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Exploring digital marketing maturity drivers in SMEs in South Africa

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Exploring digital marketing maturity drivers in SMEs in South Africa

Erna Korff

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 Master of Management in the field of Digital Business

Johannesburg, 2021

ABSTRACT

The main objective of the study was to explore key drivers for digital marketing maturity in SMEs in South Africa, and to create a framework to investigate levels of maturity. The sub-objectives of this study were to investigate the constraints that impede digital marketing maturity and explore the perceived effects of digital marketing maturity on business performance in SMEs.

In creating a framework to explore digital marketing maturity in SMEs, this study drew from Westerman's digital maturity framework (Westerman et al., 2014) and incorporated commercial digital marketing maturity models to ensure sufficient digital marketing elements are covered in the framework.

The literature review covered digital transformation and maturity theories and models. The review included models to determine digital marketing maturity and elements and capabilities required to reach maturity. The propositions developed from the literature review were further explored through a qualitative research study. The data was collected through eight in-depth semi-structured personal interviews with SME business owners.

The quantitative research study confirmed that digital marketing elements impacting digital marketing maturity were: leadership and strategy, customer experience design, customer interaction and communication, business analytics, and intelligence. Indications were that digital marketing maturity levels in SMEs in SA were low; leadership, ownership, and vision were identified as a major challenge; as well as availability of dedicated and knowledgeable resources.

Following the analysis and findings, a framework was recommended for SMEs to develop and implement, which would increase digital marketing maturity level and result in quantifiable business performance.

KEYWORDS

Digital maturity, digital marketing, digital marketing maturity, digital marketing elements, SMEs.

DECLARATION

I, Erna Korff, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements of the degree of Master of Management in the field of Digital Business at the Graduate School of Business Administration, University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.



Erna Korff

Signed at……*Pretoria*…….

On the ……*25*…….day of……*September*…….2021.

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Danielle, Mother has completed this incredibly challenging project – thank you for your patience and support. I hope that his will set an example for you; you can do anything if you set your amazing mind to it and work hard.

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LIST OF ACRONYMS

Acronym	Definition
AI	Artificial Intelligence
CLTV	Customer Lifetime Value
CPA	Cost Per Acquisition
CRM	Customer Relationship Management
CRO	Customer Retention Operations
DMMM	Digital Marketing Maturity Model
ERP	Enterprise Resource Planning
IoT	Internet of Things
KPI	Key Performance Indicator
NFC	Near-field Communications
ROI	Return on Investment
ROMI	Return on Marketing Investment
RACE	Reach, Act, Convert, Engage
SA	South Africa
SEO	Search Engine Optimisation
SME	Small Medium Enterprise
STP	Segmentation, Targeting and Positioning
UX	User Experience

CHAPTER 1. INTRODUCTION

The research study was conducted in the field of digital marketing maturity in small and medium enterprises (SMEs) in South Africa (SA). Existing theory around digital maturity, digital marketing maturity and key elements driving digital marketing maturity were investigated.

The first chapter covers the purpose and research questions, along with the context, research problem and objectives, significance, delimitations, definitions, and assumptions.

1.1 Purpose of the study

The main purpose was to explore key drivers of digital marketing maturity in SMEs in SA trough a qualitative research study with the aim of creating a meaningful digital marketing maturity assessment framework specifically for these SMEs.

The study also aimed to identify possible gaps and constraints to achieve digital marketing maturity and investigate ways to overcome these constraints and potential effects on business performance.

1.2 Context of the study

This section reflects on defining digital maturity, the role and importance of digital marketing in relation to digital maturity, and the elements driving digital marketing maturity.

Digital maturity is a reasonably new concept and is defined as an organisation's ability to adopt new digital technologies from which to extract business value. It is a snapshot of the level of digital transformation achieved namely digital mastery (Westerman et al., 2014).

Digital maturity significantly impacts financial performance of companies. According to the study titled 'Leading Digital: Turning Technology into Business

Transformation', digitally matured companies perform better in generating revenue from physical assets, are more profitable and achieve higher market valuation compared to less-mature companies (Westerman et al., 2014).

According to Forrester's Digital Maturity Model 4.0, digitally matured companies are almost three times more likely to achieve double-digit revenue growth than companies with low levels of digital maturity (Gill & VanBoskirk, 2016). The reason for this strong revenue growth is because these digitally matured companies have abilities to use digital to drive competitive strategy, deliver excellent customer experience, and create operational efficiencies.

In addition, these digital experts use real-time data processing and analytics for customer insight to deliver an individualised experience even in the physical world. They are also able to apply their digital marketing and eCommerce mastery to other areas of business to enhance collaboration and innovation. They also encourage collaboration between business and IT by creating unified teams to co-create strategy and shared goals.

There are indications of increasing separation between more and less digitally matured organisations according to the MIT Sloan Management Review and Deloitte Insight report namely 'Accelerating Digital Innovation Inside and Out' (Kane et al., 2019a). This separation is often explained by digitally maturing companies' ability to innovate more and differently. Significantly more digitally matured companies cite innovation as strength, and more than 80 per cent of maturing companies indicated innovation as a strength, compared with only 10 per cent in less matured companies. The vital aspect that enables this innovation is collaboration, externally through participating in digital ecosystems and internally through cross-functional teams.

Developing new innovative ideas and business opportunities is often the responsibility of the marketing functional area in organisations. Marketing is also mostly responsible for external collaboration as well as internal cross-functional teamwork. Digital marketing transformation can be the logical starting point and driver for digital transformation and for companies to achieve a higher level of digital maturity.

“Transforming the customer experience is at the heart of digital transformation” (Westerman et al., 2014, p. 29). Digital marketing elements namely customer focused experience design, digital engagement and communication, digital channel deployment and customer data analytics are key capabilities required to achieve digital maturity.

Therefore, digital marketing mastery is one of the key dimensions to achieving digital maturity.

1.3 Research problem

New technologies are being introduced at an accelerating rate. According to Moore’s law, computation performance doubles every 18 months (Tardi & Estevez, 2021), which enables exponential information enabled technology innovation such as artificial intelligence, robotics, and data analytics. Companies who are leveraging these accelerating technologies to advance business processes and value models are substantially outperforming their competitions (Ismail et al., 2014).

Digital disruption is a reality, and organisations are familiar with the concept (Kane et al., 2019b). According to this study, however, they underestimate the threats and opportunities posed by digital technology advancements. About 44 per cent of respondents indicated that they are adequately addressing digital disruption challenges, while 87 per cent indicated that they are aware of it and are likely to be impacted; known as the ‘knowing – doing gap’.

The challenge is that people and organisations do not adapt sufficiently and consistently to these fast-changing technology advancements (Kane et al., 2019b). SMEs are slower to adopt new digital technologies mainly because of a lack of understanding of the potential disruptions and significant benefits that can be achieved (Taiminen & Karjluato, 2015).

Digital marketing is a complex, interactive, and targeted customer experience driven process that requires cross-functional and specialised resources and therefore requires process and structure optimisation (Bakhtieva, 2017).

Studies, theories, and literature are available to explain and guide organisations through the process of adopting these revolutionary technologies to enable transformation and achieve optimal levels of digital maturity (Field et al., 2019) (HPE, 2018). These studies are, however, more applicable to large corporate organisations with specialised marketing and research divisions as well as consultancy agencies with resources and capability to evaluate and transform digital marketing maturity within the organisation.

A gap was identified to develop a framework to guide SMEs to achieve optimal levels of digital marketing maturity with the aim of improving business performance.

The study aimed to provide guidance to SMEs to determine digital marketing maturity levels and identify key elements driving maturity levels. Furthermore, it aimed to identify gaps and challenges to overcome to achieve an optimal level of maturity, and explore the effect of digital marketing maturity on business performance.

1.3.1 Research questions

Investigate and understand the lack of adoption of digital marketing strategies and technology within SMEs in SA.

- *Research question 1*: What are the key drivers of digital marketing maturity for SMEs in SA?
- *Research question 2*: What gaps and constraints should SMEs in SA overcome to improve their digital marketing maturity levels?
- *Research question 3*: What is the effect of digital marketing maturity on business performance of SMEs in SA?

1.4 Research objectives

The overall objective was to explore key drivers for digital marketing maturity in SMEs in SA.

Sub-objectives of this study were:

1. To create a framework to investigate key drivers of digital marketing maturity levels in SMEs in SA.
2. To investigate the constraints that impede digital marketing maturity in SMEs in SA.
3. To explore the understanding of the potential effect of digital marketing maturity on business performance in SMEs in SA.

1.5 Significance of the study

The ongoing COVID-19 pandemic is putting even more pressure on companies' financial performance in an already contracting economy in SA. SMEs face distinct challenges and are often the least resilient to succeed in time of such crisis (Rajagopaul et al., 2021). This recent study indicated that one of the main reasons for specifically SMEs struggling is the challenge to access the right markets and over-dependence on a small number of regional customers.

According to the report, online marketplaces and digital sales platforms can help them to overcome these challenges by giving them access to larger and new global markets. It is therefore critical for SMEs to adopt digital marketing strategies and technologies to overcome the disadvantage of scale compared to larger companies.

According to the above-mentioned report SMEs are critical to the success of the South African economy. They represent 98 per cent of businesses and contribute 25 per cent of job growth in the private sector. SMEs already employ more than 50 per cent of SA's work force.

1.6 Delimitations of the study

Digital transformation, specifically of customer interaction, channels, and insight, namely digital marketing transformation and maturity, was the focus of the study.

Excluded from this study was digital transformation categories such as new value streams and business models, investment and innovation, operations, and core processes.

The study focused on small enterprises, which according to the revised definition of the Department of Small Business Development (2019), uses two proxies to define small enterprises:

- Total fulltime equivalent of paid employees; and
- Total annual turnover.

This study included SMEs with total fulltime employees numbering between 10 and 250. Micro enterprises, with total fulltime employees numbering below 10 were excluded.

1.7 Definition of terms

Table 1 provides the definitions of terms used in this research report.

Table 1: Definitions of terms

Term	Definition
Digitise	Digital technology implementation and innovation, for example 3-D printing and robotics (B. Armstrong, personal communication, May 11, 2020).
Digitalisation	The process of transforming and improving business performance through the introduction of digital technologies (Kane et al., 2019b).
Digital transformation	The process of pervasive technology exploitation to create new sources of business value (B. Armstrong, personal communication, May 11, 2020). Digital transformation, therefore, is not only a process of adopting and implementing new digital technologies, it is a complete end-

	to-end business transformation approach impacting strategy, and commercial, organisational and cultural transformation (Kane et al., 2019b).
Digital maturity	Digital maturity is an organisation's ability to adopt new digital technologies and extract business value from them. It is a snapshot of the level of digital transformation achieved i.e. digital mastery (Westerman et al., 2014).
Digital marketing	The application of digital media (interactive communication and content services through digital technology platforms), data, and technology to achieve digital marketing maturity (Chaffey & Ellis-Chadwick, 2017).
Digital marketing maturity	Digital marketing maturity and mastery is a critical component for digital maturity and an indicator of the company's ability to deliver its digital marketing strategy and objectives (Field et al., 2019).

1.8 Assumptions

The key assumption was that the responses from SMEs would provide sufficient understanding to develop a digital marketing maturity framework and assessment model.

Respondents recruited for the study were business owners or heads of marketing that had sufficient knowledge and understanding on the topics of strategy, transformation, and marketing.

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

The aim of this literature review is to provide guidance and insight into constructing a digital marketing maturity framework to investigate key elements for digital marketing maturity, and identify gaps and challenges to overcome, so that SMEs in SA can achieve digital marketing maturity and experience the potential positive impact on business performance.

The theory underpinning the study is that digital disruption is a reality (Kane et al., 2019b) and digitally matured companies are more profitable and achieve higher market valuation compared to less-mature companies (Westerman et al., 2014). It is also based on the theory that customer experience transformation and therefore marketing is at the heart of digital transformation" (Westerman et al., 2014, p. 29).

Therefore, the theoretical framework for this study was that if an organisation can master the key elements of digital marketing it would achieve higher levels of digital marketing maturity that would have a positive impact on business performance

The literature review commences with investigating digital transformation and maturity theories and models. The review includes models to determine digital marketing maturity, and elements and capabilities required to reach maturity.

2.2 Definition of topic

2.2.1 Digitalisation and digital maturity

First, it is crucial to explain digitalisation and the importance of digital maturity to provide context to the study.

Digitalisation is the process of transforming and improving business performance through the introduction of digital technologies. Implementation of new

technologies does not necessarily constitute digitalisation if it is not linked to business process improvements and value model enhancements (Kane et al., 2019b).

Digital transformation, therefore, is not only a process of adopting and implementing new digital technologies - it is a complete end-to-end business transformation approach impacting strategy, and commercial, organisational, and cultural transformation (Kane et al., 2019b).

Digital maturity is the capacity of an organisation to successful transform an organisation through pervasive digitisation and digitalisation to deliver digital aspiration and transformation objectives (Westerman et al., 2014). Digital maturity is therefore a snapshot or indication of the extent and capacity of an organisation to implement a digital transformation strategy (Westerman et al., 2014).

The Forrester's Digital Maturity Model 4.0 suggests that the digital transformation journey starts with an evaluation to identify strengths and weaknesses that will create a foundation for the digital transformation roadmap and strategy. The challenge is often execution of the strategy, which could be overcome by distributing the ownership to relevant business owners within the organisation. The model further suggests that digital maturity is an ongoing process and should continuously be evaluated based on financial and non-financial performance indicators (Gill & VanBoskirk, 2016).

Digital transformation cuts across the full spectrum of all organisational layers and functional areas: from customer facing channels, products and services, and business processes, to digital applications (ERP, payments, and IoT applications), core systems/platforms, and infrastructure as shown in Figure 1.

