *Controls* correspond to a vector of control variables as we discuss above. We also incorporate CAE 2-digit industry fixed effects (i.e., *Industry*) and year fixed effects (i.e., *Year*) in our model to account for industry-specific and time-specific heterogeneities.

$h_i(t, X_t)$ is the hazard function for venture *i*. $h_0(t)$ represents the baseline hazard function and is assumed to be non-parametric because the shape of the hazard function is unknown. Of note, we also examine several other model specifications other than the above specification such as an extended Cox model correcting for endogeneity and selection

Table 5
Robustness checks of venture survival (Part 1)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
VARIABLES	Endogeneity and selection bias correction	Weibull distribution	Exponential distribution	Gompertz distribution	Inverse Gaussian distribution	Time-varying covariate proportional hazards model	Random-effects panel logistic model
Marketing capability	0.991**	0.992**	0.993**	0.992**	0.989**	0.997**	0.989**
	(0.002)	(0.002)	(0.002)	(0.002)	(0.003)	(0.001)	(0.003)
Myopia	2.434**	1.142	1.187*	1.181*	1.144	0.977	1.092
	(0.358)	(0.100)	(0.093)	(0.099)	(0.104)	(0.031)	(0.105)
Marketing capability × Myopia	0.990**	0.991**	0.991**	0.991**	0.992**	0.998*	0.990**
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.001)	(0.003)
Operating capability	1.000	1.001	1.002	1.001	0.999	1.001	0.999
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.001)	(0.002)
Positive R&D	3.254**	1.751	1.447	1.740	1.853	1.075	1.694
	(1.461)	(0.726)	(0.617)	(0.726)	(0.801)	(0.183)	(0.833)
Firm size	0.596**	0.591**	0.628**	0.595**	0.544**	0.886**	0.532**
	(0.007)	(0.007)	(0.006)	(0.007)	(0.006)	(0.005)	(0.009)
EBITDA	1.000**	1.000**	1.000**	1.000**	1.000**	1.000**	1.000**
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Liabilities	1.000*	1.000*	1.000*	1.000*	1.000*	1.000*	1.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Growth	1.007	1.008	1.007	1.008	1.009	1.003	1.008
	(0.009)	(0.010)	(0.009)	(0.009)	(0.010)	(0.009)	(0.010)
HHI	1.006	1.105	0.996	1.004	0.999	1.201	0.836
	(0.401)	(0.474)	(0.402)	(0.414)	(0.456)	(0.132)	(0.377)
Residuals	1.012**						
	(0.004)						
Inverse Mills ratio	0.650**						
	(0.048)						
Constant		19.635**	8.961**	12.591**	53.168**		57.949**
		(4.042)	(1.640)	(2.413)	(11.262)		(13.354)
Observations	189,827	189,827	189,827	189,827	189,827	189,827	189,699
Industry fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Location fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ventures at risk	47,875	47,875	47,875	47,875	47,875	47,875	47,840
Log-likelihood	-63,675	-18,130	-19,936	-18,844	-18,061	-64,243	-24459

Notes: Hazard ratios are reported in this table with robust standard errors presented in parentheses; ** $p<0.01$, * $p<0.05$.

bias, several parametric survival models, a panel logit model, and so on. Details are covered in the section on robustness checks.

5. Results

Before turning to our empirical results, we first report summary statistics of our independent variables in Table 3. In addition, we present the correlation matrix among our independent variables. We calculate the variance inflation factors (VIF) and find no evidence of multicollinearity since no VIF exceeds 2 (Chatterjee & Hadi, 2006).

We fit the Cox proportional hazards model using maximum likelihood and report the results in Table 4. We report standard errors that are clustered at the venture level below each coefficient. Column 2 of Table 4 presents our full model, which includes all variables presented in equation (4), and therefore we use the results reported in this column for subsequent discussion. We report hazard ratios in the table. A value of the hazard ratio larger (lower) than 1 indicates that a predictor increases (decreases) the hazard of failure.

First, we find support for Hypothesis 1, which states that higher marketing capability is positively associated with venture survival, that is, longer survival time. Specifically, results suggest that as marketing capability increases by one unit and all other variables are held constant, the rate of hazard (i.e., failure) for ventures decreases by $1 - 0.993 = 0.007$.

