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The role of branding in the perceived success of Small and Medium Enterprises (SMEs) in South Africa

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2021
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The role of branding in the perceived success of Small and Medium Enterprises (SMEs) in South Africa.

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Masters of Management in Strategic Marketing

Johannesburg, October 2021

ABSTRACT

Although branding in SMEs is starting to receive a significant interest from academic researchers, there is still limited studies that have considered or studied the relationship between branding and the success of Small and Medium Enterprises, particularly in South Africa.
This qualitative study investigated the relative importance of branding in the perceived success of SMEs in South Africa, looking at SMEs in Gauteng and Limpopo. The reason behind a study of this nature was because of the major role that SMEs play in the development of the South African economy. Qualitative research is a methodology that produces underlying insights in exploratory research.

The objectives of this study were to identify the awareness amongst SME owners when it comes to the importance of branding and to determine if branding does have an impact on the perceived success of these SMEs.

When a company has a strong brand, it supports the business strategy and increases efficiency. A strong brand helps a company in driving long-term profitability. Rokhim, Mayasari and Wulandari (2021) indicated in their study that most of their respondents agreed that branding is a critical factor in supporting business performance.

For a company to be able to stand out and keep its promise to the customers, a solid brand is a necessity. A lot of small businesses offer the same service and have similar products that offer similar benefits, so it is imperative for a company to create an exclusive identity which will make the company different from its competitors.

The sampling technique that was used with this study was non-probability sampling, on a convenience basis. The sample size was 20 SMEs owners based in Gauteng and Limpopo. Data was analysed using thematic analysis.

The study showed that most SMEs do understand what branding is and what it can do for their business. As much as some understand the importance of branding, they still have not fully engaged in the practice. Some businesses maintained that word of mouth can also do as much as branding, if not more, so they still practice word of mouth more than any other form of communication. Some of the SMEs also

acknowledged that giving back to the community earns them more trust and loyal customers than any branding can do.

It was also clear from the study that those who are engaged in branding are showing a higher success rate than those who are not. By creating a strong brand for their businesses, they have survived much longer than their competitors and also find it easier to expand as their brands are already known and trusted. They find that customers trust them more.

This study has made recommendations for future researchers to carry out more studies on SME branding and the success thereof, focusing on multiple stakeholders and using different research approaches. Investigations need to be done on whether branding also impacts the customers purchase decisions. From the study, it was also clear that the South African government needs to play a more visible role in assisting SMEs, most importantly with financial support and having policies in place that makes it easier for SMEs to access big establishments looking for financial success.

DECLARATION

I, Munzhedzi Makhuvha, declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in Strategic Marketing at the Faculty of Commerce, Law and Management, University of Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

_____

Munzhedzi Makhuvha

18 October 2021

ACKNOWLEDGEMENTS

I would like to express my deepest gratitude to everyone who assisted me with support and guidance throughout this process.

1. To my mother, Tshilidzi Susan Makhuvha, who has been my greatest cheerleader and has taught me to believe in the value of education.
2. My siblings, for always being there as a support structure and always keeping me motivated during times of confusion and frustration, and most importantly thank you for not giving up on me.
3. To my son, Khodani Makhuvha, thank you for understanding when I had to miss a few soccer matches due to classes or while I took time off to prepare for class and exams
4. To my supervisor, Professor Geoff Bick. I am truly grateful to have had the opportunity to be under your guidance. Thank you for all your help.
5. To the respondents, thank you for giving me your time and agreeing to be on those long telephone calls giving me valuable information that made this research possible.

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LIST OF ACRONYMS

FNB	First National Bank
GDP	Gross Domestic Product
NYDA	National Youth Development Agency
NPD	National Development Plan
OECD	Organisation for Economic Co-operation and Development
SA	South Africa
SARS	South African Revenue Service
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SME	Small and Medium Enterprise

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CHAPTER ONE: INTRODUCTION

1.1 Introduction

Scott (2020) maintains that a brand is what your customers think about when they think about you. Nemasetoni (2020) wrote an article based on Jeff Bezos quote who said “A brand for a company is like a reputation for a person”. The question can be asked “Why should SMEs worry about what people think about them?” It is simple, most new SMEs are coming into spaces where there are other people already trading or operating so it is important for them to have the right reputation for them to be successful and attract the correct client base, they need to have what it takes to help them stand out and look different. The products they have and the services they offer and how they deliver those services is important, but most important is the legitimacy they do that with, that is what will build strong brands. A successful brand shapes customers experiences by embedding the fundamental value proposition in every offering (Schwager & Meyer, 2007). If a business has a good reputation and is true to its values and gives its customers a good buying experience, customers will value that brand.

Malik, Naeem and Munawar (2012) described brand image as an integral component of the brand equity as it conveys the worth of the brand to the customers. Kotler (2001) defined brand image as “the set of beliefs, ideas, and impressions that a person holds regarding an object” (p. 273). The image the company shows to their customers can be the company’s biggest asset.

When customers are truly happy about a product or service, they can add value to a brand and can become that marketing tool that a company needs. Hasa (2020) explains a product as a tangible object or system made available for a customer and a service as a transaction where no physical goods are transferred from the seller to the buyer. Both are required by a customer to satisfy their needs and wants. Holt (2003) describes branding as a key tool for creating and maintaining a competitive advantage which also creates customer value, not just images, while Todorova (2015) describes direct marketing as a tool that businesses use to communicate directly with their target customers to generate a reaction and/or transaction.

Having a brand does not rely on the money the business makes or the size of the business, a company needs to be clear as to who they are and what they stand for.

Customers are becoming more critical in their buying decisions and they need to feel a connection with a brand to be able to stay with it. Rolfe (2020) maintains that a brand needs to resonate with the buyer and connect with them emotionally so they can begin to put their trust in it because customers buy brands and not products or services. Products and services can be easily duplicated but a brand is a unique asset that stays with the company forever – if done successfully. SMEs need to understand that building a brand is about them building trust with their customers, telling them what they can offer as a company and making sure they work hard enough to keep that promise.

Another important reason for developing a strong and powerful brand is to increase the cash flow to the business, Srinivasan, Park and Chang (2005) found that brand equity also helps in improving the brand earning by commanding a price premium over its competitive brands. Rolfe (2020) concludes that by developing a strong brand (reputation), a company is able to leverage value from their point of differentiation which means they will not have to cut margins in order to make sales, their target market will be willing to pay a bit more to make sure they get the company's complete service.

1.2 Aim of the Study

The aim of the study was to determine the relative importance of branding in the perceived success of SMEs in South Africa.

1.3 Background to the Problem: Context

According to Kotler and Armstrong (2017), a brand is a name, term, sign, symbol (or a combination of these) that identifies the maker or seller of a product. One can therefore say that a brand is a vital communication tool that will create views amongst customers and create as well as maintain a competitive advantage. A brand is also the overall experience for the customers, it differentiates an organisation or product from its competitors in the eyes of the customer. Yoganathan, Roper and McLeay (2020) have emphasised that branding and brands have become more personalised than ever, they impact and create a second identity to consumers lifestyle. The buying decision of customers can be based on identifying with the product or/and service through the brand.

Carvalho (2007) noted that brands are ordinarily linked with larger businesses however, brands are also significant in small to medium enterprises (SMEs). Pencak (2012) stated that branding is a crucial concept in the marketing field, and that it is significant to every business, regardless of the size. He further acknowledged that a strong and well-defined brand drive sales, builds customer loyalty, creates brand value and is seen as a catalyst for business development.

It is important that SMEs know what opportunities they can have with branding. Banerjee and Dasgupta (2009) mentioned in their research paper that small businesses have over the years grown and started operating internationally. For a company to remain relevant and top of mind in their customers mind within all the clutter, a strong branding concept is necessary.

1.4 Small Medium Enterprises in Context

According to Fjose, Green and Grunfeld (2010), SMEs are businesses that range from very small micro-firms run by one or two people with very slow growth or no growth to fast growing medium businesses earning millions of Rands and majority employing as many as 250 employees. Kunene (2014) uses the Standard Bank of South Africa definition saying SMEs are firms with a revenue of between R150 000 and R5 million per annum, and registered businesses with fewer than 250 employees.

For the purpose of this study, the revised definition issued by The Department of Small Business Development (2019) was used, which stated that “Small Medium Enterprise means a separate and distinct business entity, together with its branches or subsidiaries, if any, including cooperative enterprises, managed by one owner or more predominantly carried on in any sector or subsector of the economy and classified as a micro, a small or a medium enterprise” (p. 110).

According to a study done by Small Business Institute (2018), they found that South Africa’s SME segment is made up of just over 250 000 businesses. These businesses play an important role which includes creating jobs, lessening poverty and affording all South Africans a chance in improving their standard of living.

Dhanah (2016) stated that the government sees the SME sector as a strategic sector for profound economic development as it helps in creating jobs and reducing poverty globally, therefore its success is of outmost importance. Ayandibu and Houghton (2017) added by saying that this sector contributes heavily to technical innovation and

new product developments which means creation and expansion of new SMEs will help to produce a high volume of new jobs. SEDA (2016) came to realise that SMEs are challenged by access to finance and markets, poor infrastructure, labour laws, corruption, skills shortages and inefficient bureaucracy. OECD (2015) survey showed that labour laws in South Africa are a major regulatory hurdle to business growth. Munzhedzi (2016) sees corruption as an abuse of official power with intent for own advantage. This could include fraud, bribery and misuse of economic wealth.

Nguru (2016) emphasised in that SMEs are not just drivers of local growth and job creation, but SMEs also play an important role in addressing urgent development challenges, mostly those related to sustainability and service delivery, so it is important that they succeed. Scheers (2016) found in his research that the success of SMEs has a positive impact on sustainable economic growth in South Africa and that there is a link between economic growth and SME success.

Deputy Governor of the South African Reserve Bank, Groepe (2015) highlighted at the AHI conference that in order to survive, SMEs have to be flexible, innovative and entrepreneurial because they are subjected to aggressive competition. He also mentioned that to be able to grow this sector, the country's education system needs to play an important role of raising levels of skills among the workforce and looking at empowering potential entrepreneurs.

Carvalho (2007) argued that "SMEs do not only make up a large proportion of the South African economy but they also contribute towards motivating economic activity, creating jobs, easing poverty and improving the living standards of all South Africans, therefore positive brand management can assist growth and success" (p. 7).

Stats SA (2016) indicated that in South Africa small businesses have slowed down in turnover and employment growth resulting in the economy shrinking and unemployment rising.

1.4.1 Contributions to the economy

SMEs are a vital part of the South African economy and also the most at risk. Rajagopaul, Magwentshu and Kalidas (2020) maintains that SMEs across South

Africa represents more than 98% of businesses, employ between 50% and 60% of the country's workforce across all sectors, and are responsible for a quarter of job growth in the private sector.

As shown on figure 1 below, South Africa falls behind compared to other regions, but there is no doubt that this sector is an important engine of the economy.

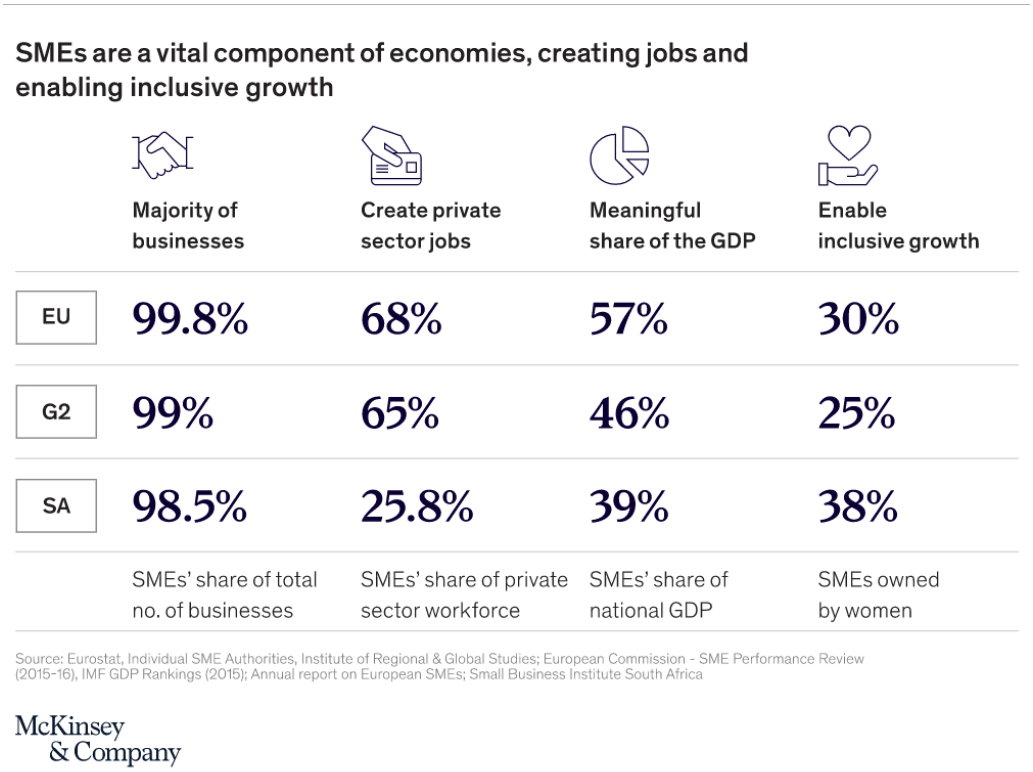


Figure 1: SME performance review (Rajagopaul, Magwentshu and Kalidas, 2020)

The success of SMEs in South Africa means transformation for the economy as it helps in creating jobs and therefore eradicating poverty and enabling inclusive growth. Moola (2020) reported that small and medium enterprises employ about 47% of South Africa's workforce and accounts for 20% of the GDP, and only pays about 6% of corporate taxes.

