Democratising digital advertising and e-commerce in South Africa

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Abstract

The digital advertising and e-commerce industries are experiencing exponential growth on a global scale. The population is becoming increasingly more digitally connected via the internet, as recent stats show that nearly 80% of South Africans used the internet in 2022. (Statista, 2024) There is, therefore, a rapid shift in consumer behaviour in terms of how the market consumes advertising and interacts with retailers. In the past, consumers learned about brands, products and services through offline advertising, such as magazine or TV ads, and then typically purchased them in physical stores. However, as consumer behaviour shifts toward digital platform adoption, brands are now investing heavily in digital marketing channels such as social media, paid search and SEO. Digital advertising spend has already overtaken traditional advertising in 2021 and is expected to account for 66% of total advertising spend globally. (Solomons, 2023). Consumers are also increasingly adopting online shopping across the globe. South Africa is experiencing unprecedented growth across both digital marketing and e-commerce markets. South Africa is forecasted to increase its e-commerce users from 27 Million in 2022 to 37.9 Million in 2027, whereas its digital advertising market is anticipated to reach USD 719.0 Million in 2024. (Statista, 2024).

The challenge with the shift from offline to online channels in the South African market is that a few international ad tech giants, such as Google and META, dominate the digital advertising market. These tech giants, therefore, subsequently acquire a majority of the market share that South African companies previously held; this shift in market share from local to foreign companies may lead to issues such as job losses and media venture failures in the local economy. International e-commerce giants are also entering the South African market due to the lucrative growth in this segment. Grounded theory-based interviews were conducted to gather qualitative insights into strategies South African companies and their population can implement to remain competitive and access economic growth opportunities in these two markets, leading to potential local self-employment and sustainable business prospects.

KEYWORDS

Digital advertising, South Africa, e-commerce, digital platforms, e-commerce democratisation, digital marketing democratisation, commerce content, partner marketing, partnership economy, affiliate marketing

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“People will forget what you said, people will forget what you did, but people will never forget how you made them feel” (Maya Angelou, 2012).

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I dedicate this dissertation to my mom, Lydia, who raised me and my siblings as a single parent after my dad’s passing. Thank you for your hard work, moms, Peter.

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Ads: Adverts

Ad Spend: Budget Spent on advertising

Ad tech giants: Leading advertising technology companies

FAANGs: Facebook, Amazon, Apple, Netflix, Google (Tech giants)

PPC: Pay Per Click Advertising

ROAS: Return on Ad Spend

ROI: Return on Investment

CHAPTER 1. INTRODUCTION

1.1 Statement of purpose

The present study will explore the democratisation of digital revenue generation within South Africa, from digital advertising and e-commerce, specifically, leveraging various digital platforms, revenue models, business models and globalisation to maximise unemployment alleviation and business value extraction.

1.2 Background of the study

The digital advertising market value in South Africa is projected to reach R 12.2 billion in 2023 and is forecasted to grow exponentially over the next few years. (Statista, 2023) Digital advertising is the most dominant advertising medium and has overtaken traditional advertising, constituting more than half of the global advertising spend. The global digital advertising market value is 626.86 Billion USD. Considering the level of digital globalisation, local companies could gain a slice of the digital advertising market share from anywhere in the world.

According to a market research report by Statista, E-commerce revenue in South Africa is estimated to reach 7.22 Billion USD in 2023 with double digital growth at 17.9% and is expected to reach a market volume of 11.58 Billion USD by 2027. The largest e-commerce categories in terms of revenue will be electronics, followed by beauty, health, personal & and household care in the 2nd position, and then fashion in the third spot.

Several large tech companies dominate the digital advertising market, such as Google's Alphabet, Meta, Microsoft, and Amazon.

The pandemic has further expedited digital advertising and online shopping, though they were already considered rapidly growing mediums even before the crisis hit. The number of internet users has more than doubled in the last ten years, from 2.3 billion to 5.1 billion. There are no signs of slowing down as the global population's behaviour continues to shift toward adopting and embracing digital technologies in their everyday lives.

This study specifically focuses on understanding the digital advertising and e-commerce industry, which could be viable and feasible revenue streams for individuals and businesses in South Africa. The study highlights methodologies, tools and valuable insights that may be leveraged to maximise digital revenue generation from both local and global markets within Southern Africa.

The study is developed to provide insights, recommendations, methodologies, techniques and guidelines to assist in highlighting digital self-employment or digital business opportunities, essentially providing insights on how South Africans can leverage digital platforms to generate income or revenue.

