DIFFICULTIES EXPERIENCED BY SMALL BUSINESS MANAGERS IN MARKETING THEIR BUSINESSES

by

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Submitted in fulfilment of the requirements for the degree of Master Technology in Entrepreneurship to be awarded at the Nelson Mandela Metropolitan University

December 2012

Supervisor: Prof. N. Kemp
DECLARATION

I, Jean – Yves Gaba Kpalou, hereby declare that the work presented in this dissertation is my own work and that it has not previously been submitted for assessment to another university or for another qualification. Where information has been derived from other sources, I confirm that this has been indicated in the dissertation.

Jean – Yves Gaba Kpalou

Nelson Mandela Bay

December 2012

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ABSTRACT

The small business sector in today's world is considered seriously by researchers, scholars, policy-makers and governments as an important answer in addressing problems of unemployment, poverty alleviation, and redistribution of wealth. Promoting and encouraging the development of the small business sector is without any doubt a key factor for economic growth. However, this sector faced a high rate of businesses failure due to the many challenges among them, for example, the lack of marketing strategy and implementation in the conduct of the business. Several researches show the important role of marketing in a business but unfortunately it is still not a strong component in many organisations especially within the small business sector.

For this reason the aim of this study was to investigate the difficulties experienced by small business managers in marketing their businesses. Taking the aim of this study into consideration, the primary objectives were to firstly look at the practice of marketing in small businesses and secondly to identify the difficulties of marketing experienced by small business managers.

The literature study provided a brief overview of the small business sector, followed by a presentation of the practice of marketing in an organisation especially within small business enterprises. Moreover a discussion of the difficulties experienced by small business managers in marketing their businesses was also addressed through the literature review. The literature classified those difficulties into two types; (a) internal factors (lack of marketing planning and strategy, cost of marketing, lack of marketing expertise, perception of marketing) and (b) external factors (lack of knowledge of the market environment).

The empirical study was conducted to evaluate the practice of marketing in small businesses and to see what marketing difficulties were experienced by small business owners and/or managers. Data were collected by means of a survey, using a questionnaire. Respondents were identified using the snowball sampling technique through the database of the Nelson Mandela Bay Chamber of Commerce. The data gathered from 67 usable questionnaires were analysed and interpreted. The results of the empirical study revealed that the biggest problems experienced by small
business managers in the sample were the heavy cost of marketing followed by the lack of marketing expertise and finally the lack of marketing segmentation strategy.

This study contributes to the enhancement of the literature on small business marketing with a focus on the difficulties experienced by owners and/or managers in implementing marketing. As a result this study presents recommendations and suggestions to assist managers in marketing their businesses.

Keywords: Marketing, small business, owner/manager, entrepreneur
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<td>AMA</td>
<td>American management association</td>
</tr>
<tr>
<td>DTI</td>
<td>Department of Trade and Industry</td>
</tr>
<tr>
<td>EM</td>
<td>Entrepreneurial Marketing</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Profit</td>
</tr>
<tr>
<td>IDRC</td>
<td>International Development Research Centre</td>
</tr>
<tr>
<td>IT</td>
<td>Information technology</td>
</tr>
<tr>
<td>SACOB</td>
<td>South African Chamber of Business</td>
</tr>
<tr>
<td>SME</td>
<td>Small Business Enterprise</td>
</tr>
<tr>
<td>SMME</td>
<td>Small Micro Medium Enterprise</td>
</tr>
<tr>
<td>Stats SA</td>
<td>Statistics South Africa</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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CHAPTER 1
INTRODUCTION AND BACKGROUND OF THE STUDY

1.1. INTRODUCTION

According to Olawale and Garwe (2010:729) Small and Medium Enterprises (SMEs) are key players in the economies of many countries where governments have understood the importance of focusing on the development of the SME sector to promote economic growth.

Bosch, Tait and Venter (2011:650) report that small businesses (SMEs) in South Africa as in other countries continue to make substantial and increasing contribution to economic activity and employment. Data on the small business sector in South Africa is diverse, and in most cases speculative. Estimates suggest that there are approximately 2.2 million small businesses in the country that contribute to about half of total employment and 30% of total GDP.

The South African Department of Trade and Industry (DTI 2008) states that in March 2007 there were 1.87 million enterprises, big and small, listed in the statistics South Africa Integrated Business Register (Stats SA). This register covers only the formal economy and excludes sole proprietors and partnerships. About 556,000 of the 1.87 million enterprises were regarded as economically active, and of these 556,000 a total of 536,000 operated as Small, Micro and Medium Enterprises (SMMEs). Of the economically active enterprises in March 2007:

- 36% were micro enterprises
- 46% were very small enterprises
- 11% were small enterprises
- 4% medium enterprises
- 3% were large enterprises

The SMME sector grew by 27% between 2004 and 2007 in terms of the total number of formal enterprises in the Statistics South Africa Integrated Business Register (DTI 2008). See Table 1.1 below of business register figures by enterprise category, 2004 and 2007.
Table 1.1: Business Register figures by enterprise category, 2004 and 2007

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<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>Percent</td>
<td>Count</td>
</tr>
<tr>
<td>Micro</td>
<td>212,166</td>
<td>50.3 %</td>
<td>200,377</td>
</tr>
<tr>
<td>Very Small</td>
<td>170,388</td>
<td>40.4 %</td>
<td>251,920</td>
</tr>
<tr>
<td>Small</td>
<td>38,397</td>
<td>7.7 %</td>
<td>63,193</td>
</tr>
<tr>
<td>Medium</td>
<td>6,748</td>
<td>1.6 %</td>
<td>20,750</td>
</tr>
<tr>
<td>Total SMME</td>
<td>421,644</td>
<td>100 %</td>
<td>536,240</td>
</tr>
<tr>
<td>Large</td>
<td>4,596</td>
<td>_ _ _</td>
<td>17,251</td>
</tr>
<tr>
<td>All enterprises</td>
<td>426,240</td>
<td>_ _ _</td>
<td>533,491</td>
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Source: DTI (2008)

Table 1.1 above shows the important development of small businesses which contribute considerably towards poverty alleviation and unemployment in South Africa. However, the majority of the businesses in South Africa lack dynamism and are more likely to exist for only the first three years of activity. According to DTI (2008) a high rate of liquidations from registered businesses with an inactive or shifting business focus occurs within the first three years of existence.

For Knight (2000:12) the implementation of marketing strategy by small businesses is a compulsory factor to sustain their businesses and achieve success. The purpose of executing a marketing strategy is mainly to attract, retain customers and overtake competitors in the market.

According to Nieman, Hough and Nieuwenhuizen (2003:33) most entrepreneurs start their businesses without proper strategic marketing planning in order to differentiate their product/service and create a competitive advantage. These entrepreneurs tend to follow the group hoping that whatever has worked for the others will also work for
them. The reason is that in general small enterprise managers do not give priority to marketing practice or have difficulty in implementing it in their overall business approach due to lack of knowledge.

1.2. PROBLEM STATEMENT

Several researches show the importance of marketing within a business but unfortunately marketing is not a strong component particularly in small businesses. The literature demonstrates that the rate of failure in this type of business is partly due to the lack of effective marketing practice.

Therefore the research question to be addressed is:

What are the difficulties experienced by small business owners and/or managers in marketing their businesses?

1.3. SUB-PROBLEMS

The aim of this study is to investigate the difficulties affecting an effective practice of marketing by small business owners and/or managers. In order to address the main problem, the following sub-problems have been formulated:

1. How is marketing practiced within small businesses?
2. What are the difficulties affecting marketing practice in small businesses?

1.4. OBJECTIVES OF THE STUDY

This treatise aims to achieve the following objectives:

a) To undertake a theoretical investigation into the concept of marketing and its practice in small businesses.
b) To uncover difficulties affecting marketing practice in small businesses through a literature review.
c) To undertake an empirical investigation to evaluate the practice of marketing in small businesses and to see what type of marketing difficulties are experienced by small business owners and/or managers.
d) To formulate recommendations for a better practice of marketing in small businesses based on the findings of the empirical study.

1.5. DEMARCATION OF RESEARCH

1.5.1. Type of organisations

This study will be focused on private organisations, independently owned, with or without a marketing department. The study level will be limited only to owners and managers of the business. The reason for choosing owners and/or managers is that they are the ones who run the entire business activities and are the main focus of our study.

1.5.2. Size of the organisations

According to the definition in the Government Gazette (2003:8) small enterprises are organisations employing a maximum of 50 employees with a maximum turnover of R32 million. Medium enterprises are organisations employing a maximum of 200 employees with a maximum turnover of R64 million. The researcher will follow this definition and will only focus on small businesses respecting these requirements.

1.5.3. Geographical location

The geographic location of the study will be confined to small businesses lying within the Nelson Mandela Bay area, which incorporates the city of Port Elizabeth and the towns of Uitenhage and Despatch.

1.6. SIGNIFICANCE OF THE RESEARCH

This study will contribute to a better understanding of the difficulties faced by small business owners and/or managers to integrate and utilise appropriate marketing actions in their organisations. The findings of this investigation will also assist in further research on the assessment and estimation of the practice of marketing activity by managers of small businesses. It can also serve to warn small business managers of the marketing challenges that they could face in their businesses.
1.7. DEFINITION OF KEY CONCEPTS

Provided below are the definitions of concepts that are the basis of this research and which will be dealt with during the research.

1.7.1. Marketing

According to Bosch et al (2011: 383) marketing is a business function that can be defined as a process of satisfying consumer needs by adding value through appropriate products or services, at reasonable prices, through acceptable distribution channels using promotional strategies and marketing communication in an ever-changing business environment.

Lamb, Hair, Mc Daniel, Boshoff and Terblanche (2008:4) add that the general definition of marketing is the one given by the American Marketing Association (AMA) saying that “marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organisational goals.

Marketing therefore comprises the following:

- The anticipation and satisfaction of consumer needs by means of mutually beneficial exchange processes, and
- Doing so profitably and more effectively than competitors by means of efficient managerial processes.

For the purpose of this study marketing will be defined as all activities undertaken by a business to bring value to their clients in order to generate financial profit.

1.7.2. Small Business

The National Small Business Act of 1996 as amended in (2004:4) describes a ‘Small Business’ as follows:

“A separate and distinct business entity, together with its branches or subsidiaries if any including co-operative enterprises and nongovernmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub sector of the economy.”
According to the Government Gazette (2003: 8) definition of the small business can change depending on the country. In South Africa, small businesses are defined and classified in terms of turnover, gross asset value, and number of employees by differentiating between micro, very small, small, medium, and large-sized enterprises. Businesses can be categorized as small businesses by satisfying the criteria mentioned in the schedule of size standards in Table 1.2.

Table 1.2: Schedule of size standards for the definition of SMEs in South Africa

<table>
<thead>
<tr>
<th>Type of firm</th>
<th>Employees</th>
<th>Turnover</th>
<th>Balance sheet</th>
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</thead>
<tbody>
<tr>
<td>Small</td>
<td>1-50</td>
<td>Maximum R32m</td>
<td>Maximum R5m</td>
</tr>
<tr>
<td>Medium</td>
<td>51-200</td>
<td>Maximum R64m</td>
<td>Maximum R19m</td>
</tr>
</tbody>
</table>

Source: Government Gazette (2003: 8)

According to DTI (2008: 2) small businesses can be classified as micro, very small, small, or medium enterprises. The term ‘Small Business’ and ‘SMME’ are used as synonyms.

For the purpose of this study, small businesses will be defined as businesses that employ fewer than 200 employees and are independently owned and managed.

1.7.3. Entrepreneur

According to Mohanty (2005:10) the term ‘Entrepreneur’ is from the French word “Entreprendre” that means to undertake. The person who undertakes the risk of new enterprise is seen as an entrepreneur. Another definition of entrepreneur is given by Pinderhuges (2003: 1) who defines it as a person who develops a business idea and is animated by a strong desire to concretize this idea and implement change. The entrepreneur is recognised as hard working and who focuses on the success of his business objectives. Similarly Maas and Fox (1997:10) say that entrepreneurs are dynamic people who identify business opportunities in a market and develop them as their own.
For the purpose of this study, an entrepreneur will be defined as a person who has the ability and feels the need to establish and conduct a business on the basis of an observed business opportunity in the market and make a profit from it.

1.7.4. Management

According to Sakthivel (2004:2) it is challenging to come up with an accurate definition of the concept of management. Several scholars from different backgrounds view management from different angles. For Sakhtivel the economists consider management as a resource like land, labour, capital and organisation, in contrast the bureaucrats see it as a system of authority to achieve business objectives. One of the most used definitions of management is the one given by Kroontz and Weihrich (2006: 5) where management is seen as the process of designing and maintaining an environment in which individuals, working together in groups, efficiently achieve fixed objectives.

For this study, management will be defined as the process of conducting and organising enterprises in order to achieve the given objective.

1.8. OVERVIEW OF RELATED LITERATURE

According to Leedy and Ormrod (2005:64) it is essential for researcher to deliver a wide literature review in their research works. A literature review put in evidence theoretical angle to the work combined with previous research findings the problem presented. More the researcher dig into the topic through literature investigation, the more efficiently researcher can cover the research problem.

1.8.1. Marketing practice in small business

Several researchers emphasise the importance played by marketing in the development of small businesses. First of all according to Kingsley (2002) marketing is more about understanding customer needs and develops strategy to respond and satisfy them. Moreover it is essential to the growth of small businesses to implement marketing as it can help them in building their brand or product.

According to Lodish, Morgan and Kallianpur (2001:2) marketing must be used by entrepreneurs as an instrument to make their product or services better perceived
than the competition in a target market. Marketing strategy through targeting, segmentation and positioning are some of the keys of success that make an entrepreneurial venture work or not work. The answers to these positioning and segmentation questions are not easy, but are crucial to the venture’s success. Once the positioning, targeting and segmenting decisions are made, the entrepreneur can tackle all the other marketing related decisions. Crane (2010:6) defines the following steps as ‘marketing mix’. Marketing mix in the strategic marketing program consists of four elements or 4Ps marketing; namely, product, price, promotion and place which are all especially designed to attract and retain targeted customers.

Moreover according to Carson and Gilmore (2000:1) the marketing in small business is dominated by the intrinsic characteristics of the owner/manager and the small business itself. The impact of the inherent limitations of small firms associated with the decision – making of owners/ managers will determine and often impose the nature and orientation of small business marketing.

According to Kenny and Dyson (1989:1), in adopting a true marketing orientation, a business makes an effort to direct its efforts towards satisfying customer needs in a competitive manner. This implies to ensure, as far as possible a long term survival rather than short-term profitability and obliges the business to think beyond the immediate future. The important part of this process is to create a positive image in the eyes of the existing and potential customers to focus their attention on the firm.

1.8.2. Marketing difficulties within small businesses

According to Carson and McCartan-Quinn (1995:25) the high rate of failure of small businesses have a relation with the lack of knowledge of marketing discipline in some organisations. This view is shared with other researchers who believe that marketing is of such an importance that if firms do not develop an understanding of its principles, the risk of failure is more certain. Marketing strategy implementation is the exception rather than the rule in small firms.

Small businesses hampered by regulatory constraints and coping with the day-to-day stresses of business, marketing theory and more so practice, may at times seem somewhat of an unnecessary luxury. It needs to be understood that if marketing is to be of any use, then time and scarce resources must be allocated to an activity which
often may only show a return in the longer term (Kenny & Dyson 1989:18). For the small business according to Kenny and Dyson (1989:1), the cost of adopting a complete marketing profile may seem prohibitive, but this should always be weighed against the consequences of opting for the lower-cost alternative of working with very limited marketing information.

According to Crane (2010: 5) business venture failures are frequent due mainly to the lack of proper marketing implementation by many entrepreneurs with a tendency to chase “too many rabbits.” It is only the implementation of marketing that allows firms to determine properly the target market to address and how to address them. Furthermore Crane (2010:10) acknowledged difficulties experienced by small business managers but affirms that most entrepreneurs believe in controlling their businesses. Several internal and external factors may, however, serve as brakes on marketing restricting them significantly. According to Radipere and Scheers (2005: 404) difficulties affecting marketing practice in small businesses can be divided in two categories: Enterprise-based issues (internal factors) and Market-related issues (external factors).

1.9. RESEARCH METHODOLOGY

According to Ethridge (2004:140) research methodology is the use of a set of techniques and tools implemented in a research process to reach the objective of the study. The main purpose of methodology is that suitable techniques and procedures are selected, designed and applied to collect data and produce reliable knowledge. The following procedure will be adopted to solve the main and sub-problems.

1.9.1. Review of current literature

Literature reviews are systematic syntheses of previous work around a particular topic. Nearly all scholars have written literature at some point; such reviews are common requirements for class projects or as part of theses, are often the first section of empirical papers, and are sometimes written to summarize a field of study (Salkind 2010:725).

The practice of marketing in small businesses as well as the difficulties affecting marketing practice by small business managers will be addressed through a
literature review of books, journal articles and electronic sources aimed at providing a conceptual framework of the study.

1.9.2. Empirical study

1.9.2.1. Survey questionnaire

A quantitative survey will be conducted among the sampled owners and/or managers of the selected small businesses selected from the database of the Nelson Mandela Bay Chamber of Commerce. The researcher will develop a comprehensive structured questionnaire for this research project that will be administered via the use of electronic mail to small business owners and/or managers, in the Nelson Mandela Bay area and containing a link directing them to an online questionnaire. The decision to make use of e-mail combined with an online questionnaire was to gain the advantage of speed because the questionnaire can be delivered to all recipients within a few seconds and also for convenience as both the researcher and the respondent can benefit from the ease of using electronic aids to send, complete, reply and record the results of the questionnaire.

1.9.2.2. Population to be surveyed and sample

Sample size can be determined either by using statistical techniques or through a rule of thumb (Zhang 2009:19). Han and Liu (2007:34) citing Sekaran maintains that a sample size larger than 30 and smaller 500 is appropriate for most research. Based on this, a snowball sampling method was employed for this study in order to reach at the minimum 50 respondents within small businesses and at the maximum 105 respondents. The database of registered businesses in the Nelson Mandela Bay area was accessible through the website of the Nelson Mandela Bay Chamber of Commerce. This database was used to gain the names and email addresses of small business organisations among different sectors to which email questionnaires were sent.
1.9.2.3. **Statistical analysis of primary data**

The findings of the empirical study were analysed and interpreted with the assistance of the Nelson Mandela Metropolitan University Unit for Statistical Consultation through the use of the statistic software “Statistica”.

1.10. **ORGANISATION OF THE DISSERTATION**

**Chapter 1** serves as an introduction, setting out the problems and the manner in which these are addressed. It provides insight into the nature of the topic.

**Chapter 2** gives a view of the nature, importance and challenges of small businesses through a literature review.

**Chapter 3** serves as the main literature review section of the report. The chapter provides an in-depth study of marketing within small businesses and also uncovers difficulties affecting its effective practice.