1.4.2 Failure of SMEs and possible causes

South Africa is faced with a high rate of failure when it comes to SMEs. Bushe (2019) indicated that at least 70% of SMEs in South Africa fail within the first 4-7 years after being started. Jackson (2015) collaborated the above in his article when he stated that

South Africa has one of the highest business failure rates in the world at 75%, stating that there is a drop-off in the number of people entering the entrepreneurial field.

Failure of an SME could mean that the company is now bankrupt or that the business failed to reach its performance goals which meant not making enough profit and is forced to close down. Shepherd (2005) characterised business failure as a fall in revenue and/or rise in expenses are of such magnitude that the firm becomes insolvent and is unable to attract new debt or equity funding; consequently, it cannot continue to operate under the current ownership and management. It often results in insolvency and involuntary change in ownership and management.

Bushe (2019) explained that failure of SMEs is not only a concern among the business owners but also a concern for government who often bear the brunt of failure to create jobs. He further stated the importance of planning because a business that does not plan will not be able to proactively deal with opportunities effectively and also avert threats from its external environment.

A study by Nemaenzhe (2010) identified four important causes of failure pf SMEs in South Africa. Those reason include (1) monitoring and control, (2) experience and planning in marketing and finance, (3) income constraints and (4) cash control.

Looking at the impact on employment, the Government and other bigger corporates need to work together to support SMEs. They need to create an environment where SMEs are able to operate as well as thrive. Big corporates should look into funding the smaller businesses, giving them the necessary training and also making it possible for SMEs to access different markets easily. Meressa (2020) also highlighted on the importance of government playing its role in assisting SMEs, suggesting that the policy-makers and government institutions should look at building strong networking ties with external resources. Meressa went on to suggest that government institutions should fully support SMEs to gain sustainable competitive performance because SMEs are the driving force of economic growth.

1.4.3 Local and international competition to SMEs

SMEs are finding themselves facing a major problem in the economy as a whole. The marketplace is getting crowded and competitive. Small businesses are finding

themselves as victims of intellectual property theft wherein bigger organizations or even other start-ups are copying their products or services.

Chan (2017) urged SMEs to identify or devise their own competitive advantage in order to stand out from the multitude of small businesses crowding the marketplace, emphasising that they need to be special in terms of ideas, people, product and delivery. This is where a strong and unique brand comes to play. Brand uniqueness can give an SME that level of protection in the market because it will become relatively difficult to copy a product or service that already has a strong customer base that is emotionally connected to it.

1.4.4 Growing importance of marketing for SMEs

SMEs were in the past able to survive without the necessary marketing skills, but looking at the markets in which businesses are operating now, it is important now more than ever to ensure that they stay up to date with the changes and upskill themselves in these areas. One of the many mediums of communication include word-of-mouth which Gildin (2003) considers to be one of the most powerful forms of communication in the market today. Karlicek, Tomek and Krixek (2010) explain word of mouth as informal conversations and recommendations from current and potential customers about products and services.

The benefit of word of mouth is that it can be thought of as a credible tool because it is more than often coming from people who have interacted with the product or service recommending it to their close circles. It however cannot be relied upon as the only tool because it does not have the potential to reach a big number of customers and it also does not guarantee the organization that these customers will come back for repeat purchases. If SMEs want to build a unique and strong brand, they need to be willing to approach the different form or tools of marketing.

Marketing is an important aspect of any business strategy because the bottom line of any business is profit and that means having customers. So marketing is that tool that will get you closer to your customers. SMEs can use traditional marketing communication tools that includes pamphlets, posters or local newspapers or use the more advanced tools using technology. Popescu, Dumitru, Veghes and Kailani (2013) describe marketing communication as a function that is important to SMEs as without marketing communication, the customer would not know about the business or the

products that it sells. Amoah and Jibril (2021) conducted a study where they indicated that the success of SMEs to some extent is influenced by the elements of effective marketing. In their study they assessed the use of social media as a promotion tool for SME development based on the advancements in technology which has started to affect the way interactions are facilitated. The findings of the study emphasised the need for businesses to invest in digital marketing in order to stay competitive in the long term for the sake of the business' survival and growth.

Simpson, Padmore, Taylor and Hughes (2006) conducted a study to test the role of marketing and its significance on SMEs. The model and data collected in this study indicated that organisations that engaged in marketing perform better which is something that was expected. The study also revealed that most SMEs only feel ready for marketing after they have reached a certain size of level of turnover. Also revealed by the data collected, it shows that some owners and/or managers have a hostility towards marketing and think it is expensive and not very effective. These SMEs believe in word of mouth and networking to build a client base. It was also clear from the study that some organisations understand what marketing and strategy is while others don't know which is why they end up not engaging in marketing.

1.5 Problem Statement

The problem this research was investigating was the lack of information and understanding on the role branding plays in the perceived success of Small and Medium Enterprises (SMEs) in South Africa.

1.6 Objectives of the Study

The objectives of this research study included the following:

- Identifying awareness amongst SMEs of the importance of branding.
- To determine the role of branding in the perceived success of SMEs.
- To make recommendations to SMEs on the importance of branding.

1.7 Significance of the Study

Findings from this study were beneficial to SMEs across South Africa, this includes start-ups as well as those more established.

The outcome was able to assist SMEs across South Africa with understanding the concept of branding and how they can engage in it as a business. Insights from the

study was again able to help small businesses to understand the importance of branding as well as open them up more to wanting to learn. New start-ups should also benefit by being able to engage in the conversation at an early stage and they should be better equipped to take on branding conversations.

SMEs will benefit practically as they will have the know-how and understanding on the concept of branding and what it can do for their businesses. They will realise how branding can empower them to stand out and be recognised as it is important for them to be able to differentiate themselves in the customers' minds. They will be able to put practices and procedures in place that will help them achieve brand uniqueness.

New start-ups will have the advantage of starting the branding conversation much earlier in the development phase, and SMEs that have been operating for longer will know what steps to take to introduce the branding conversation at the different stages they are at.

1.8 Delimitations of the study

Delimitations of this report were taken into consideration before any recommendations were done. This study focused on South African SMEs but only looked at three provinces out of the nine, so the results from this study cannot be taken to be a representative of all South African SMEs.

1.9 Conclusion

In this chapter, an introduction of the study was provided. The objectives were laid out and a background on branding was supplied. The concept of Small Medium Enterprises was given which included the role they play in the development of the South African economy but also looked at the failures and the causes. This chapter also discussed the significance of this type of research and also looked at the delimitations.

The remaining chapters focus on the actual research that was conducted. Chapter two focuses on the literature review which outlines the challenges that SMEs encounter. Chapter three gives an overview of the research methodology. The findings of the research are delivered in chapter four and discussed in detail in chapter five. Chapter six gives a high-level conclusion which includes recommendations from the researcher.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section looked at details pertaining to branding in its entirety and what branding could potentially mean and do for those businesses referred to as SMEs. It looked at studies that have been previously conducted which investigated in particular branding and SMEs. Oh, Keller, Neslin, Reibstein and Lehmann (2020) noted in their study that for centuries, brands have served as effective carriers of functional and symbolic information about products, services and experiences which allowed consumers to efficiently associate personal meaning to a company's products and services. They further indicated that the initial role of brands was to associate the product with its producer.

A number of studies have been conducted that looked at branding and brand management which focused more on more established businesses and not SMEs. Hill and McGowan have indicated that small businesses are gradually becoming an important part of the global economy, and as a result more and more researchers are trying to understand them more than it was before.

The literature has been studied looking at different features that have to do with brand and branding in order to get an improved understanding as to the role they play in the success of an SME. Aaker (1992) maintained that companies who build strong brands have an alternative to contending on price and specifications.

SMEs are an important part to the South African economy and Small Enterprise Development Agency (SEDA) has classified them as being a crucial part of economic progression, invention and job creation. Ministry of Small Business Development (2018/19) also highlighted that registered small and medium enterprises made a significant contribution to the total turnover of the private sector.

As much as SMEs play such a pivotal role in the South African economy, they are faced with multiple challenges which leads to most SMEs failing in the first few years, some of these challenges the bigger companies do not really experience.

2.2 Challenges facing SMEs

2.2.1 Lack of financing

Most SMEs in South Africa face the same problem which is lack of financing. Mapfumo (2015) found that only 27% of people starting businesses expected to receive loans from formal financial institutions, meaning most people starting out are struggling to secure finance from formal institutions.

In the Bureau for economic research notes (2016), the Financial Services Regulatory Task Group has come out to acknowledge that banks in South Africa are more willing to lend money to more established businesses as opposed to SMEs who are still staring out. Rungani and Potgieter (2018) found that those few institutions that are willing to assist like the Micro finance institutions (MFIs) come with high interest rates that the smaller businesses starting out cannot afford.

Matezo (2005) did a study that looked at the obstacles in the access to SMME finance and the study revealed that in South Africa, not even short-term funds are easily available to the small entrepreneur. The study highlighted the biggest problem facing entrepreneurs being that small business may not be able to show their chances of success in order to persuade potential lenders to assist them knowing that they will be able to repay. Rwigema and Venter (2004) further added that many South Africans do not have money to invest in start-up businesses due to the high levels of poverty and unemployment. To most SMEs, the only reliable source of finance available to them is their own savings or borrowing from family members, friends or relatives.

2.2.2 Regulations

Before businesses can start operating on a legal front, they need to comply with many regulations and policies which will be in line with the industry they are in. Regulations are constantly changing and to keep up with that can be very timely and costly to a start-up business who is already struggling with getting funding. Herrington and Kew (2016) maintain that regulations and legislation are the most important constraints to SME growth in many developing countries. 60% of the respondents in the study done by Herrington and Kew (2016) showed that government regulations and policies are a major obstructing factor to business activities.

In a study conducted by Nieuwenhuizen (2008), she found that the majority of government imposed regulatory constraints are restrictive and expensive, especially to business start-ups and growth. The report further highlighted that a lot of businesses experience problems with regulations and compliance issues especially with regards to labour laws, SARS, tax-related issues and skills development.

2.2.3 Recruitment

It is difficult for many small South African SMEs to find and afford skilled workers, and it is even more difficult for them to keep those workers because of the constant changes that small businesses go through in the market.

Employing workers who are skilled can be a challenge to SMEs because they have to compete with larger firms who have the budget to pay higher salaries and give better benefits to the high qualified individuals. SMEs end up having small staff members and those employees find they have to look after all inventory management processes, which results in overworked and tired staff who are more likely to make mistakes that could cost the company.

Over and above SMEs not being able to secure skilled labours, South Africa's labour market is highly regulated with a high level of labour market inflexibility. Brink and Cant (2003) indicated that the problems experienced include inability to attract and retain suitable staff, loss of key employees, low productivity and inadequate training and development of employees. Lack of training and development of employees seems to be the biggest problem and the National Development Plan (NDP) has indicated that this is due to the low education rate in South Africa. The lack of education places significant barriers to entrepreneurial activities (Nieman & Neuwenhuizen, 2009). There is a clear and positive relationship between entrepreneurial activity and education, the higher the education in South Africa, the more chances there are of a higher entrepreneurial activity.

2.2.4 Leadership

In addition to the challenge of basic skills, SMEs in South Africa have a lack in skills needed for management roles. This goes back to lack of education and training. Boyatzis (2011) defines managerial competencies as a set of emotional, social and cognitive intelligence which can be used to predict the effectiveness in professional management and leadership roles. The growth and success of any business needs a

management team that can effectively navigate through the above-mentioned competencies.

A disadvantage that most SMEs also face with leadership is when owners become managers. Abel, Rowena and Robyn (2010) found that small business owners-managers have very basic understanding of financial and accounting information and have serious problems with financial planning, and this can often lead to the business failing.

Inexperienced and non-committed leadership can have extensive effects in small businesses, so it is very important to source employees with adequate training in management and refined leadership abilities, as well as have the passion and a persistent drive to succeed.

2.2.5 Increased competition

Yoshino and Taghizadeh-Hesary (2016) explained that SMEs face challenges from increased competition, the ability to adapt to rapidly changing market demand, technology change and capacity constraints relating to knowledge, innovation and creativity. SMEs have had to build on their individuality and present their products and services in a unique way so they can stand out from the crowds, they have had to be specific in defining who they are and what they offer to customers. Leadership in the businesses have had to be proactive and sharper in their decision making on how to attract and deliver to the public.

Competition for South African SMEs is no longer just local, but also includes international markets. With the ever-changing technology, consumers now are able to get products or services from international businesses, so SMEs need to be resilient enough to change some of their strategies and plans to align with everyone else. Scarborough, Wilson and Zimmerer (2009) indicated that businesses have to make decisions which deal not only with business survival opportunities, but also with business development in a changing environment under dynamic competitive conditions where each competitor tries to do impossible things to survive.