Second, to interpret the result of the interaction term (i.e., Marketing capability × Myopia), we convert the hazard ratios into raw coefficients. We find that comparing marketing myopic ventures with marketing non-myopic ventures, as marketing capability increases by 1 unit while holding all other variables constant, the rate of hazard (i.e., failure) for ventures decreases by $1 - \exp[(-0.007) + (-0.009)] = 1 - 0.9841 = 0.0159$. This result indicates that marketing myopic ventures have a longer survival time with increasing marketing capability than their counterparts, thus offering support for Hypothesis 2. To further understand the interaction effect, we visualize the interaction effect in Fig. 2, which demonstrates the relationship between marketing capability and predicted hazard ratios for marketing myopic ventures and marketing non-myopic ventures.

6. Robustness checks

In this section, we present our robustness checks that could mitigate concerns regarding endogeneity, sample selection bias, model misspecification, and measurement errors in focal variables. Our empirical findings continue to hold under each scenario. Furthermore, we present empirical results that demonstrate the effects of different types of marketing capabilities, that further control for founding characteristics of ventures, that use firm performance (ROS) as a dependent variable, and that demonstrate the nonlinear effect of marketing capability.

6.1. Endogeneity and sample selection bias

First, there could be a concern that our focal independent variable, marketing capability, is endogenous. For instance, there may be unobserved factors (such as management practice or venture culture) that systematically determine the level of marketing capability and meanwhile are correlated with venture survival. To mitigate this concern, we adopt the control function approach (Petrin & Train, 2010; Tchetgen, Walter, Vansteelandt, Martinussen, & Glymour, 2015; Wooldridge, 2015) by controlling for an additional variable in the Cox model. This additional variable (i.e., the estimated residuals from an auxiliary regression model) should contain potential missing information that is not accounted for by current independent variables but is related to the endogenous variable. Tchetgen et al. (2015) show that the control function approach is appropriate to deal with endogeneity issues in a survival context.

In the auxiliary regression model, the dependent variable is marketing capability and the right-hand side predictors include all control variables in equation (4) plus an instrument that satisfies the requirements of relevance and exogeneity. We use yearly industry median marketing capability as our instrumental variable. As firms often imitate their peers during their decision-making process (Saboo & Grewal, 2013), we argue that ventures may foster marketing capability in accordance with industry trends, and therefore single venture's marketing capability is expected to be associated with industry median marketing capability. Indeed, we find that industry median marketing capability is significantly associated with an individual venture's marketing capability. However, it is unlikely that all the ventures within the same industry would collude together to determine the median level of marketing capability and to act against a single venture (thereby influencing the venture's survival odds through unobserved factors). Thus, we believe the instrumental variable meets the requirements of relevance and exogeneity. After performing the first stage auxiliary regression, we obtain the variable of predicted residuals, which is then included in the main Cox model.

Second, although we follow existing studies to identify marketing myopia, there could be cases where ventures are de facto marketing myopic but are treated as non-myopic ventures due to some systematic

Table 6
Robustness checks of venture survival (Part 2)

	(1)	(2)	(3)
VARIABLES	Remove zero advertising	New measure of marketing capability	Industry adjusted marketing capability
Marketing capability	0.984**		
	(0.003)		
Myopia	1.097	1.219*	0.953
	(0.133)	(0.096)	(0.049)
Marketing capability × Myopia	0.991*		
	(0.004)		
Marketing capability (new)		0.994**	
		(0.002)	
Marketing capability (new) × Myopia		0.991**	
		(0.003)	
Relative marketing capability			0.993**
			(0.002)
Relative marketing capability × Myopia			0.990**
			(0.003)
Operating capability	0.997	1.003	1.002
	(0.002)	(0.002)	(0.002)
Positive R&D	2.258	1.432	1.493
	(1.112)	(0.602)	(0.632)
Firm size	0.604**	0.614**	0.623**
	(0.010)	(0.006)	(0.006)
EBITDA	1.000**	1.000**	1.000**
	(0.000)	(0.000)	(0.000)
Liabilities	1.000*	1.000*	1.000*
	(0.000)	(0.000)	(0.000)
Growth	0.980	1.007	1.007
	(0.029)	(0.009)	(0.009)
HHI	0.951	1.039	1.023
	(0.560)	(0.425)	(0.420)
Observations	132,862	189,802	189,827
Industry fixed effects	Yes	Yes	Yes
Location fixed effects	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes
Ventures at risk	31,503	47,866	47,875
Ventures failed	3,384	6,377	6,382
Log-likelihood	-32,280	-63,639	-63,704

Notes: Hazard ratios are reported in this table with robust standard errors presented in parentheses; ** $p<0.01$, * $p<0.05$.