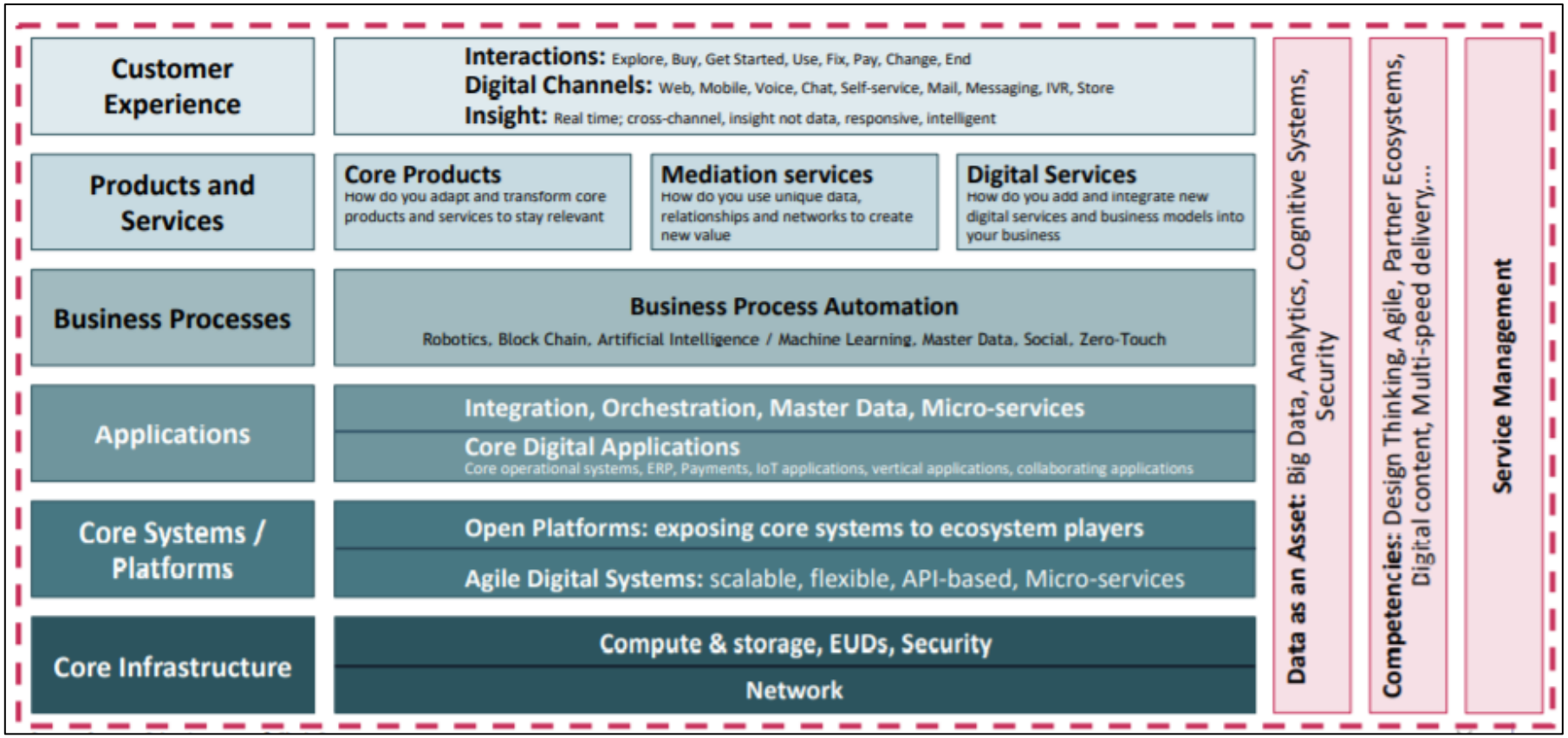


Figure 1: Digital transformation framework (B. Armstrong, personal communication, May 11, 2020)

This study focussed on the customer experience layer of the digital transformation framework, namely digital marketing transformation.

The study aimed to create a framework for SMEs in SA to achieve an optimal level of digital marketing maturity that positively influences their business performance.

2.2.2 Digital marketing maturity

Digital marketing is not only about social media advertising and mobile applications. Digital marketing covers the full spectrum of customer interaction and journey according to the Reach, Act, Convert and Engage (RACE) digital marketing planning framework (Chaffey, 2020). RACE is an acronym for reach, act, convert and engage. This RACE framework starts with planning, which involves defining goals and strategy, and moves through the four phases: reach (grow an audience through paid, owned, and earned media), act (prompt interactions), convert (online or offline sales), and engage (encourage repeat business).

Although there is a great deal of similarities with traditional segmentation, targeting and positioning (STP) marketing (Jooste et al., 2012), it has changed from predominantly outbound one-directional communication to interactive engagement and even co-creation of the value propositions and content (Bakhtieva, 2017).

Digital marketing maturity is the ability to deliver the correct personalised content through the preferred channel to the targeted individual at the appropriate instant in the customer journey (Field et al., 2019) Multi-moment maturity across the customer purchase journey can be achieved through combining data and advanced digital technologies (e.g. artificial intelligence and big data analytics).

Some of these emerging digital marketing trends and technologies are shown in Figure 2 (Omale, 2020) and are customer data ethics, visual search for marketing, content and preference management and customer journey analysis.

Organisations require a high level of digital marketing maturity to capitalise on these trends.

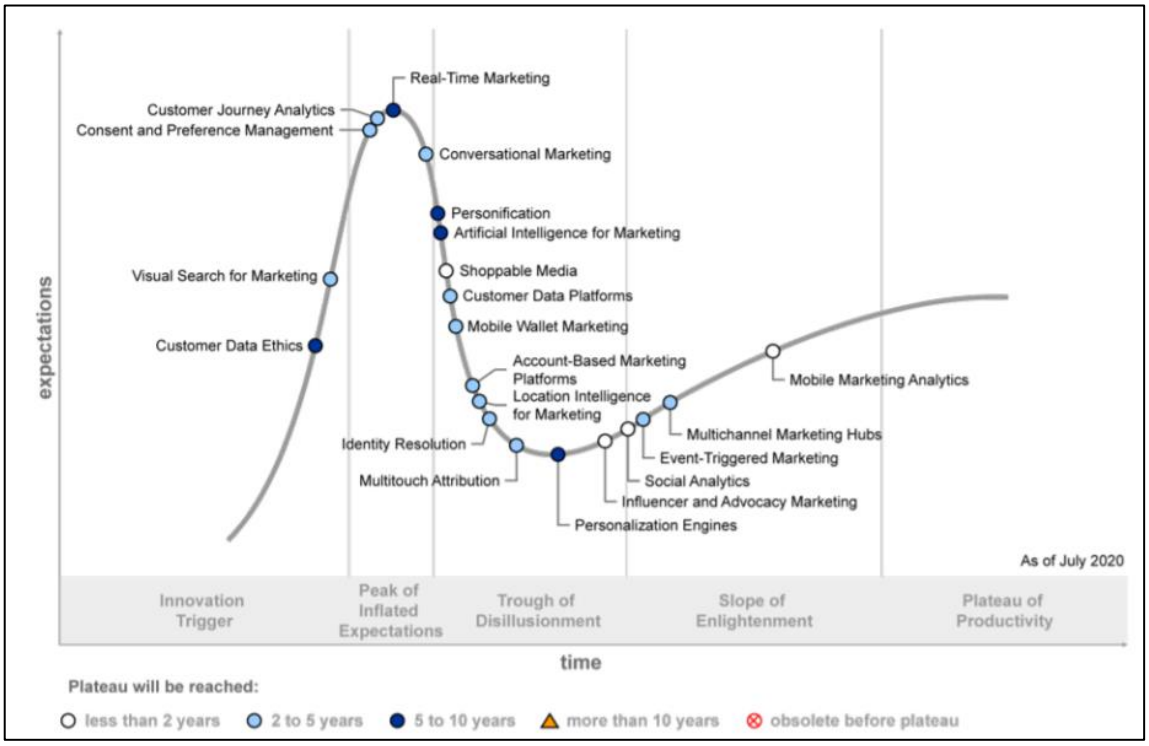


Figure 2: Hype cycle for digital marketing, 2020 (Omale, 2020)

Digital marketing maturity and mastery is a critical component of digital maturity and an indicator of the company's ability to deliver its digital marketing strategy and objectives.

2.2.3 Importance of digital marketing maturity in SMEs

It is also evident that organisations, especially SMEs, are going to have to reinvent themselves to adjust to changing business models as result of COVID-19. These reinventions often require companies to transform to more digital business models that include adding online digital stores, automating operations and customer interactions and enabling remote operations and working from home (Nielsen et al., 2020).

Organisations must reinvent for speed by rethinking ways of working, reimagining structure, and reshaping talent (De Smet et al., 2020) as shown in Figure 3.

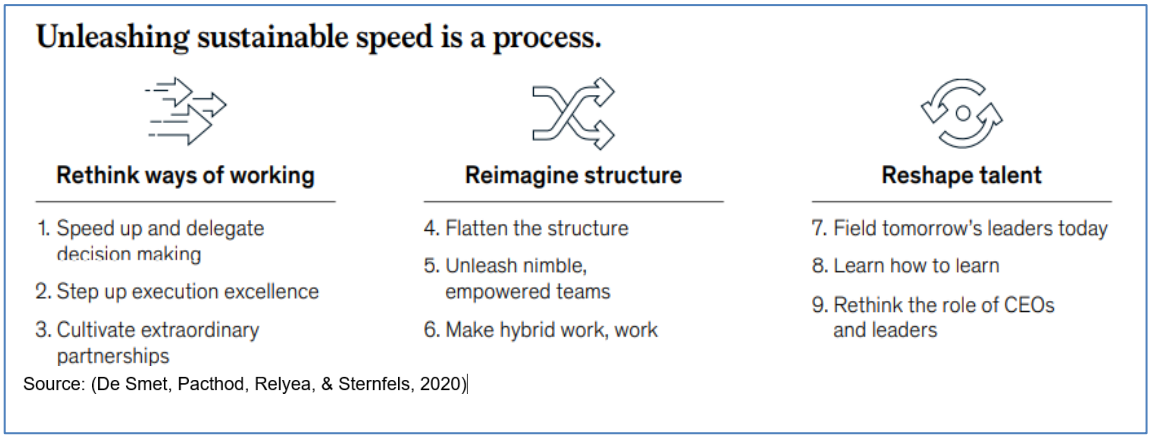


Figure 3: McKinsey Unleashing sustainable speed is a process (De Smet et al., 2020)

SMEs will need to capitalise on their strengths in being more entrepreneurial and structurally nimble to allow them to act quicker because of a flatter structure and more empowered employees.

SMEs in SA, however, will have to overcome the challenges of limited cash reserves because of an already struggling economy, smaller customer base, and less capacity to handle commercial pressure because of smaller and nimbler structures (Rajagopaul et al., 2021).

2.3 Frameworks to assess digital marketing maturity levels within SMEs in SA

Digital marketing maturity models (DMMMs) provide an enterprise with an indication of current digital marketing capabilities and efficiencies and identify areas of potential improvements and continuous measurement (Bakhtieva, 2017). However, there are no widely approved academic DMMMs and only marketing institutions offering their own commercial models e.g. Smart-Insight Digital Marketing Toolset.

Nevertheless, well accepted models and frameworks in the field of digital transformation and maturity (Westerman et al., 2014) and digital marketing elements and processes exist (Stokes, 2018).

This study combined theoretical and commercial models and frameworks on digital maturity and digital marketing maturity and proposed a framework best suited to evaluate and guide digital marketing maturity for SMEs in SA.

2.3.1 Westerman's digital maturity model

According to Westerman et al. (2014) digital masters excel in two dimensions: namely developing digital capabilities to improve business operations, and performance and leadership capabilities to set and execute a vision and strategy. The two dimensions each consist of five categories as shown in Figure 4.

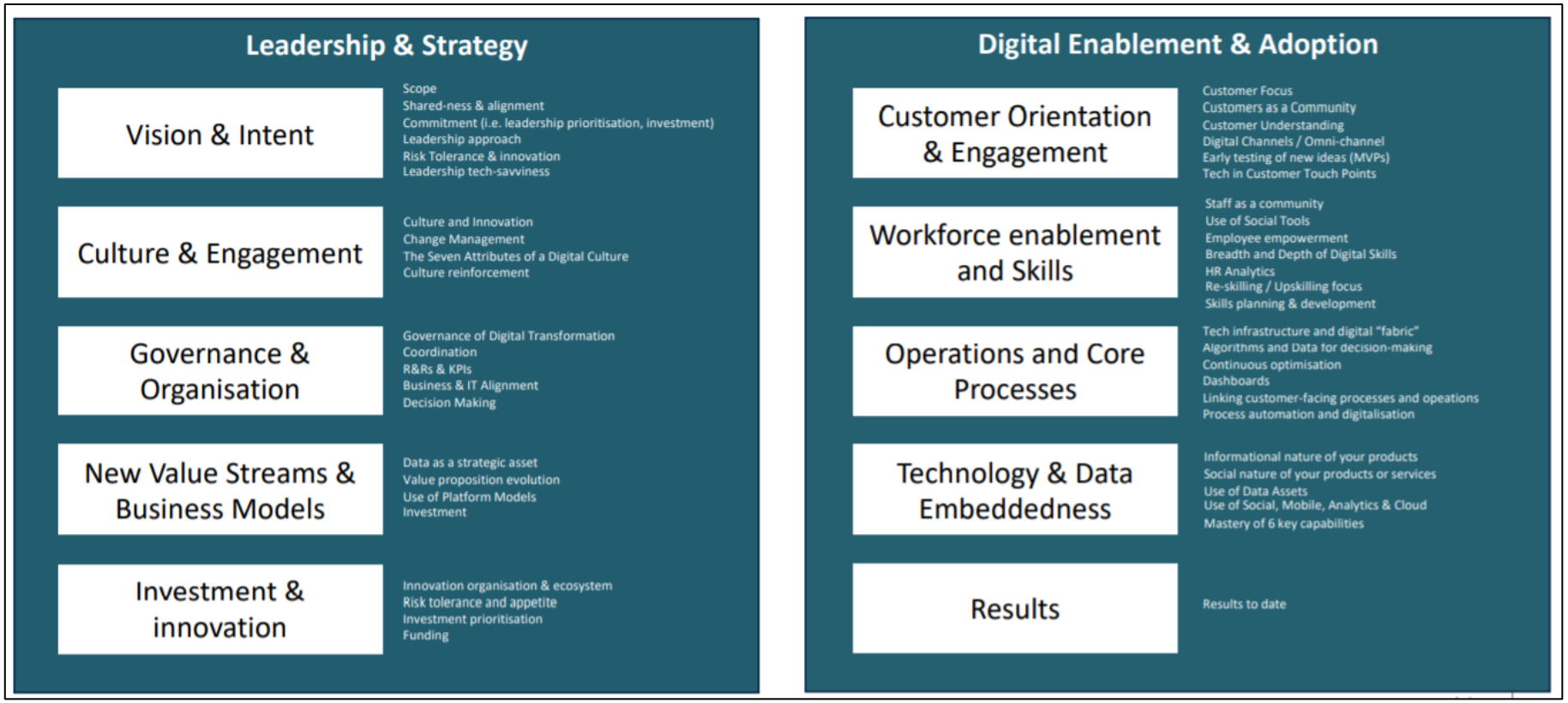


Figure 4: Westerman's Digital Maturity Framework (B Armstrong, personal communication, May 11, 2020)

Digital maturity is classified in four archetypes that are determined by rating performance on the two dimensions: leadership and strategy, and digital enablement and adoption (Westerman et al., 2014). The four digital maturity archetypes are beginners, fashionistas, conservatives and digirati as demonstrated in Figure 5.