**Chapter 4** presents the methodology used for conducting this research.

**Chapter 5** presents the responses to the investigation of small business owners and/or managers and provides the results of the study.

**Chapter 6** presents the conclusion and relevant recommendations of the study.
CHAPTER 2:
THE NATURE, IMPORTANCE AND CHALLENGES OF SMALL BUSINESSES

2.1. INTRODUCTION

According to the IDRC (1999) in developing countries there is a real difficulty in earning salary. Unemployment rates are high and securing full time job can be a real challenge for the population. In this case the small business sector can make a change and help those populations to earn a better living thus promoting the small business is therefore necessary to eliminate these economic constraints as much as possible.

Bosch, Tait and Venter (2006:649) and SACOB (1999:1) report that the development of the South African economy must firstly address the different problems of unemployment, income inequality, poverty alleviation, economic concentration, lack of international competitiveness and low economic growth. The development of the small business sector is seen as a potential solution to seriously address these challenges and is the principal driving force for economic growth.

Kerimova (2008:2) highlights that small businesses in South Africa have the ability to make a significant impact on employment, redistribution of wealth and social stability. A sign of growth is motivated through real innovation and employment is a normal consequence of business creation and its development in larger firms requiring more human resources.

Moreover, the South African government attaches a high level of importance to the small business development as a means of contributing to national economic growth and this remains one of the key policy focus areas since the advent of democracy in 1994. In this regards the Government has established a number of national, provincial and local level institutions and programmes to support small businesses across the country (DTI 2010:3).

However, according to IDRC (1999) smaller firms face many constraints and challenges including; outdated technology, limited access to credit, lack of training and state support, and increased competition because of trade liberalization.
Cant and Ligthelm (2002:1) indicate that the estimated rate of figures of small businesses failure in South Africa is between 70% and 80%. Huge amounts of money are being lost every year on new business ventures mainly because of avoidable mistakes and problems. Business ideas are good most of the time and the people behind them are really motivated and competent but the main issue is that they do not have any competence of how to run a business and have no appreciation of the objectives of business fundamentals.

In this chapter, the researcher will investigate the small business by firstly defining the small business, and secondly showing its importance in the economic system and finally tackling the challenges encountered in their development.

2.2. NATURE OF THE SMALL BUSINESS

2.2.1. Definition of the small business

In this research small or medium enterprises were mainly referred to as small businesses. The term ‘Small Business' and ‘SME’ are used as synonyms (DTI 2008: 2).

One of the earliest definitions of the small business was the one given by the United States Congressional Digest (1956: 290) following confusion in determining whether a firm is small or not in order to be eligible for assistance after the great depression of the 1930s. Therefore the 1953 Small Business Act provides that a small business concern is “one which is independently owned and operated and which is not dominant in its field of operation. In addition to the forgoing criteria the administrator in making a detailed definition, may use these criteria, among others: Number of employees and dollar volume of businesses.”

Lucky and Olusegun (2012:488) affirm that several countries in the world have defined the small business in terms of manpower. The following Table 2.1 gives some international definitions of SMEs by employees.
Table 2.1: International definition of SMEs by employees

<table>
<thead>
<tr>
<th>Country</th>
<th>Small</th>
<th>Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>business with up to 49 employees</td>
<td>business with up to 249 employees</td>
</tr>
<tr>
<td>European Union</td>
<td>business with up to 50 employees</td>
<td>business with up to 250 employees</td>
</tr>
<tr>
<td>Australia</td>
<td>business with up to 5 or more employees but less than 20</td>
<td>business with up to 200 or more employees</td>
</tr>
<tr>
<td>United States</td>
<td>business with up to 100 employees</td>
<td>business with up to 500 employees</td>
</tr>
</tbody>
</table>

Source: Lucky and Olusegun (2012:491)

Bosch et al. (2006:648) observe that besides the numbers of employees, the quantitative variable in defining the small business can be extend to the annual sales volumes of the business and the total value of the business in terms of assets. Qualitative criteria are also use in defining the small business and are variables, such as, the nature of the business and the structure of the business. Table 2.2 below highlights certain quantitative criteria used to identify and categorise small and medium-sized businesses in South Africa.
Table 2.2: Quantitative criteria used for classifying small and medium-sized businesses in South Africa

<table>
<thead>
<tr>
<th>Sector or subsector in accordance with the standard industrial classification</th>
<th>Size/Class</th>
<th>Total full-time equivalent of paid employees Less than:</th>
<th>Total turnover Less than:</th>
<th>Total gross assets value (excl. fixed property) Less than:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>Small</td>
<td>50</td>
<td>R 3m</td>
<td>R 3m</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>100</td>
<td>R 5m</td>
<td>R 5m</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Small</td>
<td>50</td>
<td>R 13m</td>
<td>R 5m</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>200</td>
<td>R 51m</td>
<td>R 19m</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>Small</td>
<td>50</td>
<td>R 10m</td>
<td>R 6m</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>200</td>
<td>R 39m</td>
<td>R 23m</td>
</tr>
<tr>
<td>Electricity Gas and Water</td>
<td>Small</td>
<td>50</td>
<td>R 13m</td>
<td>R 5m</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>200</td>
<td>R 51m</td>
<td>R 19m</td>
</tr>
<tr>
<td>Construction</td>
<td>Small</td>
<td>50</td>
<td>R 6m</td>
<td>R 1m</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>200</td>
<td>R 26m</td>
<td>R 5m</td>
</tr>
<tr>
<td>Retail, motor industry and repair services</td>
<td>Small</td>
<td>50</td>
<td>R 19m</td>
<td>R 3m</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>200</td>
<td>R 39m</td>
<td>R 6m</td>
</tr>
<tr>
<td>Wholesale trade, commercial agents and allied services</td>
<td>Small</td>
<td>50</td>
<td>R 32m</td>
<td>R 5m</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>200</td>
<td>R 64m</td>
<td>R 10m</td>
</tr>
<tr>
<td>Finance and business services</td>
<td>Small</td>
<td>50</td>
<td>R 13m</td>
<td>R 3m</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>200</td>
<td>R 26m</td>
<td>R 5m</td>
</tr>
</tbody>
</table>

Source: Government Gazette (2003:8)

The official definition given to the small business in South Africa is the one given in the National Small Business Act of 1996 as amended in 2004, which describes a ‘Small Business’ as follows:
A separate and distinct business entity, together with its branches or subsidiaries, if any, including co-operative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub sector of the economy” (Government Gazette 2004:2).

According to Chilipunde (2000:7) citing Kayanula and Quartey (2000) there are different acceptable definitions of the small business. Businesses differ from their capital investment, gross sales and employment. Hence, definitions which use quantitative measures of size can vary by sector and lead to different results.

Lucky and Olusegun (2012:488) citing Conrad and Darren (2009) explain that the most important reason why the small business definitions change principally from industry to industry; country to country; size to size and number of employee to number of employee is to reflect industry, country, size and employment differences accurately.

Lucky and Olusegun (2012:489) confirm that the discussion above demonstrates that the relevant criteria in defining the small business include employment, number of employees, size, country, industry, asset value etc.

For the purpose of this study the researcher will only focus on the quantitative figure as the number of employees and qualitative criteria in defining the small business. Small businesses will be defined as businesses that employ fewer than 200 employees and are independently owned and managed.

2.2.2. Characteristics of small businesses

According to Bosch et al (2006: 647) small business enterprises exist within different stages of legal compliance thus some exist within the formal sector and others in the informal sector. The formal sector includes businesses that are legally registered, comply with relevant laws and regulations and pay income tax, whereas business firms in the informal sector do not.

Moreover McCartan-Quinn and Carson (2003: 202) mention that small businesses have numerous characteristics that identify them from big firms. Indeed Bosch et al (2006: 648) say that small business owners and/or managers are commonly required
to perform a variety of tasks, whereas in larger firms, employees are appointed to specific functional tasks. Small business enterprises generally have a single or possibly two-tiered hierarchical management structure, whereas a large business could have far more complex management structures.

Wunder (2007:2) acknowledges that four characteristics are used in different combinations and qualifications to identify small businesses.

- Relative low number of employees
- Not dominating the industry
- Early age of organisations
- Limit in turnover and total balance sheet

Moreover according to McClaran-Quinn and Carson (2003:202) these characteristics also range from flexibility, innovation to limited impact in their product markets and limited network access. However, small business employees are very motivated and work closely with colleagues.

Du Toit, Erasmus and Strydom (2007:49) note that the channels of communication used by small businesses are sometimes short but well-organized; with less barriers structure enabling rapid decision making as can be the case in larger firms. The small business also has the ability to provide a more personalised service to its clients to which they are very close.

According to McClaran-Quinn and Carson (2003:202) small businesses are independently owned and managed. The owner and/or manager plays an important role in the life cycle of the business by his constant presence and personal touch in the management style of the business. In the same direction Eyber (2010:16) citing Burns (2001:9) relates that the small business owner manages the business most of the time by implementing a relatively informal and personal management style.

McClaran-Quinn and Carson (2003:203) also state that all the decision making regarding the business and its future rely on owners and/or managers managerial skills expertise or their ability to conduct a business. Managerial competence in the specific context of the small firm has been defined as: "a body of knowledge, area of skill/ability, personal qualities/characteristics, set of awareness's, attitudes or
motivations/drives that may, in their various ways, positively and constructively contribute to effective business/managerial thought or action.”

2.3. IMPORTANCE OF THE SMALL BUSINESS

According to Chilipunde (2002:11) citing USAID (2009) small and medium enterprises in many countries are seen as absorbing the majority of the business activity or operations. Small businesses play, in general, an important role towards poverty alleviation, unemployment and positive contribution to the gross domestic product (GDP) of a country. Indeed small firms generate income and employment for millions of people throughout the world and their development can increase this figure considerably.

Figg (2002: 34) observes that all over the word the acknowledgement of the small business sector as playing a key role in the socio–economic development of a country is undeniable.

Small businesses according to Eybers (2010: 18) are increasingly important to the South African economy through their contribution to the GDP of the country. See below a table representing the size and class of each sector’s contribution to GDP.
Table 2.3: Percentage contribution of SMME’s to the GDP in the industrial sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>4,13</td>
<td>8,67</td>
<td>43,71</td>
<td>43,49</td>
<td>100,00</td>
</tr>
<tr>
<td>Mining</td>
<td>1,01</td>
<td>1,74</td>
<td>2,55</td>
<td>94,70</td>
<td>100,00</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>5,27</td>
<td>7,37</td>
<td>21,02</td>
<td>66,34</td>
<td>100,00</td>
</tr>
<tr>
<td>Electricity</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
<td>100,00</td>
</tr>
<tr>
<td>Construction</td>
<td>3,14</td>
<td>35,6</td>
<td>12,20</td>
<td>49,06</td>
<td>100,00</td>
</tr>
<tr>
<td>Trade</td>
<td>2,27</td>
<td>23,41</td>
<td>17,12</td>
<td>57,21</td>
<td>100,00</td>
</tr>
<tr>
<td>Transport</td>
<td>7,07</td>
<td>18,50</td>
<td>20,30</td>
<td>54,13</td>
<td>100,00</td>
</tr>
<tr>
<td>Business &amp; other services</td>
<td>14,90</td>
<td>12,90</td>
<td>2,90</td>
<td>69,30</td>
<td>100,00</td>
</tr>
<tr>
<td>Average: all Sectors</td>
<td>5,82</td>
<td>13,90</td>
<td>15,05</td>
<td>65,23</td>
<td>100,00</td>
</tr>
</tbody>
</table>


Table 2.3 above indicates that 34.8% of the GDP in South Africa is generated by small businesses (micro, small, and medium). This contribution of small businesses is important and cannot be underestimated.

According to the South African Annual Review (2000) as noted in Figg (2002: 26) the contribution of small businesses to GDP is not only the important factor in the South African economy. The other important contribution is in terms of employment. Indeed the role of small businesses in the context of employment is to be noted especially in a developing country where it is sometimes a more important source of employment compared to larger enterprises.

Chilipunde (2010:11) citing Siddiqi (2005) affirmed that small businesses are efficient tools of job creation and are in general more labour intensive related and are hence perceived to have a high labour-absorptive capacity. From the economic point of view, it is believed that increasing the contribution of small businesses to employment and economic development could lead to the following mains goals:
• Increasing the rate of creation of new small businesses with growth potential and increased contribution to investment, employment and income generation;
• Increasing the rate of economic ownership; Increasing the rate of development of micro enterprises into small business categories;
• Increasing the performance of existing small businesses with a view to increasing their competitiveness; and
• Decreasing the undesirable mortality rate of small businesses.

According to Bosch et al (2006:649) small businesses are also important for the following reasons:

• Employees in small business enterprises often require limited or no skills or training. Due to the nature of the small business, employees work closely with their employer and learn the necessary skills on the job.
• Due to their close proximity to the market and the close relationships they can develop with customers, small businesses can adapt more rapidly than larger businesses to changing tastes and trends.
• Outsourcing by large businesses to small businesses often lends flexibility to the production processes, and small businesses also play a vital role in technical and other innovations (Bosch et al 2009:649).

Du Toit et al (2007:50) affirm that small businesses contribute to a large extent to the development of both rural and urban communities. They assist particularly the communities in which they are operating by providing a general variety of personal services and products, whereas larger firms may encounter difficulties in doing the same thing and satisfying their customers’ needs and wants effectively.

Small businesses allow for a more competitive market. Not only do they compete with each other, but they also compete with larger businesses in an attempt to lure customers with better prices, quality and service. Due to the flexible nature of their decision making and the close relationships with suppliers, small businesses can often take immediate advantage of better prices and pass these on to their customers (Bosch et al 2006:649).

Figg (2002: 35) citing the White Paper (1996) states that “the small business sector plays a crucial role in peoples’ efforts to meet basic needs and help marginalised
groups - like female heads of households, disabled people and rural families-to survive during the current phase of fundamental structural changes where the formal economy is unable to absorb the increasing labour supply, and social support systems are grossly inadequate”.

2.4. SMALL BUSINESS CHALLENGES

According to Figg (2002:35) there is no doubt that small businesses experienced more challenges and constraints compared to larger firms and are less able to address these challenges on their own.

Eybers (2010:21) mentions that one of the challenges for small businesses is to provide government with a great deal of administrative paperwork to comply with regulations. Small business owners /managers are uninformed of those regulations and/or are unable to fill out this paperwork correctly.

Lin, Vassar and Clark (2011:26) comment that technological changes are regarded as significant challenges to small business management. Lin, Vassar and Clark (2011:26) citing Cyret and Mowery (1987) described technological change as the process by which inputs (labour and material resources) are converted into goods and services and enables the production of completely new goods and services. A major factor in adopting technological innovation is the adjustment of organizational culture to the new environment.

According to Cant and Lightelm (2002: 2) the majority of small business owners are also the managers of the businesses and that even if entrepreneurs come up with a good business idea and have the motivation and competence they, however, lack management expertise to run a business. This is confirmed by Eybers (2010: 21) saying that owners and/or managers most of the time lack management skills, business knowledge and experience, and are unable to plan effectively.

Furthermore Lin et al (2011:26) add that a review of research indicates that small businesses are more constrained by limited financial resources. This is confirmed by Eybers (2010: 21) who affirms that the biggest problem facing the small business is the lack of capital and access to finance. Business without proper financial resources
cannot adequately carry out its business activities of producing and marketing the product as well as appointing competent human resource personnel.

Cant and Ligthelm (2002:2) summarise all those different challenges in the internal/micro environment and external/ macro environment. The next part gives more details of the problems experienced by small businesses based on their origin in the external and internal environment.

2.4.1. External environment

According to Cant and Ligthelm (2002: 2) management has little or no control over market factors and success often depends on their ability to respond rapidly to change in the market. Some of the most common external problems influencing small businesses success are showing in the following Table 5.6.

Table 2.4: External environmental problems influencing small business in South Africa

<table>
<thead>
<tr>
<th>MACRO ENVIRONMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>• State of the economy : economic growth, interest rates, inflation</td>
</tr>
<tr>
<td>• Compliance with legislation</td>
</tr>
<tr>
<td>• Unavailability of resources due to natural disasters or seasonal conditions</td>
</tr>
<tr>
<td>• AIDS</td>
</tr>
<tr>
<td>• Crime</td>
</tr>
<tr>
<td>• Government interference</td>
</tr>
<tr>
<td>• Rapidly changing technology</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MARKET ENVIRONMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Industry complexities, weaknesses, market imperfections</td>
</tr>
<tr>
<td>• New competitors offering similar products at lower prices</td>
</tr>
<tr>
<td>• Loss of major client</td>
</tr>
<tr>
<td>• Low demand for products/services</td>
</tr>
<tr>
<td>• Limited market size</td>
</tr>
<tr>
<td>• Poor growth prospects</td>
</tr>
<tr>
<td>• Low barriers to market entry with many similar start-up leading to an over supply</td>
</tr>
<tr>
<td>• Major changes in the industry</td>
</tr>
<tr>
<td>• Drop in the demand for a major product line</td>
</tr>
</tbody>
</table>

Source: Cant and Ligthelm (2002: 3)
2.4.2. Internal environment

Cant and Ligthelm (2002:3) state that the internal causes of failure of small businesses are mainly due to management skills and management behaviour and lack of technical knowledge. Problems can further arise within the functional areas such as marketing, human resources, production and operations and finance. See in Table 5.7 below common internal challenges experienced within the small business.

Table 2.5: Internal environmental problems influencing small businesses in South Africa

<table>
<thead>
<tr>
<th>MANAGEMENT SKILLS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Inexperience in the field of business or industry</td>
</tr>
<tr>
<td>• Lack of managerial training</td>
</tr>
<tr>
<td>• Inability or unwillingness to make the entrepreneurial transition (delegate authority)</td>
</tr>
<tr>
<td>• Inability to control growth</td>
</tr>
<tr>
<td>• Generalist but not specialist or vice-versa</td>
</tr>
<tr>
<td>• Failure of the entrepreneur to evaluate him/herself realistically</td>
</tr>
<tr>
<td>• Wrong attitude - overemphasis on financial rewards</td>
</tr>
<tr>
<td>• Lack of management commitment/neglect</td>
</tr>
<tr>
<td>• inability or failure to perform selected management tasks</td>
</tr>
<tr>
<td>• Failure to look forward or to set strategic goals</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HUMAN RESOURCES ISSUES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Inability to attract and retain suitable staff</td>
</tr>
<tr>
<td>• Losing key employees</td>
</tr>
<tr>
<td>• Low productivity, low morale and labour problems</td>
</tr>
<tr>
<td>• Failure to adjust organisational structure</td>
</tr>
<tr>
<td>• Not hiring additional employees soon enough</td>
</tr>
<tr>
<td>• Human resources training and development</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PRODUCTIONS/OPERATIONS ISSUES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Lack of quality control systems</td>
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<tr>
<td>• Lack of capacity planning or problems</td>
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<tr>
<td>• Developing products/services</td>
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<tr>
<td>• Product line changes</td>
</tr>
<tr>
<td>• Problems with resource suppliers</td>
</tr>
</tbody>
</table>
### FINANCE
- Capital requirements
  - Inadequate capital, lack of credit
  - Inadequate estimates of capital requirements
- Financial planning
  - Failure to do financial planning/budgeting
  - Inadequate tax planning
- Financial analysis and control
  - Inadequate financial controls
  - Lack of management information on regular basis
  - Failure to analyse information
- Working capital management
  - Poor credit management
  - Over-investment in inventory
  - Difficulties in obtaining supplier credit
  - Lack of inventory control
- Other financial causes of failure
  - Withdrawing too much cash for personal expenses
  - Fraud/misuse of directorship

### MARKETING ISSUES
- Poor location/business is inaccessible to customers
- Ineffective marketing
- Inability to identify target markets
- Failure to conduct market research
- Misreading the market
- Failure to address the proper market (poor market segmentation)
- Poor products/services

Source: Cant and Ligthelm (2002: 3).