The democratisation of digital advertising and e-commerce is critically important, as it enables South African citizens, businesses and the economy to gain a share in this rapidly growing digital advertising and e-commerce revenue market. The democratisation of digital advertising and e-commerce can be defined as follows:

"The penetration and prevention of foreign digital advertising and e-commerce market monopolisation. Enabling local businesses to gain access to and share in the market's economic opportunities, by leveraging existing digital advertising and e-commerce platform partnerships or competing with them directly."

Marketing budgets were traditionally spent on local TV stations, print publications, radio stations and other local advertising-based enterprises. However, as the country transforms into a digital economy, advertising budget spends are shifting from local media and advertising channels to international digital advertising channels, such as Google paid search and META social media advertising, which has little benefit to South African citizens and businesses. Therefore, this change in advertising budget spending is shifting away from local advertisers to international digital advertisers. Both the people and companies of South Africa should actively participate in this digital advertising and e-commerce transformation to gain a portion of the market share. South Africans should, therefore, leverage these international digital platforms to generate income and revenue, whether via content creation on platforms such as YouTube or selling goods by leveraging platforms such as the Amazon marketplace and WhatsApp regarding social selling.

1.3 Research problem

The digital advertising and e-commerce industries are largely monopolised by a select few international tech conglomerates; these organisations dominate our local markets and extract the vast majority of digital revenue-generating opportunities. Local advertising outlets, product manufacturers, and retailers are facing serious competition as international players enter the South African market and capture a weighty market share. This could result in significant revenue losses, job losses, and failed local enterprise development, especially in instances where companies fail to keep up with the local consumer's digital demands and transformation.

Furthermore, the most recent statistics show that South Africans spend the most time on the internet on a daily basis and are among the top 3 countries in terms of time spent on social media each day. South Africa’s social media consumption is skyrocketing, whereas its income or revenue earned from social media and other digital channels is lagging behind.

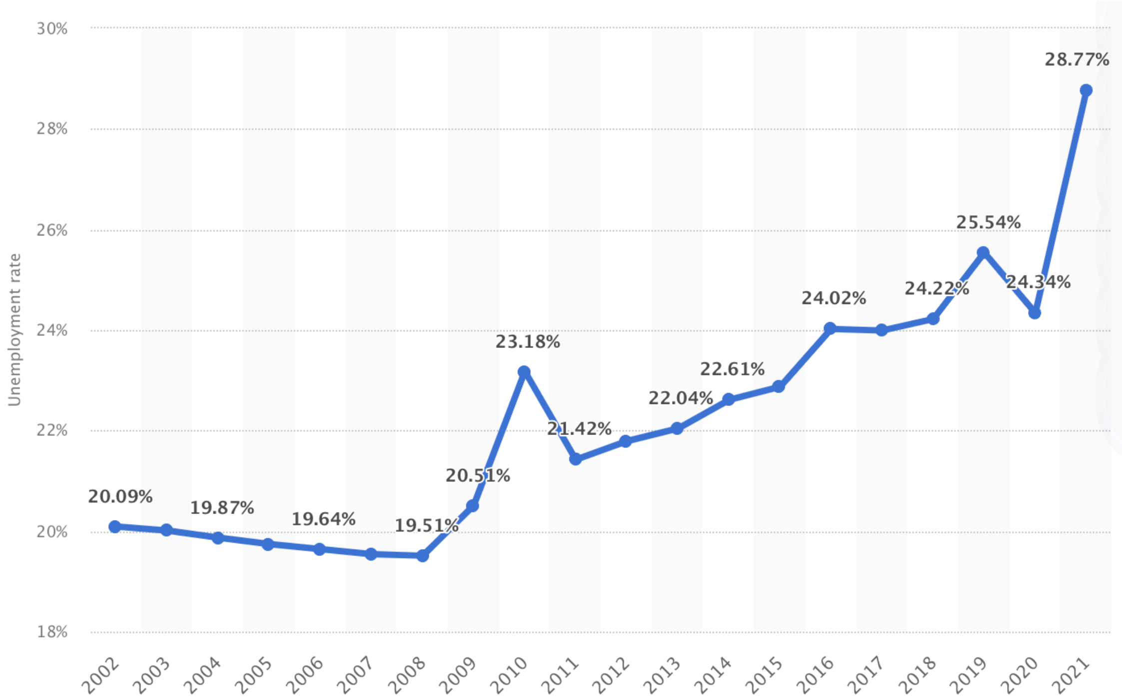
Market-dominating companies often drive new entrants out of the market by using various scale-enabled tactics, one of which exploits predatory pricing. It goes against basic rational business principles to sell products or services below cost. However, large organisations with extensive financial resources can position their pricing at a level that prevents smaller competitors from entering the market. Once the competitors have exited the market, the dominant organisations can increase their pricing to make up for their losses. (Koornhof, 2021) Research was conducted in relation to companies such as Google and their monopolistic activities. It found that Google has acquired over 100 companies, with some of the most prominent platforms being Android, YouTube, AdMob and Waze. The acquisition of these companies provides a significant competitive advantage over its competitors, as it enables them to access additional customer data from platforms outside of its product portfolio. This essentially widens their data sources, increases their data collection volumes and further enhances their algorithms. The integration of acquired platform service offerings makes its capabilities unmatched against competitors. (Miller, 2018)

