



UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

Gordon Institute of Business Science

University of Pretoria

Marketing Activities during the Early Stages of Business

André Jacques Paul Schild

98054512

A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirement for the degree of Master of Business Administration.

10 November 2014

Abstract

This research is the result of a need within the entrepreneurial community, amongst both existing businesses as well as aspiring entrepreneurs, to pay attention to the marketing skills, abilities and activities required to navigate in the rapidly changing business environment in which they operate. It's no longer enough that an entrepreneur only possesses the entrepreneurial will and drive to start an enterprise. In order to succeed and thrive, they require a skill set that needs to be employed from the beginning. The ability of the entrepreneur to successfully market their business, particularly in the early phases of development, is a crucial skill that can ensure the survival of the enterprise.

The research comprised of sixteen in-depth interviews with existing entrepreneurs in South Africa, as well as four with experts in the fields of SMEs and Marketing. All of the interviews were conducted face-to-face, with the exception of one of the SME and Marketing experts, whose interview was conducted telephonically. The interviews followed a semi-structured discussion guide that allowed for variations in the discussion as required.

A number of the entrepreneurs interviewed had not conducted any marketing planning in the start-up phase of their ventures, yet succeeded. The entrepreneurs did, however, practice ad-hoc marketing activities in the early stages of their business, as well as networking with customers, suppliers and their industry. It was also found that the respondents' knowledge of how to market their businesses increased over time, and as their businesses matured, they allocated more significant resources towards marketing their businesses. The research project concludes that: whilst beneficial, upfront marketing planning is not essential for start-ups; networking and ad-hoc marketing is important for start-ups to practice; putting a significant allocation of resources towards marketing is valuable.

Keywords

SME, Entrepreneurship, Marketing, Early Stages of Business, Small Business Failure

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

André Jacques Paul Schild

10 November 2014

Acknowledgements

This research project has been a life-changing experience, and I hope that my observations can add value to the businesses of existing and aspiring entrepreneurs. It was been a privilege to be allowed a glimpse into their world, and I have a newfound respect for the men and women who are the engine of our economy.

To my supervisor, Dr Kerrin Myres, thank you for sharing your experience and wisdom and for guiding me every step of the way.

To the interviewees, thank you for your time, for sharing your insights and your experiences on your respective entrepreneurial journeys.

To the SME and Marketing experts, Donna Rachelson, Professor Michael Cant, Dr Jonathan Marks and Vuyo Ncwaibo, thank you for sharing your wisdom and expertise in this field.

To my parents, and Jeanine, thank you for your bottomless love and steadfast support over my MBA journey, it would not have been possible without you.

To my unwavering and long-suffering Michelle, thank you for your patience, sacrifice, and unselfish encouragement over the past two years. I am always amazed at your Herculean will to stand by me as you have, and this research report would not have been possible without your love and support.

To the team at Future Publishing, thank you for all of your understanding and patience with my studies over the past two years.

To Julie, thank you for an exceptional transcription service, you contributed to the smooth progress of this report.

To Laurel, thank you for your expert academic editing skills. Your eye for detail, speed, accuracy and professionalism made the editing process effortless.

Table of Contents

| | |
|---|------------|
| ABSTRACT..... | I |
| DECLARATION | II |
| ACKNOWLEDGEMENTS..... | III |
| CHAPTER 1 INTRODUCTION TO THE RESEARCH PROBLEM | 1 |
| 1.1 DESCRIPTION OF THE RESEARCH PROBLEM AND BACKGROUND..... | 1 |
| 1.2 PURPOSE OF THE STUDY | 3 |
| CHAPTER 2 LITERATURE REVIEW | 5 |
| 2.1 CURRENT MARKETING MANAGEMENT THEORY IN EDUCATION..... | 5 |
| 2.2 ENTREPRENEURS’ PERCEPTION OF MARKETING | 6 |
| 2.3 THE ROLE OF MARKETING IN THE EARLY STAGES OF BUSINESS | 7 |
| 2.4 THE ROLE OF MARKETING IN THE LATER STAGES OF THE BUSINESS LIFECYCLE..... | 8 |
| 2.5 MARKETING ACTIVITIES TYPICALLY UNDERTAKEN BY SMALL BUSINESSES | 9 |
| 2.6 THE IMPLEMENTATION OF MARKETING APPROACHES AND ACTIVITIES | 10 |
| 2.7 THE STRATEGIC MARKETING DECISION-MAKING PROCESS IN SMES | 10 |
| 2.8 MARKETING DECISION-MAKING IN THE DIFFERENT STAGES OF THE BUSINESS LIFECYCLE | 12 |
| 2.9 MARKETING ACTIVITIES IN THE INITIAL STAGES OF BUSINESS – EARLY STAGE CUSTOMER ACQUISITION | 14 |
| 2.10 VALUE PROPOSITIONS IN THE EARLY STAGES OF BUSINESS..... | 15 |
| 2.11 COMPETITIVE ADVANTAGE IN THE EARLY STAGES OF BUSINESS..... | 16 |
| 2.12 CONCLUSION..... | 16 |
| CHAPTER 3 RESEARCH QUESTIONS | 18 |
| CHAPTER 4 RESEARCH METHODOLOGY | 20 |
| 4.1 RESEARCH DESIGN..... | 20 |
| 4.2 POPULATION AND SAMPLE | 20 |
| 4.3 DATA COLLECTION..... | 22 |
| 4.4 DATA ANALYSIS..... | 22 |
| 4.5 DATA VALIDITY | 22 |
| 4.6 DATA RELIABILITY..... | 23 |
| 4.7 CONFIDENTIALITY AND ANONYMITY | 24 |
| 4.8 RESEARCH LIMITATIONS..... | 24 |
| 4.9 CONCLUSION..... | 24 |
| CHAPTER 5 RESULTS | 25 |
| 5.1 FINDINGS FROM PHASE ONE IN-DEPTH INTERVIEWS: ENTREPRENEURS | 25 |

| | | |
|------------------|--|-----------|
| 5.1.1 | <i>Research Question One: How do entrepreneurs perceive marketing?</i> | 25 |
| 5.1.2 | <i>Research Question Two: What was the role of marketing in the early stages of the business?</i> | 29 |
| 5.1.3 | <i>Research Question Three: What is the current role of marketing in their business?</i> | 37 |
| 5.2 | FINDINGS FROM PHASE TWO: IN-DEPTH INTERVIEWS WITH SME AND MARKETING EXPERTS..... | 44 |
| 5.2.1 | <i>Research Question One: How do entrepreneurs perceive marketing?</i> | 45 |
| 5.2.2 | <i>Research Question Two: What was the role of marketing in the early stages of the business?</i> | 47 |
| 5.2.3 | <i>Research Question Three: What is the current role of marketing in their business?</i> | 49 |
| 5.2.4 | <i>Research Question Four: Is there a perceived relationship between an understanding of marketing theory and the performance of an SME?</i> | 51 |
| 5.2.5 | <i>In-depth interviews with SME and marketing experts – Summary</i> | 53 |
| CHAPTER 6 | DISCUSSION OF RESULTS | 54 |
| 6.1 | INTRODUCTION | 54 |
| 6.2 | RESEARCH QUESTION ONE: HOW DO ENTREPRENEURS PERCEIVE MARKETING? (APPENDIX VII) | 54 |
| 6.2.1 | <i>Entrepreneurs’ understanding of marketing theory</i> | 54 |
| 6.2.2 | <i>Early-stage understanding of marketing principles</i> | 55 |
| 6.2.3 | <i>Early-stage understanding of the market to be entered</i> | 55 |
| 6.2.4 | <i>Early-stage positioning</i> | 56 |
| 6.2.5 | <i>Comprehension of the difference between marketing and sales</i> | 57 |
| 6.2.6 | <i>Research Question One: Summary</i> | 57 |
| 6.3 | RESEARCH QUESTION TWO: WHAT WAS THE ROLE OF MARKETING IN THE EARLY STAGES OF THE BUSINESS? (APPENDIX VIII)..... | 58 |
| 6.3.1 | <i>Early-stage customer acquisition</i> | 58 |
| 6.3.2 | <i>Early-stage customer retention</i> | 59 |
| 6.3.3 | <i>Early-stage competitor handling</i> | 59 |
| 6.3.4 | <i>Early-stage marketing activities</i> | 60 |
| 6.3.5 | <i>Early-stage marketing activity planning</i> | 60 |
| 6.3.6 | <i>Early-stage marketing activity success</i> | 61 |
| 6.3.7 | <i>Skills acquired in later business career that would have been useful in early stages of enterprise</i> | 61 |
| 6.3.8 | <i>Responsible person for early-stage marketing activities</i> | 62 |
| 6.3.9 | <i>Early-stage entrepreneurial marketing expenditure</i> | 62 |
| 6.3.10 | <i>Research Question Two: Summary</i> | 63 |
| 6.4 | RESEARCH QUESTION THREE: WHAT IS THE CURRENT ROLE OF MARKETING IN THEIR BUSINESS? (APPENDIX IX)..... | 63 |
| 6.4.1 | <i>Current customer retention</i> | 64 |
| 6.4.2 | <i>Current competitor handling</i> | 64 |

| | | |
|---------------------|---|-----------|
| 6.4.3 | <i>Current marketing activities</i> | 65 |
| 6.4.4 | <i>Current product/service research</i> | 65 |
| 6.4.5 | <i>Current market research</i> | 66 |
| 6.4.6 | <i>Current marketing strategy</i> | 66 |
| 6.4.7 | <i>Current marketing activities</i> | 67 |
| 6.4.8 | <i>Responsible person for current marketing</i> | 67 |
| 6.4.9 | <i>Current Marketing Expenditure</i> | 68 |
| 6.4.10 | <i>Current contribution to business success by marketing activities</i> | 68 |
| 6.4.11 | <i>Research Question Three: Summary</i> | 69 |
| 6.5 | RESEARCH QUESTION FOUR: IS THERE A PERCEIVED RELATIONSHIP BETWEEN AN UNDERSTANDING OF MARKETING THEORY AND THE PERFORMANCE OF AN SME? (APPENDIX X)..... | 70 |
| 6.5.1 | <i>Literature</i> | 70 |
| 6.5.2 | <i>Findings</i> | 71 |
| 6.5.3 | <i>Research Question Four: Summary</i> | 71 |
| 6.6 | CONCLUSION..... | 72 |
| CHAPTER 7 | CONCLUSIONS AND RECOMMENDATIONS | 73 |
| 7.1 | INTRODUCTION..... | 73 |
| 7.2 | FINDINGS..... | 73 |
| 7.2.1 | <i>Research Question One: How do entrepreneurs perceive marketing?</i> | 73 |
| 7.2.2 | <i>Research Question Two: What is the role of marketing in the early stages of the business??</i> 74 | |
| 7.2.3 | <i>Research Question Three: What is the current role of marketing in their business?</i> | 74 |
| 7.2.4 | <i>Research Question Four: Is there a perceived relationship between an understanding of marketing theory and the performance of an SME?</i> | 74 |
| 7.2.5 | <i>Proposed framework for SME marketing in the early stages of business</i> | 75 |
| 7.3 | RECOMMENDATIONS TO ENTREPRENEURS..... | 76 |
| 7.4 | RECOMMENDATIONS FOR FUTURE RESEARCH..... | 76 |
| 7.5 | CONCLUSIONS..... | 77 |
| REFERENCES | | 78 |
| APPENDIX I | LIST OF ENTREPRENEURS | 85 |
| APPENDIX II | LIST OF SME AND MARKETING EXPERTS | 86 |
| APPENDIX III | DISCUSSION GUIDE FRAMEWORK | 87 |
| APPENDIX IV | MAPPING OF RESEARCH QUESTIONS: PHASE ONE | 88 |
| APPENDIX V | MAPPING OF RESEARCH QUESTIONS: PHASE TWO | 90 |
| APPENDIX VI | CODING FOR DISCUSSION GUIDE | 91 |

| | | |
|----------------------|--|------------|
| APPENDIX VII | RESULTS FROM RESEARCH QUESTION: HOW DO ENTREPRENEURS PERCEIVE MARKETING? | 98 |
| APPENDIX VIII | RESULTS FROM RESEARCH QUESTION: WHAT WAS THE ROLE OF MARKETING IN THE EARLY STAGES OF THE BUSINESS? | 99 |
| APPENDIX IX | RESULTS FROM RESEARCH QUESTION: WHAT IS THE CURRENT ROLE OF MARKETING IN THE BUSINESS?..... | 101 |
| APPENDIX X | RESULTS FROM EXPERT INTERVIEWS..... | 103 |

List of Tables

| | |
|--|---|
| TABLE 1: TEA BY AGE GROUP IN SOUTH AFRICA, 2001–2013 (HERRINGTON AND KEW, 2013). | 5 |
| TABLE 2: ENTREPRENEURIAL ACTIVITY IN SOUTH AFRICA BY GENDER, 2001–2013 (HERRINGTON AND KEW, 2013)..... | 6 |
| TABLE 3: DISTRIBUTION OF EDUCATION LEVELS FOR TEA IN SOUTH AFRICA, 2001–2013 (HERRINGTON AND KEW, 2013). 6 | |

List of Figures

| | |
|--|----|
| FIGURE 1: DETERMINANTS OF SMALL FIRM GROWTH (STOREY, 2004) | 7 |
| FIGURE 2: ROUTES OR STRATEGIES TO BECOMING A MARKETING LED ORGANISATION (SIMPSON AND TAYLOR, 2002) | 12 |
| FIGURE 3: A MODEL OF SME MARKETING (CARSON AND GILMORE, 2000) | 15 |
| FIGURE 4: MARKETING FRAMEWORK REQUIRED DURING THE GROWTH PHASES OF AN SME TO IMPROVE THE CHANCES OF SUCCESS | 75 |

Chapter 1 Introduction to the Research Problem

1.1 Description of the Research Problem and Background

In South Africa, a Small and Medium Enterprise (SME) is defined as a business employing up to two hundred people (Abor, 2007; Department of Trade and Industry, 1996; Herrington and Turton, 2012). SMEs form the backbone of economies around the world (Ayyagari, Beck and Demirguc-Kunt, 2007), including South Africa. They employ the majority of the labour force in most countries (Ayyagari, Beck and Demirguc-Kunt, 2007; Van Scheers, 2011), and in South Africa they employ as much as 55 per cent of the employed labour force (Van Scheers, 2011). Building an environment in which small business can thrive is seen as one of the best ways to address the very high unemployment rate (Autio *et al.*, 2005).

There are, however, several major issues facing South African SMEs. Firstly, the country has a low early-stage entrepreneurial start-up (TEA) rate amongst adults (Herrington and Turton, 2012). This means that there is a very small percentage of individuals who will contemplate undertaking the risks required to start SMEs. Those who have started a venture face a venture failure rate as high as 60 per cent within the first two years of operation (Van Scheers, 2011; Cant, 2012).

This has major implications for South Africa, in that too few sustainable SMEs are being created to meet the needs of the country's unemployed labour force. Whilst there are numerous reasons for SME failure (Franco and Haase, 2009), a major factor behind the high failure rate is that many entrepreneurs do not place sufficient emphasis on either a clear marketing strategy and vision in the early stages of their business operations (Van Scheers, 2011; Ropega, 2011; Brindley *et al.*, 2011), or the appropriate structures necessary to attune their organisations to opportunities within the markets in which they compete (Blankson, Levenburg and Motwani, 2006; Ropega, 2011).

Marketing is a critical part of the entrepreneurial process (Harker & Lam, 2013; LaForge, Morris and Schindehutte, 2002; Cant, 2012), and most SMEs mistakenly understand it to be part of their sales function (Reijonen, 2010). SMEs typically do not have clear marketing strategies or vision, and what they do possess is usually not as well developed as it is in larger, more established organisations (Lipinski and Walsh, 2009). The marketing campaigns undertaken by SMEs often do not yield the expected results, usually as a result of inadequate controls and procedures (Holliman, Parrott and Roomi, 2010).

At face value, the underlying principles of marketing are equally applicable to both large and small firms. However, the needs of small firms differ markedly from large firms and furthermore, many small businesses do not have the skills or processes to correctly apply them (Cromie, 1994). As a result, marketing practices in SMEs differ considerably when compared to larger firms (Coviello, Brodie and Munro, 2000). Some of these differences stem from a tendency among smaller firms to leverage personal relationships in their approach to marketing resources and place a greater emphasis on direct relationships with customers and other players within a market network (Coviello, Brodie and Munro, 2000). Smaller firms are typically more informal in terms of their approach to market planning, and have fewer ways by which to measure market performance (Coviello, Brodie and Munro, 2000).

Whilst they might be enthusiastic and dedicated individuals, many entrepreneurs lack a number of managerial skills, including marketing (McCartan-Quinn and Carson, 2003). The management of their businesses, in turn, is a function of the beliefs and attitudes of the owner rather than of the formalised managerial processes typically laid down in larger organisations (McCartan-Quinn and Carson, 2003).

According to McCartan-Quinn and Carson (2003), this is one of the reasons many SMEs fail, since their owners and managers lack an adequate education in marketing. In addition to a lack of formal competencies, SMEs face a variety of marketing challenges, including: a limited customer base; limited marketing activity; an over-dependence on the marketing competencies and abilities of the owner or manager; reactive rather than planned marketing; and difficulties in exploiting opportunities (McCartan-Quinn and Carson, 2003).

In addition to these key marketing challenges, SMEs struggle with pricing their products and services (Carson, Gilmore, Cummins, O'Donnell, & Grant, 1998). Some SMEs are strategic about pricing, taking note of their competitors and follow distinct, well-honed approaches to pricing, while others are more haphazard, having no set pricing strategy (Carson *et al.*, 1998). Entrepreneurs who might not possess formal marketing training might still be marketing oriented, having an intuitive sense of how to align the business toward what the market wants and ensuring their business is capable of delivering the products and services demanded by customers (Komppula and Reijonen, 2010).

Businesses whose owners have instigated a business culture of marketing focus and orientate their business around marketing principles typically perform better than businesses whose owners have not done so (Narver and Slater, 1990, 2000). In practice,

due to the nature of most entrepreneurs, most SMEs are sales focused rather than marketing focused, and tend to be driven by the pressing need to make a sale (Holliman, Parrott and Roomi, 2010).

To add to the challenges relating to the lack of marketing capabilities, SMEs also operate in challenging business environments. According to Herrington, J. Kew and P. Kew, (2009), the challenges in the operating environment from a South African context include:

- a lack of finance,
- ineffective government policies,
- ineffective education and training,
- a commercial and legal infrastructure that is not completely geared toward incubating SMEs,
- a lack of openness of the domestic market toward SMEs.

The Global Entrepreneurship Monitor (Herrington and Kew, 2013) describes a surviving venture as one that has been in business for 42 months or longer and provides employment. A study that assists entrepreneurs to frame their thinking in terms of marketing their enterprises and improves their marketing effectiveness could also contribute toward their ability to survive and grow, and therefore improve their ability to create employment (Harker and Lam, 2013).

1.2 Purpose of the Study

The purpose and relevance of this research is to address one of the key areas where SMEs fail, providing SMEs with some resources with which they can better equip themselves for dealing with the rigours of the entrepreneurial environment in South Africa. Entrepreneurs typically have a limited understanding of basic marketing principles, particularly when they are starting the venture (Hisrich, 1992). Hisrich (1992) also notes that many entrepreneurs lack marketing planning, an accurate assessment of the market size or any kind of reliable sales forecasting. Many entrepreneurs typically plan and manage their ventures poorly, and often underestimate the effort and time required to correctly plan and implement a marketing strategy (Hisrich, 1992).

To compound the problem of poor planning, many entrepreneurs either don't have a proper marketing plan when they commence their ventures or don't possess the skills required to develop one at the time of commencement (Cant, 2012; Carson, Gilmore and Grant, 2001; Carson, Gilmore and O'Dwyer, 2009). There is a positive correlation between the success of a business, the marketing skills needed and business failure

(Cant, 2012). SMEs, because of their limited resources, must rely heavily on developing suitable and appropriate competencies for marketing (Carson and Gilmore, 2000).

According to Hisrich (1992), marketing is an underestimated business function amongst most entrepreneurs. Hisrich (1992) goes on to state that a start-up firm that fully embraces specific marketing tools during the initial phases will maximise its performance. Poor marketing activities are one of the known causes of business failure in SMEs (Ropega, 2011; Van Scheers, 2011; Cant, 2012; Parnell and Spillian, 2006). A study that provides a better understanding of the early stage marketing processes utilised by successful businesses could provide a useful set of guidelines for entrepreneurs. The study could potentially help them survive the early stages of business formation, and be useful for entities providing any kind of financial or professional assistance to entrepreneurs, including entrepreneurial education.

The research study set out to investigate and evaluate the marketing strategies and tactics utilised in their formative years by enterprises that have survived for 42 months or longer (Harker and Lam, 2013; LaForge, Morris and Schindehutte, 2002). One of the aims was to gain an understanding of the marketing activities employed by successful enterprises. Such an understanding can provide insights into improving the survivability of fledgling businesses (Harker and Lam, 2013; LaForge, Morris, and Schindehutte, 2002), and could be useful when it comes to recommending tactics firms can engage in at each stage of the business start-up process (Harker and Lam, 2013), and assist entrepreneurs to better plan and prepare their businesses (Carson, Gilmore and O'Dwyer, 2009; Harker and Lam, 2013; Bruce and Scott, 1987).

Chapter 2 Literature Review

The literature review explored the role of marketing theories and concepts within both the early stages of the business lifecycle, and later on in the life of a business.

2.1 Current Marketing Management Theory in Education

The American Marketing Association (AMA) had offered the following formal definition of marketing: “Marketing is the activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large” (American Marketing Association, 2014). Marketing Management was usually taught within tertiary education institutions. The AMA provided the following definition of Marketing Management “The art and science of choosing target markets and getting, keeping and growing customers through creating delivering and communicating superior customer value” (American Marketing Association, 2014).

The content provided in Marketing Management courses at tertiary education institutions was usually based around well-established and proven themes in textbooks, such as those written by Kotler and Keller (2012, 2011), Cant *et al.* (2010) and Palmer (2012). It tended to be geared toward larger organisations. Entrepreneurs who had some marketing background were typically aware of the conventional marketing theories taught in textbooks, for example, planning, marketing research, and the implementation of the marketing mix (Brindley *et al.*, 2011). Most entrepreneurs in South Africa tended to have a higher TEA in the 25–34 age group, as indicated in Table 1 below. This was probably due to the extra time these individuals had to build their skills and knowledge through work experience and education (Herrington and Kew, 2013).

Table 1: TEA by age group in South Africa, 2001–2013 (Herrington and Kew, 2013).

| | 2001 | 2005 | 2009 | 2013 | Ave SSA |
|---------------|-------|------|------|------|---------|
| 18 – 24 years | 20.7* | 17.2 | 21.3 | 18.6 | 24.3 |
| 25 – 34 years | 29.3 | 30.5 | 35.2 | 35.9 | 36.1 |
| 35 – 44 years | 33.8 | 29.7 | 24.2 | 22.8 | 21.4 |
| 45 – 54 years | 12.6 | 13.1 | 15.4 | 16.7 | 12.6 |
| 55 – 64 years | 3.6 | 9.5 | 3.9 | 6.0 | 5.6 |

*Read as 20.7% of 18 -24 year olds in 2001 were engaged in early-stage entrepreneurial development.

South African entrepreneurs tended to be male (see Table 2 below), but there was a trend toward a greater number of female entrepreneurs starting their own businesses.

Table 2: Entrepreneurial activity in South Africa by gender, 2001–2013 (Herrington and Kew, 2013).

| | 2002 | 2005 | 2009 | 2013 | Ave SSA |
|---------------|------------|------------|------------|-------------|-------------|
| Male | | | | | |
| Opportunity | 3.9* | 3.4 | 4.6 | 8.8 | 21.7 |
| Necessity | 2.2 | 1.9 | 2.3 | 3.3 | 10.2 |
| <i>Total</i> | <i>7.3</i> | <i>5.9</i> | <i>7.2</i> | <i>12.3</i> | <i>32.4</i> |
| Female | | | | | |
| Opportunity | 2.7 | 2.1 | 3.0 | 5.8 | 17.3 |
| Necessity | 2.6 | 1.8 | 1.6 | 3.1 | 12.0 |
| <i>Total</i> | <i>5.8</i> | <i>4.5</i> | <i>4.7</i> | <i>9.0</i> | <i>29.9</i> |

*Read as: 3.9% of the early-stage entrepreneurial males in 2002 were engaged in opportunity-driven entrepreneurship.

There was a strong relationship, amongst South African entrepreneurs, between population groups and entrepreneurial activity (Herrington and Kew, 2013). Earlier GEM reports indicated that Whites and Indians were more likely to start their own businesses. However, more recent GEM reports indicated that this difference did not exist when all races received a post-secondary education. Herrington and Kew (2013) noted that this demonstrated the importance of both a good secondary and tertiary education. Most entrepreneurs possessed some secondary education, or at least a secondary degree (Table 3).

Table 3: Distribution of education levels for TEA in South Africa, 2001–2013 (Herrington and Kew, 2013).

| | 2001 | 2005 | 2009 | 2013 | Ave SSA |
|------------------|-------|------|------|------|---------|
| None | 0.0 | 0.0 | 13.2 | 5.1 | 30.1 |
| Some secondary | 45.5* | 42.5 | 29.9 | 33.4 | 30.6 |
| Secondary degree | 43.2 | 44.6 | 42.5 | 48.2 | 23.9 |
| Post-secondary | 11.3 | 12.9 | 14.4 | 13.3 | 15.5 |

*Read as 45.5% of adults in 2001 who are involved in early-stage entrepreneurial activity have some secondary education.

