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Disruptive innovation by start-ups in the South African skincare market

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Disruptive innovation by start-ups in the South African skincare market

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Management in the field of Innovation Studies

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ABSTRACT

This research study was undertaken based on the current market dynamics of the South African skincare sector that suggests that the market sector is fragmented and has a significant increase in new entrant firms. The motivation for this research study stems from the various industry reports that suggest that the increase in numerous start-ups within the industry has led to increase in numerous start-ups that aim to services new skincare niche markets. Thus, the main purpose of this research study is to investigate the disruptive innovation capabilities of start-ups within the South African skincare sector and explore the characteristics and enabling factors of these start-ups. The study approach was qualitative and exploratory in design to investigate the characteristics of the start-ups and the enabling factors of their disruptive capabilities. Convenience sampling was used to interview four start-up business owners in the South African skincare sector using semi-structured interviews to obtain in-depth experiences from the participants of this study. The key findings from this research report were that start-ups within the South African economy enter the bottom end of the markets and use niche product offerings to gradually move to up-stream markets and compete with incumbent firms. This research study uses qualitative research methods and techniques to qualify the possibility of start-ups within the South African economy collectively disrupting incumbents within the market, based on their characteristics, and enabling capability factors.

KEY WORDS

disruptive innovation, South African skincare, start-ups, incumbent firms, new entrant firms

DECLARATION

I, _____, 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 for the degree of Master of Management in the field of Innovation Studies at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Name: Signature:

Signed at _____

On the _____day of _____ 20_

DEDICATION

I would like to dedicate this research report to all my fellow hardworking small business owners and entrepreneurs who wake up daily without fail and push against the tide and cement their place in this concrete jungle of an economy.

Kudos for never giving up!

ACKNOWLEDGEMENTS

I would like to first acknowledge my supportive wife for motivating and bearing with me as I went through this intense journey of completing my masters and this research project.

I would like to acknowledge and thank all the participants of this study for taking the time to share their valuable insights for this report.

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LIST OF ACRONYMS

DFI - Development Finance Institutions

R&D - Research and Development

SEDA -Small Enterprise Development Agency

SEFA -Small Enterprise Finance Agency

SMME -Small, Medium and Micro Enterprises

CHAPTER 1. INTRODUCTION

In this chapter, the purpose of the research study is discussed, followed by an in-depth background context that provides an overview of the industry, based on literature and industry reports. The chapter further introduces the motivation for the study, followed by the research objectives, research questions, significance of the study, delimitations of the study, key definitions, assumptions and lastly, the structure of this report.

1.1 Purpose of the study

The purpose of this qualitative research study is to explore the concept of disruptive innovation in the South African context by investigating the characteristics and enabling factors contributing to the disruptive innovation capabilities of start-ups within the South African skincare industry.

1.2 Context of the study

The following detailed context of this research study provides a background of the current global skincare sector and the emerging global market trends. The background context further provides an overview of the current South African skincare sector and the opportunities that are present for new entrant firms. The background is supported by recent industry reports that present a view of a fragmented skincare market with increased market entry by new entrant firms.

1.2.1 The global skincare industry

The skincare industry is a subsector of the much broader cosmetics industry (Khan, 2013). The cosmetics market comprises five key sectors which are skincare, haircare, make-up, toiletries and fragrances (Łopaciuk & Łoboda, 2013).The global skincare market was estimated to be worth 148.3 billion U.S dollars in the year 2020 and estimated to further grow to a market value of 189.3 billion U.S dollars by the year 2025 (Statista, 2021). The reference to skincare products includes cleansers (soaps, bodywashes, handwashes, and

exfoliators, etc.), toners, lighteners, masks, tanning agents, moisturizers (body lotions, face creams and hand creams etc.), massaging ointments /deep tissue oils (Khan, 2013). These products are known for their use in aiding and maintaining healthy good-looking skin by providing protection and nourishment against the harsh effects of our environment (Khan, 2013). According to researchers, facial care is the most prominent subsector within the global skincare industry, estimated to account for 64.1% of skincare market value in 2011 (Khan, 2013). L'Oreal S.A. has been cited as the global leader in the manufacturing and retail of skincare products, followed by other industry giants that include Beiersdorf AG and Unilever (Khan, 2013).The increase in consumer awareness of the harmful nature of synthetic ingredients in the formulations of cosmetics products has resulted in a new growing market of cosmetics made from natural ingredients (Research and Markets, 2021). The growth of new consumer markets has also resulted in a large increase of start-ups that aim to provide products with natural ingredients and products that cater for ethnic groups that feel there are no products that cater for their skincare needs (Research and Markets, 2021). Other global trends include an increase in cosmetic consumptions by male consumers with an inclination for personal grooming (Research and Markets, 2021).

The world has become more connected through rapid digitalisation which fuels global awareness pertaining to sustainable growth initiatives and the importance of personal wellness which has led to an increase in independent brands and influencers in the global cosmetics market (Research and Markets, 2021). Some of these independent brands have been acquired by incumbent firms who seek to share in the growth of these new successful new start-ups (Research and Markets, 2021).

1.2.2 Market size of the South African skincare industry

The South African skincare market was valued at 581.7 million U.S. dollars in 2017 and estimated to grow by an overwhelming figure of 44% to a figure of 839.2 million U.S. dollars by the year 2023 (Statista, 2018).

Figure 1 demonstrates the projected growth of the South African skincare sector as a segment of the cosmetics sector from the year 2017 to the year 2023 (Statista, 2020).

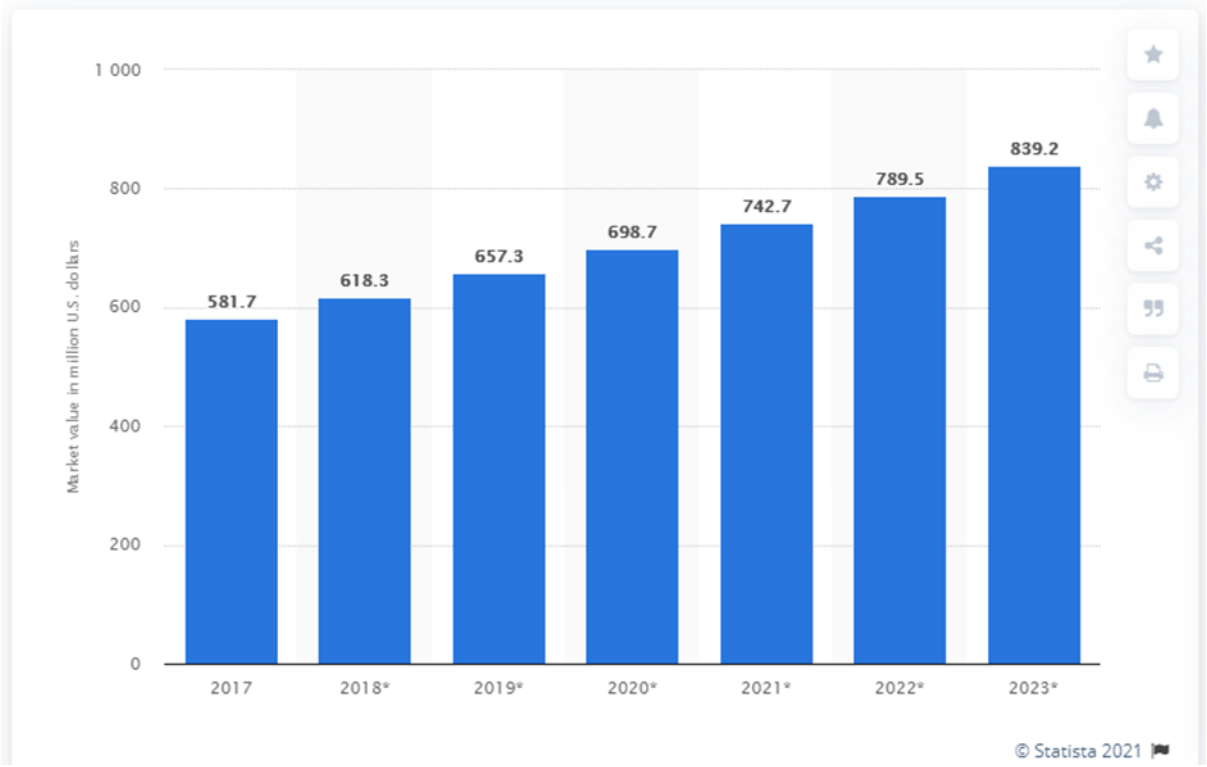


Figure 1: Projected market growth of the South African skincare sector (Statista 2021)

The South African skincare sector is a segment of the broader South African cosmetics industry that includes perfumes, personal care products and the manufacturing of cosmetics products (Who Owns Whom, 2019). According to the Who Owns Whom 2019 industry report, the entire cosmetics industry was estimated to be worth R27 billion in the retail segment and a further estimated R20 billion in the manufacturing segment of the industry (Who Owns Whom, 2019).

The annual estimated growth rate for the entire cosmetics sector on the African continent is estimated to be 6.6% per annum (Intergest, 2020). It is estimated

that 36% of the African continent's cosmetic's growth will be driven by the South African cosmetics industry (Intergest, 2020).

In 2017, South African imports of cosmetics products were valued at $218.2 million (Intergest, 2020). Figure 2 highlights the total South African cosmetic imports in the year 2015 (Intergest, 2020).

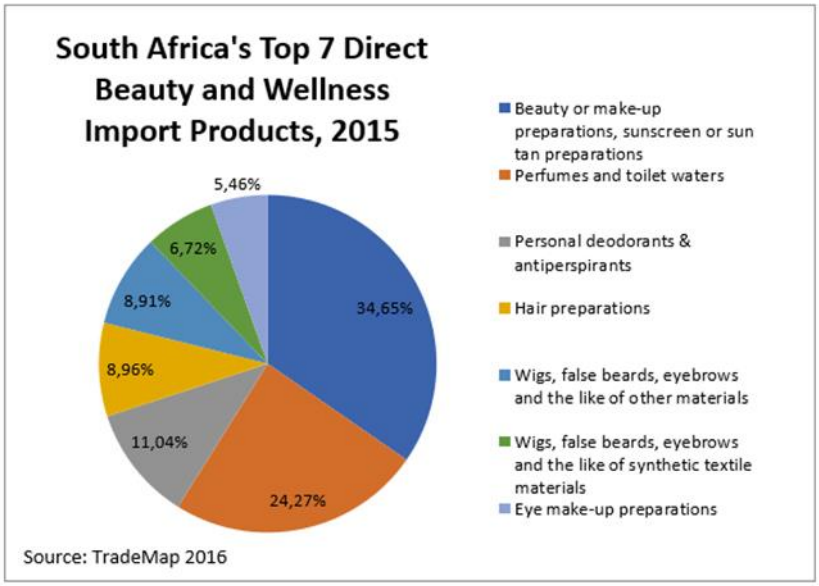


Figure 2: Total South African cosmetic imports in the year 2015 (TradeMap 2016)

1.2.3 Emerging trends within the South African Skincare industry

According to the Mordor Intelligence industry report, the key market trends within the South African skincare industry include an increasing number of consumers who were previously non-consumers (the creation of new markets) because of an increased awareness about skin care products and their beauty and anti-aging properties (Mordor Intelligence, 2020). A further trend identified by the Mondor Intelligence report was an increasing demand by South African consumers for natural and organic skincare products along with an increasing middle class that is demanding high quality products that are both affordable and cater for different skin types and ethnic groups (Mordor Intelligence, 2020). Male personal grooming is also on the rise as more South African men become fashion orientated (Who Owns Whom, 2019). This has opened the market for

male beauty parlours and an equal increase in male personal care products (Who Owns Whom, 2019). According to another industry report, the South African consumer prefers to use products from brands that do not exaggerate their benefits and prefers realistic products that deliver visible results (Euromonitor International, 2021). Other key trends include an increasing demand for innovative products in the South African cosmetics market which has also increased the demand for products that have a multi-use purpose (Intergest, 2020).

Notwithstanding decades of sheer market dominance of multinational conglomerates (incumbent firms) in the South African cosmetics market, recent industry data indicates that there has been a significant increase in the market entry of new entrant firms that seek to take advantage of niche consumer markets by providing natural and organic skincare product solutions and products that cater for specific skin types (Who Owns Whom, 2019). The market data suggests that incumbent multinational giants are slow to respond to this market demand of products that are adapted for different skin types and ethnic groups hence the progressive entry of smaller local brands that provided niche products to this growing market segment (Mordor Intelligence, 2020).

1.2.4 Opportunities for South African start-ups

A recent study conducted by the IERI (Institute of Economic Research for Innovation) discovered firstly that the South African cosmetics market was fragmented as there was no single organisation that outright controlled the market (Figure 3) (Who Owns Whom, 2019).

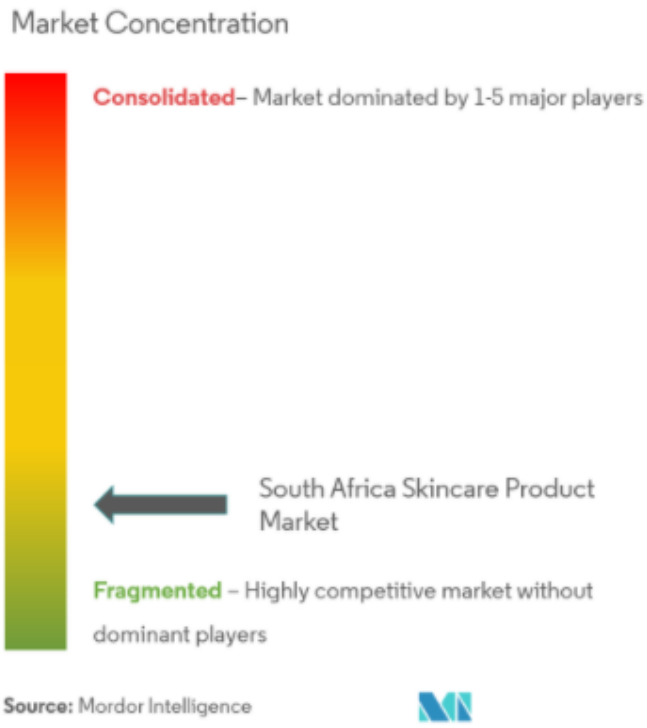


Figure 3: Market concentration of the South African skincare sector (Mordor Intelligence 2020)

According to the IERI, this fragmented market creates an opportunity for new entrant start-ups at both the retail and manufacturing level that offer South African consumers niche products that are made from natural and organic ingredients (Who Owns Whom, 2019). The industry provides a gap for small business enterprises, particularly in the low-income markets where consumers desired more affordable personal care products (Who Owns Whom, 2019).

Enterprise development initiatives driven by big corporations are on the rise within the country's business sector (Who Owns Whom, 2019). Most big corporations use their supply chains and retail networks to help smaller new entrants gain access to the market (Who Owns Whom, 2019). Clicks has a business mentorship programme for SMMEs and new market start-ups and Pick 'n Pay (PnP) has a business incubator that helps provide enterprise development support to emerging small enterprises (Who Owns Whom, 2019). The Pick 'n Pay Enterprise Development Foundation also further assists small

enterprises on their supply chains with financial assistance (Who Owns Whom, 2019). Other notable mentions are the Shoprite Group which provides business coaching services to SMMEs and Massmart that provides financial assistance to local manufacturing enterprises (Who Owns Whom, 2019).

The Government has deployed many resources into agencies, institutions and initiatives that aim to support the development of small enterprises in various sectors of the economy (Who Owns Whom, 2019). These include support schemes that support the development of the export market within the various sectors of the economy (Who Owns Whom, 2019). This also includes the establishment of innovation agencies that are drivers of innovation and technological development, such as SEDA's "Technology Programme" (Who Owns Whom, 2019).

These increased resources by both the private and public sectors to support innovative products and services developed by small businesses helps spur the growth of smaller new entrants in the skincare industry and this allows for the new entrants to be fiercely competitive and keep the South African skincare market fragmented (Mordor Intelligence, 2020).

The overall cosmetics market was affected by decreased consumer expenditure because of the pandemic which resulted in consumers buying mostly essential goods and services during the pandemic (Research and Markets, 2021). Skincare segments, such as the hand creams sub-sector, have seen an increase in the consumption of hand creams and lotions due to the pandemic's need for increased hand sanitisers and handwashing to curb the spread of Covid-19 (Research and Markets, 2021). The Covid lockdowns have also spurred the online sales for cosmetic products (Research and Markets, 2021).