Some of the largest US-based technology companies are referred to as "FAANGs", which refers to Facebook, Amazon, Apple, Netflix and Google, respectively. (Fernando, 2023) FAANGs are conglomerates that are referred to as being not only monopolistic but also moligopolists. Moligopolists are businesses such as FAANGs, each with their own core business offerings, with Apple in hardware, Amazon in online retail, and Google in search engines. However, they also have a diverse and varied portfolio of service offerings. Another characteristic of FAANG-type organisations is their integration-based activities in the mergers and acquisitions market, which further strengthens their market dominance, such as Google and Android, Facebook and Whatsapp, Microsoft and LinkedIn. In other instances, these "tech giants" grow and diversify their portfolios internally, with examples such as Amazon extending into Amazon Cloud Services and Apple venturing into the watch market. FAANGs invest significant financial and human resources into R&D(research and development), and their R&D expenses vs revenue are, therefore, relatively high in comparison to other organisations. These relatively high financial and human resources investments ensure that they continuously innovate, identify new opportunities and disrupt the market, leading to stronger footholds and dominance in multiple markets on a global scale. Furthermore, these moligopolistic activities ultimately lead to a decline in entrepreneurial competition within the moligopoly markets. (Petit, 2022)

South African companies that operate within the advertising and retail markets could potentially, therefore, be threatened by fierce international competition, which could negatively impact market share held by local companies and thus employment opportunities as a result thereof, particularly if these market-dominating organisations do not create employment opportunities or enable revenue share based partnerships within the local markets. Moligopolistic activities may lead to a strong FAANG foothold within the South African market, with their countries of origin being the main economic beneficiary instead of the local country in whose markets they dominate.

The unemployment rate in South Africa hovers around 32.7% (StatsSA, 2023), of which 38.2% are matriculants. (Galal, 2022) It is important to identify any potential threats that could increase the unemployment rate, but it is arguably even more pertinent to identify opportunities to mitigate or reduce unemployment rates.

The graph below depicts the exponential growth pattern of unemployment within South Africa; therefore, a potential job creation crisis is evident.



Source: https://www.statista.com/statistics/370516/unemployment-rate-in-south-africa/

Figure 1: South Africa: Unemployment rate from 2002 to 2021

Furthermore, South Africa has relatively low levels of entrepreneurship, and only a marginal few graduates consider entrepreneurship as a career direction (Lekanya, 2015). There is, therefore, a dependency on formal employment, whilst the demand for jobs far outweighs the supply or creation of employment opportunities.

South Africa has a high internet penetration ratio, with approximately 41.2 Million active internet users. (Galal, 2023) However, only a small percentage of users leverage and exploit entrepreneurial income-generating opportunities that the Internet provides. The South African e-commerce market size is approximately R7.22 Billion, and a digital marketing market size of $667.40Million(R12.2 Billion)(Statista, 2023), making the country a lucrative market for both national and international businesses, but markets are quickly being dominated by international organisations entering the South African market. Shein, a Chinese online fast fashion retailer, became the number one online retailer in South Africa in 2022. According to a recent business article, these international online retailers are severely undercutting local clothing retailers and have furthermore been accused of evading customs duties. Customers also pay import duties on all orders ranging from 10% to 45%. Claude Hanan, the founder of Superbalist, a leading local online clothing retailer, advised that Shein is “coining it” in the South African market and has already managed to gain revenue of around R5 Billion. (Crouth, 2023)

The Shein app is currently the most downloaded clothing app in South Africa. (Labuschagne, 2023)