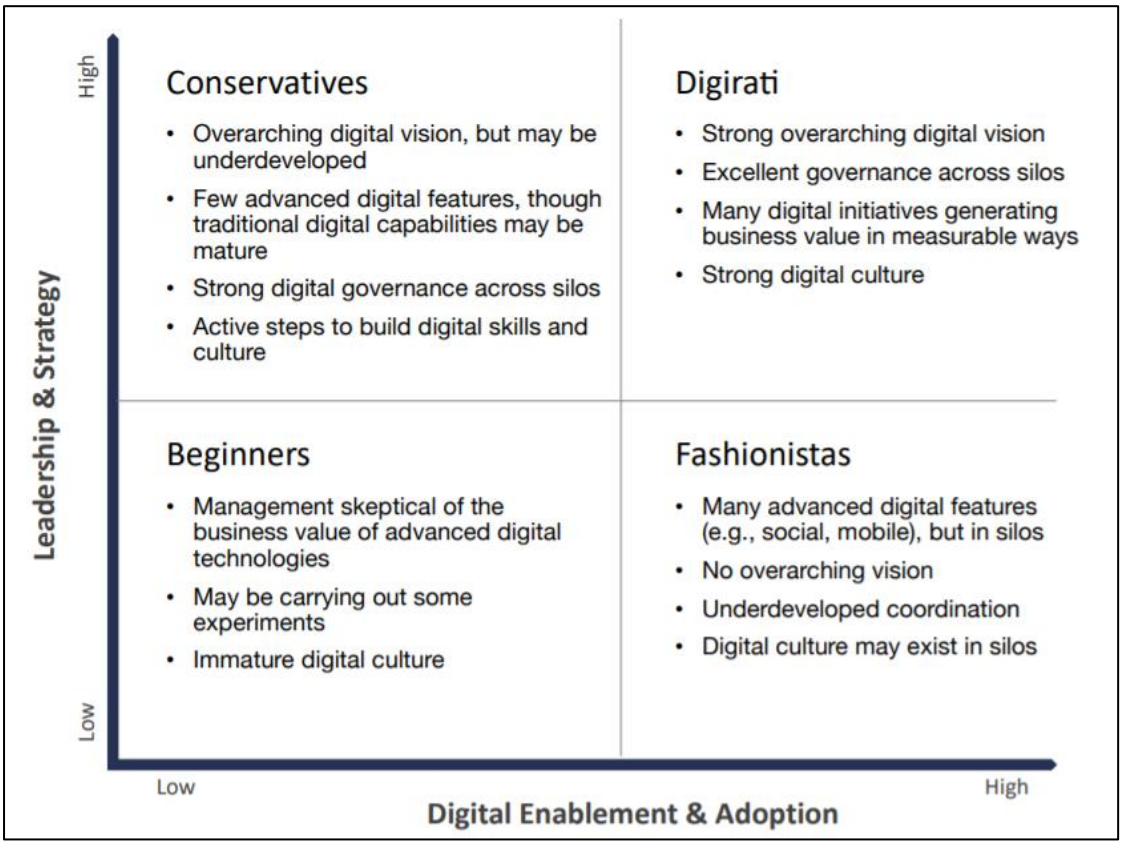


Figure 5: Digital maturity archetypes (B Armstrong, personal communication, May 11, 2020)

2.3.2 Digital transformation building blocks

The '77 Digital transformation building blocks' digital capability model (An, 2019) is a transformation model specifically focused on customer experience, marketing, and sales, which enables an organisation to make the most of digital opportunities and trends. The model consists of 12 mega-capability building blocks and is shown in Figure 6.

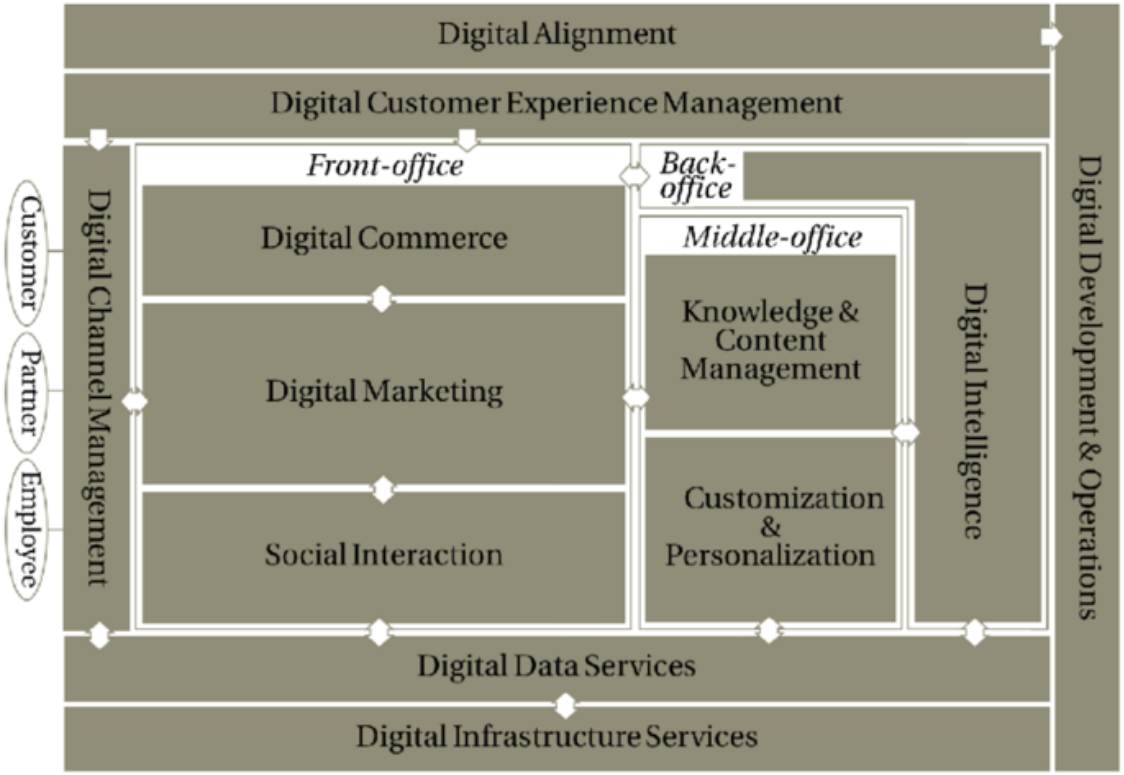


Figure 6: The Digital Capability Model – Mega Capability View (An, 2019, p. 173)

According to this model, digital maturity assessment is classified into six defined levels for each capability building block as follows:

- *Level 0: Non-existent*: No process, people or supporting tools in place.
- *Level 1: Ad hoc*: Exists in once-off, tactical form.
- *Level 2*: Basic: Exists with continuous bottom-up improvements.
- *Level 3: Defined*: Digital vision and strategy, and drive investment exists.
- *Level 4: Optimised*: Continuously optimised, performance is measured and improved against key performance indicators (KPIs).
- *Level 5: Progressive*: Fully integrated and true market leaders.

2.3.3 Digital marketing process elements

Digital marketing is a complex, interactive, and targeted customer experience driven process as indicated in Chapter 1 (Bakhtieva, 2017).

The five elements of the comprehensive digital marketing process (Stokes, 2018) consist of the following steps:

1. *Think*: Develop digital marketing strategy, segmentation and customer behaviour analysis, and data driven decision-making.
2. *Create*: Develop customer focused user experience (UX), web, mobile apps, search engine optimisation (SEO), content, and eCommerce.
3. *Engage*: Search, online, and social media advertising.
4. *Retain*: Content marketing, social media strategy and platforms, direct marketing (email/mobile), and video marketing to build strong customer relationships.
5. *Optimise*: Data analysis to improve business performance.

2.3.4 Smart-insight digital marketing model

Digital marketing transformation and maturity is determined by assessing capabilities according to the Smart-insight digital marketing transformation assessment model (Chaffey, 2020). The levels of maturity are classified into five categories, initial, managed, defined, quantified, and optimised. The seven capabilities are as follows:

1. *Strategic approach*: Varies from no strategy to agile and integrated strategy.
2. *Continuous improvement*: From not any KPIs to Lifetime-value KPIs and continuous customer retention operations CRO.
3. *Management commitment*: Limited to an important and integrated part of overall business strategy.
4. *Resourcing and structure*: No specific skill to a balanced blend of marketing skills.
5. *Data and infrastructure*: Minimum customer database to integrated systems and 360 data sources.
6. *Integrated customer communications*: Not integrated to optimised ROI and maximise customer lifetime value (CLTV).
7. *Customer experience*: Standalone website to full contextual personalised experience and recommendations.

2.3.5 Hewlett Packard Enterprise (HPE) digital marketing maturity assessment model

The HPE digital marketing maturity assessment model (HPE, 2018) measures digital and social capabilities across the following five pillars:

1. *Digital identity*: Measures web and social presence, visibility of branding, lead generation capability on the website, and effectiveness of social media activity.
2. *Organisational commitment*: Measures integration of digital marketing strategy, management support, culture, and adequately skilled marketing resources.
3. *Analytical framework*: Uses metrics and analytics, marketing automation, and rule-based scoring.
4. *Customer relationship management (CRM)*: Measures CRM strategy, use of stable platform, lead qualification, and nurturing process.
5. *Campaign planning and execution*: Assesses campaign effectiveness, alignment with business priorities, and targeting and segmentation.

2.3.6 Research Question 1

- What are the key drivers of digital marketing maturity for SMEs in SA?

From the literature review, the four consistent themes that guide and drive the process and elements of digital maturity have been identified:

1. *Leadership and strategy*: Vision and intent (KPIs), culture and engagement, and digital identity.
2. *Customer experience design*: Customer decision journeys defined, UX design and technology enabled touchpoints, and customer communities and early involvement.
3. *Customer interaction and communication*: Scientific segmentation, personalised targeting, Omnichannel, and multi-moment journey (RACE) campaigns.

4. *Technology and data mastery*: Use of data assets and technology embeddedness, namely social listening, analytics, and artificial intelligence.

2.4 Constraints that impede digital marketing maturity in SMEs

The five main barriers and challenges for an enterprise to achieve digital marketing maturity are technology, skills, budget and resources, business priorities, and regulations (Kingsnorth, 2016).

These challenges or enablers can also be categorised in technical and organisational issues as follows (Field et al., 2019):

- *Technical enablers*: Connected data, actionable measures, automation, and integrated technology.
- *Organisational enablers*: Specialist skills, agile teaming fail-fast culture, and strategic partners.

Gartner's (2021) report titled '5 strategic priorities for CMOs' highlights constraints in capacity and capabilities for marketers (Wilson & Ray, 2021). One of the key challenges discussed in this report is the fact that traditional marketing skills alone are not sufficient for the digital business initiatives leaders are tasked with. The report suggests that a marketing maturity assessment should be done across nine competencies namely resources, customer experience, multichannel marketing, social, mobile, digital commerce, data-drive, operations, and innovation (Gartner, 2021). To be successful in 2021, gaps should be identified, and digital skills should urgently be developed to be able to deal with the increasing digital initiatives.

2.4.1 Research Question 2

- What gaps and constraints should SMEs in SA overcome to improve their digital marketing maturity levels?

Key potential constraints identified are technical (data and technology) and organisational (skills, culture, and strategic partners).

2.5 Effect of digital marketing maturity on business performance

Digital marketing maturity has a significant positive impact on cost of acquisition and sales revenue (Field et al., 2019). Advanced targeting through connected data resulted in a drop of cost per acquisition (CPA) of up to 27 per cent, and automated bidding through artificial intelligence (AI) reduced CPA by as much as 44 per cent.

Digital advertising will be 60 per cent of global advertising spend by 2024 (Levy & Darveau-Garneau, 2021). According to their report, digital will make advertising more measurable in terms of business impact and prove that marketing is driving profitable business growth. Digital advertising means more accurately measurable marketing results will be enabled by machine learning-powered digital marketing platforms and will allow for quantifying ROMI.

2.5.1 Research Question 3

- What is the effect of digital marketing maturity on the business performance of SMEs in SA?

Potentially, business performance areas positively impact, through higher digital marketing maturity, cost of acquisition and sales revenue.

2.6 ANALYTICAL FRAMEWORK

The analytical framework is an integrated overview of the theoretical and empirical concepts of this study.

2.6.1 Theoretical Framework

In creating a framework to explore digital marketing maturity in SMEs, this study drew from Westerman's digital maturity framework (Westerman et al., 2014), that advocated the importance of digital mastery and the principle that it is much more about business strategies than technology implementation.

According to Westerman et al. (2014) digital maturity can be assessed by evaluating two key dimensions, leadership and strategy, and digital enablement and adoption. The digital maturity assessment should also be the starting point for an organisation's digital transformation journey and strategy.

The study also incorporated digital marketing maturity work, as indicated in the literature study, to ensure sufficient digital marketing elements were covered in the framework.

The theoretical framework for this study was that if an organisation can master the four dimensions of digital marketing it would achieve higher levels of digital marketing maturity that would have a positive impact on business performance, namely leadership and strategy; customer focused experience design; customer interaction and communication; and technology and data mastery.

1. *Leadership and strategy*: Leadership should have a transformative vision in the digital future of the firm, and it should be clearly demonstrated in their objectives (Westerman et al., 2014). The vision should also encompass re-thinking and re-designing marketing strategy and processes, and should be integrated into the core strategy of the organisation. The culture of digital mature companies is risk receptiveness, innovation, and experimentation encouraging rapid and data-driven decision-making, digital collaboration and continuous feedback, and encouraging new behaviours. Digital culture is critical and should be an intentional process of continuous team learning (Senge, 1990). According to Senge (1990) team learning enables insightful thinking about complex issues by tapping into many minds, cross functional collaboration, and continual coaching. Digital identity and social presence are continuously measured, and improved visibility of branding

leads generation capability on the website and effectiveness of social media activity (HPE, 2018).