According to the Euromonitor International report, skincare consumers prioritised their natural skin glow over using drastic amounts of make-up to cover up their skin imperfections (Euromonitor International, 2021). According to this report, local support for local skincare brands saw a significant increase in purchases and awareness of local skincare brands surged on various social media platforms (Euromonitor International, 2021). The downturn in the

economy due to the pandemic saw economically embattled consumers seek skincare products that are competitively priced (Euromonitor International, 2021).

1.3 Motivation of the study

Industry reports present a market view that the South African skincare market is fragmented and has no single market controlling entity (Mordor Intelligence, 2020). Other industry reports document an increase in the number of new entrant firms entering the South African skincare sector and the various market opportunities available to these new entrant firms (Who Owns Whom, 2019). The increase in new entrant small firms has been documented as one of the leading causes of market fragmentation in the South African skincare sector (Mordor Intelligence, 2020).

Market research suggests that the South African skincare market is experiencing a market disruption due to an increase in the number of start-ups within the sector. There is evidence that there is a need for research that seeks to understand the disruptive dynamics of these start-ups within the skincare sector (Research problem identified by this study). The industry research data (presented in the above contextual background) further warrants the need for a study on the characteristics of these start-ups in order to understand their disruptive innovation capabilities. Furthermore, the industry data creates a strong motivation for scholarly work on understanding the enabling factors that create or sustain these start-up's disruptive capabilities.

Government enterprise support agencies and various DFIs in the country have tried to increase the amount of support programmes for SMMEs. Start-ups within the skincare and the broader cosmetics sector have been beneficiaries of such programmes. This makes research on the skincare start-ups a worthy research study as there are various stakeholders who are investing skills, knowledge, money, and other resources into the development of such start-ups. If the skincare industry is experiencing a disruption caused by new entry start-ups, then it is worth undertaking a research study exploring why the market is

experiencing a disruption. Further, it may be worthwhile to explore what are the start-ups within the skincare industry doing differently and what market factors are allowing them to disrupt the South African skincare market. The research insights and recommendations from this study could assist SMME support stakeholders in understanding how to create environments that support small business innovation capabilities.

1.4 Research objectives

The primary objective of this qualitative research study is to investigate the disruptive innovation capabilities of new entrant start-ups within the South African skincare sector, and this is further subdivided into three sub-objectives.

Research Objective One: To explore the characteristics of the start-ups that are termed new entrant firms within the South African skincare sector. This entails obtaining in-depth insights on the activities, composition, and general behavioural habits of these start-ups.

Research Objective Two: To explore the characteristics that suggest that start-ups within the South African skincare sector are individually or collectively disrupting incumbent firms within the South African skincare sector.

Research Objective Three: To explore the enabling factors that support the disruptive innovation capabilities of the new entrant firms within the industry.

1.5 Research Questions

Research Question One

What are the characteristics of start-ups within the South African skincare industry?

Research Question Two

What characteristics of these skincare start-ups suggest that new entrant firms are individually or collectively disrupting incumbents within the South African skincare sector?

Research Question Three

What are the enabling factors that contribute positively to the disruptive innovation capabilities of these new entrant firms?

1.6 Significance of the study

The theory of disruptive Innovation is a global phenomenon with extensive work that is mostly understood from the perspective of incumbent firms in developed economies that had their market position threatened by new entrants that in some circumstances displaced the incumbents through disruptive technologies (Christensen, 1997) and later expanded to include the disruptions from non-technological developments, such as business models (Christensen, 2006) (Christensen, McDonald, Altman, & Palmer, 2018).

The body of literature on the theory may be extensive in the global context but it is very thin in the context of emerging economies, such as South Africa (Habtay, 2011). Other scholars of the theory observed that the existing body of literature has predominantly been observed from the incumbent firms' point of view (Habtay, 2011), with the focus being on why the disruption happens and the recommendation of best business strategies for incumbents to overcome the threat of disruption by new entrant firms (Christensen & Raynor, 2003), There is a research gap for further understanding the dynamics surrounding the process leading up to disruptive innovations from the new entrant firms' perspective (Habtay, 2011). Another study conducted in the South African context highlighted gaps for understanding the industries in which South African start-ups are innovating, the types of innovations that are formulated by these start-ups and the practical applications of the theory in South African industries (Ntimane, 2020).

This study contributes to the existing body of literature by providing a practical application of the theory of disruptive innovation within an emerging economy by applying the theory in the South African context. This study's findings contribute to the identified practical gaps by scholars who believe that the theory has been predominantly applied in the context of incumbent firms with limited understanding of how this process unfolds in the context of the new entrant firm's perspective (Habtay, 2011). The contributions of the new knowledge generated from this study will benefit stakeholders, such as the Government and its development institutions, such as public sector incubators and developmental finance institutions that seek to support small business activities. The findings from this study can help these Government agencies better understand the type of support that is required to support start-ups within the South African economy. The data findings presented in this research report will also be helpful to private sector stakeholders that invest resources in supporting activities of small businesses within the South African economy and particularly, in the retail and manufacturing segments of the South African skincare market.

1.7 Delimitations of the study

The scope of this research study includes only start-ups that are within the South African skincare sector that make and sell skincare products and services that provide treatment of skincare conditions, such as eczema, pigmentation issues, dry and oily skin, anti-aging properties, sun protection and other skin enhancing treatment products. The broader beauty and cosmetics sectors which include fragrances, beauty and make-up products was delimited for the purpose of this research study

1.8 Definition of terms

For the context of this study, the following terms are defined:

Table 1: Definition of terms

TERM	DEFINITION
Incumbent firm	Established firms with resources and market dominance (Christensen, 1997). For the purposes of this research study, incumbent firms are firms that have operated and existed for a period greater than two decades.
New entrant firm	Small new firms that do not have an established market base (Spencer & Kirchhoff, 2006) For the purposes of this research study, new entrant firms are start-ups that have operated and existed for a period less than five years.

1.9 Assumptions

- It is assumed that the sampled research participants of this study provided evidence and answers to the research questions in a truthful and honest manner.
- Thus, it is further assumed that the data obtained from the research participants is assumed to be true and factual.

1.10 Structure of the report

This research report has the following chapters that succeed this chapter:

Chapter 2: This is the literature review of the research report. This chapter provides literature findings of the relevant studies that have been conducted by other scholars on this topic. This chapter, in detail, explores existing literature on the skincare industry, start-ups within the South African context and the

theory of disruptive innovation to provide the academic context of this study's research undertaking.

Chapter 3: This Chapter is the methodological approach this research study has followed in obtaining the research data for this study. This study was an exploratory qualitative study that sought to obtain in-depth insights through interviews with selected study participants to provide answers to the research questions of this study.

Chapter 4: This chapter presents the data findings from the primary data that was obtained through in-depth interviews conducted with the research participants of this study,

Chapter 5: This chapter discusses the data findings from chapter 4, provides the key themes that emerge from chapter 4 and use the themes to provide answers to the research questions of this research report.

Chapter 6: This chapter concludes and summarises the discussion in chapter 5. This chapter also presents recommendations for business managers and provides research avenues for future related studies.

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

This chapter provides a review of relevant studies that have previously been conducted by other scholars on this topic of disruptive innovation The chapter first discusses the background of the study, followed by the theoretical underpinnings of disruptive innovation as the theoretical framework for this research study. The review also summarises key literature previous studies on start-ups within the South African economy to better understand the characteristics of start-ups, especially new entrants within the South African economy, their challenges and their development, moreover, to understand those who individually or collectively disrupt incumbent firms and the factors that support these disruptive capabilities

2.2 Background discussion

The concept of disruptive innovation was initially defined as a technological disruption where a new inferior technology innovation would displace an existing technology that was far superior in the market that contained the conventional consumer (Christensen, 1997). In later literature studies on disruptive innovation, Christensen, and various other scholars extended the theory to include other disruptive innovations that were not necessarily technology disruptions, such as product/service, process, and business model innovations (Christensen & Raynor, 2003).

Scholarly work further observed that incumbents were not failing to new entrants as a result of paradigm shifts in technology that gave new entrants the competitive edge, but rather that incumbents had a redundant and/or rigid business model that created opportunities for new entrant firms to find gaps in the market (Christensen, 2006).

Incumbent business models are geared predominantly towards sustaining innovations as this type of innovation helps the firms establish market

dominance and maximise profitability which are metrices that are used to report good management, attract new capital and other market resources by management of the incumbents (Christensen, McDonald, Altman, & Palmer, 2018).

The risks associated with new innovation do not incentivise management of incumbent firms to take on projects that may be seen as projects that will destroy firm value and ultimately, this results in incumbent firm management overlooking investment opportunities that may not be within their current profiting making strategies (Christensen, McDonald, Altman, & Palmer, 2018). Other scholars have expressed a gap in the literature to explore how the business models of incumbent firms (with a focus on the financial strategies) are the main driving force of disruption innovation (Kapoor & Klueter, 2015). New entrant firms are known for their adaptable business models that allow them to be flexible enough to adopt different success metrices that allow them to pursue new innovations and capitalise on the gaps not filled by incumbents (Christensen, Kaufman, & Shih, 2008).

These disruptions can be classified as low-end market disruptions or as new market disruptions (Christensen & Raynor, 2003). In the early phases of the theory, it was thought that disruptive innovation only occurred at the bottom end of the market when scholars observed new entrants entered the bottom of the market and gradually moved upstream to compete with incumbent firms (Christensen & Raynor, 2003), with continuous observations and improvements on the theory, scholars were to observe market disruptions by new entrant firms that created entirely new markets (Christensen, McDonald, Altman, & Palmer, 2018).

2.2.1 The generally accepted definition

The term ‘disruptive innovation’ has been misunderstood and confused with the scientific innovation of novel products and services which has attracted the criticism from various scholars who believe the term “disruptive” is used too loosely in industry and the general business context (Schmidt & Druehl, 2008); (Si & Chen, 2020). The entrance of products and services through novel

innovation is a form of sustaining innovation and not disruptive innovation (Schmidt & Druehl, 2008).

Most academic scholars are in consensus with Christensen that disruptive innovation is the diffusion of an innovation that has either entered the tail-end of the market and moved its way up to the high-end of the market which can also be termed a low-end encroachment (Van Orden, van der Rhee, & Schmidt, 2011). Alternatively, the innovation may create an alternative new market for consumers who were previously non-users of the product or service (Schmidt & Druehl, 2008); (Kohlbacher & Hang, 2007).

It can be inferred from scholarly work on the subject matter that sustaining innovation may have a higher science and technological novelty that makes the product better, faster, and an upgrade of the existing product in the market, and this is commonly confused with disruptive innovation (Schmidt & Druehl, 2008). It is said that a disruptive innovation may not be disruptive in its initial diffusion, making the product or service functionality unappealing to the existing market consumer but with gradual time and development, the innovation attracts all consumers, including those who initially shunned the innovation at inception (Schmidt & Druehl, 2008). The nature of this disruption innovation process is the reason why Christensen and other scholars on the subject believe to be the reason incumbent firms fail to recognise and react to a potential disruptive innovation threat (Schmidt & Druehl, 2008).

2.3 Theoretical Foundation

The theoretical framework of disruptive innovation was first coined by a Harvard professor, Clayton M. Christensen, in his observation of companies that had ample resources, existed for a significant time in the market and had an experienced management team would eventually lose a significant amount of their market share to a new entrant firm (Christensen, 1997). This phenomenon was particularly intriguing to researchers like Christensen as the incumbent was understood to better equipped for market eruptions due to their resource

advantage and market dominance (Christensen, McDonald, Altman, & Palmer, 2018).

The earliest form of the practical observations of the concept were in the early 1990s when Christensen explored the causal effects of new entrants in the disk drive industry, uprooting well established incumbents for their market share (Christensen, 1997). In this study, Christensen was able to observe three important attributes of disruptive innovation. The first observation Christensen made was that when incumbents overshoot the market by offering products that have performance attributes that are more than what is required by their existing customers, this results in market gap opportunities at the bottom of the market on which new entrant firms can capitalise (Christensen, 1997).

The second observation was that when incumbent firms focus on their sustaining innovations capabilities by producing products and services that are aligned to their existing customer needs, this allowed the incumbents to expand their current market lead but with the risk of new entrant firms using an inferior product or service to attract customers that are not catered for by the incumbents and eventually, building up traction that will see these new entrants encroaching on the market share of the incumbent (Christensen, 1997).

The third and most important observation made by Christensen was that incumbents had more incentive to focus on sustaining innovations as they yielded maximum results through market expansion and ultimately, financial success. This made investing in new innovations less attractive to incumbents as they try to please their best customer and maximise profits whilst new innovation became more prominent in new entrant firms who did not have the burden of a current market base (Christensen, 1997).

2.4 Incumbent firm strategies

The primary focus of current literature on disruptive innovation has been on providing insights to management of incumbents on how to recognise and overcome disruptive innovation by start-ups in their respective industries (Christensen, 2006). These strategies include incumbents forming spin-off units,

divisions or departments that will have agency and the sole focus of pursuing new innovative technologies and business models that emerge in the market (Christensen, 1997). Other suggestions are that incumbents should increase their efforts in fortifying their current capabilities and improve product and service performance to extend their market dominance that can weather the disruptive innovation (Christensen, McDonald, Altman, & Palmer, 2018). Another suggestion is that incumbents should step back and withdraw their current value offering and align it with the new market trends and innovations (Adner & Snow, 2010; Christensen, McDonald, Altman, & Palmer, 2018). Other responses suggest that incumbents should acquire these new firm entrants to be able to obtain and benefit from the new disruptive innovations (Christensen, McDonald, Altman, & Palmer, 2018).

2.5 Advantages of new entrant firms

New entrant firms enjoy some inherent benefits when entering a new market which include having limited to no potential of losing current customers by pursuing new innovative technologies and business models as new entrant firms do not initially have an established consumer base (Christensen & Bower, 1996). These new entrant firms are not concerned about fitting new innovations into their current market offerings as they are still flexible and do not usually have over committed past expenditure and investment into their current technologies or business models (Spencer & Kirchhoff, 2006). New entrant firms are idea driven, and generally associated with technology pushes as opposed to demand pulls which are prominent to incumbent firms (Spencer & Kirchhoff, 2006).

2.6 The literature gap in the South African context

A South African scholar explored the disruptive innovation concept within the South African context as a means of explaining discontinuities of business operations in the market (Habtay, 2011). Some of the most noteworthy findings from Habtay's research was that South African markets mostly consist of oligopolies who control most of the available resources in the market, making it

difficult for smaller and new firms to upscale their innovations (Habtay, 2011). Another important highlight from Habtay's study was that disruptive innovation is a study understood predominantly from the incumbent firm's perspective and very few studies attempt to explore the phenomenon from the new entrant firm's perspective (Habtay, 2011).

In another South African research study, a research scholar explored the practical application of the disruptive innovation concept in the banking industry through a case study analysis of Capitec bank as a successful disruptive innovator in both the emerging economy and South African context (Ntimane, 2020). Capitec bank utilised new technologies to better their processes to attract the unbanked market through cheaper banking fees and paperless processes which eventually resulted in it entering the low-end market of the banking sector and ultimately, moving upstream and encroaching on the market share of the already established big four incumbent banks (Ntimane, 2020). Ntimane's research recommendations include a need to explore the phenomenon further in other industries to add to the body of knowledge of the phenomenon in emerging economies and the South African context (Ntimane, 2020). Ntimane further recommended a gap to explore whether businesses in the South African economy are prone to sustaining or disruptive innovations (Ntimane, 2020).

Thus, this research paper sought to fill the above literature gaps by:

- Investigating the concept of disruptive innovation within other industries (South African skincare industry) as recommend by Ntimane (2020).
- Exploring disruptive innovation from the perspective of the new entrant firm (Skincare start-ups) as recommended by Habtay (2011).
- Contributing to the body of knowledge on the concept of disruptive innovation in the South African context and ultimately in the context of African emerging economies.

2.7 Summary of key arguments of the concept

There is a consensus amongst various scholars that disruptive innovation is not an outcome or end-product, but rather, the concept of disruptive innovation is a “progressive process” (Si & Chen, 2020).