Most downloaded clothing shopping apps in South Africa		
Online clothing store	**Apple App Store**	**Google Play Store**
Shein	#1	#1
Bash	#2	#2
Superbalist	#9	#8
Woolworths	#7	#14
Zando	#46	#22

Source: https://mybroadband.co.za/news/it-services/512620-shein-taking-south-africa-by-storm.html

Table 1: Most downloaded clothing shopping apps in South Africa

Shein has a valuation of R 1.7 Trillion, which is worth almost ten times the combined market value of South Africa’s top clothing retailers and has an annual revenue of R 427.8 Billion. Although the Chinese online retail giant is still a relatively new participant in the South African market and has only launched in 2008, it has already managed to generate more than double the revenue of South Africa’s TFG, Mr Price, Pepkor and Truworths combined. (Jacobs, 2023) Studies were conducted on the effect digital platforms have on SMEs; it was found that leveraging internet-based platforms resulted in tangible economic benefits. It furthermore revealed that e-commerce technologies help optimise both operational efficiencies and marketing among SMEs. (Duygun, Liu, Li, Ren, 2023)

South Africa has yet to fully leverage digital platform capabilities to maximise revenue-generating opportunities, job creation, and business value extraction by embracing digital entrepreneurship as an alternative to relying on traditional formal employment. The country also continues to invest a large portion of its business marketing budgets into international advertising channels that operate within the country, further empowering foreign digital platforms as opposed to its own.

In summary, the country faces a:

- Highly monopolised foreign digital ad industry, whose digital platforms have high consumption rates within SA and therefore present attractive advertising opportunities to brands
- Dominant e-commerce giants, controlling the e-commerce market
- High unemployment rate, with high dependencies on formal employment
- Low levels of entrepreneurship
- Low levels of internet platform based income or revenue generation and therefore low internet based economic leveraging

A new framework is required to mitigate the challenges listed above, enabling the democratisation of digital advertising and e-commerce in South Africa. Thus allowing its people, businesses and economy to share in the revenue growth and benefit from this digitally transformed economy.

1.4 Research objectives

The primary objective of this study is to examine entrepreneurial digital advertising and e-commerce democratisation opportunities to maximise customer acquisition, engagement, and business results and provide digital income generation alternatives to formal employment in South Africa.

The objectives of this study are to:

1. Explore digital income and revenue-driving opportunities, with a specific focus on Digital advertising and E-commerce.
2. Provide insight into
    a. How local advertising companies can remain relevant and competitive in a market where international ad tech giants dominate, establishing the role that local advertising companies can play amidst the ad tech giants
    b. What key media buyers and decision-makers deem as important, and what they would require from local advertising companies in order to consider a direct partnership with them
    c. How are advertisers able to maximise value extraction, ROAS, transparency, control, and efficiency locally
    d. How individuals and SMEs can generate income or revenue by leveraging digital platforms and how they are able to increase their chances of success.
    e. How to leverage globalisation in digital revenue generation

1.5 Significance of the study

The study aims to contribute our understanding of debates around digital advertising and e-commerce monopolisation from a local and developing country's perspective. The literature will take a deep dive into establishing ways in which developing countries, such as South Africa, are able to either leverage existing platforms or create new digital platforms of their own to maximise local revenue generation from both local and global markets.

Considering the high unemployment rate and low level of entrepreneurship in South Africa, the findings may be helpful to both individuals and businesses in providing additional insights into digital income, revenue, media optimisation and value-generating methodologies.

An interesting research paper on “How To Measure The Efficiency of The Digital Marketing Channels” (Deniss and Lorencs, 2017), unpacks index-based findings from another research study that reflects the changes in the Herfindahl-Hirschman Index in the turnover of the digital marketing industry in Latvia between 2011- 2014. It utilises the Herfindahl-Hirschman Index (HHI) to reflect the level of competitiveness among digital marketing channels in Latvia and found that the higher the dominance and presence of a particular market player within a market, the higher the chances of a monopoly being realised. The studies do not, however, consider South Africa in its context, and neither do they provide potential solutions or means by which the local residents can leverage from or challenge these market players.

1.6 Delimitations of the study

The study focuses on the educated portion of the South African population, with matriculation being the minimum certification level.

The study does not go into detail to or solve issues relating to the digital divide and will therefore not research or provide potential solutions for access to smart devices, network connectivity or the willingness to participate in utilising or leveraging technology.

The paper aims to contribute to findings that could aid in increasing the levels of entrepreneurship and developing entrepreneurial career intent in SA. The study will contribute findings, methodologies, and recommendations that may be useful to businesses and individuals who are willing to invest time, money, and energy into generating income, driving revenue, or optimising their existing digital marketing and e-commerce activities.