2.2 Entrepreneurs' Perception of Marketing

Many entrepreneurs perceived the marketing function to be peripheral to their requirements, and that it related to sales and promotions only. This perception had arisen from the ability of some SMEs to obtain sales without planning their marketing activities (Carson, Gilmore and O'Dwyer, 2009). Furthermore, SMEs tended to confuse related functions and tools, such as networking and sales, with marketing (Carson, Gilmore and Grant, 2001). Marketing was oftentimes viewed as a troublesome undertaking (Krake, 2005).

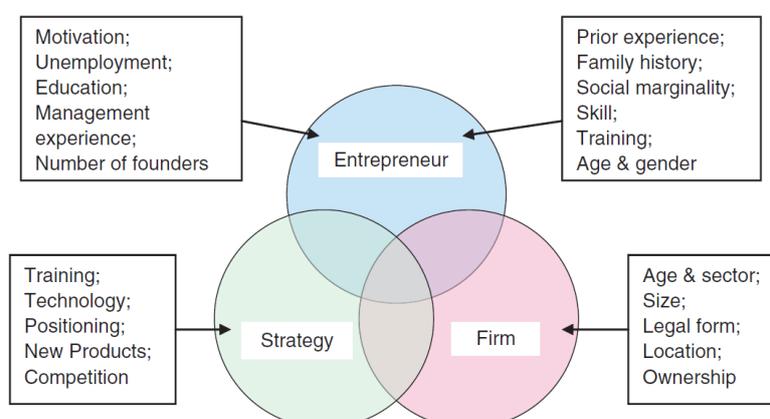
Whilst they may not necessarily have had any formal training in marketing, many SME owners realised that, despite their limitations, marketing was a critical function that could help them grow their businesses and, consequently, their profits (Van Scheers, 2011).

Their perception of marketing was reinforced by the continual growth in experiential knowledge they gained by doing business. To a certain extent, and usually due to limited resources and their growth in experiential knowledge, entrepreneurs often stressed the importance of promotion and word-of-mouth over the more conventional marketing paradigms of the 4Ps (product, price, place, promotion) or the service marketing-oriented 7Ps (product, price, place, promotion, people, process and physical evidence) (Carson, Gilmore and O'Dwyer, 2009).

2.3 The Role of Marketing in the Early Stages of Business

Entrepreneurs had different priorities and employed different marketing activities during the lifecycle of the business (Harker and Lam, 2013). The Global Entrepreneurship Monitor (Herrington and Turton, 2012; Autio *et al.*, 2005) mentioned four phases of venture creation with three transition points marking typical entrepreneurial venture stages. These phases of venture creation resonated with the different stages of enterprise growth, as described by Harker and Lam (2013), Steinmetz (1969) and Bruce and Scott (1987). Story (1994) identified a synthesis of why small firms grow in terms of the entrepreneur, the firm and its strategy, reproduced here in Figure 1.

Figure 1: Determinants of Small Firm Growth (Storey, 2004)



Most SMEs in their formative stages did not have a marketing system or formalised roles (Kirby and Siu, 1998). Marketing in the formative stages tended to be reactive and, if any marketing is undertaken, the approaches were often dependent on the entrepreneur's background and experience (Kirby and Siu, 1998). The planning processes followed by start-ups tended to be less formal than larger businesses (Coveillo, Hamilton and Winklhofer, 2006), and many start-ups did not have a thorough understanding of the dynamics of the market they intend to enter (Markman and Phan, 2011). Churchill and Lewis (1983) argued that marketing is a major issue in the initial stages of the business

lifecycle, and that the entrepreneur was usually solely responsible for looking after the marketing function.

Marketing was one of the biggest problems SME owners encountered whilst running their businesses (Simpson and Taylor, 2002), and the actual level of understanding of marketing theory amongst existing entrepreneurs was often poor (Fuller, 1994). The manner in which SMEs marketed their businesses was typically different to that of large organisations, and they often compensated for their lack of marketing expertise by concentrating on other activities, such as networking and customer engagement (Brindley *et al.*, 2011). In the early stages of an enterprise's lifecycle, the entrepreneur typically had a limited product line, with growth coming from market expansion (Bruce and Scott, 1987). Early-stage entrepreneurs generally did not possess the marketing skills needed to market their businesses (Cant, 2012). These skills included:

- a complete understanding of the market and the environment in which they operate;
- market segmentation;
- market needs analysis;
- access to finance to fund marketing actions;
- education and training;
- competitiveness; and
- marketing of products and services.

Many early-stage entrepreneurs didn't have any marketing activities included in the list of activities they would pursue within the early stages of business (Carter, Gartner and Reynolds, 1996). This would suggest that they allocated a low level of priority to marketing. The role of marketing within an organisation could be viewed in terms of an internal focus on the use of marketing by the organisation (Simpson and Taylor, 2002). Younger SMEs tended to view marketing mainly as a means to creating sales, and often used it as a synonym for selling or advertising (Reijonen, 2010). SMEs typically only started creating true market-driven strategies when the firm became more in tune with the market and could offer superior customer value opportunities together with a value offer that had distinctive capabilities (Parnell and Spillian, 2006).

2.4 The Role of Marketing in the Later Stages of the Business Lifecycle

Should marketing play a key role within an organisation, then it could be expected that it would be included in all business plans, and be used as a way of generating strategies

and planning for the future of the organisation (Simpson and Taylor, 2002). Many existing SMEs again turned to networking as a way of overcoming their inherent limitations in terms of marketing their products or services (Carson, Gilmore and Grant, 2001; Harker and Lam, 2013). SMEs who did engage in any kind of innovative marketing tended to have the following characteristics: good product and service decision-making skills, good customer relations, good competitor analysis, and a thorough knowledge of the limitations of their business and the business environment in which they operate (Carson, Gilmore and O'Dwyer, 2009).

More established, market-oriented entrepreneurs in the later stages of the business lifecycle used other marketing roles and activities to market their business. These roles included, amongst others, an understanding of relationship marketing and customer orientation, a more advanced understanding of market and product development, brand management, reputation management, market segmentation, market penetration, pricing strategies, sales orientation, production orientation, direct marketing and other activities (Carson, Gilmore and O'Dwyer, 2009; Simpson, Padmore and Frecknall-Hughes, 2006).

2.5 Marketing Activities Typically Undertaken by Small Businesses

SMEs tended to be more relational in their approach to marketing activities when compared to larger firms. They had fewer means and resources to measure market performance compared to larger more established firms (Coveillo, Brodie and Munro, 2000). SMEs tended to rely on local knowledge, associates, acquaintances and networks in order to reach their respective markets (Holliman, Parrott and Roomi, 2010).

Networking was used as a source of competitive advantage for many SMEs (O'Donnell *et al.*, 2002). It was so important to SMEs that it can be considered an integral tool of SME marketing (Carson, Gilmore and Grant, 2001). SMEs would network with their customers, their supply chain and even, in some cases, with their competitors. For example, SMEs in the tourism sector had been found to focus their efforts on establishing and developing relationships at an individual customer level based on face-to-face and interpersonal contact, as well as managing their offer to attract customers in a more arms-length and impersonal manner (Coviello, Hamilton and Winklhofer, 2006).

Within the B2B environment, the key marketing activities for SMEs that could have major impacts on their performance were branding and innovation (Lye, Merrilees and Rundle-Thiele, 2011).

Many SMEs did not have the resources or competencies to correctly plan their marketing activities, which could have dire consequences down the line (Jones *et al.*, 2012). Some competencies to enact marketing activities could, however, develop over time. Empirical studies have shown that SME owners and managers improve a number of experiential learning criteria over time, including their marketing capabilities (Carson and Gilmore, 2000).

2.6 The Implementation of Marketing Approaches and Activities

An integrated marketing approach benefited SMEs as much as it did larger enterprises. However, many SMEs experienced a number of constraints in the practice of their marketing activities, and as a result made many errors when they conducted their marketing activities (Holliman, Parrott and Roomi, 2010). Holliman, Parrott and Roomi (2010) found that many SMEs over-estimated the effectiveness of their marketing programmes and consequently failed to maximise the benefits of a sound marketing practice, instead relying on “gut-feel” when it came to making decisions regarding marketing strategies and practices.

SMEs typically followed simpler, less complex processes when it came to making their strategic marketing decisions (Coveillo, Brodie and Munro, 2000). There was a spectrum of marketing competencies for SMEs that could be associated with effective marketing in SMEs (Hill, 2001b). These competencies operated at three levels, namely: a core set of foundational competencies that was strategic in focus; a set of transitional linkage competencies; and a set of operational competencies (Hill, 2001b). The core set required that the entrepreneur possess technical or product knowledge, as well as communication and judgement competencies.

SMEs have very different marketing needs and characteristics to those needed by larger enterprises (Carson, 1985). Schollhammer and Kuriloff (1979) as cited in Carson (1985) described the specific marketing characteristics of a small firm as the scope of their operations, the scale of their operations, the ownership of the business, the independence of the business, and the management style of the business. They were faced with limited resources, a lack of specialist expertise, and a limited impact on the market place (Carson, 1985).

2.7 The Strategic Marketing Decision-Making Process in SMEs

Small businesses typically did not follow a very complex strategic marketing decision-making process (Jocumsen, 2004). Jocumsen (2004) described how the strategic

marketing decision-making process in small businesses was influenced by information gathering and research, financial analyses and assessments, and internal matters before a final commitment is arrived upon. In terms of being in a better position to make strategic marketing decisions, Keh, Nguyen and Ng (2007) suggested that business owners should find creative, proactive and risk-taking ways to obtain innovative information and utilise the acquired information. Many SMEs lacked the ability to plan their marketing activities, which resulted in limited strategic frameworks and weak processes (Carson, 1990).

Marketing as a function was often viewed by SMEs as costly to implement (Simpson and Taylor, 2002). Simpson and Taylor (2002) went on to state that the role of marketing within an organisation could be viewed as an internal focus on the use of marketing by the organisation. Therefore, if marketing played a big role in the organisation, it would be expected to be included in all business plans and be used a way of generating strategies and planning for the future of the organisation (see Figure 2 on the following page).

Figure 2: Routes or strategies to becoming a marketing-led organisation (Simpson and Taylor, 2002)



2.8 Marketing Decision-Making in the Different Stages of the Business Lifecycle

The ability to identify the appropriate stage of the enterprise’s business cycle and plan accordingly was an important skill in business survival (Steinmetz, 1969; Bruce and Scott, 1987). Lack of planning across all functions of the SME had been identified as a failure factor in SMEs (Franco and Haase, 2009).

Harker and Lam (2013) argued that a systematic understanding of marketing theories and concepts could inform entrepreneurs of the numerous issues faced during the different stages of the business lifecycle. Steinmetz (1969) identified four stages of growth for small businesses, whilst Bruce and Scott (1987) identified five.

The stages identified by Harker and Lam (2013) and Bruce and Scott (1987) resonated with those identified in the Global Entrepreneurship Monitor (GEM) study (Herrington and Turton, 2012; Global Entrepreneurship Monitor South Africa 2012, 2012; Autio *et al.*, 2005). Autio *et al.* (2005) described the new venture creation process as possessing four phases, with three transition points that demarcated typical entrepreneurial barriers. The phases were as follows (Harker & Lam, 2013; Steinmetz, 1969; Bruce & Scott, 1987):

1. The first (pre start-up) phase consisted of people within the adult population contemplating setting up a business.
2. The second (early start-up) phase commenced once the individual has committed to some entrepreneurial activities, i.e. the individual would have completed the first transition, or moved into the start-up phase, and they would

be considered nascent entrepreneurs. From a revenue perspective, a venture would remain in the start-up phase until it had paid salaries and wages for more than three months to all staff, including the owner(s).

3. The third (growth/maturity) phase was the firm birth phase, where the venture developed into an operational business. This was also the start of the second transition. Businesses in the firm birth stage were defined as young businesses that have paid wages and salaries for more than three months but less than 3.5 years (42 months).
4. “Established Firms” were defined as businesses that have been paying wages and salaries for longer than 42 months. This was the third transition. As the firm matures and entrepreneurs gained more experience, their marketing efforts were likely to change with the growth of the business as it transitioned through the stages of venture creation and the stages of business growth.

In the pre start-up, or first, stage, entrepreneurs were intuitive and responded to their direct environment rather than undertake any formal planning. In the early start-up stage, Harker and Lam (2013) found that business founders focused on maintaining good relationships with existing customers and building new customer relationships, and some began the process of establishing their own brand name. In the growth/maturity stage, most ventures started to develop new products or new markets, and their key marketing strategy was to align with market development and product development. Kirby and Siu (1998) argued that marketing was a functional problem and, whilst it received attention in the initial stages of a start-up, attention to marketing typically decreased as the business matured, mainly due to the entrepreneurs’ focus being diverted to other areas within the business.

It is not known how South African companies would respond as they mature. A deeper understanding of the marketing tactics and activities that were best suited to the respective business cycle stages, and in particular, the early start-up phase, could contribute toward the survival of SMEs (Harker and Lam, 2013; Kirby and Siu, 1998; Van Scheers, 2011). This could mean that these businesses would eventually provide more employment for people in South Africa, assisting in improving the economy of the country.

2.9 Marketing Activities in the Initial Stages of Business – Early Stage Customer Acquisition

The marketing function in new ventures is likely to be underdeveloped, in that potential customers may not have been clearly identified, and their requirements unlikely to have been specified (La Rocca, Ford and Snehota, 2013). As a result, the start-up's offering is most likely undefined and undeveloped, and relationships with customers and suppliers are uninformed. La Rocca, Ford and Snehota (2013) also mention that, in new ventures, there are likely players and actors, from both suppliers and customers, who have the skills to contribute toward shaping the start-up's products or services. Proportionate time and resources need to be allocated in the start-up stages to evaluate where the market is heading and chart a future for the business (Hogarth-Scott, Watson and Wilson, 1996).

The entrepreneur should leverage these relationships and, where possible, this should better position the start-up to market to prospective customers, taking an "outside-in" approach to marketing their business (Aaboen, Dubois and Lind, 2013). Start-ups can also strategically develop networks with potential customers during the initial phases of business in order to secure early stage customers (Aaboen, Dubois and Lind, 2013). Many businesses, including start-ups, typically do not recognise the long-term value of a customer and their relationship with the customer, nor the cost of acquiring a customer (Gupta and Lehmann, 2003). The lack of a clear strategy in the initial phases of business can often mean that any early-stage customer acquisition occurs by chance (Gruber, 2007). Businesses that do not accurately account for the cost of acquiring a customer and the value of their customers could be at risk of underperforming (Finkelstein, 2001).

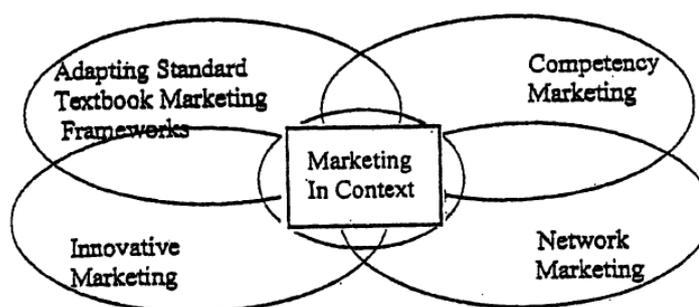
Upon acquiring a customer, start-ups should plan on how they will retain that customer (Bolton, Lemon and Verhoef, 2004). Customers have life-time value to all firms, something that needs to be acknowledged when the firm first acquires a customer (Kumar, Ramani and Bohling, 2004). Transactional marketing practices, rather than relational marketing practices (for example, database marketing and email marketing), improve customer retention rates, and consequently firm performance (Kumar, Ramani and Bohling, 2004). Customer retention has been shown to have a positive association with relational marketing (Coviello, Hamilton and Winklhofer, 2006).

Start-ups rely heavily on networking and on few core product or service attributes to market their products or services (Carson, 1985). The type of marketing employed by small ventures depends on their stage in the business life-cycle (Carson and Gilmore,

2000). The dominant style of marketing practice for most SMEs is usually reactive, where the SME reacts to customer enquiries and market changes (Carson, 1985). As the SME moves through the various life-cycle phases, it should progress from existing in a reactive, relatively uncontrollable marketing situation to one where each aspect of marketing is relatively controlled (Carson and Gilmore, 2000).

As a vital and intrinsic component of the marketing activities of many SMEs, networking can be very effective (Carson, Gilmore and Grant, 2001). Carson and Gilmore (2000) continue to describe how SME marketing is typically dictated by two pre-requisites, namely their stage of life-cycle and the industry norms in which they operate, and as a result they cannot hope to perform the full scope of conventional marketing as described in the literature. They go on to propose an alternate model of SME marketing, depicted in Figure 3 below.

Figure 3: A model of SME marketing (Carson and Gilmore, 2000)



2.10 Value Propositions in the Early Stages of Business

Positioning of products and services forms part of the value proposition of a business. In order to succeed, entrepreneurs planning a start-up need to offer compelling value propositions to consumers and users, and be able to set up profitable business systems to satisfy them with the requisite quality at acceptable price points (Teece, 2010). This requires substantial planning on the part of the entrepreneur, and as Hisrich (1992) noted, many entrepreneurs are poor planners and managers, frequently underestimating the time and effort required to complete marketing tasks.

Before the entrepreneur launches their venture, they should establish what value proposition their business will be offering their customers, hopefully enticing their customers to purchase their products or use their services (Teece, 2010). Determining the value propositions is an important part of the pre-launch phase of a start-up; the wrong value proposition can result in failure (Teece, 2010). Maxwell, Jeffrey and

Levesque (2011) describe how Canadian Business Angels, private investors providing seed capital to new and growing businesses, base a number of their decisions to invest in prospective businesses on a series of key questions. Maxwell, Jeffrey and Levesque (2011) found that the questions the Business Angels typically ask prospective entrepreneurs are related to value proposition.

2.11 Competitive Advantage in the Early Stages of Business

Competitors are a key part of the environment in which start-ups operate, and can be a big influence on the way a business evolves (Brinckmann, Grichnik and Kapsa, 2010). Competitor analysis should be kept in mind by entrepreneurs still in the planning phases (Brinckmann, Grichnik and Kapsa, 2010). In practice, however, it is not known to what extent South African entrepreneurs consider their competitors when they are in the start-up phase of operations.

2.12 Conclusion

In this chapter we have described and explored the current body of knowledge relating to the marketing activities entrepreneurs undertake in the early stages of their business's lifecycle. As with large businesses, SMEs need to apply marketing principles in order to function, survive and thrive. Unlike large businesses, however, SMEs have very different needs and resources, and these must be taken into account. Ideally, entrepreneurs should only consider commencing start-up once they have a sound understanding of marketing principles and, in turn, can meaningfully execute effective marketing strategies and activities. Based on the literature reviewed, a conceptual model of SME marketing activities during the early stages of business was developed. The conceptual model maps the marketing activities an entrepreneur should undertake, incorporating the different elements identified in the literature.

Firstly, the entrepreneur should gauge the level of their understanding of marketing principles, and if there is a lack of knowledge, this should be addressed. Once this has been carried out, they should establish the position of their business, determine marketing strategies appropriate to the initial phases of starting up an enterprise, and decide how much they will spend on marketing activities. Strategies need to be established relating to the acquisition and retention of customers, and the entrepreneur should address how they will track and monitor their competitors. Finally, the entrepreneur should undertake market research.

All of these activities should commence in the early stages of the business life cycle, and should continue and evolve as the business matures. Entrepreneurs who have established businesses, but did not carry out marketing strategies and activities in the early stages can also carry out these tasks.

Chapter 3 Research Questions

A deeper understanding of the marketing theories and techniques that need to be applied during the different stages of a business start-up would help improve the odds of survival of SMEs (Harker and Lam, 2013; Cant, 2012). Whilst extensive studies have already been conducted on the subject of marketing, SMEs, the life-cycle stages of ventures and market orientation in small enterprises (Appiah-Adu and Singh, 1998; Brown *et al.*, 2005; Cossio-Silva, Martin-Ruiz and Vega-Vasquez, 2012; Friedmann and Olavarrieta, 2008; Harris, 2000; Harrison-Walker, 2001; Keh, Nguyen and Ng, 2007; Keskin, 2003; Kompula and Reijonen, 2010), few have addressed the marketing theories and techniques required by SMEs at different stages of their life-cycle, and few related empirical studies have been conducted in developing economies.

Framing the research objectives is the first step in constructing research questions (Saunders and Lewis, 2012). Once the research objectives have been framed, the steps for formulating the research question are: discover the management dilemma; define the management question and define the research question (Cooper and Schindler, 2001).

The research objective of this study was to investigate what marketing activities surviving SMEs used in the early stages of their business's life. The management dilemma is that South Africa needs more SMEs to survive in order to improve employment prospects for the unemployed. SMEs fail for a number of reasons, one of them being that they fail to understand the market in which their business is operating in, and therefore do not market their business adequately in the formative stages of their business. The question for this dilemma is: What marketing activities should entrepreneurs implement during the early stages of their ventures, and what marketing lessons can entrepreneurs who have succeeded in creating a surviving business impart to nascent entrepreneurs?

Maxwell (2012) describes a conceptual framework as the system of concepts, assumptions, expectations, beliefs and theories that supports and informs the research. He goes on to describe how a conceptual framework is constructed from elements sourced from elsewhere, but incorporated into a structure that is built by the researcher. To this end, based on the outcome of the literature review conducted in Chapter 2, the following conceptual framework was developed:

Marketing management theory, particularly that taught in tertiary education institutions, tends to be geared toward larger organisations (Brindley *et al.*, 2011). This in turn formulates the opinions of those entrepreneurs who are taught some level of marketing

theory at a tertiary level (Herrington and Kew, 2013). The literature seems to indicate that entrepreneurs perceive the marketing function as peripheral to their requirements, and tend to confuse marketing with sales (Reijonen, 2010). The literature tends to indicate that, in the formative stages of business, marketing is reactive, unplanned and therefore tends to be designated a lesser role (Kirby and Siu, 1998). This can perpetuate later on in the life of the business. According to the literature, SMEs tend to rely on “gut-feel” when making decisions on marketing strategies and practices, and do not create and implement a sound marketing strategy and tactics (Holliman, Parrott and Roomi, 2010).

Based on this conceptual framework, the research questions developed from the management question are rooted in the different life stages of the business. The research questions are as follows:

1. How do entrepreneurs perceive marketing?
2. What is the role of marketing in the early stages of the business?
3. What is the current role of marketing in their business?
4. Is there a perceived relationship between an understanding of marketing theory and the performance of an SME?

Chapter 4 Research Methodology

4.1 Research Design

The design philosophy used in this research project is based on Interpretivism. According to Saunders and Lewis (2012), Interpretivism relates to a study of social phenomena in their natural environment. It advocates the necessity to understand differences between humans in their roles as social actors, and its relevance to this study stems from the requirement of the study to investigate the ideas and beliefs regarding marketing held by entrepreneurs in the early stages of developing SMEs through interviewing a sample of entrepreneurs and understanding their philosophies and beliefs. In order to uncover and understand the thought and action processes of entrepreneurs, particularly those whose businesses have been operating for some time and who might not be able to clearly recall the time when their business was in its formative stages, a qualitative, empirical research design was required.

Qualitative research is best suited to searching for deeply rooted knowledge or personal understandings not accessible through quantitative research. To this end, a descriptive research design was used (Saunders and Lewis, 2012) that allowed for deep and meaningful insights to be extracted from each interview. The research involved focusing on the interviews conducted with the entrepreneurs and the subsequent coding and searching for patterns in the resultant data (Clark *et al.*, 2007).

The study therefore acquired primary data through a series of in-depth interviews of founders of surviving SMEs, and was exploratory in nature (Saunders and Lewis, 2012), since it explored the connections between marketing techniques used by businesses in different lifecycle stages.

4.2 Population and Sample

The population for qualitative research, as described by Devers and Frankel (2000) is the criteria for selecting specific sites and/or subjects. The subjects of the study were entrepreneurs, as well as owners and founders of SMEs, in South Africa. Qualitative sampling uses non-probability sampling techniques (Saunders and Lewis, 2012; Devers and Frankel, 2000). Non-probability samples were deliberately chosen to reflect specific features of groups within the sampled population (Ritchie and Lewis, 2003). The sample was not intended to be statistically representative, but instead the selection was based on the characteristics of the sample (Ritchie and Lewis, 2003). The population for the

sampling frames was derived by approaching small business owners within the authors' own business network.

In order to accurately triangulate the findings, the respondents were interviewed in two phases:

- Phase One: Entrepreneurs
- Phase Two: SME & Marketing Experts

The first set of respondents interviewed were entrepreneurs who had started and presently own their own businesses. A purposive, non-probability sampling technique was used. The criterion used for selecting the entrepreneurs was based on the observation by Saunders and Lewis (2012), and Ritchie and Lewis (2003), that the identification of particular features or characteristics needs to be made. The criteria used to select the entrepreneurs were:

- They must have successfully started and run their own businesses.
- They must have been in business for longer than 42 months.
- They must have employed one or more staff members.

One of the reasons for the selection of a purposive sampling strategy was that it allowed the researcher to enhance the understanding of selected individual or group experiences for developing theories and concepts (Devers and Frankel, 2000). A total of sixteen entrepreneurs were selected, and in-depth interviews, averaging 35 to 40 minutes each were conducted.

Upon selection, a written application for permission outlining the purpose of the study, and the intended outcome, was prepared and presented to gatekeepers and potential subjects (Devers and Frankel, 2000). Each entrepreneur who agreed to take part was then approached telephonically and an appointment for a face-to-face in-depth interview scheduled (Devers and Frankel, 2000). The interviews were recorded digitally and transcribed. When additional information was required after the interviews, a request was made to the respondent for further information.