Although various scholars cite that the underpinnings of the theory are undermined by the ununified definition of this process (Danneels, 2004); (Spencer & Kirchhoff, 2006); (Si & Chen, 2020), most scholars can agree that this process involves firms (mostly new entrant firms) entering the bottom of the market with a lowly priced and usually inferior product/service offering to customers who are overlooked by incumbent firms, this is also referred to as “low-end encroachments” (Schmidt & Druehl, 2008); (Van Orden, van der Rhee, & Schmidt, 2011).

The product/service offering is ultimately improved and eventually progresses upstream the market and captures the target consumers of the incumbent firm(s), resulting in a market displacement of the incumbent(s) (Spencer & Kirchhoff, 2006).

Scholarly work aligned with Christensen’s concept of disruptive innovation argues that this disruption gap seized by new entrants is formed by the incumbents focus on profitable business practices which result in incumbents focusing on their best customers and neglecting segments of the consumer market which leave a gap for market penetration by newer firms that eventually disposition the incumbent firms (Lindsay & Hopkins, 2010).

2.8 The Skincare Industry

2.8.1 Global skincare markets

According to the existing body of research, skincare products are recognised as the most prominent segment within the entirety of the global cosmetics sector (Lee, Goh, & Noor, 2019). Researchers cite the growth of the global skincare market to be the result of giant leaps in the advance of science and technology innovations for the betterment of humanity, the birth of the global community in the age of globalisation, the soaring literacy rate, growth in the global workforce and an increased consumer awareness of beauty and personal care (Khan, 2013). Globalisation has heightened the influence of western culture through all forms of media and its impact on how perfect skin and general beauty should be perceived worldwide (Khan, 2013). Trade in the international corridor has been expediated rapidly by the concept of the global citizen (Oviatt & McDougall, 2005) ; (Suortti & Jin, 2018).These effects of globalisation have created an enormous market of highly active consumers for the companies that operate within the skincare industry (Khan, 2013).

In a study to understand whether buyers of skincare products are conscious of their self-images (Khan, 2013), the researcher of that study uncovered that women who bought and used skincare products did so for various reasons, such as hygiene, societal affirmation, medical reasons and to improve their outward appearances (Khan, 2013). Market research indicates that developed markets, such as America, Asia-Pacific, and Europe, own the largest share of premium cosmetic sales globally (Barbalova, 2011) ; (Łopaciuk & Łoboda, 2013). BRIC countries, which include Brazil, Russia, India, and China have also seen rapid growth in their cosmetics markets over the last few decades (Łopaciuk & Łoboda, 2013). BRIC countries are better known for their great influence on the development of emerging markets (Łopaciuk & Łoboda, 2013). A 2011 study revealed that 54% of the global sales of cosmetics products was directly attributable to these BRIC countries (Łopaciuk & Łoboda, 2013).

2.8.2 Global appetite for organic and natural products

Recent research and studies indicate that these global consumers have a strong preference for consuming products that are made from organic and natural ingredients which has had a significant influence on the business industry and the marketing world (Liobikienė & Bernatonienė, 2017) ; (Suortti & Jin, 2018). According to research studies, over 80% of the world's population uses traditional medicine to treat various illnesses which is an even more popular practice in Africa with various African nations possessing knowledge of plants and herbs that can be used to treat numerous skincare conditions (Dlova & Ollengo, 2018). Other studies have documented the use of house plants that have medicinal properties that have the potential to treat various skincare conditions (Kvitkovska, Zabuha, & Rudenko, 2019). Consumers are more aware of how synthetic ingredients have adverse effects on the environment (Zollo, Carranza, Faraoni, & Martín-Consuegra, 2021).

Some global studies have explored the potential of natural and organic ingredients from plants that have the potential for providing anti-aging benefits for skin (Ahmed, Mikail, Zamakshshari, & Abdullah, 2020).

Over many years, global consumer behaviour has shifted towards embracing green products within the skincare industry because of an increasing consumer awareness of their responsibility to maintaining healthier environments within their communities (Hsu, Chang, & Yansritakul, 2017). Other researchers investigated the potential of green skincare products on influencing the purchasing patterns of Generation Y consumers (Nair & Appannan, 2020). Studies in the United Kingdom uncovered that consumer are increasingly vested in products that are made from natural ingredients and packaging that is aligned with sustainable development (Lin, Yang, Hanifah, & Iqbal, 2018).

The existing body of research suggests that the use of natural and organic skincare ingredients is a practice that is centuries old (Emerald, Emerald, Emerald, & Kumar, 2016). The use of these natural ingredients is resurfacing as a modern popular trend because of modern consumers' growing concerns about the effects of the synthetic ingredients used in most of today's skincare

products (Emerald, Emerald, Emerald, & Kumar, 2016). Plant knowledge for healing purposes is almost as old as humanity itself and some plant species were known to have properties that were deemed good for making traditional cosmetic products prior to the introduction of the synthetic ingredients (Emerald, Emerald, Emerald, & Kumar, 2016).

Although other scholars have documented growth in markets for organic products, the sector is still in its infancy in the global consumer market and some researchers have documented that the consumption of organic goods is still a privilege enjoyed by individuals belonging to wealthier income groups (Widjojo, Fontana, Gayatri, & Soehadi, 2019).

2.8.3 Global market for ethnic skincare products

In countries such as America, minority groups are some of the fastest growing population groups in the country (Dow & Murphy, 2020). Hispanic/Latino population groups are some of the most rapidly growing minority groups in America as a segment of active consumers in the ethnic consumer market for skincare products (Dow & Murphy, 2020).

Industry globalisation has also presented an opportunity for skincare incumbents to produce product ranges that are targeted toward niche markets, such as minority groups in the United States (US) which consists of Latino, Asian and African American consumers (Kumar,, 2005). These target segments in the US market were expected to continue to rise with the continuing trend of economic emancipation by previously marginalised groups (Kumar,, 2005).

The Latino/Hispanic groups are commonly known to use skin-lightening products to treat pigmentation disorders which has increased their risks of being exposed to harmful chemicals that are used as ingredients in these products (Dow & Murphy, 2020). These deadly chemicals are documented to be more prevalent in facial creams (Dow & Murphy, 2020).

In recent literature, various researchers highlighted a developing trend of studies on “Ethnodermatology” which is a study of skincare regimes related to

what is defined as ethnic skin (Dlova N. C., 2014). These studies uncovered a growing trend of research pertaining to “Ethnodermatoses” which is a term used for skin conditions that are niche to black people and other specific ethnic groups. (Dlova N. C., 2014). The scholars attribute this growing trend to globalisation and the continuous upward prosperity trend by people of colour (Dlova N. C., 2014).

Other research studies identified a growing demand for skincare products that are halal (acceptable by the Islam faith) for the Muslim community (Lim, 2016). The Muslim community in the second largest faith in the world with a substantial consumer base (Lim, 2016). In 2013, the market for Halal skincare products was estimated to be worth 46 billion U.S. dollars and perceived to be growing at a rate of 8% p.a. (Lim, 2016).

In another research study by (Teixeira, 2006), the researcher explored the differences in skincare requirements by women of different ethnic groups and how women of colour have different and specific skincare preferences (Teixeira, 2006). The research study uncovered that different ethnic groups have many skincare requirements and white and black skin had different pigment, dryness, and ph. balances that each required a particular skin treatment regime (Teixeira, 2006). The research study also highlighted those manufacturers of cosmetic products seemed to overlook these differences and present products that are mostly suitable for white skin as a blanket solution (Teixeira, 2006). Some of the highlights of her study included the fact that not all women of colour used moisturisers, toners, and masks (Teixeira, 2006). Another key highlight from her study was that woman of colour were price sensitive consumers who wanted products that suited their skin requirements and their budgets (Teixeira, 2006).

2.8.4 Global skincare firms

Global incumbents have advanced initiatives that will ensure their compliance with Volatile Organic Compounds (VOC) regulations (Kumar,, 2005). Industry leaders like Estee Lauder introduced a range of skincare products that were part of its “Origins Natural Resources” catalogue which contained products

made predominantly from natural ingredients, non-animal testing and recyclable packaging material (Kumar,, 2005). Revlon, another skincare giant, launched a “New Age Naturals” range that consisted of skincare products that were produced from bio-degradable materials and another range they called “Pure Skin Care” which was a product range that had zero animal testing (Kumar,, 2005). It is a notable mention that Revlon was one of the first global skincare giants to pioneer the research for alternative skincare products when they contributed 750 thousand U.S dollars to the Rockefeller University in the year 1979 (Kumar,, 2005).

Firms within the industry undertake the environmental challenges as a social responsibility and an opportunity to provide products and services to skincare consumers who are seen as green market opportunities as “green consumerism” surges (Hsu, Chang, & Yansritakul, 2017). More studies have documented a rise in green markets which include the cultivation and sales of products that are derived from organic and natural ingredients (Zollo, Carranza, Faraoni, & Martín-Consuegra, 2021).

Skincare studies in Malaysia documented that most companies are branding themselves green to seize opportunities that are looming in the green products segment of the skincare sector (Nair & Appannan, 2020). Some scholars believe that green branding is a modern marketing tool businesses use to appeal to niche consumer markets (Hutahaean & Kurnia, 2021)

The demand for environmentally friendlier products has propelled the industry to be more innovative and globally competitive as many firms seek to take advantage of these new consumer trends (Zollo, Carranza, Faraoni, & Martín-Consuegra, 2021)

A study conducted in Croatia discovered there is potential for entrepreneurial start-up activity within the skincare sector of the Croatian nation for niche skincare products produced from ingredients that contained natural and organic ingredients (Cvitanović, 2018). The recommendations from this study were that entrepreneurs entering the market should position their brands in alignment to

the new trends that seek to embody nature's gifts and the inherent social responsibility to the surrounding environments (Cvitanović, 2018).

2.8.5 Current Market Trends

Recent trends within international trade have influenced skincare product innovation and the industry's consumer behavioural patterns (Kumar,, 2005). Consumers have become more conscientised to the fact that some mass skin products yield the same results as those that are of the premium skincare market (Łopaciuk & Łoboda, 2013). Skincare products now have multipurpose attributes such as the 3-1 products that serve as colour (make-up), provide skin nourishment, and have UV protection properties (Łopaciuk & Łoboda, 2013).

Research studies have documented the need to have improved product formulations in the cosmetics market that are adapted to providing great results whilst aligning with best practices that support sustainable development (Bom, Jorge, Ribeiro, & Marto, 2019). It is a hard line to balance for companies striving to maximise product performance and yet achieve their sustainable growth goals (Bom, Jorge, Ribeiro, & Marto, 2019).

Some of the most recent product innovations of the past decades include cosmetic products that last much longer, such as 24-hour moisturisers which are perceived as value for money product offerings for consumers (Łopaciuk & Łoboda, 2013).

Product innovation in the skincare market has introduced products that provided the same effects and results associated with professional skincare treatments which resulted in consumers reducing their visits to skin treatment facilities as a result of these "do it yourself" products (Lennard, 2011) ; (Łopaciuk & Łoboda, 2013). The birth of the internet and e-commerce has also spurred a significant increase in the cosmetics industry with information websites on the rise providing price and product comparisons for consumers (Lennard, 2011) ; (Łopaciuk & Łoboda, 2013)

Genetic testing in skincare product development is another technological development that has shown the novelty in skincare product innovation (Lennard, 2011) ; (Łopaciuk & Łoboda, 2013). Skin lightening products continue to thrive in the Asia-Pacific markets as whiter skin is perceived to be the epitome of beauty in those markets (Łopaciuk & Łoboda, 2013).

Studies performed in developed countries uncovered that brand equity is equally important in driving consumer sales in the skincare industry as consumers require products they can identify with to provide consistent customer loyalty (Lee, Goh, & Noor, 2019). A study conducted in the Czech Republic uncovered a correlation between the emotional connections of female consumers and their skincare product purchasing behavioural patterns (Anderlová & Pšurný, 2020).

Studies in the Indonesian skincare sector revealed that skin is used as a matrix to determine the attractiveness of a person (Herdyanti & Mansoor, 2020). The same studies documented that 90% of the global population experiences acne skin problems at some point of their lifespan (Herdyanti & Mansoor, 2020). Acne was documented to be the 8th most prevailing disease in research studies conducted in 2010 (Herdyanti & Mansoor, 2020). Researchers uncovered that eczema has been documented as a common skincare condition that predominantly affects children and other younger consumer segments (Kelleher, et al., 2021).

2.8.6 Skincare marketing for millennials

Facial skincare is a prominent segment in the online marketing industry with an increasing number of skincare marketing influencers (Piyawathin, 2018). Market research indicates online influencers to be an effective direct marketing tool for millennial skincare consumers (Piyawathin, 2018). Skincare products that are either made from natural ingredients or for medicinal reasons have the most growth spurt as consumers have increased awareness on wellbeing issues and further developed by the growth of the millennial market that is frequently looking for online reviews of products prior to purchasing them (Piyawathin, 2018). In a doctorial study of Thailand millennials and skincare influencers, the

research uncovered that most millennial consumers are inclined to believe online influencers they follow over what the companies put out to the market (Piyawathin, 2018). The same study also found that advertising on traditional platforms, such as radio and television, were restrictive as the message needed to be moderated for political correctness as opposed to communicating through influencers who have a significant direct reach to millennials who are believed to use more than one social media platform, such as the popular YouTube, Facebook, Twitter and Instagram (Piyawathin, 2018).

South Africa has increasing numerous social media influencers who make a living from marketing goods and services for various luxury brands using their following on these various social media platforms (Iqani, 2019)

2.8.7 Indigenous skincare knowledge in emerging markets

In a study conducted in the Eastern Cape province, researchers set out to investigate different types of plant species that have traditionally been used as beauty and medicinal treatment for skin (Thibane, Ndhlala, Abdelgadir, Finnie, & Van Staden, 2019). The results from the tested plant species indicated that some species had properties with the capability of protecting against ultraviolet radiation (UV) radiation and some also possessed anti-tyrosinase propensities (Thibane, Ndhlala, Abdelgadir, Finnie, & Van Staden, 2019).

African nations possess deep-rooted knowledge of compounds within botanical plants that have numerous properties that can expedite the healing process of skin wounds, treat conditions that arise from pigmentation disorders and treat skin exposed to harsh elements, such as burnt skin (Dlova & Ollengo, 2018). South Africa has documented an excess of over 250 botanical plants that have the potential to provide protection from the sun's UV rays and act as skin lightening agents (Dlova & Ollengo, 2018). Skin lightening products contain ingredients that reduce melanin which is responsible for the pigmentation levels of the skin (Ahmed, Mikail, Zamakshshari, & Abdullah, 2020). Skin lightening creams are popularly used in Sub-Saharan Africa (Dlova, Hamed, Tsoka-Gwegweni, & Grobler, 2015). The use of face lightening creams is prevalent in

these regions as the perception is that fairer skin is more attractive and the golden standard of beauty (Dlova, Hamed, Tsoka-Gwegweni, & Grobler, 2015).

In some parts of African countries such as a Botswana, researchers uncovered rampant skin conditions that affected people with underlying autoimmune diseases such as HIV and AIDS (Asong, Ndhlovu, Khosana, Aremu, & Otang-Mbeng, 2019). It has been documented that although these African countries have access to western skin medications, most of the population inhabitants in these African countries prefer the consultations of traditional skincare remedies from their local traditional practitioners (Asong, Ndhlovu, Khosana, Aremu, & Otang-Mbeng, 2019).

2.9 Summary of key trends from skincare industry literature

The large body of literature pertaining to the global skincare sector suggests that the global skincare market is the largest growing market segment within the global cosmetics market (Lee, Goh, & Noor, 2019).

Globalisation, particularly western markets, are the main drivers of how beauty is perceived globally and therefore the main driver of skincare trends in the world (Khan, 2013).

Some of the most recent literature studies indicate a strong inclination for consumption of organic and natural products by global skincare consumers which is reshaping the global skincare industry's market demand (Liobikienė & Bernatonienė, 2017).

Further key global trends from skincare literature studies postulate an increasing demand for skincare products for niche ethnic target markets such as minority groups (African American, Latina and Asian) in the United States (Kumar,, 2005).

Further skincare trends include an increase in skin lightening products in sub-Saharan Africa (Dlova, Hamed, Tsoka-Gwegweni, & Grobler, 2015), Increase in social media marketing for skincare products (Iqani, 2019), and the rise is multi-

use skincare products that cater for various skincare needs of consumers (Łopaciuk & Łoboda, 2013).