The focal point of this research is digital revenue generation and will be limited to the following digital business models:

1. Digital Advertising
2. E-commerce

The study does, therefore, not cover digital business models such as subscription, freemium, open source or hidden revenue generation models. Revenue generation using digital technologies will be covered from a South African perspective, exploring revenue-generating opportunities within the South African market and operating a digital business within South Africa but generating revenue from global markets.

1.7 Definition of terms

ROI - Return on investment

ROAS - Return on Ad Spend

SMEs - Small & medium-sized enterprises

1.8 Assumptions

In this study, it will be assumed that all matriculated or higher educated individuals are able to gain access to internet networks and smart devices.

1.9 Conclusion

The purpose statement was covered, speaking to the democratisation of digital advertising and e-commerce. The background to the study was highlighted, covering the growth in digital advertising and e-commerce markets in South Africa. The research problem was then covered, which zoomed into the shift in advertising spending on local media outlets to international digital channels and its impact on challenges within South Africa, such as unemployment and economic growth. Lastly, the delimitations and assumptions were covered, which will be applied throughout the study.

CHAPTER 2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

As highlighted in the previous chapter, this study explores the democratisation of digital advertising and e-commerce in South Africa. The material examines ways in which democratisation can potentially positively impact both individuals and businesses through unemployment alleviation and business value creation in developing countries, such as South Africa. In this chapter, existing data from multiple sources are investigated to examine the key focus areas that are covered in this study.

The democratisation of digital advertising and e-commerce in the context of this research report refers to leveraging digital platforms in such a way that individuals, communities, and SMEs are able to share in the revenue generated from the digital advertising and e-commerce markets.

Alternative ways of digital advertising are to be explored, such as methods that enable individuals to create content that allows them to earn an income from platforms such as YouTube or direct brand partnerships in terms of sponsored social media posts, therefore enabling brands to advertise directly with individuals instead of with the social media platforms themselves. Digital platform-based technologies that enable and facilitate this already exist and are growing rapidly on a global scale. (Yovanno, 2021)

Furthermore, leveraging e-commerce marketplace platforms and instant messaging platforms will enable individuals and SMEs to share in the revenue generated in the e-commerce sector by selling products and services via these platforms. E-commerce opportunities will, therefore, be explored as well.