The last point of the functional management challenges is the marketing issue which represents the main focus of this study. According to Kroon (1998: 38) most of small business owners and/or managers lack marketing expertise in conducting their businesses and do not give it priority and this can lead to business failure.
2.5. CONCLUSION

In this chapter a brief overview of the small business sector were presented by the researcher. The beginning of this chapter started by introducing the nature of the small business through its definition and the characteristics related to small business and what differentiates them from larger firms. This was followed by an inside view of the importance of the small business sector in the economy of a country especially focusing on its impact on employment, and social-economic growth. Further discussion resulted by pointing out different problems faced by the small business industry emanating from the internal and external environment of the business.

The following chapter emphasises the primary objectives of this study by looking at the practice of marketing in small businesses and the challenges related to it.
CHAPTER 3
MARKETING WITHIN SMALL BUSINESSES AND DIFFICULTIES AFFECTING ITS PRACTICE

3.1. INTRODUCTION

This chapter will help to get a better understanding of the role and practices of marketing in small businesses as well as identifying factors affecting its effective practice and finally enhancing the development of marketing theory.

Reijonen, (2009:1) citing Stokes (2000) affirms that studies have shown that marketing plays a key role in the survival and growth of small businesses but appear as a real challenge for owners and/or managers. Marketing theory has been principally developed based on studies of large organisations and cannot be applied directly to small business where the practices and activities are different. Carson and McCartan-Quinn (1995:29) agree that marketing is essential to all type of businesses, especially so for the small firm, as proper marketing practice can reduce threat of failure and increase profitability through improving efficiency.

According to Carson and McCartan-Quinn (1995:25) the high rate of failure of small businesses have a relation with the lack of marketing knowledge. This view is shared with other researchers who believe that marketing is of such importance that if firms do not develop an understanding of its principles, the risk of failure is more certain.

Crane (2010:1) finds that the first mistake for most entrepreneurs is to think that they will make money by launching their business. Entrepreneurs must know that only the creation and retention of satisfied customers and how well this task is performed will be reflected in the level of profitability of the business. It is important to understand marketing’s role in creating and retaining satisfied customers through satisfaction of their needs.

There is a widespread acceptance of the notion that small firms typically possess certain characteristics, which serve to differentiate them from larger organisations. These characteristics include inherent weaknesses with respect to capitalisation and marketing awareness and practice. Small firms are perceived as vulnerable yet valuable entities, important both economically and socially. High failure rates of small
firms are largely attributed to weaknesses in financial issues and marketing management (McCartan-Quinn & Carson 2003:201).

In this chapter, the researcher will go beyond the basic definition of marketing to a more practical view of the notion of ‘marketing concept’ as well as the concept of entrepreneurial marketing (EM). The researcher will also have a view on marketing orientation’ and ‘marketing functions’ and see their implementation through small businesses. Furthermore difficulties affecting the effective practice of marketing in small businesses will be discussed.

3.2. MARKETING CONCEPT

According to Trustrum (1989:48) marketing activity is a combination of the marketing concept, marketing orientation and implementation of marketing functions.

According to Svensson (2005: 5) marketing scholars in the 1950s began to argue that companies should pay more attention to customers’ needs and wants. This fundamental approach is often referred to as “the marketing concept.” It is one of the most important and famous concepts ever developed in marketing literature. Thus, the marketing concept holds that customer needs and wants should be the focus point of any marketing activity and marketing process. In a similar direction Trustrun (1989:48) puts forward that marketing concept can be most simply explained as a belief that the organisation can function in the best interests of its customers and itself where a balance is achieved between the needs of both of these parties. Reijonen (2009:3) explains the sense of marketing also as organisational goals and willingness to find out needs and wants in its target markets, and then to satisfy those needs more effectively and efficiently than its competitors. Stokes (2000:5) adds another dimension to marketing concept and sees it as an organisational philosophy relating to a set of values and beliefs placing the customer as the central importance of the organisation success.

According O’Cass (1996:37) the initial expression of the marketing concept as a general management philosophy was in 1954 and since that time there have been many definitions, arguments in favour of and criticisms against marketing but the philosophical basis of the marketing concept is that the customer wants satisfaction.
According to Svensson (2005: 6) the implication of the marketing concept has been a critical point in marketing literature for years. The importance has existed on its own as a concept, and is also associated with other concepts, such as marketing strategy and marketing mix. In addition, it is an influential concept in today’s marketing practice, literature and thought.

3.3. ENTREPRENEURIAL MARKETING

3.3.1. Entrepreneurial marketing definition

According to Nwankwo and Gbademesi (2011:17) Entrepreneurship Marketing (EM) is the interface between entrepreneurship and marketing; therefore it is the attitude shown by any entrepreneurs that attempt to establish and promote market ideas, while developing new ones in order to create value. Stokes (2000:1) defines ‘entrepreneurial marketing’ as marketing applied by owners and/or managers of entrepreneurial ventures.

Hills, Hultman and Miles (2008:100) affirm that entrepreneurial marketing is the “marketing of small firms growing through entrepreneurship”.

According to Morris, Schindehutte and Lafoge (2002: 5) the term ‘entrepreneurial marketing’ has been most frequently related to marketing activities in businesses which are small with constrained resources and which therefore must rely on creative, improvised and often unsophisticated marketing strategy that makes frequent use of personal network.

Moreover according to Carson and Gilmore (2000:1) the nature of marketing in small businesses is dominated by the intrinsic characteristics of owners/managers and the small business itself. The impact of the inherent limitations of small firms associated with the decision making of owners/ managers will determine and often impose the nature and orientation of small business marketing.

3.3.2. Characteristics of entrepreneurial marketing

Carson and Gilmore (2000:1) maintain that small businesses implement marketing differently to big firms with a formal marketing structure. However, marketing practices are as relevant to small businesses as are any other activities but in the
application some theories, tools and techniques of marketing are not as relevant or useful to small firms. In addition according McCartan-Quinn and Carson (2003:201) there is general acceptance of the notion that small businesses typically possess certain characteristics of marketing, which serve to differentiate them from larger organisations. Moreover Fillis (2002:135) acknowledges that small businesses marketing have exclusive characteristics that differentiate them from that of larger organisations. Small firm marketing has been characterised by attributes such as haphazard, informal, loose, unstructured and spontaneous. The reality of small businesses marketing practices is informal, intuitive, and selling focus (McCartan-Quinn & Carson 2003:206).

McCartan-Quinn and Carson (2003:205) allege that the nature of small businesses is that they are more flexible and respond more quickly to change in the market compared to larger firms and this constitutes an important competitive advantage. Moreover Fillis (2012:136) continues in the same direction saying that the smaller business is more flexible, closer to customers and more able to adapt and implement effective creative change through a better use of its internal resources.

According to Carson and Gilmore (2000:4) networking understanding of the external environment in small business marketing decision making enables the entrepreneur to be more successful. In the same vein Fillis (2002: 136) says networking theory is offered as an alternative and more appropriate explanation of the small business marketing, with networking seen as a central competence and mode of behaviour which should not be underestimated when formulating marketing plans and strategies. Also Stokes (2000:13) affirms that entrepreneurial marketing is characterised by informal information gathering through networks of personal contacts, rather than the systematic market intelligence gathering advocated in traditional marketing literature.

O’Dwyer, Gilmore and Carson (2009:55) point out that one of the most significant factors that can help the small business compensate for any disadvantages experienced because of their small size is innovation. Stokes (2000:13) continues and asserts that an entrepreneurial marketing concept has a focal point on innovations and the development of ideas in line with an intuitive understanding of market needs.
According to Fillis (2002:138) entrepreneurial scope is a driver of competitive advantage including having a global vision, a focused approach to doing business, the ability to recognise technological opportunities and to capitalise on them, together with the insight of the founder of the organisation.

O’Dwyer et al (2009:55) say that generally small business marketing activities are largely conducted and influenced by the owners and/or managers’ ability in decision making and their personal attitudes and are defined in terms of strategy to attract new customers, focusing on competitors and the business environment. In a similar direction McCartan-Quinn and Carson (2003:206) confirm that marketing in the small business is linked to the owners and/or managers’ ability or attitudes to experience and their knowledge of marketing. Thus the beliefs, ideals, preferences, experience and expertise of the owner/manager will essentially be those of the small business itself. According to Fillis (2002:136) smaller business owners and/or managers can develop their own form of marketing by observing successful innovative practice in the market and over the traditional boundaries of marketing. Small firms typically have different requirements with respect to marketing, with their inherent characteristics impacting upon the willingness/ability of the owner and/or manager to use conventional and/or contemporary marketing tools (McCartan-Quinn & Carson 2003:205).

O’Dwyer et al (2009 48) point out that there are different factors influencing the small business marketing in order for them to be more efficient. Therefore small business marketing activities and practices should be shaped to take into consideration competitors, customers, the business environment and the small business resource limitations and are deeply influenced by the owner’s/manager’s decision making, skills and abilities.

According to Reijonen (2009:26) citing Sashittal and Jassawalla (2001) states that marketing implementation in small businesses is more about a daily improvisation and interpretation of marketing strategy. Indeed the extent of these marketing improvisations and interpretations determine the level of market orientation, growth and strategic effectiveness.

According to Fillis (2002:150) an analysis of the literature review indicates the non-linear, sometimes chaotic nature of small business attitudes but does not reflect the
stepwise, linear, formal prescribed approaches as found in most of marketing management texts. However, researches indicate that the growth of small businesses in local and international markets can be achieved by optimising sets of creative entrepreneurial marketing competencies.

3.4. MARKET ORIENTATION

According to Cravens and Piercy (2009:4) market orientation is a business approach that places the customer as the starting point of business total operations. “A business is market-orientated when its culture is systematically and entirely committed to the continuous creation of superior customer value.”

Moreover Reijonen (2009:8) citing Kohli and Jaworski (1990) affirm that market orientation is the execution of marketing concept, which means that the activities of a market-oriented business are consistent with the ideas of marketing concept. Cravens and Piercy (2009:4) express that market-oriented business understands customers’ preferences and requirements and effectively deploys the skills and resources of the total business to bring superior value to customers.

Narver and Slater (1990:20) report that the interest given by researchers and scholars to market orientation shows that it is an important point in the practice of modern marketing management and strategy. The concept of market orientation consists mainly of three elements which are: customer orientation, competitor orientation and interfunctional co-ordination. Similarly Cravens and Piercy (2009:4) remark that a market-orientated business continuously gathers information about customers, competitors and the market; views the information from a total business perspective; decides how to deliver superior customer value; and takes actions to provide value to customers. Importantly, these initiatives involve cross–functional participation.

According to Miles and Arnold (1991:49) marketing orientation means that a business should focus on its customers; an entrepreneurial orientation suggests that small organisations must constantly seek to exploit the dynamics of their macro environment.
Siu and Kirby (1998:40) demonstrate that marketing orientation and entrepreneurial orientation are connected. Miles and Arnold (1991: 49) observe that both marketing orientation and entrepreneurial orientation are strategic answers to environmental uncertainty and represent an overall organisation's business philosophy.

Hills et al (2008) claim that several entrepreneurs who are actually doing well with their businesses are market orientated and “live” continuously with the market, their vision and customers’ preferences close to their minds, constantly thinking of how to bring more value to their customers. In the same way and according to McCartan-Quinn and Carson (2003: 204) successful small businesses are the ones who are marketing orientated implying that the company will be close enough to its customer with a flexibility to respond rapidly to changing customer needs and wants. Moreover implementation of marketing orientation will be determined by management ability and employees’ backgrounds.

3.5. MARKETING FUNCTION

Researchers will wrap up marketing function through two different aspects of its activity which are marketing as a strategy and marketing as a method.

3.5.1. Marketing strategy

According to Stokes (2000:5) most marketing textbooks review marketing strategy through the stages of market segmentation, targeting and positioning.

3.5.1.1. Segmentation and targeting

There is a recognition that the market is not homogeneous and can be subdivided into many segments. Having segmented the market, the marketing task is to match organisational capabilities to the demands of a particular market segment(s) (Trustrun 1989:48).

Lamb, et al (2008:155) state that the selection of segmentation bases is important because an inadequate segmentation strategy may lead to lost sales and missed profit objectives. According to Lancaster, Massingham and Ashford (2002:107) and Lamb et al (2008:155) the most common variables for segmentation are: Geographic, Demographic (gender, age, ethnic, family life cycle, income...) and
Psychographics (personality, motives, lifestyles, intellectuals, feminists...). Lancaster et al (2002:108) find that sometimes a combination of variables segments in order to define a precise market segment may be useful. However, Lamb et al (2008:155) disagree by saying that although less precise, single-variable segmentation has the advantage of being much easier to use than multiple–variable segmentation.

According to Cravens and Piercy (2009:185) the targeting choice identifies the customer segment to be served. A particular marketing strategy is designed toward each segment market that management wants to serve. Lancaster et al (2002:106) hold that the concept of target marketing is an effort by businesses to relate the characteristics or attributes of the goods and services they provide more closely to customer requirements. Market targeting consists of two main elements: Evaluate potential and commercial attractiveness of each segment and select one or more segments.

Stokes (2000: 8) contends that the majority of marketing textbooks advocate a 'top-down' approach to the market in which the strategy process is developed in the following order:

- The profiles of market segments are developed first using demographic, psychological and other buyer-behaviour variables.
- An assessment of the attractiveness of each segment concludes with the selection of the target segment.
- Finally, the selection and communication of a market position and differentiates the product or service from competitive offerings.

According to Stokes (2000:8) successful small businesses appear to be good at efficiently targeting customers. The operationalization of this targeting process does not seem to conform to the three steps described above. Facts suggest that successful small businesses implement a 'bottom-up' targeting process in which the business starts by serving the needs of a few customers and then extends the base progressively as experience and resources allow.

Crane (2010:80) relates that marketing segmentation for small businesses involve categorizing potential customers into groups that have common sense and who will answer similarly to a particular marketing mix.
Crane (2010: 89) also finds that all entrepreneurial efforts start by understanding a specific segment and providing world class solutions for customers in that segment. Then once the entrepreneur has achieved success in the target market, he or she can expand to adjacent applications in this way; segmentation transforms itself from an instrument for initially establishing the start-up focus to one of planning the next stage of venture growth.

Stokes (2000:8) affirms small business owners and/or managers explain targeting processes which are implied in the following steps:

- Identification of market opportunities: find opportunities in the form of product and services and test them in the market place, based sometimes only on the entrepreneur’s intuitive feelings not often sustained by formal market research.
- Attraction of an initial customer base: certain customers, who may or may not respond to the profile anticipated by the entrepreneur, are concerned about the service or product identified in the first steps. However, as the entrepreneur is in frequent connection with these customers, he or she gets to know their preferences and needs.
- Expansion through more of the same: the entrepreneur spread the formal customer base to more customers of similar profile. A new target customer develops and emerges but more through a process of self-selection and some contribution from the entrepreneur, rather than through formal market research.

This bottom-up process has advantages over the top-down approach. It requires fewer resources and is more flexible and adaptable to implement attributes which are likely to be attractive to small business owners (Stokes 2000:8).

3.5.1.2. Positioning

The positioning concept is defined by Cravens and Piercy (2009:195) as to how management wants the buyer to perceive the company’s brand. Choosing the positioning level is a key marketing and business strategy decision: the position can be central to customer’s perception and choice decision. Lamb et al (2008:187) in a more technical view say that positioning or perceptual map is a means of graphically displaying, in two dimensions, the location of products, brands, or a group of products in consumers’ mind.
Crane (2010:95) states that it is essential to acknowledge that positioning can involve “real” differences or “perceived” differences between product/brands. According to O’Dwyer et al (2009:47) one of the primary considerations in addressing small businesses marketing is the positioning of the SME within a dynamic environment.

Crane (2010: 92) observes that it is important for the entrepreneur to match the advantages wanted by the target market to the positioning strategy. There are two existing fundamental approaches in positioning: head-to-head in direct competition with product/services or avoiding direct competition through differentiation. This implies basically positioning your products or services on a special or unique advantage.

According to Lodish et al (2001:9) several entrepreneurial ventures are often better off than the competition when developing products or services with a competitive advantage that have value for the end-users in the target market. One of the main purposes for the small business owners and/or managers is to develop distinctive attributes offered through the marketing mix that will set them apart from their competitors.

3.5.2. Marketing methods

Marketing as a method according to Stokes (2000:5) is the activities and techniques, such as product development, pricing, advertising and distribution channels, which implement the marketing strategy. These are referred to as elements of the 'marketing mix', commonly summarised as the 4 'Ps' marketing of product, price, promotion and place.

3.5.2.1. Product

According to Lancaster et al (2002:180) people who are not familiar with marketing often hold the incorrect view that a product is a physical object with readily identifiable and tangible attributes. Also Cravens and Piercy (2009:290) define products as being developed to meet the requirements of the customer in the product–market. This view of the product covers a wide range of situations, including tangible goods and intangible services.
Lamb et al (2008) relate that products can be classified in different ways. Durability is the factor used between nondurable products (which included products that are consumed after one or a few uses such as soft drinks and toothpaste) and durable products (products that allow repeated usage, such as refrigerators and TV sets).

Marketing as an organisational philosophy according to Stokes (2000:7) indicates that an evaluation of customer needs comes before developing new products or service. Small business owners and/or managers frequently do the opposite of this process and to start with a business idea and then try to find the market for it.

Carson and Gilmore (2000:4) states that most small businesses are innovative in developing their products or services but Crane (2010:98) disagrees by saying that most so-called new products are modifications or enhancements of existing new products and that only existing customers can judge the level of innovation depending on how the new product is disruptive in regards of their consumption patterns. Crane identifies three types of new products.

- Continuous innovations: new products with little if any disruptive influence on existing consumption patterns.
- Dynamically continuous innovations: new products with some disruptive effect but which still do not alter existing buying patterns completely.
- Discontinuous innovations: new products with major technological breakthrough that create fundamental changes in consumer consumption patterns.

Still according to Crane (2010:99) few business ventures are built upon discontinuous innovations and that research indicates that about 80 percent of new products are simple continuous innovations, about 20 percent dynamically continuous innovations and less than 1% of new products are truly discontinuous innovations.