2.10 Start-ups within The South African Economy

2.10.1 The role of start-ups within the South African economy

According to the existing research on SMMEs within the South African economy, SMMEs contribute to almost 35% of the South African GDP (Adeniran & Johnston, 2012) ; (Moos & Sambo, 2018). A study by South African scholars explored their dynamic capabilities, defined as the ability of the firms to re-organise resources to gain a competitive advantage (Adeniran & Johnston, 2012)). The research data found that SMME's had limited capabilities and were subjected to various market dynamics that exposed them to potential failure (Adeniran & Johnston, 2012).

A common characteristic of South African small businesses identified by researchers is that they have a high failure rate with some studies estimating that 70-80% of SMMEs are unsuccessful (Cant & Wiid, 2013) ; (Moos & Sambo, 2018). Generally, South African small businesses are associated with weak business performances and a high failure rate (Machirori & Fatoki, 2013). Some of the challenges that were identified as contributing factors to this failure rate included a low demand for the products manufactured and sold by these small businesses, a problematic pricing strategy and inaccessible locations of these small businesses (Cant & Wiid, 2013).

Some studies went on to further split these factors into internal and external dynamics that affected SMME failure rates (Fatoki, 2014). Internal factors included SMME's had managers with limited skills and managerial experience which also led to poor customer service (Fatoki, 2014) (Watkins, 2012).

External factors that were identified by studies that investigated contributing factors to the failure rate of new South African small businesses were lack of funding mechanisms for small businesses, exorbitant distribution costs, lack of

logistics value chains and congested markets that are highly competitive (Fatoki, 2014).

Despite all the challenges identified with South African new small businesses, the South African government believes providing adequate support to these businesses will provide the necessary economic development through employment creation and ultimately increase contributions to the country's gross domestic output (Ngek & van Aardt Smit, 2013).

An important observation in small business literature is that SMMEs operate in the same business ecosystem with larger firms but without the same advantages that are associated with established larger firms, such as a well skill labour pool, adequate capital and resources that allow these established businesses to thrive in this ecosystem (Watkins, 2012) ; (Mahadea & Pillay, 2008).

There are research studies that have investigated how government should assist the development of SMMEs through public procurement policies that allow for more participation for SMMEs in the public procurement supply chains of state entities (Hoekman & Tas, 2020).

Challenges in providing collateral and high credit interest rates are some of the key issues that affect the ability of SMMEs to obtain finance from developmental finance institutions in South Africa (Khoase & Ndayizigamiye, 2018).

A study conducted in Limpopo indicated that most unemployed graduate youth did not know about local small business support programmes in their vicinity and that most of these unemployed graduates showed no interest in starting businesses of their own (Ramohale & Rachidi, 2018). The study showed the need to provide entrepreneurial education as early as the primary school learning phase if the country is going to foster an entrepreneurial culture in the near future (Ramohale & Rachidi, 2018).

Studies from research projects aimed at investigating innovation activities of small business that operate within the manufacturing sector of FMCG's (Fast Moving Consumer Goods), which also includes the manufacturing of skincare

products, discovered that most small businesses in the sector had identified challenges that hampered their innovation progression (Nze, 2016). Most participants of the research study conducted on the FMCG manufacturing small businesses cited the lack of funding opportunities, lack of manufacturing skills, regulatory red tape, as challenges affecting their business growth and ability to innovate in the markets (Nze, 2016).

2.10.2 Innovation activities within South African start-ups

Some South African research scholars on the innovation activities within South African start-ups believe that small businesses have a lower availability of resources and opportunities at their disposal which results in these small firms having lower innovation outputs (Ndabeni, 2012). A study conducted on Gauteng-based start-ups indicated minimal research and development (R&D) activities because of limited resources and skills within these start-up enterprises (Agwa-Ejon & Mbohwa, 2015). A contradictory research study by another South African researcher claimed South African small businesses are incredibly innovative and have shown greater inclination to product innovation over process innovation (Booyens, 2011).

2.10.3 South African start-ups in the bioeconomy

Studies conducted on initiatives supporting SMMEs in the South African biomanufacturing industry discovered that entrepreneurs are offered various training initiatives from many entrepreneurial development institutions (Kotze-Jacobs, 2019). Start-ups in the biomanufacturing include nutritional foods, cleaning products and what is relevant for this study, skincare products made from biological ingredients (Kotze-Jacobs, 2019). Although the South African national systems of innovation have many supportive developmental institutions, entrepreneurs are still unaware of all the available support programmes and initiatives that have resources which include funding and other developmental resources for their start-ups (Kotze-Jacobs, 2019).

Various support programmes and institutions exist to support small new entrant firms within the South African economy, business incubators from both public and private sector initiatives exist to propel entrepreneurial activity and technological growth within the economy (Lose, Nxopo, Maziriri, & Madinga, 2016). The Incubation structure exists to facilitate market entry of new start-up in the economy by proving commercialisation expertise that helps start-ups develop their ideas into market-ready products and services (Sithole & Rugimbana, 2014). These incubation providers are seen as enabler organisations for start-ups during their infancy phases by providing conducive and enabling environments for start-ups to prosper (Tilana, 2015).

Institutions such as the CSIR, through their BIDC (Biomanufacturing Industry Development Centre), aim to reduce the barriers to entry for small businesses by providing access to scientific research expertise, product development services and access to world class facilities to support small business in the infancy phase (Kotze-Jacobs, 2019).

2.11 Summary of key characteristics of South African start-ups

According to the literature review of South African start-ups, most SMME's are associated with high potential failure rates in the early stages of the business cycle (Adeniran & Johnston, 2012).

Some scholars speculate that the high SMME failure rate is due to the lack of managerial skills within small businesses (Fatoki, 2014); (Watkins, 2012). Other factors argued by other research scholars included low product demand for products manufactured and sold by SMME's (Cant & Wiid, 2013), high distribution costs (Fatoki, 2014), poor customer service (Watkins, 2012), inaccessible locations (Cant & Wiid, 2013), and generally poor business performance (Machirori & Fatoki, 2013).

Research scholars argue that intervention from government support programmes could provide the necessary support through access to various supply chain opportunities (Hoekman & Tas, 2020). Further other scholars believe support to SMME's should be provided through knowledge and skills

transfer initiatives that grant SMME's access to research expertise and product development services in the early stages of the business cycle (Kotze-Jacobs, 2019).

Some studies argue that SMME's have very limited innovation capabilities due many market limitations such as limited access to funding and limited access to manufacturing capabilities (Nze, 2016). While other contradictory studies found that South African SMME's have stronger product innovation capabilities more so over their process innovations (Booyens, 2011).

2.12 Summary of key characteristics of South African start-ups

2.12.1 Propositions to research questions based on reviewed literature

What are the characteristics of start-ups within the South African skincare industry? (Research question one)

- Based on the literature review of the South African SMME sector it can be expected that the findings of this study will reveal that these skincare start-ups have limited managerial skills.
- Based on the South African start-up literature we can expect the findings to indicate that start-ups show stronger product innovation capabilities over process innovation.
- Based on the South African start-up literature we can expect the research findings to indicate South African skincare start-ups to struggle with market access and access to funding.
- Based on the literature review, it can be proposed that start-ups within the skincare sector will use natural and organic ingredients to make skincare products.

What characteristics of these skincare start-ups suggest that new entrant firms are individually or collectively disrupting incumbents within the South African skincare sector? (Research question Two)

- Based on the global skincare trends from the literature, it can be expected that South African start-ups will follow global trends and provide offerings to niche market consumers (such as users or organic skin care products).
- Global trends also suggest firms are now shifting to providing ethnic skincare products. This could possibly be a market pursued by South African skincare start-ups.
- The sub-Saharan market is flooded with skin lightening products and thus it can be expected that South African skincare start-ups will be very active in making products that cater for this market.

What are the enabling factors that contribute positively to the disruptive innovation capabilities of these new entrant firms? (Research question Three)

- Based on the literature review, it can be expected that government institutions and developmental agencies play a vital role in providing access to manufacturing services, knowledge experts, access to funding and access to markets to South African skincare start-ups

2.13 Conclusion of Literature Review

The above literature review presented the important theoretical underpinnings of the concept of disruptive innovation as a phenomenon of new entrant firms entering either the bottom end of a market or through the creation of new markets by providing a value offering for consumers who are overlooked by incumbent firms (Christensen, McDonald, Altman, & Palmer, 2018). The new entrant firm would eventually move on upstream and encroach on the market share of the incumbent firms (Christensen, McDonald, Altman, & Palmer, 2018). The literature on the skincare industry provided the context of the current market dynamics and trends in both the global and local skincare market. The key trends are an expanding market with ample opportunities for new firm entrants to gain market entry by providing niche product offerings that cater for consumers who demand products made from natural ingredients and products

that cater for their specific skin types. The literature review on South African start-ups provided an overview of the challenges and support opportunities available for start-ups by support programmes that are a provided by organisations established to provide support structures to new firms.

CHAPTER 3. METHODOLOGY

3.1 Introduction

This chapter of the research report presents the methodological approach undertaken to obtain research data for this study. This chapter presents the research approach, research design, introduces the profiles of the participants, the approach for collecting and interpreting data, the research instrument and ethical matters pertaining to this research study.

3.2 Research approach

The study approach chosen for this research report was a qualitative research approach as the data obtained and explored for this study was non-quantifiable and based on qualitative factors such as the participants' insights and personal experiences to various constructs of the research questions (Teherani, Martimianakis, Stenfors-Hayes, Wadhwa, & Varpio, 2015).

This research approach is appropriate for this study as the data obtained from the participants included firsthand personal experiences by start-up owners within the South African skincare sector. Qualitative research approach focuses on the occurrence of a phenomena or event(s) and the results of the occurrence of those particular events (Teherani, Martimianakis, Stenfors-Hayes, Wadhwa, & Varpio, 2015). This research study focused on the occurrence of market dynamics within the South African skincare market and investigated the possible results of these dynamics which possibly include disruptive innovations caused by start-ups within the South African skincare sector.

3.3 Research design

The chosen research design for this study was a qualitative exploratory approach as this study sought non-confirmatory data but sought to follow a

more investigative approach using interviews to answer the research questions of the study (Stebbins, 2001).

This study explored unknown constructs that exist within the South African skincare sector and thus an exploratory approach was appropriate as it gave rise to other avenues for future research on the topic (Sandhusen, 2000).

Advantages of this exploratory research design include great flexibility for the researcher to make adaptations with the progression of the research study (BRM, n.d.). This research design created opportunity for future studies on the subject matter (BRM, n.d.). This research design was understood to be a low-cost research design as it saves resources and time (BRM, n.d.).

3.4 Population and sample

This study focused on obtaining research insights from start-ups that operate within the South African skincare sector. The parameters for this research study were start-ups that have existed for a life cycle that is less than five years. The start-ups must be making goods and services within the South African skincare sector. Therefore, the population group for this research study was small new entrants within the South African skincare sector. The population size could not be determined as quantitative data on the number of skincare start-ups in the market is not publicly available.

3.4.1 Sample and sampling method

According to research methodology scholars, convenience sampling is a method that utilises non-randomised sampling by the researcher as they select their research participants based on convenient factors such as accessibility, location, and willingness to participate in the research study (Etikan, Musa, & Alkassim, 2016). This method was deemed appropriate for this research report for collecting data in the most efficient manner considering the time and budget constraints that affected the researcher and author of this research report. This was achieved as convenience sampling is deemed to be cost effective, efficient,

and simple by scholars of research methodology (Etikan, Musa, & Alkassim, 2016).

Table 2: Profile of participants

Description of respondent type	**Number Sampled**
Owners of start-ups that make products or services within the South African skincare sector.	4

The four participants are the founding directors of the start-ups and thus deemed fit and high up enough in the company's management to speak about their firms and their entrepreneurial journey.

Two of the four participants were selected from a list of entrepreneurs that were listed on The Innovation Hub's (A government science park in Pretoria) website for cosmetics start-ups that were part of the Bio-parks incubation programme.

The other two participants were obtained from an Instagram search that had the key word skincare.

This sampling technique is also known as haphazard sampling and it is deemed appropriate in instances where the research is seeking for willing participants who have subject knowledge and are willing to share their insights on the subject at hand (Creswell, Klassen, Plano Clark, & Smith, 2013).

This method of sampling was deemed appropriate as the purpose of this research study was to obtain deep qualitative insights through interviews with start-up business owners who can provide in-depth accounts of their experiences as start-up owners in the South African skincare market.

3.5 The research instruments

The chosen instrument for this research study was an interview guide. This instrument was appropriate for qualitative research studies to assist the interviewer to organise their thoughts and steer the conversation with the interviewee to stimulate progressive conversations that obtain maximum insights from the interviewee through precise and thought-out questions (Bird, 2016).

3.6 Procedure for data collection

According to scholars of research methodologies, semi-structured interviews are structured in a formal manner where the research interviewer may prepare questions in advance using an “interview guide” to stimulate conversation with the interviewee allowing for open-ended questions that may steer away from the guide where the interviewer deems this to be appropriate (Cohen & Crabtree, 2006). According to scholars of research methods, this method is appropriate in situations where the interviewer may not be afforded an opportunity to interview the interviewee again (Cohen & Crabtree, 2006) and when collecting data using several interviewers (Cohen & Crabtree, 2006). This research method is reliable when executed appropriately and may yield data that is comparable (Cohen & Crabtree, 2006).

Four interviews were conducted separately with each of the research participants. The interviews were guided by a prepared interview guide that had a set of prepared questions pertaining to the research questions of this research report. The interviews were conducted digitally using Microsoft teams, Zoom and WhatsApp video call to mitigate the COVID-19 social distancing regulations, as well as subverting other logistic challenges. Each participant was interviewed for at least an hour to be able to have sufficient time to ask all the questions on the interview guide and to make notes of any other insights the participants felt they needed to share during the interview. The interviews were recorded and the research participants’ answers to the questions as per the

interview guide were transcribed and analysed for common patterns, themes, and other reservations.

This chosen method was deemed appropriate for this research study to be able to maximise the interview time with the start-up business owners. This study was an exploratory study, and the aim was to obtain detailed personal experiences of the participant's experiences as start-up owners in the South African skincare sector.

3.7 Data analysis and interpretation

The data analysis and interpretation technique adopted for this research study was a deductive approach as the aim was to investigate and test an existing concept theory based on predetermined assumptions (Rahi, 2017). The predetermined assumption was that the market fragmentation of the South African skincare industry as a result of an increase in the number of start-ups, is an early sign of disruptive innovation. This data analysis method is the most popularly used in qualitative studies (Burnard, Gill, Stewart, Treasure, & Chadwick, 2008).

The data obtained from the interviews was used to develop themes for each of the three research questions of this report. This approach allowed the data findings from the research participants to lead the analysis of findings.

The thematic analysis approach to interpreting research data is predominately used when the researcher is looking to identify patterns and themes within the research data findings (Braun & Clarke, 2006). The thematic analysis approach has the ability of highlighting which themes are best in describing the concept being investigated by the study (Joffe, 2012).

In this research study, key themes were developed based on the transcribed answers from the participants to the prepared questions as per the interview guide. The answers were used to develop specific themes that best describe the patterns drawn from the findings pertaining to each of the three research questions.

3.8 Trustworthiness

To ensure trustworthiness of this study, considerations on the transferability of this study were considered to ensure that the data findings, analysis, and conclusions could be extrapolated to the population of start-ups in the skincare industry. To provide the best form of credibility to this study, this report provided rich and dense data findings in chapter 4 to ensure transferability, truthfulness, and consistency of the data (Slevin & Sines, 1999).

3.8.1 Credibility

Credibility of a research study refers to the level of confidence that can be placed on the data findings to be both truthful and factual making it the cornerstone of trustworthiness (Polit & Beck, 2014). Credibility is often also referred to as a form of “internal validity” of the research study (Connelly, 2016). This research study achieved credibility by supporting all chosen research approaches and variations with literature from scholars who have done studies on appropriate research methods for qualitative research studies.

3.8.2 Dependability

Dependability is the consistency of the data over the period and conditions of the research study (Polit & Beck, 2014). This is considered to be the equivalence of reliability in a quantitative research study (Connelly, 2016). This study has assumed that all the data collected from the research participants is true and remains true throughout the period of the study.

3.8.3 Confirmability

This is defined as the research studies ability to be repeated by other research scholars (Polit & Beck, 2014). This studies research methodology is concise and supported by literature on best practices for qualitative research which can be replicated by other scholars and researchers.