Looking at the above-mentioned challenges, one can ask how branding can assist in trying to resolve these challenges. Good branding increases the value of a company, provides its employees with direction and motivation and most importantly will assist

in customer acquisition and in a long term also assist with customer retention. Abimbola and Vallaster (2007) indicated that a strong brand conveys familiarity and trust and decreases jeopardy and serves as the foundation for, and engagement between individuals and businesses.

A business can have the right message, great presenting skills and a fantastic product that is very difficult to replicate, but still fail to secure funding, and all of this could be based on the businesses brand identity. A solid brand identity shows potential investors that a business actually understands their market and customers. When presenting to potential investors, a business should be selling their brand. Weinred (2017) touched on a few points that start-ups need to look at to be able to build a brand that can attract investors or funders, and some of them include creating a brand identity that is geared to longevity and has a clear enough message. Investors need to hear businesses talking about their plans on how they plan on staying afloat in the business. Another important aspect is whether a brand is adaptable and appealing and also at the same time consistent across all platforms. Also looking at the challenge of getting the right recruits for start-ups, Graeme, Beaumont, Doig and Pate (2005) maintain that for an organisation to have the ability to recruit potentially talented employees, it needs as an employer to develop a strong brand in the market.

Where a good brand can also be of value is in the problem of increased competition. A business can use a good brand to create sustainable competitive advantage by building trust or loyalty. Once a business is able to prove to its customers that they are the only ones that can provide a solution to their problems, this will allow them an opportunity to stand out from other businesses, and in the competitive environment most businesses find themselves in, having this advantage allows a business to try out or introduce new products into the market and have their current customers trying them out because they already know and trust them.

2.3 Branding in Context

A brand is considered as an image for any business which allows customers to develop emotional connections. It is important because it allows a business to stand out from the crowd and this allows the target market to be able to recognise it. Kotler and Keller (2005) indicated that a brand is something that exist in the mind of consumers.

Smithson (2015) stated that with SMEs, branding is important because it helps them in getting recognition, increasing business value, generating new customers, improving employee pride and gratification and finally creating trust within the marketplace. As Isoraite (2018) stated that a strong, well-differentiated brand will grow the company much easier.

2.3.1 Branding Defined

According to Aaker (2014), “a brand is far more than a name and logo, it is an organisation promise to a customer to deliver what a brand stands for in terms of functional benefits but also emotional, self-expressive and social benefits” (p.1). Then Baker and Hart (199) defined a brand as a name, symbol, design or some combination, which identifies the product a particular organisation as having a sustainable differential advantage. Having a strong brand makes a business unique and stand out. The right brand allows a business to be noticed and remembered which helps the company to grow, which in turn increases profit and helps in creating intangible assets.

2.3.2 Benefits of branding

According to Gregory (2019), one of the most important assets of a company is a recognisable and loved brand. Customers are more willing to purchase products from brands they know, trust and love. Competition for upcoming SMEs are the more established brands with a branding and marketing budget which SMEs do not have. Murthy and Raju (2020) agree with Gregory in their study where a majority of their respondents (44%) indicated that brand is top of their list when making a purchase decision. It is important for SMEs to understand this about their customers or potential customers.

Branding is the first impression you give to your customers and it is what makes you stand out from the crowd and most importantly your competition, it tells your customer what to expect from you. Branding also has benefits to both the business as well as the customers. Brassington and Pettitt (1997) identified the following benefits for both the business and the customer:

Table 2.1: Benefits of branding

The business	The customer
Ease of product identification	Defend against competition
Helps in product evaluation	Creates differential advantages
Communicates features and benefits	Helps targeting/positioning
Creates interest	Attracts customers

Source: Brassington and Pettitt (1997)

Cron (2017) emphasised the importance of branding especially for small businesses, maintaining that it is important in attracting and retaining customers. And she identified some benefits that SMEs who are not yet convinced about branding should consider, which are:

- Branding helps businesses to stand out in a saturated market
- Branding gives a business credibility
- Branding leads to customer loyalty
- Branding leads to repeat purchases and referrals
- Branding helps businesses to attract their ideal customers
- Well established brand will make it easier for a brand to introduce new products/services

2.3.3 SME Branding and prior studies

SMEs are playing in a market that is big and most SMEs offer the same service which makes it important for them to be able to stand out. Barbu, Barbu and Ogarca (2010) conducted a study which studied branding issues in small enterprises. The study showed that most business owners are only worried about the profit margins and not really about the brand or image of the company. They highlighted that it was important to have an established brand so products can be associated with value and quality which can lead to businesses success. They concluded that branding helps build loyalty among customers and is a base for stability if the economic conditions worsen.

Ahonen (2008) on the other hand looked at whether branding existed among SMEs and if it did how it would be studied. What was found from the studies was that branding is not only for larger companies but highlighted that SMEs could benefit and

succeed from these as well. It was also clear that SMEs are indeed conscious of the importance of branding but most of the SMEs do not have the required resources available to them, be it the skills or the capabilities to ensure effective branding.
Another study was conducted by Cant, Wiid and Hung (2013) which looked at the importance of branding to South African SMEs, determining if SMEs understand the worth of branding in the success of the business. The outcome of this study showed that SMEs do consider branding as essential in their marketing strategies, however nothing is being implemented, and this is mainly because SMEs are too busy with their other daily operations and do not have time to worry about branding. SMEs are focusing more on their day-to-day running and leaves very little time to focus on branding. The SMEs who took part in the study are aware that branding can help with sustained growth and the ultimate survival of the business, however they struggle to integrate it into other daily operations.

A study by Carvalho (2007) focused more on what part branding plays during a SME start-up phase. The findings in this study showed that respondents identified network marketing as the most prominent and effective way to create brand awareness particularly while still in the start-up phase. Word of mouth was also found to be an important tool.
From the above studies that have been conducted in relation to SMEs and branding or the importance of branding, it is clear that that branding plays an important role in the accomplishment of many businesses but little research has been conducted concerning the importance and the role that branding plays among SMEs. Also, by analysing what the respondents on the different studies had to say, it is clear that the success of an SME depends on more than just branding.

Jasra, Khan, Hunjra, Rehman and Azam (2011) conducted a study to examine the role of key factors in the success of SMEs. This study aimed to outline the important factors that SMEs need to have in order to succeed. The study showed that financial resources was the most important factor in the success of business perceived by small and medium enterprises. That is then followed by factors like technological resources, marketing strategies, entrepreneurial skills and government support. The study concluded that there is a noteworthy relationship between business success and its determinants.

Reviewing the factors that contribute to the success of SMEs, what role does branding play in assisting the businesses to succeed? Ncube (2016) found that with the high failure rates of SMEs, branding might help small businesses grow and be fully established by creating, nurturing and innovating their market-based assets and eventually creating profitability for themselves. When a small business approaches a potential funder, having an existing brand or a brand strategy that can help them stand out from other SMEs. Holt (2003) defines a brand strategy as a plan that describes the movement of the business, from what is happening currently to the desired brand culture and the logic of taking that path.

Brands play an important part for businesses because they compete strongly with each other to gain market share as well as to compete in the front of seeking funding and government support. A business needs to be distinctive, relevant and appealing so they can handle the demand of interest groups which they depend on for resources and support.

Brown (2018) highlighted some aspects that can help businesses in creating, rolling out and maintaining a brand identity that will help them in creating a competitive advantage:

- **Define the brand:** Define what you want your brand to be, the aim of your business and what you want to archive.
- **Build a visual language:** This helps in capturing your target markets attention and help them to identify with you.
- **Set brand guidelines:** Brand guidelines help companies remain consistent across all marketing platforms.
- **Adapt and grow:** It takes years to build a brand, starting from launch and continues long after, so it is important to adapt to changes.

2.3.4 Branding of companies

Looking at prior studies, it is clear that most business owners do not understand the steps they need to take to building a respectable brand, so the researcher saw it as important to highlight that in this study.

The below figure 2 outlines the five strategies that Rangwala (2017) recommends for SMEs to employ in order for them to get high returns on minimal investments.



Figure 2: 5 ways of building a brand for SMEs (Rangwala, 2017)

Kotler and Keller (2005) also refer to a brand resonance model which looks at branding as a sequence of steps from the bottom to the top. This model describes the ultimate relationship and level of identification the customer has with a brand. Step one on the model is that of forming an identity for the brand, one which your customers will be able to recognise and want to associate with a specific product or customer need. Step two is about creating an encompassing meaning of the brand in the mind of the customer, by linking a host of tangible and intangible brand elements. Step three is about bringing out the correct and proper customer response with regards to brand related decisions and opinions. The final step revolves around converting brand response to create an intense, active loyalty relationship between the customers and the actual brand.

In order to achieve the above-mentioned steps, SMEs need to be able to establish six brand building blocks with the customers, these blocks can be assembled into a pyramid as per Figure 3. Kotler and Keller (2005), “The model emphasises the duality of brands – the rational route to brand building is the left-hand side of the pyramid, and the emotional route is the right-hand side” (p. 280).

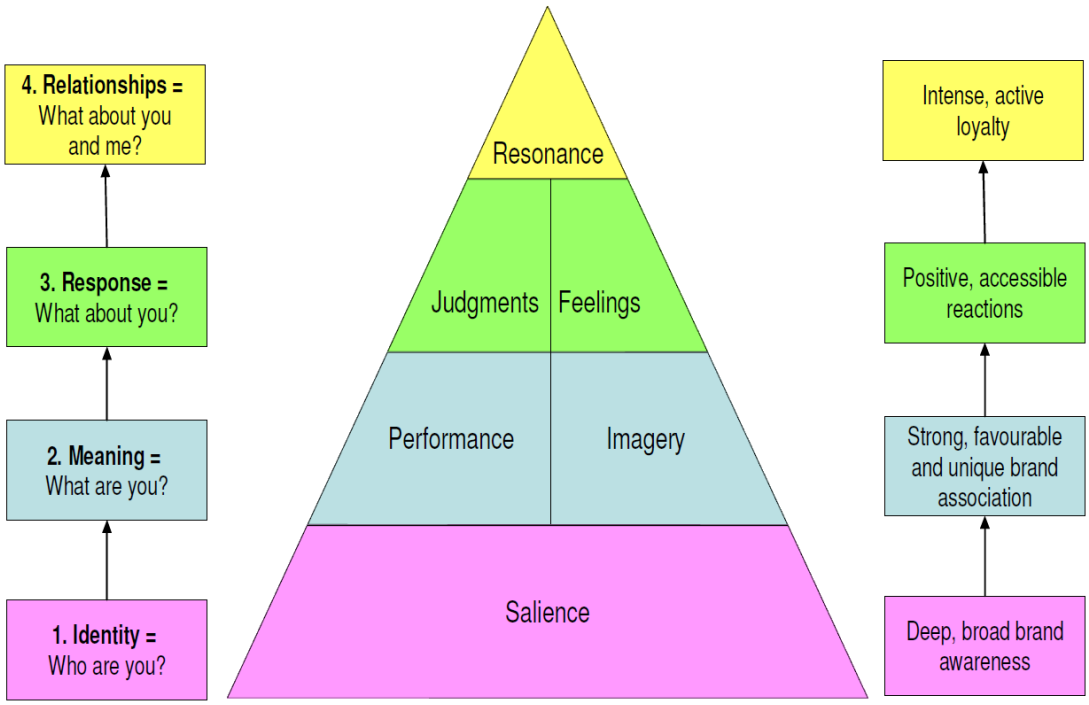


Figure 3: Brand Resonance Pyramid (Kotler and Keller, 2005, p280)

If a company is able to get the above right, this can afford them benefits that makes them stand out. These benefits can help the company as well as benefit the customers. Those benefits can include easier recognition amongst competitors, reduce risks when it comes to customer purchase decisions, create interest of the brand in the market, help build loyalty with customers, allow a company a chance for premium pricing and it would also establish a brand as experts in their field.

2.4 Conclusion

The purpose of the literature was to explore and introduce the importance of branding for small to medium sized enterprises (SME) within the South African context. The literature has touched on the many challenges that SMEs face in South Africa which some lead to them failing so early after inception, it also touched on how branding can assist with some of those challenges and also how businesses can go about it when they want to create, roll out and also maintain good branding presence.

A number of studies have been conducted on brand management in general with the focus looking mostly on well-established businesses. There is not a lot of studies that have been done that try to link the success of SMEs to them having a well-defined and

implemented branding strategy. Some of the results from previously done studies have influenced some of the questions in this study with the hope to influence or educate SMEs in the importance of branding. The research will highlight challenges that SMEs encounter, be it in wanting to create a brand identity and not fully understanding the processes? Not having the necessary resources? Not knowing how to maintain the brand identity once established or merely just not understanding the importance of branding.

This research identified where or what most SMEs lack with regards to building a brand, and this will enable for further research to be conducted to identify how these SMEs can be educated with regards to building strong reputable brands. Findings from the study will assist SMEs in knowing the steps to take when starting up a business in terms of getting it the recognition it requires to succeed. They will understand the steps they need to take to create long lasting brands that will stand out.