The list of entrepreneurs who took part in the study is provided in Appendix I.

The second set of respondents interviewed were experts in the field of SMEs/entrepreneurship and marketing. A purposive non-probability sampling technique was used, and the criterion for selection was that they had a recognised and proven track record in working with SMEs through all stages of the business lifecycle, from start-up through to established.

The list of industry experts who took part in the study is provided in Appendix II.

4.3 Data Collection

The literature review revealed questions about the perception of marketing amongst entrepreneurs, as well as the role marketing plays in start-ups. Taking this, and the conceptual framework and research questions developed in Chapter 3, a semi-structured interview guide was developed. See Appendix III, which provides the framework, as well as Appendix IV and Appendix V, which illustrate the mapping of the research questions to the interview questions and the expected outcomes for phases one and two respectively.

4.4 Data Analysis

The digital interviews were transcribed once the interviews had been concluded. The data from the transcripts was prepared into a suitable format for Atlas TI, the analysis software used to analyse the data, and then each transcript was individually coded and captured into Atlas TI. Meaningful codes or categories were developed (see Appendix VI) in order to describe the data, and applied to the transcripts.

Deductive analysis was used. According to Saunders and Lewis (2012), deductive analysis occurs when the researcher begins the research process by analysing the data using a set of pre-defined codes or categories that have been developed based on the literature.

4.5 Data Validity

Validity is the extent of accuracy to which the data collection method or methods measure what they are intended to measure, as well as an assurance that the research findings are what they profess to be about (Saunders and Lewis, 2012). Factors that may have affected the validity of a study include subject selection, history, testing, mortality and ambiguity about causal direction.

According to Clark *et al.* (2007), collaborating with interviewees whilst they told their stories, thus negotiating the meaning of their stories, adds a validity check to the analysis. Verification strategies were used during the study to ensure rigour in the data (Barrett *et al.*, 2002). The verification strategies suggested for qualitative research by Barrett *et al.*, (2002) entail:

- Methodological coherence, which ensures congruence between the research question and the components of the method. The method utilised during the interviews was consistent for each respondent.
- Appropriateness of the sample: the greatest care was taken to ensure that participants were selected who best represented the topic. Respondents were screened prior to interviewing to ensure they met the criteria for taking part in the study.
- Collecting and analysing data concurrently formed a mutual interaction between what was known and what one needed to know. The transcripts were captured and analysed as soon as possible after each interview.
- Thinking theoretically – ideas emerged from the literature and were confirmed in the new data. Ideas were derived from the analysis process.
- Theory development was the final aspect of the verification strategy, and is the process that ensures theory is developed as an outcome of the research process and can be adapted as a template for comparison and further development. New theory did not develop as a result of the research study

To ensure validity, the sample was very carefully chosen. The discussion guide was tested to ensure that it referred back to the research questions and back to the literature, as well as the established body of theory.

4.6 Data Reliability

Data reliability is “the extent to which data collection methods and the analysis procedures will produce consistent findings” (Saunders and Lewis, 2012). From the perspective of qualitative research, the research study employed data collection methods and analysis procedures that produced consistent findings. Saunders and Lewis (2012) mention that reliability refers to the degree to which:

- the measures used would produce consistent results if used on other occasions. The measures used were identical for each respondent.
- other researchers, when using the same methods and procedures in the same way, would produce similar results. The measures used in the research study would likely produce similar results.
- those interpreting the research can clearly see how the conclusions were derived. The discussion methodology was consistent across each interview.

To ensure reliability in the study, the same interview framework was applied to all respondents. Likewise, the same method of transcribing the in-depth interviews was used for all respondents, and the same analysis process was applied.

4.7 Confidentiality and Anonymity

As part of the ethical approval process required by the GIBS ethics committee, the names of the respective interviewees were required to be withheld to ensure their anonymity, and this was done.

4.8 Research Limitations

The following factors limited the research study:

- The research study only reviewed a relatively small sample of the total population of SMEs in South Africa.
- The research study only tested operational SMEs, and the sample did not include any SMEs that had failed.
- The research study only focused on whether the SMEs were surviving and paying salaries. To determine if the business was succeeding was beyond the scope of this study.
- The research study only tested SMEs willing to participate (a self-selection bias).
- The research study only tested SMEs started and owned by white, English- and Afrikaans-speaking South Africans.
- The output of this research study was based on a non-probability, judgemental sampling method, and is not necessarily applicable to the entire population of entrepreneurs.

4.9 Conclusion

The research design utilised a semi-structured discussion guide to direct the interviews conducted with the entrepreneurs. The interviews were recorded, transcribed, coded using a pre-determined code-set (see Appendix VI), and analysed. Data was checked for validity and reliability using the techniques described during the data analysis process.

Chapter 5 Results

The data was collected in two phases, as described in section 4.2 above. For this reason, the results from the interviews conducted with the entrepreneurs will be presented in section 5.1, and those from the interviews conducted with the industry experts will be presented in section 5.2.

5.1 Findings from Phase One In-Depth Interviews: Entrepreneurs

The phase one data was collected from sixteen in-depth interviews with entrepreneurs, and was analysed using the content and frequency analysis technique as per the coding framework outlined in Appendix III. The responses are listed in detail from Appendix VII through Appendix IX. The headings and sub-headings in this section are taken from the coding table found in Appendix VI.

5.1.1 Research Question One: How do entrepreneurs perceive marketing?

5.1.1.1 *Current understanding of marketing principles (Appendix VII)*

Eight respondents indicated that they possessed a deep understanding of marketing, developed and fine-tuned since the inception of their business. They had developed this understanding through experience (there was no formal education), and understood its benefits for their business as well as how best to employ their marketing skills. They perceived a lot of value in employing these skills in their business.

“Marketing, to me, is essentially finding out what people’s needs are and seeing if you can meet that with a product or service. So what I believe marketing’s more of a philosophy. It’s a thinking as opposed to a series of actions.”

(Respondent 10)

Five respondents demonstrated a limited understanding of marketing. They had a basic understanding of some marketing principles, but to date had only made limited use of these principles in their business. They perceived some value in employing these principles in their businesses, but were often uncertain of the exact mechanics.

“I think of basically to how a business or any individual that has any type of product to get out to market, would get to the consumers or to the potential clients they wanted to, and how they would attract them to come and utilise their services.”

(Respondent 3)

Three respondents indicated through their interview that they possessed little to no understanding of marketing, and perceived no value in employing marketing principles within their business. They had never been exposed to any formal training or mentoring, and to date they had not experienced the need to actively market their respective businesses. This can be demonstrated in this quotation from respondent four in response to the question: “When you hear of the term ‘marketing’, what do you think of?”:

“Money – it’s going to cost me money.”

(Respondent 4)

5.1.1.2 Early-stage understanding of marketing principles (Appendix VII)

Four respondents indicated that they’d possessed a deep understanding of marketing principles. Only two, however, had received any formal training within the discipline of marketing, and possessed an understanding of how to employ it from the beginning.

“When I first started marketing it was essential to get your name known and you had to sort of brand your product or service, you have to market yourself, and you certainly need to market your business – and that can be through various things – service levels, credibility, it is really focusing on doing things right.”

(Respondent 11)

Seven respondents indicated that they’d possessed a limited understanding of marketing principles, both of the benefits of marketing for their business and the reasons to market their business.

“I broke away from conventional pharmacists, so the intention was to try something totally new, and that was to go into the untapped lower end of the market, and we worked with the masses from the word go, and I learnt about marketing, which was probably slightly different to what one would do in the first world.”

(Respondent 9)

Five respondents indicated that they’d possessed no understanding of marketing principles in the early days, but that they had acquired their knowledge of marketing principles informally through trial and error in the years they’d owned and operated their business.

“So I didn’t have an idea of who I was looking for. I didn’t come from a marketing background; I actually came out of IT, so I had a better idea of how to implement something than I did in terms of marketing. So I came from the IT industry, I know

how to do this for you and, um, I didn't really know how to market my own business. I just knew how to do email marketing in terms of the technical side of it and I knew that I could help small businesses with that, with their email marketing."

(Respondent 12)

5.1.1.3 Early-stage understanding of the market to be entered (Appendix VII)

Five respondents possessed a deep understanding of their intended market. They had acquired this through prior formal marketing training or through existing exposure to the respective industries. They tended to be more deliberate than the other respondents.

"Yes, I had at least twenty years' experience in that field in corporate life, so I had an excellent understanding of where I was going to."

(Respondent 11)

Eleven respondents had no understanding of the market they were entering when they first started their businesses. They had not undertaken any research into the markets they intended to enter, nor had they gained any experience from prior exposure to these markets.

"No, no, no – not at all. I thought it would be the same as what I had always been doing, it would just be a poorer community but that they come in and ask for Disprin and this that and the other."

(Respondent 9)

5.1.1.4 Early-stage positioning (Appendix VII)

Three respondents indicated that they had possessed an advanced understanding of how to position their product or service. This seems to have arisen from their understanding of their business and prospective customers.

"I broke away from conventional pharmacists, so the intention was to try something totally new, and that was to go into the untapped lower end of the market, and we worked with the masses from the word go."

(Respondent 9)

Five respondents indicated that they had possessed a limited understanding of how to position their product or service. This appears to be as a result of limited training or experience in product or service marketing.

“I also found that there seemed to be two approaches to the business we’re in. It’s either the cookie-cutter approach where it’s like a company will have a very one-size-fits-all approach, or there’s a very value-add, look at the customer, see what they need and really tailor-make a solution for them. And I found that I wasn’t in the cookie-cutter one.”

(Respondent 12)

Three respondents indicated that they’d had little to no understanding of how to position their businesses early on.

“All I knew at that stage is if I made a turnover of R50 000 a month, it would pay the salaries and rent. And I took it upon me to say, ‘I will change this shop and make it friendlier for customers and then I will make more money’.”

(Respondent 4)

5.1.1.5 Comprehension of the difference between marketing and sales (Appendix VII)

Six respondents demonstrated an advanced understanding of the difference between sales and marketing. Only two had gained this knowledge from formal education. The rest had acquired it through the day-to-day operations of their business.

“Marketing is, in my eyes, a systematic approach to obtain more market share, to make your brand more prevalent in the market.”

(Respondent 2)

Eight respondents demonstrated a limited comprehension of the difference between sales and marketing. They had most likely learnt to differentiate between the two constructs during the course of their business.

“Well the term marketing, marketing in an FMCG business seems to be one of those departments which sales and marketing people seem to have a lot of conflict in, and nobody really supports each other, but at the end of the day I have always been sales, and have the greatest respect for marketing, because marketing is at the end of the day the keystone of the business, and it’s critical that sales and marketing people work together.”

(Respondent 11)

Only one respondent indicated no understanding of the difference between sales and marketing, most likely due to the fact that they are more heavily involved in the

operational side of their business, while a partner handles the business development side.

5.1.1.6 Research Question One – Summary

Most of the respondents had developed a basic to deep understanding of marketing over time, even if they had not possessed it in the early stages of developing their respective businesses. They also acquired a limited understanding of marketing principles since the early stages, a skill they had not possessed prior to starting up. Respondents who had previously been exposed to their market and possessed some kind of training prior to starting their businesses also tended to have a deeper understanding of the market they intended to enter in the early stages of their business. Few respondents had a reasonable understanding of how to position their products and services in the early stages, but most, whether through formal education or during their entrepreneurial journey, had internalised the difference between sales and marketing.

5.1.2 Research Question Two: What was the role of marketing in the early stages of the business?

5.1.2.1 Early-stage customer acquisition (Appendix VIII)

Four respondents indicated that they had undertaken strategic planning. Again, this was possibly a result of their personalities (i.e. they were natural planners and would have thought strategically about acquiring their first customers).

“I got it while I was still in corporate, I made sure that I had a start-up business plan and I started my business with Cadbury’s and with Bromar Foods, which are two companies that I had an involvement with previously. I knew the people.”

(Respondent 11)

Three respondents indicated that they had undertaken limited planning toward acquiring their first customers. This is most likely a function of their business and their personalities, in that they would have naturally considered how they would acquire their first customer.

“My first customer was actually already a client, but from a different business that I had. So I knew her, and when she heard that I was doing web design and email marketing, she asked me if I could help her. She owns a salon and she needed help with the websites and email marketing. So she became my first client.”

(Respondent 12)

Eight respondents acquired their first customers by chance; there was no planning or strategic approach or intent in acquiring the customer.

“Cold calling: lots and lots, and lots of cold calling. I think my record is 69 calls in one day.”

(Respondent 2)

5.1.2.2 *Early-stage customer retention (Appendix VIII)*

Five respondents exercised strategic thinking when it came to retaining their customers. They each had some background in marketing, an understanding of the importance of retaining customers and the costs of acquiring a new one.

“I kept them through, I think, my knowledge of the industry, my understanding of the business needs and their needs, and we provided an above-average service, maybe we strived for excellence, but in a third party agency business you are inclined to work with people and you do the best you possibly can, but certainly standards was important to us – and that’s what kept us in the industry.”

(Respondent 11)

Four respondents had carried out a limited amount of planning when it came to customer retention. These respondents tended to exhibit some sense of their business and the environment in which it operated, but this was not acquired through prior education or experience.

“So we would do things for free up front, to help secure that client, and once we had secured them, the deal was that we got to punt on the work. So that is how we handled it. Marketing as such, like spending lots of money doing advertorials and things like that – no, we didn’t do a lot of that, but it was really, really – and we built our name up because we were just always there.”

(Respondent 13)

Five respondents retained their customers in the early days by chance. This was most likely a result of their lack of awareness of the importance of retaining customers, particularly in the early stages of business.

“Most of my customers are by word of mouth. One of them says, ‘I know a builder, I can send you someone’.”

(Respondent 6)

5.1.2.3 *Early-stage competitor handling (Appendix VIII)*

Four respondents indicated that they had a planned or strategic approach to dealing with competitors. These respondents, who had actively used techniques to counter competitors, had either acquired this ability through training or most likely realised that they needed to be concerned with competitors and account for them.

“Competitors at that stage there were a couple of national big players. We decided to focus on local and we focused on Gauteng, to provide a service which was going to be a case of local knowledge, local focus – as opposed to being on a national basis.”

(Respondent 11)

Four respondents indicated that they’d done limited strategic planning with regards to dealing with competitors. This strategic planning was most likely self-taught.

“I had no competitors. There was no other development in Rustenburg like the one we have put up on our mountain. There was a lot of, if you can say ‘competitors’ building housing for the mines and you cannot compare these housing developments to the prestigious lifestyle development on the mountain.”

(Respondent 14)

Eight respondents indicated that they had employed no strategies or planning with regards to dealing with competitors. This was possibly due to a lack of training or experience, or not completely understanding the competitive environment in which they intended to operate.

“I didn’t really go out to compete with anybody. I went out there to make a living and to make a better living for myself and my family. I saw the opportunity, it was always my dream actually to start my own business.”

(Respondent 8)

5.1.2.4 *Early-stage marketing activities (Appendix VIII)*

Three respondents indicated that they had utilised some strategic intent with regard to marketing activities.

“So that is the process, but it took pretty much twenty years of researching to get to where we are today. So it is not something you can decide one day, ‘I am going to do something totally different’. We came in and saw what the people wanted.”

(Respondent 9)

Six respondents indicated that they had undertaken limited strategic intent with regard to marketing activities. This was likely a result of their limited knowledge (at the time) of how to market their business, or failure or other factors.

“We did rebranding once or twice, and with that obviously a bit of marketing that went into it. We did employ a crowd at some point, but they missed the mark altogether and I think it put us off marketing. What we were wanting and our expectations, they didn’t meet, and the sort of market research that they had done also fell flat.”

(Respondent 13)

Seven respondents indicated that they had undertaken no marketing activities. This was most likely a result of very limited resources or a lack of allocation of resources towards adequate marketing.

“Not much, really not much, because I was so caught up with looking after my client, and honestly when you start your business you are like that, until the point where nobody calls you anymore and you don’t know what is going on, on the ground, you are the business.”

(Respondent 1)

5.1.2.5 Early-stage marketing activity planning (Appendix VIII)

Three respondents indicated that they had undertaken some strategic planning when it came to marketing their business. They’d had prior business experience and leveraged this in their new ventures to understand the nature of their customers.

“The bike shops were the most successful for two reasons. One, because people going into a bike shop are in an enquiring state of mind. They want information. And they’re in the purchasing frame of mind so they not only buy bicycles and equipment, but they also will buy a magazine if they’re interested.”

(Respondent 10)

Six respondents indicated that they had practiced limited planning of their marketing activities. They’d had limited work and business experience at the time.

“You know, when I first entered into debt collection I was 22 years old, had my ear to the ground and the things that worked, and I knew from selling life insurance what worked for me on that basis, and we employed the same sort of strategy when we first entered the market.”

(Respondent 3)

Seven respondents indicated that they had practiced no planning of their marketing activities in the early stages.

“There was no faxes or emails or anything, so ja, telephone was a big thing, and obviously once we started being established I would go and see the clients myself, I used to drive around, go to the mines and that is what opened doors for us, ja.”

(Respondent 8)

“We didn’t go into new advertising. In those days there was no real communication that we had available to us; I mean we didn’t even have emails. So it was really all word of mouth and unlocking the doors and phoning contacts and relying very much on the people that I knew.”

(Respondent 11)

5.1.2.6 Early-stage marketing activity success (Appendix VIII)

Four respondents achieved significant success due to marketing activities. This is most likely due to their having implemented strategically planned activities, as they foresaw the benefit of doing so through prior experience or an understanding of their business and the market in which it operated in.

“And we realised that being a pharmacy we could sell a 2kg baby’s milk for a lot more than Pick ‘n Pay. The reason was because of the impression that we had created of our products that it was a fresher, cleaner, better product. Now that is the research we did.”

(Respondent 9)

Four respondents indicated limited success due to their marketing activities. This was most likely due to these respondents not having correctly planned or implemented their activities, or from the goal of the activities being to generate awareness, not necessarily sales leads.

“When we first started, we started basically on no budget, so a lot of the stuff was cold calling, but then also to try and get a bit of a market it was the website, was social media. So we put quite a lot of stuff out on social media. I wouldn’t say we have had much success, but it adds to a bit of awareness and that kind of thing.”

(Respondent 5)

One respondent indicated that they had not achieved any success based on marketing activities. This was most likely due to the nature of their business (financial services), in which their customers assess them based on their track record first and foremost.

“When I started? Um... it is a little bit different. I see financial services, if you market yourself... okay, the asset management side, if you market yourself, you don't want to be seen as a presenter, like someone who would do a TV show; it is kind of like a performance record that gets you the customers.”

(Respondent 16)

5.1.2.7 Skills acquired in later business career that would have been useful in early stages of enterprise (Appendix VIII)

Seven respondents indicated that they had acquired significant marketing-related skills since embarking on their enterprises that would have been useful early on. For example, the following quotation from respondent 12 indicates that they had learnt a number of marketing concepts and terminologies since starting their business:

“In terms of marketing, I didn't know anything about strategy, and... what's that thing called? A strength, weaknesses, opportunities? Is it a SWOT? I didn't know any of that stuff. I didn't know who my competitors were, I didn't know who my ideal client was, I didn't even know I was supposed to know those things. I just knew how to do websites and how to do newsletters. I didn't know how to find my own clients, so if I had a bit of background there it would've been... my company would've probably grown a lot quicker.”

(Respondent 12)

Five respondents indicated that they had acquired some marketing-related skills since the early days. This is most likely due to them not completely understanding the marketing function, and as a result they may not be able to fully articulate the marketing-related skills they may in fact have acquired through experience.

“If I knew then what I know... let me rephrase that: what I know now about the analytics and organic growth of driving my brand, I would probably have started it earlier.”

(Respondent 1)

Three respondents indicated that they had acquired some marketing-related skills since the early days. The following quotation from respondent 3 indicates that marketing is not their strongest skill-set, and therefore they have outsourced the function to other staff.

“I cannot keep up with tech on that side because I don’t have the time or the resources to go out there and learn about all this stuff, but we try and encourage our staff members that are younger and that still have the opportunities and that sort of thing, to study continuously, to go out and do that – and we pay for stuff like that.”

(Respondent 3)

5.1.2.8 Responsible person for early-stage marketing activities (Appendix VIII)

Eleven respondents seemed to indicate that they were the sole person responsible for early stage marketing activities. They did not have the available resources to assist them, or were of the opinion that they could manage the function in the early stages of their business.

“I was a sole operator, so I did everything from HR, sales/marketing, finance – the lot!”

(Respondent 11)

Two respondents appeared to indicate that they received assistance regarding early stage marketing activities. These respondents had business partners.

“It was myself. So myself, or my business partner, did play a bit of a role so he does a lot of our mail shots and those sort of things, but essentially most ideas and most of the content that we have currently generated is us two.”

(Respondent 5)

5.1.2.9 Early-stage entrepreneurial marketing expenditure (Appendix VIII)

Seven respondents indicated that they had allocated marketing expenditure proportionate to the turnover/size of the business. These respondents realised that they were investing in their business’s future by allocating marketing expenditure.

“I would say R4 000 or R5 000 a month. Some months I wouldn’t. And the reasons I wouldn’t some months is because I was trying media out – what was going to work here, let’s try this promotion, let’s try this two or three months and you get thirty days on the other – and we did all of that to try and get it out there.”

(Respondent 1)

Five respondents indicated that they had spent a limited amount on marketing. This was probably a result of them trying to cut costs in the start-up phases, instead of relying on channel partners and the efforts of others to market their business.

“Rand-wise, probably in '95 when we started this whole thing, R1 000 a month: We were dependent on the marketing done by the market and as advertised by the clinic and myself and the healthcare centres.”

(Respondent 9)

Four respondents indicated that they allocated no money towards marketing. This is most likely a function of them trying to save money and, in effect it provided a false sense of economy, or they may have expended their time in lieu of marketing spend.

“I think you can only count the networking fees really. Because everything else I did was really just my time, 'cause I tried to whatever was free. So all those listings, article writing, it was all my own time.”

(Respondent 15)

5.1.2.10 Research Question Two – Summary

Respondents who had received training or had prior awareness of the importance of customer retention would most likely have placed more strategic intent toward retaining customers. Most of the respondents did have strategic intent regarding dealing with competitors in the early stages of business, and they dealt with competition either through experience, some degree of prior training, or by relying on their existing business skills. Those respondents who had prior experience, training or knowledge of how to market their business were more likely to allocate resources toward marketing their business in the early stages.

Those who had prior marketing experience, whether through training or experience, were more likely to have planned some marketing activities in the early stages. Respondents who had limited or no planning of marketing activities were likely to have had either limited experience or limited access to facilities that would have enabled them to market their business.

For most respondents, the degree of success derived from marketing activities in the early stages of business was largely dependent on their industry, as well as their experience in implementing their marketing activities. Respondents with a stronger inclination and pre-disposition toward marketing, even if they had none initially, were more likely to have acquired marketing-related skills than other respondents. Most respondents did have assistance in planning and executing marketing activities in the early stages. It could be good practice to involve someone with knowledge of the marketing function in the early stages. Respondents who placed value on setting aside

proportionate marketing expenditure in the early stages of their business were most likely the same ones who demonstrated an existing understanding of the marketing function and whose understanding developed alongside that of the business. The extent of planning that each respondent placed in the marketing functions in the early stages likely had an impact on the manner in which they acquired their first customer.

5.1.3 Research Question Three: What is the current role of marketing in their business?

5.1.3.1 *Current competitor handling (Appendix IX)*

Six respondents indicated that they currently actively monitor and respond to their competitors. This could be due a number of reasons, but the most likely is that they operate in increasingly competitive environments.

“The competitors when I first started with this particular segment of the business about ten years ago, with my knowledge I was the only one out there; currently there are probably about 4/5/6 of them out there now, and that has become an issue because cost is a factor, and the challenges that I have right now is that we provide an experienced, knowledgeable and superior service to what I believe our competitors are offering.”

(Respondent 11)

5.1.3.2 *Current customer retention (Appendix IX)*

Eight respondents indicated that they had some active current customer retention strategies. This indicates that they have adapted to the needs of their customers and implicitly acknowledged the importance of a solid customer retention strategy.

“And I often come across stuff that’s interesting to my client and I just forward it to them, so because I know their business, and I receive stuff that’s interesting, and we just forward it along and say, ‘Hey check this out, this article might be of interest to you’, which all falls under CRM. And then in terms of the service we do for them, it’s obviously to make sure we never drop the ball and always look for ways to add value to their business and get them more customers. The motto in our business is ‘growing your business is our business’. So we are always looking for ways to help the clients grow their bottom line.”

(Respondent 12)

Four respondents indicated that they currently have a limited strategic approach to customer retention. This is possibly a result of them not being very customer-centric by nature, and by the marketing function being handled by another partner or staff member.

“It is pretty simple: you collect their money, they’re happy and also by trying to give them good advice, because a lot of the time the debts that we pick up, it is always personal because a person has had their money taken and whatever the case may be, and they haven’t been paid for monies that are due to them.”

(Respondent 3)

5.1.3.3 *Current marketing activities (Appendix IX)*

Nine respondents indicated that they currently have significant marketing activity. This is possibly a result of them realising the importance of constantly marketing their business and portraying a consistent image for the business.

“But having said that, you must keep on with your advertising in your local paper, all the cars are sign written, everybody wears uniforms, even the people in the office wear uniforms, even the people in the control room – they sit in a boxed closet and none of our clients ever see them, I hardly ever see them, now and again you see a guy coming in here wanting to see what the control room looks like – even they wear uniforms.”

(Respondent 7)

Seven respondents indicated that they currently carry out a limited number of marketing activities. The reasons why their activities are limited can probably be attributed to structural and skill restraints.