3.8.4 Transferability

This talks to how the findings of the research study are relatable and useful to other parties who are in similar conditions and settings (Polit & Beck, 2014). This is not the same as generalisation as qualitative research focuses on getting the participants in-depth insights and experiences (Connelly, 2016). This research study provides a dense detail of the interviews conducted with the research participants in order to capture the insights of the participants without the researchers' biases.

3.9 Limitations of the study

Limitations of this exploratory research design include the fact that exploratory studies by nature are investigative and thus seek to obtain mostly qualitative information which is subject to interpretational biases (BRM, n.d.). Findings of such research designs usually have limited external validity as they are harder to generalise due to the limited sampling from the general population of the study (BRM, n.d.). In some cases, the findings from these research designs do not have decision making implications for the end users (BRM, n.d.). Data on the number of start-ups within the South African skincare market is not publicly available and hence the population size of this study is unknown.

3.10 Ethical considerations

According to scholars of research methods, it is imperative for the research study participants to be in a position of providing informed consent (Haines, 2017). The participants of this study were given a consent form and information sheet prior to conducting of these interviews. Details of all necessary information pertaining to the data they provided and how it would be used was explained in advance to each research participant. None of the participants of these study are deemed to be part of vulnerable groups. The author of this research report has undergone ethics training with the main campus of University of the Witwatersrand with Professor Jasper Knight. The ethics clearance certificate for this research report is attached in Appendix D.

CHAPTER 4. PRESENTATION OF FINDINGS

4.1 Introduction

In this chapter, this report presents the research findings from the in-depth interviews with the four participants of this research study. The research findings are presented in accordance with the research questions of this study.

4.2 Results pertaining to Research Question One

What are the characteristics of start-ups within the South African skincare industry?

The data findings from the interview questions pertaining to research question one can be summarised into four themes. Based on the data findings of this study, the characteristics of new entrant firms in the South African skincare market can be summarised as follows:

Table 3: Themes pertaining to research question 1

Findings	**Themes**
Start-ups have targeted niche market product offerings	**Theme 1:** **Targeted marketing strategy**
Start-ups have identifiable market opportunity gaps	

Start-ups have a clear marketing and brandings strategy	
Start-ups are owner managed	**Theme 2:** **Lean business model**
Start-ups have a small staff complement	
Start-ups do not have physical retail stores and make use of online stores	
Start-ups are managed by owners who have educational and related work experience.	**Theme 3:** **Start-ups have management expertise**
Start-ups have in-house manufacturing capabilities and can outsource what is necessary	
Start-ups invest in R&D to improve their product offering to the market	**Theme 4:** **Innovation capabilities**

4.2.1 Theme 1: Targeted Marketing Strategy

Targeted product offering

The data findings from the interviews indicate that start-ups within the South African economy have targeted marketing strategies that include offering niche

products that are made from organic and/or natural products to appeal to targeted consumers of the new and growing green economy. The product range offering from the skincare start-ups is broad with these start-ups offering facial skincare products, body skincare products, hand products which include serums, lotions, washes, exfoliators, and creams.

The product offering also includes products that are targeted to providing solutions to specific skincare conditions, such as treating eczema, pigmentation disorders, dermatitis, and other skincare conditions the start-up founder wishes to address.

Participant 1:" Our product offering is centred mostly around body care products which include bath salts, body washes, body lotions, hand creams, coconut oils and whipped shea butter"

Participant 2: "Our organisation makes skincare creams that are formulated using oil or water. Our company makes only one body care product and most of the creams are face products that cater for vast skincare problems like eczema, dermatitis, oily skin and dry skin".

Participant 3: "Our company is a local skincare products manufacturer that seeks to tackle skincare products for consumers who have acne prone skin which is problems with pimples are other acne related problems. Secondly, we offer products that target hyperpigmentation disorders which are mostly common in adults who do not have evenly toned skin as some parts of their bodies appear darker than others"

Participant 4:" Our company operates in a niche cosmeceuticals sector which is a sector that uses medically approved skin treatment products to treat skin conditions related to acne and pigmentation disorders at our local skin therapy clinic".

Identifiable market gaps

The findings from the interviews indicate that the start-up business owners have identified clear market gap opportunities that shape their entire value offering to

the market. The motivation for the formation of these new enterprises resonates from a passion that seeks to provide product offerings that resonate with themselves and product offerings that are inclusive for certain groups of people.

Participant 1: The motivation behind the formation of the business, according to participant 1, was the lack of representation within the industry, particularly in the product branding which did not resonate with her as a woman of colour as to whether she could use the products she was exposed to at the retail outlets. Secondly, participant 1 felt that the existing product offerings that were available to black and other women of colour were mass produced which did not necessarily cater to women of colour and she felt this target market also deserved a luxury segment product offering.

Participant 2: The participant was inspired to start her business when she identified a gap in the market and she is quoted saying "*I noticed most of the existing products in the market did not cater for our skin types, skin types 4 to 6*". The participant explained that skin types 4 to 6 have close melanin and skincare products that are made with "*heavy*" ingredients such as alcohol which causes skin types 4 to 6 to tan more. Participant 2 further explained that skin types 4 to 6 do not burn easily but tan and alcohol expose these skin types and subjects them to tanning. Participant 2 explained that skin types 3 and below (which are mostly Caucasian skin types) burn more easily. According to participant 2, incumbents make products that are better suited to skin types 3 and below and hence she believes "*South Africa has a big opportunity for products that can service indigenous skin*".

Participant 3: This participant highlighted that the motivation behind her starting the business was more of a personal interest as a former manager in a laser clinic. The participant was moved by both her passion and frustrations of products that failed to tackle the skincare challenges of acne prone skin and hyperpigmentation skin disorders. She explains that the frustration further fuelled by the limitations of the existing market product offerings that fell short of delivering workable solutions to the clinic's patients. The participant is knowledgeable as a pharmacist and laser clinician and looked to provide a solution rather than just start a business.

Participant 4: This participant's motivation behind starting her business was firstly, her desire to "*help people feel good about themselves through skin wellness*". The participant added how she wanted to educated people about their skin conditions and the various products she prescribes as part of her skin therapy treatments at her local skin clinic.

Branding and marketing

The data findings from the interviews indicates that skincare start-ups use branding techniques that best appeal to their niche target consumers. These techniques include the type of packaging and visuals associated with their products. The data indicates that the start-ups focus on appealing to their best customers through the unique product designs and ensuring their customers feel part of a bigger movement. Some of the highlights from the interviews include the need to build a transparent and honest relationship with the target consumers about the efficacy of the products and the promised possible results.

Participant 1: According to participant 1, the customers resonate with her business' product and service offering firstly because they can identify with her individual brand as she is a young black woman who has founded a business that has a niche value offering predominantly for black women and other women of colour. The participant further adds that product visibility is a big resonating factor with her target market who are the main consumers of her products. To directly quote participant 1, she believes her brand has "*a fresh look, it's bright, it's colourful, it's popping so it's easy to identify and recognise the brand when you see it*", Participant 1 also believes the story and the growth journey of the business and how that journey is communicated and shared with the target consumer is very important in her marketing. Participant 1 is quoted saying "*it feels more like people are emotionally invested with the business itself, beyond just being consumers of the products*".

Participant 2: Participant 2 believes transparency is the first and most important trait her business needed to establish with its target consumers. Participant 2 explained that transparency to her is the honesty about the efficacy of the products and the possible results. Participant 2 seconded her position by stating

that the business takes pride in its service delivery approach and hence the business has developed a good brand equity in the market, although Participant 2 added that her business could do better to improve its overall branding, particularly the packaging of the brand as she was quoted saying “consumers like something that looks and feels good”.

Participant 3: Participant 3 believes the key selling point for her business to her customers is the products efficacy. Participant 3 states that her business does not have the working capital to spend millions on marketing to create the same level of brand awareness as incumbent firms. Participant 3 is quoted saying “the products are good, well researched” and further adds that her business has a credible scientific basis for its product formulations and believes her business just needs more market exposure. Participant 3 said, “*What attracts the consumer is not the scientific information its more the hype around the brand itself*”.

Participant 4: Participant 4 believes the first key selling point to all her clients is that her business is results driven. Participant 4 believes that a big component of her business is about educating her customers on uses of skincare products and various skin conditions. She believes the business should be a tool to increasing skincare awareness in the country. Above and beyond this, Participant 4 states that her business places client safety above all features and she believes that having a reliable and safe brand is a key ingredient in the success of her business. The business may not manufacture its own skincare products, but Participant 4 emphasises that the business uses clinically tested products as part of the skincare therapy sessions at their local aesthetics clinic.

4.2.2 Theme 2: Lean Business Model

The data findings from the interviews indicates that a key characteristic of start-ups within the South African skincare industry is their lean business model approach. The start-ups do not have many resources and thus must be strategic with their limited resources to still be able to compete effectively in the market. The findings include no physical stores and effective use of online stores and marketing tools. The findings include that these start-ups are owner

managed with one founding and managing director, making decision making a simple non-bureaucratic mechanism within the firm. The start-ups have a small labour pool as they mostly make use of one or two full-time employees and an ad hoc use of casual labourers. The above findings indicate that start-ups within the South African skincare industry have lower overheads and are easier to manage with lower bureaucratic processes as opposed to their incumbent counterparts.

Owner Managed start-up and Lean labour force

The data findings indicate that most start-ups in the skincare industry are still managed by the founding director. The interview participants indicate how running these start-ups require them to take on multiple roles within the organisations for the start-ups to successfully function with the limited resources of the firm.

Participant 1: According to participant 1, the business is still relatively small and intensively owner managed with an assistant that helps the owner with all material aspects of the business operations from sales, packaging, and other administrative components of the business. Participant 1 emphasised that she has had to take on many roles within her business to ensure that it thrives.

Participant 2: Participant 2 manages the business herself with the help of an assistant who helps with the workload.

Participant 3: Participant 3 states that she is involved at all stages of the business from product formulation approvals to branding and packaging of all products. Participant 3 emphasises the use of casual labourers to manage the overhead costs and still ensure successful delivery to clients.

Participant 4: Participant 4 also works as an aesthetics therapist within her own business. Like the other participants, Participant 4 has had to take on multiple roles within the business as the founding partner.

No Physical Retail Stores

The interviews also indicate that a part of the lean business model of start-ups within the South African skincare industry is not having physical retail stores which further reduces the overhead costs of running and maintaining these new entrant firms.

Participant 1: Participant 1 acknowledges that they do not own any retail stores and predominantly make use of online stores to make sales. The Participant further adds that the business has an online presence firstly through its own online store and the products are also currently available for purchase on Takealot.

Participant 2: Participant 2 mentions that the vision for the business is to own skincare clinics and not necessarily dominate in the retail market sector. Participant 2 further adds that the business has no physical retail stores and it currently operates at the back of a salon. According to Participant 2, the business' products are available on their own online store which is the preferred channel for product distribution as she believes the online store provides detailed product descriptions and explanations that will help guide the consumer in purchasing the correct product for their specific skincare disorder.

Participant 3: Participant 3 acknowledges that they do not own any retail stores and predominantly make use of online stores to make sales. Participant 3 states that her business also has its own online store and intends to list its product offering on Takealot once the company has rebranded its product packaging.

Participant 4: According to Participant 4, the business owns an aesthetics clinic where all clients come for advanced skincare therapy sessions. The clinic serves as both a retail outlet for the prescribed skincare products and therapy sessions. Participant 4 states that the business has its own website making all products and services available for purchase through the online store.

4.2.3 Theme 3: Management experiences and expertise

The data findings from the interviews indicate that the start-ups are managed by experienced founders who have both the educational background and former employment experience that allows these start-ups to be led by skilled managers.

Participant 1: Participant 1 is an industrial engineer by qualification with experience in the FMCG and management consulting industry. Participant 1's business has been operating for the past 2,5 years after its founding in the year 2018. The business currently has an average yearly turnover that is below R500 000 per annum. According to Participant 1, the business manufactures and package all its products inhouse. Participant 1 shared her intentions to outsource some the product manufacturing soon to meet the standards and requirements of distribution deals with mainstream retail outlets.

According to Participant 1, this is not her first business venture, and she has previously co-founded three other businesses, two of which were also in the beauty care sector.

Participant 2: Participant 2 is qualified as a laser aesthetician and skincare products formulator. Participant 2 explains that her business is not just a products company but a lifestyle company as she believes that good skincare is a lifestyle choice. Participant 2 also has over a decade's experience in the skincare industry as she worked for Proctor and Gamble for a period of approximately 11 years. Participant 2 is also a member of the SAAHSP (South African Association of Health and Skincare Professionals). The business has been operating for almost three years and has an average yearly turnover that is below R 1 million per annum.

Participant 2 manufactures the products herself and mixes the product formulations in her kitchen as she mentioned she has significant experience as a skincare products formulator.

Participant 2's business was founded in April 2018, and this was her first business venture and as a solopreneur without any co-founders.

Participant 3: Participant 3 is a pharmacist and the sole founding director of her business. Participant 3's business has been in existence for a period of five years and currently has an average turnover that is less than R500 000 per annum.

According to Participant 3, the business outsources the manufacturing component of its products although the product formulations are made inhouse. The manufacturing partners send samples of the formulations to Participant 3 for approval as the owner-manager of the company.

Participant 3 had another business prior to founding the current and she expands that the previous business provided a launch pad for the current business.

Participant 4: Participant 4 is a qualified laser aesthetician and the founder of her business. Participant 4 has cited her passion for skin and helping change people's lives through skin wellness and improvement therapy. The business has been operating since 2018 and has an average yearly turnover that is below R 5 million per annum. Although this is Participant 4's first business venture, she has prior work experience as a laser aesthetician.

4.2.4 Theme 4: Research and Innovation Capabilities

The interviews with the start-up owners indicate that the owners are aware of the need to continually invest in improving the firm's innovation capabilities and that skincare start-up use their limited resources to do so.

Participant 1: According to Participant 1, the business has spent just above R200 000 on R&D expenditure for new product formulations, product laboratory testing costs, packaging designs and more product development related costs.

Participant 2: According to Participant 2, the business has reinvested some of the business profits into improving the product formulations and other product development related costs.

Participant 3: Participant 3 explained that with increased R&D investment the product offering is even more sophisticated than when she began trading as she has better formulations based on R&D investments and experimentations.

Participant 4: According to Participant 4, she has had no need to invest in R&D as all her products are outsourced from third party suppliers.

4.3 Results pertaining to Research Question Two

What characteristics of these skincare start-ups suggest that new entrant firms are individually or collectively disrupting incumbents within the South African skincare sector?

The data findings from the interview questions pertaining to research question two can be summarised into three themes. Based on the data findings of this study, the characteristics of new entrant firms in the South African skincare market can be summarised as follows:

Table 4: Themes pertaining to research question 2

Findings	**Theme**

Start-ups are making niche products using organic/natural ingredients while also targeting niche consumer markets that are underserved or ignore by incumbent firms, e.g., products made to suit skin types of women of colour.	**Theme 5:** **Niche market offerings**
Start-ups began by making their products and services available to close friends and family	**Theme: 6** **Low-end market penetrations**
Start-ups are not creating new markets but are servicing customers within the same markets as their incumbent counterparts.	
The start-ups follow a moderate pricing strategy that is affordable to the current market consumers.	
Start-ups are targeting mainstream retail skincare consumers.	**Theme 7:** **Up-stream market movement**
Start-ups have unique competitive advantages.	
Start-ups identify themselves as market disruptors.	

4.3.1 Theme 5: Niche Market Offerings

Participant 1: According to Participant 1, the business initially started as an organic brand, offering products made from organic ingredients and the brand has now transitioned away from this to provide products made mostly from natural ingredients. Participant 1 explains the challenges she encountered when the business was offering only organic products in the market. According to Participant 1, ingredients for organic skincare products are exorbitantly expensive and there were limitations in terms of product formulations that could be used to derive effective products. Participant 1's business has thus evolved to a new offering which Participant 1 describes as "*products inspired by nature*", which is the use of natural ingredients, such as moringa oil, argon oil, castor oil and shea butter. Participant 1 also mentions the need for using synthetic ingredients in the formulation processes as synthetic ingredients are good for preserving a longer shelf life of skin products. Participant 1 is quoted saying "*just because something is organic, it does not necessarily mean it is the most effective as there are very helpful chemicals that are not harmful, that are enhancing and nourishing*". Participant 1 further explains that you cannot have a product that has water and not have preservatives as that product would have a shorter shelf life and there are quality and safety issues for the consumer users.