2.5 Link between prior studies and objectives

Research objectives	Finding from prior studies	Key references
To identify awareness amongst SMEs of the importance of branding.	**Abimbola and Vallaster (2007)** • Strong brand conveys familiarity and trust and reduces risk	• Findings from the study reflects the role branding plays in the success of an SME because when customers identify the brand, they know it and trust that it will deliver. This resulted with question B2
Make recommendations to SMEs on the importance of branding.	**Gregory (2019)** • Having a strong and loved brand is an asset for any business	• The findings from this study were significant in making recommendations that SMEs understand the importance of having a strong brand that customers can identify with, which resulted in question C2
to identify awareness amongst SMEs of the importance of branding.	**Jasra, Khan, Hunjra, Rehman and Azam (2011)** • Important factors that SMEs need to have in order to succeed	• This study relates to the factors that a brand needs to stand out from its competitors. This study influenced question C3

To identify awareness amongst SMEs of the importance of branding.	**Cant, Wiid and Hung (2013)** • Looked at the importance of branding to South African SMEs	• This study was looking at why it is important to have a reputable brand in South Africa. How does brand equity assist a company to succeed? This study influenced question B1

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The next section gave a framework of how the study was conducted. This section highlighted which methodology the researcher chose to use.

This decision assisted the researcher in deciding what kind of questions to include and how those questions would be structured.

Also, this section offered a research approach, which supplied data to resolving an existing problem. The researcher decided on the type of information they needed and identified how the information would be collected and analysed.

The most important element about this section is that the sampling target was defined in detail and the researcher also highlighted which sampling technique would be used. The researcher was clear on why they had chosen to use certain measures and methods over others

3.2 Research Approach

Chinnathambi, Philominathan and Rasjasekar (2013), defined research methodology as “a systemic way to solve a problem” (p. 5). They further explained that research methodology is a science of studying how research is to be carried out, meaning the procedures by which researchers go about their work of describing, explaining and predicting phenomena.

Research methodology is a study by which knowledge is gained and the aim is to give the work plan of research. Deciding on a methodology has to start with the researcher knowing what will be investigated and how it can be studied so that the results can be dependable to them and those who will be benefiting from the study.

For this study, qualitative method was used. Bogdan, DeVault and Taylor (2015), refers to qualitative research as research that produces descriptive data which is used to describe characteristics about what is being studied and also offers peoples own written or spoken words and observable behaviour. Qualitative research engages researchers with subjects that matters, when it matters and can be practised in casual and unsystematic ways.

A qualitative study was a fit for this research report as it is exploratory research that looks for reason, opinions and motivation. Through one-on-one interviews, the researcher allowed the business owners to explain their understanding on the term branding as well as their different opinions on the matter, like for example what they think about branding. The motivation part of the definition depended on how the SMEs would at the end of the research feel motivated to try out branding for themselves.

Qualitative approach focuses on generating meaning and understanding through rich description. With this research, the aim was to answer questions such as what, why and how, therefore this kind of study helped in answering that, it helped in understanding the experiences and attitudes of the different SME owners.

Aparasu and Bentley (2014), defines research design as “the overall plan that allows researchers to gather answers to study questions and test study hypothesis” (p. 8). It reveals the purpose why a particular study is being conducted. This research study aimed to get a better understanding of what role branding plays in the perceived success of SMEs. Most studies related to the role of branding has been done mostly on bigger cooperatives who have already gone through branding. Based on the minimal research that has been done on branding and if it helps SMEs to succeed, it is important to carry out an exploratory research design. Van Wyk (2012) explains that exploratory study is used in studies where the subject is uncertain and there is not a lot of understanding regarding that particular subject. Neville (2005) agreed with that by indicating that exploratory research is research that seeks to investigate or understand relationships between variables, so the researcher is required to probe, to be able to discover new ideas around a specific problem.

3.3 Population and sampling

Kumar (2011) defined a sample as a subgroup of the population that the researcher is interested in. It is a process of selecting several units for a study in such a way that the units represent the larger group from which they are selected. Hanlon and Larget (2011), simply define a sample as “a subset of the individuals in a population” (p. 7). This research study sample consisted of twenty SME owners from different industry backgrounds, looking at both male and females. Statistics Solutions (2020) offered a more recent definition where they explained a research sample as a subgroup of

individuals who participate in the research process, and the population as the broader group of people to whom the results of the research are relevant.

3.3.1 Target Population

Alvi (2016) defines a target population as “all members who meet a specific criterion specified for a research investigation” (p. 10).

The population for this research was:

- All SMEs residing in South Africa, from Limpopo and Gauteng.

Established sample for this particular research was:

- A group of 20 entrepreneurs who currently own SME businesses
- Looked at both males and females
- Age group was from 25 years
- Different ethnic groups
- Matric certificate with some kind of higher qualification

The criteria looked at to be part of the participants:

- Should have been operating for more than two years.
- Based in Limpopo and/or Gauteng
- The study considered SMEs from different industries

3.3.2 Sampling Technique

Kish (1965: 78-79), defines sampling technique as a method of sectioning individuals on which information is to be made. The sampling technique that was used is non-probability sampling, using the convenience method, units of the sample in this technique are selected based on personal judgement or convenience.

Bala and Etikan (2017), defined non-probability sampling as a procedure that will not bid a basis for any opinion of probability that elements in the universe will have a chance to be included in a study sample.

3.4 Data collection

This research study used in-depth telephonic interviews for data collection. Boyce and Neale (2006), describes in-depth interviews as “a research technique that involves

conducting intensive individual interviews with a small number of respondents to explore their perspectives on a particular idea, program or situation" (p. 3).

In-depth interviews allowed one-on-one interviews between the researcher and the respondents.

The questions were broken down into 3 sections, with section A looking at the demographic information of the respondents, section B had questions that allowed the researcher to identify awareness amongst the SMEs of the importance of branding and the last section, C were more for the researcher to determine whether branding or the lack of it has had any impact on the success of lack of it for the different respondents. The data sets are attached as Appendix A.

Researcher made use of the semi-structured option. The collection of data was initially meant to be collected via face-to-face interactions, but because of the crisis the country was facing, the method of collecting data was adapted and interviews were conducted telephonically with the respondents.

3.4.1 Application of collection methods

The data was collected over a period of three weeks and the completion time for each interview was about 40 - 50 minutes. The researcher allowed extra time for the respondents to ask questions and found that those respondents who were not involved in branding showed a lot of intention to learn more, but that did not result in changing their minds about how they were currently conducting their businesses.

The respondents were emailed a copy of the consent form a day before the telephone interview. Refer to Appendix C. The consent form was accompanied by a permission letter (Appendix B) which explained what the research entailed and importantly indicated that the respondents were within their rights to take part or decline in taking part in the research. The aim of these two documents was to get permission from the respondents so the data collection and analysis thereafter could be deemed as ethical.

The data was collected telephonically and the researcher took down notes. The data was then analysed and organised in a form of tables, a pie chart and bullet points.

3.5 Research Instrument

Unstructured, open-ended questions were used to give the interviewer a chance to probe more by relevant questions based on the respondent's answers. (Refer to appendix A for questions that was asked during the interview).

The interview schedule consisted of three sections (Appendix A).

- **Section A:** Demographic Information
- **Section B:** Assess SME awareness on importance of branding
- **Section C:** The role of branding

3.6 Data Analysis

For data analysis, thematic analysis was used. Braun and Clarke (2012) define thematic analysis as a method for systematically identifying, organising and offering insight into patterns of meaning across a dataset.

Alhojailan (2012) further mentioned that thematic analysis highlights the aim of validation to establish a fundamental view of the analysis itself which will assist the researcher with the details and sequence of how the raw data could be utilised. Alhojailan also explained that the thematic analysis process analyses the data without engaging pre-existing themes therefore it can be adapted to any research that relies only on or upon participant's clarifications.

3.7 Pilot Study

Two participants who meet the required characteristics of the research participants took part in the pilot study to help determine how long each interview would take and determine any difficulties with the questions before the actual interviews. The pilot study was confirmed to be applicable to the entrepreneurs who met the participant criteria.

3.7.1 Validity

The two participants who took part on the pilot study confirmed that the questionnaire had questions that were relevant to the objectives, this confirmed the validity of the questionnaire. Echoing Gibbs (2007), Rose and Johnson (2020) accepted that qualitative validity means that the researcher checks for the accuracy of the findings by employing certain procedures.

Bendixen (2004) explained the two types of validity which are external and internal validity. He stated that external validity deals with the generalisability of the research across persons, times and settings, while internal validity deals with the extent to which the measuring instrument provides adequate coverage of the topic being studied.

Validity in this instant was concerned with how the presented data was truthful and accurate. Rose and Johnson (2020) continued to explain that validity refers to the process of determining the fidelity or accuracy of the findings from a standpoint of the researcher, the participants and/or the consumers of that particular research.

3.7.2 Reliability

Rose and Johnson (2020) stated that reliability refers to the soundness of the research, particularly in relation to the appropriate methods chosen, and the way in this those methods were applied and implemented in a qualitative research study.

Reliability in this instance was concerned about the degree to which the measure of a construct was dependable or consistent.

In this study to assure that reliability was upheld, the researcher:

- Carefully considered participants who were in line with a set demographic.
- Made certain to ask questions which the respondents cared about or knew.
- Grouped findings into consistent themes ensuring not to lose sight of the context from which the findings were gathered.
- Avoided using vague terminology which could lead to misinterpretation by the respondents.

3.8 Administration of Data

The instruments that were to be used for gathering information were tested prior by the use of a pilot. This exercise was to ensure the precision and readiness of the instruments.

3.9 Limitations of the study

Limitation of this study was the methodology used. Qualitative methodology is subject to perceptions and attitudes, so if another researcher is to conduct the same research, findings can be completely different depending on the population used.

Secondly, sample size that was used was small. Looking at a sample of twenty SMEs, findings should not be taken to be a true representation of South African SMEs.

Making use of in-depth interviews requires someone with good interviewing skills, the researcher in this case did not have any formal training.

3.10 Research Criteria

The next part of the study outlined the truthfulness in which the research was directed and also safeguard the reliability of the research outcomes.

3.10.1 Trustworthiness

Being trustworthy means the ability to be truthful and honest. When it comes to trustworthiness in qualitative research, credibility, transferability, dependability and confirmability are very important

The researcher was truthful in the process of identification and emphasised that there were no personal interests besides that of completing a research paper for school which allowed the respondents to open up and be truthful in their feedback. When the respondents realised that there was no monetary gain for the researcher and that the researcher did not belong to a political party or government department, the feedback was more credible and honest.

3.10.2 Authenticity

Being authentic means being real and genuine. The basic assumption with authenticity is people have different values which can affect their constructions. A researcher should make sure that different constructions arise to allow conflicting constructions and value structures to express themselves. The researcher was clear on how the findings of the report can help the SMEs moving forward in knowing how to implement a good branding strategy as well as assist them in getting new customers and knowing how to retain those customers. That encouraged the respondents to engage honestly and express a true reflection of what they are experiencing in their businesses.

3.11 Elimination of Bias

Simundic (2013) defines Bias as “any trend or deviation from the truth in data collection, data analysis, interpretation and publication, which can cause false conclusions” (p. 12). This can happen either deliberately or accidentally.

The researcher confronted their own opinions and prejudices with the data in an attempt to remove any kind of bias. Qualitative studies are not loose articles made up from random discussions, a researcher needs to spend a lot of time in the real world collecting and analysing lots of data.

3.12 Ethical Considerations

Neuman (2014) observes that researchers need to treat all respondents with dignity and reduce nervousness or uneasiness

3.12.1 Participants have given Informed Consent

Aburto, Hagemann, Rose and Shahnazarian (2017) describe informed consent as a voluntary agreement to participate in a research.

Respondents were requested to sign consent forms to indicate their willingness to participate (Appendix C).

3.12.2 Ensuring no Harm comes to Participants

Murphy and Dingwall (2001) maintain that no harm should be done to participants means that the research is ethical only if the benefits outweigh the potential for harm, saying sometimes respondents may experience emotional or psychological harm that cannot be measured or may be delayed. Researcher cannot foresee what will happen to the participants, but they need to make it a point that the well-being of the respondents is not compromised in any way.

3.12.3 Anonymity and Confidentiality

TCPS 2 (2014), outlines that confidentiality in a research means proper safeguards are in place to guard the privacy of participants and their information from unauthorised access, use, revelation, alteration, loss and theft.

They continue to elaborate that anonymity means that at no time will the researcher or anyone linked with the project know the identity of the participants, meaning the information collected did not contain any identifiable information and the risk of being able to connect data to a specific individual was low.

3.12.4 Permission to conduct research

The researcher had to get permission from all parties that were going to be involved in the study. To grant permission, all the parties involved needed to be clear on the details of the research (Appendix B)

The aim of the study was clearly explained to the respondents and they had to sign permission letters indicating they were aware the research was taking place.

3.13 Conclusion

This chapter looked at giving a synopsis of the research methodology that was used to answer the research question, assist in meeting the research objectives and addressing the aim of the research.

In summary the chapter gave details on the research design used, gave a description of the target population and highlighted on the sample size. The chapter also elaborated on issues of validity and reliability looking at qualitative research and finally discussed ethical considerations.