“Not particularly, we have got one guy who is a marketing director that heads it up, his responsibility is that strategy. He does have a strategy on who he wants to target and all of that sort of stuff, which he checks month to month, but ja, I would also say that that isn’t quite as ...what is the word... as ‘advanced’ or where we would like to be, like to have it as directors, at this particular stage.”

(Respondent 3)

5.1.3.4 *Current product/service research (Appendix IX)*

A number of respondents indicated that they currently actively research improvements for their products and services. Their reasons for doing so were to provide a better

product and/or service for their customers, the need for constant improvements and for their business to remain competitive.

“So what we find is, instead of selling a well-known brand which costs R60, we sell a two pack which has Panado, has something for flu, something for coughing, and we put vitamins in, etc, It might be from the cheaper range and cost R50 but he gets the whole packet – instead of getting one tube that costs R60. And when we measure our sales, we sell ten thousand of the two packs, where we might sell one hundred or so of the alternatives.”

(Respondent 9)

Two respondents indicated that they sometimes research product and service improvement. The reason why their research is more ad hoc is due in part to the markets in which they operate and their perceptions of a less urgent need to constantly improve their products and services.

“So we have reps out there and they know what is going on in the market and we get new products, for instance for the mine, so we have new products that we put out there and it works, but it is basically we buy regularly and go on gut feel and we call in regularly and see what the new things are.”

(Respondent 8)

5.1.3.5 Current market research (Appendix IX)

Eight respondents indicated that they currently actively research the market in which their business operates. The reasons given for this were that they were either attempting to consolidate their position in a competitive marketplace and ultimately deliver a better product or service, or that they were capitalising on the marketing skills they had acquired over the years.

“We had surveys done – that’s the numbers – we tried to figure out where the people stay, where they come from. So we find that marketing within that range, is the people in our area, was much more productive than trying to put it in the newspaper or radio, because we were not attracting someone from another area, if they weren’t coming or walking past, they weren’t going to come in and buy.”

(Respondent 9)

Five respondents indicated that they occasionally perform research on the market they operate in. The reasons they gave were that they understood their markets well and did not feel the pressure to constantly scan the market.

“Well just through experience. I think from that perspective and also the fact that through that experience we have established a name out there in the market place, and whether the fact that we originally targeted a certain industry, you know, we still managed to obviously win contracts and tenders and all that stuff in that space, on the basis of our experience – vs. the guy that is a one man show / two man show etc., that has entered the market on that side.”

(Respondent 3)

Three respondents indicated that they perform no research on the markets they operate in. The reasons behind this were that they generally aren't marketing inclined, they lack resources, they lack the ability to do so, or they felt very confident in their operations in the markets in which they operated.

“No, again the reason for that is that we understand who our clients are, we understand the trade that they are involved in, and we are of the belief that at the end of the day, from a marketing point of view, if you are supplying a brand, you have got to get that brand to the consumer.”

(Respondent 11)

5.1.3.6 *Current marketing strategy (Appendix IX)*

Ten respondents indicated that their business currently employ a marketing strategy. The reason behind this was variously that the respondent recognised the necessity of a strategic approach to their marketing activities in providing their business with a trajectory, or employed someone who had these skills. These respondents also tended to have acquired nascent marketing skills over the years.

“I have an overall high-level marketing strategy but it could easily be carved up and sort of more defined, ja, definitely. But in my mind I have always seen that as having a skill set to be able to bring that skill into the business, so – ‘this is how you actually do it; what you are doing now is fine entry level, but we need to push you upwards’ – and be totally focused on that role.”

(Respondent 1)

Six respondents indicated that their business did not presently employ a marketing strategy. The reason for that they lacked resources or the skills to design and implement a marketing strategy, or their business model had an intrinsically strategic design that lessened the requirement for a dedicated marketing strategy.

“Not particularly, we have got one guy who is a marketing director that heads it up, his responsibility is strategy. He does have a strategy on who he wants to target and all of that sort of stuff, which he reviews month to month, but ja, I would also say that that isn’t quite as... what is the word... as ‘advanced’ or where we would like to be, like to have it as directors, at this particular stage.”

(Respondent 3)

5.1.3.7 *Current marketing activities (Appendix IX)*

Ten respondents indicated that they actively pursue a variety of marketing activities. This was a result of them understanding the necessity of implementing their marketing strategies and attracting new customers. They have some training in marketing, and also possess a sense of market orientation.

“I think one of the big things for me was really understanding how to market effectively through social media, so using things like LinkedIn but also like Hootsuite. Hootsuite has got an amazing power to distribute content very quickly to hundreds of different spaces. So from an awareness point of view you might be doing a bit of a shot gun approach.”

(Respondent 3)

Four respondents indicated that they presently undertake limited marketing activities. The reason for this is that they don’t see the necessity to undertake extensive marketing activities, or they don’t possess the skills or resources to do so.

“Currently, only the website and, um, we just remain in contact with our current database of clients just as a constant reminder but we just send them reminders on this is the latest project we’ve done, have a look at our website, there’s been some changes and if there’s anything particularly interesting or new to talk about we will just let them know with a newsletter, um, and then Facebook and Twitter.”

(Respondent 15)

5.1.3.8 *Person responsible for current marketing activities (Appendix IX)*

Six respondents indicated that they were solely responsible for the marketing activities of their businesses. The reason for this was a combination of a lack of resources and a sense of ownership and stewardship they possessed over their businesses; they were reluctant to hand over control of this function, even if they were not necessarily skilled enough to undertake it. A few respondents who were solely responsible for the marketing activities of their business had delegated some of the tasks.

“Well I guess it rests on my head and my responsibility overall, but then there are aspects of the company’s marketing activities that fall on the shoulders of other people. There’s social media, there’s websites, there’s CRM management, there’s advertising, design, there’s production of adverts done by various individuals.”

(Respondent 10)

Ten respondents indicated that they had allocated the responsibility of marketing their business to another person. The reasons for this were varied: their business had reached a certain size where they were unable to perform all the business functions themselves; or they realised that others were better equipped to perform the marketing function than they were.

“So in essence we have moved the onus away from the pharmacist having control of the pharmacy; we rather have divisions who control those sections. I have someone in hair care so there is not a question that is asked regarding hair care that won’t be answered.”

(Respondent 9)

5.1.3.9 Current marketing expenditure (Appendix IX)

Nine respondents indicated that they allocate significant expenditure toward marketing their business relative to their turnover. The probable reason for this is that they attached a significant importance toward marketing their business and understand that it is a necessary investment. These insights were generally derived from past experience or training.

“So we just started doing it ourselves and we were told these functions and then we set up our new offices in Randburg and from that we had a nice place and a nice showroom and we could get people in, which helped a lot, and that was one of our biggest assets, is moving and setting up the showroom. So it gave the opportunity to the clients, for the brokers and their clients, to come and have a look see what they were going to get before they actually got it; whereas beforehand we were just in an office block.”

(Respondent 13)

Seven respondents indicated that they allocate limited expenditure toward marketing their business relative to their turnover. This is most likely due to constrained resources and available skills, as well as a lack of understanding behind the strategic rationale

behind allocating expenditure toward marketing. There is also a reliance on established networks, as demonstrated by respondent 16:

“I think it is a kind of marketing because I just set up my website, it is running – my fund manager side is not up yet, but my advisory side website is up and LinkedIn is on. It is just that I have never written any article or anything to put into like FinWeek you know – that that is what I am offering. That doesn’t make sense for me, that route doesn’t gain me more clients, for financial advisory it is more about word of mouth; people referring you to someone else.”

(Respondent 16)

5.1.3.10 Current contribution to business success by marketing activities (Appendix IX)

Twelve respondents conceded that the marketing activities they had undertaken had contributed toward the success of their business. This can be attributed to the development of their marketing skills, previous marketing training or the increasing development of their sense of market orientation.

“Oh yes, definitely! Because everybody bought the local newspaper; there was nothing else to buy. I mean you’re not going to advertise in the Rustenburg Nuusblad or you know, Huisgenoot or things like that – you advertise in the local paper and there was only one local paper then so it was the ideal place to advertise.”

(Respondent 5)

Two respondents were of the opinion that their marketing activities had only contributed in a limited way to the success of their business. This was due to the nature of their business and a reliance on established networks to develop new business.

“Very, very seldom. I mean I think that is what we stick to, I really can’t think in my line of business what marketing activity I could add – which obviously there must be something out there, but I am not wise to that – that would improve the business, especially in Rustenburg, because at the end of the day it is a small mining town.”

(Respondent 8)

5.1.3.11 Research Question Three – Summary

Those respondents who were more marketing aware tended to have a strategic approach toward retaining their customers. Respondents whose businesses operated in very competitive segments tended to put a greater focus on the activities of their

competitors and responded accordingly. The level of marketing activity the respondents conducted was a function of their awareness of the importance of marketing their business, the nature of the environment in which they operated in, as well as their relationships with competitors and related businesses.

The respondents who conducted product and market research operated in competitive markets and had a need to improve their offerings. The degree of research undertaken was determined by their ability to do so, by pressures from the market place, or by their need or desire for market intelligence.

The majority of respondents only undertook limited marketing activities. The reasons for the limited marketing activities included a lack of skills, resources or awareness of the need to do so. Some who lacked the ability to perform the marketing function, or could not devote enough attention to it even whilst realising the importance of the function, delegated it to someone who was more capable.

Respondents who allocated limited marketing expenditure relative to their turnover did so for a number of reasons: they lacked the resources or skills to adequately execute a marketing strategy; they did not see the value in allocating more expenditure toward marketing activities and they relied on networks to market their business. Those who were not overtly reliant on networks or who possessed better training, resources and market orientation tended to expend more resources on marketing their business, and subsequently saw a contribution to the success of their business.

5.2 Findings from Phase Two: In-Depth Interviews with SME and Marketing Experts

The phase two data originated from interviews with four marketing and SME experts. Each interview was analysed as per the coding framework outlined in Discussion Guide Framework (Appendix III), and each construct listed in the Discussion Guide Framework was counted when mentioned by each respondent.

The experts were interviewed individually, and each agreed to be named and credited in this document. Each expert has considerable experience in assisting start-ups and existing entrepreneurs market their businesses, and their names and credentials are detailed in Appendix II. The responses are listed in detail in Appendix X.

5.2.1 Research Question One: How do entrepreneurs perceive marketing?

5.2.1.1 *Level of understanding of marketing theory of most entrepreneurs whose businesses have survived (Appendix X)*

The experts considered it to be important for entrepreneurs to have some existing marketing theory, as well as for existing entrepreneurs to have acquired some marketing skills.

“That at a point, irrespective of your skill or ability to market and sell your service or product, you don’t have a business, so if you tend to look at it a little bit down the line and you kind of look at what a successful entrepreneur looks like, they have probably gathered pretty strong marketing skill, they are sure to understand theory but they certainly have gathered the skill.”

(Dr Marks)

They observed that in practice, however, most entrepreneurs have little to no understanding of marketing theory.

“So my experience is that they have absolutely no understanding of what marketing is about, they have a perception that it entails a whole lot of money, and that it is going to be a huge investment, and in my experience they think tactical marketing as opposed to strategic marketing.”

(Donna Rachelson)

5.2.1.2 *Level of understanding of marketing theory that most entrepreneurs have in the early stages of their business (Appendix X)*

The experts noted that start-ups often don’t understand the reasons why they need to market their business, that in general they lack skills, and that they tend to confuse tactical marketing with strategic marketing. They were concerned that start-ups tended to have a very low level of understanding of marketing theory and lacked practical skills.

“Most basic. By that I mean they know what the basics are all about and they know they have got a target market, but those are the two things they know – how they define that target market and how they see the competition, they are very limited in how they see the competition as well.”

(Professor Cant)

5.2.1.3 Should entrepreneurs have some understanding of marketing theory before starting their enterprises? (Appendix X)

Only two experts made a comment that related to this question, both conceding that start-ups need to understand some level of marketing theory.

“At a certain level yes. At a certain level yes, I think that when entrepreneurs are starting up, they must be mindful of all the activities that are going to make their business succeed.”

(Vuyo Ncwaibo)

5.2.1.4 What is the experts' opinion of the level of understanding most early-stage entrepreneurs possess about the market they intend to enter? (Appendix X)

The experts were of the opinion that start-ups have a very low level of understanding of the market they are about to enter. They generally don't understand the industry, seldom carry out feasibility studies, and cannot identify their customer. This impacts on their focus in the early stages of business, resulting in sporadic or no planning.

“Here is the interesting thing: they have a broad-level idea of the markets they want to go to, but with the work I do with entrepreneurs is I make them pinpoint their ideal customer, because it is very difficult when you are just starting out in a business, to start thinking in terms of marketing and marketing segments; whereas when you drill down to the ideal customer, it really helps them focus their thinking and focus their marketing efforts.”

(Donna Rachelson)

5.2.1.5 Should early-stage entrepreneurs have some level of understanding of the market they are about to enter? (Appendix X)

The experts were of the opinion that entrepreneurs should have some level of understanding of the market they were about to enter. This is important so that they could gain a sense of the complexities of the market and plan accordingly.

“I think it is important and critical, I don't think you could move the work beyond kind of just a hobby-based business, unless you have an understanding of your market, and I think if you are wanting to grow a sustainable business it is essential that you are market- and customer-focused, or customer-centric, in your process.”

(Dr Marks)

5.2.1.6 Should early-stage entrepreneurs have the skills to position their businesses and products/services? (Appendix X)

The experts were of the opinion that, while early stage entrepreneurs should have some idea as to how they can position their products and services, they were often unable to because they lack basic marketing skills. This results in poor marketing decisions being made, which would have an impact on the business as a going concern.

“Do you know what the problem is with small business? They waste money on marketing, because they don’t know what is right. For example, a lot of them will do these things themselves: all I do with start-ups is redo their websites, because they are so bad.”

(Donna Rachelson)

5.2.2 Research Question Two: What is the role of marketing in the early stages of the business?

5.2.2.1 Should entrepreneurs have some sort of early-stage customer acquisition and retention strategy? (Appendix X)

The experts were of the opinion that early-stage entrepreneurs and existing entrepreneurs should have some sort of customer acquisition and retention strategy. The experts noted, however, that they often lacked the skills or did not pay enough attention to acquiring and retaining customers. This impacted the efficacy of their business to generate cash flow, and in turn places the enterprise in danger of failing.

“They don’t have an idea about acquisition and retention. They assume people will buy their product and a lot of it is based on friends and family, they will convince them what they are saying. They need to get independent wholesale stores and how do you get a customer? How do you get someone to test that market? But they don’t know – that is why they come to us with marketing plans.”

(Professor Cant)

5.2.2.2 Should early-stage entrepreneurs be concerned with competitors? (Appendix X)

The experts were of the opinion that it is critical that early stage entrepreneurs be aware of and understand their competitors, but at the same time not be too focused on them.

“Yes, they should, yeah they should but they mustn’t dwell too much on competition because sometimes they could lose focus, you know, of their own offering. But

they must have. They need to understand what their competitors are bringing into the market and see how that has an impact on their own products, but not to focus in terms of their own product.”

(Vuyo Ncwaibo)

5.2.2.3 What practical marketing skills should early-stage entrepreneurs possess upon embarking on their entrepreneurial journey? (Appendix X)

Regarding this question, the experts had a number of suggestions, which include: it is important that the start-up is focused on what the customer wants, and not too focused on their own products and services; start-ups should not assume they will be able to hire staff straight away; they must differentiate themselves; the first two years of operation can be overwhelming. The start-up should ideally gain prior experience in the industry they wish to enter to deepen their understanding.

“They should work in the industry where they are starting up. Take a plumber, you are a qualified or electrician, they work in the business in a year and ask questions that is ideal. If you want to do a retail store go and work in a retail store.”

(Professor Cant)

5.2.2.4 Should early-stage entrepreneurs expend any money on marketing activities? (Appendix X)

The experts were of the opinion that expenditure on marketing is essential. They were of the opinion that there are certain essentials every start-up needs, as well as practicing a sense of marketing entrepreneurship.

“Yes, there are certain basics, like your brand name, your letterheads, your business cards – basic marketing communications and then target – I believe you that you should start small, have a very personalized approach. Even a doctor. You might have 28 doctors in an area. So phone the patient and say, ‘Doctor wants to know how you are feeling’ – and immediately you get the buy in. it sounds like you are interested and it differentiates. You can place cheap ads.”

(Professor Cant)

5.2.2.5 If early-stage entrepreneurs expend any money on marketing activities, what guideline should they follow? (Appendix X)

The experts were of the opinion that while early-stage entrepreneurs should budget to market their products or services that they really needed to stretch their money to get

value. They noted that start-ups often cannot make the connection that the more they market their business, the more money they stand to make. Start-ups should follow a lean start-up approach when it comes to expending money on marketing.

“It is easy for a large company, whether it is an Old Mutual a pharmaceutical company or a grocery store, to spend tens or hundreds of millions on marketing, when you have that budget and the money comes in everyday, what do you care, but if you are a start-up you haven’t got that money and money you spend on marketing is money not spent on something else or maybe even money you are not paying to yourself in way of a salary, so yes I think it is essential, but I think the trick is to think about how you make that every rand stretch, and that is why for me and most of my courses around entrepreneurship is to teach guerrilla marketing rather than marketing, because I think there are lessons in that and a very lean approach towards how you communicate value. So that would be the sort of construct that I would suggest to any small entrepreneur.”

(Dr Marks)

5.2.3 Research Question Three: What is the current role of marketing in their business?

5.2.3.1 *Do entrepreneurs whose business is established typically have a planned customer retention strategy? (Appendix X)*

The experts were of the opinion that while existing entrepreneurs began to gain a better grasp of customer acquisition and retention strategies and understanding their market space, few actually had any purposed strategy to acquire and retain customers.

“They might not have a strategy, but they’re mindful of the fact that, you know, Client 1 has probably been there now for so long, two years, Client 2 maybe has been acquired already and you know that you mustn’t mess up with those two because you know that they bring bread onto the table, and then keep looking for more, because you know that you can’t really quite rely on those two alone.”

(Vuyo Ncwaibo)

5.2.3.2 *Should entrepreneurs be concerned with their competitors? (Appendix X)*

The experts were of the opinion that some successful entrepreneurs were more in tune with their competitors, and tended to research the market and their competitors. They noted that it is important for start-ups and existing entrepreneurs to investigate their competitors to see what they can do to establish their points of differentiation.

“Look the good ones are, they are very attuned to their competitors, they are very tuned to what it is they need to be doing differently, but they are few and far between, because they need that mind-set up front, and for me you can see the businesses that are going to succeed because they have a marketing mind-set and the business development mind-set right from the beginning. What are the key marketing things I need to be doing? How am I going to develop those? I am not going to sleep every night until I am thinking about how I can get more business tomorrow – and that is the mind-set that succeed.”

(Donna Rachelson)

5.2.3.3 Do existing entrepreneurs have a sense of market orientation? (Appendix X)

The experts were of the opinion that some surviving entrepreneurs did indeed have a sense of market orientation. They noted that some entrepreneurs only developed their sense of marketing orientation later on in their careers.

“I think so, I think that is a very accurate observation that you have made, I think it is absolutely right, so I think what has happened is if you scale back that established, successful business, it has probably begun with more of a product focus, has probably picked up one or two clients or customers along the way, and then over time has sort of perfected its delivery and become far more market-orientated, so they have made a switch from being internally-focused to externally-focused, recognised those customers and the relationship that you have with customers is paramount if you are looking to build sustainability, so your ability to deliver to a customer, of course it's important, but when you get that right you have got to start looking more towards your customer and attempting to satisfy and solve your customers' needs and problems. So I think it is a natural process of becoming externally-focused versus internally-focused.”

(Dr Marks)

5.2.3.4 Relationship between marketing and sales (Appendix X)

The experts were of the opinion that marketing and sales worked together in early-stage SMEs. They noted that start-ups often confuse marketing and sales, that they needed actual sales experience to sell their products and services, and that it was critical for them to get traction quickly.

“So that is a very big misnomer and often what they think is in order to get traction they have got to be out, kind of just selling the whole time; they don't understand

that marketing can actually start bringing customers to you. And that marketing and sales work hand in hand.”

(Donna Rachelson)

5.2.4 Research Question Four: Is there a perceived relationship between an understanding of marketing theory and the performance of an SME?

5.2.4.1 *Differences in the marketing needs between SMEs and large businesses*

(Appendix X)

The experts noted that small businesses need a very different approach to marketing compared to that of large businesses. This was a result of the very different needs of an SME.

“I think is what happens though is most entrepreneurs haven’t thought about what marketing means to them as a start-up entrepreneur, so they look at larger businesses and then they think that they have to try and emulate that and I think it brings in this almost absolute truth about start-up businesses is that small businesses are not just small big businesses, they are actually different, you simply can’t compare them, so the challenge is for a small business owner or a start-up entrepreneur is to think about, how am I able to extend my ability to market myself, that I stand out from the crowd, that I can still communicate my value proposition to my target market and do this with little or no money.”

(Dr Marks)

5.2.4.2 *Institutional failings of SMEs (Appendix X)*

The experts were of the opinion that there were significant failures involving the institutions tasked with supporting SMEs (government, educational institutions, large enterprises, financial, etc.). They noted that institutions often provided the wrong type of support for SMEs, there is a general lack of understanding of SMEs’ needs, marketing training tends to be geared toward large enterprises, there is a lack of a national entrepreneurial mind-set and celebration of entrepreneurs, and there is a lack of coordination between the entities SMEs will invariably be involved with at some point.

“Any bank or financial institution will ask you those questions. Industry balances, your share of the total market. Now in a small business, don’t talk about industry balances, because if you are starting a jewellery store, they should start looking at saturation within the local market and what is the competition, not your share of

the total market. Any business plan that says that you expect your market share to be .001, you are never going to teach this. So it is a system failure basically.”

(Professor Cant)

5.2.4.3 *The education system (Appendix X)*

The experts were of the opinion that formal institutions that teach marketing are geared toward enterprises and neglect SMEs, there are misperceptions about marketing and a lack of understanding of what marketing is as a discipline.

“I would think so, the business courses that I have taught at UCT, definitely marketing was... is largely focused on larger businesses. I get who the business school is appealing to or pitching to from a market perspective, but when you come to talk about entrepreneurship as it is, you begin with the fact that an entrepreneur’s business is not just a small big business; you have to approach the idea of marketing... in fact you have to approach the idea of everything differently.”

(Dr Marks)

5.2.4.4 *Other observations (Appendix X)*

The experts also expressed a range of other opinions. These ranged from observations that entrepreneurs should hire a marketing professional as soon as they could as this would free up the entrepreneur to focus on other operational aspects of the business, to the observation that very little product or market research is conducted by entrepreneurs. Entrepreneurs often have no clear business objectives, and their marketing needs changed constantly. One expert made the observation that we need to develop more creative means to distribute marketing collateral to start-ups, and educate entrepreneurs about the need to correctly market their business.

“And in terms of the different functions, I think that be of marketing, I think that be, it’s further down the line. I think we still need to get our entrepreneurship mind-set amongst the people and highlight it as an option, because the way I see it at this point, we are quite academic, you must go to school, get your diploma, get your degree and find a job. There is no emphasis on ‘there is this other option of entrepreneurship and a viable option because wonga.com has done it’. For me that’s the gap that exists. They’re different functions that be marketing and whatever, for starters for me is to build that house because when you are that tuned, then the other things will fall into place much more easier and quicker.”

(Vuyo Ncwaibo)

5.2.5 In-depth interviews with SME and marketing experts – Summary

The experts noted that there was a disconnect between the level of marketing theory entrepreneurs and start-ups should have and what they actually possess. In their opinion, there was also a disconnect between the skills required to market a start-up and the skills actually possessed by many start-ups. They noted that entrepreneurs should possess some understanding of marketing theory prior to embarking on their enterprises. Importantly, they emphasised that early-stage entrepreneurs should understand the difference between marketing and sales, and the relationship between the two.

The experts noted that start-ups should obtain an understanding of the industry they plan on entering. They often underestimate the complexities of the market they plan to enter, and do not plan their entry. They should also realise when they do not possess the requisite skills to market their business, and either up-skill or seek outside expertise. Early-stage entrepreneurs should have a strategy and plan to acquire and retain customers. In the experts' opinion, start-ups need to be cognisant of their competitors, yet not completely focussed on them. Depending on the market and the operating environment, start-ups should also plan on how to counter competitors as and when required.

Entrepreneurs need to recognise the differences between an SME and a large business, and understand that the two types of businesses' marketing needs are very different. There are a number of different avenues and means start-ups can pursue in order to obtain the skill-sets required. There are also many small, effective marketing activities start-ups can use to gain maximum return for their expenditure.

The experts observed that established entrepreneurs have usually developed a sense of what their customers need and how to retain them, despite not having a customer retention and acquisition strategy. They observe their competition and strategise with their competitors in mind. Some successful entrepreneurs develop a sense of market orientation over time.

Finally it was observed that existing institutional set-ups and practices fail to adequately assist and guide start-ups on their entrepreneurial journeys, that most existing educational institutions do not adequately structure their courses to be aligned with the requirements of SMEs, and that there is a general lack of an entrepreneurial mind-set within South Africa.

Chapter 6 Discussion of Results

6.1 Introduction

In this chapter, the findings will be discussed. Each of the research questions described in Chapter 3 will be considered in turn, drawing together the current body of knowledge explored in Chapter 2 and the results outlined in Chapter 5. The analysis process will first analyse the appropriate body of literature, then investigate the results described in Chapter 5. Finally, the findings will be summarised.