2. *Customer experience design*: Customer decision journeys should be clearly researched and defined. UX should be customer centrically designed, touchpoints (web, mobile app, SEO, content, and e-commerce) should be integrated, and technology enabled to continuously track and improve. CRM capability should make use of stable platforms with lead qualification and nurturing process, customer database integrated systems, and 360-degree data sources.
3. *Customer interaction and communication*: Scientific segmentation through data-led analytical frameworks that use metrics and analytics, marketing automation, and rule-based scoring, are key elements of advanced digital marketing communication (Stokes, 2018). Digitally matured organisations apply personalised targeting throughout the marketing funnel (RACE) through omnichannel and multi-moment journey campaigns.
    - *Reach*: Search, online and social media advertising.
    - *Act*: Prompts interactions.
    - *Consume*: E-commerce.
    - *Engage*: Content marketing, social media strategy and platforms, direct marketing (email/mobile), and video marketing to build strong customer relationships.
4. *Technology and data mastery*: Data and analytics should be the corner stone for all digital marketing planning, design, execution, and optimisation. Digital marketing technologies should be used and embedded in products and value propositions such as social listening, analytics, automation, and artificial intelligence (Westerman et al., 2014). Organisations should be prepared for disruption and opportunities created by emerging technologies that will radically personalise customer experience, in real-time and at every point of the customer journey (Dahlstrom & Edelman, 2013). These emerging technologies include near-field communications (NFC); phones exchange data with objects that have NFC tags to expand new interactive experiences. Other technologies that will significantly improve customer experience and interaction are image

recognition and location-based technologies that can analyse customers' photos and location to provide value added information and assistance. According to McKinsey Marketing and Sales report, Facebook will be able to link and target individuals to certain activities through the largest database of photographs.

The detailed theoretical framework table can be viewed in Appendix A.

2.6.2 Conceptual Framework

The four elements are demonstrated in Figure 7 in the conceptual framework.

P1.1, P1.2, P1.3 and P1.4 are the proposed key elements driving digital marketing maturity.

P2 are potential constraints impacting digital marketing maturity as well as the ability to implement digital marketing elements such as technical (data and technology) and organisational (skills, culture, and strategic partners).

P3 is the output or impact because of digital marketing maturity such as lower cost of acquisition and improved sales revenue.

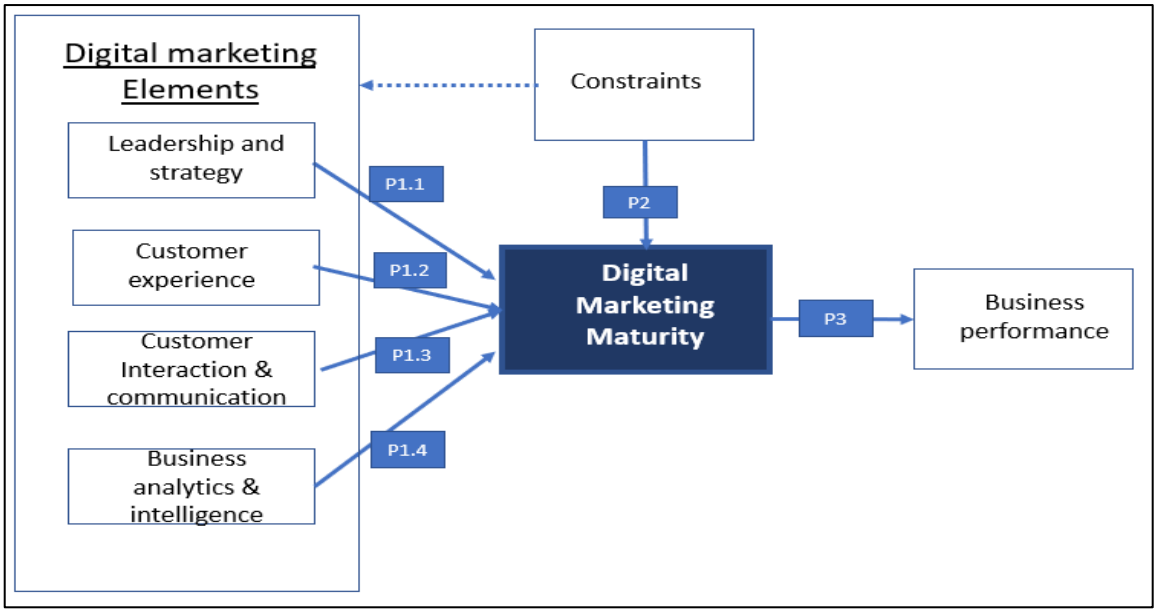


Figure 7: Conceptual framework

2.7 Conclusion

Research Propositions:

- *Proposition 1*: Digital marketing elements influencing digital marketing maturity are: leadership and strategy, customer experience design, customer interaction and communication, and technology and data mastery.
- *Proposition 2*: The availability of technical and organisational enablers in SMEs has a negative impact on digital marketing maturity levels.
- *Proposition 3*: Digital marketing maturity has a positive effect on business performance.

CHAPTER 3. RESEARCH METHODOLOGY

The research approach and design for this study is discussed and motivated in this chapter. The research methodology discussion includes the data collection method, population and sampling, research instruments and data collection procedures, analysis, and interpretation. Limitations and ethical considerations for the study are also detailed.

3.1 Research approach

There are three research approach options to collect and generate data for a research study (Creswell & Creswell, 2018), qualitative, quantitative and mixed-method research.

Digital marketing maturity concepts are relatively unknown and can have different interpretations, especially in the SME market segment and therefore due to the explorative nature of the study, a qualitative approach was followed. Concepts were explained in personal interviews with open ended questions used to gain in-depth insight from appropriate respondents within SMEs in SA.

3.2 Research design

Based on the qualitative research approach, the study design was planned around in-depth semi-structured personal interviews to explore digital marketing maturity in SMEs in SA. The goal of the research was to obtain an in-depth understanding of elements driving digital maturity in SMEs in SA from the viewpoint and experience of the participants.

The research design was therefore based on a qualitative research framework to allow for open-ended in-depth discussions. It was important to obtain not only an understanding of elements, but also the priorities and strategies to overcome challenges.

3.3 Data collection methods

According to Creswell and Creswell (2018), data collection methods are observations, interviews, documentation, and audio-visual digital material. For this study, interviews, evaluation of digital material via websites and digital marketing campaign elements such as social media advertising were used as data collection methods.

The fieldwork took place from November 2020 to January 2021. It consisted of eight semi-structured (interview guide with open-ended questions), recorded individual interviews of between 40 to 60 minutes.

High level pre-assessments of participants' websites, digital footprint, and marketing presence were performed to obtain background information and prepare for the interview.

3.4 Population and sample

3.4.1 Population

Population for this study comprised SMEs defined according to the Department of Small Business Development (DSBD, 2019, p. 110) revised definition:

> 'Small 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 mentioned in column 1 of the schedule and classified as a micro, a small or a medium enterprise by satisfying the criteria mentioned in columns 3 and 4 of the Schedule."

The columns referred to in this quote can be seen in Figure 8.

SCHEDULE 1

The new National Small Enterprise Act thresholds for defining enterprise size classes by sector, using two proxies

Column 1	Column 2	Column 3	Column 4
Sectors or sub-sectors in accordance with the Standard Industrial Classification	Size or class of enterprise	Total full-time equivalent of paid employees	Total annual turnover
Agriculture	Medium	51 - 250	≤ 35,0 million
	Small	11- 50	≤ 17,0 million
	Micro	0 – 10	≤ 7,0 million
Mining and Quarrying	Medium	51 - 250	≤ 210,0 million
	Small	11- 50	≤ 50,0 million
	Micro	0 – 10	≤ 15,0 million
Manufacturing	Medium	51 - 250	≤ 170,0 million
	Small	11- 50	≤ 50,0 million
	Micro	0 – 10	≤ 10,0 million
Electricity, Gas and Water	Medium	51 - 250	≤ 180,0 million
	Small	11- 50	≤ 60,0 million
	Micro	0- 10	≤ 10,0 million
Construction	Medium	51 - 250	≤ 170,0 million
	Small	11- 50	≤ 75,0 million
	Micro	0- 10	≤ 10,0 million
Retail, motor trade and repair services.	Medium	51 - 250	≤ 80,0 million
	Small	11- 50	≤ 25,0 million
	Micro	0 – 10	≤ 7,5 million
Wholesale	Medium	51 - 250	≤ 220,0 million
	Small	11- 50	≤ 80,0 million
	Micro	0 – 10	≤ 20,0 million
Catering, Accommodation and other Trade	Medium	51 - 250	≤ 40,0 million
	Small	11- 50	≤ 15,0 million
	Micro	0 – 10	≤ 5,0 million
Transport, Storage and Communications	Medium	51 - 250	≤ 140,0 million
	Small	11- 50	≤ 45,0 million
	Micro	0 – 10	≤ 7,5 million
Finance and Business Services	Medium	51 - 250	≤ 85,0 million
	Small	11- 50	≤ 35,0 million
	Micro	0- 10	≤ 7,5 million
Community, Social and Personal Services	Medium	51 - 250	≤ 70,0 million
	Small	11- 50	≤ 22,0 million
	Micro	0 – 10	≤ 5,0 million

Figure 8: National Small Enterprise Act thresholds (DSBD, 2019, p. 111)

The population for this study was limited to medium and small enterprises, and excluded micro enterprises with numbers of employees below 10 full-time equivalent of paid employees.

3.4.2 Sample and sampling method

The sample size depends on the design of the study and could range between three and ten participants in the phenomenology design framework (Creswell & Creswell, 2018).

The research approach to this study was qualitative, therefore only a small sample of eight in-depth interviews were performed. Participants were selected according to the study specifications.

The study sample selection specifications were:

- SMEs with some digital marketing presence and capability were included in the sample.
    - Website
    - Facebook page

A list of potential SMEs were drawn up based on online background research and accessibility of appropriate individuals prepared to participate in the study.

The profile and position of participants interviewed in this study comprised the marketing lead in the organisation responsible for delivering overall business strategy and objectives, as well as for compiling and delivering the marketing strategy and objectives.

3.5 Research instruments

Data collection was accomplished through individual semi-structured interviews using an interview guide (Appendix B). The interviews were not face-to-face because of the COVID-19 pandemic and lockdown, but were conducted online through video conference applications such as Zoom or WhatsApp video calls.

Interviews were recorded, transcribed, and text-analysed through a software programme (ATLAS.ti Web) to obtain an in-depth understanding and to identify common themes around participants' adoption of and viewpoints on new digital marketing technologies and principles. This was required to allow for analysis of

elements driving digital maturity, which translated into recommendations on how SMEs might improve digital maturity.

High-level pre-assessments of participants' website, digital footprint, and marketing presence was done to obtain background information and prepare for the interviews.

3.6 Procedure for data collection

Participants (mostly directors and business owners) from selected firms were approached directly via telephonic request to participate in the study. If the individual agreed, an on-line face-to-face interview was scheduled. A document with background information on the study (Appendix C) and high-level interview questions were provided prior to the interview via email. Interviews took place via Zoom or WhatsApp video calls.

3.7 Data analysis and interpretation

The intent of data analysis is to make sense out of the data (transcripts from interviews with participants) and images (website and campaign material) and characterise it into themes and insights. The data analysis and interpretation consist of five steps: Organise data, read data, code data, generate themes and representing themes (Creswell & Creswell, 2018).

The software program ATLAS.ti WEB were used to analyse and interpret the data. The process consists of the following steps:

- *Step 1: Organise data*: Transcribe interviews from recordings, scan material, type notes, and sort and arrange data.
- *Step 2: Read data*: Identify general ideas, themes, depth, credibility, and use of data.
- *Step 3: Code data*: Organise data through the use of the software programme ATLAS.ti WEB.
- *Step 4: Generate themes*: Major findings and recommendations.
- *Step 5: Represent themes*: Qualitative narratives to convey findings.

3.8 Limitations of the study

The findings of the study could not be extrapolated to the South African SME population due to it being a qualitative study, and comprising a limited sample that was not representative. For future studies, a quantitative study could be done to determine digital marketing maturity levels in SMEs in SA.

3.9 Validation, consistency and accuracy

3.9.1 Internal and External validation

There are three different lenses through which the study can be validated, namely the researcher, participants, and people external to the study (Creswell & Miller, 2000).

All three lenses were utilised to validate the content of this study, and strategies used were as follows:

1. *Researcher's lens*: Triangulation of different data sources (interviews, website UX analysis, and campaign elements evaluation) was used to verify the validity of themes derived from perspective of participants. The researcher's personal experience and background can have a bias effect on the study (Creswell & Creswell, 2018). The researcher reflected and clarified any influence on the interpretation of the findings.
2. *Participant's lens*: Verification of specific findings and themes with relevant participants was performed to ensure interpretation accuracy.
3. *External people*: Interviews with subject matter experts e.g. digital marketing agency experts took place as a verification of understanding from an independent person not involved in the study.

3.9.2 Consistency and accuracy

Qualitative study is a “linear but interactive process” and each step of the process planning, should be documented and continuously reviewed to verify reliability of decisions and interpretations previously formed (Yin, 2009).

All interviews, recordings, notes, transcriptions, and coding were done by the researcher to ensure consistency and accuracy.

3.10 Ethical considerations

The risk profile for this study is ‘low risk’ according to the rating in the Human Research Ethics Committee (HREC) (non-medical) risk level categories definition (University of the Witwatersrand, 2021, p. 7); defined “Where the only foreseeable risk is that of discomfort, or where there may be some sensitivity involved in terms of questions asked”. The ethics approval from the HREC is found in Appendix D.

Company confidential information such as digital marketing strategy elements, capabilities, and strategies to overcome challenges and gaps were shared. This information could potentially have a negative effect if exposed to competitors.

Research results and interpretations were anonymous. The term ‘respondent 1’, ‘respondent 2’, etc. was used, rather than enterprise and personal details. Although the identity of the participant and organisation was included in raw data, all information was captured, processed, interpreted, and communicated anonymously.

All data was captured, stored, and analysed electronically with required security measures, i.e. password protected. Interview recordings and transcription were done anonymously, and data collected was stored in a secure and anonymous format.

CHAPTER 4. DATA ANALYSIS AND PRESENTATION

4.1 Introduction

The research findings relating to the propositions formulated in the literature review are discussed in this chapter. The chapter begins with sample characteristics of the qualitative primary research study.