CHAPTER FOUR: PRESENTATION OF RESULTS

4.1 Introduction

This section presents the results of the interviews conducted on the role branding plays in the perceived success of Small and Medium Enterprises (SMEs) in South Africa. The interviews were conducted on new and established SMEs where some are engaged in branding while others have not engaged in branding. A total of 20 respondents were interviewed for the purpose of this research.

The interview process was telephonically and the researcher took down notes. The chapter begins with a clear description of the demographic profile of the sample.

4.2 Section A: Demographic Information

This section will be giving a breakdown of the respondents that took part in the study. It essentially outlined in detail the respondents who took part in this study.

4.2.1 Type of Business

It was important to outline the different types of businesses that the respondents belong to.

The table below indicates the different types of businesses and show the split by percentage.

Table 4.1: Types of business sectors

Business type	Actual number	Percentage
Hospitality	3	15%
Education	1	5%
Transport/Logistics	3	15%
Health & Beauty	4	20%
FMCG	5	25%
Waste Management	1	5%
Petroleum	1	5%
Pest Control	1	5%
Funeral Business	1	5%
Total	**20**	**100%**

4.2.2 Age Grouping of Participants

Table 4.1 below shows the age description indicating that 30% of the respondents were between the ages of twenty-five and thirty-five, with 35% of participants between the ages of thirty-six and forty-six. The remaining 35% is in the older age group and those are respondents that have had their businesses for years and some of those businesses have survived all these years with no branding at all.

Table 4.2: Participants age groups

Age	Actual number	Percentage
Under 24 years	0	0%
25 – 35 years	6	30%
36 – 46 years	7	35%
47 – 57 years	4	20%
Above 58	3	15%
Total	**20**	**100%**

4.2.3 Gender split

Table 4.2 early shows that males are the dominating gender in the SME enterprise, coming up to 60% compared to the 40% for females.

Table 4.3: Gender split

Gender	Actual number	Percentage
Male	12	60%
Female	8	40%
Total	**8**	**100%**

4.2.4 Ethnic Grouping of Participants

It was important for the researcher to indicate the split in ethnicity to show which group is more likely to own business. Table 4.3 below indicates more than half of the participants (65%) being African, followed by Asians who comes in at 15% of participants. The white and coloured groups follow showing 10% of participants owning their own businesses.

Table 4.4: Ethnic Grouping split

Ethnic group	Actual number	Percentage
African	13	65%
White	2	10%
Coloured	2	10%
Asian	3	15%
Total	**20**	**100%**

4.2.5 Level of qualification

Level of qualification section specifies the different education levels for each respondent. Table 4.4 below indicates that all respondents passed their matric or grade 12 with some who went on to obtain some sort of higher qualification.

40% of the respondents hold a diploma with 5% of the respondents having a masters degree which the respondent showed was driven by the desire to want to be able to manage their business with the necessary skills.

Table 4.5: Qualification split

Qualification	Actual number	Percentage
Diploma	8	40%
Bachelor's degree	6	30%
Honours degree	5	25%
Master's degree	1	5%
Total	**20**	**100%**

4.3 Section B: Results for objective 1

Objective 1: Identify awareness amongst SMEs of importance of branding

The reason for this section is to understand the level of understanding that the SMEs currently have when it comes to branding, to see if they see the importance of a business engaging in branding and what that can do for a business.

Question 1: What do customers think when your company's name is mentioned?

The reason for this question was to allow the researcher an opportunity to engage with the SME in a way that they understand that by having a brand it allows their customers or potential customers to be able to define or identify with them.

Most of the SMEs that were interviewed are those that have strong ties to the communities they have businesses in, so it was not surprising to see that even those with no branding had a sense of belonging in those areas.

SMEs listed attributes that they believe their customers see in them. The advantage of the businesses being so close to the communities they serve is they are able to get feedback like this directly from their customers without conducting surveys. The bigger more established businesses conduct quarterly surveys and some have "rate us" forms which customers are able to fill out and they know what the customers think about them.

Table 4.5 below shows some of the attributes that most of the SMEs think their customers think about them.

Table 4.6: What customers think when business name is mentioned?

Attributes	
Trust / Honesty	Committed
Reliable / Efficient / Experts / Safe	Affordable
Strong history	One-stop shop / Convenience
Elegant	Innovation
Always delivers	Stylish

The recurring theme in this question was reliability and history. Even without a brand to set most of the businesses apart, most SMEs understood the importance of being reliable. History came through a lot on those businesses that have been operating for more than 10 years. Respondents mostly in the retail space emphasised on how being seen as reliable is important because it means they get to sustain those customers.

Question 2: **Why do your customers trust and choose to do business with you?**

This question tried to establish from the respondents what they think it is that makes their customers trust them enough to want to do business with them.

When the researcher interviewed the SMEs, it was very interesting to find that good experience did not come out as much as anticipated. The reasons however showed that 60% of the reasons where not based on experience but rather on reputation.

Some of the answers that came through from the respondents included:

- "I believe that because we are one of the first venues to have given alternative 5-star accommodation (after Tusk Hotel) in Venda, customers believe that we have the capabilities to cater good quality service for them. We have also been around for almost 10 years and have been consistent in our offering, so I think that has led customers to trust us." – Respondent 2
- "My customers trust me because I have never let them down. Most have said they choose to do business with me because I am a woman. I started my company after having been a partner in a big and reputable company, so my experience from there has made customer to trust me." – Respondent 4
- "Before I open the shop, I have been very involved in the community and people know and respect me. So, when I opened the shop, I would like to believe that people took my traits from how I helped in the community and believed that it was safe for them to trust me as a business." – Respondent 10
- "Our reputation speaks for us. We started out in a business that was not so fashionable and we were able to create a market in an area we thought would not be interested Customers know we will always make a plan to accommodate them." – Respondent 15
- "Our customers trust us because we have proved time and again that we are for the children. Our main aim for opening up was to create a loving space for children where they can learn and be safe. Parents choose to bring their children to us because they know we offer the best learning opportunities. We made people understand that our kind of service is relevant and I think they respect us for that. We put so much effort in the work we do that we have our customers talking on our behalf out there." – Respondent 17

- “We would like to believe that customers trust us because we always deliver. We have been operating now for a number of years and we have built a reputation of good service. Customers know we will always make a plan to accommodate them.” – Respondent 15
- “Our customers trust us because we have proved time and again that we are for the children. Our main aim for opening up was to create a loving space for children where they can learn and be safe. Parents choose to bring their children to us because they know we offer the best learning opportunities and we care about the future of their children.” – Respondent 12

Respondent 10 is an example of that sometimes customers will choose to do business with you not because you offer the best service in your industry but because they connect with a business through the good things the business is associated with, like for example a business that gives back to their community.

With this question, it is clear that good service was referred to it often. Good service in this section came through in different ways. With some respondent’s good service meant offering a service that their competitors could not copy, with some good service meant them always being able to deliver whatever their customers require from them, not letting their customers down but always coming through for them.

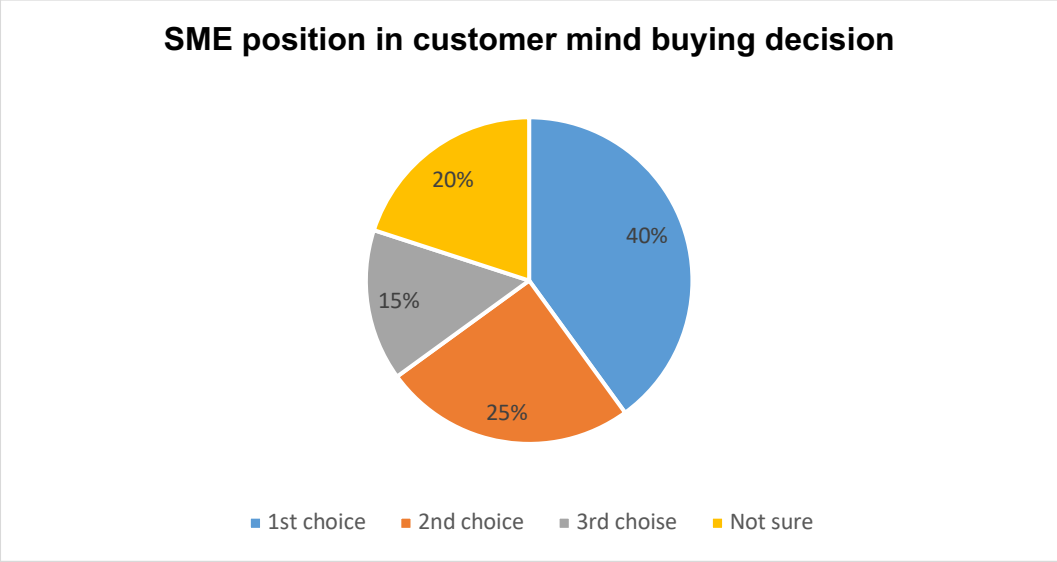
Question 3: **When it comes to your product or service, which is the first name that comes to customers minds?**

This line of question in the study just wanted to understand if the participants know for sure their standing within their industries when it comes to their customers. With this question the researcher noticed that some of the respondents did not really know or understand why people do business with them, they have never really researched their market to try and understand that.

With some of the respondents they were just happy that they had customers coming through to do business with them, and this was found mostly with businesses that dealt with Fast-moving consumer goods (FMCG)

Figure 4.1 below shows a split between those SMEs who know for a fact that they are top of mind with customers against those who know they are normally second or even last choice.

Figure 4.1 SME position in customer buying decision



40% of the SMEs came through as being sure that they are top of mind in their customers buying decision. We have 20% admitting that there are other SMEs who are in the same line of business with them that have better service or more innovative ways of doing things and with that reason they are always first choice for customers, then they would come 2nd to them. The remaining 40% is split between those who believe they are good competition and would be on the top 3 of their customers and those who simply do not know how far on the customer list they are.

Some of the answers that came from respondents who know and understand their positions included:

- "Without a doubt we are the first name that comes to mind." – Respondent 5
- "We have always been the first name that comes to mind. Lately a lot of the people in the community work in town and it is easier to go to town, but you still find that they still choose us." – Respondent 7
- "We are most probably the first name that comes up." – Respondent 8
- "In our area we are the first name that comes to mind. We are the only tuck shop that gives competition to the nearby U-save outlet as we sell almost all products that people in the rural areas count as needs." – Respondent 10

Other respondents understand their competitors are a bit stronger than them and this is what they had to say:

- “For the past let’s say 5 years, a lot of places have opened which try to offer the same services as us. But I would like to be believe we are in the top 2, coming after Nandoni Riverview. They have an advantage of their surrounding which gives them that defining factor.” – Respondent 2
- “There are a lot more companies like ours but I think we are top 3 in the mind of customers.” – Respondent 17

Besides those who are sure about their positioning and those who admit that their competitors could be stronger than them, there were those respondents who believe that most of their customers choose them because of circumstances, those respondents had the following to say:

- “We are fortunate enough to be the oldest and most reliable lodge in our area, so we find that people try us first and if we are full to capacity then they try the newer places that have come up after us.” – Respondent 15
- “We target a very niche market. Most of our clients still prepare to go with people they know personally to transport their goods so we are not first choice and I would like to believe they normally comes to us only if they have a lot of goods to transport which their family and friends cannot carry in their private vehicles.” – Respondent 1

4.3.1 Conclusion of section B

This section was to open up the conversation with the respondents without actually drilling down on the term branding and what it means. The aim was for the researcher to collect enough data to conclude if SMEs are aware that branding does help them in more ways than one and gives them the advantage over competitors in the smallest ways, like establishing why their customers trust them or keep coming back to do business with them.

From the above section, the discussions that took place with the question on customer trust indicated that SMEs understand branding in some way even though some have not as yet engaged in it. They understand they need to come across in a certain way for customers to want to do business with them again, be it in differentiating/customising their service, making sure they look different from their competitors or simply how their employees come across to the customers.

From further prompting of the SMEs in this section, the research shows that SMEs are indeed aware of the importance of branding, however most of them do not have the required resources available for it. Another reason that SMEs do not engage on the practice of branding is they do not view it as an essential in the running of the business, this is mostly because the they are focusing more on the daily operations of the business. The SMEs are also aware that branding when done right can work as a differentiation tool when it comes to standing out from the crowd, they are aware it can help them build a business that customers acknowledge and trust. They know that branding allows them to create individuality in the products and services they offer which will mean being recognised in the crowds.

A few of the respondents also mentioned they are aware that branding can help them in sustained growth and them surviving longer in the industries they are in, but most do not have the financial means to do so.

4.4 Section C: Results for *objective 2*

Objective 2: To determine the role of branding in the perceived success of SMEs

In the following line of questions, the researcher went deep into the concept of branding and also wanted to push for the respondents to really come out and express how much they understand about branding. These questions are meant to leave the respondents with the desire to learn more about branding and also leave them wanting to go back and check how they can implement or improve it in their businesses if they have not already done so.

Question 1: **What does a brand mean to you and/or your organisation?**

With those participants who have engaged on creating a brand for their businesses, mostly see their brand as something that communicates their level of trust, talking to their promise of good service and wanting their customers to see them as such.