6.2 Research Question One: How do entrepreneurs perceive marketing? (Appendix VII)

6.2.1 Entrepreneurs' understanding of marketing theory

6.2.1.1 Literature

The importance of a basic understanding of marketing theory and principles in small businesses was brought to light by Jocusen (2004). Fuller (1994) noted that the actual level of understanding of marketing theory amongst established entrepreneurs was poor. According to Carson (1990), SMEs often lack the ability to plan their marketing activity, which often results in limited strategic framework and weak processes, generally inherent characteristics of small firms. Small enterprises typically do not have clear marketing strategies or vision, and that which they do possess is usually not as well developed compared to larger more established organisations (Lipinski and Walsh, 2009).

6.2.1.2 Findings

As the respondents were all established entrepreneurs, the analysis began with an aggregated count of the response "Entrepreneur has a deep understanding of marketing principles". Eight respondents indicated that they currently possess a deep understanding of marketing principles, whilst five demonstrated only a basic understanding of marketing principles. The experts noted that established entrepreneurs often had no marketing strategy, lacked focus and strategic planning. The findings, particularly those from the established entrepreneurs, are not consistent with the literature.

6.2.2 Early-stage understanding of marketing principles

6.2.2.1 Literature

New ventures are unlikely to possess planned marketing processes or any significant marketing experience. Their small size also limits their marketing budget. These pressures in turn demand high levels of marketing effectiveness, given the limited budget (Lingelbach, Patino and Pitta, 2012). Management motivation, skills and abilities have an impact on how the business is managed, and the two most prevalent causes of failure amongst small businesses include inadequate management skills or poor knowledge of the business (including marketing the business), and insufficient capital (Ropega, 2011). Marketing is often viewed as a troublesome and problematic undertaking for SMEs (Krake, 2005). For many small businesses, management education in general and marketing education in particular is inherently problematic; these problems need to be addressed by means of adequate marketing education (McCartan-Quinn and Carson, 2003).

6.2.2.2 Findings

Very few respondents possessed a deep understanding of marketing principles when they first started their businesses. Those who did had typically received some type of formal training, or possessed prior experience, before starting up their business. Most respondents possessed limited or no understanding of marketing when they started up their businesses. The experts were of the opinion that most start-ups possess little or no understanding of marketing theory when they commence their business. The findings, with regards to marketing experience and processes, are consistent with the literature.

6.2.3 Early-stage understanding of the market to be entered

6.2.3.1 Literature

Creating new markets requires a significant investment of time and resources, and has many implications on the appropriate managerial processes (O'Connor and Rice, 2012). The dynamics of the market the start-up intends on entering needs to be comprehended (Markman and Phan, 2011). Critical decisions in the marketing function need to be made upon entering a new market, and personal relationships, networking and interpersonal relationships often play a key role upon entering a new market (Gruber, 2004). SMEs do possess the advantages of flexibility, speed and the eye for new market opportunities (Krake, 2005). Marketing planning for SMEs, which includes planning for the entry into new markets and segments, often does not occur in SMEs as they lack the planned co-

ordination and integration of functions, as well as time, as a result of the pressures from day-to-day management activities (Carson, 1990).

6.2.3.2 *Findings*

Most respondents had at best, a basic understanding of the market they planned to enter in the early stages of their businesses. Few, however, possessed a thorough understanding of their intended market. Those that did had acquired it through prior formal marketing training or previous exposure to the respective industry. The experts all agreed that most start-ups did not understand the markets they intended entering, and furthermore lacked familiarity with the industries they intended entering. The findings support the literature, in that most entrepreneurs did not adequately understand and plan according to the market they intended entering.

6.2.4 Early-stage positioning

6.2.4.1 *Literature*

Entrepreneurs are often poor planners, and positioning the start-up and its product or service offering is often neglected (Hisrich, 1992). The planning process carried out by entrepreneurs and small businesses tends to be more informal than with larger businesses (Coviello, Hamilton and Winklhofer, 2006). Small businesses should have some written documentation, and some sort of institutionalisation of their planning approach to improve the performance of their business (Brinckmann, Grichnik and Kapsa, 2010). Their plans, however, including any positioning plans, do need to be flexible.

6.2.4.2 *Findings*

Most respondents had at least a basic or implicit understanding of how to position their products and services in the start-up phases. They would appear to have gained this understanding as a result of understanding their business and their customers. The experts agreed that early-stage entrepreneurs should have some awareness and skill in positioning their products and services. However, they noted that a number of entrepreneurs don't have any skills or the knowledge to position their products or services. The findings did support the literature with regards to product and service positioning in the early stages of business. It was also apparent that a number of entrepreneurs gained skills in product and service positioning in the years since they founded their business.

6.2.5 Comprehension of the difference between marketing and sales

6.2.5.1 Literature

There is often confusion amongst entrepreneurs regarding the difference between marketing and sales (Brindley *et al.*, 2011; Hill, 2001a). Indeed, companies that know the distinction, and are marketing oriented, are concerned with costs and profits in addition to sales volumes (in other words, they seek profitable sales), and tend to outperform companies that focus solely on sales (Boag, 1987). In practice, SMEs are typically sales focused, and being driven by the pressing need to make a sale means they often do not market themselves (Holliman, Parrott and Roomi, 2010).

6.2.5.2 Findings

Most respondents had a limited understanding of the difference between marketing and sales. Due to the fact that only two respondents had received any formal marketing-related training, most had acquired their understanding from the day-to-day operations of their businesses. The experts were of the opinion that entrepreneurs often confuse marketing and sales, and that marketing and sales often work together in the early stages of the businesses' life. The findings support the literature, in that only a few of the entrepreneurs understood the difference between marketing and sales.

6.2.6 Research Question One: Summary

The findings confirm the literature in the sense that while most entrepreneurs did not possess a deep understanding of marketing as a discipline, they demonstrated a better tacit understanding than might have been expected from the literature. In terms of the other categories, the findings support the literature in that most respondents had little to no understanding of marketing principles, particularly in the early stages.

The findings also support the literature in that most respondents possessed limited or no understanding of the market they planned to enter. The lack of planning seems to be typical of many early-stage entrepreneurs, and resonates with the argument that business planning should entail elements of learning and needs to allow for contextual factors that influence start-ups, such as the newness of the firm and the cultural environment in which the firm operates (Brinckmann, Grichnik and Kapsa, 2010).

The finding that entrepreneurs often do not have formalised plans when starting their enterprise is supported by the literature. This could be due to the entrepreneurial tendency to not plan when starting up the business (Brinckmann, Grichnik and Kapsa, 2010). Additionally, the fact that most of the entrepreneurs did not fully understand the

difference between sales and marketing also confirms the literature: they typically focus on the sales function only. Entrepreneurs have to understand the differences between the two, including the fact that one is a function of the other.

6.3 Research Question Two: What is the role of marketing in the early stages of the business? (Appendix VIII)

This question sought to establish the role of marketing in the early stages of business. The rationale behind this question was grounded in literature that argued that marketing could contribute to an enterprise in the early stages. The role of marketing in small firms can typically be classed as three “thrusts”: marketing as culture, marketing as strategy and marketing as tactics (Romano and Ratnatunga, 1995). A lack of marketing is one of the reasons for business failure in the early stages of enterprise life (Ropega, 2011; Franco and Haase, 2009). Indeed, Gruber (2004) argues that marketing is a critical factor in the success of new ventures.

As one of the key business functions, there is a positive, yet limited, performance effect on start-ups that practice basic business planning amongst all key business functions; however, it is not as pronounced as it is with established businesses (Brinckmann, Grichnik and Kapsa, 2010). Start-ups need to ensure that they have a sound business plan in place before initiating marketing in order to reduce the hazards they are exposed to (Shane and Delmar, 2004). In founding environments, start-ups that spend adequate time planning all aspects of their ventures, including marketing, tend to perform better (Gruber, 2007).

6.3.1 Early-stage customer acquisition

6.3.1.1 Literature

Many start-ups have little or no business concept (Gruber, 2007), and as a result, any early-stage customer acquisition that occurs is by chance. Viewing customers as an intangible asset (Gupta and Lehmann, 2003), and having some sort of acquisition strategy, could be beneficial for the start-up. Whether through strategic, fast-acting but more costly, marketing investments or slower, cheaper word-of-mouth processes, companies require some strategy to acquire customers (Villanueva, Yoo and Hanssens, 2008). Recognising that customers have a lifetime value encourages employees and managers to take a long-term view of the customer, and value the relationship with a view to the long term (Gupta and Lehmann, 2003). Businesses that do not accurately account for the cost of acquiring their customers could be underperforming and at a

greater risk of failure, as they pay too much to acquire their customers (Finkelstein, 2001).

6.3.1.2 Findings

The findings support the literature in that eight respondents acquired their first customers by chance, having employed no particular strategy. The experts noted that entrepreneurs should have some sort of early-stage customer acquisition strategy, and that entrepreneurs typically did not pay enough attention to how they planned on acquiring their first customers. The findings are consistent with the literature in that most entrepreneurs neither understand the costs associated with acquiring customers, nor do they place a value on the customers they have acquired with a view to a long-term relationship. This can mean that the costs of customer acquisition are unnecessarily high for many SMEs, placing an additional financial burden on these SMEs.

6.3.2 Early-stage customer retention

6.3.2.1 Literature

Customer retention is another facet that is seldom planned for by SMEs. With little to no thought given to the retention and customer lifetime costs (Gupta and Lehmann, 2003; Bolton, Lemon and Verhoef, 2004), having some sort of retention strategy could be beneficial for the start-up. All customers have a lifetime value to a firm, Customer Lifetime Value or CLV (Kumar, Ramani and Bohling, 2004), and the value of the customer should be borne in mind when the firm first acquires the customer.

6.3.2.1 Findings

The findings support the literature in that most respondents had limited or no planning in terms of retaining customers in the early stages. The experts emphasised that entrepreneurs should have some sort of customer retention strategy in place in the early stages of business, as it is essential for them to attract and retain customers.

6.3.3 Early-stage competitor handling

6.3.3.1 Literature

Early-stage entrepreneurs should take heed of competitor analysis when they are planning their business (Brinckmann, Grichnik and Kapsa, 2010). Indeed, early-stage entrepreneurs whose business model challenges industry incumbents should consider adopting deliberate methods to avoid attracting attention from larger, more established

competitors (Lingelbach, Patino and Pitta, 2012). Narver and Slater (1990) note that a key marketing function is the collection of information about competitors and creating an adequate response to the information collected.

6.3.3.2 Findings

The findings are not consistent with the literature in that most entrepreneurs do not collect information about their competitors and therefore do not respond adequately to them. Eight respondents had limited or no planning in place regarding how to effectively respond to competitors during the early stages. This finding possibly means that there is a gap in the literature to explore why most entrepreneurs do not collect and respond to information about their competitors. The experts had mixed responses to this category; while they agreed that early-stage entrepreneurs should be aware of and understand competitors, they observed that they should not focus too much on them.

6.3.4 Early-stage marketing activities

6.3.4.1 Literature

Marketing activities in start-ups will most likely be focussed on networking and a few core product or service attributes (Carson, 1985; Carson and Gilmore, 2000). One of the general characteristics of a small firm are the limited marketing activities undertaken (McCartan-Quinn and Carson, 2003.) Marketing components are often uncoordinated, or performed in an integrative fashion, and often have virtually no promotional support (Carson, 1985).

6.3.4.2 Findings

The findings support the literature in the sense that seven respondents practiced limited or no marketing activities in the early stages. The experts were agreed that start-ups typically practice limited marketing activities, and do not do an adequate job of communicating their value proposition to the market.

6.3.5 Early-stage marketing activity planning

6.3.5.1 Literature

A characteristic of small businesses is that they tend to practice reactive rather than planned marketing (McCartan-Quinn and Carson, 2003). Small businesses sometimes carry out instinctive or intuitive marketing, but it lacks planning or forethought (Carson, 1985). Small businesses frequently do not place a high enough value on planning the

marketing activities necessary to generate additional income for the business. Furthermore, small business often lack the planning skills found in larger organisations, and this can be a factor in the failure of a small enterprise (Franco and Haase, 2009).

6.3.5.2 Findings

The findings support the literature in that most respondents practiced limited planning of any marketing activities in the early stages, and a number carried out no planning at all. Furthermore, any marketing activities tended to be sporadic, instinctive and unplanned. One unexpected finding was the number of entrepreneurs who had practiced some degree of marketing activities in the early stages of their business. In terms of the experts' opinion, one expert was of the opinion that entrepreneurs need to better communicate their value proposition to their market.

6.3.6 Early-stage marketing activity success

6.3.6.1 Literature

Successes, together with failures, formulate experience, which is one of four significant marketing competencies identified by (Carson and Gilmore, 2000). The day to day activities undertaken by entrepreneurs matter; the nature, quantity and sequence of these activities all contribute to the success of the enterprise (Carter, Gartner and Reynolds, 1996). Entrepreneurs who are able to offer stable attributions tend to be more successful in establishing their businesses, which can translate to the successes they experienced in marketing their business (Gatewood, Shaver and Gartner, 1995).

6.3.6.2 Findings

The findings support the literature in that only four respondents experienced any kind of significant success in the early stages that they could directly attribute to marketing activity.

6.3.7 Skills acquired in later business career that would have been useful in early stages of enterprise

6.3.7.1 Literature

The managerial competencies of SMEs need to continually adjust and evolve with the company and the industry in which it operates (Carson and Gilmore, 2000). Small firms tend to lack defined management skills and structure, and the management of small firms is typically a function of the owner's or managers' principles and expertise

(McCartan-Quinn and Carson, 2003).). New ventures often lack critical skills in marketing, particularly if the founding team is comprised of individuals with a technological background (Gruber, 2004).

6.3.7.2 Findings

The findings were consistent with the literature in that many of the entrepreneurs lacked marketing skills in the early stages, particularly if they had no training or exposure to marketing in the past. It was evident, however, that these skills can be learned, and acquired through experience. Seven of the entrepreneurs acquired significant marketing-related skills later on that would have been useful in the early stages. The experts noted that although marketing skills can be taught, they are important to have during the start-up phases of the business.

6.3.8 Responsible person for early-stage marketing activities

6.3.8.1 Literature

SMEs tend to not adopt an integrated approach to marketing (Holliman, Parrott and Roomi, 2010). This is most likely a result of start-ups not having a lot of resources at hand, and their tendency to focus on networking rather than a structured marketing (Harker and Lam, 2013). Marketing can, however, be practiced to some degree in new small businesses, even where the business owner or manager has little or no formal marketing education or training (Hogarth-Scott, Watson and Wilson, 1996).

6.3.8.2 Findings

Most of the respondents were solely responsible for marketing their business, and most tended to focus on networking rather than a more structured marketing approach, a finding consistent with the literature. Only two respondents had any assistance in the early stages of their business. This was due to a lack of available resources.

6.3.9 Early-stage entrepreneurial marketing expenditure

6.3.9.1 Literature

Entrepreneurs need to allocate time and resources periodically to analyse where their business is, where the market they operate in is heading and the future of their business (Hogarth-Scott, Watson and Wilson, 1996). Entrepreneurs tend to spend time and resources on marketing activities without even realising they are doing so (Reijonen,

2010). The time spent creating networks could be viewed as an expenditure in marketing activities in the early stages of business (Carson and Gilmore, 2000).

6.3.9.2 Findings

The findings were consistent with the literature in that most of the respondents practiced a limited spend on marketing, a spend in proportion to the turnover of their business, or time, in the early stages of their business. On the whole, they realised the value of investing in their business' future, and acted accordingly. The experts agreed that start-ups need to allocate spend towards marketing their business. However, they also mentioned that start-ups often failed to see the connection in the value they can receive if they market their business correctly. The findings are consistent with the literature in that start-ups do realise the value of allocating expenditure and resources, whether time or money, into marketing their business. Sometimes, however, entrepreneurs expend time and resources on marketing their business without necessarily naming it as a marketing activity.

6.3.10 Research Question Two: Summary

There was no consistency between the findings and the literature regarding early stage competitor strategies. Most respondents had not planned how to deal with competitors in the early phases of their business, whilst the literature suggests that early stage entrepreneurs should take note of and observe their competitors. The surviving entrepreneurs who were interviewed survived despite their lack of a competitor strategy. There is an opportunity for further research in this area, to better understand the reasons for their success.

An unexpected finding was the number of respondents who had practiced some form of marketing activity in the early stages of their start-up, indicating that they had at least a tacit understanding of the importance of marketing their business.

6.4 Research Question Three: What is the current role of marketing in their business? (Appendix IX)

Research question three sought to establish what the current role of marketing was in the business. The role of marketing in SMEs typically centres on customer engagement, networking and word of mouth communications (Resnick *et al.*, 2011). In addition, marketing planning in most SMEs is typically conducted on an ad-hoc basis (Carson, 1990). Lipinski and Walsh (2009) argue that the marketing function is not as well developed or influential in SMEs as it is in large organisations. They go on to state that

the marketing function has a role as a driver of competitive advantage, and they found that many SMEs don't allocate enough resources to enhance this role. According to O'Cass and Sok (2013), there are different capabilities an SME requires of the marketing role. They note that the complementary effects of the innovation, marketing, and learning capabilities can have a marked influence on the performance of an SME (O'Cass and Sok, 2013).

6.4.1 Current customer retention

6.4.1.1 Literature

Customer retention strategies should be based on the lifetime value of a customer. SMEs should therefore establish the lifetime value of a customer (Gupta and Lehmann, 2003). Once this is agreed on, the SME can use this information to effectively plan different marketing initiatives tailored to each different customer or customer groups (Kumar, Ramani and Bohling, 2004). Some academics argue that a customer that has been acquired and is still cost-effective to retain should be treated as an asset (Bolton, Lemon and Verhoef, 2004). SMEs can also leverage their networks to be part of their customer retention strategies (Carson, Gilmore and Grant, 2001).

6.4.1.2 Findings

About half of the respondents mentioned that they currently employed some form of customer retention strategy. They indicated comprehension of the importance of retaining a customer in order to maximise their returns. The findings support the literature in the sense that SMEs are aware of the value of retaining their customers, and a number have made efforts to retain their existing customers.

6.4.2 Current competitor handling

6.4.2.1 Literature

Successful entrepreneurs differentiate their business from their competitors by focusing on specific market segments, specifically positioning themselves in the minds of their customers, and providing the best solution to a specific need (Cant, 2012). Firms that actively market themselves are well aware of their competitors and, more importantly, the need to differentiate themselves (Carson and Cromie, 1990). Historically, SMEs have perceived a number of positions from which competitive advantages can be derived. These positions are: product quality, customer service, innovation through differentiation, competitive pricing, cost control, tailored offerings and focus on specific segments

(O'Donnell *et al.*, 2002). Some SMEs also include competitors in their networking activities (Carson, Gilmore and Grant, 2001).

6.4.2.2 Findings

The findings were not consistent with the literature in that most of the respondents occasionally tracked their competitors, whilst a few actively monitored their competition. Most respondents were aware of the necessity of tracking their competitors and their activities. The experts were in agreement that entrepreneurs should be aware of their competitors and monitor them to ensure they can establish key points of difference.

6.4.3 Current marketing activities

6.4.3.1 Literature

An observable difference exists between the marketing activities used by SMEs and the best practice as defined in academic theory (Holliman, Parrott and Roomi, 2010). In practice, entrepreneurs tend to rely overtly on their regional networks and their existing customer base for their marketing activities, and fail to gain deep insights into the true nature of their customers. In doing so, they often fail to capitalise on opportunities and possibilities to up sell to these customers (Holliman, Parrott and Roomi, 2010). In addition, marketing activities often take place without adequate controls and measures in place, and without the usefulness of a marketing structure (Boag, 1987). Some academics argue that SMEs should focus on the development and growth of networks, and on building relationships, for their marketing activities (Coviello, Brodie and Munro, 2000).

6.4.3.2 Findings

The findings were consistent with the literature in that nine respondents indicated that they currently carry out significant marketing activities, while slightly fewer indicated that their current marketing activities were limited. It is uncertain, however, whether best practice as defined in academic theory was used by the respondents or not. Determining this aspect fell outside the scope of this research project.

6.4.4 Current product/service research

6.4.4.1 Literature

Designing and developing marketing strategies requires determining the needs of the customer (market research) and what the business's competitive advantage is (market

research and strategy) (Cant, 2012). Developing market research techniques is part of the competency development process for SMEs (Carson and Gilmore, 2000). SMEs with an entrepreneurial marketing culture tend to use intuition for market sensing, whilst SMEs with an administrative culture tend to use formal market research (Deacon, Miles and Morrish, 2010).

6.4.4.2 Findings

The findings were consistent with the literature in terms of the level of research conducted by entrepreneurs with regards to improving their products and services. Eight respondents currently conduct research into the markets in which they operate. They did this in order to ensure they provide a better product or service for their customers, and to keep their business competitive.

6.4.5 Current market research

6.4.5.1 Literature

SMEs will often form networks, or join existing networks, in order to gather more information about the market in which they operate (Carson, Gilmore and Grant, 2001). More mature small businesses conduct some market research, particularly as they start developing better marketing control systems (Boag, 1987). Market research can be hindered by the difficulties faced by entrepreneurs in finding effective marketing and selling techniques that are both affordable and suited to their business. The media and techniques selected by SMEs tends to differ between communities, and SMEs that used formal media are satisfied with them (Romano and Ratnatunga, 1995).

6.4.5.2 Findings

The findings were consistent with the literature in that eight entrepreneurs actively research the market and environment in which they operate, while a number stated that they occasionally research the market.

6.4.6 Current marketing strategy

6.4.6.1 Literature

Managers of small businesses need to understand and develop appropriate marketing strategies for their businesses (Van Scheers, 2011). Most SMEs, however, do not possess a strategic orientation, even though the business owners might believe that they do (Holliman, Parrott and Roomi, 2010). Marketing as a strategy in small businesses can

be defined as “strategy development that enhances the actual and potential market position of these small enterprises” (Simpson and Taylor, 2002).

6.4.6.2 Findings

The findings were consistent with the literature. More than half the respondents currently employ a marketing strategy, even if not deliberately designed but instead a function of their own interpretation and understanding of marketing. Although they all saw the value of conducting marketing activities, such activities are not always focused or the best use of their limited resources. The experts noted that surviving entrepreneurs often have a sense of the market in which they operate, and of what would and what wouldn't work.

6.4.7 Current marketing activities

6.4.7.1 Literature

SMEs often lack a deeper understanding of their current marketing decision-making processes. This can lead to noticeable differences between the marketing activities conducted by SMEs and those of best practice as defined in academic theory (Holliman, Parrott and Roomi, 2010). Networking is a vital and intrinsic component of the marketing activities of many SMEs, and can be very effective (Carson, Gilmore and Grant, 2001).

6.4.7.2 Findings

The findings are consistent with the literature in that ten respondents indicated that they actively carry out marketing activities. The activities do vary from industry to industry, and are not always strategic.

6.4.8 Responsible person for current marketing

6.4.8.1 Literature

Owners and managers of small businesses should set the building and management of their brand high on their list of priorities, as a strong brand is an excellent way for the business to distinguish itself from its competitors (Krake, 2005). Small business owners who lack adequate marketing skills, and those who have not adequately marketed themselves, have a diminished chance of succeeding (Van Scheers, 2011). There is a direct correlation between SMEs that have developed significant market-based resources and the managerial capabilities on hand (Hooley *et al.*, 2005).

6.4.8.2 Findings

Ten respondents stated that they were responsible for current marketing activities, and six mentioned that dedicated staff perform the marketing function of their business. Many acknowledged the importance of designating the responsibility of marketing, either to themselves or to a dedicated staff member, a finding supported by the literature.

6.4.9 Current Marketing Expenditure

6.4.9.1 Literature

SMEs can have a tendency to misunderstand their marketing strengths, and can therefore adopt a narrow short-term view of promotions (Holliman, Parrott and Roomi, 2010). Small firms face limited resources, and these constraints can have a bearing on kind of marketing activities carried out by the firms as they limit expenditure (Carson, 1990).

6.4.9.2 Findings

The findings are not consistent with the literature. Nine respondents indicated that they had allocated significant expenditure relative to their turnover toward marketing their business, the rationale being that they attached a large degree of importance toward marketing their business and understood the value behind the investment. Whilst the respondents spent a significant portion of their turnover on marketing, several were still faced with comparatively restricted marketing expenditure, and would rely on their networks and other means to market their businesses, a finding supported by the literature.

6.4.10 Current contribution to business success by marketing activities

6.4.10.1 Literature

When the marketing activities of SMEs do not bear the desired results, entrepreneurs often fail to understand the reasons behind their campaign's lack of success (Holliman, Parrott and Roomi, 2010). Whilst marketing their businesses, SMEs can sometimes lose focus of the "true" nature of their customers, and by relying too much on regional networks and their existing customer base could potentially be failing to capitalise on opportunities and possibilities to cross sell and up sell (Holliman, Parrott and Roomi, 2010). Small firms should adopt the marketing theories and methods best suited to their circumstances, and experiment with different marketing methods at different stages of their development (Carson, 1990). Small businesses typically pay little attention to

planning marketing activities, and instead are more reactionary, especially to crises (Carson, 1990). Networking is typically an inherent tool, and a marketing competence that SMEs can and should develop as an effective marketing activity (Carson, Gilmore and Grant, 2001).

6.4.10.2 Findings

The findings are consistent with the literature in that twelve respondents were of the opinion that the marketing activities they had conducted to date had contributed toward the current success of their business. All the respondents had undertaken some form of marketing activity, usually networking. However, by not strategically adopting the right marketing theories and methods, they could be failing to capitalise on opportunities to generate more revenue from existing customers and capture revenue from new customers.