Participant 1 explains the difference between organic and natural ingredients as a mere difference in the cultivation processes of the crops. According to Participant 1, organic ingredients are ingredients cultivated using natural manure and natural substances throughout the cultivation process of the crops. She makes an example that you can get organic and natural shea butter and the difference will be the cultivation and processing of the two ingredients as the natural product may have synthetic chemicals used in the cultivation process of the crops and the organic ingredient will have only natural ingredients use in the cultivation processes.

Participant 1 further described the business' target audience as black women between the ages of 18 to 60, ideally from upper middle-class households and

should have an interest and awareness around health issues. Participant 1 was quoted saying the business' typical customer "*cares about her, cares about what she eats, she goes to the gym, she cares about what she puts in her body, she cares about the environment and about health issues*".

Participant 2: According to Participant 2, the business' products are more water (aqua) than oil. Participant 2's business also uses shea butters, rosehip oil, safflower oil and geranium oil. To make facial products, Participant 2's business only uses geranium as an essential oil. Participant 2 explains that most essential oils have some level of alcohol in their ingredients to which she explained that some people may experience a level of sensitivity to the alcohol.

Participant 2 describes her business targets customers as people of indigenous skin in South Africa, specifically skin types 4-6 as she explains that these skin types have a higher concentration of melanin. Participant 2 further explained that her business has a product range that caters for many skincare problems including eczema, dermatitis, oily skin, and dry skin.

Participant 3: According to Participant 3, organic and natural skincare solutions are not a blanket solution as it should depend on the skincare problem the business is targeting to solve. Participant 3 further adds that her business product offering is not certified organic or natural however the product formulations do not use ingredients certified as bad or toxic according to industry standards and no animal testing is involved in the making of these products. Participant 3 further explains that even though some ingredients are labelled "red ingredients" by industry standards, they are not necessarily bad ingredients from a scientific point of view. Participant 3 believes money and other external influences are what drives some of the market labelling of certain ingredients. According to Participant 3, there is no such thing as 100% natural ingredient as she explains that the shelf life of anything 100% natural or 100% organic has a short shelf life and needs preservatives to sustain and increase the shelf life of the product. Participant 3 believes that organic and natural skincare offerings are target marketing gimmicks and branding strategies that are used to target consumers who are fixated on eating and consuming organic and natural goods, but she is of the opinion that it is not always achievable in

the skincare industry as the efficacy of the products needs to be considered in product development. Participant 3's products are laboratory certified and according to her, she has not come across any research that shows how natural and organic products can help skincare disorders related to acne or hyperpigmentation.

Participant 3 describes the business' target market as a mix between males and females although the main customer is mostly women. She explained that acne prone skin could be an issue for someone from teenage hood until adulthood. Participant 3 explained that the advertising for a teenager may not particularly be focused on attracting the teenager but rather the mother of the teenager who will ultimately buy the product for their teenage child. The business focus is on acne prone skin and hyperpigmentation skin disorders and Participant 3 explains that acne may appear from an early phase such as teenage hood where hyperpigmentation appears mostly in adults usually from age 30 onwards

Participant 4: According to Participant 4, her business may not make its own products under its own banner, but Participant 4 explained her preference for suppliers who use organic and natural herbs in their cosmeceutical products.

According to Participant 4, her target market consumers include celebrities and upmarket clients who seek products and therapy for acne prone skin and hyperpigmentation skin problems. Participant 4 emphasised that acne and pigmentation skin conditions can affect anyone between the ages of 18 and 70.

4.3.2 Theme 6: Low-end Market Penetrations

Participant 1: According to Participant 1, when the business started operating, she was making the products herself and delivering them herself and later through the online store. Her business began by selling to close family and friends and with the intention to eventually compete with existing and well-established firms.

According to Participant 1, the initial product offering was simple and eventually got sophisticated over time with the development of better product formulations

and improved quality packaging. Participant 1 explains that she used to package the essential oils as they were and distribute them herself. She acknowledges that she initially did not have the capabilities for sophisticated product formulations.

Although the initial product offering was simple, Participant 1 was pitching the business' product offering as a luxury brand by initially marketing the brand as 100% organic product offerings which appealed to many of her initial customers and hence the business pricing strategy has been somewhat consistent.

Participant 2: When Participant 2 started operating, she initially was supplying products to close family and friends.

According to Participant 2, her business started off with a simple offering as she was packaging her own personal concoction and redistributing it to build her client base and capital. According to Participant 2, the current product development has become more complex, and she notes improvements in overall efficiencies including points of sale that now include an online store and other personalised client services.

Participant 2 mentions that her business' customers find her prices reasonable and affordable although she mentions that her prices may be more expensive than some of her new entrant firm peers.

Participant 3: According to Participant 3, she founded her business to solve skin problems for people she deemed friends, family, and clients from her previous employment firm. Participant 3 emphasises that she did not initially foresee that the development of skincare solutions for close friends and family would result in a fully-fledged business.

According to Participant 3, the business' product formulations have always been sophisticated from the beginning as she has always outsourced the manufacturing capabilities to local cosmetics manufacturers, but she believes the product packaging was initially simpler.

Participant 3 explained that the products were not initially aimed at the higher premium market as she is quoted saying "*we identified a need for the LSM group five upward*". Participant 3 further added that her passion is "to provide good quality skincare to the average person".

Participant 4: According to Participant 4, the business started its service offering by targeting close friends and family to build a customer base.

According to Participant 4, the business had humble beginnings where she used to make house calls to provide the skin therapy treatments prior to the opening of the aesthetics clinic.

According to Participant 4, the products sourced as part of the service offering are prescription skincare products and hence the pricing strategy has from inception been for a premium market. The advanced skin treatment therapy is also an expensive therapy and hence the pricing strategy has always been targeted to the premium high end market clientele.

4.3.3 Theme 7: Up-stream Markets Movements

Participant 1: When Participant 1 was asked about the business' competitive advantage in the market as a new entrant firm, she firstly cited the quality of the products produced, and further added that the business has a quality value offering for a fair price which she believes is a competitive advantage over her competitors in the market. Participant 1 believes in the detail of her manufacturing process and believes the product packaging material, the labelling, creativity, and the presentation of her products is what sets her business apart in the market.

Participant 1 believes her business is competing with competitors that are incumbents, and she states that she can relate with other new entrant founders but believes her business value offering is pitched at a level that will compete with global conglomerates for the South African market share.

According to Participant 1, most of the business' current customers were users of another product of a different brand before becoming loyal customers to her business.

Participant 2: According to Participant 2, her business' competitive advantage lies in the client care services and that the products are more water (aqua) than oil. She believes this organic strategy coupled with the focus on delivering results to the clients is the key advantage the business has over its competitors.

Participant 2 believes her business is moving in its own direction and does not necessarily focus on who they are competing with in the market. Although, according to Participant 2, the market offering from most suppliers, including new entrant firms, still does not meet the skin treatment needs of skin types 4-6.

Participant 2 has observed various customers who previously used skincare products from other brands, including incumbents and these customers are now loyal consumers of her brand. Participant 2 further adds that some of her business' clients previously used to buy premium expensive skincare products prior to being loyal customers of her business.

Participant 3: Participant 3 believes her business' competitive advantage lies in having a competitive pricing strategy although she adds a disclaimer that this does not necessarily mean the products are cheap. Participant 3 secondly, adds that the business' product formulations are designed to ensure that a single product has multiple uses and multiple effects as she highlights that most skincare products in the market sell various products to treat a single condition. Participant 3 makes an example of how facial skincare will require the consumer to use a face wash or exfoliator, serum, a face cream, and a toner at the same time. According to Participant 3, this is not sustainable, and she further adds that, "*the consumer will initially invest in the multiple products that you have to offer them and around a month or two later they just lose interest, or they don't have enough money to replace it*". Participant 3 highlights difficulty for consumers to adhere to the use of multiple products which results in less product efficacy as the consumer ultimately uses the products less and less over time. According to Participant 3, her business offers a practical offering

which is a cleanser and a cream. She explains that the only challenge with this approach is convincing the consumer that less is more as most consumers have fixated perceptions pertaining to using multiple products as a more effective way of obtaining the desired results. Participant 3 further adds that “there is a perception amongst consumers that the more expensive a product is the more effective it is”. According to Participant 3, her business’ products are neither cheap nor expensive, as she explains that they are well priced for value and an average working-class citizen can afford to purchase the products.

According to Participant 3, “*big players*” and other industry incumbents have market dominance and first preference in shelf space in mainstream retail outlets. Participant 3 is of the view that local small enterprises are on the back foot when trying to compete effectively with incumbent firms. According to her, the very same incumbents have big advertising budgets which give them greater brand visibility over local small new entrants. Participant 3 further adds that consumers are driven to consume skincare products that have greater “*clout*” and brand visibility. According to Participant 3, who is also member of a consortium group of cosmetics manufacturers, she believes smaller new entrants are making better quality products, with more natural ingredients and high-quality standards but with limited market exposure with limited distribution channels.

According to Participant 3, the business has attracted customers who used to use products of incumbent firms. She believes the South African skincare industry is a tough industry for new entrant firms to penetrate because of the market dominance of the industry’s incumbent firms. Participant 4 believes government should intervene through policy and interventions to facilitate the growth of new entrant firms. Participant 3 believes new entrant firms need more exposure to show case their offerings to increase brand and market exposure for smaller new entrants. Participant 3 emphasises the difficulty and the disadvantages of a small new entrant trying to compete with incumbents that are almost a century old with an international footprint.

Participant 4: According to Participant 4, the business’ competitive advantage lies with their customer services and delivering tangible results to their clients.

According to Participant 4, the biggest competitors to her business are skin lightening product suppliers. Participant 4 explains that these products are usually formulated with dangerous substances and ingredients. She believes that although these products may not meet all the health and safety requirements, they have been known in the market to produce quick results.

According to Participant 4, her business has attracted therapy clients who used expensive products from popular brands that did not respond to their skin conditions.

4.4 Results pertaining to Research Question Three

What are the enabling factors that contribute positively to the disruptive innovation capabilities of these new entrant firms?

The data findings from the interview questions pertaining to research question three can be summarised into four themes. Based on the data findings of this study, the characteristics of new entrant firms in the South African skincare market can be summarised as follows:

Findings	**Theme**
Start-ups have received support from either an accelerator or incubator or some other form of coaching and mentoring through an SMME support programme.	**Theme 8:** **Small business support programmes**
Start-ups have access to seed funding initiatives that are small grants and or small business loans.	**Theme 9:** **Access to funding**

Start-ups make use of social media and other forms of internet services to reach their target consumers.	**Theme 10:** **Technology support**
Start-up owners have entrepreneurial passion and fund their businesses from their own personal savings.	**Theme 11:** **Self-help Initiatives**

4.4.1 Theme 8: Small Business Support Programmes

Participant 1: According to Participant 1, she has been part of two incubation programmes, of which one was with The Innovation Hub, which provided both financial support in the form a small grant and non-financial support in terms of formulations support and access to advisors and business consultants. Participant 1 is also currently on another incubation programme with Riversands Incubation Hub which has a similar value offering.

Participant 1 has a supplier contract listing from Clicks, Pick ‘n Pay, and a letter of interest from Spar. According to Participant 1, the business is still engaging with other retailers to try and increase their availability on the shelves of mainstream retailers.

Participant 2: According to Participant 2, her business underwent an incubation programme through Chemin (The South African Chemical Technology Incubator) and the University of Johannesburg that helped with product development and formulation development as part of the incubation programme. She further states that her business was only provided with non-financial support which also included mentoring and coaching as part of the business development.

According to Participant 2, that the vision for the business is to own skincare clinics and not necessarily dominate in the retail market. Currently, the business has no listings with any mainstream retailers.

Participant 3: According to Participant 3, the business was also part of The Innovation Hub's incubation programme which included mentorship, coaching and information sessions as part of the non-financial support. The Innovation Hub also provided small financial support (small grants) for R&D and what Participant 3 refers to as the pioneering phases of the business.

According to Participant 3, the business does not have any distribution listings with mainstream retailers. Participant 3's business does however supply some its products to local beauty salons to increase exposure and distribution reach to the company's target audience.

Participant 4: According to Participant 4, her business has not participated in any enterprise development programmes and because her business does not make any skincare products of its own, it has no need for listing agreements with mainstream retailers.

4.4.2 Theme 9: Access to Funding

Participant 1: According to Participant 1, her business has received a 100% loan from a developmental financial institution, SEFA and received a non-cash grant from SEDA in the form of manufacturing equipment for the business.

Participant 2: According to Participant 2, her business has only received non-financial support and the business has not received any grants or small business loans since inception.

Participant 3: According to Participant 2, apart from the grant funding received from The Innovation Hub, the business did not receive any loans from developmental finance institutions although Participant 3 does attribute some of

the growth and development to both the financial and non-financial support received from the incubation programme.

Participant 4: According to Participant 4, the business received no grants for small business loans from DFI (Developmental Finance Institutions).

4.4.3 Theme 10: Technological Developments

Participant 1: According to Participant 1, the business strives to release a new product on a yearly basis, and she effectively leverages social media to increase brand awareness in the market. Participant 1 swears by social media as the most effective and primary mode of reaching people who did not initially know about the brand. Participant 1 mentions the use of online campaigns supported by advanced analytics tools. Participant 1 makes an example of how the tools allow her to send an email out to a consumer who has bought products in the last three months and remind them to buy again or buy a new product the company is launching.

Participant 2: Participant 2 explains that social media has provided numerous platforms such as Facebook, Twitter and TikTok for business promotions. Participant 2 further explains that her target consumers are typically on various social media platforms, and she estimates that 90% of her client leads come from the Instagram promotions.

Participant 3: According to Participant 3, her business has leveraged the power of social media and the internet to increase its customer base.

Participant 4: According to Participant 4, her business leverages predominantly the Instagram social media platform to showcase the results from current clients undergoing advanced skincare therapy at the aesthetics clinic and obtain new leads for potential customers.

4.4.4 Theme 11: Self-help Initiatives

Participant 1: According to Participant 1, she initially spent close to R80 thousand to get the business off the ground and to date, she has invested close to R250 thousand into the business to keep it going.

Participant 2: Participant 2 explains that she had no initial monetary investment when starting her business. Close friends and family were interested in the concoction she had initially made for herself to treat her own skin and she began distributing that and using the proceeds from the product to further build a brand following. Participant 2 is quoted saying "*I believe in a strategy that says never use your own money to start a business*".

Participant 3: According to Participant 3, the business required an initial investment of R100 000 at inception of the business.

Participant 4: According to Participant 4, she initially invested over R100 000 to be able to successfully start her business operations.

4.5 Summary of the findings

Table 5: Chapter 4 Summary of findings

Themes from findings	**Research Question**
Theme 1: Target marketing strategies (start-ups have a unique brand offering)	**Research Question 1:** *What are the characteristics of start-ups within the South African skincare industry?*
Theme 2: Lean business models (Start-ups have a lean cost structure)	

Theme 3: Management expertise (Start-ups have managers with both educational and work experiences)	
Theme 4: Innovation Capabilities (Start-ups invest in improving their innovation capabilities)	
Theme 5: Niche market offerings (Start-ups provide niche products and target niche consumers within the mainstream retail market)	**Research Question 2:** *What characteristics of these skincare start-ups suggest that new entrant firms are individually or collectively disrupting incumbents within the South African skincare sector?*
Theme 6: Low-end market penetrations (Start-ups are entering the bottom end of the market by initially servicing close friends and family)	
Theme 7: Up-stream market movement (Start-ups are providing their product and service offerings to customers that would be consumers of products and services pertaining to incumbent firms)	
Theme 8: Small business support programmes	**Research Question 3:**

(Start-ups received financial and non-financial support as part of small business support programme initiatives)	*What are the enabling factors that contribute positively to the disruptive innovation capabilities of these new entrant firms?*
Theme 9: Access to funding (Start-ups received seed funding through grants and small business loans)	
Theme 10: Technological Developments (Start-ups leveraged social media and other internet services)	
Theme 11: Self-help initiatives (Start-up owners funded their own businesses using personal savings and resources)	

CHAPTER 5. DISCUSSION OF THE FINDINGS

5.1 Introduction

In this chapter, this research report discusses the findings from chapter 4 and makes links to chapter 2 of the literature review and the propositions to the research questions. The summarised data findings in chapter 4 were used to develop 11 key overlapping themes between the various research study participants. This chapter illustrates how these key themes provide insights to the research questions of this research assignment.