It does come across that most want their brand to have that personal effect of the communities they live in, indicating that their brands bring hope and possibility to those around them.

Those SMEs that have some sort of branding have different views on what their brands mean to them, but when looking at the answers closely, they understand that their

brand defines them to their customers. Some of the respondents said the following about their brand:

- “Our brand means trust. It means keeping our promise of good service. Our brand means hope to our community. We are who we are because of the community we are in; they have showed us support and that means a lot to us.” – Respondent 9
- “Our brand means everything to us. We have promised through our brand that we bring comfort to education and we would like everyone to know that we do deliver. We have created a perception that we are the best in what we do and we do our best to make sure that we are the best.” – Respondent 12
- “My brand means everything to me. Which is why I have been working hard to associate myself with well-known companies. At the moment I have companies like Pick n Pay, Eskom, Sita and Metro rail amongst others, this client list has made my brand stronger and soon as I mention them as clients’ potential clients sit up and listen. Having a brand that people can recognise helps when those people want your services, they are able to reach out.” – Respondent 4
- “A brand to us means a legacy. If as Musanda we are able to get to a point where our brand is recognised as the only solution to transportation, then we will have built a good brand. A brand we believe is when your potential customers are able to recognise you between your competitors. At that point your customers will believe that you are the only company who can provide them with that service” – Respondent 1
- “Our brand means everything to us. To us now keeping the brand alive is a way of appreciating what the founders did. They paved the way, and even though they didn’t know it back then, they created a very strong brand. A brand to us again means building long lasting relationships with our customers, if they are happy then our brad continues grows.” – Respondent 8

There are those SMEs who have not engaged in any branding but they have managed to do very well for themselves. Respondent 10 said “We don’t really have a developed brand. We only have a name which we have painted on our tuck shop but nothing more than that. We have always relied on word of mouth to get us more customers. For us being in the rural, I really don’t think a brand plays that much of a role but rather a good reputation goes a long way. People are aware of the tuck shop name but they

still refer to us by my surname, which I guess carries more weight than me spending lots of money in creating a brand that will really not change the way customers already feel about my tuck shop."

An interesting observation that came from probing into the importance of branding was that those respondents that have developed a brand for their business feel that they have created a perception of professionalism in their customers' eyes and they come across as credible.

The recurring theme in this question was the promise that businesses make through their brand. Those respondents who have created a brand identity understand that what they have promised through their brand is important for their reputation. If their brand promise is to offer the best service, they understand if they do not get that right their customers will go and find a business who can do that.

Question 2: **How important is a brand in the customer's purchasing decision? What makes the customer choose you?**

The main idea behind this question was to see if participants understood the role their brands or lack thereof has on the overall decision making with regards to where customers purchase their products or services. In the literature review, the researcher touched on increased competition, indicating how crowded the market has become. We finding a lot of businesses who offer the same service or product and this gives customers options. With so many options that customers are faced with; this means the businesses need to step up to end up with the brand of choice.

Most of the answers that were given in this question did indicate that most of the participants knew the importance of a brand when it came to the purchase decision. Although most of them are not at a point where they have created brands that can stand out and compete with the best in their industries. Some of the answers that were given:

- "A brand is very important to the final decision of a customer. Who would want to be associated with a company or brand that does not deliver? So, I believe that customers do check who you are, they do their research about you before they decide. If you have a good reputation as a brand, customers will surely want to engage and do business with you. – Participant 15

- “Brand is very important. We are where we are now as a business because of our brand. If all people talk about is your good service and unique way of doing things, it will kind of make an impact on potential customers and they will choose you, if not to try and see if the talk is true, but to make sure they go where everyone else is going.” Participant 5
- “When it comes to what we do, I believe that a brand plays a huge role. We are dealing with people’s children so we need to make sure that we live our brand. When it comes to our business, it is not about costs for the customers but it is about delivery.” – Participant 12
- “For customers is it very important that they buy into a brand that they can relate to in some way. Either through history or through recommendation. Most of our customers uses us because they grew up in families that have been using us for ages, or there was someone who recommended them to try us. It is very rare that a customer can just choose a brand that does not have some kind of meaning.” – Participant 8

Then there were a few participants who believe it takes more than just a brand to make customers decide who they would like to do business with. Some of those participants had the following to say:

- “I would like to believe that customers more so in my area buy a product based on the price more than on the brand. If you can look inside my shop, you will notice I also don’t stock famous brand names. I can give you an example with cool drink. Customers here do not come and ask for a Coca Cola brand, they usually go for the other brands because they are cheaper and it makes more sense to them to buy the cheaper brand as it allows them to also buy maybe a packet of biscuits, also not well-known brands but cheap brands. A brand could be important when buying bigger items like cars and electronics for the house, but for me as a tuck shop owner, a brand does not play much of a role in my customers purchase decision.” – Participant 10
- “Again, I think the personal relationships we have created in the past is what influences customers to choose us. So yes, I believe that branding does play a role in the final decision making on the customers purchasing decision.” – Participant 7

The recurring theme in this question was the importance of a brand to the customer. Respondents on this question understood that a good brand strategy that is implemented well can mean they stand in front of the rest of their competitors and that can allow customers to always choose them. These respondents understand that customers want to be associated with good brands.

Question 3: **How do you build a brand to develop a competitive advantage? E.g., protect you from other companies copying your products.**

The researcher asking business owners how they develop a competitive advantage will start the conversation with those business owners who haven't already, on how they can start thinking of ways they can make their businesses stand out from their competitors. It is important for businesses to perfect this side of their business at an early stage so they can build a strong brand from the onset.

Most of the respondents understand they have to differentiate themselves in order to stand out from those in the same industry as them. Some of the responses from the respondents are as follows:

- "I make sure we live our values as a company. This helps us to have an added advantage when it comes to bidding for customers with other companies like us. Having a reputation that exceeds current client's expectation helps that those customers are able to recommend us for business. We also try to diversity as much as possible in terms of what we can offer. We adding services that supports our main service so that our clients can save on using us and not having to have a 2nd company to carry out the follow up actions, so we package our services so customers can see the value in working with us." – Respondent 19
- "We have tried to come up with something completely different in our area. We offer classes to children as young as 1 month, which all of the crèches in our area don't. We also have an aftercare service where parents who work far as able to come fetch their kids as late as 7 – 8pm. We have also gone a step further by offering weekend babysitting services. I believe that this extra service that we offer has taken our brand much further and has also gained us the most customers because we are known to be flexible and considerate." – Respondent 12

- “For a business like ours, it all comes down to customer service. Also, the environment we sell our product from, because we are selling meat, we need to make sure our space is clean and our products are of good quality, which keeps the customers happy and coming back.” – Respondent 7
- “As already mentioned, we are one of the first bus services to break ground in Venda. What we did when we saw that more and more companies were starting up, we came up with a long-distance service which again pushed our brand. By the time the other companies decided to join in, we had already created a strong client base and the new services didn’t really impact us. We also started throwing in incentives also just to differentiate ourselves from other companies. Like for long distance we added Wi-Fi, added free snacks per passenger and also had a host in each bus for those families that had children travelling by themselves to keep the parents updated throughout the trip. For short distant customers, we introduced an incentive where if buying a monthly ticket, you got a discount which also allowed you to travel free on weekends for short distances.” – Respondent 8
- “For me as a tuck shop, I am selling other businesses brands, I do not make anything myself except for the food that we cook and sell. But I would say that for me to keep my customers and not lose them to U-save and other tuck shops, I make sure my service is not like of my competitors. I make sure I open early and I close later than all of them, I make sure my eating place is always clean. I am also willing to accommodate customers who might need something urgent after business hours. We are a one stop shop, so I have really capitalised on that. I also make sure I listen to my customer’s needs. After I started selling cooked meals and I had a sit in section, those who come to sit and have meals sometimes would be talking about how nice it would be if they could have their cars washed while they eat, so I listened and open a car wash which is doing very well as well.” – Respondent 10

With these particular questions, the respondents have very differing responses but what came through is that most spoke about creating an experience for their customers so they can want to come back again. Most of these respondents are in businesses where competition is really big and because of the service and/or product they offer, it becomes a bit difficult to have something that is different that can make

them stand out. But service and a good experience came through more than once from different respondents.

4.4.1 Conclusion of section C

It was evident that some respondents already understand branding as a concept but not enough for them to engage. They presented understanding on what branding can do for their business but they are still of the notion that they have survived so far with no brand identity so why break what is not broken. They believe highly in community support and word of mouth, believing that if they take care of their own, they should always have the support of their customers.

Respondents whose businesses have been operating for less than five years turned out to be more willing to learn and implementing branding and after the discussions they believed they would see an improvement in their business once they had an identity and customers could identify with them.

Just to give a clear indication of the split in terms of how many from the 20 respondents has or does not have an established brand, refer to table 4.6 below.

Table 4.7: Businesses with branding vs. no branding

Brand status	Actual number	Percentage
No branding	4	20%
Some kind of branding (Logo / Company signage / some printed stationery)	6	30%
Established brand	10	50%
Total	**20**	**100%**

The researcher was able to pick up from the SMEs that although most do currently engage in branding, they have after the interview understood that branding has the potential to increase their value, give their employees direction and motivation and also allows them to gain new or more customers, which to most SMEs translates to succeeding. It was clear that from gaining new customers, your revenue goes up, and 70% of the SMEs are more about the bottom line which is profits, so if they are able to see an increase, they believe they are on their way to succeeding.

The purpose of this study was to investigate whether branding plays a role in the perceived success of SMEs. From the data collected and analysed, branding does in some way contribute to the success of SMEs. What SMEs are classified as having being succeeded?

Mead and Liedholm (1998) mentioned that those businesses that adds qualified workers are more likely survive than those that remains the same size from start-up. Some of the other factors that can add to the success of a business can be location, the type of business the SME is in. There is also some evidence on the few studies already done that there is some kind of evidence that there is a positive connection between training and education and successful SMEs in South Africa.

With branding a company is able to be recognised and stand out from the crowd. One of the respondents agrees with the notion that good branding gives a business a change to succeed by saying that if a company is able to build brand awareness and loyalty, that can allow the business to reach its sales targets, and by reaching sales targets the company is making profit which to them translates as succeeding.

4.5 Limitations and Delimitations of the Study

The reason for this study was to try and examination the role of branding in the perceived success of Small and Medium Enterprises (SMEs) in South Africa. The participants that were used are those based in Gauteng and Limpopo.

4.5.1 Limitations

The limitations met had to do with some the participants not having enough information to fully express their feelings on the matter. Some of them were business owners who never saw the need for branding and did not see the need to educate themselves about it. So, there was a lot of explaining during the interviews trying to paint a picture to the participants to enable getting appropriate answers that would help in concluding the research. These in return could impact on the validity and reliability of the study.

The pandemic we are currently experiencing proved to be a limitation. The researcher was unable to sit and have the interviews with the participants due to the lockdown regulations and the interviews were in turn done telephonically. This affected the amount of time the respondents were willing to be on the phone as opposed to a one-one with the researcher.

4.5.2 Delimitations

The manner in which the selection of respondents was done highlighted on the balance between the respondents going into business versus those who don't.

The age group of the respondents reflected that the younger group below the age of 25 was not going into business as much although there is a need for people to go into business instead of looking to still be employed because this could help the government on their quest to fight unemployment. With the study revealing that the older generation is the one going into business, this can encourage a study that will focus of getting young people starting their own businesses.

It was important to highlight the importance of education and how it can assist business owners manage their business better, they could be better equipped to make decisions that will better the business.

4.6 Conclusion

This chapter allowed the researcher to engage with the respondents to understand how they felt about branding and if they felt it is something that could improve the state of their businesses.

The researcher was able to understand what the different SMEs understand about branding. It came across that even those SMEs that did not engage in branding or only did a minimum of do understand that it can help their business but some are still willing to take the chance of not fully engaging as yet, maintaining that community values and support has worked for them till now, so why fix what is not broken.

By the end of the interviews, some of the respondents acknowledge the importance of branding indicating that they believe their businesses could benefit from a well-constructed branding strategy.

The analysis from data collected from the 20 respondents clearly indicates that branding is not the only factor that contributes to the success of a business but it does play an important role in seeing that through. Community ties also play a role in the success of businesses, especially in businesses dealing with FMCG, those owners who give back to their communities tend to attract more customers than those who don't. Something that also contributes to some businesses being successful is lack of

competition. Some businesses find they are the only one offering a certain service in an area which then translates to those businesses seeing large profit margins.

From looking at previous studies that have been done with relation to SMEs and branding, there is not enough literature that speaks directly to whether branding does increases chances of succeeding, however the finding in those studies does warrant that more studies should be done, especially trying to investigate how important or what role branding plays in the overall success of small medium enterprises, which could have a positive outcome to SMEs.

CHAPTER FIVE: DISCUSSION OF RESULTS

5.1 Introduction

The purpose of the study was to investigation the role of branding in the perceived success of Small and Medium Enterprises (SMEs) in South Africa. The Researcher conducted in-depth telephone interviews with a small sample group.

The researcher analysed the responses to the 6 interview questions. The results from the interviews were recorded in chapter 4 and this section will further discuss the results and compare them to the literature. This section will only look at section B and section C as section A which is demographics was clearly broken down in chapter 4.