3.5.2.2. **Place (channel of distribution)**

Craven and Piercy (2009: 319) write that channel distribution is a network of value chain organisations performing functions that connect goods and services with end user consumers. In addition Crane (2010:151) says that small business distribution channels consist mainly of delivering the product/service to customers.
A channel of distribution can be either direct or indirect. In a direct channel there are no intermediaries. The product goes directly from producer to user. An indirect channel of distribution has one or more intermediaries between producer and user (Moore, Petty, Palich & Longenecker 2008: 388). Crane (2010:151) also identifies three channel options direct, indirect and multichannel. Figure 1 below illustrates channel options.

**Figure 3.1: Channel options**

Source: Adapted from Crane (2010:152)

According to Crane (2010:151) the preference for new small ventures would be to distribute directly to their target customer because this offers most control and knowledge of your customer. But some entrepreneurs cannot have the resources and expertise to sell directly to the customer and thus reach their target market through the indirect channel. Moore *et al* (2008:388) affirm that channels with two or three stages of intermediaries are most likely to be used by small firms producing products with geographically large markets.

Crane (2010:156) identifies three degrees of distribution density:
• Intensive distribution: the entrepreneur is attempting to achieve broad access to customers and full physical market coverage, making the product widely available to all target customers when and where they want it.

• Selective distribution: the entrepreneur will limit distribution to a select group of channel members in specific market areas.

• Exclusive distribution: is the extreme opposite of intensive distribution; the objective is to have a high degree of control of the channel and to limit the number of channel members.

Crane (2010:156) contends that in the early life cycle of a product entrepreneurs might use direct channels, but as the product grows, the distribution expands through channel members. In the same direction Moore et al (2008:388) agree that successful small businesses using a single distribution channel may shift to multichannel to improve profitability.

3.5.2.3. Price

According to Cravens and Piercy (2009:347) identifying suitable pricing strategies is challenging and dynamic in many businesses because of intense global competition and slow growth in many markets. Price impacts financial performance, influences buyers’ positioning of products and is a measure for product quality. In the same direction Lancaster et al (2002:357) remark that the most important aspect of pricing, from a marketing perspective is that it is an important means of differentiating and positioning a product.

Moore et al (2008:97) acknowledge the importance of pricing decisions because they impact on the relationships between the business and its customers. Therefore the practice of setting price must be understood by owners and/or managers since it is a real issue in small business marketing.

Crane (2010:138) comments that entrepreneurs are simply in the dark when it comes to effective price setting. Moreover successful entrepreneurs consider three pricing strategies:

• Cost – Based pricing (price floor): Price is set by identifying the cost of doing business and adding enough to cover costs and provide profit. Entrepreneur adds
an amount to cost (direct and indirect) called a mark-up relating to the market price.

- Competition – Based Price (price range): entrepreneur decides the price considering what competition is doing. Competitors set the price range for comparable products. Setting your price above or below this range can be problematic since price is an indicator of quality.

- Customer – Based pricing (price ceiling): Price ceiling is the maximum amount that customers are willing to pay and that the entrepreneur must know.

3.5.2.4. Promotion

According to Stokes (2000:10) small business owners and/or managers operate intensive communication with customers where they receive a better feedback rather than addressing them through advertising in mass media or promotions. These exchanges with their customers rely on word-of-mouth communication techniques uses to spread a message. According to Stokes (2000: 11) citing Arnt, word-of-mouth marketing is defined as:

"Oral, person-to-person communication between a perceived non-commercial communicator and a receiver concerning a brand, a product or a service offered for sale."

Promotion for small businesses according to Crane (2010:169) is an approach of communication between the business and the customer. Five types of promotion are available to communicate with target customers (advertising, personal selling, sales promotion, public relations, and direct marketing). The following table show strengths and weaknesses of these promotional techniques.
Table 3.1: Strengths and weaknesses of the promotional techniques

<table>
<thead>
<tr>
<th>Techniques</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>Efficient in achieving broad reach, quickly, attention getting</td>
<td>High cost, difficult to measure effectiveness; customers sceptical</td>
</tr>
<tr>
<td>Public relations</td>
<td>Credibility, provides more information than ads</td>
<td>Difficult to obtain PR, need media cooperation</td>
</tr>
<tr>
<td>Sales promotion</td>
<td>Stimulate sales in short run; very flexible</td>
<td>Can be abused by customers; can cheapen product in the mind of customers if used too often</td>
</tr>
<tr>
<td>Personal selling</td>
<td>Personal feedback; persuasive; control over audience selection</td>
<td>Can be very expensive per exposure, message may be inconsistent</td>
</tr>
<tr>
<td>Direct Marketing</td>
<td>Provide direct; measurable results; precision targeting; customization</td>
<td>Customer may not buy; database management can be expensive</td>
</tr>
</tbody>
</table>

Source: Crane (2010:169)

According to Crane (2010:169) promotions have three mains goals:

- Create brand awareness: as a new entrepreneur entering the market, promotion must be the first step to undertake to make the customers aware of your business.
- Build favourable brand attitudes: communicate with the customers as to why they should buy from you builds favourable brand attitudes.
- Encourage brand action: persuade customers to actually make the purchase.

3.6. DIFFICULTIES AFFECTING MARKETING PRACTICE IN SMALL BUSINESSES

According to Radipere and Scheers (2005:404) difficulties affecting marketing practice in small businesses can be divided in two categories:

- Enterprise-based issues (internal factors): incompetent marketing management or lack of managerial skills, marketing cost and perception about marketing by managers/owners.
• Market-related issues (external factors): lack of knowledge of the market environment, especially with product demand (customers), competition and industry.

3.6.1. Internal factors

According to Siu (1998:43) marketing constraints and limitations apply to most small firms. These limitations associated with small business characteristics, influence their marketing practices.

3.6.1.1. Lack of marketing planning and strategy

Bosch et al (2006:139) contend it is essential to note that before a new business is established, entrepreneurs have to clearly understand the marketing strategic business intentions. Small business owners and/or managers need to have serious discussions about the vision, mission, key values, goals and objectives of a business. New entrepreneurs, when setting up a business must carefully take into account what they want to achieve and how they want to achieve their desired outcomes. This implies that entrepreneurs must unquestionably have a strategic vision of their firm’s future business path.

According to Bosch et al (2006:659) even though marketing strategy is the exception rather than the rule in small businesses, it plays an essential role in successful business ventures. Literature indicates that entrepreneurs do not set relevant marketing plans to conduct their businesses. The marketing plan must clearly describe the target market, how the product and/or service will be positioned relative to competitors, as well as the marketing mix (4P’s) envisioned to reach the target market.

Marketing strategy according to Inkpen and Choudhury (1995: 314-317) is absent most of the time in new ventures and confirm that marketing strategy should be the result of a series of activities and managerial decisions that coalesce into a pattern and logic. If there is a pattern of poor decision making a poor marketing strategy may be the root cause of failure.

Siu (1998: 44) insists the importance of marketing strategy and planning presents the major problem for the small business manager, as the small firm owner’s life is
based on day-to-day survival rather than following a well thought-out marketing plan. Moreover McCartan-Quinn and Carson (2003:206) add that generally the small business owner/manager does not believe that formal strategic marketing planning will have an advantage for their businesses. It is also possible that the constraints associated to small businesses in terms of access to resources and markets can limit their strategic options.

Siu (1998:46) points out that if the owners and/or managers understand the disadvantages and advantages of small business marketing, he/she will be able to design the marketing strategy properly. A normative marketing approach, which comprises market analysis, product or service analysis, target market identification, and formulation of respective marketing mix, is recommended to help small business owners and/or managers design their marketing strategy plans. Entrepreneurs/owners lack of managerial skills will at some stage prevent them from approaching a strategic marketing approach in their businesses (Bosch et al 2006:141).

Slater and Olson (2001:1055) observe that it is essential for owners and/or managers to understand the value of strategic marketing planning especially in its role to outperform competitors. In view of this strategy marketing helps to achieve a competitive advantage and should be a constant practice in the small business.

3.6.1.2. **Cost of marketing**

Most small businesses according to Radipere and Scheers (2005:402) are limited by financial resources. McCartan-Quinn and Carson (2003:203) confirm that the lack of capital access is acknowledged as one of the main problems of many small businesses, new or existing and therefore prevent prospective entrepreneurs from launching their business ideas. Besides according to Carson and McCartan (1995:25) one of the challenges of marketing implementation is that it is seen by owners and/or managers as costly to undertake and they judge it as a “cost rather than investment.”

Hoghart-Scott, Watson and Wilson (1996:7) recognise that the implementation of marketing within small businesses meets rigorous financial constraints and with the daily pressure of business marketing appears as an “unnecessary luxury.” The
According to McCartan-Quinn and Carson (2003:205) additional problems met by small business managers are that their general fixed costs take a large part of sales revenues which leaves them with less money for marketing purposes. This leads to a reject of marketing activity such as advertising, marketing planning or research because owner-managers perceive them as expensive and difficult to quantify (Siu 1998: 44).

According to Hoghart-Scott et al (1996:7) resource constraints of small businesses are likely to seriously impact on their level of investment in marketing. The lack of resources affects the possibility of a firm implementing marketing strategies, thus restraining the firm in its marketing tasks, and affecting the rent of a skilful marketing expert.

### 3.6.1.3. Lack of marketing expertise

According to Siu (1998:43) marketing is nonexistent or is not well implemented in small businesses. Results from research show that marketing is challenging to understand and implement by owners and/or managers. Hoghart-Scott et al (1996:6) confirmed that several researches into marketing practice in small businesses showed that it is misinterpreted by managers who also sometimes do not know what the real purpose of it is.

Many entrepreneurs/owners/managers according to Carson and Gilmore (2000:3) see themselves as lacking in marketing expertise or capability because they come to business from different backgrounds, sometimes with more technical competency.

According to McCartan-Quinn and Carson (2003:206) marketing practice within the small business is associated to the owner and/or manager’s attitude to, experience of, and expertise in marketing. In this view Radipere and Scheers (2005: 402-404) maintains that the absence of marketing managerial skills or expertise of the manager can be a serious risk for the development of the small business and results in failure for the firm. Most businesses failed because their business concept was
weak and inadequately defined, and because the owner/managers lacked the skills and commitment to deliver it (Hoghart-Scott et al 1996:7).

Carson and McCartan-Quinn (1995:28) agrees that properly based marketing practice is the exception rather than the rule of small firms. However, Siu (1995:28) alleges that the lack of marketing expertise or skills by small business owners and/or managers prevents them from integrating marketing in their businesses. He also thinks that even though the theory of marketing is understood there may still be challenges in regards to implementing marketing practice.

According to Siu (1998:46) a great deal of research in management suggests the use of the fundamental techniques of marketing mix (products, prices, promotion and place) as a way to help small business owners and/or managers in addressing marketing problems and to grow their businesses. However, there is a misconception from managers in seeing marketing as only being marketing mix. This may be due to the challenges in understanding and practising marketing. In the same way Carson and McCartan-Quinn (1995: 30) affirm that the entrepreneur sometimes misunderstands marketing concept approaches and theory and uses them in a very wrong way. Therefore, the marketing mix in many small businesses will often be described under the headings of the 4 Ps. Such a broad use of this particular marketing concept is both wasteful and inappropriate, and therefore is not seen to function effectively.

According to McCartan-Quinn and Carson (2003:205) small business owners and/or managers do not find value in undertaking formal management marketing courses or training programs to close the gap with their marketing deficiency.

Certainly, for those business owners who wish to create prosperous and thriving businesses, a clear understanding of the basic marketing principles and techniques is important; this does not mean complex theories or sophisticated, highly formalized procedures (Hoghart-Scott et al 1996:17).
3.6.1.4. Perception of marketing

Crane (2010:2) reports that most of the time people do not really understand the concept of marketing. The first mistake to avoid is not to confuse marketing with advertising, selling, or common sense. Although advertising is one of the more visible forms of marketing, it is only one small element of marketing. Effective marketing requires intimate knowledge and understanding of consumers and competition that goes beyond simple common sense.

According to Siu (1998:42) marketing is not important in small businesses. Strategy of segmentation, positioning, marketing intelligence are neglected in the business. Managers and staff member do not perceive marketing as critical in order to solve their everyday business problems.

Carson and McCartan-Quinn (1995:25) confirm that there is a misconception for owners/managers of small businesses that marketing is not possible to quantify in terms of cost, and that results are intangible and therefore inestimable.

Siu (1998:46) states that researchers affirm that owners and/or managers misconceive marketing and perceive it as simple to undertake and therefore they take a wrong approach to the marketing they are supposed to deliver. Siu (1998:46) citing the study of Carson (1993), notes that the relevance of marketing is recognized only when small business owners and/or managers experience change, when need to grow, expand or face business failure. Furthermore Hoghart-Scott et al (1996:6) affirm that marketing is often seen as unimportant to small businesses’ requirements. This is explained by the fact that there are cases in which, without engaging in marketing activities, small businesses obtains sales and profits.

3.6.2. External factors

The principal point to be analysed as external factors will be the lack of knowledge of the market environment.

3.6.2.1. Lack of knowledge of market environment

According to Cant and Ligthelm (2002:2) knowledge of the market environment is important for entrepreneurs and represents the interests/actions of consumers,
competitors, intermediaries and suppliers. Management has little or no control over market factors and success depends on management's ability to respond quickly to changing circumstances. An evaluation of competition is crucial for the survival of the small business. Insufficient demand for products/services and market imperfections are other frequently cited problem areas facing small businesses.

Bosch et al (2006:659) assert that the business exists within a market environment and the variables within that environment influence success. It is thus of utmost importance for the entrepreneur to analyse the market environment in which the proposed business venture will operate. Of particular importance in the market environment is the industry, the market (or customers) and the competitors.

(a) Industry Analysis

According to Bosch et al (2006:659) importance should be given by entrepreneurs to the size of the industry, the current trends and development in the industry, the most important players in the industry and how it is segmented, industry problems, national or global events influencing the industry, as well as national and global growth forecasts. Legislation affecting the industry should also be analysed.

(b) Market or consumer analysis

According to Bosch et al (2006:54) the entrepreneur through the market analysis must have priority to identify, quantified, and described the market size and target market. The need to be systematically informed of all aspects of consumer needs, purchasing power and buying behaviour is essential and must not be ignored by small firm's managers. McCartan-Quinn and Carson (2003: 205) citing Ong (1997) affirm that entrepreneur lack of marketing forecast of future demand for products which results in the firm being inactive to change in the market environment.

The buying patterns and behaviour of consumers are also affected by variables in the macro environment. Economic factors such as high interest rates can lead to a decrease in consumer spending. It is important that entrepreneurs, in gauging the size of the market for their product or service, must have a sound understanding of the purchasing power of the market it intends to serve (Bosch et al 2006: 54).
(c) Competitors

According to Bosch et al (2006:659) small business owners and/or managers can fail to identify effectively the strengths and weaknesses of the closest competitors. This involves a detailed analysis of the competitors the price and quality of their products, service and delivery, and their expected reaction to a new entrant. Indirect competitors should also be identified and analysed. The competitive advantage that the business has over its competitors should be highlighted. Current and/or projected market share and growth prospects of the business and its competitors should also be included.

3.7. CONCLUSION

This chapter presented an inside view at the practice of marketing in an organisation especially within small business enterprises. This was followed by a discussion on the difficulties affecting the practice of marketing.

The chapter started first by defining the marketing concept and presenting different philosophies characterising this concept. This led to opening the door to a discussion in terms of entrepreneurial marketing through its definition and relevant characteristics. New research on marketing emphasises more and more the concept “marketing orientation” of an organisation that places the customer satisfaction as first focus of business intentions. Furthermore the researcher tackled the marketing function through marketing as a strategy with the explanation of the techniques of segmentation, targeting, and positioning for small businesses; and marketing as methods with basically implementing the marketing mix or 4Ps (product, place, price, promotion) that was defined and explained in the context of the small business.

The next part of this chapter was to give an overview of the general difficulties of marketing experienced by small business owners and/or managers and how it affects the implementation of marketing in their businesses. The literature classified those difficulties in two types, internal factors (lack of marketing planning and strategy, cost of marketing, lack of marketing expertise, perception of marketing) and external factors (lack of knowledge of the market environment). The following chapter presents the research methodology used in the empirical study.
CHAPTER 4
RESEARCH METHODOLOGY

4.1. INTRODUCTION

The main objective of this study is to look at the marketing difficulties that are perceived in small businesses. In Chapter 3 after showing how marketing should be implemented in small businesses, the researcher also pointed out challenging factors influencing an effective practice of marketing in those enterprises. Chapter 4 will provide an introduction of the research design and methodology followed in the empirical study of this research as well as the review of the data collection methods and techniques applied in the sampling method and the questionnaire design. All the dynamics that are involved in the data collection process of the study are discussed in this particular chapter. The data from the survey and the findings of the empirical study will be discussed at a later stage.

4.2. RESEARCH APPROACH

According to Kolb (2008:25) what will be the most suitable approach to conduct a research must be the first question answered by the researcher. The choice of the approach will be dependent on the research question and the type of information the researcher is looking for.

Aaker, Kumar and Day (2007:77) maintain that a research design is a detailed plan applied to conduct a research in order to meet its objectives. Designing a research method includes many interconnected decisions. The most important are the choice of the research approach that determines how information will be gathered. Research approaches are divided into three general categories, such as exploratory, descriptive and casual. Each approach contains certain tools or methods that are most useful with that approach (Kolb 2008:25).
4.2.1. Exploratory research

According to Mc Daniel and Gates (2008:41) to better understand a concept or to develop the definition of a particular problem, exploratory method research may be conducted. It is also used to identify important variables to be studied.

Kolb (2008:26) adds that the use of an exploratory research method is relevant when the research question deals with finding information on attitudes, opinions and beliefs or even where there is no specific problem to investigate. In exploratory research participants provide their own answers and the emphasis is not on the size of a sample but rather in choosing the appropriate participants and the analysis of the data provided.

Exploratory research according to Mc Daniel and Gates (2008:41) ends when the researcher agrees that the major dimensions of the problem were found. They may have developed various potential ideas about possible causes of a specific problem of importance to management.

4.2.2. Casual

The main goal of casual research is to identify a cause-and-effect relationship among variables. (Exploratory and descriptive research normally precedes cause-and-effect relationship study). In casual studies it is typical to have an expectation of the relationship to be explained. Thus the researcher must be knowledgeable about the research project. Ideally a manager would like to establish that one factor is the mean for producing another event (Zikmund 2003:56).

4.2.3. Descriptive

According to Zikmund (2003:55) the main purpose of descriptive research, as the term stipulates, is to describe characteristics of a population or phenomenon. Descriptive method research aims to determine the answers to who, what, when, where and how questions. Unlike the exploratory research method, descriptive research is based on some previous understanding of the nature of the research problem.
Kolb (2008: 25) asserts that the use of descriptive research is intended when the researcher needs to obtain specific details on a research problem and when statistical data are needed on a fact. Baines and Chansarkar (2002:5) affirm that descriptive research mostly uses a survey to describe respondents’ characteristics. The benefit of using a survey is that, if a number of people surveyed (the sample) is large enough, it can be said that a fact has been proved and is true of the entire group.