5.2 Discussion pertaining to Research Question 1

5.2.1 Theme 1: Target market strategies

A common thread among the research participants of this study was the motivation for starting the business. The majority of the participants had identified a clear market gap opportunity for their product and service offerings. This market gap opportunity was mostly motivated by a shortfall in the market offering for niche markets in the South African skincare market. The identified market gaps included the underserved markets of women of colour which is consistent with existing literature by scholars who identified that people of colour have different skincare needs and preferences (Teixeira, 2006). Some of the responses from the participants suggested that incumbent skincare product makers provided blanket skincare solutions that did not necessarily consider the different skin types of certain ethnic groups, as documented by scholarly articles in the literature review of this study (Teixeira, 2006). This market gap opportunity has allowed start-ups to formulate skincare products that are less harmful to black ethnic skin types. This includes skin products with less alcohol, as noted by one of the participants that alcohol has adverse effects on black ethnic skin types. Some of the participants were motivated to develop skincare products that felt and looked luxurious for the black consumer market as they

feel incumbents overlooked the need that resonates and identifies with their black consumer base.

The South African black middle class is a fast-growing sector as more black people are exposed to better education and increased disposable income post-apartheid. This has seen more black consumers with access to better employment opportunities, better living opportunities and ultimately, increased disposal income. South Africa is a country with predominantly black people as the majority population in the country, this gives start-ups that are targeting black consumers the opportunity to potentially take away the largest consumer base within the South African skincare sector. These market dynamics indicate the potential for start-ups to capitalise on this market trend in the South African skincare sector.

The research study participants also highlighted that these market gaps presented opportunities to provide specialised niche products for specific skin conditions, such as acne prone skin and pigmentation related skin disorders. The literature review studies documented that 90% of the global population experiences acne skin problems at some point of their lifespan (Herdyanti & Mansoor, 2020). Furthermore, the findings in chapter 4 alluded to organic and natural product offerings being part of the branding and marketing strategies that small new entrant firms use to carve out a piece of the market by appealing to consumers who are conscious about the ingredients that are used in their skincare routines. Studies used in the literature review concurred that “green branding” is a modern marketing tool businesses use to appeal to niche consumer markets (Hutahaean & Kurnia, 2021).

These identified market gaps by the research study participants aid their start-ups to find market opportunities that are overlooked by incumbent firms, allowing these start-ups to provide unique and niche product and service offerings to market consumers that are not prioritised by incumbent firms. These identified market gaps provide insights to the first research question that sought to explore the characteristics of new entrants in the South African skincare market.

The South African black middle class is a fast-growing sector as more black people are exposed to better education and increased disposable income post-apartheid. This has seen more black consumers with access to better employment opportunities, better living opportunities and ultimately, increased disposal income. South Africa is a country with predominantly black people as the majority population in the country, this gives start-ups that are targeting black consumers the opportunity to potentially take away the largest consumer base within the South African skincare sector. Global studies indicate previously dispossessed ethnic groups are seeing new growth and development allowing them to be active consumers of the global skincare industry (Kumar,, 2005).

5.2.2 Theme 2: Lean business models

Another common thread among the participants is the bootstrapper approach that allows them to operate effectively with a lean operational model. The start-ups maximise their input resources effectively enough to produce the products and services that allow them to compete effectively against incumbent firms.

The starts-ups for this research assignment are all owner managed. This is an indication that the entrepreneurial spirit of the firm remains intact, and the founding director/member runs the firm. All the participants of this research study are sole founders without co-founders, this allows the decision-making process to be simple as opposed to the bureaucratic processes that exist within larger incumbent firms. These start-ups have the advantage of the owners being able to ideate and execute immediately without having to report to a board of directors and obtain the necessary approvals from a long chain of command.

The lean operation structure allows the start-ups to have an agile approach to their innovation management as some the participants have alluded to spontaneous decision-making approaches to their product formulations, packaging and other decisions that involve delivering the value offering to their customers. The lean management structure of these start-ups is consistent with existing literature of new entrant firms having the advantages of freely pursuing

innovative solutions without the concerns of bureaucratic internal processes and the fear of losing their existing market customers (Spencer & Kirchhoff, 2006).

The participants of this research study all had between 1-5 employees. This data further supports the lean operational methodology followed by these start-ups to reduce their overheads. Effective cost management could mean life or death for a start-up and hence, it is not surprising that these start-ups would keep their labour overheads at the lowest possible. Some of the participants indicated the use of casual labourers should the need occur to be to fulfil the market demand at that period.

A further indication of the lean business model approach of the start-ups is in the lack of physical retail stores. This allows the start-ups to further lower the business overheads to be able to effectively compete in the market. The start-ups utilise mostly their online stores and other online shopping websites such as Takealot to make sales to their customers. The lack of physical retail stores has not stopped the start-ups from expanding their reach, thanks to the growth in internet services within the republic of South Africa.

5.2.3 Theme 3: Management Expertise

The findings from the data in chapter 4, suggests that new entrant start-ups possess technical expertise and capabilities that allow them to successfully penetrate the skincare market and compete effectively with incumbents within the market. The data findings from chapter 4 provide insights to the technical expertise that enable these start-ups to potentially disrupt incumbents as a collective.

The data from chapter 4 indicates that not all start-ups use the expertise of third-party manufacturing agents. Some of these start-ups' owners manufacture the products themselves in their homes and kitchens. The capability to effectively manage their own production capabilities, particularly at the early inception stage of the business, is key in reducing costs for the start-up and

allows them to formulate their own products to penetrate the market successfully and obtain a client base of early adopters of their products and brands. The start-ups owners have qualifications and prior working experience that allows for the start-ups to be effectively managed by skilled individuals.

5.2.4 Theme 4: Innovation capabilities

The data findings in chapter 4 indicate that the participants are conscientised to the importance of investing in the continuous improvement of their product formulations and other by-products by investing in research and development. The start-ups owners shared their continuous investment into improving the product packaging and branding material to provide products that also look and feel great to their consumer basis. The continuous reinvestment of some of the business profits into continuous development of the products, services and overall brand positioning of the start-ups is an enabling factor that allows these start-ups to compete effectively by continuously improving their value offering for their customers.

5.2.5 Conclusion of discussions on Research Question 1

The findings in chapter 4 pertaining to research question 1 are consistent with the postulated results in proposition 1 of the literature review that associated characteristics of the start-ups to be that of a niche product and niche target marketing using products made from organic and/or natural products. Niche target markets were also postulated to be niche ethnic consumers, such as women of colour. The findings further added characteristics, such as the start-ups having lean business models which entail less bureaucratic management decision lines and lowered overhead expenditure. The findings also presented that these start-ups are well managed by experienced and well-educated managers/founders who have prior business and work experiences related to the skincare industry.

5.3 Discussion pertaining to Research question 2

5.3.1 Theme 5: Niche market offerings

The results in Chapter 4 of this research study provided in-depth insights on the positive impact of using organic and natural ingredients and the challenges of using these ingredients. According to one of the study participants, the difference in making organic and natural ingredients is in the cultivation processes of these ingredients. Most of the participants highlighted that maintaining the shelf life of purely organic and purely natural substances reduced the shelf life of the products dramatically and hence some of the participants indicated their shift from organic to natural ingredients that also incorporate synthetic substances to maintain the efficacy of the product and increase the shelf life. It seems the majority consensus is to strike a bargain between using natural ingredients and safe synthetic products. This is consistent with literature on firms trying to balance product performance and yet striving to achieve sustainable growth goals (Bom, Jorge, Ribeiro, & Marto, 2019). These niche market offerings allow the start-ups to compete for markets that are underserved by incumbent firms. According to research literature on disruptive innovation, these gaps are caused by incumbents overshooting the market and effectively neglecting a certain group of consumers which creates gaps in the market for new entrant firms to exploit (Christensen, 1997).

5.3.2 Theme 6: Low-end market penetrations

The data findings in chapter 4 provide evidence that these start-ups penetrate the market at the bottom end of the market. The initial point of entry, initial product offering, pricing strategy and market penetration strategy all suggests that these start-ups enter the bottom end of the market, establish a consumer base, and gradually move upstream and capture market consumers from other more established skincare companies.

In their humble beginnings, all the participants cited that they provided their products and services to friends and family whom they used to build a brand

following and create their initial customer bases. Low end market penetrations are an indicator that the start-ups are showing traits of disruptive patterns common in a market that are disrupted or experiencing a disruption. According to research literature, when new entrant firms enter the bottom end of the market and gradually move upstream, this is termed low-end market disruptions (Schmidt & Druehl, 2008).

Based on the data findings in chapter 4, the initial product offering of these start-ups was not sophisticated at inception. According to some of the founding stories of the participants, initially they mixed and bottled a few natural ingredients and provided that as an initial product offering to close friends and family which is consistent with the disruptive innovation literature of how new entrants will use an inferior product to enter the bottom end of the market (Christensen, McDonald, Altman, & Palmer, 2018). The start-ups further developed their product offering as their brands expanded along with their consumer bases, resulting in sophisticated product formulations and improved product branding and packaging. This pattern is consistent with new entrants that are disruptive in a market as they provide a product offering in a market that is of a lower quality as opposed to the incumbents. This basic offering is adopted by the early adopters of the start-up, allowing them to build a consumer base that can further be expanded to a consumer base that includes consumers who belong to the incumbent firm. This trait is familiar with the characteristics of a market that is disrupted or is experiencing the phenomenon of disruptive innovation.

The data findings in chapter 4 do not suggest that start-ups lowered their initial price offering to penetrate the market. Although some participants did indicate that their customers found their product relatively more affordable, compared to the products provided by incumbents in the market. This is consistent with the traits of disruptive new entrants as they penetrate the bottom end of a market with a less sophisticated product offering that is relatively cheaper than the product produced by the current market leaders (Christensen, McDonald, Altman, & Palmer, 2018). The pricing strategy followed by the start-ups is in line

with the characteristics of a market that is disrupted or experiencing the phenomenon of disruptive innovation.

5.3.3 Theme 7: Upstream market movement

The data findings in chapter 4 of this research study suggests that these start-ups are not creating new markets by providing a new product to an entirely new consumer. The start-ups are providing products and services to the same market consumers that are targeted by incumbent firms. Although the market strategy of these start-ups is to provide niche offerings that are using specific ingredients, such as organic and natural ingredients or targeting specific skincare conditions that are affecting specific ethnic groups, the start-ups are directly offering a similar product as incumbents directly to the customers that the incumbent firms are servicing. This puts the value offering of these start-ups directly in competition with incumbent firms.

5.3.4 Conclusion of discussions on Research Question 2

Based on the literature review, it was postulated that the start-ups in the South African skincare industry will demonstrate market characteristics that are consistent with disruptive new entrant firms. Based on the theoretical framework and the literature review of the skincare industry, the data suggested that South African skincare start-ups will show characteristics that are associated with low-end encroachments in the skincare industry.

The data findings in chapter 4, support the proposition to research question 2 that suggests that these start-ups use inferior initial products and support from close friends and family to build a brand following to attract customers at the bottom end of the skincare market and use that as a launch pad to gradually make their way upstream. These characteristics suggest that start-ups within the South African economy are collectively encroaching on the market share of incumbent firms using low-end market penetration techniques to enter the market and gradually move up-stream to solicit customers of incumbent firms.

5.4 Discussion pertaining to Research Question 3

5.4.1 Theme 8: Small business support programmes

The data findings in chapter 4 of this research study provide insights into the effectiveness of enterprise development programmes from both the public and private sector in helping the growth and development of start-up enterprises.

The data obtained from the research participants suggests that there are numerous private and public incubator and accelerator programmes in South Africa. Some of the most notable programmes mentioned by the participants of the study are government initiatives, such as The Innovation Hub and SEDA. Most of the participants of this study have undergone some form of incubation/accelerator support programme for small enterprises where they were supported through financial or non-financial interventions or sometimes, a combination of both. This is consistent with literature of incubation hubs being a support structure for new firms in the South African economy (Kotze-Jacobs, 2019). Participants of this study mentioned the learning and development that comes from these incubator programmes in assisting their skincare start-ups with product formulations, technical advice, and general business enterprise advice, using mentors. These support programmes serve as an enabler for potentially disruptive start-ups by providing early-stage support and resources that aid the development of these start-ups.

The data in chapter 4 suggest that mainstream retailers could play a bigger role in providing access to markets for new entrant firms in the skincare sector. Retailers, such as Pick n Pay, have supplier development programmes that allow them to adopt smaller new entrants onto their supply chain network and provide products and services on their store shelves nationwide. Some of these initiatives are motivated by government policies, such as BBBEE, which serves as an empowerment policy, including the empowerment of small new black owned businesses. Mainstream retailers opening their stores and providing access to markets to smaller retailers is in effect levelling the playing field in the favour of small suppliers as mainstream retail is still the dominant distribution

channel in the skincare sector. The start-ups are more likely to maintain and increase their consumer bases if their products are also available in mainstream retail outlets, such as Pick n Pay, Checkers, Spar, and other popular mainstream retail outlets. These developments are enabling factors that allow new entrants to potentially grow their market share and effectively disrupt incumbent firms in the market. Only one participant had a listing with at least two mainstream retailers, this indicates that mainstream retailers could play a much larger role in the creation of market access opportunities for new entrant firms in the skincare sector.

5.4.2 Theme 9: Access to funding

The data findings in chapter 4 indicate that start-ups had access to seed funding in the form of grants and small business loans. Small new entrants, such as the start-ups, create temporary casual jobs and contribute significantly to the country's domestic output (Adeniran & Johnston, 2012). According to the participants of this study who received financial assistance, the money was used to develop their product formulations, obtain the necessary production equipment and other resources that helped scale their businesses. Access to funding is thus a key enabler to potentially disruptive new entrant firms within the South African skincare sector.

5.4.3 Theme 10: Technological Developments

The data findings in chapter 4 provide insights on how the start-ups are leveraging modern technology and the internet to best compete in the market against incumbents who have a large number of resources at their disposal. Technologies, such as internet services and social media, are affordable and easily accessible for the start-ups to use to have functional businesses that allow them to compete effectively in the market. The findings in chapter 4 support the analysis that technology may be an enabler of the disruptive innovation of the skincare sector by start-ups.

According to the participants of this study, the growth of social media has been a key instrument in advertising their products, obtaining new client leads and communicating with their customer bases. Today, everyone is connected through the internet and social media platforms, such as Facebook, Instagram, and Twitter, to mention a few, allow for engagement and dialogue with people and brands from all over the world (Piyawathin, 2018). These start-ups recognise the prominence of the online society and the growth of people and companies having online personas. All the participants have social media pages that are in their start-ups' name. This enables their brands to have an online persona that has certain characteristics that can appeal to the target audience. These online platforms allow the start-ups to display content that is related to their brands and share other content that is appealing to their consumer base to allow for continuous engagement and strengthen brand awareness and brand loyalty. This evens out the playing field as online marketing on social media platforms are not as expensive as advertising and marketing on traditional platforms, such as television and radio. These start-ups can simply run advertisements on platforms, such as Facebook, to reach numerous potential customers based on the data these platforms keep of their users in a targeted marketing campaign. This means start-ups do not need to have huge advertising budgets as these platforms can allow them to have increased market exposure and brand awareness to effectively compete against incumbents in the skincare sector.

5.4.4 Theme 10: Technological Developments

The data findings from this study's research participants suggest that it may not be expensive to start a skincare start-up in South Africa. All the founders of these start-up used their own money and savings to start their businesses. The start-ups do not have to make large initial capital investments for manufacturing factories and production equipment as they can manufacture the products themselves in their kitchens or outsource their manufacturing capabilities to third party agents who have the manufacturing capabilities. The start-ups do not have to make significant contributions for the initial working capital as some modestly began by mixing and bottling a few ingredients together prior to having

more sophisticated product formulations once operational. Overall, the start-ups do not have to make millions of investments to start operating, they just need enough investment capital to make the first few products to make sales and repeat the cycle until they have an established consumer base. This low initial investment is great in reducing barriers to entry for new entrants and thus, this a great enabling factor for new entrants to enter the skincare market and compete effectively with incumbent firms.