Table 7
Comparison between time-varying and time-invariant marketing capabilities

VARIABLES	(1)
Marketing capability (time-varying)	0.996**
	(0.002)
Myopia	1.562**
	(0.194)
Marketing capability (time-varying) × Myopia	0.994**
	(0.002)
Marketing capability (time-invariant)	0.999
	(0.001)
Marketing capability (time-invariant) × Myopia	0.996**
	(0.002)
Operating capability	1.003
	(0.002)
Positive R&D	1.376
	(0.575)
Firm size	0.625**
	(0.006)
EBITDA	1.000**
	(0.000)
Liabilities	1.000*
	(0.000)
Growth	1.007
	(0.009)
HHI	0.979
	(0.395)
Observations	189,827
Industry fixed effects	Yes
Location fixed effects	Yes
Year fixed effects	Yes
Ventures at risk	47,875
Ventures failed	6,382
Log-likelihood	-63,705

Notes: Hazard ratios are reported in this table with robust standard errors presented in parentheses; ** $p<0.01$, * $p<0.05$.

reasons. To avoid misleading inference from a non-randomly selected sample, we treat the potential sample selection bias as a specification error and adopt Heckman's (1979) two-step procedure for bias correction. Specifically, we first run a probit model of marketing myopia against our control variables plus an identifying variable. Subsequently, we obtain inverse Mills ratios from the probit model (i.e., the generalized residuals) and then plug into our main model to mitigate sample selection bias. A similar practice is carried out by Saboo et al. (2016) in their study of marketing myopia among IPO firms.

We utilize the yearly industry prevalence of myopic ventures as our identifying variable in the first step analysis. The probability of being marketing myopic is likely influenced by other ventures' practices within the same industry. We in effect find that the yearly industry prevalence of myopic ventures is a significant predictor of the likelihood of marketing myopia. Further, a single firm's decision to be marketing myopic is impossible to influence the decision of all other firms within the same industry. Additionally, similar to our previous argument on the instrumental variable for marketing capability, it is doubtful that all the ventures within the same industry would perform collective action of being myopic or non-myopic against a single venture (thereby influencing the venture's survival hazard through unobserved reasons). Thus, we believe that using the yearly industry prevalence of marketing myopic ventures is an appropriate identifying variable.

Column 1 of Table 5 presents the results after correcting for potential endogeneity problems and sample selection bias. As shown in the results, two additional variables (i.e., *Residuals* and *Inverse Mills ratio*) are incorporated, corresponding to the endogeneity correction term and selection bias correction term, respectively. Even after controlling for these additional variables, our main findings remain valid.

Table 8
Controlling for founding conditions of ventures

VARIABLES	(1)
Marketing capability	0.991**
	(0.002)
Myopia	1.243**
	(0.100)
Marketing capability × Myopia	0.992**
	(0.003)
Operating capability	1.004*
	(0.002)
Positive R&D	1.498
	(0.626)
Firm size	0.584**
	(0.008)
EBITDA	1.000**
	(0.000)
Liabilities	1.000*
	(0.000)
Growth	1.008
	(0.009)
HHI	0.938
	(0.377)
Receivables (at founding)	0.785**
	(0.043)
Payables (at founding)	1.000
	(0.000)
Liabilities (at founding)	1.000
	(0.000)
Firm size (at founding)	1.178**
	(0.016)
Observations	189,532
Industry fixed effects	Yes
Location fixed effects	Yes
Year fixed effects	Yes
Ventures at risk	47,785
Ventures failed	6,373
Log-likelihood	-63,474

Notes: Hazard ratios are reported in this table with robust standard errors presented in parentheses; ** $p<0.01$, * $p<0.05$.

6.2. Alternate Model specifications

We opted for the semiparametric Cox survival model because of its flexibility on the survival distribution (i.e., without imposing a specific hazard function). To show the robustness of our empirical results, we turn to parametric models and redo the analyses by assuming the following survival distributions: (1) Weibull distribution (Column 2 of Table 5); (2) Exponential distribution (Column 3 of Table 5); (3) Gompertz distribution (Column 4 of Table 5); and (4) inverse-Gaussian distribution (Column 5 of Table 5).