In this study the researcher will use descriptive research as the designed means to conduct this survey to capture and analyse data. The descriptive method can assist researchers in identifying clearly the difficulties faced by managers in implementing effective marketing for their businesses.

4.3. **RESEARCH METHOD**

Once the general approach is understood, the next step will involve choosing a research method and then planning the research. Methods can include the traditional quantitative survey or a qualitative research (Kolb 2008: 28).

4.3.1. **Qualitative research**

According to McDaniel and Gates (2008:108) qualitative research method is a term used to refer to research whose findings are not subject to quantification or quantitative analysis.

The most common forms of qualitative research are focus groups and in-depth interviews (Aaker *et al* 2007:189). There are, however, more research tools available for conducting qualitative research including projective techniques, observation, ethnography and grounded theory (Kolb 2008:29).

According to Kolb (2008: 29) the major disadvantage of using qualitative research is that fewer participants are required who are not necessarily representative of the population. The data emanating from the use of a qualitative approach are not in the form of statistics but rather in ideas and quotes expressed by participants and the researcher’s notes.
4.3.2. Quantitative research

Quantitative research uses mathematical analysis to provide proof of a fact or a hypothesis (guess or assumption) (Kolb 2008:29). According to Baines and Chansarkar (2002:23) quantitative research focuses on gathering a relatively small quantity of information collected from a large number of people. The main quantitative methods are surveys, observation and experiments. The traditional technique when doing quantitative research is the survey. Furthermore, according to McDaniel and Gates (2006:79) claims that the quantitative research methods are more directly related to descriptive and causal research.

While quantitative are useful for answering questions such as ‘how many?’ and ‘what?’ they are not as useful when answering questions such as ‘why?’ or ‘what if?’ Moreover a quantitative survey form with predetermined answers can result in misleading results (Kolb 2008:29).

For the purpose of this study the researcher will use the quantitative research method to identify the difficulties in marketing experienced by small business managers. Moreover quantitative research can enable the researcher to gather data from a large number of businesses in Nelson Mandela Bay. The major differences of characteristics between qualitative and quantitative research methods are summarised in Table 4.1.
Table 4.1: Qualitative versus quantitative research methods

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Qualitative methods</th>
<th>Quantitative methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of questions</td>
<td>Probing</td>
<td>Limited Probing</td>
</tr>
<tr>
<td>Sample size</td>
<td>Small</td>
<td>Large</td>
</tr>
<tr>
<td>Amount of response from each respondent</td>
<td>Substantial</td>
<td>Varies</td>
</tr>
<tr>
<td>Requirements for administration</td>
<td>Interviewer with special skills</td>
<td>Interviewer with fewer special skills or no interviewer</td>
</tr>
<tr>
<td>Type of Analysis</td>
<td>Subjective, interpretive</td>
<td>Statistical, Summation</td>
</tr>
<tr>
<td>Hardware</td>
<td>Tape recorders, projection devices, video recorders, pictures, discussion guides</td>
<td>Questionnaires, computers, printouts</td>
</tr>
<tr>
<td>Degree of replicability</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Researcher training</td>
<td>Psychology, sociology, social psychology, consumer behaviour, marketing, marketing research</td>
<td>Statistics, decision models, decision support systems, computer programming, marketing, marketing research</td>
</tr>
<tr>
<td>Type of research</td>
<td>Exploratory</td>
<td>Descriptive or casual</td>
</tr>
</tbody>
</table>

Source: Adapted from McDaniel and Gates (2008:108)

4.4. DATA COLLECTION

After choosing a research approach/method, data-collection is the next step to select a means of gathering the data. There are three basic research methods to gather data, namely survey, observation and experiment (McDaniel & Gates 2008:48).

4.4.1. Observation

According to Salkind (2010:952) observation techniques refer to watching and recording the occurrence of particular behaviours during an episode of interest. The observational method can be employed in the laboratory as well as a wide variety of other settings to obtain a detailed picture of how behaviour unfolds.
Observation research monitors respondents’ actions without direct interaction. The potential of observation research is mind-boggling (McDaniel & Gates 2008: 50).

4.4.2. Experimentation

According to McDaniel and Gates (2008:51) experiments are a method use by researchers to collect data. The objective of experiments is to measure causality. The best experiments are those in which all factors other than the one being manipulated are held constant. This enables the researcher to infer with confidence that changes in the marketing practice within small businesses for example, are caused by the perception of owners and/or managers' towards marketing.

4.4.3. Survey

Most of the time according to McDaniel and Gates (2008:50) survey research implies the presence of an interviewer (except in mail and internet surveys) who guides and interacts with respondents to obtain facts, opinions, and attitudes. A questionnaire is the main use to ensure a suitable approach to data gathering.


Based on the objectives of this study, the method that is going to be used in this research is a survey; which is the most appropriate data collection method for our type of research. This method is the most convenient, considering the study is descriptive.

According to Hair, Bush and Ortinau (2000:254) the survey method gives several advantages:

- The method can accommodate a large sample;
- It allows for making generalized inferences about the target population;
- Standardised common data can be collected which allows for direct comparisons between responses; and
- Patterns and trends within the data can be determined by means of statistical analysis.
4.5. DATA GATHERING TECHNIQUE

4.5.1. Questionnaire design

According to Hair et al. (2000:261), “a questionnaire is a data collection technique in which the respondent reads the questions and records his or her own answers.” For McDaniel and Gates (2006:35), survey research is the use of a questionnaire to gather facts, opinions and attitudes. In addition a questionnaire is a set of questions designed to generate the data necessary to achieve the objectives of the research; it is a formalized schedule for collecting information from respondents.

A questionnaire according to Finn, Elliot-White and Walton (2000:9) is the most popular technique used for data collection. It can be used in different ways such as face to face interviews, postal surveys, telephone surveys or internet surveys and email surveys.

Zhang (2009:97) citing Burns and Bush’s study (2006) reports that a questionnaire technique is an essential in conducting a survey and serves six key functions:

- It translates the research objectives into specific questions to get responses from respondents.
- It standardises those questions and the response categories so that the participants respond to identical stimuli.
- It fosters co-operation and keeps respondents motivated throughout the interview by its wording, question flow and appearance.
- It serves as a permanent record of the research.
- It can speed up the process of data-analysis.
- It is used by researchers for quality control, such as validation of respondents’ participation and reliability assessments.

In the case of this study the researcher will develop a comprehensive structured questionnaire that will be addressed to small businesses in Nelson Mandela Bay area via email. Businesses chosen for this study from the database of the Nelson Mandela Chamber of Commerce website were sent email which also included an internet link that will direct respondents to the online questionnaire. The use of a combination of email and an online questionnaire was to gain the advantage of
speed because the questionnaire can be delivered quickly to all recipients. Also for convenience as both the researcher and the respondent can benefit from the ease of using electronic aids to send, complete, reply and record the results of the questionnaire. See below Figure 4.1 of the online survey advantages.

**Figure 4.1: Online survey advantages**

- Rapid deployment
- Ability to contact the hard-to-reach
- Ease to capture respondents’ data
- Online survey
- Reduced cost
- High response rates
- Real time reporting

Source: Adapted from McDaniel and Gates (2008:158)

Furthermore according to McDaniel and Gates (2008:155) there are two different types of mail survey: ad hoc mail survey and mail panels. In ad hoc mails surveys the researcher selects a sample of names and address from an appropriate source and mails questionnaires to the people selected. Ordinarily there is no prior contact and the sample is used only for a single project. In contrast a mail panel is a type of longitudinal study. A longitudinal study is one that questions the same respondents at different points in time.

For the purpose of this study the ad hoc survey was used since there was no prior contact with the sample and this survey is for a single utilisation.
The questionnaire is accompanied by a cover letter (see annexure A) that briefly introduces the respondent to the research project, the objectives and the researcher. The rest of the questionnaire is classified into three different sections:

Section A of the questionnaire consists of items regarding the demographic information to both the respondent and the business itself. Information regarding respondents included gender, ethnicity, and age, position in the business, education and years at management level. Concerning the business the information requested included the number of employees, the age of the business, the sector.

Section B focuses on analysis the level of marketing practice in the organisation and also serves to test the familiarity of respondents related to certain marketing techniques or/and concept.

Section C consists of 20 Likert-scale close-ended questions in the form of statements aimed at measuring the difficulties marketing experienced by respondents (owners/managers) in implementing marketing in their businesses.

4.5.2. Administration of questionnaires

Small businesses in Nelson Mandela Bay were first identified through an adequate sampling technique. After recording small businesses email, contact number and website (when possible) in a database, the researcher used their email addresses to send businesses email including the link to the online questionnaire. This was done from the period of the 1st to the 3rd of September 2012. The questionnaire was sent with a cover letter explaining the purpose of the study and indicating the 08th October 2012 as the deadline to complete the questionnaire online and also that this study was only aimed at small businesses. Reminder emails were sent to businesses which had not completed the questionnaire to encourage them to complete and submit it. This electronic method of administering the questionnaire was successful and no technical problems were noted.

The questionnaire online was created by the researcher via Google mail service and the data from respondents were automatically stocked in a database offered by the service provider and were easily accessible at any time.
4.5.3. Type of questions

According to the literature two types of questions are usually used.

4.5.3.1. Open-ended questions

Open-ended questions are unstructured questions allowing respondents to reply in their own way. Often, open-ended questions require probes from the interviewer as a tool to encourage more thinking and effort on the part of respondents in order to measure their general attitudes and opinions (McDaniel & Gates 2006:264).

4.5.3.2. Closed-ended questions

Closed-ended questions required the respondent to make a selection from a list of responses. The primary advantage of closed-ended questions is simply the avoidance of many of the problems associated with the open-ended questions (McDaniel & Gates 2008:297).

For the purpose of this research closed-ended questions were used. Closed-ended questions have pre-coded answers; they are simple to analyse and quick to answer. Depending on the type of information required, the substance of the questions may differ. The following types of closed-ended questions can form part of a research questionnaire:

(a) Multiple choice questions

According to Mc Daniel and Gates (2008:298) multiple choice questions ask the respondent to give one or more of the alternatives given as a choice of answer that correctly expresses his or her opinion or in some instances indicates that all alternatives apply.

(b) Dichotomous questions

According to Mc Daniel and Gates (2008:298) in a dichotomous question the response categories are sometimes implicit, for example, a yes or no.
(c) Likert-scale

The Likert-scale consists of a series of statements expressing either a favourable or unfavourable attitude towards the concept under study (McDaniel & Gates 2008:264). The Likert-scale provides a score based on a series of items that have two parts. One part is the stem that is a statement of fact or opinion to which the respondent is asked to react. The other part is the response scale. The Likert-scale was first recognized for the use of a 5-point, ordinal scale of strongly approve – approve – undecided – disapprove – strongly disapprove. The scale is often changed to other response patterns such as strongly agree – agree – neutral – disagree (Salkind 2010:715).

4.6. SAMPLE SELECTION

4.6.1. Target population

With respect to research design and statistical analysis, a population is the entire collection of entities one seeks to understand or, more formally, about which one seeks to draw interference. Consequently, defining clearly the population of interest is a fundamental component of research design because the way in which the population is defined dictates the scope of the inferences resulting from the research effort (Salkind 2010:1052). Furthermore according to Kolb (2008:180) the population of a study needs to be clearly defined so no unsuitable individuals are included in the sample frame from which the final respondents will be chosen.

The population or population of interest is according to McDaniel and Gates (2008:328) the complete group of people about whom the researcher needs to gather information that is the first step in the sampling process to be defined. Also McBurney (2001:412) affirms that a population is the entire collection of individuals being considered for the research.

For the purpose of this study the target population was small businesses located in the Nelson Mandela Bay area including the city of Port Elizabeth, Uitenhage and Despatch. However, a proper database of registered small businesses was unattainable. It was, however, possible to start the sampling process by using the
existing databases of registered businesses in this area through the website of the Nelson Mandela Bay Chamber of Commerce.

4.6.2. Sampling Method

As reported by McDaniel and Gates (2008:328) sampling in a research study refers to the process of collecting information from a subset (a sample) of a larger group (population). The researcher makes use of the research results obtained from the sample to characterise the larger group. It is demonstrated that sampling a small population can result in very precise estimates (presidential election). Ideally, the sample from or about which information is obtained is a representative cross section of the total population.

The choice of a sampling method will depend on the objectives of the study, the financial resources available, time limitations, and the nature of the problem under investigation. The major alternative sampling methods can be grouped under two headings: probability sampling method and non-probability sampling methods (McDaniel & Gates 2008: 334).

4.6.2.1. Non-probability sampling method

Non-probability methods include judgement, quota and convenience, where each potential subject does not have the same probability of being included (Kolb 2010: 192).

Salkind (2010: 922) reports that non-probability sampling is carried out without the knowledge about whether those chosen in the sample are representative of the total population of interest. In some instances, the researcher does have sufficient information about the population to undertake probability sampling. The researcher might not even know who or how many people or events make up the population. McDaniel and Gates (2008:345) state the four different types of non-probability samples frequently used: convenience, judgement, quota and snowball sampling.

According to Zikmund (2003:380) convenience method sampling is traditionally used when the researcher wants to rapidly and in a cost-effective way analyse a large number of completed questionnaires as easily as possible. Snowball sampling refers to several processes through which initial respondents are selected using probability
methods (Zikmund 2003:384) and additional respondents are obtained from information provided by the initial respondents (McDaniel & Gates 2008: 347).

McDaniel and Gates (2008: 345) state that a major disadvantage of non-probability samples is the inability to calculate the sampling error for them.

4.6.2.2. Probability sampling method

According to McDaniel and Gates (2008:334) probability samples are chosen in such a way that every element of the population has a known, nonzero likelihood of selection. Simple random sampling is the best known and most widely used probability sampling method.

The methods of probability sampling from which researchers can choose include simple, stratified, systemic and cluster. These vary in the randomness of the resulting sample. They also vary in their complexity and the time and effort it will take to construct a sample. Sometimes researchers may decide to use the services of a commercial provider (Kolb 2008: 183).

4.6.2.3. Internet sampling

Mc Daniel (2008:347) reports that the advantages of internet sampling are compelling:

- Target respondents can complete the survey at their convenience
- Data collection is inexpensive
- The survey can be completed quickly

For the purpose of the study a non-probability method was adopted with the snowball sampling techniques and the researcher also benefitted from the advantages by offering Internet sampling. The sampling process started by creating a mailing list of small businesses from the existing main database of registered businesses in the Nelson Mandela Bay area which was accessible through the website of the “Nelson Mandela Bay Chamber of Commerce” (www.nmbbusinesschamber.co.za). Since the Nelson Mandela Bay Chamber of Commerce regrouped different types of businesses, the mailing list of small businesses was obtained by deducting from the databases all larger firms not
considered as small businesses such as corporate, international companies, multinational, franchising, banks, publics companies etc. At the end of the process the remaining companies were considered as small businesses and their contact emails were recorded in a mailing list which represented our population frame of small businesses in the Nelson Mandela Bay Area. After potential small businesses were identified, mails were sent to their different email addresses with a cover letter explaining the purpose of the study and including an internet link directing them to the online questionnaire. The cover letter was also a means for the researcher to address small businesses owners and/or managers to spread the questionnaire by forwarding the email to other small businesses in their networks.

4.6.3. Sampling size and response rate

According to Aaker et al (2007:408) the size of the sample can be identify by the use of technique statistics or through other ad hoc informal approaches. Ad hoc approaches are applied when a person knows from experience what sample size to adopt. Han and Liu (2009: 105) citing Sekaran acknowledge that sample sizes larger than 30 and smaller than 500 are suitable for most research. In this research the proposed sample size was to attain a minimum of 50 small business respondents to a maximum of 105. For this study 67 respondents were obtained from a population of 244 small businesses from the Nelson Mandela Bay Chamber of Commerce.

4.7. DATA PREPARATION AND ANALYSIS

The researcher through the process of data preparation and analysis was technically assisted by the Nelson Mandela Metropolitan Unit for Statistical Consultation (USC) and that helped to make efficient use of the findings from the empirical research especially through the use of statistical software.

4.7.1. Data preparation

The raw data obtained from the questionnaires must undergo preliminary preparation before starting analysis using statistical techniques. The quality of the findings obtained from the statistical analysis and their subsequent interpretation depend largely on how well the data was prepared and converted into a form suitable for
analysis. The major data preparation techniques include data-editing, data-coding and data-capturing (Aaker et al. 2007:432).

4.7.2. Data Analysis

McDaniel and Gates (2008:53) write that the next step in the research process after data have been collected is the data analysis. The main purpose of this analysis is to interpret data obtained from the empirical study and draw conclusions for decision making.

There are two types of statistical analysis that can be used; descriptive and inferential (Kolb 2008: 251).

According to Kolb (2008: 257) inferential statistics is more than describing the data obtained during the research. The use of inferential statistics techniques allow researchers to perform statistical tests to determine if responses from a sample can be used to draw conclusions about an entire population.

Descriptive analysis refers to the transformation of raw data into a form that will make them easy to understand and interpret. Describing responses or observations is typically the first form of analysis. Calculating average, frequency distributions and percentage distributions are the most common ways of summarising data (Zikmund 2003: 473). According to Kolb (2008: 252) descriptive statistics assist researchers to see patterns in research data.

Kolb (2008:252) reports that there are three concepts used to analyse data in descriptive analysis; namely, frequency, central tendency, dispersion.

4.7.2.1. Frequency

According to Zikmund (2003:403) the use of frequency is one of the most common means of summarising a set of data. The process starts with recording the number of times a particular value of a variable occurs. This is the frequency of that value. Kolb (2008:252) observes that there are two different types of frequency; namely, one-way frequency and cross tabulation. A one–way frequency Table shows the number of respondents choosing each answer to a survey question (McDaniel & Gates 2008:403); whereas the term cross tabulation results from the fact that one variable
is crossed with another to see the relationship between the two (Kolb 2008:252). Using frequency the researcher can identify how many participants’ responses were similar.

According to McDaniel and Gates (2008:404) an issue that must be noted when dealing with frequency is what base to use for the percentages for each Table. The three options for a base are total number of respondents; number of people asked a particular question and the number of people answering the question.

### 4.7.2.2. Central tendency

McDaniel and Gates (2008: 414) illustrate that there are three measures of central tendency; namely, the arithmetic means, median and mode.

- Means is the average of all the responses; that is the sum of the values for all observation of a variable divided by the number of observations.
- Median is the value below which 50 percent of the observations fall. The median would be the middle value. It is also used to summarise variable such as income.
- Mode is the value that occurs most frequently. In a frequency distribution, the mode is the value that has the highest frequency.