6.4.11 Research Question Three: Summary

Respondents allocated a large percentage of their expenditure to marketing activities, a finding that was unexpected. This is possibly a result of the competitive environments in which these businesses operate, and perhaps a tacit understanding of the need to market their business. However, simply allocating more resources is not enough, as these resources need to be used efficiently and strategically,

All respondents relied heavily on networking, the one activity that was common to all them. This finding differed from the literature in that entrepreneurs need to expend resources into developing and expanding their customer, supplier and industry networks. This suggests that networking is an important marketing activity for start-ups.

The entrepreneurs could see the value of conducting market research, and most said they actively carry out research to improve their product or service, which was consistent with the literature. However, the manner in which they conduct their market research needs to be adapted for their respective markets; they should not adopt a “one size fits all” approach. SMEs that have a more developed understanding of marketing tend to have a more proactive approach toward market research.

6.5 Research Question Four: Is there a perceived relationship between an understanding of marketing theory and the performance of an SME? (Appendix X)

In South Africa, marketing skills and business knowledge are an indication of how well an entrepreneur can perform the tasks and activities related to the functioning of a business (Van Scheers, 2011). Cant (2012) notes that there is a positive correlation between the success of SMEs and the marketing skills of the owners or managers. Smart and Conant (1994) empirically demonstrated that business people with a higher entrepreneurial orientation reported a greater possession of distinctive marketing competencies. Narver and Slater (2000) identified a positive relationship between market orientation, which is a customer-centric business culture, and business profitability. Hansen and Hamilton (2011) identify four key factors of growth in small firms, namely: opportunistic perceptions of their environment, controlled growth ambition, a developed culture of innovation and flexibility, and extensive use of private business networks.

Kirby and Siu (1998) identify four different approaches to small firm marketing, namely the stages/growth model, a management style approach, a management function approach and a contingency approach. They observed that the stages/growth model, which suggests that any model of small firm marketing must take into account the stage of development of the business, requires entrepreneurs with some prior marketing education, and will introduce – and benefit from introducing – a professional marketing approach from the beginning.

6.5.1 Literature

Entrepreneurs who have an innate sense of marketing and its relationship to the environment in which they operate, will have a market-oriented business. This is a business culture that produces outstanding results and superior value to customers (Narver and Slater, 2000). SMEs often have implicit marketing plans embedded in their operations and within the minds of their owners or managers (Keskin, 2003). A learning orientation had a positive influence on an SMEs innovativeness, and shared vision, commitment and knowledge-sharing facilitate firms to try out new ideas, seek new ways to do things, develop and launch new products or services (Keskin, 2003). SMEs tend to regard marketing as a separate activity within the business, as well as an activity to be accessed on an opportunist basis rather than as an intrinsic part of the business function (Brindley *et al.*, 2011). The management function approach, as described by Kirby and Siu (1998), acknowledges that marketing is both an important function and an essential

concept in small firm growth and survival. Simpson and Taylor (2002) suggest that SMEs can consciously become marketing-led organisations by taking one of three routes or strategies on their road to becoming a marketing-led organisation (see Figure 3).

6.5.2 Findings

Most respondents had started their businesses without any formal training in the discipline of marketing (see Appendix VIII). Over time, as their businesses matured and their experience levels increased, many started to display behaviour that would suggest at least a basic understanding of marketing theory, or in some cases an advanced understanding (see Appendix VIII) that would have been garnered over the course of their entrepreneurial journeys (see Appendix IX).

For example, almost all of the respondents currently carry out marketing activities, researching product improvements and the market in which they operate. Most acknowledged that marketing activities have had a significant contribution to the success of their business (see Appendix IX). The experts agreed that some established entrepreneurs did indeed possess a sense of what would and would not work for their business in its particular context in the marketplace (see Appendix X).

6.5.3 Research Question Four: Summary

Entrepreneurs can learn or acquire the skills needed to market their business, or develop it through an innate sense of market orientation. The findings correlate with the literature in that entrepreneurs can develop skills akin to a basic understanding of marketing theory, applying them to their businesses, influencing performance as a result.

Only two of the respondents interviewed had any form of formal training in marketing, and a few more had an early stage understanding of marketing principles. Given that almost all of the respondents currently possess some degree of marketing principles, the conclusion is that surviving entrepreneurs can develop the innate skills required to successfully market their business. This finding concurs with Harker and Lam (2013), who observe that SMEs tend to acquire new skill-sets as their business matures, and that, in time, these skill-sets can align with market developments and product developments.

However, the skill-sets acquired by most of the respondents were limited, and they still lacked the understanding of some key marketing principles. The interviews with the experts revealed that many educational training programmes available are geared

toward the marketing practices of large enterprises and therefore not suited to small businesses, a fact noted by Cant (2012) and Van Scheers (2011).

Small businesses have different marketing needs to those of large businesses, and therefore their needs have to be addressed in a different manner (Carson, Gilmore and Grant, 2001). This was also noted in the interviews with the marketing experts; existing marketing educational practices are not always suited to the needs of a small business or startups, and would need to be adapted accordingly. By extension, it can be argued that most existing and well-recognised works, by authors such as Kotler and Keller (2011; 2012) upon which many graduate level courses are based, need to be augmented with marketing content better suited to small businesses and start-ups.

6.6 Conclusion

The findings suggest that entrepreneurs generally don't formally plan their ventures prior to entering their chosen market, and neither do they adequately monitor and respond to their competitors' activities. A number of respondents did, however, practice some form of marketing activity in the early stages of their start-ups. This suggests that entrepreneurs have a better a tacit understanding of the role of marketing in their business than the literature reviewed for this study would lead one to believe.

The finding suggest that entrepreneurs contribute more expenditure toward marketing activities than has been previously demonstrated in the literature. Again, this could be a result of a tacit understanding of marketing being developed over time. Related to this is an indication that the marketing activity most used by entrepreneurs in the start-up phase is networking. This is interesting, and would be a possible area of future research. In terms of education, the findings suggest that the marketing component of business courses can be expanded to provide prospective entrepreneurs with a more comprehensive model of tools they would require to market their enterprises.

Chapter 7 Conclusions and Recommendations

7.1 Introduction

In Chapter 6 we discussed the research findings in the context of the existing literature on marketing activities undertaken in the early stages of business. This chapter will briefly re-look at the objectives set out at the start of the research project, as well as the research background to the particular research problems. This will be followed by a summary of the main findings, outlining selected managerial recommendations to business as well as to all the stakeholders in start-ups and SMEs, examining the limitations of the research, and suggesting considerations for future research. Finally, the conclusion to the research will be presented.

7.2 Findings

7.2.1 Research Question One: How do entrepreneurs perceive marketing?

The research project found that entrepreneurs had the following perceptions about marketing as a discipline: they tend to confuse marketing and sales; they do not have any kind of strategy on entering their respective markets.

The findings suggest that entrepreneurs do not always explicitly understand what marketing is, as a discipline. The level of understanding of marketing principles possessed by the entrepreneurs interviewed was limited, and evidence indicated that it was almost non-existent in the early stages of their business. Respondents that did have some level of understanding had acquired it during the course of their career, or from prior training. Entrepreneurs are often unprepared as they start-up their ventures, with many not planning their entry into the markets they plan to operate in, or identifying the resources their enterprise requires in order to succeed. Interestingly, the survival rate of respondents who had not undertaken any prior marketing planning suggests that planning is not as important for start-ups as the literature reviewed suggests.

To conclude, most entrepreneurs have a limited understanding of marketing as a discipline, and their perceptions of marketing are clouded by a confusion between the marketing and sales functions. This appears to lead the organisation to being driven by the pressing needs to make short term sales rather than building the foundations of a more sustainable marketing-driven organisation.

7.2.2 Research Question Two: What is the role of marketing in the early stages of the business??

As most early-stage entrepreneurs lack formal training in marketing or prior experience, the marketing of their enterprises tends to not be a priority. If start-ups practice any marketing activities, they tend to be limited and sporadic. Most entrepreneurs are solely responsible for the marketing of their businesses in the start-up phase; they either cannot afford to bring in additional assistance or do not recognise the value of bringing in assistance. In the early stages of business, entrepreneurs will often rely on networking rather than more structured marketing practices, and they do not plan their marketing activities strategically.

There is interesting debate around the efficacy of planning in small businesses, some proponents argue that small businesses should plan their activities strategically upfront, and that strategic planning had an effect on the firms' performance (Ackelsberg, 1985; Kraus, Harms and Schwartz, 2006). On the other hand, there is the argument that small businesses should allow for more flexible planning, encouraging adaptation (Brinckmann, Grichnik and Kapsa, 2010). In practice, most entrepreneurs practice very few strategic marketing planning in the early stages of their businesses.

To conclude, marketing plays a very limited role in the early stages of most SMEs, despite the reported benefits that it can have.

7.2.3 Research Question Three: What is the current role of marketing in their business?

With experience and over time, entrepreneurs have implicitly started marketing their businesses. Many employ some degree of marketing strategy, even if it's not explicitly stated but is rather practiced in their day-to-day activities, actions and interactions with all stakeholders. The importance of marketing their businesses is demonstrated by the allocation of resources, both in terms of time and finance, to the function.

In conclusion, most surviving entrepreneurs, even without formal training in marketing or any training or exposure before starting their enterprises, learn the importance of marketing their businesses and begin to do so.

7.2.4 Research Question Four: Is there a perceived relationship between an understanding of marketing theory and the performance of an SME?

Despite the lack of formal training in marketing, most of the respondents had started to develop an understanding of marketing theory that they began to apply to their

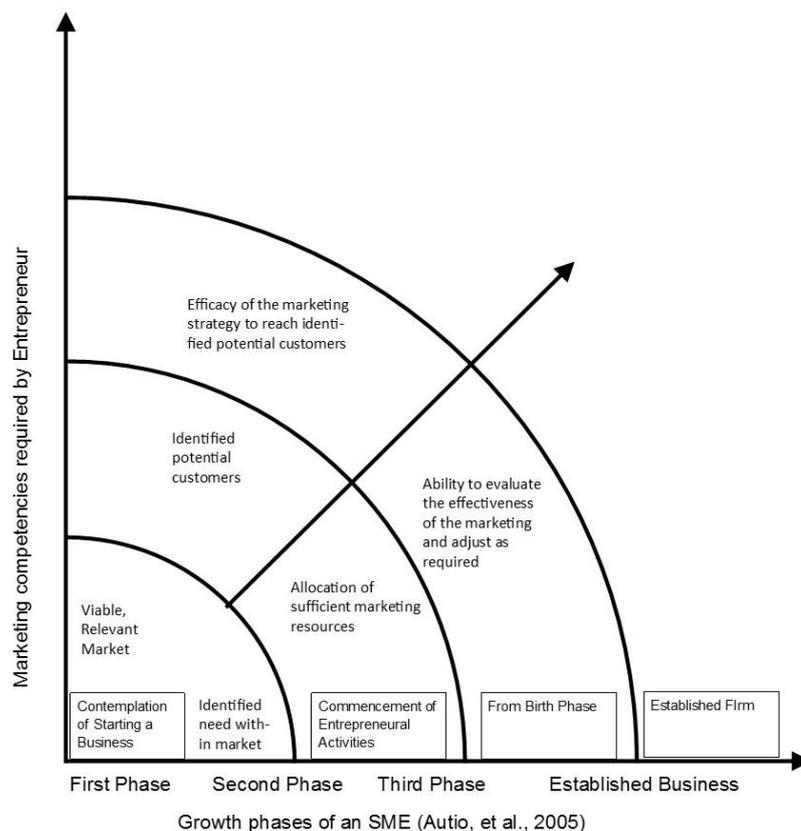
businesses, thereby improving performance. The distinct needs of small businesses, in comparison to larger businesses, means that most marketing theory is not always applicable to smaller businesses, and should be adjusted to better suit the needs of smaller businesses.

In conclusion, entrepreneurs can implicitly develop an understanding of some aspects of marketing theory as their businesses mature. There is definitely relationship between understanding marketing theory and the performance of an SME.

7.2.5 Proposed framework for SME marketing in the early stages of business

On the basis of the results related to research question one (understanding) and research question two (the role of marketing in the early stage of business), the research report proposes a marketing framework that start-ups, SMEs and institutions could use as a reference tool and guideline during the start-up phase of an SME. The proposed framework should provide a starting point for most early-stage entrepreneurs to start thinking about a) how they will market their business, and b) the competencies they will require in the different growth phases to evaluate the efficacy of their marketing effort. The proposed framework is illustrated in Figure 4 below.

Figure 4: Marketing framework required during the growth phases of an SME to improve the chances of success



The proposed framework utilises the growth phases of a business as described in Chapter 2 by Autio *et al.* (2005). In the first growth phase, when the potential entrepreneur is contemplating starting their business, the two marketing competencies most required are the ability to identify a viable, relevant and accessible market, and the ability to identify a need within that market that the entrepreneur can meet, which can potentially provide a return.

In the second growth phase, when the entrepreneur has committed to starting their business, the key competencies identified include the identification of potential customers, and the allocation of sufficient marketing resources. The marketing resources the entrepreneur needs to commit are not only monetary, but also manpower and expertise. If the entrepreneur does not possess the expertise, they should allow for the cost of bringing it in.

In the third growth phase, the firm birth phase when the entrepreneur has actually started the business, the key competencies identified include: the establishment of an effective marketing strategy, aligned with the objectives of the SME yet not onerous to implement and flexible to change; the ability to place realistic metrics on the marketing strategy and activate it. The entrepreneur will need to be able to evaluate the effectiveness of the marketing strategy and adjust it as required.

7.3 Recommendations to Entrepreneurs

Stemming from the findings, the following recommendations apply to entrepreneurs of early-stage SMEs:

- prepare a basic entry and marketing plan before entering into a new marketplace;
- identify and monitor competitors and their activities.
- allocate sufficient resources to marketing activities, including time and manpower;
- establish and build networks of customers, suppliers and industry players;
- establish available marketing competencies. Determine if there are competencies that need to be developed.

7.4 Recommendations for Future Research

There are several recommendations for future research. They are:

- The research study only reviewed a small sample of the total population of SMEs in South Africa. Future research could be expanded to include more SMEs in South Africa, or the study can be replicated in other countries.

- The research study only tested operational SMEs. Future research could test the marketing activities of failed SMEs or SMEs in the early start-up phase.
- The research study only surveyed surviving SMEs that were paying salaries. Future research could broaden the definition of successful SMEs.
- The research study only tested SMEs willing to participate, therefore introducing a self-selection bias. Future research can include a means by which to survey a wider spread of SMEs
- The research study only tested SMEs started and owned by white South Africans. Future research can expand the survey base to include a more diverse demographic spread of owners..
- Future research could investigate how the content of marketing courses to nascent entrepreneurs could be improved and adapted to be more applicable for the South African context.

7.5 Conclusions

A lack of marketing planning in the phases leading up to and including the start-up of a business does not appear to have a significant impact on the survival rate of the business. The use of ad-hoc marketing activities in the early stages may counter the need for formal marketing planning. Whilst it helps to have a degree of flexibility in terms of planning for marketing, some elements of planning will enable entrepreneurs to gain that vital early cash flow required to keep their business solvent and, ultimately, thrive.

Over time, the knowledge of how to market the business can be acquired, and can influence the allocation of a more significant percentage of expenditure towards marketing. Finally, networking is a vital skill that can be harnessed in marketing SMEs, particularly in the early stages.

References

- Aaboen, L., Dubois, A., & Lind, F. (2013). Strategizing as networking for new ventures. *Industrial Marketing Management*, 42, 1033 - 1041.
- Abor, J. (2007). Debt policy and performance of SMEs: Evidence from Ghanaian and South African firms. *The Journal of Risk Finance*, 8(4), 364-379.
- Ackelsberg, R. (1985). Small Businesses Do Plan and It Pays Off. *Long Range Planning*, 18(5), 61-67.
- American Marketing Association. (2014, October 11). *About AMA*. Retrieved from American Marketing Association : <https://www.ama.org/AboutAMA/Pages/Definition-of-Marketing.aspx>
- Appiah-Adu, K., & Singh, S. (1998). Customer orientation and performance: a study of SMEs. *Management Decision*, 6(36), 385-394.
- Autio, E., Bosma, N., Chin, N., De Bono, N., Hunt, S., Lopez-Garcia, P., . . . Servais, I. (2005). Global Entrepreneurship Monitor: Data Collection Design and Implementation 1998 - 2003. *Small Business Economics*, 24(3), 205-231.
- Ayyagari, M., Beck, T., & Demirguc-Kunt, A. (2007). Small and Medium Enterprises across the Globe. *Small Business Economics*(29), 415-434. doi:0.1007/s11187-006-9002-5
- Barrett, M., Mayam, M., Morse, J. M., Olson, K., & Spiers, J. (2002). Verification Strategies for Establishing Reliability and Validity in Qualitative Research. *International Journal of Qualitative Methods*, 1(2).
- Blankson, C., Levenburg, N. M., & Motwani, J. G. (2006). Understanding the patterns of market orientation among small businesses. *Marketing Intelligence & Planning*, 24(6), 572-590.
- Boag, D. A. (1987). Marketing Control and Performance in Early-Growth Companies. *Journal of Business Venturing*, 2, 365-379.
- Bolton, R. N., Lemon, K. N., & Verhoef, P. C. (2004). The Theoretical Underpinnings of Customer Asset Management: A Framework and Propositions for Future Research. *Journal of the Academy of Marketing Science*, 32(3), 271-292.
- Brinckmann, J., Grichnik, D., & Kapsa, D. (2010). Should entrepreneurs plan or just storm the castle? A meta-analysis on contextual factors impacting the business planning–performance relationship in small firms. *Journal of Business Venturing*, 25, 24-40.
- Brindley, C., Cheng, R., Foster, C., & Resnick, S. (2011). Aligning teaching and practice: a study of SME marketing. *Journal of Research in Marketing and Entrepreneurship*, 13(1), 37-46.

- Brown, G., Green, K. W., Inman, R. A., & Willis, T. H. (2005). Market Orientation: relation to structure and performance. *Journal of Business & Industrial Marketing*, 20(6), 276-284. doi:10.1108/08858620510618110
- Bruce, R., & Scott, M. (1987). Five stages of growth in small business. *Long Range Planning*, 20(3), 45-52.
- Business Network International (BNI) South Africa. (2014, February 23). *Business Network International (BNI) South Africa*. Retrieved from Business Network International (BNI): <http://bni.co.za/>
- Cant, M. (2012). Challenges Faced by SME's In South Africa: Are Marketing Skills Needed? *International Business & Economics Research Journal*, 11(10), 1107-1116.
- Cant, M., van Heerden, C., Ngambi, H., Nieuwenhuizen, C., Roberts-Lombard, M., Brink, A., . . . Machado, R. (2010). *Marketing Management A South African Perspective First Edition*. Cape Town: Juta & Co.
- Carson, D. (1990). Some Exploratory Models for Assessing Small Firms' Marketing Performance (A Qualitative Approach). *European Journal of Marketing*, 24(11), 8-51.
- Carson, D. J. (1985). The Evolution of Marketing in Small Firms. *European Journal of Marketing*, 19(5), 7-16.
- Carson, D., & Cromie, S. (1990). Marketing planning in small enterprises: a model and some empirical evidence. *The Journal of Consumer Marketing*, 7(3), 5 - 18.
- Carson, D., & Gilmore, A. (2000). Marketing at the Interface: Not 'What' but 'How'. *Journal of Marketing Theory and Practice*, 8(2), 1-7.
- Carson, D., & Gilmore, A. (2000). SME marketing management competencies. *International Business Review*, 9, 363-382.
- Carson, D., Gilmore, A., & Grant, K. (2001). SME Marketing in practice. *Marketing intelligence and planning*, 19(1), 6-11.
- Carson, D., Gilmore, A., & O'Dwyer, M. (2009). Innovative marketing in SMEs. *European Journal of Marketing*, 43(1/2), 46-61.
- Carson, D., Gilmore, A., Cummins, D., O'Donnell, A., & Grant, K. (1998). Price setting in SMEs: some empirical findings. *Journal of Product & Brand Management*, 7, 74 - 86.
- Carter, N. M., Gartner, W. B., & Reynolds, P. D. (1996). Exploring Start-up Event Sequences. *Journal of Business Venturing*, 11, 151-166.
- Churchill, N. C., & Lewis, V. L. (1983). The five stages of small business growth. *Harvard business review*, 61(3), 30-50.

- Clark, V. L., Creswell, J. W., Hanson, W. E., & Morales, A. (2007). Qualitative Research Designs: Selection and Implementation. *The Counseling Psychologist*, 35(2), 236-264.
- Cooper, D. R., & Schindler, P. S. (2001). *Business Research Methods* (Seventh ed.). New York: McGraw-Hill Higher Education.
- Cossio-Silva, F. J., Martin-Ruiz, D., & Vega-Vasquez, M. (2012). Does the firm's market orientation behaviour influence innovation's success? *Management Decision*, 50(8), 1445-1464. doi:10.1108/00251741211262024
- Coviello, N. E., Brodie, R. J., & Munro, H. J. (2000). An investigation of marketing practice by firm size. *Journal of Business Venturing*, 15, 523 - 545.
- Coviello, N., Hamilton, K., & Winklhofer, H. (2006). Marketing practices and performance of small service firms. *Journal of Service Research*, 9(1), 38-58.
- Cromie, S. (1994). Entrepreneurship: The Role of the individual in small business development. *IBAR, Irish Business and administrative Research*, 15, 62-75.
- Deacon, J. H., Miles, M. P., & Morrish, S. C. (2010, July). Entrepreneurial Marketing: acknowledging the entrepreneur and customer-centric interrelationship. *Journal of Strategic Marketing*, 18(4), 303-316.
- Devers, K. J., & Frankel, R. M. (2000). Study Design in Qualitative Research - 2: Sampling and Data Collection Strategies. *Education for Health*, 13(2), 263-271.
- Finkelstein, S. (2001). Internet startups: so why can't they win? *Journal of Business Strategy*, 22(4), 16-21.
- Franco, M., & Haase, H. (2009). Failure factors in small and medium-sized enterprises: qualitative study from an attributional perspective. *International Entrepreneurship and Management Journal*, 6(4), 503-521.
- Friedmann, R., & Olavarrieta, S. (2008). Market orientation, knowledge-related resources and firm performance. *Journal of Business Research*, 61, 623-630.
- Fuller, P. B. (1994). Assessing Marketing in Small and Medium-sized Enterprises. *European Journal of Marketing*, 28(12), 31-49.
- Gatewood, E. J., Shaver, K. G., & Gartner, W. B. (1995). A longitudinal study of cognitive factors influencing start-up behaviors and success at venture creation. *Journal of Business Venturing*, 10, 371-391.
- Gruber, M. (2004). Marketing in New Ventures: Theory and Empirical Evidence. *Schmalenbach Business Review*, 56, 164-199.
- Gruber, M. (2007). Uncovering the value of planning in new venture creation: A process and contingency perspective. *Journal of Business Venturing*, 22, 782 - 807.

- Gupta, S., & Lehmann, D. R. (2003). Customers as assets. *Journal of interactive marketing*, 17(1), 9-24.
- Hansen, B., & Hamilton, R. T. (2011). Factors distinguishing small firm growers and non-growers. *International Small Business Journal*, 29(3), 278-294.
- Harker, M., & Lam, W. (2013). Marketing and entrepreneurship: An integrated view from the entrepreneur's perspective. *International Small Business Journal*, 1-28.
- Harris, L. C. (2000). The organizational barriers to developing market orientation. *European Journal of Marketing*, 34(5/6), 598 - 624.
- Harrison-Walker, L. J. (2001). The measurement of a market orientation and its impact on business performance. *Journal of Business Venturing*, 6(2), 139-172.
- Herrington, M., & Kew, J. (2013). *GEM 2013 South African Report*. Cape Town: The UCT Development Unit for New Enterprise.
- Herrington, M., & Turton, N. (2012, December 12). *Global Entrepreneurship Monitor South Africa 2012*. Retrieved from Global Entrepreneurship Monitor: <http://www.gemconsortium.org/docs/download/2801>
- Herrington, M., Kew, J., & Kew, P. (2009). *Tracking entrepreneurship in South Africa: A GEM Perspective*. Global Entrepreneurship Monitor (GEM).
- Hill, J. (2001a). A multidimensional study of the key determinants of effective SME marketing activity: Part 1. *International Journal of Entrepreneurial Behaviour & Research*, 7(5), 171-204.
- Hill, J. (2001b). A multidimensional study of the key determinants of effective SME marketing activity: Part 2. *International Journal of Entrepreneurial Behaviour & Research*, 7(6), 211-235.
- Hisrich, R. D. (1992). The Need for Marketing in Entrepreneurship. *Journal of Business & Industrial Marketing*, 7(3), 53-57.
- Hogarth-Scott, S., Watson, K., & Wilson, N. (1996). Do small business have to practice marketing to survive and grow? *Marketing intelligence and planning*, 14(1), 6-18.
- Holliman, D., Parrott, G., & Roomi, A. M. (2010). An analysis of marketing programmes adopted by regional small and medium-sized enterprises. *Journal of Small Business and Enterprise Development*, 17(2), 184-203.
- Hooley, J. G., Greenley, G. E., Cadogan, J. W., & Fahy, J. (2005). The performance impact of marketing resources. *Journal of Business Research*, 58, 18-27.
- Jocumsen, G. (2004). How do small business managers make strategic marketing decisions? *European Journal of Marketing*, 38(5/6), 659-674.