The research findings are presented according to the study's research propositions:

- *Proposition 1*: Digital marketing elements influencing digital marketing maturity are: leadership and strategy, customer experience design, customer interaction and communication, and business analytics and intelligence.
- *Proposition 2*: The availability of technical and organisational enablers in SMEs have a negative impact on digital marketing maturity levels.
- *Proposition 3*: Digital marketing maturity has a positive effect on business performance.

The interview guide was structured to first explore organisational leadership and strategy to determine to what extent their vision, KPIs, and culture embrace digital marketing transformation aspirations. The interview then asked questions related to customer experience design to determine understanding and application of digital marketing elements such as customer decision journeys, user experience design, and technology enabled touchpoints. Further questions were asked to evaluate the approach to customer interaction and communication such as scientific segmentation, personalised targeting, and multi-moment journey campaigns. Technology and data mastery questions were asked to determine the use of data assets and technology embeddedness. The interview was concluded with questions and discussions to determine perceived challenges and gaps preventing them from achieving digital marketing maturity and corrective strategies to improve performance. The results are presented in summarised

tables and supported by specific quotations from participants to answer the study's three propositions.

4.2 Sample characteristics

The study consists of eight qualitative interviews with SME directors and business owners with digital marketing presence and capability. These SMEs consisted of at least 10 full-time employees. Participants were asked to discuss their experience and insights related to digital marketing elements within their organisations. These discussions were structured around the four key dimensions driving digital marketing maturity as identified in the literature review, leadership and strategy, customer centred experience and design, customer interaction and communication, and business analytics and intelligence.

Table 2: Sample list of participants

No.	Sector	Designation	Business description	Years in operation	Marketing budget (R)	Digital marketing
1	Retail	Business owner	Retail plumbing supplies	21	>400k p.a.	Online ecommerce, SEO & Google AdWords, Facebook ads.
2	Services	Business owner	Architecture and interior design	24	50-100k p.a.	Only Web & blogs.
3	Retail, motor trade and repair services	Business owner	Motor service and repair	20	>400k p.a.	Web, Google AdWords, limited CRM
4	Agriculture	Business owner	Wine farm	2	50-100k p.a.	Web, blogs, Facebook, Quotations, limited CRM.
5	ICT	Director	IOT solutions	5	50-100k p.a.	Web, social media

No.	Sector	Designation	Business description	Years in operation	Marketing budget (R)	Digital marketing
6	Financial and business services	Business owner	Depth counselling	11	> 400k p.a.	Web, Google AdWords
7	Media	Business owner	Outdoor advertising	13	50-100k p.a.	Web only
8	Engineering	Director	Agricultural engineering solutions	25	<50k p.a.	Web, content marketing

The participants represented seven different sectors within the SME landscape (see Table 2). The interview questions were explained and discussed to ensure that respondents understand concepts and could give accurate and relevant feedback. The participants were experienced directors and owners of SMEs that has been well established and in business for an overall average of 15 years.

Although the sample reflected SMEs with more than 10 employees, 50 per cent had a staff complement numbering between 20 and 50 employees, and only one company had more than 50 employees.

Participants were asked to indicate and discuss their marketing budget for 2020 and differentiate between the allocations for traditional marketing and digital marketing. It was important to have this discussion with participants to establish current marketing activities and digital marketing investment. It also allowed for an opportunity to explain and align definitions and understanding of digital marketing elements.

More than 60 per cent of participants spent less than R100 000 per annum on marketing, which also represented those respondents who spent 95 per cent and 100 per cent of their marketing budget on digital marketing.

The three participant that spent more than R400 000 per annum on marketing also spent marketing funds on traditional mediums such as radio and print, with the latter limited to local newspapers.

4.3 Results pertaining to Proposition 1

- *Proposition 1*: Digital marketing elements influencing digital marketing maturity are: leadership and strategy, customer experience design, customer interaction and communication, business analytics and intelligence.

The discussion guidelines related to Proposition 1 were formulated in such a way that they assisted with identifying how digital marketing elements emerged based on the four dimensions, namely leadership and strategy, customer experience, interaction and communication, and business analytics and analysis. The research study was specific to determine a framework for digital marketing maturity; therefore, it was required to adjust the elements to be marketing specific and not generic digital maturity.

4.3.1 Leadership and strategic focus on digital marketing

Regarding leadership and strategic focus on digital marketing, three questions were asked to determine the importance and role of digital marketing transformation for the vision and KPIs. For effective digital marketing transformation, the aspiration needed to be included in the leadership vision with specific objectives, and KPIs. SMEs often did not have a formal documented vision. To ensure that the relevant understanding was obtained generic probing statements were used rather than only a direct question, i.e. Do you think that you and the senior executives have a transformative vision in the digital future of the firm? Is that that reflected in your vision?

- *Question 1*: What are your vision and key business plan KPIs?

The question was asked on overall enterprise vision and KPIs, as well as marketing specific digital transformation objectives, i.e. re-thinking and re-designing marketing strategy and processes.

The visions described by participants were focused on their specialised line of business and generic business growth and sustainability aspirations:

Participant 2: We sell dreams – we provide a wide range of services.

Participant 4: The vision is to maintain key differentiation and niche.

Participant 5: Mission and vision is customer service orientated and product innovation and focused.

The importance of digitalisation and specifically digital marketing has changed significantly with the COVID-19 pandemic and associated lockdown:

Participant 1: The importance of digital marketing changed significantly in the past three years – before no digital ambition. Complete mind shift – digitalisation is highest priority.

Participant 3: The vision and importance of digitisation and marketing has changed completely after COVID-19. Impact of COVID required transformation – re-structure organisation and re-vitalise.

Participant 4: Lockdown had a significant impact on vision and importance of e-commerce strategy especially online sales and bookings.

Participant 6: The main vision for this business is to re-focus and recover the business to the levels it was before COVID-19.

The views on digital marketing transformation were specifically probed to determine the importance and extent to which it was integrated into the core strategy of the organisation. The directors and business owners were mostly responsible for overall strategy and vision as well as marketing strategy and transformation.

Participant 1: Personal ownership – strategy, planning, and implementation, i.e. very much aligned.

Participant 4: Digital marketing is more important than initially thought and perception has changed a lot over the past year.

Participant 5: Realise the importance and in initial phase of re-thinking and implementing digital marketing strategies and tactics.

Participant 8: We are a very dynamic company and would consider any value-added systems and technology to make it work – incredibly open to new technology development. Data analytics and actionable data is critical.

To determine how the vision is reflected in the culture the following question was asked:

- *Question 2*: How would you describe the business's culture and engagement style?

Asking this question was important to establish if digital marketing elements and approaches are used to create a transformation-conducive environment through e.g. data-driven decision-making, digital collaboration and continuous feedback through customer interact.

Participant 1: Prone to innovation and experimentation - trial and error - rely on experience and knowledge.

Participant 2: People orientated - great place to work for. Need to transform to adopt a digital mindset - personal ownership and driven by leadership.

Participant 3: Young workforce, embrace technology - support and understand positive impact of digitalisation.

Participant 5: Although small structure with dynamic, innovative culture – we also have a structured approach to innovation and change management discipline – we use Kotler 8 steps change management model as guiding principle.

Participant 6: It is a small family business; everybody knows exactly what their role is. Each employee is familiar with technology and takes ownership of responsibility. Everybody works remotely and

have tools in place to track and manage remotely. Realise need to revitalise business to survive in comparison with bigger competitors.

Participant 8: We are a small company but have all the technology and processes in place to provide customers with what they require - this makes us unique with what we can offer.

Disadvantage is that it is challenging to structure and document continuous change. People are used to work in an agile way and is difficult get them to administrate and follow pre-set routines and processes. Very dynamic in way that we operate.

The following question was asked to determine how the vision and culture are portrayed in the external digital identity:

- *Question 3*: Describe in your own words your business' digital identity?

Participants were asked to discuss web and social presence, visibility, and desired brand personality. Most participants were clear on the desired brand personality but could not link it to digital identity and execution.

Participant 1: Objective is to be online leaders.

Participant 4: Unique story and quality is also reflected in brand personality.

Participant 5: B2B company therefore need to be professional and demonstrate technical expertise and knowledge.

Participant 6: Remarkably successful positioning – top-five debt counselling awards and won two years in a row best small debt counselling business award. Get great results from website and Google AdWords – however, lost momentum over time.

Participant 8: Very solution orientated – developed new slogan: feed milling solution. Not try to pressure customers in a mould. Group website and each division have own website and identity.

Leadership of the participating SMEs were aware and convinced of the importance and benefits of digital marketing transformation. They did not always have the necessary insight and knowledge of the critical elements of digital marketing; therefore, were unaware of the full potential and opportunities associated with higher levels of digital marketing maturity and how it should be incorporated in their organisations' core strategy and objectives.

The culture and the desired brand personality of SMEs should not be a major inhibitor of digital marketing transformation, but most organisations should be re-organised and focused on a common understanding of the strategy and ownership of roles and responsibilities.

4.3.2 Customer focused experience design

Digital marketing approach and tools enable immediate customer feedback and understanding. Digital marketing matured organisations continuously obtain and incorporate customer insight and preference. The following questions were asked to determine the understanding and application of customer feedback and data in the design and execution of digital marketing.

- *Question 4*: How well defined and understood is your online customer user experience and decision journey?

The purpose of this question was to obtain an understanding of the SMEs' CRM strategy, use of stable and integrated customer database platform, lead qualification, and nurturing process. Customer understanding was based on personal knowledge and experience of business owner.

> *Participant 1: Personally, good view – incredibly involved in customer feedback.*
>
> *Participant 3: Understanding is mostly based on internal opinion and experience not on data or customer research.*

Participant 4: CRM is very personal – speak and follow-up personally with each delivery. Have CRM system but not integrated and automated.

Participant 6: A form is manually sent to customer – and initial support is explained to the customer. Normally a good experience for the customer, he hears what he would like to hear. Process is manual and not automated and not professionally managed.

Participant 8: Currently journey mostly starts with word-of-mouth. Relatively large customer base and therefore wide exposure to our work – large industry with different fields of specialisation that results in cross-reference in industry.

It was also important to establish the customer experience design approach and level of fragmentation and standalone elements, e.g. website or full contextual personalised experience and recommendations.

- *Question 5*: Describe your approach to user experience design for customer touch points?

All the key touch points in the customer journey – from trigger to conversion – were discussed, i.e. web, mobile apps, SEO, content and eCommerce.

All respondents indicated that their websites were important customer touch points but were not integrated and interactive. SEO varied from completely optimised to not aware or familiar. Utilisation of mobile apps, content, and eCommerce activities were limited.

Website:

Participant 2: Understand importance, but realise shortcoming and lack of time and focus.

Participant 3: Not integrated and not customer segment focused.

Participant 5: Specialised website with specific domain focus online: business, solutions, and customer segments – in process of being upgraded.

Participant 6: Limited integration. Standalone components and must track flow manually. Have limited opt-in form on web.

Participant 8: Not integrated and advanced, would like to upgrade but is careful to give away technology secrets and IP.

Mobile App:

Participant 5: Mobile app integral part of product value proposition – not used for customer communication and marketing.

Participant 6: Must compete with large players who developed their own proprietary systems that integrate with their own systems.

Participant 8: Mobile app will be particularly useful as part of service value proposition. Personal way of working is nice – but the more you and customer base grow and decentralise it gets more and more difficult to maintain personal contact and manual service support. A lot of things fall through the cracks because it is not logged.

SEO:

Participant 1: Basic knowledge - not experts. Remain internal – no tools or data, training is opportunity.

Participant 3: Ranking relatively good but not optimised.

Participant 4: Not utilised currently and not completely understood but planning to get up to speed.

Participant 6: Not very advanced – only paid Google AdWords.

Participant 8: Based over time – not actively driven but something that needs to give more attention to

Content:

Participant 2: Limited content marketing – understand role and importance.

Participant 3: No content marketing.

Participant 4: Blog posts frequently but is hidden away and engagement is only eight seconds. Understand importance of video as an alternative but no required skill and capability.

Participant 6: Do not have any blogs or newsletters but there is an opportunity for that.

Participant 8: Started with newsletter only this year. Showcase capability and technology. Nobody's dedicated responsibility.

eCommerce:

Participant 1: Up from 10 per cent – phenomenal growth in digital business

Participant 3: Aspiration to create online store within two years.

Participant 4: Request for quotes on website – generate more sales than expected.

Participant 5: No e-commerce

Participant 6: No eCommerce functionality – opportunity to digitise and fully automate customer engagement form and interaction. Started with development but did not follow through because of complexity, software requirements, and cost involved.

Participant 8: Also an OEM reseller of spares for most of our equipment – would be nice to create an on-line store for spares and components. Engineers are project leaders and customers must place orders directly with them – they relay orders to procurement and have to act as interface; which is a waste of valuable time. If

that process can go through website it will make the process much easier.

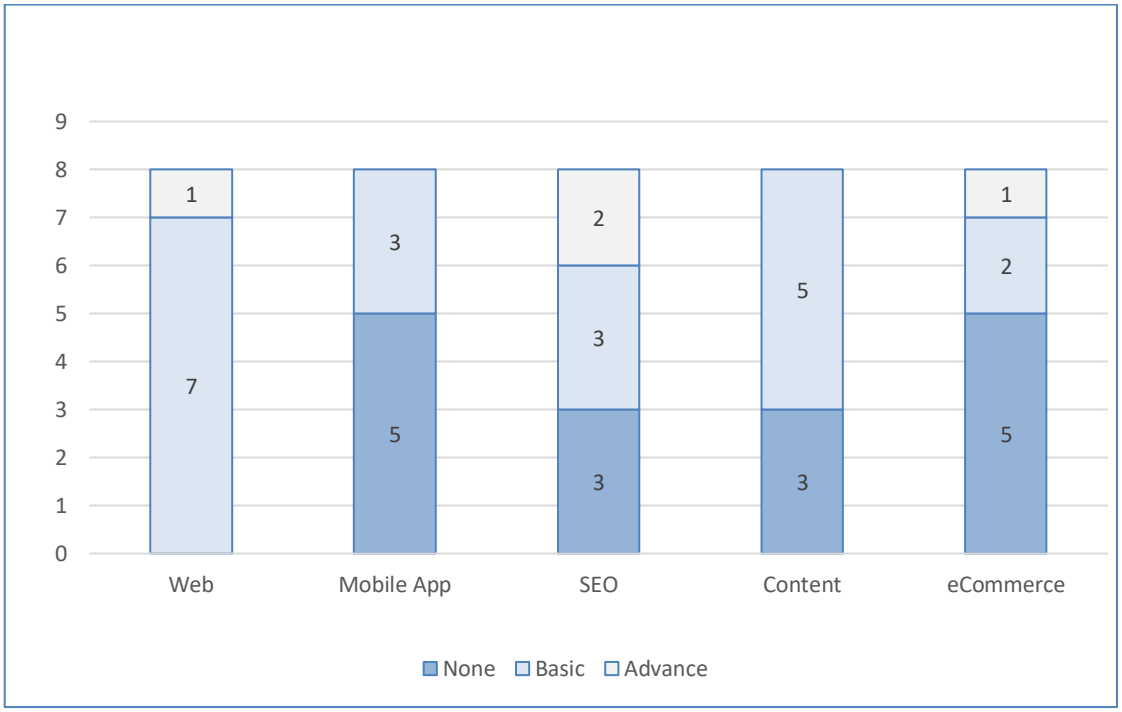


Figure 9: Customer touch point design

Digitalisation allows for various customer feedback and communication opportunities and this question was asked to determine which methods are used to engage with customers.