### 4.7.2.3. Measures of dispersion

Whereas measures of central tendency indicate typical values for a particular variable, measures of dispersion indicate how spreads out the data are (McDaniel & Gates 2008:414). According to Zikmund (2003:408) there are several measures of dispersion.

- Range is the distance between the smallest and the largest values of a frequency distribution
- Standard deviation is a quantitative index of a distribution’s spread or variability; the square root of the variance.
- Variance is a measure of variability or dispersion. The square root is the standard deviation.
For the purpose of this research the used of descriptive statistic techniques were used to analyse data obtained from the empirical study with a particular focus on frequency and central tendency.

4.8. CONCLUSION

In this chapter the researcher has illustrated the research methodology including all the aspects such as the type of research used, the data collection method, sampling selection and data analysis. In this research a descriptive research method was employed, quantitative data were gathered through email questionnaires. The questionnaire was well structured and included a closed-ended question with multiple-choice, dichotomous and rating scale questions.

A non-probability sampling method was used through the snowball technique that gave the researcher a sample 67 small business respondents over 244 as the number of the population of small businesses from the Nelson Mandela Bay Chamber of Commerce.

Finally the data were used for analysis. The data first needed preparation by proceeding with their editing, coding and capture and only after the use of descriptive analyses was applied with focus on frequency and central tendency. The statistical software ‘STATISCA’ was used in analysing obtained data. Chapter 5 shows clearly the different findings.
CHAPTER 5

RESULTS, DATA ANALYSIS AND INTERPRETATION

5.1. INTRODUCTION

Chapter 4 showed the research design and methodology used to conduct this study. In this chapter the researcher presents the findings of the empirical study through statistical analysis of the data obtained from the survey questionnaire addressed to a sample of small business owners and/or managers in the Nelson Mandela Bay area. The main descriptive statistics calculated in the data analysis through the aid of Tables and Figures are the mean and frequency scores.

The chapter started by presenting the response rate obtained for the survey and then followed by the analysis of the results of the empirical study. Findings emanating from the empirical study were discussed in three main sections. The first section introduced the demographic information of the respondents as well as details of the business. The second section touched on one of the objectives of this research looking at the practice of marketing within small businesses. Finally the last section is seen as the main research data and looked at the difficulties experienced by owners and/or managers in implementing effective marketing in their small businesses.

5.2. RESPONSE RATE

For this research the sample studied was obtained through the database of the Nelson Mandela Bay Chamber of Commerce. After isolating corporate, international companies, multinational, franchising, banks, public companies etc 244 organizations remained supposedly identified as small businesses. Therefore 244 small businesses represented the population of this study, from where 67 businesses completed the questionnaire survey sent to the entire population. This gives a sample of 67 respondents (N=67). The response rate is equal to the number of completed or returned questionnaires divided by the total number of suitable people contacted or asked to participate in the study (Zikmund 2003:215). This gives a response rate of 27% obtained by this study. Table 5.1 gives a more detailed breakdown of the response rate result.
Table 5.1: Response rate

<table>
<thead>
<tr>
<th>Number of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of questionnaires mailed</td>
</tr>
<tr>
<td>Total number of questionnaires returned</td>
</tr>
<tr>
<td>Usable questionnaires returned</td>
</tr>
<tr>
<td>Response rate</td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research

5.3. DEMOGRAPHIC INFORMATION

According to the findings of the empirical study, relevant demographic data were gathered and analysed, and included information from both the respondent and the business. Respondents' information included gender, age, position in the business, education level and years of experience. Concerning the business the information requested included the number of employees, the age of the business and the business sector (see Section A of the questionnaire, Annexure B).

5.3.1. Respondents demographic information

5.3.1.1. Gender

The question for this analysis was: “Please indicate your gender”. Figure 5.1 shows the frequency distribution of the respondents' gender
Figure 5.1: Gender (N=67)

Source: results obtained from the analysis of the empirical research

Figure 5.1 above illustrates that among the respondents there were a larger number of male (36) compared to female (31). The percentage of male respondents was 54% and 46% for female respondents.

5.3.1.2. Age

The question for this analysis was: “what is your age?” Figure 5.2 below shows the frequency distribution of the range of respondents’ age in years.

Figure 5.2: Age of the respondents (N=67)

Source: results obtained from the analysis of the empirical research
In Figure 5.2, the age distribution of the respondents showed the following results:

- 49% were between 31-50 years old
- 34% were older than 51 years old (combined percentage)
- 16% were younger than 30 years old

This data shows that most of the owners and/or managers in the sample were of a relatively mature age.

### 5.3.1.3. Education level

The question for this analysis was: “What is your qualification?” Table 5.2 below shows the frequency distribution of respondents’ qualifications. The following results are rank ordered.

<table>
<thead>
<tr>
<th>Academic qualifications</th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree</td>
<td>35</td>
<td>52</td>
</tr>
<tr>
<td>National Diploma</td>
<td>21</td>
<td>31</td>
</tr>
<tr>
<td>Matric</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>Less than matric</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>67</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research

Table 5.2 indicates that the majority of the respondents with combined results of 83% have obtained either a degree or national diploma. In contrast 17% of the respondents have matric or less.

This means for the researcher that most of the respondents understood the research questions as most of them had decent academic qualifications. Furthermore respondents may have learnt basic tools of management while studying for their qualifications.
5.3.1.4. Position in the business

The question for this analysis was: “What is your position within the business?” Figure 5.3 below shows the frequency distribution of respondents’ position in the business.

Figure 5.3: position in the business (N=67)

Source: results obtained from the analysis of the empirical research

Figure 5.3 shows that of the 67 small business owners and/or managers surveyed:

- 46% of them are only owners
- 33% are both owner and manager and
- 21% are only managers

This answers the objectives of the study in addressing just owners and/or managers of small businesses since they are the ones directing the business objectives.
5.3.1.5. Years of experience in management

The question for this analysis was: “How many year(s) of experience in management do you have?” Table 5.3 below shows the frequency distribution of the range of respondents’ years of experience at a management level. The following results are rank ordered.

Table 5.3: Years of experience in management (N=67)

<table>
<thead>
<tr>
<th>Experience in management</th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7-9 years</td>
<td>12</td>
<td>18</td>
</tr>
<tr>
<td>16-20 years</td>
<td>12</td>
<td>18</td>
</tr>
<tr>
<td>26 years +</td>
<td>11</td>
<td>16</td>
</tr>
<tr>
<td>0-3 years</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>10-12 years</td>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td>21-25 years</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>13-15 years</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>4-6 years</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>67</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research

For the purpose of clarity, certain periods were combined in the results. Therefore Figure 5.4 indicates the total years of experience at a management level either of less than 9 years, between 10-20 years and more than 21 years.
Table 5.3 and Figure 5.4 present respondents years of experience in management and the following can be observed:

- 39% have between 10-20 years
- 36% have less than 9 years
- 25% have more than 21 years

The figures show the researcher that most of the respondents have consequent years of experience at a management level which implies that they are really aware as to the way of conducting the business.

5.3.2. Business information

5.3.2.1. Age of the business

The question for this analysis was: “What is the age of the business (years)?” Table 5.4 shows the frequency distribution of the range age of existence of the business in years. The following results are rank ordered.
Table 5.4: Age of the business (N=67)

<table>
<thead>
<tr>
<th>Range of age</th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-3 years</td>
<td>18</td>
<td>28</td>
</tr>
<tr>
<td>4-6 years</td>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td>16-20 years</td>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td>7-9 years</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>10-12 years</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>21-25 years</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>26+ years</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>13-15 years</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>67</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research

For the purpose of clarity, certain periods were combined in the results. Therefore Figure 5.5 below indicates the age of the business by the range of 0-3 years, 4-9 years, 10-20 years and more than 21 years.

Figure 5.5: Age of the business (N=67)

Source: results obtained from the analysis of the empirical research
Table 5.4 and Figure 5.5 present the business age of existence and the following can be observed:

- 30% between 10-20 years
- 28% less than 3 years
- 25% between 4-9 years
- 17% more than 21 years

Figure 5.5 indicates that most of small businesses in the sample have been in existence for much more than 4 years and can be regarded as mature businesses and are well established in the market. Also a great percentage of small businesses in the sample were still in the nascent phase of the business that is the first three years. This period is seen in the literature review as very critical for small businesses because of a large number of business failures due to a lack of managerial skills including marketing practice.

5.3.2.2. Number of employees

The question for this analysis was: “How many people does the business employ?” Figure 5.6 below shows the frequency distribution range of the number of employees in the business. For the purpose of clarity, certain periods were combined in the results. Therefore Figure 5.6 below indicates the number of employees in the businesses by the range of 0-10, 11-50 and 51-200.

**Figure 5.6: Number of employees (N=67)**

Source: results obtained from the analysis of the empirical research
Figure 5.6 indicates the number of employees of small businesses in the following:

- 70% have less than 10 employees
- 18% have between 11-50 employees
- 12% have between 51-100 employees

These different figures respect the quantitative definition of small businesses in South Africa in terms of number of employees; namely, there must be fewer than 200 employees. A large number of respondents have a business organisation of less than 10 employees that shows a possible high implication or involvement of each of the employees in running the business.

5.3.2.3. Business sector

The question for this analysis was: “What is your business sector?” Table 5.5 below shows the frequency distribution of the business industry. Results are rank ordered.

**Table 5.5: Business sector (N=67)**

<table>
<thead>
<tr>
<th>Business sector</th>
<th>Number of employees</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance and business services</td>
<td>16</td>
<td>25</td>
</tr>
<tr>
<td>Retail, motor industry and repair services</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Catering, accommodation and other trade</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Wholesale trade, commercial agents/ allied services</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>IT services /Media Telecommunications/</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Education / Training</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Health</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Community, social and personal services</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Construction</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Estate/Property Agencies</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>67</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research
Table 5.5 indicates the percentage by business sector. The results presented were divided into two groups. The first group includes the sector with more than 10% representativeness and the second group comprises the sector with less than 10% representativeness.

Business sectors with the largest proportions of companies were as follow:

- 25% in the finance and business services
- 12% in the retail, motor industry and repair services
- 10% in the manufacturing sector
- 10% in the catering, accommodation and other trade

The sectors which were less represented in the sample were:

- 9% in the wholesale trade, commercial agents and allied services
- 9% in the IT services and communications
- 7% in Education and Training
- 7% in health services
- 5% in the Community, social and personal services
- 5% in construction
- 1% Estate and Property Agencies

5.4. RESEARCH DATA

This section emphasises the main objectives of the survey that is the marketing practice in small businesses and the difficulties affecting their effective practice.

5.4.1. Marketing practice

One of the research objectives was to look at the practice of marketing within small businesses by evaluating the level of marketing and how familiar small business owners and/or managers in the sample are with certain marketing notions. The following findings are made available through the use of frequency distribution. (see Section B of questionnaire, Annexure B).
5.4.1.1. Marketing responsibility in the business

The question for this analysis was: “Who is in charge of the marketing in your organisation?” Table 5.6 below shows the frequency distribution of who is responsible for marketing in the business. The following results are rank ordered.

Table 5.6: Marketing responsibility (N=67)

<table>
<thead>
<tr>
<th>Marketing responsible</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners/managers</td>
<td>70</td>
</tr>
<tr>
<td>Marketing department</td>
<td>18</td>
</tr>
<tr>
<td>Anyone in the organisation</td>
<td>7</td>
</tr>
<tr>
<td>No one</td>
<td>3</td>
</tr>
<tr>
<td>Outsourcing</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research

Table 5.6 indicated that 70% of the respondents affirm that marketing is the responsibility of owners and/or managers of the organisation while 18% of the respondents said that marketing in the organisations is managed by a marketing department.

Table 5.6 showed that marketing in most of the businesses in the sample is exclusively in the hands of owners and/or managers and they are the ones in charge of the designing and implementation of the marketing vision of the business. A significant percentage also showed that small businesses have a marketing department that monitors all the marketing activities and that it must have the expertise to do so.

5.4.1.2. Perception of marketing

The question for this analysis was: “What does marketing represent best for you?” Table 5.7 shows the frequency distribution of respondents’ perception of marketing. The following results are rank ordered.
Table 5.7: Marketing perception (N=67)

<table>
<thead>
<tr>
<th>Perception</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfying customer needs and wants</td>
<td>49</td>
</tr>
<tr>
<td>Advertising</td>
<td>24</td>
</tr>
<tr>
<td>Promotion</td>
<td>12</td>
</tr>
<tr>
<td>Sales focus</td>
<td>11</td>
</tr>
<tr>
<td>Common sense</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research

Table 5.7 indicates that 49% of respondents perceive marketing as satisfying customer needs and wants; followed by 24% who see marketing as advertising, 12% as promotion; 11% as sales focus and finally 4% as common sense.

A large number of the respondents agreed on one of the primary definitions of the marketing concept which is to continuously satisfying customer needs and wants. In adopting this definition respondents see their organisations as marketing oriented and place customer satisfaction as their first focus. Other respondents perceived advertising, promotion, and sales as marketing, however, these elements are only components of the marketing core. Respondents may have chosen those last components of marketing because that is what they do most in their businesses and these represent the total marketing actions undertaken.

5.4.1.3. **State of marketing in the organisation**

The question for this analysis was: “Rate the state of marketing in your organisation”. This particular question was aimed to measure the state of marketing within small businesses in the sample. Different criteria were provided and respondents had to rate themselves on a five-point Likert-scale.
(a) Criterion 1

The criteria and values are ranged below in the Table 5.8 (1=Disorganised marketing and 5=Organised marketing) as well as the percentage figures.

<table>
<thead>
<tr>
<th>Disorganised</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Organised</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4</td>
<td>10</td>
<td>35</td>
<td>35</td>
<td>16</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.8: Criterion 1 (N=67)

Source: results obtained from the analysis of the empirical research

For the purpose of clarity, certain percentages were combined in the results. Therefore Table 5.8 reports that from the small businesses in the sample:

- 51% have an organised type of marketing strategy
- 14% in contrast have a disorganised marketing strategy

However, respondents’ selection of the value 3 is high at 35%. It confounds the results because the researcher does not know in which direction respondents are inclined.

This results shows that a significant number of the respondents do implement marketing in a well organised manner enabling them to have a perfect planning strategy of their marketing activities. This can imply that a formal structure shapes the marketing objectives and implements them. Only a few of the respondents are not really organised in terms of marketing; in this case marketing can be seen as informal and not really a priority for the organisation.
(b) Criterion 2

The criteria and values are ranged as below in the Table 5.9 (1= Intuitive marketing and 5= Conscious marketing) as well as the percentage figures.

<table>
<thead>
<tr>
<th>Intuitive</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Conscious</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8</td>
<td>4</td>
<td>31</td>
<td>47</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

Percentage (%)

Source: results obtained from the analysis of the empirical research

For the purpose of clarity, certain percentages were combined in the results. Therefore Table 5.9 reports that from the small businesses in the sample:

- 57% affirmed that marketing is done consciously
- 12% affirmed that marketing is done intuitively

However, respondents’ selection of the value 3 is high at 31%. It confounds the results because the researcher does not know in which direction respondents are inclined.

Based on the results there was a clear indication that the majority of the respondents implement marketing consciously in their organisations, meaning they really think and know what they doing in undertaking marketing activities. However, a number of the respondents are still reacting intuitively to marketing practice. This does not necessarily imply that marketing undertaken will be wrong but rather that the marketing can lack of objectivity from the owners and/or managers.

(c) Criterion 3

The criteria and values are ranged as in Table 5.10 (1=Spontaneous marketing and 5= Pre-planned marketing) as well as the percentage figures.
Table 5.10: Criterion 3 (N=67)

<table>
<thead>
<tr>
<th>Spontaneous</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Pre-planned</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9</td>
<td>12</td>
<td>27</td>
<td>42</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

Percentage (%)

Source: results obtained from the analysis of the empirical research

For the purpose of clarity, certain percentages were combined in the results. Therefore Table 5.10 reports that from the small businesses in the sample:

- 52% have pre-planned marketing actions
- 21% In contrast undertake marketing spontaneously

However, respondents’ selection of the value 3 is high at 27%. It confounds the results because the researcher does not know in which direction respondents are inclined.

A strong percentage of respondents clearly expressed their tendency towards a pre-planned marketing thinking for their organisations. This shows that they are better prepared in implementing their marketing objectives and allocating resources in doing so. A number of the respondents undertake marketing in a spontaneous way. This implies that they react to the market without prior thinking and therefore a risk can be associated to it.

5.4.1.4. *Use of marketing segmentation in targeting customers*

The question for this analysis was: “Do you use marketing segmentation?” Table 5.11 shows the frequency distribution of the businesses use of marketing segmentation techniques. The results are rank ordered.
Table 5.11: Use of marketing segmentation (N=67)

<table>
<thead>
<tr>
<th>Use of segmentation</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No, don’t use it</td>
<td>39</td>
</tr>
<tr>
<td>Yes, easy to use</td>
<td>37</td>
</tr>
<tr>
<td>Yes, but complex to use</td>
<td>12</td>
</tr>
<tr>
<td>No, don’t know what it is</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research

For the purpose of clarity, certain percentages were combined in the results. Therefore Table 5.11 indicates that within the small businesses in the sample:

- 51% do not use marketing segmentation and some of them ignore what it is
- 49% use marketing segmentation with a number of them that find it complex to use

The findings in regards to practice of marketing segmentation in targeting customers by our respondents indicated that a large number of them do not use segmentation and do not know what is it. Moreover it must be noted that not using segmentation strategy can result in addressing companies’ product(s) or services to the wrong consumers.

5.4.1.5. **Identifying customer needs and wants**

The question for this analysis was: “How do you determine customer needs and wants?” Table 5.12 shows the frequency distribution of how businesses identify customer needs and wants. The results are rank ordered.
Table 5.12: Identifying customer needs and wants (N=67)

<table>
<thead>
<tr>
<th>Techniques in identifying customers needs and wants</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feedback from customers</td>
<td>50</td>
</tr>
<tr>
<td>Market observation</td>
<td>17</td>
</tr>
<tr>
<td>Intuitively</td>
<td>16</td>
</tr>
<tr>
<td>Market research</td>
<td>14</td>
</tr>
<tr>
<td>Don’t do it</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research

Table 5.12 indicates the techniques used to identify customer needs and wants by small business owners and/or managers in the sample and gives the following results:

- 50% use direct feedback from customers
- 17% use market observation
- 16% use an intuitive way
- 14% use market research and,
- 3% do not do it at all

The fact that half of the respondents identify customer’s needs and wants through feedback and discussion with them is a characteristic of small businesses. Their close relationship with clients sets them apart from larger firms in the sense that they have a better understanding of their customers without undertaking deep market research. Market observation in identifying customers’ needs and wants can indicate that respondents’ look and copy what is doing well in the market in other words they simply follow the industry trends. Respondents use also the intuitive way of marketing. This implies that they put products on the market by simply thinking that their business ideas can meet the need in the market. Unfortunately some respondents do not even try to identify needs and wants of their customers and perhaps market products that they like without knowing if there is a need for them. Respondents undertaking market research means that they have an established
marketing department able to do so efficiently or through outsourcing marketing agencies.