- Jones, R., & Rowley, J. (2011). Entrepreneurial marketing in small businesses: A conceptual exploration. *International Small Business Journal*, 29(1), 25-36.
- Keh, H., Nguyen, T., & Ng, H. (2007). The effects of entrepreneurial orientation and marketing information on the performance of SMEs. *Journal of Business Venturing*, 22, 592-611.
doi:10.1016/j.jbusvent.2006.05.003
- Keskin, H. (2003). Market orientation, learning orientation, and innovation capabilities in SMEs: An extended model. *European Journal of Innovation Management*, 9(4), 396-417.
doi:10.1108/14601060610707849
- Kirby, D. A., & Siu, W.-s. (1998). Approaches to small firm marketing - A Critique. *European Journal of Marketing*, 32(1/2), 40-60.
- Komppula, R., & Reijonen, H. (2010). The adoption of market orientation in SMEs: required capabilities and relation to success. *Journal of Strategic Marketing*, 18(1), 19-37.
doi:10.1080/09652540903511282
- Kotler, P., & Keller, K. (2011). *Marketing management 14th edition*. Prentice Hall.
- Kotler, P., & Keller, K. L. (2012). *A framework for marketing management*. Harlow, Essex: Pearson Education Limited.
- Krake, F. B. (2005). Successful brand management in SMEs: a new theory and practical hints. *Journal of Product & Brand Management*, 14(4), 228-238.
- Kraus, S., Harms, R., & Schwartz, E. J. (2006). Strategic planning in smaller enterprises - new empirical findings. *Management Research News*, 29(6), 334 - 344.
- Kumar, V., Ramani, G., & Bohling, T. (2004). Customer Lifetime Value Approaches and Best Practice Applications. *Journal of Interactive Marketing*, 18(3), 60-72.
- La Rocca, A., Ford, D., & Snehota, I. (2013). Initial relationship development in new business ventures. *Industrial Marketing Management*, 42, 1025 - 1082.
- LaForge, R. W., Morris, M. H., & Schindehutte, M. (2002). Entrepreneurial marketing: A construct for integrating emerging entrepreneurship and marketing perspectives. *Journal of marketing theory and practice*, 10(4), 1-19.
- Lingelbach, D., Patino, A., & Pitta, D. A. (2012). The emergence of marketing in Millennial new ventures", *Journal of Consumer Marketing*, 29(2), 136 - 145.
- Lipinski, J., & Walsh, M. F. (2009). The role of the marketing function in small and medium sized enterprises. *Journal of Small Business and Enterprise Development*, 16(4), 569-585.
- Lye, A., Merrilees, B., & Rundle-Thiele, S. (2011). Marketing capabilities: Antecedents and implications for B2B SME performance. *Industrial Marketing Management*, 40, 368-375.

- Markman, G., & Phan, P. H. (2011). *The competitive dynamics of entrepreneurial market entry*. Edward Elgar Publishing.
- Maxwell, A. L., Jeffrey, S. A., & Levesque, M. (2011). Business angel early stage decision making. *Journal of Business Venturing, 26*, 212-225.
- Maxwell, J. A. (2012). Conceptual Framework - What Do You Think is Going On? In J. A. Maxwell, *Qualitative Research Design: An Interactive Approach: An Interactive Approach*. (pp. 39 - 72). Thousand Oaks, California, USA: SAGE Publications Inc.
- McCartan-Quinn, D., & Carson, D. (2003). Issues which impact upon marketing in the small firm. *Small Business Economics, 21*, 201-213.
- Narver, J. C., & Slater, S. F. (1990). The effect of a market orientation on business profitability. *Journal of Marketing, 20*-35.
- Narver, J. C., & Slater, S. F. (2000). The positive effect of a market orientation on business profitability: a balanced replication. *Journal of business research, 48*, 69-73.
- O'Cass, A., & Sok, P. (2013). The role of intellectual resources, product innovation capability, reputational resources and marketing capability combinations in SME growth. *International Small Business Journal, 0(0)*, 1-23.
- O'Connor, G. C., & Rice, M. P. (2012). New Market Creation for Breakthrough Innovations: Enabling and Constraining Mechanisms. *Journal of Product Innovation, 30(2)*, 209-227.
- O'Donnell, A., Gilmore, A., Carson, D., & Cummins, D. (2002). Competitive advantage in small to medium sized enterprises. *Journal of Strategic Marketing, 205*-223.
- Palmer, A. (2012). *Introduction to Marketing 3rd Edition*. Oxford, United Kingdom: Oxford University Press.
- Parnell, J., & Spillian, J. (2006). Marketing Resources and Firm Performance Among SMEs. *European Management Journal, 24(2-3)*, 236-245.
- Reijonen, H. (2010). Do all SME's practice same kind of marketing? *Journal of Small Business and Enterprise Development, 17(2)*, 279-293.
- Resnick, S., Cheng, R., Brindley, C., & Foster, C. (2011). Aligning teaching and practice: a study of SME marketing. *Journal of Research in Marketing and Entrepreneurship, 13(1)*, 37-46.
- Ritchie, J., & Lewis, J. (2003). *Qualitative research practice: A guide for social science students and researchers*. (J. Ritchie, & J. Lewis, Eds.) London, UK: Sage.
- Ropega, J. (2011). The reasons and symptoms of failure in SMEs. *International advances in economic research, 14(4)*, 476-483.
- Saunders, M., & Lewis, P. (2012). *Doing Research in Business and Management*. Edinburgh Gate: Pearson.

- Schollhammer, H., & Kuriloff, A. (1979). *Entrepreneurship and Small Business Management*. New York: John Wiley and Sons Inc.
- Shane, S., & Delmar, F. (2004). Planning for the market: business planning before marketing and the continuation of organizing efforts. *Journal of Business Venturing, 19*, 767-785.
- Simpson, M., & Taylor, N. (2002). The role and relevance of marketing in SMEs: towards a new model. *Journal of Small Business and Enterprise Development, 9*(4), 370-382.
- Simpson, M., Padmore, J., & Frecknall-Hughes, J. (2006). Marketing in small and medium sized enterprises. *International Journal of Entrepreneurial Behaviour & Research, 12*(6), 361-387.
- Smart, D. T., & Conant, J. S. (1994). Entrepreneurial orientation, distinctive marketing competencies and organizational performance. *Journal of Applied Business Research, 10*(3), 28-38.
- Steinmetz, L. L. (1969). Critical stages of small business growth; when they occur and how to survive them. *Business Horizon*, pp. 29-36.
- Storey, D. (1994). *Understanding the small business sector*. London: Routledge.
- Teece, D. J. (2010). Business Models, Business Strategy and Innovation. *Long Range Planning, 43*, 172-194.
- The Department of Trade and Industry. (1996). *National Small Business Act*. The Department of Trade and Industry.
- Van Scheers, L. (2011). SMEs' marketing skills challenges in South Africa. *African Journal of Business Management, 5*(13), 5048-5056.
- Villanueva, J., Yoo, S., & Hanssens, D. M. (2008). The impact of marketing-induced versus word-of-mouth customer acquisition on customer equity growth. *Journal of Marketing Research, 45*(1), 48-59.

Appendix I List of Entrepreneurs

| Reference | Nature of Respondents' Business |
|---------------|---|
| Respondent 1 | IT Support |
| Respondent 2 | Digital Branding Solutions |
| Respondent 3 | Debt Collection |
| Respondent 4 | Shoe Repair and Care, Key Cutting, Bag Repair |
| Respondent 5 | Information technology and services |
| Respondent 6 | Construction Services |
| Respondent 7 | Security Services |
| Respondent 8 | Vehicle Electrical Maintenance |
| Respondent 9 | Specialised bottom of the pyramid pharmaceutical services |
| Respondent 10 | Media and Marketing Services |
| Respondent 11 | FMCG Store trade audits and surveys |
| Respondent 12 | Digital marketing agency |
| Respondent 13 | Commercial interior design and construction |
| Respondent 14 | Property developer |
| Respondent 15 | Design and Production Agency |
| Respondent 16 | Financial Services |

Appendix II List of SME and Marketing Experts

| SME and Marketing Expert | Curriculum Vitae |
|--------------------------|--|
| Donna Rachelson | MBA, branding and marketing specialist. CEO of the company Branding & Marketing YOU which helps individuals, teams or businesses develop branding and marketing strategies, execute these strategies and market themselves in an innovative and impactful manner. She has assisted a number of SMEs in their marketing endeavours. |
| Professor Michael Cant | Professor Michael Cant is CoD of the Department of Marketing and Retail Management at the University of South Africa. He has published over 15 accredited articles in refereed journals and is the editor and author of more than 20 books in marketing. These books are widely prescribed at universities in South Africa. He has presented papers at more than 45 international conferences all over the world and is a well-respected marketing and retail scholar. He holds a Ph.D. in Marketing from the University of South Africa. |
| Dr Jonathan Marks | <p>Dr Marks holds a Masters in Business Administration (MBA) degree from the University of Cape Town's Graduate School of Business, as well as a Doctorate in Philosophy, focused on entrepreneurship, from the University of Cape Town's faculty of engineering and the built environment.</p> <p>Dr Marks was the founding director of the Raymond Ackerman Academy of Entrepreneurial Development (located at UCT) and was responsible for entrepreneurial knowledge management at the Allan Gray Orbis Foundation.</p> <p>He has taught entrepreneurship, business planning, new venture planning, innovation, corporate innovation and entrepreneurship and entrepreneurial thinking at the University of Cape Town for the past twelve years. His teaching and research has crossed a range of disciplines including commerce, science, engineering and humanities, and has included over 1 000 student projects and business plan projects.</p> <p>Dr Marks is a Senior lecturer and director of the full- time MBA programme at the Gordon Institute of Business Science (GIBS).</p> |
| Vuyo Ncwaiba | <p>Vuyo has twenty years working experience in the financial services, investments, logistics and consulting industries. She started her career in banking, having been recruited during her final year at university to join First National Bank's graduate executive training programme. She gained experience in all aspects of retail banking at FNB. She then joined Safika Investment as an accountant and later group financial manager overseeing the group's financial management role as well as company secretarial work.</p> <p>She founded VuMaLi Empowerment Advisors ("VuMaLi") in 2007 offering research based Black Economic Empowerment Corporate Strategies to the public and private sectors with an emphasis on the Enterprise Development and Socio-Economic Development Elements.</p> |

Appendix III Discussion Guide Framework

Introduction and background

Thank respondent for their time and affirmation around confidentiality of data and anonymity

Purpose of interview

Conversational and experiential interview

Discussion of marketing activities during the early stages of the respondent's business

Discussion of marketing activities currently undertaken by the respondent's business

Applicable concepts and theories

Application of marketing theory by SMEs

Evidence of marketing orientation in SMEs

Evidence that strategic marketing application has worked

Evidence for continued application of marketing theories by SMEs

Evidence of a relationship between an understanding and application of marketing theory and the performance of an SME

Objectives

Establish the basic components of marketing theory that would need to be tested.

Appendix IV Mapping of Research Questions: Phase One

The table below outlines the mapping of the research questions to the interview questions used when interviewing the entrepreneurs, and their objectives

| Research Questions | Interview question (amended for discussion purposes) | Objective/desired outcome |
|--|--|--|
| Q1: How do entrepreneurs perceive marketing? | When you hear of the term “marketing”, what do you think of? | Validating current understanding of marketing theory |
| | Can you describe in detail what marketing is? | Validating current understanding of marketing theory |
| Q2: What is the role of marketing in the early stages of the business? | Let’s think back to when you first started your business. What was your understanding of the term “marketing” when you first started the business? | Differentiating start-ups’ and current understanding of marketing theory |
| | Did you have a good understanding of the market you were about to enter? | Differentiating start-ups’ and current understanding of marketing theory |
| | How did you get your first customer? | Interrelationship between marketing knowledge and generating business |
| | How did you keep you first customers? | Interrelationship between marketing knowledge and generating business |
| | How did you deal with competitors? | Interrelationship between marketing knowledge and competitors |
| | How did you plan your marketing activities at the time? | Formulating start-up’s use of marketing theory |
| | What marketing activities did you do? | Formulating start-up’s use of marketing theory |
| | Which activities were successful and which were not? | Validating start-up’s use of marketing theory |
| | Did any of these activities make a difference to your business? Why do you think so? | Validating start-up’s use of marketing theory |
| | Is there any marketing-related skill that would have come in useful at the time? | Validating start-up’s understanding of marketing theory |
| | Who was responsible for the marketing activities of your business in the early days? | Validating start-up’s use of marketing theory |
| How much did you spend on marketing activities in the early days? | Validating start-up’s use of marketing theory | |

| Research Questions | Interview question (amended for discussion purposes) | Objective/desired outcome |
|--|---|--|
| Q3: What is the current role of marketing in the business? | How do you currently market your products/services? | Validating current understanding of marketing theory |
| | How do you keep your existing customers? | Component of competitive advantage |
| | How do you deal with competitors? | Component of competitive advantage |
| | Do you do any research in how to improve your product/service? | Component of marketing |
| | Do you do any research into the market/s that you operate in? | Component of marketing |
| | Does your business currently have a marketing strategy? | Component of marketing |
| | What marketing activities do you currently do to market your business? | Component of marketing |
| | Who is currently in charge of your business's marketing? | Component of marketing |
| | How much do you currently spend (approximately) per month to market your business? | Component of marketing |
| | Do you think marketing plays any contribution to the success of your business? If not, what do you think contributes to the success of your business? | Validating current understanding of marketing theory |

Appendix V Mapping of Research Questions: Phase Two

The following table maps the research questions to the interview questions used when interviewing the SME and marketing experts, and their objectives

| Research Question | Interview question (amended for discussion purposes) | Objective/desired outcome |
|---|--|--|
| Q1: How do entrepreneurs perceive marketing? | What do you think is the level of understanding of marketing theory of most established entrepreneurs? | Validating current understanding of marketing theory |
| | What do you think is the level of understanding of marketing theory most entrepreneurs have in the early phases of their business? | Validating start-ups' use of marketing theory |
| | Should entrepreneurs have some level of understanding of marketing theory before starting their enterprises? | Formulating start-ups' use of marketing theory |
| Q2: What is the role of marketing in the early stages of the business? | What do you think is the level of understanding of the market they are about to enter for most early-stage entrepreneurs? | Interrelationship between actual and theoretical marketing knowledge |
| | Should early-stage entrepreneurs have the skills to position their businesses and products/services? | Interrelationship between actual and theoretical marketing knowledge |
| | Should early-stage entrepreneurs have some level of understanding regarding to how they can position their products and services? | Formulating start-ups use of marketing theory |
| | Should early-stage entrepreneurs have some sort of early-stage customer acquisition and retention strategy? | Interrelationship between marketing knowledge and generating business |
| | Should early-stage entrepreneurs be concerned with competitors? | Component of marketing |
| Q3: What is the current role of marketing in the business? | Should they have strategies to deal with competitors? | Component of marketing |
| | Should established and early-stage entrepreneurs have an understanding and ability to employ strategic marketing activities? | Interrelationship between marketing knowledge and generating business |
| | Should established and early-stage entrepreneurs have an understanding and ability to plan strategic marketing activities? | Differentiating start-ups' and current understanding of marketing theory |
| | Should established and early-stage entrepreneurs expend any money on marketing activities? | Formulating start-ups' use of marketing theory |
| Q4: Is there a perceived relationship between an understanding of marketing theory and the performance of an SME? | If established and early-stage entrepreneurs expend any money on marketing activities, what guidelines should they follow? | Interrelationship between marketing knowledge and generating business |
| | Do entrepreneurs whose business is established typically have a planned customer retention strategy? | Differentiating start-ups' and present day understanding of marketing theory |

Appendix VI Coding for Discussion Guide

| Research Question <i>(Main headings in chapters 5 and 6)</i> | Sub-Topic <i>(Subheadings in chapters 5 and 6)</i> | Code 1 | Code 2 | Code 1 + 2 | Definitions |
|---|--|---|--------|--|--|
| Q1: How do entrepreneurs perceive marketing? | Current understanding of marketing principles | Current Marketing Understanding - Deep | CUR1 | CUR1 Current Marketing Understanding - Deep | Entrepreneur has a deep understanding of marketing principles |
| | | Current Marketing Understanding - Basic | CUR2 | CUR2 Current Marketing Understanding - Basic | Respondent has a basic understanding of marketing principles |
| | | Current Marketing Understanding - None | CUR3 | CUR3 Current Marketing Understanding - None | Respondent has no understanding of marketing principles |
| | Early-stage understanding of marketing principles | Early Stage Principle Understanding - Deep | ESP1 | ESP1 Early Stage Principle Understanding - Deep | Respondent had a deep understanding of marketing principles when they started their business |
| | | Early Stage Principle Understanding - Basic | ESP2 | ESP2 Early Stage Principle Understanding - Basic | Respondent had a basic understanding of marketing when they started their business |
| | | Early Stage Principle Understanding - None | ESP3 | ESP3 Early Stage Principle Understanding - None | Respondent had no understanding of marketing principles then they started their business |
| | Early-stage understanding of the market to be entered | Early-Stage Market Understanding - Deep | ESMU1 | ESMU1 Early-Stage Market Understanding - Deep | Respondent had a good understanding of the market that was to be entered |
| | | Early Stage Market Understanding - Basic | ESMU2 | ESMU2 Early Stage Market Understanding - Basic | Respondent had a basic understanding of the market that was to be entered |
| | | Early Stage Market Understanding - None | ESMU3 | ESMU3 Early Stage Market Understanding - None | Respondent had no understanding of the market that was to be entered |

| Research Question <i>(Main headings in chapters 5 and 6)</i> | Sub-Topic <i>(Subheadings in chapters 5 and 6)</i> | Code 1 | Code 2 | Code 1 + 2 | Definitions |
|---|--|--|---------------|--|--|
| | Early-stage positioning | Early Stage Positioning - None | ESPO1 | ESPO1 - Early Stage Positioning - None | Respondent had no understanding of how to position their business |
| | | Early Stage Positioning - Basic | ESPO2 | ESPO2 - Early Stage Positioning - Basic | Respondent had a basic understanding of how to position their business |
| | | Early Stage Positioning - Advanced | ESPO3 | ESPO3 - Early Stage Positioning - Advanced | Respondent had an advanced understanding of how to position their business |
| | Comprehension of the difference between marketing and sales | No comprehension | UDSM1 | UDSM1 - no comprehension | No understanding of the difference between sales and marketing |
| | | Basic comprehension | UDSM2 | UDSM2 - basic comprehension | Basic understanding of the difference between sales and marketing |
| | | Advanced comprehension | UDSM3 | UDSM3 - advanced comprehension | Advanced understanding of the difference between sales and marketing |
| Q2: What is the role of marketing in the early stages of the business? | Early-stage customer acquisition | Early Stage First Customer Acquisition - Strategic | ESFC1 | ESFC1 Early Stage First Customer Acquisition - Strategic | Respondent acquired first customer strategically |
| | | Early Stage First Customer Acquisition - Some planning | ESFC2 | ESFC2 Early Stage First Customer Acquisition - Some planning | Respondent acquired first customer with some planning |
| | | Early Stage First Customer Acquisition - By chance | ESFC3 | ESFC3 Early Stage First Customer Acquisition - By chance | Respondent acquired first customer by chance |
| | Early-stage customer retention | Early stage customer retention - strategic | ESCR1 | ESCR1 Early stage customer retention - strategic | Respondent retained their first customers strategically |
| | | Early stage customer retention - Some planning | ESCR2 | ESCR2 Early stage customer retention - Some planning | Respondent retained their first customers with some planning |
| | | Early stage customer retention - By chance | ESCR3 | ESCR3 Early stage customer retention - By chance | Respondent retained their first customers by chance |

| Research Question <i>(Main headings in chapters 5 and 6)</i> | Sub-Topic <i>(Subheadings in chapters 5 and 6)</i> | Code 1 | Code 2 | Code 1 + 2 | Definitions |
|--|--|--|---------------|---|--|
| | Early-stage competitor handling | Early stage competitor Handling - strategic | ESCH1 | ESCH1 Early stage competitor Handling - strategic | Respondent handled early stage competitors strategically |
| | | Early stage competitor Handling - some planning | ESCH2 | ESCH2 Early stage competitor Handling - some planning | Respondent handled early stage competitors with some planning |
| | | Early stage competitor Handling - no planning | ESCH3 | ESCH3 Early stage competitor Handling - no planning | Respondent handled early stage competitors with no planning |
| | Early-stage marketing activities | Early stage marketing activities - strategic planning | ESMA1 | ESMA1 Early stage marketing activities - strategic planning | Respondent strategically rolled out early stage marketing activities |
| | | Early stage marketing activities - some planning | ESMA2 | ESMA2 Early stage marketing activities - some planning | Respondent rolled out some early stage marketing activities |
| | | Early stage marketing activities - no planning | ESMA3 | ESMA3 Early stage marketing activities - no planning | Respondent rolled out no early stage marketing activities |
| | Early-stage marketing activity planning | Early stage marketing activities - strategic planning | ESMAP 1 | ESMAP1 Early stage marketing activities - strategic planning | Respondent strategically planned early stage marketing activities |
| | | Early stage marketing activities - some planning | ESMAP 2 | ESMAP2 Early stage marketing activities - some planning | Respondent planned some early stage marketing activities |
| | | Early stage marketing activities - no planning | ESMAP 3 | ESMAP3 Early stage marketing activities - no planning | Respondent had no planning for early stage marketing activities |
| | Early-stage marketing activity success | Early stage marketing activity success - significant success | ESMAS 1 | ESMAS1 Early stage marketing activity success - significant success | Respondent experienced significant success in early stage marketing activities |
| | | Early stage marketing activity success - some success | ESMAS 2 | ESMAS2 Early stage marketing activity success - some success | Respondent experienced some success in early stage marketing activities |

| Research Question <i>(Main headings in chapters 5 and 6)</i> | Sub-Topic <i>(Subheadings in chapters 5 and 6)</i> | Code 1 | Code 2 | Code 1 + 2 | Definitions |
|--|---|--|---------------|--|---|
| | Skills acquired in later business career that would have been useful in early stages of enterprise | Early stage marketing activity success - no success | ESMAS3 | ESMAS3 Early stage marketing activity success - no success | Respondent experienced no success in early stage marketing activities |
| | | Significant marketing related skills gained since the early stages | SMRS1 | SMRS1 Significant marketing related skills gained since the early stages | Respondent has acquired significant skills in later business skills that would have been substantially useful in early stages |
| | | Some marketing related skills have been gained since the early stages | SMRS2 | SMRS2 Some marketing related skills have been gained since the early stages | Respondent has acquired some marketing related skills that would have been proven somewhat useful in the early stages |
| | Responsible person for early-stage marketing activities | Limited marketing related skills have been gained since the early stages | SMRS3 | SMRS3 Limited marketing related skills have been gained since the early stages | Respondent has acquired limited or no marketing skills that would have proven useful in the early stages |
| | | Sole responsibility for early stage marketing activities | RPESM1 | RPESM1 Sole responsibility for early stage marketing activities | Respondent was responsible for all early stage marketing activities |
| | Early-stage entrepreneurial marketing expenditure | Assistance in early stage marketing activities | RPESM2 | RPESM2 Assistance in early stage marketing activities | Respondent had assistance during early stage marketing activities |
| | | Proportionate early stage marketing spend | ESEME1 | ESEME1 Proportionate early stage marketing spend | Respondent proportionately spent money on marketing during the early stages |
| | | Limited early stage marketing spend | ESEME2 | ESEME2 Limited early stage marketing spend | Respondent proportionately spent a limited amount of money on marketing during the early stages |
| | | No early stage marketing spend | ESEME3 | ESEME3 No early stage marketing spend | Respondent spent no money on marketing during the early stages |

| Research Question <i>(Main headings in chapters 5 and 6)</i> | Sub-Topic <i>(Subheadings in chapters 5 and 6)</i> | Code 1 | Code 2 | Code 1 + 2 | Definitions |
|--|--|--|---------------|---|---|
| Q3: What is the current role of marketing in the business? | Current customer retention | Active customer retention activities | ACRA1 | ACRA1 Active customer retention activities | Respondent presently actively partakes in customer retention activities |
| | | Some customer retention activities | ACRA2 | ACRA2 Some customer retention activities | Respondent presently undertakes some customer retention activities |
| | | No customer retention activities | ACRA3 | ACRA3 No customer retention activities | Respondent presently does not have any customer retention activities |
| | Current competitor handling | Actively tracks competitors | PDCH1 | PDCH1 Actively tracks competitors | Respondent actively monitors competitors and responds to their challenges |
| | | Sometimes tracks competitors | PDCH2 | PDCH2 Sometimes tracks competitors | Respondent sometimes monitors competitors and responds to their challenges |
| | | Never tracks competitors | PDCH3 | PDCH3 Never tracks competitors | Respondent never monitors competitors or responds to their challenges |
| | Current marketing activities | Significant present day marketing activities | PDEMA1 | PDEMA1 Significant present day marketing activities | Respondent presently undertakes significant marketing activities |
| | | Some present day marketing activities | PDEMA2 | PDEMA2 Some present day marketing activities | Respondent presently undertakes some marketing activities |
| | | No present day marketing activities | PDEMA3 | PDEMA3 No present day marketing activities | Respondent presently does not do any marketing activities |
| | Current product/service research | Actively researches product improvements | PDPSR1 | PDPSR1 Actively researches product improvements | Respondent actively researches ways to improve their product and / or service |

| Research Question <i>(Main headings in chapters 5 and 6)</i> | Sub-Topic <i>(Subheadings in chapters 5 and 6)</i> | Code 1 | Code 2 | Code 1 + 2 | Definitions |
|--|--|---|---------------|--|--|
| | | Sometimes researches product improvement | PDPSR 2 | PDPSR2 Sometimes researchs product improvement | Respondent sometimes researches ways to improve their product and / or service |
| | | Never researches product improvement | PDPSR 3 | PDPSR3 Never researches product improvement | Respondent never researches ways to improve their product and / or service |
| | Current market research | Actively researches market | PDMR1 | PDMR1 Actively researches market | Respondent actively researches the markets in which they operate in |
| | | Sometimes research's market | PDMR2 | PDMR2 Sometimes research's market | Respondents sometimes research the markets in which they operate in |
| | | Never research market | PDMR3 | PDMR3 Never research market | Respondents never research the markets in which they operate in |
| | Current marketing strategy | Active marketing strategy | PDMS1 | PDMS1 Active marketing strategy | Respondent has an active marketing strategy that they currently pursue (can be formal or informal) |
| | | No marketing strategy | PDMS2 | PDMS2 No marketing strategy | Respondent has no marketing strategy, formal or informal |
| | Current marketing activities | Actively engages in marketing activities | PDMA1 | PDMA1 Actively engages in marketing activities | Respondent has one or more marketing activity that they actively pursue |
| | | Sometimes engages in marketing activities | PDMA2 | PDMA2 Sometimes engages in marketing activities | Respondent has one or more marketing activity that they sometimes pursue |
| | | Never engages in marketing activities | PDMA3 | PDMA3 Never engages in marketing activities | Respondent presently pursues no marketing activity |

| Research Question <i>(Main headings in chapters 5 and 6)</i> | Sub-Topic <i>(Subheadings in chapters 5 and 6)</i> | Code 1 | Code 2 | Code 1 + 2 | Definitions |
|--|---|---|---------------|---|---|
| | Person responsible for current marketing activities | Dedicated Staff are responsible | RPPDM 1 | RPPDM1 Dedicated Staff are responsible | One or more other dedicated staff members are responsible for present day marketing efforts |
| | | Respondent is responsible person | RPPDM 2 | RPPDM2 Respondent is responsible person | Respondent is the person responsible for present day marketing efforts |
| | | No-one has been assigned the responsibility for present day marketing | RPPDM 3 | RPPDM3 No-one has been assigned the responsibility for present day marketing | No-one has been assigned the responsibility for present day marketing efforts |
| | Current marketing expenditure | Significant marketing expenditure | PDME1 | PDME1 Significant marketing expenditure | Respondent spends a significant percentage of business turnover on marketing |
| | | Small marketing expenditure | PDME2 | PDME2 Small marketing expenditure | Respondent spends a small percentage of business turnover on marketing |
| | | No marketing expenditure | PDME3 | PDME3 No marketing expenditure | Respondent allocates no spend on marketing |
| | Current contribution to business success by marketing activities | Significant contribution toward business success | PDBSM A1 | PDBSMA1 Significant contribution toward business success | Marketing activities have made a significant contribution the business' present day success |
| | | Limited contribution toward business success | PDBSM A2 | PDBSMA2 Limited contribution toward business success | Marketing activities have had a limited contribution to the present day success of the business |
| | | No contribution toward business success | PDBSM A3 | PDBSMA3 No contribution toward business success | Marketing has made no contribution toward the present day success of the business |

Appendix VII Results from Research Question: How do entrepreneurs perceive marketing?