Next, we also report the results of specifying all independent variables (except for the fixed effects indicators) in equation (4) as continuously varying over time. By using this time-varying specification, we account for the effect that as time goes by, the actual level of marketing capability and/or the choice to be marketing myopic continuously vary. As indicated by the empirical results (see Column 6 of Table 5), our main findings remain unchanged.

Instead of specifying the dependent variable as the time to venture failure, we show robustness to another specification with a binary dependent variable that is equal to 1 if a venture is out of business in a given year and 0 otherwise. We redo our analyses using a panel logit framework. Empirical results are reported in Column 7 of Table 5.

6.3. Additional sensitivity tests

To handle concerns of several other issues, we carry out additional robustness checks. The results are reported in Table 6. Again, our main

Table 9
Panel regressions of ROS

	(1)	(2)	(3)	(4)
	ROS at t	ROS at t+1	ROS at t	ROS at t+1
VARIABLES	Random effects		Fixed effects	
Marketing capability	0.277**	0.047	0.136	-0.041
	(0.082)	(0.045)	(0.127)	(0.046)
Myopia	-5.571	-0.109	-7.450	-0.069
	(7.719)	(1.220)	(9.742)	(1.136)
Marketing capability × Myopia	0.197	0.017	0.247	0.009
	(0.248)	(0.059)	(0.322)	(0.059)
Operating capability	-0.100	-0.043	-0.042	-0.020
	(0.064)	(0.040)	(0.042)	(0.031)
Positive R&D	-9.470	-0.863	-9.808	1.123
	(5.701)	(0.816)	(5.182)	(0.995)
Firm size	0.016	-0.644	1.706	0.244
	(0.925)	(1.056)	(1.685)	(1.585)
Liabilities	0.000	-0.001	0.000	0.000
	(0.000)	(0.001)	(0.001)	(0.001)
Growth	0.084	-0.028	0.098	-0.026
	(0.046)	(0.018)	(0.053)	(0.017)
HHI	4.839	7.335	-1.297	6.308
	(8.200)	(5.574)	(4.271)	(5.899)
Constant	-4.764	6.932	-21.145	-0.922
	(11.316)	(13.499)	(16.405)	(17.826)
Observations	184,399	140,832	184,399	140,832
Number of ventures	46,809	42,066	46,809	42,066
Industry fixed effects	Yes	Yes	No	No
Location fixed effects	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes
Firm fixed effects	No	No	Yes	Yes

Notes: Coefficients are reported in this table with robust standard errors presented in parentheses; ** $p<0.01$, * $p<0.05$.

findings still hold in each of the following sensitivity tests. First, we exclude firms without allocating any budgets for advertising and rerun the analyses (Column 1 of Table 6). Second, we re-estimate the stochastic frontier model by including advertising intensity (in addition to marketing intensity and accounts receivables). Results using this newly estimated marketing capability are presented in Column 2 of Model 6. Lastly, following prior studies (e.g., Narasimhan et al., 2006), we present our results with a relative measure of marketing capability, that is, subtracting the yearly industry average values of marketing capability in a given year from the actual level of marketing capability (Column 3 of Table 6).

6.4. Do alternate specifications of marketing capabilities matter?

In our main analysis, we use the total marketing capability estimated from the stochastic frontier model. Here, we further extend the analysis by considering two types of marketing capability, namely, time-varying marketing capability and time-invariant persistent marketing capability.[9] Note that total marketing capability is a product of time-varying and time-invariant marketing capabilities (Feng et al., 2017). As shown in Table 7, we find that time-varying marketing capability is positively and significantly associated with venture survival while persistent (time-invariant) marketing capability is not significantly associated with venture survival. However, we find that Myopia has a significant moderating role in driving the relationship between the two types of marketing capabilities and venture survival. In other words, we find a similar result as in our main analysis that marketing myopia strengthens the negative association between both types of marketing capabilities (i.e., time-varying and time-invariant marketing capabilities) and the hazard of new venture failure. This analysis provides additional nuances that are not documented in the literature regarding the impacts of different types of marketing capabilities on venture survival.