5.5 Chapter Conclusion

Table 6: Summary of discussion conclusions

Research Question 1: ***What are the characteristics of start-ups within the South African skincare industry?***
Summarised characteristics of start-ups within the SA skincare sector: • The start-ups are using targeted marketing strategies. • They use a lean business model which is signified by lower overhead structures. • The business owners have related educational and work industry experience. • The owners are cognisant of the need to invest in the innovation capabilities of their business as they invest some of their proceeds into research and development initiatives. **Chapter 2 propositions to RQ 1:** • these skincare start-ups have limited managerial skills. (This was proven to be untrue as the data findings in chapter 4 suggest that the start-ups have the appropriate experience and expertise) • start-ups show stronger product innovation capabilities over process

innovation. (This is proven to be true as the data findings in chapter 4 suggest that the start-ups have greater product innovation which is proven by their various products made from natural or organic ingredients.)

- South African skincare start-ups struggle with access to markets and access to funding. (This has proven to be true for most of the research participants as some explained in detail how difficult it is to obtain funding and access to market opportunities)
- skincare sector will use natural and organic ingredients to make skincare products (This is true as the data findings in chapter 4 suggest that the start-ups are using these new markets to provide niche product offerings).

Research Question 2:

What characteristics of these skincare start-ups suggest that new entrant firms are individually or collectively disrupting incumbents within the South African skincare sector?

Summarised characteristics that indicate start-ups are disruptive innovators:

- The start-ups use niche product offerings to attract customers who are vested in either organic/natural skincare products or products that are suitable for their skin types or skin conditions
- Start-ups are using low-end market penetrations to enter the market and build their consumer bases.
- The start-ups use the low-end market entry as a way to penetrate the market, build a consumer base and eventually move upstream to provide products and services to customers in the same market as incumbent firms.

Chapter 2 propositions to RQ2:

- South African start-ups will follow global trends and provide offerings to niche market consumers such as users of organic and natural skin care products. (This is true as the research findings suggest local skincare start-ups are targeting niche markets with niche product offerings).
- Skincare start-ups are pursuing new markets such as the popular skin lightening products market (This can be equated to the concepts of disruptive innovation, where the new entrants cater to markets that are uncatered for by incumbents).
- Global trends suggest that local skincare start-ups will transition to providing ethnic skincare products. (This is true, and the chapter 4 data findings suggests that these are markets ignored by South African skincare incumbents and thus creating an opportunity for low-end encroachments by new entrant firms).

Research Question 3:

What are the enabling factors that contribute positively to the disruptive innovation capabilities of these new entrant firms?

Summarised enabling factors for start-ups in the SA skincare industry:

- The market offers start-up numerous support programmes for incubation, mentorship, and acceleration support.
- Mainstream retailers have an important role to play in providing access to markets for skincare start-ups

Chapter 2 propositions to RQ3:

- Government institutions and developmental agencies play a vital role in providing access to manufacturing services, knowledge experts, access to funding and access to markets to South African skincare start-ups (This is true as the data findings found that various stakeholders played active roles in providing support at the early stages of these new entrant

start-ups, including private sector stakeholders).

CHAPTER 6. CONCLUSIONS & RECOMMENDATIONS

6.1 Introduction

This chapter concludes the research report based on the findings that were derived from chapter 4 and discussed in chapter 5 of the research assignment. The conclusions are based on the data findings in relation to the research questions of this study. This chapter proposes gaps for future studies and recommendation made for various stakeholders based on the purpose of the study and the implications for the South African skincare sector.

6.2 Conclusions regarding research question 1

Based on the analysis of the data findings, it can be concluded that new entrant start-ups have identified market gap opportunities to provide niche skincare products and services by targeting specific ethnic skin types, specific skincare conditions, such as acne prone skin and hyperpigmentation and through offering niche products, such as skincare products made from natural and/or organic ingredients. The data findings of the characteristics of skincare start-ups in the market that is new knowledge from this study include themes explored in chapter 4 and 5 that suggest these start-ups have lean business models that allow for easy innovation adoption without the managerial rigidness present in incumbent firms. The lean business models of these start-ups allow them to remain competitive in the market by having lower overhead costs. New knowledge includes the fact that these start-ups are founded by graduates and former corporate employees, they are not typical SMMEs founded by survival entrepreneurs who had no choice but to start a business. New knowledge from this study includes findings that the start-ups have capabilities of formulating, producing, and packaging their products in-house. Lastly, new knowledge insights about the characteristics of start-ups within the South African skincare sector is that they are continuously investing in developing their innovation capabilities.

6.3 Conclusions regarding research question 2

Based on the obtained data findings from chapter 4 and the in-depth analysis performed in chapter 5, it can be qualitatively reported that new entrant firms exhibit characteristics that indicate that they are collectively causing disruptions in the South African skincare industry. The new knowledge insights from this study discovered that start-ups within the South African skincare sector use low-end market penetrations by initially providing skincare products and services to close friends and family with an initial product formulation that is initially basic and relatively cheaper than product and service offering provided by incumbent firms. The start-ups gradually move up-stream servicing the same existing market as the incumbents and gradually begin chipping away at the market share. The start-ups may not be individually capable of disrupting the entire skincare market, but the data suggests that they could be capable of collectively disrupting the entire skincare sector. The key characteristics that indicate collective disruptive innovation by South African skincare start-ups were classified into three themes; Niche market offerings (start-ups using niche market offerings to further fragment the South African skincare sector), Low-end market penetrations (start-ups entering the bottom end of the market and building active brand followings); and Up-stream market movements (where the very same start-ups have encroached on the market share of incumbent firms).

6.4 Conclusions regarding research question 3

Based on the in-depth analysis of the data findings of this research study, it can be concluded that a start-up within the South African skincare industry has various enablers that allow that start-up to compete effectively in the market and potentially grow enough to present a threat to the market dominance of incumbent firms. The initial investment to starting a skincare company is minimal because of the low capital expenditure requirement. The low costs to enter the market suggest lower barriers to market entry for the new entrant firms. The start-ups have great brand equity that stems from leveraging

technologies, such as social media platforms and other internet services, to increase their customer bases. This study further explored the role of public and private sector stakeholders who provide small business support programmes, and the benefits of these enterprise development programmes for the new entrant firms. These small business support initiatives provide financial support and non-financial support to start-ups by providing resources that enable them to survive and thrive in the market.

6.5 Recommendations - Practical

6.5.1 Recommendations for small business support stakeholders

These stakeholders include government DFIs, public and private sector incubators, accelerator programmes and other support institutions to entrepreneurial activity:

- This study recommends that these stakeholders emphasise the marketing and awareness component of their value offering for start-ups and precisely, start-ups within the skincare sector for the purposes of this study. It is crucial for start-ups to know the value offering of these institutions and the requirement criteria for funding support and other non-financial support provided. These institutions need to make themselves more visible and more accessible in the market.

- Private sector partners, such as mainstream retail giants, should play a bigger role in providing access to markets for local new entrant firms. Government should consider providing more incentives for mainstream retailers to provide shelf space to new local entrants.

6.5.2 Recommendations for new entrant firms

- This study recommends that start-ups of a similar size and similar offering should consider merging into one enterprise to service a bigger market share with combined expertise of more than one founder and other resources to effectively compete at a much larger market scale.

- This study recommends that the start-ups invest in acquiring knowledge on how to obtain successful listings on all the major mainstream retail outlets to gain a more market access.

- This research study recommends that the start-ups should familiarise themselves with government policies that pertain to supporting small businesses to be able to seize all developmental opportunities present in the market.

- It is recommended that the start-ups obtain an affordable and cloud-based ERP (Enterprise Resource Planning) system to document their data and plan on the allocation of resources effectively. It is important for the start-ups to record their data effectively, so they leverage that data to make cases for both financial and non-financial support from relevant stakeholders.

6.6 Suggestions for further research

Considering the limitations of this research study and the analysis of data from the findings of this study, the following recommendations are made for future research studies on this topic:

- It is recommended to perform a quantitative research study to determine how much of the market share new entrant firms have displaced from incumbent firms. This will be important in quantifying the disruptive innovation capabilities of start-ups within the South African skincare industry

- It is recommended to investigate the role of incubators in the development of potentially disruptive start-ups in the market. This is further research into the enablers of the disruptive capabilities of these start-ups.
- This study recommends further studies on whether South African market regulations, policies and laws are conducive enough to allow for new entrant firms to develop disruptive capabilities.

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APPENDIX A (Information Sheet)

PARTICAPANT INFORMATION SHEET

"Disruptive Innovation by start-ups in the South African skincare market"

Shaun Mpho Lanto (WBS MMIS Student)

Dear Sir/Madam

My name is Shaun Mpho Lanto, and I am a Masters student enrolled for a Masters of Management in the field of Innovation studies at the University of the Witwatersrand, Johannesburg. As part of my studies, I must undertake a research project, and I am investigating disruptive innovation by new entrant firms in the South African skincare market. The aim of this research project is to investigate the characteristics of start-ups within the South African skincare sector, investigate what characteristics make them potentially disruptive and what are the enabling factors of their disruptive capabilities.

As part of this project, I would like to invite you to take part in an interview. This activity will involve a recorded online digital meeting using Microsoft teams/WhatsApp or any other platform you may prefer and will take between 45 to 60 minutes of your time. With your permission, I would also like to record the interview using a digital device.

There will be no personal costs to you if you participate in this project, you will not receive any direct benefits from participation but there are no disadvantages or penalties if you do not choose to participate or if you withdraw from the study. You may withdraw at any time or not answer any question if you do not want to. Neither confidentiality nor anonymity can be guaranteed. If you experience any distress or discomfort at any point in this process, we will stop the interview or resume another time.

If you have any questions during or afterwards about this research, feel free to contact me on the details listed below. This study will be written up as a research report which will be available online through the university library website. The data collected from this research project will be stored on a laptop with a security password and will be kept for five years. With your permission the data collected from this research project may be used by other researchers (optional). If you have any concerns or complaints regarding the ethical procedures of this study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical), telephone +27(0) 11 717 1408, email hrec-medical.researchoffice@wits.ac.za

Yours sincerely,
Shaun Mpho Lanto
Researcher:
Shaun Mpho Lanto, 442419@students.wits.ac.za , (+27) 76 858 2019

APPENDIX B (Consent Form)

RESEARCH CONSENT FORM

"Disruptive innovation by start-ups in the South African skincare market"

By: Shaun Mpho Lanto (WBS MMIS Student)

I, ……., agree to participate in this research project. The research has been explained to me and I understand what my participation will involve. I agree to the following:

(Please circle the relevant options below).

I agree that my neither confidentiality nor anonymity can be guaranteed.	YES	NO
I agree that the researcher may use anonymous quotes in his / her research report	YES	NO
I agree that the interview may be audio recorded.	YES	NO
I agree that the information I provide may be used anonymously after this project has ended, for academic purposes by other researchers, subject to their own ethics clearance being obtained.	YES	NO

…… (signature)
…… (name of participant)
…… (date)

…… (signature)
……Shaun Mpho Lanto…… (name of person seeking consent)
…… (date)

APPENDIX C (Research Instrument)

RESEARCH INSTRUMENT: SEMI-STRUCTURED INTREVIEW GUIDE

"Disruptive Innovation by start-ups in the South African skincare market"

By: Shaun Mpho Lanto (WBS MMIS Student 442419)

blue notes (Guides for the interviewer to obtain in-depth data using follow-up questions)

RESEARCH QUESTION ONE

What are the Characteristics of start-ups within the South African skincare industry?

1. Please introduce yourself, your organization and what it does? (Emphasis to obtain insights on the skincare products made by the start-up e.g., face creams, body lotions, hand creams, anti-aging products, skin brightening etc. also obtain a high-level understanding of the business owner's background (educational etc.))

2. What was the inspiration behind you starting this business? (Emphasis to obtain insights on the market gap opportunities identified by the start-up owner, motivating interests or survival factors that motivated the formation of the business, what was the initial founding in)

3. What is your day-to-day role in this organization? (Understand whether the business is still owner managed or not? Does the owner have partners/co-founders, does the business have a board of directors?)

4. Is this your first business venture or have you had a prior business venture(s)? (Obtain insights on whether the owner has prior experience in the skincare sector?)

5. What do you believe stands out (to the customer) about your firm? (Guide, you may prompt the interviewee to give a high-level explanation of the branding and marketing strategy used to reach their target audience)

6. How long has your company operated for? (A range can be used, 1-2 years, 3-5 years, or 5- 10 years)

7. How big is the current staff compliment? (Obtain insights on whether the firm uses casual labour or full-time staff members)

8. Do you own any physical retail stores? (Obtain insights on whether the firm owns physical stores or online stores or both)

9. Do you manufacture the products yourself or do you outsource the manufacturing component? (Obtain insights on the product formulation strategies, packaging, and sourcing of ingredients)

10. What is your current average yearly Turnover? And how much was your initial investment in starting the business? (Ranges can be used when difficult to obtain exact amounts)

11. Have you spent money and resources on any research and development pertaining to your business? (Obtain a high-level understanding on the innovation strategy used by the start-up and the type of resources the start-up uses to innovate)

RESEARCH QUESTION TWO

What characteristics of these skincare start-ups suggest that new entrant firms are individually or collectively disrupting incumbents within the South African skincare sector?

1. Who is your target market? And why are they your best customer? (Obtain insights on the age, gender, and other insights of the target consumers)

2. What sets your business apartment from its competitors? (Obtain an understanding on whether the start-up thrives to be a cost leader or differentiator)

3. Do you use organic/natural ingredients in the making of your skincare products? If it is not a trade secret, what essential oils and plants do your products use? (Obtain an understanding of how these start-ups are using green markets to expand their consumer base)

4. Who does your organization perceive to be its biggest competitor? (Obtain insights on whether the start-ups perceive their competitors to be small firms or big firms)

5. When initially starting the business, did you aim for the mainstream which is served by the big skincare suppliers, or did you start with family and friends? (The aim is to understand whether the start-up is using low-end market penetrations)

6. To the best of your knowledge have you converted any skincare products skeptics or previously non-consumers to active brand followers and users of your products? (The aim is to understand whether the start-up is using new market penetrations)

7. How sophisticated was the initial product compared to the product you now have? Has the product design significantly changed? Have the ingredients significantly changed? (Obtain insights on the novelty of the original product offering)

8. Was the initial product pricing strategy? Did you charge a cheaper price to attract customers, or did you charge a high price with intentions of attracting premium customers?

9. To the best of your knowledge, has your business attracted customers who used to buy products from bigger existing skincare companies? (Obtain insights as to whether the start-ups see themselves as disruptive market agents)

RESEARCH QUESTION THREE

What are the enabling factors that contribute positively to the disruptive innovation capabilities of these new entrant firms?

1. Has your business undergone any enterprise development programmes? (Obtain insights on whether the owner has undergone incubation, mentorship, coaching and the details of the type of financial or non-financial support received through these support programmes)

2. Have you received any government grant funding or small business loans from any of the developmental finance institutions in the country? (Obtain insights on the start-up's ability to access finance)

3. In your opinion, what are the factors that contributed to your organization's growth? (Find out all other variable that have enabled the start-up to succeed over the life cycle of the business)

4. Do you have any supply agreements with the mainstream retail stores such as Clicks etc. if so, who are you supplying? (Obtain names of mainstream retails stores the start-up has supply agreements with)

5. How does your business use technology as a tool for competing more effectively in the market? (Obtain an understanding of the specific market technologies and how they enabled the business to thrive in the market)

APPENDIX D (Ethics Approval Certificate)

Graduate School of Business Administration
University of the Witwatersrand, Johannesburg

Wits Business School Ethics Committee
Constituted under the University Human Research Ethics Committee (Non-Medical)

Ethics Clearance Certificate

Ethics protocol number: WBS/IS442419/227

This certificate is only valid with a legitimate ethics protocol number and signed by the Researcher (below).

This certificate is only valid if accompanied by formal permission from the relevant stakeholder(s).

Project title	Disruptive innovation by start-ups in the skincare market in South Africa
Investigator / Researcher	Mr Shaun Lanto
Nature of Project	MM (Innovation Studies)
Decision of the Committee	Approved unconditionally
Issue Date of Certificate	2021-02-16
Expiry date	Date of submission of the project report
Chairperson	Prof Anthony Stacey ☎ +27 11 717 3587 +27 82 880 4531 Anthony.Stacey@wits.ac.za

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Declaration by Researcher

One copy must be signed by the Researcher and returned to the Chairperson of the Wits Business School Ethics Committee.

I fully understand the conditions under which I am 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 undertake to resubmit the protocol to the Committee.

Signature _____ Date: _____