The table below shows the rank order and frequency count of responses across entrepreneurial respondents for the interview questions relating to entrepreneurs' understanding of marketing theory.

| Sub-topic | Entrepreneurs' Response | Count | Rank |
|--|--|-------|------|
| Current understanding of marketing principles | Entrepreneur has a deep understanding of marketing principles | 8 | 1 |
| | Respondent has a basic understanding of marketing principles | 5 | 1 |
| | Respondent has no understanding of marketing principles | 3 | 1 |
| Early-stage understanding of marketing principles | Respondent had a deep understanding of marketing principles when they started their business | 4 | 5 |
| | Respondent had a basic understanding of marketing when they started their business | 7 | 5 |
| | Respondent had no understanding of marketing principles then they started their business | 5 | 5 |
| Early-stage understanding of the market to be entered | Respondent had a good understanding of the market that was to be entered | 5 | 2 |
| | Respondent had a basic understanding of the market that was to be entered | 0 | 2 |
| | Respondent had no understanding of the market that was to be entered | 11 | 2 |
| Early-stage positioning | Respondent had no understanding of how to position their business | 3 | 3 |
| | Respondent had a basic understanding of how to position their business | 5 | 3 |
| | Respondent had an advanced understanding of how to position their business | 3 | 3 |
| Comprehension of the difference between marketing and sales | No understanding of the difference between sales and marketing | 1 | 4 |
| | Basic understanding of the difference between sales and marketing | 8 | 4 |
| | Advanced understanding of the difference between sales and marketing | 6 | 4 |

Appendix VIII Results from Research Question: What was the role of marketing in the early stages of the business?

This table shows rank order and frequency count of responses across entrepreneurial respondents for the interview questions relating to the role of marketing in the early stages of the business.

| Sub-topic | Entrepreneurs' Response | Count | Rank |
|---|--|-------|------|
| Early-stage customer retention | Early-stage first customer retention – strategic | 5 | 2 |
| | Early-stage customer retention – some planning | 4 | 2 |
| | Early-stage customer retention – by chance | 5 | 2 |
| Early-stage customer acquisition | Early-stage first customer acquisition – strategic | 4 | 1 |
| | Early-stage first customer acquisition – some planning | 3 | 1 |
| | Early-stage first customer acquisition – by chance | 8 | 1 |
| Early-stage competitor handling | Early-stage competitor handling - strategic | 4 | 1 |
| | Early-stage competitor handling - some planning | 4 | 1 |
| | Early-stage competitor handling - no planning | 8 | 1 |
| Early-stage marketing activities | Early-stage marketing activities – strategic planning | 3 | 3 |
| | Early-stage marketing activities – some planning | 6 | 3 |
| | Early-stage marketing activities – no planning | 7 | 3 |
| Early-stage marketing activity planning | Early-stage marketing activities – strategic planning | 3 | 1 |
| | Early-stage marketing activities – some planning | 7 | 1 |
| | Early-stage marketing activities – no planning | 6 | 1 |
| Early-stage marketing activity success | Early-stage marketing activity success – significant success | 4 | 6 |
| | Early-stage marketing activity success – some success | 4 | 6 |
| | Early-stage marketing activity success – no success | 1 | 6 |
| Skills acquired in later business career that would have been useful in early stages of enterprise | Significant marketing related skills gained since the early stages | 7 | 2 |
| | Some marketing related skills have been gained since the early stages | 5 | 2 |
| | Limited marketing related skills have been gained since the early stages | 3 | 2 |
| | Sole responsibility for early-stage marketing activities | 11 | 5 |

| Sub-topic | Entrepreneurs' Response | Count | Rank |
|--|--|--------------|-------------|
| Responsible person for early-stage marketing activities | Assistance in early-stage marketing activities | 2 | 5 |
| Early-stage entrepreneurial marketing expenditure | Proportionate early-stage marketing spend | 7 | 4 |
| | Limited early-stage marketing spend | 5 | 4 |
| | No early-stage marketing spend | 4 | 4 |

Appendix IX Results from Research Question: What is the current role of marketing in the business?

This table shows the rank order and frequency count of responses across entrepreneurial respondents for the interview questions relating to the current role of marketing in the business.

| Sub-topic | Entrepreneurs' Response | Count | Rank |
|---|--|-------|------|
| Current competitor handling | Actively tracks competitors | 6 | 1 |
| | Sometimes tracks competitors | 9 | 1 |
| | Never tracks competitors | 0 | 1 |
| Current customer retention | Active customer retention activities | 8 | 2 |
| | Some customer retention activities | 4 | 2 |
| | No customer retention activities | 0 | 2 |
| Current marketing activities | Significant present day marketing activities | 9 | 1 |
| | Some present day marketing activities | 7 | 1 |
| | No present day marketing activities | 0 | 1 |
| Current product/service research | Actively researches product improvements | 10 | 8 |
| | Sometimes researches product improvement | 2 | 8 |
| | Never researches product improvement | 1 | 8 |
| Current market research | Actively researches market | 8 | 3 |
| | Sometimes research's market | 5 | 3 |
| | Never research market | 3 | 3 |
| Current marketing strategy | Active marketing strategy | 10 | 5 |
| | No marketing strategy | 6 | 5 |
| Current marketing activities | Actively engages in marketing activities | 10 | 4 |
| | Sometimes engages in marketing activities | 4 | 4 |
| | Never engages in marketing activities | 0 | 4 |
| Responsible person for current marketing | Dedicated staff are responsible | 6 | 7 |
| | Respondent is responsible person | 10 | 7 |

| Sub-topic | Entrepreneurs' Response | Count | Rank |
|---|---|--------------|-------------|
| | No-one has been assigned the responsibility for present day marketing | 0 | 7 |
| Current marketing expenditure | Significant marketing expenditure | 9 | 5 |
| | Small marketing expenditure | 7 | 5 |
| | No marketing expenditure | 0 | 5 |
| Current contribution to business success by marketing activities | Significant contribution toward business success | 12 | 6 |
| | Limited contribution toward business success | 2 | 6 |
| | No contribution toward business success | 0 | 6 |

Appendix X Results from Expert Interviews

This table presents the rank order and frequency count of responses across expert respondents for the interview questions.

| Sub-topic | Experts' Response | Expert | Count | Rank |
|--|--|-----------------|-------|------|
| Level of understanding of marketing theory of most entrepreneurs whose businesses have survived | Some successful surviving entrepreneurs have become more externally focused on what their customers want | Dr Marks | 10 | 2 |
| | Existing entrepreneurs often indirectly learn how to market their businesses through experience | Dr Marks | | |
| | Existing entrepreneurs have more experience with marketing theory | Dr Marks | | |
| | Successful entrepreneurs have gathered strong marketing skills | Dr Marks | | |
| | Marketing theory is important to know for start ups | Prof Cant | | |
| | Existing entrepreneurs often have no marketing strategy | Donna Rachelson | | |
| | Existing entrepreneurs often lack focus, often are not maximising revenues from existing customers | Donna Rachelson | | |
| | Entrepreneurs lack focus | Donna Rachelson | | |
| | Entrepreneurs seldom think strategically | Donna Rachelson | | |
| Entrepreneurs often have no strategic planning | Donna Rachelson | | | |
| Level of understanding of marketing theory that most entrepreneurs have in the early phases | Most early stage entrepreneurs have not thought about marketing | Dr Marks | 10 | 3 |
| | Start-ups often don't understand the reasons why they need to market their businesses | Dr Marks | | |
| | Early stage entrepreneurs likely have a lot of understanding and ability around marketing | Dr Marks | | |
| | Lack of appropriate practical knowledge amongst start-ups | Prof Cant | | |
| | Start-ups have little or no understanding of marketing theory | Prof Cant | | |
| | A recent study in SA proved that a lack of proper marketing was a key reason why small business failed in South Africa | Donna Rachelson | | |
| | Start-ups lack skills | Donna Rachelson | | |

| Sub-topic | Experts' Response | Expert | Count | Rank |
|--|---|-----------------|-------|------|
| | Early stage entrepreneurs have no understanding of marketing and confuse tactical marketing with strategic marketing | Donna Rachelson | | |
| | Start-ups must be mindful of critical marketing tools | Vuyo Ncwaibo | | |
| | Start-ups lack the deeper understanding of the mechanics of starting an | Vuyo Ncwaibo | | |
| Should entrepreneurs have some understanding of marketing theory before starting their enterprises | Start-ups should have some level of understanding of marketing theory | Dr Marks | 2 | 4 |
| | Start-ups need to understand some level of marketing theory | Vuyo Ncwaibo | | |
| What do you think is the level of understanding of most early stage entrepreneurs of the market that they are about to enter? | Many start-ups don't have a clear view regarding their market - they don't clearly understand their market | Dr Marks | 10 | 3 |
| | Start-ups seldom do feasibility studies or adequate research before commencing | Prof Cant | | |
| | Start-ups often don't understand the difficulties of starting an SME | Prof Cant | | |
| | Lack of familiarity of the industry | Prof Cant | | |
| | Lack of understanding of industry | Prof Cant | | |
| | Lack of understanding of existing market | Prof Cant | | |
| | Many existing entrepreneurs don't understand the market they are entering | Prof Cant | | |
| | Many start-ups don't understand the intricacies involved in starting a business | Prof Cant | | |
| | Entrepreneurs have a broad understanding of the markets they are about to enter, but they often can't pinpoint their ideal customer | Donna Rachelson | | |
| | Start-ups need to have an understanding of the markets they wish to enter | Vuyo Ncwaibo | | |
| Should entrepreneurs have some level of understanding of the market they are about to enter? | Early stage entrepreneurs should have an understanding of the market they are about to enter | Dr Marks | 6 | 2 |
| | Early stage entrepreneurs often don't understand the complexities of the markets they wish to enter | Dr Marks | | |
| | Entrepreneurs often lack any planning on how to market their business | Donna Rachelson | | |
| | Entrepreneurs need to think differently about marketing their business - it can be done on a budget | Donna Rachelson | | |

| Sub-topic | Experts' Response | Expert | Count | Rank |
|---|---|-----------------|-------|------|
| | A number of start-ups enter markets they don't understand | Vuyo Ncwaibo | | |
| | Less educated entrepreneurs will tend to take more risks, like not researching their intended market | Vuyo Ncwaibo | | |
| Should early stage entrepreneurs have the skills to position their businesses and products/services? Why? | Early stage entrepreneurs should be able to strategically leverage their skills and capacity | Dr Marks | 11 | 3 |
| | Early stage entrepreneurs should possess some understanding about how to guide their activities that is linked to their abilities | Dr Marks | | |
| | Entrepreneurs need to be Thoughtful doers, rather than just being thoughtful | Dr Marks | | |
| | Early stage entrepreneurs should have some understanding of how to differentiate their products and services | Dr Marks | | |
| | Early stage entrepreneurs are often internally focused on their product or service | Dr Marks | | |
| | A lot of start-ups have no strategically planned marketing activities | Prof Cant | | |
| | Essential for entrepreneurs to create an online presence for their business | Donna Rachelson | | |
| | Entrepreneurs often do not understand the difference between marketing strategy and a marketing tactic | Donna Rachelson | | |
| | Entrepreneurs need to outsource tasks that are not in their skill set to allow them to focus on their business | Donna Rachelson | | |
| | Later stage entrepreneurs start developing positioning skills | Vuyo Ncwaibo | | |
| | Many instances of SMEs lacking specific marketing skills and activities | Vuyo Ncwaibo | | |
| Should early stage entrepreneurs have some level of understanding as to how that can position their business and products / services? Why? | Early stage entrepreneurs should be able to plan some types of higher level strategic marketing opportunities | Dr Marks | 7 | 3 |
| | Early stage entrepreneurs should have some skills to position their businesses | Dr Marks | | |
| | Start-ups need strategically planned marketing activities | Prof Cant | | |
| | Start-ups lack basic marketing skills | Prof Cant | | |
| | Entrepreneurs need a positioning strategy | Vuyo Ncwaibo | | |
| | Most entrepreneurs understand the concept of differentiation | Vuyo Ncwaibo | | |
| | Start-ups need a positioning strategy | Vuyo Ncwaibo | | |
| Should entrepreneurs have some sort of early stage customer acquisition and | Early stage entrepreneurs should have some kind of customer acquisition and retention strategy | Dr Marks | 9 | 3 |
| | Start-ups should have some sort of customer acquisition and retention strategy | Prof Cant | | |

| Sub-topic | Experts' Response | Expert | Count | Rank |
|--|---|--|-------|------|
| retention strategy? Why? | Start-ups don't pay enough attention to customer retention Start-ups lack customer acquisition and retention skills Customer acquisition is essential Lack of interest around customer traction Entrepreneurs might have a sense of their customers, but not necessarily a strategy Entrepreneurs need a customer acquisition and retention strategy Start-ups need a customer acquisition and retention strategy | Prof Cant Prof Cant Donna Rachelson Donna Rachelson Vuyo Ncwaibo Vuyo Ncwaibo Vuyo Ncwaibo | | |
| Should early-stage entrepreneurs be concerned with competitors? | Early stage entrepreneurs should be aware of and understand competitors Critical for start-ups to understand who their competitors are Start-ups need to be cognisant of their competitors, but not too focussed on them | Dr Marks Prof Cant Vuyo Ncwaibo | 3 | 5 |
| Should early stage entrepreneurs have strategies to deal with competitors? | Start-ups and existing entrepreneurs should investigate competitors to see what they do and establish their points of differentiation Sometimes start-ups are too concerned with competitors Sometimes they focus too much on competitors | Prof Cant Vuyo Ncwaibo Vuyo Ncwaibo | 3 | 5 |
| Should early stage entrepreneurs have an understanding and ability to employ strategic marketing activities? | Entrepreneurs need to communicate their value proposition to their market | Dr Marks | 1 | 7 |
| What practical marketing skills should early stage entrepreneurs possess when embarking on their entrepreneurial journey? | Important for entrepreneurs to be focused on what the customer wants Many start-ups assume they can hire other people to do all of their work Misconception amongst many start-ups about the amount of money they will need Practical marketing skills required by start-ups Entrepreneurs are too focused on their product/service Marketing skills are a combination of experience and education Marketing skills can be taught Start-up is usually overwhelmed in the first two years | Dr Marks Prof Cant Prof Cant Prof Cant Donna Rachelson Vuyo Ncwaibo Vuyo Ncwaibo Vuyo Ncwaibo | 9 | 6 |

| Sub-topic | Experts' Response | Expert | Count | Rank |
|--|--|-----------------|-------|------|
| | Start-ups have to differentiate themselves | Vuyo Ncwaibo | | |
| Should early stage entrepreneurs expend any money on marketing activities? | Start-ups marketing spend is essential | Prof Cant | 3 | 3 |
| | Critical for start-ups to spend money on marketing activities | Vuyo Ncwaibo | | |
| | Marketing is viewed as an expense | Vuyo Ncwaibo | | |
| If early stage entrepreneurs expend any money on marketing activities, what guideline should they follow? | Small businesses need to really stretch their money to get value | Dr Marks | 3 | 4 |
| | Early stage entrepreneurs should budget to market their products / services | Dr Marks | | |
| | Start-ups often cannot connect that the more they market their goods, the more money they can make | Vuyo Ncwaibo | | |
| Do entrepreneurs whose business is established typically have a planned customer retention strategy? | Surviving entrepreneurs understand their market space | Dr Marks | 5 | 2 |
| | Existing entrepreneurs need some sort of customer acquisition and retention strategy | Prof Cant | | |
| | Few existing entrepreneurs have customer acquisition and retention strategies | Prof Cant | | |
| | Entrepreneurs start getting a better grasp of customer acquisition and retention strategies | Vuyo Ncwaibo | | |
| | Entrepreneurs, especially enterprise development entrepreneurs need to look for new business even if they have existing business | Vuyo Ncwaibo | | |
| Do entrepreneurs whose business is established typically have a planned customer retention strategy? | Existing entrepreneurs have a better approach and strategy to customer acquisition and retention | Dr Marks | 1 | 2 |
| Requires a fundamental shift in the education system | There was a trend in the literature toward a customer focus from day of a start up | Dr Marks | 10 | 2 |
| | Most subjects taught by formal institutions are geared for large businesses | Dr Marks | | |
| | Formal institutions teach marketing courses that are too geared to large businesses | Dr Marks | | |
| | What is wrong with existing enterprise development | Dr Marks | | |
| | Marketing practitioners have not effectively defined marketing | Donna Rachelson | | |
| | Lack of understanding what marketing really is | Donna Rachelson | | |
| | Misperceptions about marketing | Donna Rachelson | | |
| | Many young South Africans don' t realise that entrepreneurship could be a viable career for | Vuyo Ncwaibo | | |
| | We need a drive in the education system to entrench marketing | Vuyo Ncwaibo | | |
| | Marketing that is taught in institutions is not aimed at small businesses | Vuyo Ncwaibo | | |

| Sub-topic | Experts' Response | Expert | Count | Rank |
|--|---|-----------------|-------|------|
| Other observations | Existing entrepreneurs have built up supplier, distributor and customer relationships that they can tap into | Dr Marks | 18 | 5 |
| | Resources can free up the entrepreneur from operational aspects to think | Dr Marks | | |
| | Entrepreneurs should consider hiring a dedicated marketing professional as soon as possible | Donna Rachelson | | |
| | Marketing needs of small businesses change constantly | Donna Rachelson | | |
| | There are basic guidelines for any entrepreneur when starting out | Donna Rachelson | | |
| | Very little product or market research conducted by existing entrepreneurs | Donna Rachelson | | |
| | Existing entrepreneurs often have no clear objectives | Donna Rachelson | | |
| | Strategic alliances can be very useful in the start-up phases | Donna Rachelson | | |
| | Essential to have a competitive advantage | Donna Rachelson | | |
| | We can have introduce creative means to distribute marketing collateral | Vuyo Ncwaibo | | |
| | Entrepreneurs that used to work for larger, established businesses often don't realise the value they add | Vuyo Ncwaibo | | |
| | Entrepreneurs who have a fixed income stream can become complacent (| Vuyo Ncwaibo | | |
| | Entrepreneurs who have a steady income stream need to market their business so that they are not reliant on one client | Vuyo Ncwaibo | | |
| | Helps if entrepreneur comes from an entrepreneurial background | Vuyo Ncwaibo | | |
| | Many entrepreneurs don't understand marketing is a universal business need | Vuyo Ncwaibo | | |
| | Marketing is one of a number of skills needed to successfully run an SME | Vuyo Ncwaibo | | |
| | Some entrepreneurs are forced into entrepreneurship | Vuyo Ncwaibo | | |
| There are creative ways to educate entrepreneurs about the need to market their businesses | Vuyo Ncwaibo | | | |
| Should entrepreneurs be concerned with their competitors? | Successful entrepreneurs more in tune with their competitors | Dr Marks | 3 | 3 |
| | Some entrepreneurs research the market and their competitors | Donna Rachelson | | |
| | Start-ups and existing entrepreneurs should investigate competitors to see what they do and establish their points of differentiation | Vuyo Ncwaibo | | |
| Do existing entrepreneurs have a sense of market orientation? | Surviving entrepreneurs often know when to say no, what will and won't work | Dr Marks | 9 | 4 |
| | Surviving entrepreneurs understand their market space | Dr Marks | | |
| | Some surviving successful entrepreneurs have developed a sense of market orientation | Dr Marks | | |

| Sub-topic | Experts' Response | Expert | Count | Rank |
|--|--|-----------------|-------|------|
| | A small minority of existing entrepreneurs have an instinctual sense of market orientation | Prof Cant | | |
| | Some entrepreneurs have a good sense of market orientation | Donna Rachelson | | |
| | Entrepreneurs start developing a sense of market orientation | Vuyo Ncwaibo | | |
| | Entrepreneurs with a sense of market orientation will scan the market first | Vuyo Ncwaibo | | |
| | Entrepreneurs with marketing orientation understand the importance of marketing skills | Vuyo Ncwaibo | | |
| | Successful entrepreneurs start developing a sense of marketing | Vuyo Ncwaibo | | |
| Differences between SMEs and large businesses | Small businesses need a different marketing approach to large businesses | Dr Marks | 3 | 4 |
| | Small businesses are very different to large businesses - they have different | Dr Marks | | |
| | Entrepreneurs that used to work for larger, established businesses often don't realise the value they add | Dr Marks | | |
| Institutional failings | Institutions often provide the wrong support needed for SMEs | Dr Marks | 20 | 2 |
| | Example of entrepreneurs whom only needed access to mentorship and markets | Dr Marks | | |
| | Start-ups require capital, market access, and mentorship | Dr Marks | | |
| | There exists an institutional disconnect between what start-ups receive and what they actually need | Dr Marks | | |
| | Lack of accountability and advise for small businesses - too easy to access capital | Prof Cant | | |
| | No communication or coordination between institutions | Prof Cant | | |
| | Large enterprises could try innovative ways to do enterprise development | Prof Cant | | |
| | An apprentice system could be implemented | Prof Cant | | |
| | Institutions are calibrated for big business, not SMEs | Prof Cant | | |
| | There is an institutional failure in getting SMEs off the ground. They use measurements that are appropriate for large enterprises, not SMEs | Prof Cant | | |
| | Lack of understanding of SMEs needs by institutions | Prof Cant | | |
| | Start-ups have no institutional assistance with practical aspects | Prof Cant | | |
| | Lack of small business oriented marketing training at secondary school level | Donna Rachelson | | |
| | Marketing training geared toward large businesses | Donna Rachelson | | |
| | As a country, we need to instil an entrepreneurial mind-set | Vuyo Ncwaibo | | |
| | Entrepreneurship, let alone entrepreneurial marketing is not celebrated | Vuyo Ncwaibo | | |

| Sub-topic | Experts' Response | Expert | Count | Rank |
|--|--|-----------------|-------|------|
| | Government is trying to help entrepreneurs | Vuyo Ncwaibo | | |
| | Need to have coordination between the entities that businesses would inevitably get involved with (CIPRO, SARS etc.) | Vuyo Ncwaibo | | |
| | South Africa does not have an entrepreneurial culture | Vuyo Ncwaibo | | |
| | Start-ups have no institutional assistance with practical aspects | Vuyo Ncwaibo | | |
| Relationship between marketing and sales | Marketing and sales work together in early stage entrepreneurs | Dr Marks | 4 | 1 |
| | Early stage entrepreneurs need actual experience to sell their businesses | Dr Marks | | |
| | Critical to get traction quickly | Donna Rachelson | | |
| | Confusion between marketing and sales | Donna Rachelson | | |
| What is the level of understanding of marketing theory amongst current entrepreneurs? | Current understanding of marketing theory is very | Prof Cant | 3 | 2 |
| | Not enough attention is given to the discipline | Donna Rachelson | | |
| | Later stage entrepreneurs start developing a strategy in the back of their minds | Vuyo Ncwaibo | | |