Table 10
Nonlinear effect of marketing capability on venture survival

	(1)	(2)	(3)	(4)
VARIABLES				
Marketing capability	0.989**	0.924**	0.936**	0.973**
	(0.002)	(0.003)	(0.005)	(0.006)
Marketing capability^2		1.001**	1.001**	1.000**
		(0.000)	(0.000)	(0.000)
Myopia			0.419**	1.531**
			(0.035)	(0.129)
Marketing capability × Myopia			0.984*	0.956**
			(0.006)	(0.006)
Marketing capability^2 × Myopia			1.000	1.001**
			(0.000)	(0.000)
Operating capability				1.003
				(0.002)
Positive R&D				0.343*
				(0.148)
Firm size				0.632**
				(0.006)
EBITDA				1.000**
				(0.000)
Liabilities				1.000*
				(0.000)
Growth				1.008
				(0.009)
HHI				1.034
				(0.422)
Observations	189,827	189,827	189,827	189,827
Industry fixed effects	Yes	Yes	Yes	Yes
Location fixed effects	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes
Ventures at risk	47,875	47,875	47,875	47,875
Ventures failed	6,382	6,382	6,382	6,382
Log-likelihood	-66,090	-65,870	-65,617	-63,591

Notes: Hazard ratios are reported in this table with robust standard errors presented in parentheses; ** $p<0.01$, * $p<0.05$.

6.5. Do founding conditions matter?

Founding conditions may affect venture survival[10]. Thus, when founding characteristics are not directly controlled for in the empirical model, we may face the omitted-variable issue that leads to biased estimates of coefficients. To alleviate this concern, we re-estimate our empirical model by controlling for several venture characteristics at the founding year, including *Receivables (at founding)*, *Payables (at founding)*, *Liabilities (at founding)*, and *Firm size (at founding)*. These additional variables absorb the effects of customer relationships (reflected by accounts receivables), supplier relationship (reflected by accounts payables), financial resources (reflected by liabilities), and total venture resources (reflected by firm size) at founding and therefore allow us to reduce the concerns of omitting information about founding conditions. Note that we do not include *Firm size (at founding)* in our main model because it has a rather high correlation (=0.5609) with the yearly measure of *Firm size*, which may lead to a potential multicollinearity issue. However, even after control for additional founding characteristics of ventures, our main findings still hold. Detailed results are reported in Table 8.

[9] We thank one of the anonymous reviewers for suggesting the idea of examining different types of marketing capabilities.

[10] We thank one of the anonymous reviewers for raising this point.

6.6. Marketing capability, marketing myopia, and venture financial performance

Although not the focus of this study, we examine the performance implications of marketing capability and its interaction with marketing myopia. Venture performance is measured by return on sales (ROS), i.e., net income divided by total sales. As shown in Table 9, we find that marketing capability is positively associated with firm performance at the same period ($b = 0.277$, $p<0.01$) when we estimate the model using a panel random-effects estimator. However, we find no evidence that marketing capability affects venture financial performance at $t+1$. Also, there is no empirical evidence indicating that the interaction between marketing capability and marketing myopia affects venture financial performance. Similarly, when time-invariant unobservables are controlled for (i.e., using panel venture fixed-effects regressions), marketing capability and its interaction with marketing myopia do not exhibit a statistically significant relationship with venture performance.

6.7. Nonlinear effect of marketing capability

We also explore the non-linear effect of marketing capability due to the following two reasons. First, new ventures generally have limited routines and allocate resources across multiple functional areas. It may be possible that the development of strong marketing capabilities comes at the expense of other functional areas of the firm. Though the micro-dynamics of the relative allocation is not available in our data, we expect that if excessive marketing capability is detrimental to venture survival then we expect a significant non-linear effect of marketing capability on venture survival. Second, capabilities are path-dependent and therefore for a young firm, excessively strong marketing capability can lower adaptability as newer contingencies inevitably emerge for ventures. Strong marketing capability may limit flexibility as ventures continue to experiment with their business models during the early years. As such, one could expect decreasing returns to higher marketing capability on venture survival.

We, therefore, explore the nonlinear effect of marketing capability and present the empirical results in Table 10. However, the effect size of the squared term of marketing capability is merely $1.0005 - 1 = 0.0005$ (note that we round the coefficient values to three decimal places in Table 10) and that of the interaction term between marketing capability squared and marketing myopia is not always significant across the baseline and full models. Due to negligible effect sizes, we do not consider the nonlinear effect of marketing capability meaningful.