- *Question 6*: Do you have customer communities or panels to get continuous feedback from your customers?

Customer feedback and involvement were mostly based on individual interaction and feedback from customers. Google reviews and ratings were also important indications.

Participant 2: Limited customer involvement in development of communication and business.

Participant 3: Google reviews particularly important.

Participant 4: No official organised customer forums and panels but very personal and frequent interaction and feedback from customers. Feedback based on complaints and Google ratings.

Participant 5: Use one-on-one feedback into configured database and process.

Respondent 8: Customer service is based on individuals who are prepared to work with customers and find solutions for problems – based on that some people know a lot and others not so much.

There was limited evidence of integrated and technology enabled customer experience journeys. From a customer touchpoint perspective, all the organisations depended significantly on their website to communicate their value propositions and acquire new customers. Most websites were not interactive or integrated. Most participants indicated that they were in a process of upgrading their websites.

Participants were, however, passionate about customer experience, superior service delivery was vital to the success of the organisations, and they realised the importance to upgrade and automate customer experience and touch points.

4.3.3 Targeted customer interaction and communication

Digital marketing makes it feasible for smaller organisations to gather and analyse customer data with which to create and implement insightful and valuable customer profiles and segments. This part of the discussion was first, to determine understanding and application of traditional marketing principles, such as customer segmentation and targeting in the context of digital marketing principles and tools. Second, it was to determine how digital marketing elements were used to create an analytical framework; used for metrics, analytics, marketing automation, and rule-based scoring to do segmentation and targeting.

- *Question 7*: How would you define your customer segmentation and targeting?

Most participants used generic industry norms to segment and profile customers, e.g. channel to market, business line, and products.

> *Participant 1: We have no analytical/segmentation tools – knowledge and experiences driven.*
>
> *Participant 2: Our segmentation decision is based on customer enquiries and secondary research.*
>
> *Participant 3: Segmentation is based on business lines and products.*
>
> *Participant 4: Segmentation and profiling is based on manual study of invoices and personal knowledge, and not automatic and digital.*
>
> *Participant 5: Customer insight and segmentation is more based on experience and personal insight and knowledge rather than data mining and analytics.*
>
> *Participant 8: Have identified key customers – A-class customers. Value and relationship based.*

Integrated customer communications were required to optimised ROI and maximise CLTV. Continuously assess campaign effectiveness, alignment with business priorities and targeting and segmentation.

- *Question 8*: What digital media and channels are you using for digital marketing campaigns and communication, and how do you measure effectiveness and contribution?

The discussion was broken down into the different stages of the marketing funnel, RACE:

- *Reach*: Search, online and social media advertising.
- *Act*: Prompts interactions.
- *Conversion*: eCommerce.

- *Engage*: Content marketing, social media strategy and platforms, direct marketing (email/mobile), and video marketing to build strong customer relationships.

Reach:

> *Participant 1: Limited targeted digital marketing campaigns.*
>
> *Participant 3: Google AdWords, Facebook posts mainly.*
>
> *Participant 4: Social media advertising - Facebook and Instagram posts. Endorsement is especially important.*
>
> *Participant 5: LinkedIn and Google search.*
>
> *Participant 6: Advanced and extensive Google AdWords.*

Act:

> *Participant 3: E-mails – personal not automated.*
>
> *Participant 6: Limited digital and automated marketing – mostly manual individual follow-up and communication. Very old fashioned, which creates gaps and potential customers falling through the cracks. There is an opportunity to interact more frequently with customers, but it will have to be automated. We are focused on interacting with current customers and resolving their problems, which is very time consuming to act as mediation with the banks that are slow to react. Manually handling of all emails and processes.*

Participant all relatively active in first stage of the marketing funnel and had some form of digital advertising to reach customers and create awareness, but limited end-to-end management and conversion strategies and initiatives to convert customers to paying and loyal customers.

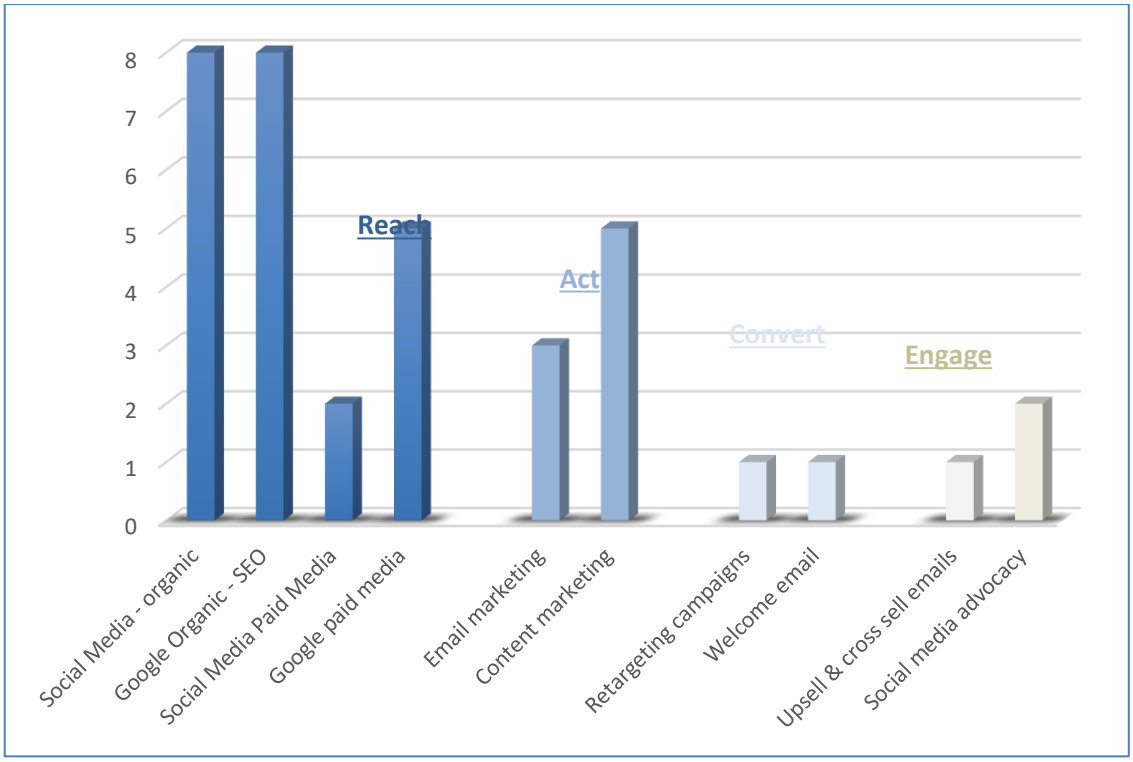


Figure 10: Digital marketing communications channels used

- *Question 9*: To what extent do you use e-commerce?

Only one participant had an extensive eCommerce online shop in place. Others had limited information request and booking systems in place.

> *Participant 1: Extensive and growing e-commerce.*
>
> *Participant 3: Limited e-commerce – only use eCommerce for electronic bookings.*
>
> *Participant 4: Quote request. Future development – sales and booking.*
>
> *Participant 8: Not currently any eCommerce capability, but aspire to create online store for spares and equipment order management and sales.*

Customer segmentation and targeting was limited and predominantly based on industry knowledge and personal experience rather than data mining and analytics. Although most participants had a substantial amount of customer

information and data, it was not mined and analysed to optimise customer insight and communication.

Customer communication was mainly one directional and limited to top of the marketing funnel to reach as many as possible potential customers through organic social media advertising and Google search. There were limited nurturing and conversion interaction activities through the rest of the funnel, such as follow-up email marketing and re-targeting.

4.3.4 Technology and data mastery

Although implementation of new digital technology does not equate to digital transformation it is a critical enabler and forms the foundation of digitally matured organisations to manage, track and optimise performance. The following questions were asked to determine the role and application of technology to advance digital marketing maturity.

- *Question 10*: To what extent do you use data and analytics in your digital marketing planning, design, execution, and optimisation?

Participants were aware of the importance and potential value of data analytics, but were unable to optimise and extract maximum value. High level Google analytics was used to evaluate advertising spend.

> *Participant 1: We understand value and importance of data and analytics. It is a high priority in the next year to improve data analytics and reporting.*
>
> *Participant 3: We use Google analytics to determine Google ad investment.*
>
> *Participant 6: We do not really use any analytics to assist with marketing planning. The changing economy is the biggest impact on our business – customers vary from high to low-income customers. It is exceedingly difficult to profile and predict potential*

customers. Our policy is to follow a shotgun approach to reach as many as possible customers.

Participant 8: Do not really have time and capacity to spend resources on marketing planning and analytics. Have sufficient business and do not require additional marketing. If in-flow of work were a challenge, we might have spent more on marketing and analytics. Pricing and value proposition design is market driven and not based on analytics.

Except for the use of Google analytics, the use of digital marketing technology was limited.

- *Question 11*: What digital marketing technologies do you use, e.g. social listening, analytics, automation, and artificial intelligence?

Except for the use of Google analytics, the use of digital marketing technology was limited.

Participant 1: Advertise on digital radio stations – streaming stations. It is more flexible on timing. Different advertising on streaming channels. New radio stations; east coast radio.

Participant 8: Technology should be effectively implemented and managed. Adoption of technology should be managed to make sure you do not overload employees even more. The value to management should not be at a cost to the employees.

Participants understood value and importance of data and analytics, but most did not have the capacity and time to spend on marketing planning and analytics. It was a high priority for most in the next year to improve data analytics and reporting. There was not much evidence of advanced digital marketing technology solutions.

4.4 Results pertaining to Proposition 2

- *Proposition 2*: The availability of technical and organisational enablers in SMEs has a negative impact on digital marketing maturity levels.

These questions sought to identify the major gaps and challenges that needed addressing to achieve digital marketing maturity, and to establish whether these were more technology or organisational, such as skills, culture, or strategic partners.

- *Question 12*: In your view, what constraints prevent SMEs in SA from achieving higher levels of digital marketing maturity?

The six constrains mentioned were:

Leadership ownership and vision

All participants indicated that time availability and focus at leadership level were the biggest constraints to achieving a higher level of digital marketing maturity.

Resistance to change is also a challenge and should be mandated by leadership, aligned with a vision and decision. It should be timeline driven, funded, and supported. Lack of follow through and champion ownership.

> *Participant 2: Lack of dedicated resources and focus. Internal leadership ownership and vision. We would like to make better decisions and choices to accept work and projects.*

Dedicated resources time and focus

Participants indicated that time and focus are the biggest constraints. It takes dedicated time and resources to do something meaningful – effective time. Require balance of skill between subject matter expert to be able to generate right content and blogs for customer education, and skills in marketing.

> *Participant 8: Engineering firm that is very technically orientated and believe they should do everything internally. But do not have*

the time and focus. Time and resources are main constraint – have dreams and aspirations, but do not have enough time to give necessary attention – other things are higher priority and more important. Return on investment on marketing is unknown and rather spend on known.

Lack of trusting external consultants

Internal knowledge and understanding of digital marketing are lacking but the challenge is, however, participants do not respect and trust consultants and agencies – they do not have sufficient personalisation and tend to follow a cookie cutter approach.

Participant 6: Very reluctant to obtain external assistance because it is not easy to find trusting, reliable, and affordable external service providers.

Skills and knowledge

Participants indicated that resources with appropriate skills were the biggest challenge. They indicated that staff is required to be specialists in industry and field of business. Online skills are vastly different from traditional 'over-the-counter' customer engagement and sales skills. The combination of digital, and industry, and product skills and knowledge is exceedingly difficult to find. Sales cycle online longer and complicated – it is much more involved.

Participant 4: Personal skills and lack of awareness regarding new trends and systems.

Tracking and reporting

Participants indicated that there is also a gap in tracking and reporting to optimise and continuous improvement.

Chang in market environment

According to participants there are still big opportunities and gaps in the market especially now with COVID, but do not always have the time to

peruse the opportunities. Market and legal environment have changed a lot over the past 10 years and has reached saturation.

- *Question 13*: How do these constraints effect your organisation and what strategies, and tactics are you using to overcome these constraints?

Most participants indicated that they were negatively affected by constraints and required personal attention and focus on a leadership level of the organisation.

> *Participant 1: Re-structuring and development and training to allow individuals more time and focus on digital capability development.*
>
> *Participant 2: Most important to focus and create time and capacity on a leadership level to spend time and focus, to develop new opportunity and transformation. Restructuring and development.*
>
> *Participant 4: Specialise and outsource – understand impact of investment in increased operations or direct resources but not sure about impact and return on investment on increased spend on marketing – opportunity cost.*
>
> *Participant 5: Make it more prominent and drive it more actively. Define roles and responsibilities.*

Leadership ownership and vision were identified as a major challenge, along with availability of dedicated and knowledgeable resources.

Return on investment in marketing was an unknown and participants indicated that they would rather spend time and resources on growing their business by investing in that with which they are more familiar, such as additional equipment or initiatives within their field of business.

Some participants indicated that they were in the process of restructuring, re-skilling, and training to create more capacity to be able to deal with digital transformation and opportunities.

4.5 Results pertaining to Proposition 3

- *Proposition 3*: Digital marketing maturity has a positive effect on business performance.