5.1.1 Discussion of question B1: What do customers think when your company's name is mentioned?

What the researcher picked up with most of the respondents is that they thought the question was more about them naming their businesses and not really what customers associate with their businesses. As this happened with more than 5 of the respondents the researcher made it part of the question as it gave the researcher another element to the research which was not in the initial plan, and this can also help in future studies. The researcher did at the end explained what the question really meant and then respondents understood and were then able to give relevant answers.

It is very important for businesses to create names that are not similar to those of their existing competitors. Alserhan and Alserhan (2012) consider a name to be an important dimension of the company's image and further indicates that a bad name choice can be an obstacle for the company to overcome in the future and a good name choice can be a positive influence on customer's perceptions of the company.

However, with this study, the researcher found some of the businesses, especially those based in the rural areas, are referred to them by the owner's name or by service the business offers instead of their actual names which then brings the question of whether these owners did not give their businesses names that customers relate to or is it just a matter that it is easier to associate with them not using their business name. This could also be based on the fact that these businesses are all about the communities they serve and not about the profit margins.

When it came to answering the actual question, the researcher found that at least 80% of the respondents believe that their customers see them as reliable and experts in the different fields they are in. Only 50% of the respondents had an established brand, so this finding indicates that customers do not necessarily need a business to have a strong brand for them to build trust which is inconsistent with the findings from Abimbola and Vallaster (2007) who found that a strong brand conveys trust between individuals and businesses. Innovation and stylish came through from an SME who deals with weddings, this respondent is one of the first wedding planners to include a venue as part of the package, and they believe this has really put them on the map and hence they are believed to be innovative. Another respondent believed that their customers see them as a one-stop shop in that they have/sell everything a typical family in the township can need without having to go to town.

The researcher also felt that a strong history came through more from businesses that have been around for more than 10 years. With most of those older businesses they have gone from the original owners to now being run by their children and they believe that the relationships that were created by the parents (previous owners) are still as strong now even though there has been new ownership.

5.1.2 Discussion of question B2: Why do your customers trust and choose to do business with you?

It is mentioned in the literature that if a business has a good reputation and is true to their values, this will give them a good image which customers will be drawn into doing business with. If customers try out a service or product from a business and the experience is good, they are most likely to go back for that experience. For a customer to trust a product, they need to start first by trusting the brand, and for a brand to be trustworthy it needs to be authentic, open in communication and also satisfy the customer needs.

Mal, Davies and Lawson (2018) have described trust as being helpful in retaining existing customers, in attracting new ones and in enhancing corporate reputation, and this just means that customer will stick it out with brand they trust even if it is going through a rough period until it gets back on its tracks. They further on suggested that if a business has customers that they can trust, this will influence other dimensions

like generating word of mouth, attracting new customers and obtaining and instilling customer loyalty.

One of the respondents who is based in Limpopo runs a supermarket that currently has no branding, not even a logo, and the respondent believes their business has survived for this long because the community sees them as a community builder. Them helping out in the community has earned them trust with the community members and in turn earned them an important place in the community.

Participants also highlighted that having the owner of the business who is hands on in the business has created an element of trust as the customers believe that if the owner is involved in every step, then they are guaranteed the best service. A study by Neneh (2012) indicated that since most owners are actively involved in their businesses, it was clear that an improvement in the way they treat their customers will benefit their business success, which agrees with the findings from this study.

A female respondent also mentioned that the fact that they are female business owner in a sector that is male dominated has gained them some trust from customers.

Again, history came through in this question as an important factor when it comes to trust, more especially to those businesses who rely heavily on word of mouth to get new customers. Respondents feel like that because they have been in the business for long, customers tend to believe that they have studied their market really well and they know what their customers need, without customers having to explain too much to the businesses. Respondents that have been in operation for longer are seeing their customers trusting them enough to continue coming back, unlike the new businesses where they still need to prove to customers that they can deliver.

It was also established in this study that customers will also trust a business that puts the interests of the customers ahead of profits. Businesses that are willing to go the extra mile to bring service to their customers without putting money first find that their customers are more likely to come back for repeat purchases/service. Shaw and Ivens (2002) elaborated in their study that great customer experience can be considered as a competitive advantage because after customers have a successful interaction with a business, they will want to repeat the experience, which will eventually result in customer loyalty.

One participant also mentioned that the fact that they have also done business internationally has gained them trust with local customers in that if they are able to service international clients then it means they know what they are doing.

5.1.3 Discussion of question B3: When it comes to your product or service, which is the first name that comes to customers minds?

What came across from the respondents in this section is that there are those that are really sure of their standing within the communities they are in, and those who are hopeful that at least they come through in the top 3 names when their customers are looking for the kind of products and services they offer. Results from the graph indicated that 40% of the SMEs are first options, 25% are second option, 15% are third option and 20% of the SMEs are not sure of their position in the market.

Then there were respondents who knew their competitors are also doing well and are most probably giving them a run for their money. In the literature review, increased competition came through as one of the challenges that SMEs face, and this was one of the main points that came through from the respondents on these questions. Respondents feel that they have done as much as they can in their own different ways to stand up and be noticed, but some of their competitors have just proven to be better than them.

With the other respondents they believe that they are valuable to the community but they know they still have a lot to do in terms of service and getting their name out there to compete with the rest. Participant 4's response was "I am in a very competitive industry where I depend mostly on pitches to secure contracts or work, so it is hardly the case that someone will come out seeking for your services."

5.1.4 Discussion of question C1: What does a brand mean to you and/or your organisation?

The question under section C was more specific to branding and wanted to understand how much the businesses understood when it came to branding and the importance thereof.

According to the literature, a brand is like a reputation for a person. Kotler and Keller (2005, p. 275) stated that "ultimately a brand is something that exist in the mind of the consumer".

When trying to understand from respondent 10 whether he believes that had he invested in branding, does he think his business would be different, he simply responded “I am the brand, so whether or not I have invested in branding, I believe my business would have been as successful as it is now.”

Ukaj (2016) conducted a study in which he disagrees with respondent 10. His study concluded that the decision of the customer to buy or not to buy the product is dependent on the brand urging companies to pay attention to branding. Further stating that if the brand image of a company is positive, then customers will but the products and will be loyal to the company, which will in turn create profitability for the company.

There were those respondents who believed that should they have invested in branding at an earlier stage, their business would be been more profitable than they are now. They invested in branding mush later on after starting their businesses and they believe there has been a change since then.

One respondent went as far as saying that having a strong brand made it easy for her when she decided to open a second branch. This ties in with the findings from Ukaj (2016) who further stated that having a strong or good brand enables the owner to present new and innovative products with good possibilities to succeed, further indicating that a strong brand provides considerable benefits like greater revenues with fewer costs.

5.1.5 Discussion of question C2: How important is a brand in the customer’s purchasing decision?

With this question, there was a very clear split in terms of what the different SMEs believe to be the reason why customers chose the brands they do in their final purchase decision. At least 70% of the respondents are saying a brand does in a way play a role although the circumstances will differ, while the remaining 30% thinks there are other contributing factors besides the brand.

Customers have strong connections to brand names. A brand can be seen as the most important factor that can influence a customer’s decision during a purchasing process.

In a study done by Mishra (2014), it was concluded that brand awareness is a progressive process that influences the final decision when customers are already brand, and not product oriented. It further explains that customers prefer to buy

branded products with the belief that brands show their status and lifestyle in the society and more importantly that a strong and reliable brand means tranquillity.

70% believes that a brand plays an important role in the final purchasing decision, indicating that it is very rare that a customer can just decide to go with a brand they have never heard of before. They believe that at the back of each customers mind they need surety that they are making the right decision, so they are likely to go with brands they grew up using or exposed to, or brands that have been recommended by someone they trust or even by a memory of a brand they saw being advertised somewhere. They believe there is a whole emotional or mental reasoning behind the purchase decision.

Respondents also felt that the reputation of a brand also plays a role on whether a customer can choose you over your competitors. They believe that customers also want to be associated with brands that are known for good service as well as those brands that contribute to the community in some way or another. This agrees with the conclusion that was found in the study by Mishra.

The other 30% believes that customers do not put too much effort on the brand but rather on elements like price, availability or ease of access. By pricing they mean that customers do not even check what brand it is but rather how much the product is, meaning sometimes the cheaper products will be first choice depending on the type of purchases. Availability and/or ease of access was being referred to situations where a customer chooses to buy whatever brand is available at that moment without consideration of price or what brand it is simply because they do not have to go looking for other brands or shops to compare with, with this kind of purchase there really is no emotions to the decision, but rather convenience.

To be the brand of choice a business needs to build trust with its customers. Customers need to get to a point where they believe no other business can offer them anything better. Customers look at various aspects before they get to a decision that a business is worthy of their money.

Kotler and Keller (2005) indicated that a brand is something that exist in the mind of consumers. By the end of the interview's participants understood that branding is important because it is measured to be the image of the business, which allows customers to build emotional connections with them.

5.1.6 Discussion of question C3*:* How do you build a brand to develop a competitive advantage?

Wang (2014) maintains that competitive advantage is obtained when a business develops or acquires a set of attributes that allows it to outperform its competitors.

What a lot of SMEs fail at is having a service or product that other SMEs cannot copy, and once they copy, those SMEs actually end by doing a better job at it. This question was intended to understand from the participants if they know what they need to do to have a service or brand that is difficult to duplicate or to imitate.

What the respondents agreed on with this question is that as a business they need to keep innovating and bringing in new aspects to their products or services to be the best players in their industry and that will put them ahead of their competitors. This agrees with the statement by Peteraf and Barney (2003) when they stated that a firm is said to have a competitive advantage when it is able to create greater economic values through either lower cost or differentiation compared to its competitors. Adding aspects that can benefit customers can be a sure way of creating a competitive advantage but they do indicate that it can be costly and after some time, competitors are bound to find a way to imitate. Respondents have put emphasis on that they need to know and understand their strengths and weaknesses to be able to determine what they can do to gain advantage over their competitors.

One participant indicated that they believed by being true to their brand and living out their values of Honesty, accountable, always striving for excellence and being committed to their customers, they have found that they have an advantage over other businesses in their industry.

From the participants engaged with, there was one particular respondent who runs a Day Care Centre. This participant indicated that innovation does not always get you an advantage as your competitors can simply copy what you did and 6 months down the line, they have the same offering you have. They did their research to understand their customers to really find out what it is that can make their lives easy, and they picked up a gap in the market that most of their competitors are not willing to engage in. They started offering weekend babysitting services which has taken their brand much further and has also gained more customers as there are a lot of customers who actually needed that service.

5.2 Conclusion

The findings from this chapter have indicated that branding alone does not guarantee success for a business, in this case SMEs. From the findings there are factors like history and strong ties to the community.

The findings from this section have encouraged the researcher to investigate what factors contribute to the perceived success of SMEs in South Africa.

Research has indicated that managerial skills of the SME owner play a great role on how the business does holistically, finding that the success of a SME depends greatly on its management and head which is the owner.

Below is a discussion on a few of the factors that can contribute to the perceived success of SMEs. The discussion below is to support the finding that branding alone cannot promise success.

5.2.1 Education

Simpson and Docherty (2004) maintain that when a business owner invests in his/her personal development through formal education, practical learning and obtaining the relevant skills in their business, this can have a positive impact in the business succeeding. The goal of most business education programmes is to prepare individuals for career success. In his study, Lekhanya (2015) found that someone who possesses a tertiary qualification is more likely to see good opportunities for starting a business, and the chance for survival is twice as high. He continued to argue that the higher the entrepreneur's level of education, the greater the involvement with the firm and therefore the greater that ability to grow the firm.

5.2.2 Training

Research has shown that small firms are less likely to provide their employees and their managers with formal training (Storey, 2004). Lekhanya (2015) reported that training is the first step in developing the entrepreneur's technique and know-how, adding that it involves learning the basics of the business which will increase the chances of succeeding.

5.2.3 Skills (managerial & personnel)

SME managers/owners and personnel must have business skills in order to compete in the business sectors. Bhatia (2003) concluded that a business's success depends on the knowledge, skills, creativity and motivation of its labour force. Lekhanya (2015) specified that it is important that a business makes provision for training for its employees to increase chances of success.

5.2.4 Government support

Government plays an important role in supporting small businesses by providing support structures and supportive policy frameworks (Herrington, Kew & Mwanga, 2017). The Department of Trade and Industry (2008) gives support to SMEs by providing them with business grants in the hope that these businesses will influence the country's economy in a positive way. The South African government has a number of entities working closely with them to guide and help SMEs succeed, which includes SEDA, SEFA and the NYDA.

CHAPTER SIX: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

Understanding the impact that branding has on the perceived success of SMEs was the main purpose of this study. In-depth interviews were conducted telephonically with a sample of 20 respondents.

Results have been outlined in chapter 4. This last chapter will look at the findings that came through from the different sections that were studied.

The section Will stary with the findings of the study, thereafter recommendations to better understand the concept of branding and SMEs in South Africa will be made.

6.2 Findings from the Research Study

Data that was found during a study is presented as findings. Tables, diagrams or tables can be used to present this data.

The findings below were collected from the current study as well as prior studies and they will provide an understanding of what was derived from the research study.