7. Discussion

Consistent with H1, new ventures with higher marketing capability improve their survival odds, but with small effect sizes. The presence of myopic marketing management can further enhance survival odds, again, with small effects (H2). Overall, we find that marketing capability, in combination with marketing myopia, does not exhibit a deleterious effect on the survival odds of a new venture, however, significant strategic emphasis on marketing capabilities may also lead to limited survival benefits. The tepid empirical support for these theoretically grounded findings has implications for both theory and practice in marketing and entrepreneurship.

7.1. Implications for theory

Our findings have the following implications for marketing and entrepreneurship literature. First, while past studies on marketing have explored the role of marketing capability on performance in more established firms (Bocconcelli et al., 2018; Dutta et al., 1999; Feng et al., 2017), its role in new ventures remains understudied. Yet, focusing on this distinct early stage of a firm's life cycle is important for both marketing and entrepreneurship literature in that both streams of literature have not provided a clear understanding of the value of marketing capability in new ventures. Compared to existing work that generally found a large positive effect of marketing capability, we find that, although the main effect of marketing capability on venture survival is not large, it is positive and statistically significant.

Second, we find support for a significant moderating role of marketing myopia in shaping the relationship between marketing capability and venture survival. Although the interaction effect between marketing myopia and marketing capability is not large, it is positive and statistically significant. The conceptualization of marketing myopia is rooted in the resource reallocation literature (Mizik, 2010; Reilly, Souder, & Ranucci, 2016). While recent studies have focused on marketing myopia's boundary conditions contingent on firm characteristics (Saboo et al., 2016; van der Wal, van Horen, & Grinstein, 2018), the current study further explores the boundary condition related to the earliest firm life cycle stage, namely new ventures. While the broader marketing literature generally construes marketing myopia as having a negative effect on performance, ours is an alternate context where we focus on less established and new firms (whereas much of marketing myopia literature has focused on established, older, and mostly publicly traded firms). So, our findings do not directly contradict this stream of literature but instead provides an assessment of marketing myopia at the earliest stage of the organizational life cycle. Our findings suggest that for new ventures who are interested in fostering marketing capabilities, marketing myopia could be a disciplining mechanism with limited gains. New ventures with limited slack and organizational resources may benefit more from adopting a marketing myopic mindset as they improve their capabilities in marketing.

Third, while a significant body of work in entrepreneurship espouses the benefits of entrepreneurial marketing in SMEs (e.g., Franco, de Fátima Santos, Ramalho, & Nunes, 2014), our supplementary findings provide a cautionary tale for ventures aiming to focus too much on marketing capability. Higher marketing capability is generally beneficial for ventures, but improvements in survival odds are not substantive when a venture is equipped with extremely high marketing capability (as reflected by the nonlinear effect size of marketing capability on survival odds). We speculate that other organizational capabilities (such as dynamic capabilities that form the basis for welding and infusing resources and routines during the early years of a firm) may be more critical. However, future studies can delve deeper into the dynamics among multiple capabilities to assess how certain capabilities may contribute to venture survival.

Finally, the findings of this study are especially salient given that no existing studies have systematically investigated marketing capabilities in new ventures where commitments to a dominant marketing strategy are less entrenched than in more mature firms (Randøy & Goel, 2003). However, compared to SMEs, new ventures typically lack a well-established customer base, and thus achieving consistent sales is a key challenge. A less developed understanding of a viable product portfolio and of stakeholder relationships (Tuli, Kohli, & Bharadwaj, 2007) could restrain the full benefits of marketing capability for new ventures. To fully realize the benefits of marketing capability, our research contributes to the literature of the marketing-entrepreneurship interface by suggesting that there is a joint moderating effect of marketing capability and marketing myopia on new venture survival.