5.4.1.6. **Direct competitors**

The question for this analysis was: “Do you have direct competitors?” Figure 5.7 below shows the frequency distribution of the presence or not of direct competitors for the business in the sample.

![Figure 5.7: Direct competition (N=67)](image)

Source: results obtained from the analysis of the empirical research

Figure 5.7 indicates that among the small businesses in the sample:

- 96% have direct competitors
- 4% do not have direct competitors.

The majority of respondents in this study faced direct competition knowing that competition in small industry is very dynamic. In contrast few of the respondents have a monopolistic situation in the market.

5.4.1.7. **Identifying competitors**

The question for this analysis was: “How do you know about competitors?” Figure 5.8 shows the frequency distribution of how businesses in the sample identify competitors.
Figure 5.8: Competitors identification (N=67)

Source: results obtained from the analysis of the empirical research

Figure 5.8 indicates the techniques used to identify competitors in the market by respondents giving the following results:

- 58% use market observation
- 22% use market research
- 20% use feedback from customers

This demonstrates that market observation is a common use among respondents as a substitute for proper market research and they to seem rely on it very often. Feedback from customers is also a way for respondents to capture their competitors and they can even discuss competitors’ strengths and weaknesses with their customers and compare them to theirs. However, market research is also used and is without any doubt one the best tool to really analyse competition.

5.4.1.8. Use of marketing mix

The question for this analysis was: “Do you use marketing mix?” Table 5.13 shows the frequency distribution of the businesses uses or not of marketing mix techniques.
Table 5.13: Use of marketing mix (N=67)

<table>
<thead>
<tr>
<th>Use of Marketing mix</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, easy to use</td>
<td>46</td>
</tr>
<tr>
<td>No, don’t use it</td>
<td>37</td>
</tr>
<tr>
<td>No, don’t know what it is</td>
<td>10</td>
</tr>
<tr>
<td>Yes, but complex to use</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research

For the purpose of clarity, certain percentages were combined in the results. Therefore Table 5.13 indicates that within small businesses in the sample:

- 53% use marketing mix with a small number of them finding it complex to use
- 49% do not use marketing mix with a number of them ignoring what it is

Marketing mix is one of the principal tools in marketing practice. A large part of the respondents' use this technique in their business activities and a relatively high percentage of them do not use marketing mix with a number of them ignoring what it is.

5.4.2. Difficulties affecting marketing practice

The main objectives of this research were to capture the difficulties affecting marketing practice within small businesses. The literature review pointed out challenges and the use of a survey questionnaire enabled the researcher to gather data in order to see what are the difficulties experienced or not by respondents’ owners and/or managers. For this purpose, issues such as the lack of marketing planning and strategy, the cost of marketing, the lack of marketing expertise, perception of marketing and lack of knowledge of market environment were measured within businesses in the sample to see whether or not respondents’ owner and/or manager faced them. (see Section C of questionnaire, Annexure B).
5.4.2.1. **Lack of marketing planning and strategy**

Respondent were asked to rate, on a five-point Likert-scale, a list of statements in respect of the lack of marketing planning and strategy. The Likert-scale ranges from 1 = strongly disagree to 5 strongly agree. The results are presented in Table 5.14 and 5.15.

**Table 5.14: Lack of marketing planning and strategy (N=67)**

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Median</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing planning is absent in my business</td>
<td>2.54</td>
<td>2</td>
<td>1.17</td>
</tr>
<tr>
<td>I do not know what marketing planning and strategy is</td>
<td>2.21</td>
<td>2</td>
<td>1.23</td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research

The results presented in Table 5.14 above are also provided below in Table 5.15 as depicting actual percentages.

**Table 5.15: Lack of marketing planning and strategy in percentage (%)**

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing planning is absent in my business</td>
<td>22</td>
<td>30</td>
<td>24</td>
<td>19</td>
<td>5</td>
<td>100</td>
</tr>
<tr>
<td>I do not know what marketing planning and strategy is</td>
<td>34</td>
<td>34</td>
<td>15</td>
<td>9</td>
<td>8</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research
An analysis of Table 5.14 indicates that respondents disagree on the fact that marketing planning and strategy is absent from their businesses with a mean score of 2.54 and a median of 2. Moreover respondents with a mean of 2.21 and a median of 2 also show that they are aware of the benefit of implementing marketing planning and strategy in the business.

Besides, the actual percentages presented in Table 5.15 indicate that respondents have good approaches to marketing strategy and planning, however, a significant number of them remain behind in this purpose. That is confirmed by the followings results:

- 24% of the businesses lack marketing planning in their businesses (combined results)
- 17% of the respondents do not know the purpose of marketing planning and strategy (combined results)

The combined percentage of this latter result gives an indication that 41% of the small business owners and/or managers in the sample do not implement marketing planning and strategy in conducting their businesses and this can lead to a risk of business failure since there is no strategy to attract customers and overcome competitors in the market. Moreover it is observed that there is a high selection on the scale 3 (neutral). This confounds the results because the researcher does not know in which direction respondents are inclined.

5.4.2.2. Cost of marketing

Respondents were asked to rate on a Likert-scale a list of statements in respect to the cost of marketing. The Likert-scale ranges from 1= strongly disagree to 5 strongly agree. The results are presented in Table 5.16 and 5.17.
Table 5.16: Cost of marketing (N=67)

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Median</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>I find marketing activities costs too high to undertake for my business</td>
<td>3.30</td>
<td>4</td>
<td>1.15</td>
</tr>
<tr>
<td>Financial constraints prevent my business from enabling marketing activities</td>
<td>3.13</td>
<td>3</td>
<td>1.14</td>
</tr>
<tr>
<td>My business is doing well without investing in marketing</td>
<td>2.45</td>
<td>2</td>
<td>1.05</td>
</tr>
<tr>
<td>I see marketing in my business as a cost rather that an investment</td>
<td>2.21</td>
<td>2</td>
<td>1.14</td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research

The results presented in Table 5.16 above are also provided below in Table 5.17 depicting actual percentages.

Table 5.17: Cost of marketing in percentage (%)

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>I find marketing activities costs too high to undertake for my business</td>
<td>7</td>
<td>21</td>
<td>18</td>
<td>42</td>
<td>12</td>
<td>100</td>
</tr>
<tr>
<td>Financial constraints prevent my business from enabling marketing actions</td>
<td>6</td>
<td>31</td>
<td>15</td>
<td>39</td>
<td>9</td>
<td>100</td>
</tr>
<tr>
<td>My business is doing well without investing in marketing</td>
<td>18</td>
<td>40</td>
<td>24</td>
<td>15</td>
<td>3</td>
<td>100</td>
</tr>
<tr>
<td>I see marketing in my business as a cost rather that an investment</td>
<td>31.34</td>
<td>38.81</td>
<td>8.96</td>
<td>19.40</td>
<td>2</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research

Analysis of the rank ordered results in Table 5.16 indicated that one of the biggest difficulties experienced by respondents is the elevated cost of marketing activities. Indeed “marketing being too high” has the highest mean score of 3.30 with a median
of 4. Moreover the second major problem experienced is associated with the “financial constraints of the small business” preventing them from enabling marketing activities. This second difficulty has a mean score of 3.13.

Besides, the percentage distribution presented in Table 5.17 confirms that the “high cost of marketing” and the “financial constraints of small the business preventing marketing actions” are the biggest difficulties among respondents with the following results:

- 54% find the cost of marketing too high (combined results)
- 48% find that their financial constraints prevent them from enabling marketing actions (combined results)

However, there is a relatively high selection of the scale 3 (neutral). This confounds the results because the researcher does not know in which direction respondents are inclined.

### 5.4.2.3. Lack of marketing expertise

Respondents were asked to rate on a Likert-scale a list of statements in respect to their lack of marketing expertise. The Likert-scale ranges from 1= strongly disagree to 5 strongly agree. The results are presented in Table 5.18 and 5.19

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Median</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least one person in my business has marketing expertise</td>
<td>3.30</td>
<td>4</td>
<td>1.37</td>
</tr>
<tr>
<td>There is a need for marketing training in my business</td>
<td>2.84</td>
<td>3</td>
<td>1.10</td>
</tr>
<tr>
<td>Marketing is not understood in my business</td>
<td>2.28</td>
<td>2</td>
<td>1.06</td>
</tr>
<tr>
<td>Marketing is not implemented in my business due to lack of knowledge</td>
<td>2.04</td>
<td>2</td>
<td>0.96</td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research
The results presented in Table 5.15 are also provided below in Table 5.16 as depicting actual percentages.

### Table 5.19: Lack of marketing expertise in percentage (%)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least one person in my business has marketing expertise</td>
<td>12</td>
<td>24</td>
<td>9</td>
<td>33</td>
<td>22</td>
<td>100</td>
</tr>
<tr>
<td>There is a need for marketing training in my business</td>
<td>10</td>
<td>33</td>
<td>24</td>
<td>29</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Marketing is not understood in my business</td>
<td>25</td>
<td>39</td>
<td>19</td>
<td>15</td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>Marketing is not implemented in my business due to lack of knowledge</td>
<td>31</td>
<td>45</td>
<td>12</td>
<td>12</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research

An analysis of Table 5.18 indicates that two main statements stand out among the statements relative to the absence of marketing expertise. Indeed most of the owners and/or managers in the sample affirm they have “at least one person in their businesses with marketing expertise” with a mean score of 3.30 and a median of 4; they also disagree in the majority on the fact that “marketing is not understood in their businesses” with a mean score of 2.28 and a median of 2.

Besides, the actual percentages presented in Table 5.19 indicating that even the majority of the owners and/or managers in the sample seem to have in general a good expertise of marketing within their businesses, a relative number of them do not have that expertise in their businesses. This is confirmed by the followings results:

- 36% of the respondents have no one in their businesses with marketing expertise (combined results)
- 33% of the respondents acknowledge a need for a marketing training program in their businesses (combined results)
• 17% of the respondents affirm that marketing is not understood in their businesses (combined results)

These latter results indicate that 53% (36% + 17%) of respondents' lack marketing expertise in their businesses and even acknowledge the need for a marketing training program (33%). However, there is a relatively high selection on the scale 3 (neutral). This confounds the results because the researcher does not know in which direction respondents are inclined.

5.4.2.4. Marketing perception

Respondents were asked to rate a list of statements in respect to their marketing perception, on a Likert-scale ranging from 1= strongly disagree to 5 strongly agree. The results are presented in Table 5.20 and 5.21.

Table 5.20: Marketing perception (N67)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Median</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>I believe that marketing practice can increase the profitability of my business</td>
<td>4.06</td>
<td>4</td>
<td>1.06</td>
</tr>
<tr>
<td>Ineffective marketing can be cause of failure for my business</td>
<td>3.67</td>
<td>4</td>
<td>1.16</td>
</tr>
<tr>
<td>I give low priority to marketing in running my business</td>
<td>2.39</td>
<td>2</td>
<td>1.15</td>
</tr>
<tr>
<td>Marketing is a luxury for my business</td>
<td>2.31</td>
<td>2</td>
<td>1.08</td>
</tr>
<tr>
<td>Marketing is completely useless for my business</td>
<td>1.58</td>
<td>1</td>
<td>0.84</td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research

The results presented in Table 5.20 above are also provided below in Table 5.21 depicting actual percentages.
Table 5.21: Marketing perception in percentage (%)

<table>
<thead>
<tr>
<th></th>
<th>Strongly</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>I believe that marketing practice can increase the profitability of my business</td>
<td>6</td>
<td>4</td>
<td>3</td>
<td>51</td>
<td>36</td>
<td>100</td>
</tr>
<tr>
<td>Ineffective marketing can be cause of failure for my business</td>
<td>6</td>
<td>13</td>
<td>12</td>
<td>45</td>
<td>24</td>
<td>100</td>
</tr>
<tr>
<td>I give low priority to marketing in running my business</td>
<td>25</td>
<td>34</td>
<td>21</td>
<td>15</td>
<td>5</td>
<td>100</td>
</tr>
<tr>
<td>Marketing is a luxury for my business</td>
<td>24</td>
<td>40</td>
<td>19</td>
<td>13</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Marketing is completely useless for my business</td>
<td>57</td>
<td>34</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research

An analysis of Table 5.20 reveals that the major number of respondents agree with a mean of 4.06 and a median of 4 that “the practice of marketing can increase the business profitability”; and with a score of 3.67 and a median of 4 also agree that “ineffective marketing can be cause of failure”. As to the statement if respondents “give low priority to marketing” the mean of 2.39 with a median of 2 shows their disagreement on this point.

However, it is shown in Table 5.21 that a significant percentage of 20% of the respondents admitted to “give low priority to marketing in running their businesses”. Moreover there is a relatively high selection on the scale 3 (neutral). This confounds the results because the researcher does not know in which direction respondents are inclined.

5.4.2.5. Lack of Knowledge of market environment

Respondents were asked to rate a list of statements in respect to their knowledge of the market environment, on a Likert-scale ranging from 1= strongly disagree to 5 strongly agree. The results are presented in Table 5.22 and 5.23.
Table 5.22: Lack of knowledge of market environment (N=67)

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Median</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>In my business I am continuously aware of my customer needs and wants</td>
<td>4.16</td>
<td>4</td>
<td>0.81</td>
</tr>
<tr>
<td>Analysing the market environment is important for my business growth</td>
<td>4.07</td>
<td>4</td>
<td>0.94</td>
</tr>
<tr>
<td>I take time to get to know the industry where my business is operating</td>
<td>3.79</td>
<td>4</td>
<td>1.07</td>
</tr>
<tr>
<td>I constantly analyse competition in the market</td>
<td>3.55</td>
<td>4</td>
<td>1.15</td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research

The results presented in Table 5.22 above are also provided below in Table 5.23 depicting actual percentages.

Table 5.23: Lack Knowledge of market environment in percentage (%)

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>In my business I am continuously aware of my customer needs and wants</td>
<td>_</td>
<td>4</td>
<td>12</td>
<td>47</td>
<td>37</td>
<td>100</td>
</tr>
<tr>
<td>Analysing the market environment is important for my business growth</td>
<td>1</td>
<td>9</td>
<td>4</td>
<td>52</td>
<td>34</td>
<td>100</td>
</tr>
<tr>
<td>I take time to get to know the industry where my business is operating</td>
<td>6</td>
<td>7</td>
<td>10</td>
<td>55</td>
<td>22</td>
<td>100</td>
</tr>
<tr>
<td>I constantly analyse competition in the market</td>
<td>1</td>
<td>24</td>
<td>16</td>
<td>35</td>
<td>24</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research
Table 5.22 indicates that there is a strong positive affirmation from respondents to the knowledge of their market environment, due to the fact that they all have a median of 4. Indeed with a mean score of 4.16, respondents agree that they are aware of their customer needs and wants; also with a mean score of 3.79, respondents affirm to get to know the sector in which they are operating; finally with a mean of 3.55 respondents agree to constantly analyse the competition in the market.

However, Table 5.23 indicates that a significant percentage of 25% of the respondents disagree in constantly analysing competition in the market. Moreover there is still a relatively high selection on the scale 3(neutral). This confounds the results because the researcher does not know in which direction respondents are inclined.

5.5. SUMMARY OF THE DIFFICULTIES EXPERIENCED BY RESPONDENTS

Analysis of the different statements to capture marketing difficulties indicated that from a general point of view, respondents moderately experience real difficulties in marketing implementation. However, some challenges stood out as the “high cost of marketing” and the “lack of marketing expertise”. The following Table 5.24 gives the main difficulties experienced by respondents as well as from their marketing practice in a rank ordered percentage.

Table 5.24: Main difficulties in marketing experienced by respondents

<table>
<thead>
<tr>
<th>N°</th>
<th>Difficulties</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>High cost of marketing</td>
<td>54</td>
</tr>
<tr>
<td>2</td>
<td>Lack of marketing expertise</td>
<td>53</td>
</tr>
<tr>
<td>3</td>
<td>Absence of marketing segmentation and lack of knowledge of it</td>
<td>51</td>
</tr>
<tr>
<td>4</td>
<td>No use of marketing mix and lack of knowledge of it</td>
<td>49</td>
</tr>
<tr>
<td>5</td>
<td>Financial constraints of small businesses preventing marketing actions</td>
<td>48</td>
</tr>
<tr>
<td>6</td>
<td>Lack of marketing planning and strategy</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>Description</td>
<td>Percentage</td>
</tr>
<tr>
<td>---</td>
<td>------------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>7</td>
<td>Need for formal marketing training</td>
<td>33</td>
</tr>
<tr>
<td>8</td>
<td>Lack of competitors analysis in the market</td>
<td>25</td>
</tr>
<tr>
<td>9</td>
<td>Marketing is spontaneous in the business</td>
<td>21</td>
</tr>
<tr>
<td>10</td>
<td>Low priority given to marketing</td>
<td>20</td>
</tr>
<tr>
<td>11</td>
<td>Marketing is disorganised in the business</td>
<td>14</td>
</tr>
<tr>
<td>12</td>
<td>Marketing is intuitive in the business</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: results obtained from the analysis of the empirical research

Table 5.24 presents the main difficulties of marketing experienced by small business owners and/or managers in this study. Based on the values, the researcher will focus on difficulties with a percentage of over 50%. Therefore the biggest difficulties experienced by the respondents were:

- High cost of marketing (54%)
- Lack of marketing expertise (53%)
- Absence of marketing segmentation and lack of knowledge of it (51%)

Although these figures are not really largely representative of the sample they are still consequent figures to be analysed and addressed for a better integration and practice of marketing.

5.6. CONCLUSION

Chapter 5 detailed the findings emanating from the empirical research. The report of the findings started with analysing the respondents’ characteristics such as gender, age, education, position in the business, experience in management, as well as business characteristics which included age of the business, number of employees and the business sector.

The following analysis dealt with two main objectives of this study, which was the marketing practice in small businesses as well as the factor affecting its effective practice. In regards to the marketing practice few anomalies can be noted compared to what should be done. In contrast concerning the factors affecting marketing practice within small businesses and upon the findings of this study, there is no
concrete tendency towards real difficulties experienced by small business owners and/or managers interviewed for this research purpose. The overall respondents' answers are more or less an acceptable integration of marketing in their organisations. However, they were constrained by the heavy cost of marketing. Indeed this heavy cost can prevent them from allocating proper resources to marketing in the business. Other problems such as the lack of marketing expertise and the absence of marketing segmentation strategy were also revealed. The next chapter will present a synopsis of the study followed by the conclusions and recommendations.
CHAPTER 6
SYNOPSIS, CONCLUSIONS AND RECOMMENDATIONS

6.1. INTRODUCTION

Chapter 5 reported and analysed the findings emanating from the empirical study. In Chapter 6 a complete synopsis of the study is presented as well as an interpretation of the most relevant findings of this study. Recommendations from the empirical findings will also be done. Finally limitations of the research will be discussed and suggestions for future research presented.