These questions sought to understand the importance and potential positive impact of digital marketing maturity.

- *Question 14*: How do you measure business performance: reporting and matrix?

Participants understood the importance of business performance measurement and reporting, but although data is available the ability to analyse and structure data in insightful and actionable reporting was lacking.

> *Participant 1: Limited digital performance tracking and analytics.*
>
> *Participant 3: No view on return on marketing investment – there is a gap. Reports might be available but is not presented and communicated in easy to understand and actionable ways.*
>
> *Participant 8: Business intelligence area is important and requires additional attention. We are focused on engineering work and solutions and the business performance is taking care of itself. It is important to have money. Would have preferred to outsource that to someone else – it is not a focus area.*

- *Question 15*: In your opinion, will higher levels of digital marketing maturity have a positive effect on business performance (Cost of customer acquisition and sales performance)?

All participants were of the opinion that more advanced digital marketing maturity would have a positive impact on business performance, which was more often expected by customers.

Participant 3: Definitely will impact performance positively – digital marketing is much cheaper than traditional advertising i.e. print and television.

Participant 4: It is important to deploy new technologies and tools to improve performance.

Participant 8: Digital marketing is important – you cannot stay away from the internet and social media, especially if you do business internationally and if you break outside of the Africa continent. Customers are also opening-up and expecting digital presence and communication. Evaluate and compare digital marketing and image with large corporate competitors.

4.6 Summary of the findings

The objective of Research Proposition 1 was to investigate key drivers of digital marketing maturity levels in SMEs in SA, with the aim of developing a framework to assist enterprises to evaluate and improve levels of maturity. From the findings it was evident that the four dimensions identified in the literature study covered the critical elements that SMEs need to focus on to achieve higher levels of digital marketing maturity i.e.

- Leadership and strategy;
- Customer experience design;
- Customer Interaction and communication; and
- Technology and data mastery.

Based on the results from Research Proposition 2 discussions, organisational enablers were identified to be bigger constraints on digital marketing maturity than technical enablers such as connected data, actionable measures, automation, and integrated technology.

Although previous discussions' indications were that these organisations severely lacked in application of technology, the view was that if organisational

leadership focus and resource knowledge and skills can be addressed, it would be able to address the technology challenges.

According to Research Proposition 3 findings, the importance and positive effect of digital marketing maturity was noticeably clear. The ability to measure and provide proven return on investment was however unclear.

The results are summarised in Table 3.

Table 3: Summary of research results

Research question	Outcome	Solution to the outcome
What are the key drivers of digital marketing maturity in SMEs in SA?	*Leadership and Strategy* Leaders had the vision and aspiration for digital marketing transformation but not the personal capacity (time and knowledge) and focus.	Develop strategy with key focus areas and phased implementation approach, appoint champions and personally manage and own core implementation team.
	Customer experience design Customer insight was based on personal interaction and experience – limited digitalisation of touch points and customer involvement.	Identify key customer journey and apply lean innovation methodologies to transform and digitise where applicable – that will ensure early customer involvement.
	Customer Interaction and communication STP followed traditional approaches – digital marketing activities limited to creating awareness and reach.	Create a digital omnichannel approach – with integrated campaign CRM system to nurture and manage customers through the funnel (RACE).
	Technology and data mastery Understood importance and value of data assets and technology but did not have skilled resources to implement.	Data management and technology application should be an integral part of marketing transformation strategy and execution plan.
What gaps and constraints should SMEs in SA overcome to improve digital marketing maturity?	Main constraints: • Leadership ownership and focus, and Availability of dedicated skilled resources.	Leadership should identify quick wins – that are aligned with organisation's key objectives and identify internal and external partners to develop and implement strategy.
What is the effect of digital marketing maturity on the business performance of SMEs in SA?	Clearly understood and believed in the importance and potential positive impact of digital marketing maturity but not clear on how to quantify the ROI.	Data gathering and analytics should be an integral part of the strategic implementation and is an ongoing process.

CHAPTER 5. DISCUSSION OF FINDINGS

5.1 Introduction

The study explored digital marketing maturity and key elements driving digital marketing maturity in SMEs in SA. It further evaluated the constraints and reasons for a lack of adoption of digital marketing strategies and technology and the potential effect on business performance. The main aim of the study was to provide guidance to SMEs to determine digital marketing maturity levels and identify key elements driving maturity levels.

Continuing from the results in the previous chapter, this chapter discusses the research propositions raised in Chapter 2 and aligns them to the findings of the study. It ascertains whether the in-depth interview discussions provide sufficient insight to confirm the abovementioned propositions.

According to (Field et al., 2019), digital marketing maturity is the ability to deliver the correct personalised content to the targeted individual at the appropriate instants in the customer journey through the preferred channel. This can be achieved through combining data and advanced digital technologies (e.g. artificial intelligence and big data analytics).

The ‘knowing – doing gap’ was evident in this study, i.e. organisations were familiar with the concept of digital disruption and agreed that it is a reality; however, underestimated the threats of digital disruption and opportunities posed by digital technology advancements (Kane et al., 2019b).

5.2 Discussion pertaining to Proposition 1

- *Proposition 1*: Digital marketing elements influencing digital marketing maturity are: leadership and strategy, customer experience design, customer interaction and communication, and business analytics and intelligence.
- *Research question 1*: What are the key drivers of digital marketing maturity for SMEs in SA?

The construct of the research instrument, i.e. the interview guide, and the in-depth conversational nature of the qualitative research methodology allowed the participants to be guided towards a better understanding of digital marketing maturity and their organisation's digital marketing maturity level.

According to Westerman et al. (2014), digital masters excel in two dimensions, developing digital capabilities to improve business operations and performance and leadership capabilities to set and execute a vision and strategy.

5.2.1 Leadership and strategic focus on digital marketing

Digital masters excel in two dimensions: namely developing digital capabilities to improve business operations, and performance and leadership capabilities to set and execute a vision and strategy (Westerman et al., 2014).

In most instances, SME business owners had a clear vision and growth strategy but were focused on their specific industry or line of business, e.g. value proposition, services differentiation, and leadership. All participants indicated that the importance of digital marketing had changed significantly over the past two years and even more so with the COVID-19 pandemic lockdown, its effect on the economy, and changes in customer behaviour.

Although the importance of digital marketing was clearly understood, there remained a lack of focus and progress of advanced strategies and tactics because of leadership's lack of personal capacity and ownership.

Business culture should not be an inhibitor to digital marketing transformation; indications were that their small and dynamic nature would make it relatively easy for them to adopt new technology and change. However, it would be challenging to maintain the personalised and individual customer service, and brand identity with the adoption of automated and digitised CRM.

5.2.2 Customer focused experience design

Digital experts use real-time data processing and analytics for customer insight to deliver an individualised experience even in the physical world (Gill &

VanBoskirk, 2016). The example presented in the Forrester Digital Maturity Model 4.0 is the use of a mobile app with beaconing technology to identify and send a notification when a high value customer enters a physical store, thus enabling appropriate service.

In the study of SMEs, customer insight and knowledge were based on personal contact and experience. There were limited data processing and analytics insights, and business owners were concerned that digitalisation and automation would remove the personal and human interaction.

The challenge and opportunity were to utilise the passion, personal knowledge, and experience to transform the customer journey through digital marketing technology, and manage and enable real-time customers' feedback and analytics, thus continuously improving customer service.

5.2.3 Targeted customer interaction and communication

Digital marketing covers the full spectrum of the customer interaction and journey according to the RACE digital marketing planning framework (Chaffey, 2020). According to Field et al. (2019), digital marketing maturity is the ability to deliver the correct personalised content to the targeted individual at the appropriate instants through the preferred channel, and can be achieved through combining data and advanced digital technologies (e.g. artificial intelligence and big data analytics).

Customer insight and segmentation is critical to deliver this personalised communication at the moment that is in line with the stage of the purchase decision journey and frame of mind of the potential customer.

Few SMEs had knowledgeable resources with the appropriate skill and focus to develop scientific segmentation models through advanced digital technology and data analytics. They should, however, use their personal knowledge and experience to identify and build profiles based on their ideal high value customers. These profiles could be used to create and develop customised

audiences through advanced technology, readily available on social media platforms such as Facebook, and business tools such as Google analytics.

SMEs perception of digital marketing was often limited to top of the funnel advertising to create awareness and reach new customers. Most were unaware of the benefits and importance of manging the potential customer through the decision journey to convert leads to paying and loyal customers.

There are various simple and affordable cloud-based funnel development and campaign CRM software solutions available to assist smaller companies without sophisticated IT capability or resources to implement effective leads and customer management and measurement, thus optimising effectiveness e.g. Click Funnels, Active Campaign, and Mail Chimp.

5.2.4 Technology and data mastery

Digital maturity is defined as an organisation's ability to adopt new digital technologies from which to extract business value (Westerman et al., 2014).

The SMEs understood the importance and value of data assets and technology, but did not have skilled resources to implement advanced digital marketing technologies and data analytics.

Although business value and return on investment should be the driver for any technology investment decision, SMEs should continuously investigate and keep up to date with new technology trends in the digital marketing and transformation space. These identify and provide new opportunities to improve digital marketing and business performance.

Data-analytics and customer insight is the baseline to digital marketing maturity and potentially the key differentiator in an increasing competitive market. SMEs should progress beyond only Google analytics for business performance tracking by developing integrated dashboards that track, in near real-time, the business impact of marketing investment through data obtained from machine learning-powered digital marketing platforms (Levy & Darveau-Garneau, 2021).

Although some SMEs were more advanced in eCommerce, they could also benefit by integrating their physical stores and service delivery with on-line presence and digital communication through eCommerce platforms and near-field communications (NFS) technology to create a digital experience in the physical store.

5.3 Discussion pertaining to Proposition 2

- *Proposition 2*: The availability of technical and organisational enablers in SMEs have a negative impact on digital marketing maturity levels.
- *Research question 2*: What gaps and constraints should SMEs in SA overcome to improve digital marketing maturity?

Time and resources were the main constraints, as indicated by SME business owners in the study. According to Field et al. (2019), challenges or enablers can be categorised into technical and organisational.

Although participant SMEs lacked critical technical capabilities such as connected data, actionable measures, automation, and integrated technology, they were more concerned about organisational enablers, such as specialist skills, and personal focus and capacity.

It is critical that leaders obtain baseline knowledge and skills in digital marketing to be able to develop strategy and address gaps and weaknesses in the organisation to deliver results and optimise digital opportunities.

5.4 Discussion pertaining to Proposition 3

- *Proposition 3*: Digital marketing maturity has a positive effect on business performance.
- *Research question 3*: What is the effect of digital marketing maturity on the business performance of SMEs in SA?

Based on responses to the third question, participants clearly understood and believed in the importance and potential positive impact of digital marketing

maturity on their business performance but were not clear on how to quantify the ROMI.

Digital marketing makes advertising investment more measurable, and SMEs should utilise machine learning-powered digital marketing platforms helping them to quantify ROMI. These advanced capabilities are readily available, affordable, and easy to use, for example Facebook business manager.

5.5 Conclusion

The above discussion considered the research findings in line with the propositions formed in Chapter 2. With regard to Proposition 1, it was evident that the four dimensions identified were relevant in terms of drivers of digital marketing maturity in SMEs and would be a valid foundation to developing a framework to measure digital marketing maturity. In the Proposition 2 discussion, it was evident that organisational enablers such as leadership focus and skilled resources are more of a constraint than are technical enablers. The discussion on Proposition 3 revealed that SME leadership were convinced of the importance and benefit of digital marketing but were unsure how to measure results and justify investment. Based on these discussions the following themes emerged:

- *Theme 1*: The COVID-19 pandemic and subsequent impact on financial performance and customer behaviour accelerated the importance of digital marketing transformation and technology adoption.
- *Theme 2*: SMEs leadership aspire to higher levels of digital marketing maturity not withstanding inadequate understanding, knowledge, and experience in this field.
- *Theme 3*: Although SMEs are open to innovation, collaboration, and new technology adoption in their industry, they seem to be more reluctant to deploy new digital marketing technologies and consultancy agencies to assist with strategy development and implementation.
- *Theme 4*: Leadership time and focus and skilled resources are main constraints to achieve higher levels of digital marketing maturity.

- *Theme 5*: Return on investment on marketing is unknown and would rather invest in known and experienced areas of business with proven return on investment.

CHAPTER 6. CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

The main objective of the study was to explore key drivers for digital marketing maturity in SMEs in SA and to create a framework to investigate levels of maturity.

The sub-objectives of this study were to investigate the constraints that impede digital marketing maturity and explore the perceived effects of digital marketing maturity on business performance in SMEs.

6.2 Conclusions regarding research objective

Digital marketing maturity is a new concept, especially in SA and even more so in SMEs. The study was conceptualised through investigating digital transformation maturity and specifically exploring digital marketing maturity in SMEs in SA along with the key drivers of maturity.

Through the literature review, various digital maturity models were identified but these models were either high-level digital transformation models suitable for large corporate organisations (Westerman et al., 2014), or tactical commercial models focusing only on marketing planning and execution (Chaffey, 2020; HPE, 2018).

Thus, for the study to propose a digital marketing maturity framework that would be relevant to SMEs, it had to merge models addressing overall leadership and strategy for the organisation, with specific digital marketing models addressing digital marketing transformation strategies and enablers.

The four digital marketing maturity dimensions proposed in Chapter 2 as part of the literature study, has proven to be relevant: leadership and strategy; customer experience design; customer interaction and communication; and technology and data mastery. Indications from the study were that SMEs would rate low in terms of digital marketing maturity on all four dimensions.

- *Leadership and strategy*: In this dimension, the importance of digital marketing was clearly understood, but a lack of focus and progress of advanced strategies and tactics remained because of leadership's lack of personal capacity and ownership.
- *Customer-focused experience*: Although SMEs were passionate about a customer-focused experience and superior service delivery, customer journeys were not clearly defined, and there was limited digitalisation and integration. However, they realised the importance of upgrading and automating customer experience and touch points.
- *Customer interaction and communication*: These were mainly one directional and limited segmentation was evident. SMEs focused on top of the marketing funnel to reach as many potential customers as possible through organic social media advertising and Google search.
- *Technology and data mastery*: This was limited in SMEs. Data management and analytics was limited to Google analytics and technology was limited to website presence and basic standalone CRM systems.