SMEs were found to the livelihood of the South African economy. Although SMEs are such an important factor for the economy, they are faced with problems such as finances, government regulations, recruitment, lack of leadership and increase in competition.

Branding is considered to be the image of the business because it is what customers think of first when the company name is mentioned. Is it again the most important possession of the company as it is the one factor that customers connect with and helps in building loyalty and brings stability to the reputation of the company. The chances of increased sales and getting the necessary awareness from current and potential customers are increased if a company is able to build a strong brand. It also came through strongly that branding is not only for big companies but SMEs can also benefit from it.

When it comes to the age split of the respondents, the study revealed that the age groups are evenly split although the younger generation is not dominating the SME space, the study showed the older age group being more willing ti start their own

businesses. The male gender is also coming out stronger than the females in relation to owning their own businesses.

The study also revealed that there is a higher number of respondents with a higher education than those who do not. This means that the business owners are able to make decisions that will benefit their businesses because they have the skills to do that.

From this study, it can also be stated that there are a lot of businesses who have be operating for a number of years successfully even without branding. These respondents did not see the need to start with branding now and wanted to understand what difference it will make to their business as they are already successful.

It is also very clear from the study that if most businesses had the extra funding, they would consider investing in brand building. Even though they do not have a lot of knowledge when it comes to how it works and how they get involved, they are willing to learn and to grow from the experience.

From the study and literature review, good definitions of branding were established. During the interview respondents were made to understand that branding is what makes their products stand out in a crowd of products that offer the same benefits as them and that having a strong brand helps a company to create a competitive advantage in the cluttered business world.

6.3 Conclusions on research objectives

This section will give the conclusions looking back at the objectives of the study. The conclusions from this section can assist with developing ideas for potential future studies.

It will help future researchers to understand more about what is happening in the real business world and that can help with future studies. The objectives were established before the researcher got in contact with the respondents and therefore could not predict what the outcome would be, which makes the conclusion that much important to future studies because of its authenticity and true reflection of what businesses are experiencing in the real world.

Objective 1: To identify awareness amongst SMEs of the importance of branding.

From looking at the respondents who took part in this research study, it was evident that most of them, at least 75% understand the importance of branding, even though only a few of them, about 60% have engaged in the exercise. Most of the SMEs who have invested in building a brand are mostly young and their businesses are between 5 and 10 years, while those businesses who have been operational for longer have not really put their money in building a brand that can help them stand out. They have however managed to survive for more than 10 years with just a logo and a good reputation.

Seeing that a lot of these businesses have a good understanding of branding, it will be easy for them to be persuaded to invest a bit more into building strong unique brands that will increase their chances of survival when faced with competition.

Objective 2: To determine the role branding plays in the perceived success of SMEs.

From this research study, it is clear that branding does assist in the success of SMEs but it has also identified that branding alone does not guarantee a business will succeed. The researcher attributed this to the fact that from the respondents who took part in this research study, not all of them have an established brand but they are all successful in their own ways.

Some businesses succeed because of their ties in the community. Respondents with businesses that are located at rural areas and that have strong ties to the community have reported that not having a brand has not impacted their sales. This was evident because one respondent who owns a supermarket has his building wrapped in branding of other more established and well-known brands and this has not affected his sales.

With other businesses their success is based on them being the only ones offering that specific service in their areas. Being the only service provider allowed them an opportunity of success without branding.

Based on the interviews with the respondents, another factor that enables businesses to succeed without branding is their strong history. There are respondents who have

been operating for well over 20 years and they have maintained their market share position in the market.

Some of those who have branded themselves to be unique and different from their competitors have also reported on some kind of increased sales since they created the differentiating factor, but they cannot say for certain that those increased sales are a result of their branding exercise. What was clear from this study is that success is something that will vary with each company depending on what their end goals and ambitions are. The respondents in this study carry different resources and therefore success cannot really be based on branding alone.

Future studies can also research what other elements contribute to the success of SMEs in South Africa.

Objective 3: To make recommendations to SMEs on the importance of branding.
The recommendations made below are based on the findings from the study.

A lot still needs to be done in educating the respondents and SMEs in a whole on the importance of branding. SMEs need to be made aware that as they attempt to build and grow their brands, it will cost them more to attract a new customer than it will to retain them,

The South African government has a number of entities that can be used to assist SMEs in growing their brand identities. For SMEs to be able to contribute to the betterment of the South African economy, these entities should be willing to invest in educating the small businesses so they can succeed and contribute to fighting poverty by creating jobs.

Experts in the private sector can also assist in educating the SMEs by sharing their experiences and knowledge on the importance of branding. SMEs need to be able to create the correct brand image during their development stage to avoid going through an exercise of rebranding in their later years.

In the competitive environment that SMEs find themselves in, is it very important that they develop brands that are not only recognizable but that mirrors a perception of professionalism and quality for their respective products or services.

6.4 Recommendations based on the study

Based on the findings from the study, the researcher has indicated a number of activities that can be implemented to assist the subject that was being studied. The recommendations can be beneficial in resolving problems that SMEs are faced with.

Future researchers can use the recommendation made in this study to guide them on topics that are related to branding and SMEs.

Recommendation One: Enhancement of Communication

There seems to be a lack of specialist who are willing to assist SMEs with the subject of branding. Businesses who have gone through the process of branding can be good references to upcoming SMEs. They can learn the importance of adopting the concept at an earlier stage. There needs to be entities or individuals willing to teach SMEs the importance of branding.

There are entities like SEDA and NYDA which can look into adding an aspect of training to the SMEs and not just be a financial support. They could help by developing strategies which SMEs can use when starting up, these strategies can also include an element of branding skills.

Recommendation Two: Assistance from Advertising Bodies

There are no better organisations that can assist upcoming SMEs like advertising agencies that specialise in branding. The government can collaborate with these agencies to create seminars where SMEs are taught and trained on what to do to build a good brand. These seminars can assist the SMEs by taking them through real life case studies of other companies' journeys, from when they initially started their branding journey, the difficulties they experienced and the results post their branding exercises. With case studies showing the benefit of branding, this can encourage SMEs to want to engage in branding.

These agencies have the knowledge and experience to share with new SMEs which can help them in making sound decisions on whether to engage in developing a brand for their business.

Recommendation Three: Partnership between Financial Institutions and SMEs

Institutions that lend money are sceptical to lend money to businesses that are starting out in the fear of them not being successful and them losing out on their investment. This then puts a strain on the SMEs because they have to manage their finances and spend money on what is required, which when looking at most SMEs they do nor consider branding to ne a necessary spend.

The South African government can try and work with these financial institutions and put together plans that can help them to invest in small businesses without the fear of losing their investments. The institution can develop payment plans that can work for both them and the SMEs that need to borrow from them.

Banks and other financial institutions can also run programmes where registered SMEs can get sponsored with money that can be used specifically for their branding exercise.

Recommendation Four: Government Participation and Involvement

The South African government has also advocated for citizens to start their own businesses so they can help in fighting unemployment so they should be more willing to investing in small businesses. Agencies like SEFA and NYDA have been identified to help small business, but the government needs to look at establishing more agencies which can also assist the SMEs with management issues coming up with strategies that will help increase the chances of success.

The government needs to take the initiative and be seen supporting small businesses because they are the engines of the economy and they could help in alleviating poverty. The government needs to ensure that there are enough agencies that are supporting small businesses from inception to growth.

Government should have a confirmed dedicated budget allocated to growing and improving small businesses.

Recommendation Five: Training

One aspect that was mentioned in the study that affected the growth of SMEs was lack of training and lack of qualified employable candidates. Again, we look at entities

like SEDA and NYDA. These are the perfect platforms to offer such kind of skills training to SMEs.

They can have programmes in place that as compulsory for each SME when receiving funding. These kinds of programmes can focus on the challenges that SMEs faces on a regular basis and equip the SMEs with the knowledge on how to overcome those challenges even before they start operating.

The programmes can teach the SMEs about financial discipline, they can educate them about the different policies they need to be aware off which are in line with the industries they are in, they can train them on what to look out for during recruitment processes as well as mentor the business owners on leadership skills which will help them in making sound decisions in their businesses. These skills are missing in the small to medium businesses and it leads to the high failure rate of start-up businesses.

For SMEs to also succeed beyond the training offered by entities like SEDA and NYDA, they need to also appoint internally dedicated people that will be responsible for the getting their brand the recognition it needs to succeed. They will need to find people who have the skills or be willing to get them trained to better understand the market they trading in so they can be in a better position to make decisions on the right kind of brand building initiatives that will work for their specific industry.

Recommendation six: Market research

SMEs need to understand what makes customers make the choices they make before deciding which brand to purchase. Doing market research will enable SMEs to know more about their customers, competitors and the industry they are doing business in.

Having a good understanding of their target market and what makes them decide to settle for a particular brand will help SMEs when working on their branding strategies to know what they need to focus more on. This will enable SMEs to improve their customer satisfaction and brand loyalty and allow them to make decisions with confidence.

Through well conducted market research a business can also get to know why their identified target market is choosing their competitors and not them. SMEs can learn valuable information about product branding, pricing strategies and product differentiation.

6.5 Recommendations for future research studies

It is evident how rarely branding was studied among SMEs. This might be because traditionally branding was only considered as for large companies and has only recently started to be considered for SMEs. In the last few years however, the number of studies regarding SMEs and branding has started to increase.

6.5.1 A quantitative study with a bigger sample

Looking at the research sample size for this study, no true connections could be made between different variables. The researcher recommends that a quantitative study be conducted with a larger sample group.

6.5.2 The role of branding in different sectors

A more detailed study needs to be conducted where it looks at the role of branding per industry sector. This study revealed that businesses from the different sectors perceive branding or the importance of it differently. Businesses that fall mostly under FMCG has shown that they have other aspects like giving back to the community that retains their customers more than branding.

6.5.3 The role of branding in the purchase decision

How much does branding contribute to the customers final purchase decision process. A study needs to be conducted to fully understand how customers engaging with SMEs make their final purchase decision. The study should be able to identify if there is some correlation between a brand and the behaviour displayed by customers with regards to their purchase decision.

6.5.4 A study on factors that determine success of SMEs

From this study, it was clear that branding alone does not mean the SME will succeed. A study needs to be conducted which will look at what other factors contribute to the success of SMEs. The study will also need to look at how SMEs are educated on the different factors so they can use them to increase their chances of success.

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APPENDICES

Appendix A: Draft Research Instrument

Name of SME: ……

Interview instructions:

- Make sure you understand each question before answering.
- You can ask the interviewer to elaborate on a question that you do not understand.
- Respond to all questions to the best of your ability.

Section A: Demographic Information

A1. Age Grouping of Participant

Under 24 years	
25 – 35 years	
36 – 46 years	
47 – 57 years	
Above 58	

A2. Gender Composition of Participant

Male		Female		I would prefer not to comment	

A3. Ethnic Group of Participant

African		White		Coloured		Asian		Other	

A4. Highest Qualification of Participant

Matric	
Diploma	
Bachelor’s degree	

Honours degree	
Master's degree	
Other (specify)	

Section B: *To identify awareness amongst SMEs of the importance of branding*

B1. What do customers think when your company's name is mentioned?

B2. Why do your customers trust and choose to do business with you?

B3. When it comes to your product or service, which is the first name that comes to customers minds?

Section C: *To determine the role of branding in the perceived success of SMEs*

C1. What does a brand mean to you and/or your organisation?

C2. How important is a brand in the customer's purchasing decision?

C3. How do you build a brand to develop a competitive advantage? E.g. protect you from other companies copying your products.

Your participation is much appreciated in this research study

Appendix B : Permission Letter

Dear Participant,

I invite you to participate in a research study entitled: **"***The role of branding in the perceived success of Small and Medium Enterprises (SMEs) in South Africa".* I am currently enrolled in the Masters of Management in Strategic Marketing at Wits Business School and am in the process of writing my research report. The aim of this research study is to investigate the role that branding has on small and medium sized enterprises.

Your participation in this research project is completely voluntary. You may decline altogether or leave blank some sections if you do not wish to answer. There are no known risks to participation beyond those encountered in everyday life. Your responses will remain confidential and anonymous.

Data from this research will be kept secured and reported only as a collective combined total. No one other than the researchers will know your individual answers to this research Interview.

If you agree to participate in this project, you will be required to answer some one-on-one questions through an in-depth interview. The interview should take approximately 40 minutes to complete.

Yours Sincerely,

Principal Investigator:

Munzhedzi Makhuvha

Phone: 084 250 6783

Appendix C: Draft Consent Letter from SME

Date: 2020

Attention: Wits Business School

On behalf of ***[SME NAME]***, I am writing to formally indicate that I am aware of the research proposed by Munzhedzi Makhuvha, a student at Wits Business School.

I am aware that Munzhedzi intends to conduct her research by interviewing me as one of her Small and Medium Enterprises.

I am also aware of the research topic: **"The role of branding in the perceived success of Small and Medium Enterprises (SMEs) in South Africa"**

As Founder and Owner of ***[SME NAME]*****,** I grant Munzhedzi permission to conduct her research at my organization.

If you have any questions or concerns, please feel free to contact me at 084 123 4567

Sincerely,

SME Owner

Signature