6.2. SYNOPSIS OF THE STUDY

Literature from several sources shows the importance of marketing within organisations and encourages businesses to integrate their practice for better development of their enterprises. However, despite the growing importance of this field, research shows that marketing is still not a strong component especially in small businesses and its lack of implementation is one of the causes of failure among those businesses. For this reason the aim of this study was to investigate the difficulties experienced by small business owners and/or managers in marketing their businesses.

Taking the aim of this study into consideration, the primary objectives (sub-problems) were to firstly look at the practice of marketing in small businesses and secondly to identify the difficulties of marketing experienced by small business owners and/or managers. In order to address the primary objective, the following secondary objectives (objectives of the study) were formulated:

- To undertake a theoretical investigation into the concept of marketing and its practice in small businesses.
- To uncover the difficult factors affecting marketing practice in small businesses through a literature review.
- To undertake an empirical investigation to evaluate the practice of marketing in small businesses and to see what type of marketing difficulties were experienced by small owners and/or managers.
To formulate recommendations for a better practice of marketing in small businesses based on the findings of the empirical study.

Chapter 2 of this study reported on the small business sector by firstly giving a brief insight into the nature of the small business through its definition and characteristics. Secondly the importance of the small business in society was also discussed with its key role played in the economy of a country. Finally challenges experienced by small businesses were presented.

To achieve the first and second secondary objectives of this study a comprehensive literature review was carried out in Chapter 3 to look at marketing implementation into small businesses and the difficulties affecting marketing practice in those businesses. The literature provided a view of the marketing concept and the marketing orientation of a business. Furthermore an understanding of the concept of entrepreneurial marketing was given through its definition and characteristics. Moreover the marketing function within a business with its two dimensions: marketing seen as a strategy through segmenting, positioning and targeting and also marketing seen as a method with what is called marketing mix or 4Ps marketing (product, place, price, promotion), was also discussed.

The second secondary objective was also discussed in Chapter 3. Literature reported that difficulties preventing an effective practice of marketing in small businesses could be categorised into two factors: internal factors including the lack of marketing strategy, cost of marketing, lack of marketing expertise and marketing perception by owners and/or managers and external factors including particularly the lack of knowledge of the market.

Based on the nature of the problem statement and regarding the research objectives in this study, a coherent research design was described in Chapter 4. The snowball sampling method was conducted to identify respondents for this study research. A survey was used as the data collection method and a questionnaire as the data-gathering technique. In total, 67 usable questionnaires were collected from the 244 sent to small businesses, giving a response rate of 27%. Thus the third secondary objective of this study was attained.
Chapter 5 presented the findings of the empirical study conducted among a sample of small business owners and/or managers in the Nelson Mandela Bay area. Demographic information of the respondents and the businesses as well as marketing practice were first analysed and interpreted. This was followed by a presentation and analysis of the findings related to marketing difficulties within small businesses. The overall tendency that came from the analysis of the businesses did not clearly indicate that the difficulties affecting marketing within small businesses as reported in the literature review (Chapter 3) were seen as serious hurdles by respondents. However, a significant number of them experienced the following difficulties with marketing:

- High cost of marketing (54%)
- Lack of marketing expertise (53%)
- Absence of marketing segmentation and lack of knowledge of it (51%)

Although these difficulties are experienced by a relatively moderate percentage among the sample, they will still be addressed in this chapter and recommendations to overcome them for a better integration and practice of marketing for those respondents experiencing challenges will be provided. Thus the fourth and last secondary objective will therefore be attained.

6.3. INTERPRETATIONS OF THE EMPIRICAL RESULTS AND RECOMMENDATIONS

In Chapter 5 some marketing difficulties experienced by respondents were identified. In the following section, the main marketing difficulties will be interpreted and recommendations for small business owners and/or managers will be made.

6.3.1. High cost of marketing

The biggest difficulties affecting marketing within small businesses emanating from the empirical study was the high cost of marketing (see Table 5.16 & Table 5.24). On this particular point the majority of the respondents acknowledged the high cost of marketing. Marketing a business can be seen as a real cost especially through the use of the media (press, TV, radio) advertising, and market research which can require outsourcing agencies if there is no internal competence to conduct it. Also a
sales/promotion campaign can require a large budget and the cost of employing a single marketing expert can sometimes be beyond the resources of the small business. These activities can be expensive and discourage owners and/or managers to undertake marketing actions.

The empirical study shows an agreement with what is stated in the literature review regarding the cost of marketing. According to Carson and McCartan (1995:25) one of the challenges of marketing implementation is that it is seen by owners and/or managers as costly to undertake and they judge it as a “cost rather than investment”. The cost related to marketing activities prevents small business organisations from undertaking all the marketing activities such as advertising, marketing research and innovation because they are too expensive for them. Besides according to Radipere and Scheers (2005:402) the financial constraints related to the small business are a hurdle in implementing proper marketing actions.

In regards to this difficulty the following recommendations are made:

- Simple inexpensive alternatives to high cost advertising should be undertaken. For instance the creation of a website could serve businesses in marketing their products-services, the use of social media (facebook, twitter, linkedin) can also be used to create awareness around a brand/product/service.
- Rather than opting for high cost media, managers could also use community media such as a local newspaper, radio or TV and be involved in community events.
- World-of-mouth is an efficient technique in communicating with customers and should be used more by owners and/or managers of small businesses.
- Small businesses should incorporate a budget allocated to marketing in the initial capital investment of the company since it contributes significantly to the business growth.
- The use of specialized marketing agencies can be reduced by developing internal marketing competence and skills in the company.

6.3.2. Lack of marketing expertise

The empirical study on this matter indicated that in general respondents have good marketing expertise in their businesses. This can possibly be explained by the fact
that the majority of the respondents have a good educational level with a degree and also the high experience in management by owners and/or managers (see Table 5.2 and Table 5.3). This can be confirmed by O'Dwyer et al (2009:55) saying that small business marketing activities can be largely conducted and influenced by managers’ ability in decision making and management expertise. However, the lack of marketing expertise appears as a difficulty for some respondents (53%) (See Table 5.19). What principally makes up this percentage of respondents experiencing a lack of marketing expertise, are the combined statements of “no one in the business has marketing expertise”(33%) and “marketing is not understood in the business”(17%).

The lack of marketing expertise by some respondents in the empirical study confirms the literature review showing that small business owners and/or managers lack marketing skills or do not perfectly understand the concept of marketing. According to Carson and Gilmore (2000:3) many owners and/or managers see themselves as lacking marketing expertise or ability. According to McCartan-Quinn and Carson (2003:206) marketing practice within the small business is associated with the owner and/or manager’s aptitude or lack of knowledge of marketing practice.

In regards to this difficulty the following recommendations are made:

- The best way for small business owners and/or managers to close the gap of the lack of marketing expertise is through a formal marketing training program easily accessible in different institutions or organisations. That will equip them with tools and techniques to conduct their business more efficiently in regards to marketing.
- Owners and/or managers should also delegate marketing responsibility and not be the only person in the organisation to know about it. Marketing knowledge should be shared throughout the organisation with all relevant employees made aware of marketing training and be involved in the vision and objectives of the marketing strategy.

6.3.3. **Lack of marketing segmentation strategy in targeting customers**

The approach used in the empirical study was to see how much respondents were familiar with and use the segmentation strategy. Unfortunately the majority of the respondents do not use segmentation technique and a few of them do not even know what it is. The findings also show that even amongst respondents using
segmentation a number of them still find it complex in its implementation (see Table 5.11).

The lack of segmentation by the respondents in targeting customers can be explained in the literature review. Indeed according to Stokes (2000:8) small businesses derive ignore the traditional segmentation techniques and use a “bottom-up” technique in targeting techniques to satisfy firstly the need of a few customers and then gradually expand the offer to other segments. This is different from the “top-down” approach developed in textbooks which segments the market by demographic or psychological variables to see the attractiveness of the market before developing strategy.

In regards to this difficulty the following recommendation is made:

- Small business owners and/or managers should really understand the general concept of segmentation in targeting customers, possibly through formal management or marketing training program. Then the choice between a “bottom-up” and “top-down” technique should be weighted by owners and/or managers to see which practices seem more suited to the characteristics of proximity and financial constraints associated with the business and the situation of the market in which they are operating.

6.4. SUGGESTIONS FOR FURTHER RESEARCH

The realisation of this research has not been possible without limitations. The first limitation to be acknowledged is the sample size (N=67). The sample size used was quite small and cannot be representative of the population of small businesses in the Nelson Mandela Bay area. Future research of the same kind should use a much bigger sampling size to make the finding more objective and reflective of the entire population and also must go beyond the Nelson Mandela Bay area in order to compare the findings and to assess any differences according to areas.

Another limit to this study was the inability to find a proper database record of small businesses in Port Elizabeth. The lack of such a database forced the researcher to use the database of the Nelson Mandela Chamber of Commerce gathering many type of business from small to large business, corporate companies and public
administration. The need of developing official database sources of only small businesses is a must for academic study.

Challenges were also experienced by the researcher in having the questionnaire completed by small businesses taken from the database of the Nelson Mandela Bay Chamber of Commerce. Although several reminders were sent the questionnaires were only completed by 67 respondents out of 244 businesses to whom the questionnaire was sent. For future surveys of businesses a suitable time frame in which to contact potential respondents and obtain their approval in participating in the study must be planned. Also agreement must be obtained from the university and businesses in the Nelson Mandela Bay area to serve as samples of study for academic purposes.

Finally financial and time constraints were a serious limit to the conduct of this study. Future research must have a considerably longer time and proper funding in which to undertake this type of work.

6.5. CONCLUDING REMARKS

Marketing in small businesses is playing an increasingly important role for the success and growth of organisations and especially for the small business. Therefore marketing implementation is thus of paramount significance and should be strengthen within small businesses. All the first and secondary objectives of this study were achieved; namely to capture and analyse the difficulties experienced by owners and/or managers in integrating marketing in their companies. To respond to those difficulties recommendations were made to owners and/or managers for a better practice of marketing in their businesses.
REFERENCE LIST


Dear Sir/Madam

I am currently doing research for a Master degree with regard to marketing in Small Business (SME) under the supervision of the Department of Entrepreneurship and Management at the Nelson Mandela Metropolitan University of Port Elizabeth.

In order to do this I respectfully request you to complete the attached questionnaire and send it back to me at your earliest convenience. My deadline is 08 October 2012.

This research aims to determine the difficulties experienced by small business owners and/or managers in marketing their businesses and provide recommendations to overcome them.

Please note that the information obtained will remain confidential and will not be used for any purpose other than for the reason given above.

Thank you for your willingness to contribute to the success of this important research project.

Yours faithfully
Annexure B: Questionnaire

A QUESTIONNAIRE IN REGARDS TO MARKETING PRACTICE IN SMALL BUSINESSES

Kindly complete the following questionnaire by ticking the empty box next to the correct answer(s).

A. DEMOGRAPHIC INFORMATION

The following questions provide demographic information about you and your business.

A.1- What is the Name of your business? .....................................................

A.2- What is your business sector?

<table>
<thead>
<tr>
<th>Agriculture</th>
<th>Education / Training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>Estate / Property agencies</td>
</tr>
<tr>
<td>Retail, motor industry and repair services</td>
<td>Catering, accommodation and other trade</td>
</tr>
<tr>
<td>Wholesale trade, commercial agents and allied services</td>
<td>Finance and business services</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td></td>
</tr>
</tbody>
</table>

A.3- What is your position within the business?

<table>
<thead>
<tr>
<th>Owner</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td></td>
</tr>
<tr>
<td>Both</td>
<td></td>
</tr>
<tr>
<td>Other (please specify)</td>
<td></td>
</tr>
</tbody>
</table>
**A.4-** How many year(s) of experience in management do you have?

<table>
<thead>
<tr>
<th>Experience</th>
<th>0-3 years</th>
<th>4-6 years</th>
<th>7-9 years</th>
<th>10-12 years</th>
<th>13-15 years</th>
<th>16-20 years</th>
<th>21 – 25</th>
<th>26+</th>
</tr>
</thead>
</table>

**A.5-** What is the age of the business (years)?

<table>
<thead>
<tr>
<th>Age</th>
<th>0-3 years</th>
<th>4-6 years</th>
<th>7-9 years</th>
<th>10-12 years</th>
<th>13-15 years</th>
<th>16-20 years</th>
<th>21 years +</th>
</tr>
</thead>
</table>

**A.6-** What is your qualification?

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Less than matric</th>
<th>Matric</th>
<th>Diploma</th>
<th>Degree</th>
<th>Other (please specify)</th>
</tr>
</thead>
</table>

**A.7-** How many people does the business employ?

<table>
<thead>
<tr>
<th>Employment Range</th>
<th>0-10</th>
<th>11-20</th>
<th>21-50</th>
<th>51-100</th>
<th>101-150</th>
<th>151-200</th>
</tr>
</thead>
</table>

**A.8-** What is your age?

<table>
<thead>
<tr>
<th>Age Range</th>
<th>18-30 years</th>
<th>31-50 years</th>
<th>51-60 years</th>
<th>61+ years</th>
</tr>
</thead>
</table>


**A.9**- Please indicate your gender

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td></td>
</tr>
</tbody>
</table>

**A.10**- What is your ethnic background?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian</td>
<td></td>
</tr>
<tr>
<td>Black</td>
<td></td>
</tr>
<tr>
<td>Coloured</td>
<td></td>
</tr>
<tr>
<td>Indian</td>
<td></td>
</tr>
<tr>
<td>White</td>
<td></td>
</tr>
<tr>
<td>Other (please specify)</td>
<td></td>
</tr>
</tbody>
</table>

**B. MARKETING PRACTICE**

The following questions provide information on the implementation of marketing activity in your business. (No need to have an establish marketing service to answer)

**B.1**- Who is in charge of the marketing in your organisation?

<table>
<thead>
<tr>
<th>Marketing department</th>
<th>Anyone in the organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales service</td>
<td>Outsourcing</td>
</tr>
<tr>
<td>Owners/managers only</td>
<td>No one</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td></td>
</tr>
</tbody>
</table>

**B.2**- What does marketing represent best for you among the following? (One response possible)

<table>
<thead>
<tr>
<th></th>
<th>Sales focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>Satisfying customer needs and wants</td>
</tr>
<tr>
<td>Promotion</td>
<td>Other</td>
</tr>
</tbody>
</table>
**B.3-** Rate the state of marketing in your organisation. (Circle a number from 1 to 5)

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Disorganized</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Organised</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intuitively</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Consciously</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spontaneous</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Pre-planned</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**B.4-** Do you use marketing segmentation (divide market into segments to address) in targeting customers?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, easy to use</td>
<td>No, don't use it</td>
</tr>
<tr>
<td>Yes, but complex to use</td>
<td>No, don't know what it is</td>
</tr>
</tbody>
</table>

**B.5-** If not using segmentation, how do you target your customer?

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Word of mouth</td>
</tr>
<tr>
<td>Don't do it</td>
</tr>
<tr>
<td>Intuitively</td>
</tr>
<tr>
<td>Other (please specify)</td>
</tr>
</tbody>
</table>

**B.6-** How do you identify your customer needs and wants?

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Don't do it</td>
</tr>
<tr>
<td>Feedback from customers</td>
</tr>
<tr>
<td>Market observation</td>
</tr>
<tr>
<td>Market research</td>
</tr>
<tr>
<td>Intuitively</td>
</tr>
<tr>
<td>Other (please specify)</td>
</tr>
</tbody>
</table>
B.7- Do you have direct competitors? (Companies selling the same product/service)

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

B.8- If yes how do you know about them?

<table>
<thead>
<tr>
<th>Feedback from customers</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Market observation</td>
<td></td>
</tr>
<tr>
<td>Market research</td>
<td></td>
</tr>
<tr>
<td>Other (please specify)</td>
<td></td>
</tr>
</tbody>
</table>

B.9- Do you use the concept of 4 P’s marketing principles (product, price, place/distribution, promotion) in addressing your target market?

<table>
<thead>
<tr>
<th>Yes, easy to use</th>
<th>No, don't use it</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, but complex to use</td>
<td>No, don't know what it is</td>
</tr>
</tbody>
</table>

C. STATEMENT RELATING TO MARKETING CHALLENGES

Please indicate the extent of your agreement with these statements by ticking in the appropriate column. The columns are graded from 1 to 5. One (1) denotes strong disagreement with a statement, and at the other end of the scale, five (5) denotes strong agreement with the statement.
<table>
<thead>
<tr>
<th>These statements will measure the difficulties in implementing marketing in your business</th>
<th>Extent of Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly disagree</td>
</tr>
<tr>
<td>STRATEGIC MARKETING PLANNING</td>
<td></td>
</tr>
<tr>
<td>Marketing planning is absent in my business</td>
<td></td>
</tr>
<tr>
<td>I do not know what marketing planning and strategy is</td>
<td></td>
</tr>
<tr>
<td>COST OF MARKETING</td>
<td></td>
</tr>
<tr>
<td>I find marketing activities costs too high to undertake for my business (market research, advertising, promotion, employing marketer etc...)</td>
<td></td>
</tr>
<tr>
<td>Financial constraints prevent my business from enabling marketing activities</td>
<td></td>
</tr>
<tr>
<td>My business is doing well without investing in marketing</td>
<td></td>
</tr>
<tr>
<td>I see marketing in my business as a cost rather than an investment</td>
<td></td>
</tr>
<tr>
<td>MARKETING EXPERTISE</td>
<td></td>
</tr>
<tr>
<td>Marketing is not understood in my business</td>
<td></td>
</tr>
<tr>
<td>At least one person in my business has marketing expertise</td>
<td></td>
</tr>
<tr>
<td>Marketing is not implemented in my business due to lack of knowledge</td>
<td></td>
</tr>
<tr>
<td>There is a need for marketing training in my business</td>
<td></td>
</tr>
</tbody>
</table>
These statements will measure the difficulties in implementing marketing in your business

<table>
<thead>
<tr>
<th>Extent of Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
</tr>
<tr>
<td>--------------------------------------</td>
</tr>
<tr>
<td>MARKETING PERCEPTION</td>
</tr>
<tr>
<td>I give low priority to marketing in running my business</td>
</tr>
<tr>
<td>I believe that marketing practice can increase the profitability of my business</td>
</tr>
<tr>
<td>Ineffective marketing can be cause of failure for my business</td>
</tr>
<tr>
<td>Marketing is a luxury for my business</td>
</tr>
<tr>
<td>Marketing is completely useless for my business</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>KNOWLEDGE OF MARKET ENVIRONMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>I constantly analyse competition in the market</td>
</tr>
<tr>
<td>I take time to get to know the industry (sector) where my business is operating (legislation, key players, growth, problems etc...)</td>
</tr>
<tr>
<td>In my business I am continuously aware of my customer needs and wants</td>
</tr>
<tr>
<td>Analysing the market environment is important for my business growth</td>
</tr>
</tbody>
</table>