The study indicated that SMEs leadership aspired to higher levels of digital marketing maturity, notwithstanding inadequate understanding, knowledge, and experience in this field. They also indicated that they had insufficient personal capacity and focus to own and drive digital marketing transformation within their organisations. It is therefore critical not only to develop a model to determine digital marketing maturity within an organisation, but also to suggest a framework to create focus and alignment and provide guidelines for implementation and measurement.

6.3 Recommendations

It is the responsibility of leadership to create a climate for change and urgency and to align and enable the whole organisation (Kotter, 2007). They should visibly support the process and take ownership of implementation and sustaining the change. Although SMEs had an informal and agile approach to innovation and change it is important to follow a systematic and integrated approach to overcome challenges revealed in this research study.

According to the Organisational Congruence Model, powerful results can be obtained during transformation if an organisation aligns essential components of the business, namely the culture, people, structure, and tasks (Nadler & Tushman, 1980). This is also referred to as a change management process.

It is recommended that SMEs adopt a change management model, specifically addressing digital transformation such as the Westerman's Digital Transformation Compass (Westerman et al., 2014), to develop and implement a transformation strategy. This could increase their digital marketing maturity levels, and result in quantifiable business performance improvement. Westerman's Digital Transformation model is a comprehensive end-to-end change management model that would guide SMEs through the digital transformation journey – from creating a climate of change, to engaging and enabling the organisation, and implementing sustainable change. This process is seen in Figure 11.

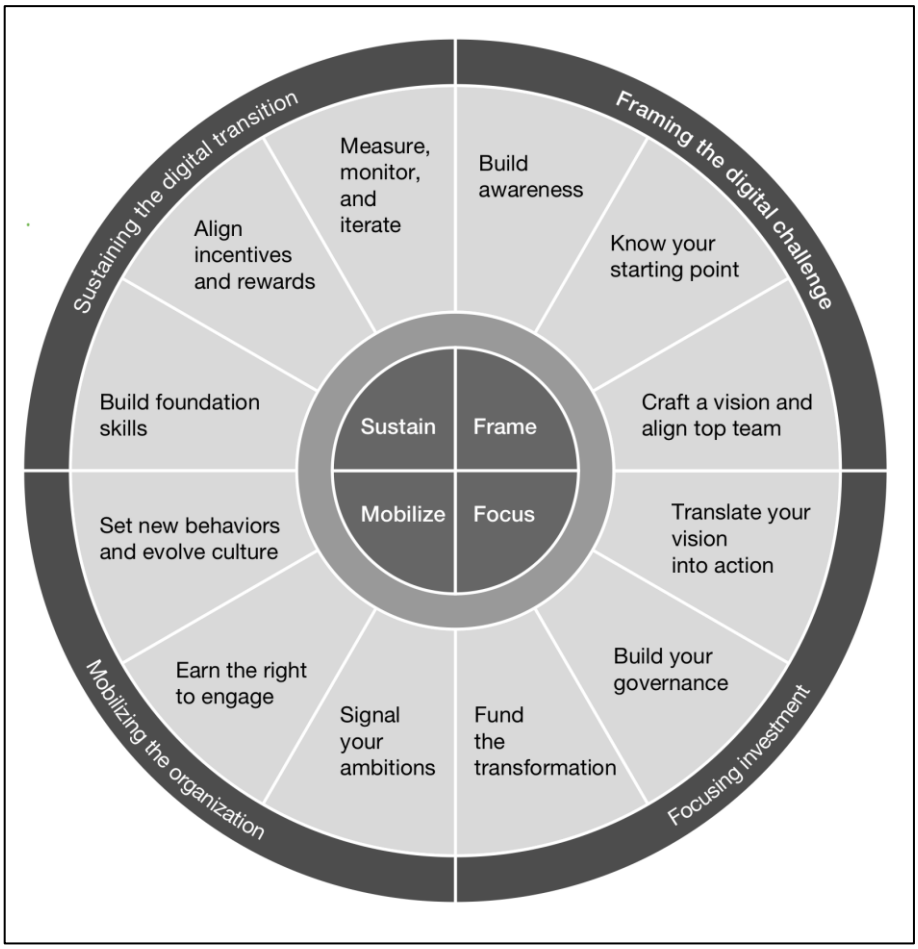


Figure 11: Westerman's Digital Transformation Compass (Westerman et al., 2014, p. 174)

The Westerman's Digital Transformation Compass comprises four points:

1. *Framing the digital challenge*: This creates a climate for change by defining and aligning with a digital vision. An important component of this phase of the process is to determine the starting point, namely evaluating the current level of maturity and identifying the weaknesses and gaps.
2. *Focusing Investment*: The organisations' vision needs to be translated into a clear strategy with specific focus areas and objectives. Investment in terms of time, resources, and capital should be aligned to deliver desired results. SMEs should use digital marketing platforms with big data analytics and artificial intelligence to quantify and project market opportunities and new target markets to assist with prioritising investment decisions.
3. *Mobilising the organisation*: Clear communication and engagement should inform and convince all stakeholders of the importance and benefits of digital marketing transformation. SMEs leadership should create and head-up a cross-functional core team to implement identified strategic initiatives. This would contribute to creating a collaborative and innovative culture.
4. *Sustain the Digital Transformation*: This is done by building digital capability and capacity. Digital tools should be deployed to measure and monitor progress with the aim to optimise continuously.

It is recommended that SMEs start the digital transformation process by evaluating their current digital marketing maturity level against the four dimensions of digital marketing maturity as identified in this study. The following evaluation framework is proposed:

Table 4: Digital Marketing Maturity evaluation framework

Digital Marketing Element	Evaluation points
Leadership and strategy	Vision incorporates digital transformation. Leadership owns the vision and create common understanding and focus to ensure support and commitment. Digital marketing objectives are an integral part of the overall company KPIs. Organisational structure encourages cross-functional teamwork and external collaboration to enable innovation. Desired digital identity is clear and visible throughout digital footprint, such as social media and website.
Customer focused experience design	Customer user journeys are well defined and understood. Touch points are digitised and integrated to create smooth personalised omnichannel customer experiences. CRM and database are on a stable integrated system and 369 database sources. Customer communication is interactive and continuous feedback and inputs are obtained and actioned. All digital touch points are fully optimised, i.e. web, mobile apps, SEO, content, and eCommerce.
Customer interaction and communication	Customer segmentation is based on an analytical framework with marketing automation and rule-based scoring. Digital channels to market and sell, such as online, social media and mobile. Customer leads are managed end-to-end to converted paying and loyal customers. Customer communication is specific and appropriate to stage in marketing funnel from initial awareness to engaged and loyal customers. Campaign effectiveness and alignment with set objectives and business priorities are continuously measured.
Technology and data mastery	Data analytics is baseline to digital marketing planning, design, and optimisation. Innovation in customer journey and touch points are constantly identified because of digital technology.

Digital Marketing Element	Evaluation points
	AI and analytics obtains near real-time customer behaviour and campaign performance feedback to optimise ROMI. Campaign CRM system manages leads through the purchase decision journey and captures customer details to build lifetime relationships.

The value of the evaluation framework is to not only determine the level of maturity and identify gaps and weaknesses, but also to educate SMEs about the full extent and potential value of digital marketing.

6.4 Suggestions for further research

The research methodology used for this study was qualitative in-depth interviews with a small sample of respondents. The results cannot be extrapolated to the South African population because the sample was not representative and not statistically drawn. Qualitative research can be conducted, using the proposed framework from this study to determine the level of digital marketing maturity of SMEs in SA.

This study conducted interviews with SME owners and collected data from their perspective, a further study could be conducted within the broader digital marketing eco-system, namely advertising agencies and consultants, to verify key drivers of digital marketing maturity in SMEs.

The study could also be expanded to SMEs worldwide to develop a benchmark and guidelines.

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APPENDIX A: Theoretical framework

#	Proposition Construct	Category	Source
P1	**Digital marketing elements impacting digital marketing maturity are:**		
P1.1	Leadership and strategy	• Vision and intent (KPI's) • Culture & engagement • Digital identity	(Westerman et al., 2014) (HPE, 2018)
P1.2	Customer focused experience design	• Customer decision journeys defined from outside in. • UX design and technology enabled touchpoints: web, mobile apps, search engine optimisation (SEO), content and eCommerce • Customer communities and early involvement	(Stokes, 2018) (Chaffey, 2020)

P1.3	Customer Interaction and communication	• Scientific segmentation, personalised targeting
		• Omnichannel, multi-moment journey (RACE) campaigns
		  ○ **R**each: Search, online and social media advertising
		  ○ **A**ct: prompts interactions
		  ○ **C**onsume: e-commerce
		  ○ **E**ngage: Content marketing, social media strategy and platforms, direct marketing (email/mobile) and video marketing to build strong customer relationships
			(Stokes, 2018)
			(An, 2019)

P1.4	Technology and data mastery	• Use of data assets • Technology embeddedness, e.g. social listening, analytics and artificial intelligence	(Westerman et al., 2014)
P2	**The availability of technical and organisational enablers in SMEs has a negative impact on digital marketing maturity levels.**		
		• Technology • Skills • Budget and resources • Business priorities • Regulations	(Chaffey & Ellis-Chadwick, 2017)
P3	**Digital marketing maturity has a positive effect on business performance.**		
		• Business performance measurement: reporting and matrix • Cost of customer acquisition • Sales performance improvement	(Field et al., 2019)

APPENDIX B: Research Instrument - Interview Guide

Interview Questions

Respondent: _____

Introduction:

Thank you for agreeing to participate in this interview. As indicate previously I am in a process to completing my Master's degree in Management in the field of Digital Business and the research study is in fulfilment of the criteria for my degree. Please be assured that all personal and company identity information will be confidential and anonymous.

What are the key drivers of digital marketing maturity in SMEs in SA?

Leadership and strategy

1. What is your vision and key business plan KPI's?

   Overall enterprise:

   Marketing specific:

2. How would you describe the business's culture and engagement style?

3. Describe in your own words your business's digital identity?

Customer focused experience design

4. How well defined and understood is your online customer user experience and decision journey?

5. Describe your approach to user experience design for customer touch points?

Web
Mobile apps
SEO
Content
eCommerce

6. Do you have customer communities or panels to get continuous feedback from your customers?

Customer Interaction & communication

7. How would you define your customer segmentation and targeting?

8. What digital media and channels are you using for digital marketing campaigns and communication and how do you measure effectiveness and contribution?

Reach: Search, online and social media advertising
Act: Prompts interactions
Consume: eCommerce
Engage: Content marketing, social media strategy and platforms, direct marketing (email/mobile) and video marketing to build strong customer relationships

9. To what extent do you use e-commerce

Technology and data mastery

10. To what extent do you use data and analytics in your digital marketing planning, design, execution, and optimisation?

11. What digital marketing technologies do you use e.g. social listening, analytics, automation, and artificial intelligence?

Gaps and constraints

12. In your view, what are the constraints that prevent SME's in SA to achieve higher levels of digital marketing maturity?

Technical enablers: connected data, actionable measures, automation, and integrated tech
Organisational enablers: specialist skills, agile teaming fail-fast culture and strategic partners.

13. How do these constraints effect your organisation and what strategies and tactics are you using to overcome these constraints?

Effect of digital marketing maturity on business performance

14. How do you measure business performance: reporting and matrix?

15. In your opinion, will higher levels of digital marketing maturity have a positive effect on business performance (Cost of customer acquisition and sales performance)?

APPENDIX C: Participant's information sheet

[Date]

Good day [Participant Name]

My name is Erna Korff and I am a Masters in Management student in the Field of Digital Business at the University of the Witwatersrand in Johannesburg.

As part of my studies, I have to conduct a research project, and the title of my study is *Exploring digital marketing maturity key drivers in SMEs in South Africa* under the supervision of Mr Laurence Beder, Lecturer at Wits Business School and Marketing Consultant. The aim of this study is to identify the above-mentioned key drivers for digital marketing maturity in the SME market in South Africa.

I am planning to conduct approximately 15 interviews based on certain criteria and I would greatly appreciate your participation. The interview would be conducted via a face-to-face or online Zoom video call of approximately 30 to 45 minutes in duration.

You may withdraw at any time or refuse to answer any question if you prefer. The interview will be confidential and anonymous, and I will not include your or your company name or any other identifying information in the report. In addition, the information you share with me will not be disclosed to anyone. I will be using a pseudonym (false name) to represent your participation in my final research report. If you experience any distress or discomfort at any point during the interview, we will terminate it or resume another time.

If you have any questions about this research, during or after the interview, feel free to contact me (details below). The research report will be available online through the university library website, but if you wish to receive a summary of this report, I will gladly share it with you. The data collected from this research project will be stored electronically only on a personal computer and will be kept for five years. If you have any concerns or complaints regarding the ethical procedures of this study, you are welcome to contact the University's Human Research Ethics

Committee (Non-Medical), telephone +27(0) 11 717 1408 or email hrec-medical.researchoffice@wits.ac.za.

Yours sincerely

Researcher:

Erna Korff

Email: 2410098@students.wits.ac.za

Cell number: 081 555 6666

Supervisor:

Laurence Beder

Email: laurence.beder@wits.ac.za

APPENDIX D: Ethics approval notification

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

SCHOOL OF GRADUATE SCHOOL OF BUSINESS ADMINISTRATION ETHICS COMMITTEE
CONSTITUTED UNDER THE UNIVERSITY HUMAN RESEARCH ETHICS COMMITTEE (NON-MEDICAL)

CLEARANCE CERTIFICATE	**PROTOCOL NUMBER: WBS/BA2410098/590**
PROJECT TITLE	Exploring digital marketing maturity drivers in SMEs in South Africa
INVESTIGATOR	Me Erna Korff
SCHOOL/DEPARTMENT OF INVESTIGATOR	MM (Digital Business)
DATE CONSIDERED	16 November 2020
DECISION OF THE COMMITTEE	Approved unconditionally
RISK LEVEL	MINIMAL RISK
EXPIRY DATE	30 JUNE 2021

ISSUE DATE OF CERTIFICATE 25 November 2020 **CHAIRPERSON** _____
(Dr MDJ Matshabaphala)

cc: Supervisor: Mnr Beder

DECLARATION OF INVESTIGATOR

To be completed in duplicate and **ONE COPY** returned to the Chairperson of the School/Department ethics committee.

I fully understand the conditions under which I am are authorized to carry out the abovementioned research and I guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to resubmit the protocol to the Committee.

_____ 26 / 11 / 2020
Signature **Date**

PLEASE QUOTE THE PROTOCOL NUMBER ON ALL ENQUIRIES