7.2. Implications for practice

Our findings inform entrepreneurs by highlighting the positive survival benefits from developing marketing capabilities. It is important to note that this inference is based on ventures from a variety of industries. Thus, marketing capability may be more crucial for some industries than others. Even so, our findings are based on a census of ventures in Portugal and thereby have implications for a wide range of entrepreneurs from a variety of industries. The findings also deliver a useful message to stakeholders (such as angel investors) who may actively

Table 11
Agenda for future research

Themes (Gaps)	Topics and research questions for exploration
Venture capabilities	• How can ventures optimize investments in capabilities? • Given the increasing theoretical focus on venture capabilities in the broader entrepreneurship literature, are venture capabilities an important consideration? • Can customer and supplier relationships form the supporting bulwark to drive non-marketing capabilities? • How do multiple capabilities interact and emerge within a venture? • What are the micro-foundations of capability development? How did successful ventures such as Grubhub, Slack, Uber develop marketing capabilities along with other firm capabilities? • With limited routines and resources, how do ventures leverage external stakeholder relationships to develop capabilities? • Are entrepreneurs reluctant to invest in capabilities during the early stages? How do ventures balance lean startup-type approaches against the need to develop capabilities for later stage survival?
Marketing capabilities	• Can social media followership help ventures strengthen their marketing capabilities? • Are there any further intangible inputs (e.g., relationships and connectivity) that can help improve the development of marketing capabilities in ventures? • How can ventures take advantage of customer and supplier interactions to improve marketing capability? • Are ventures more interested in developing sub-categories of marketing capabilities, such as digital marketing capability or social media marketing capability? How do ventures create a coherent framework of such capabilities and maintain consistency? • What are the sources of resistance or conductivity in developing digital capabilities at the stakeholder level in ventures? • Are there any alternate metrics that are useful to measure marketing capabilities in ventures? • How do ventures set boundaries of their marketing activities when stakeholders participate as co-creators? • How should marketing capabilities be developed within an organizational ecosystem?
Marketing investments	• To what extent can myopic marketing investments help provide resources for non-marketing investments? • How do entrepreneurs allocate funds across the 4Ps of marketing? • Should ventures take a myopic approach in allocating resources for all the functional areas including marketing? • How do entrepreneurs balance innovation (i.e., exploration) versus marketing (i.e., exploitation) needs? • How do entrepreneurs allocate marketing funds towards exploring new (online and offline) markets versus exploiting current ones?

persuade entrepreneurs to invest in marketing capabilities. The benefit of marketing capability on venture survival is indeed positive and significant. However, it is important to note that stakeholders may realize limited gains by having new ventures shift *too much* of their focus towards building marketing capability.

The findings also call for a closer examination of the short- versus long-term consideration of marketing expenditures. For a new venture, myopic marketing investments may be useful to improve the assessment, reevaluation, and reallocation of limited organizational resources. Our findings suggest that marketing myopia alone may be undesirable. However, if a new venture can develop a strong marketing capability, then having a myopic mindset in marketing (i.e., focusing on more tangible and immediate outcomes) is not undesirable. Overall, we suggest that investments in marketing capability and engaging in marketing myopia may lead to diverging benefits, but "bundling" these marketing strategies together can generate positive, but small, effects on venture survival.

7.3. Limitations and avenues for future research

Our study provides interesting results regarding marketing capability and marketing myopia in the context of new ventures. The statistical inferences are supported by a variety of robustness checks. However, our research is not without limitations. First, although we draw on reliable financial data rarely available in the context of ventures and move from self-reported financial data, our inferences are limited to a single-country sample. As such, the inferences may not be generalizable to ventures in other countries where the marketing challenges and regulations could be different. Second, although we draw on an established measure of marketing myopia, we are unable to assess the psychological and cognitive processes of decision-making related to marketing myopia (similar to past studies). We explore marketing myopia in the general context of ventures, however, pressures from investors or exit by owners or team members in the ventures could also impact myopic behavior (Basu, Sahaym, Howard, & Boeker, 2015). Third, institutional and task environment pressures may further drive changes in resource allocation. Although we control for industry, year, and location effects, the micro-dynamics of resource allocations that impact marketing related resource allocations are central to future research. Fourth, we are unable to include more detailed marketing-related variables such as customer satisfaction, brand equity, and marketing department power, among other marketing-specific factors.

We believe that exploring marketing capabilities in new ventures provides a novel avenue for future research. While a significant body of marketing research has focused on established firms, how ventures develop marketing capability remains unknown in the marketing literature. Understanding the development of marketing capability in new ventures can also contribute to the broader literature of organizational capabilities. Future research may leverage focus group, expert interview, or survey study to explore how marketing capabilities are cultivated, developed, and evaluated within new ventures and understand the impact of different types of marketing capabilities on venture outcomes. Though we use a well-accepted measure of marketing capability based on input-output efficiency function, we note that marketing capability can be better captured by richer measures that could also be inputs but are unobservable in archival data. Take, for example, the hustle of entrepreneurs or their social skills. Though these inputs are not readily measurable, these indeed could play an important role in driving customer relationships. In addition, the data envelopment analysis or stochastic frontier models focus on the inward-looking production function, when in fact, marketing capability is increasingly built with an equally outward focus. We call on future research to assess the inputs and outputs within and across organizational boundaries to develop a more robust measure of marketing capability.[11] Survey-based studies could further provide additional modes of measuring marketing capabilities and may lead to more comprehensive inferences. As a firm transitions across its life cycle stages, both marketing and entrepreneurship researchers need to form a better understanding of how resources are allocated within a venture's marketing functional area. Undoubtedly, this could help us understand the building blocks of marketing capability. Additional research may also be necessary to parse out the boundary conditions of marketing myopia in more dynamic environments.

In Table 11, we identify additional questions for future research on capabilities in general and marketing capabilities in particular, as well as on marketing investment decisions in new ventures. We hope that these additional research questions help prime future research on marketing-related dynamics in ventures. In light of the current state of research, we feel that there are many promising areas waiting for future

[11] We thank an anonymous reviewer for these suggestions.

exploration in the marketing-entrepreneurship interface.

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Appendix A. Industry categories covered in the present study

Division code	Division name
10	Manufacture of food products
11	Manufacture of beverages
13	Manufacture of textiles
14	Manufacture of wearing apparel
15	Manufacture of leather and related products
16	Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
17	Manufacture of paper and paper products
18	Printing and reproduction of recorded media
19	Manufacture of coke and refined petroleum products
20	Manufacture of chemicals and chemical products
21	Manufacture of basic pharmaceutical products and pharmaceutical preparations
22	Manufacture of rubber and plastic products
23	Manufacture of other non-metallic mineral products
24	Manufacture of basic metals
25	Manufacture of fabricated metal products, except machinery and equipment
26	Manufacture of computer, electronic and optical products
27	Manufacture of electrical equipment
28	Manufacture of machinery and equipment n.e.c.
29	Manufacture of motor vehicles, trailers, and semi-trailers
30	Manufacture of other transport equipment
31	Manufacture of furniture
32	Other manufacturing
33	Repair and installation of machinery and equipment
41	Construction of buildings
42	Civil engineering
43	Specialized construction activities
45	Wholesale and retail trade and repair of motor vehicles and motorcycles
46	Wholesale trade, except motor vehicles and motorcycles
47	Retail trade, except motor vehicles and motorcycles
49	Land transport and transport via pipelines
50	Water transport
51	Air transport
52	Warehousing and support activities for transportation
53	Postal and courier activities
55	Accommodation
56	Food and beverage service activities
58	Publishing activities
59	Motion picture, video and television program production, sound recording, and music publishing activities
60	Programming and broadcasting activities
61	Telecommunications
62	Computer programming, consultancy, and related activities
63	Information service activities
64	Financial service activities, except insurance and pension funding
66	Activities auxiliary to financial services and insurance activities
69	Legal and accounting activities
70	Activities of head offices; management consultancy activities
71	Architectural and engineering activities; technical testing and analysis
72	Scientific research and development
73	Advertising and market research
74	Other professional, scientific, and technical activities
75	Veterinary activities
77	Rental and leasing activities
78	Employment activities
79	Travel agency, tour operator reservation service, and related activities
80	Security and investigation activities

(*continued on next page*)

(*continued*)

Division code	Division name
81	Services to buildings and landscape activities
82	Office administrative, office support, and other business support activities

Appendix B. Four-factor stochastic frontier model

Table B1
Results of four-factor stochastic frontier model

	Ln(Sales)
Ln(Marketing spending)	0.999**
	(0.006)
Ln(Accounts receivables)	0.202**
	(0.003)
Constant	-1.318**
	(0.055)
Firm fixed effects	Yes
Year fixed effects	Yes
Observations	278,227
Number of ventures	57,726

Notes: Coefficients are reported with robust standard errors presented in parentheses; ** $p<0.01$, * $p<0.05$.

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