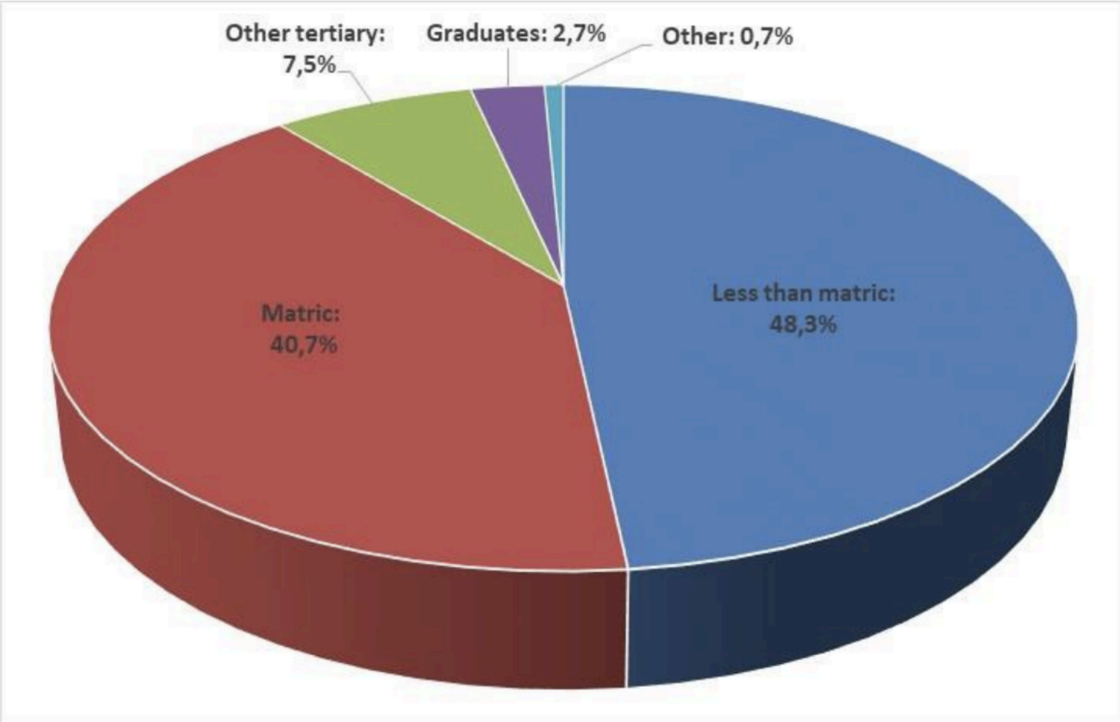
2.2 Background discussion

Unemployment is a major challenge for South Africa, as with many other developing countries. The informal market is, however, quite significant and shows major potential for growth in the country's economy as a whole. (Kelly, 2022) The challenge of unemployment cannot simply be solved by one entity and should be addressed as a nation, including all individuals and businesses. (Cinalli & Füglister, 2008) This study will, therefore, examine how digital technologies can be leveraged by individuals and businesses on a global scale to further boost existing informal trade activity, create income opportunities for unemployed citizens and generate revenue-driving opportunities for formal businesses in South Africa. Increased web and mobile technology adoption increases informal business operations, enabling them to reach larger markets and increase their level of profitability. (Etim & Daramola, 2020)

The material examined aims to note the challenges faced, shed light on the potential and provide insights into how digital technologies can unlock economic opportunities from the digital advertising and e-commerce markets.

Unemployment challenge in South Africa:

The quarterly labour force survey (QLFS) released on the 16th of May 2023 indicates that the unemployment rate has increased from 32.7% to 32.9% in Quarter 1 of 2023 vs Q4 of 2022. (StatsSA, 2023). The chart below shows the proportion of the unemployed by education level in Quarter 1 of 2023. 40.7% of those who have completed Matric are unemployed, and 7.5% of the unemployed have tertiary qualifications.

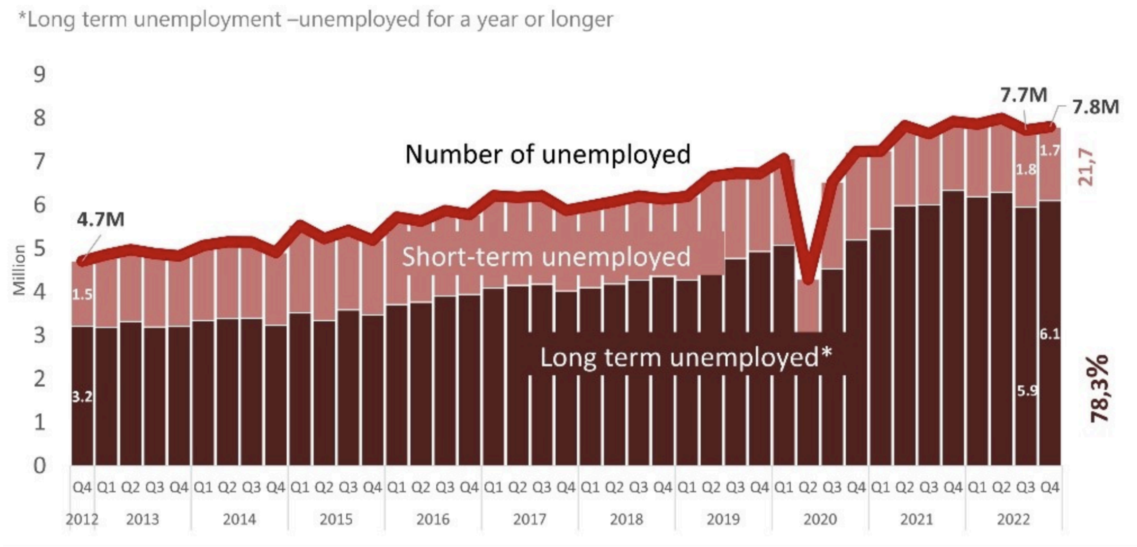


Source: https://www.statssa.gov.za/publications/P0211/P02111stQuarter2023.pdf

Figure 2: Unemployed by education level, 2023

These matriculants, tertiary educated and graduate unemployed individuals have a high potential in terms of self-employment, as they already have the basis of education. A study conducted by Peter B Robinson from Utah Valley University on the effect of education and experience on self-employment success revealed that the earnings of both self-employed and employed individuals increased significantly with each year of education.
Self-employment earnings increased by $1207.63 a year for every year of education. (Robinson, 1994)

The figure below reflects the growth in unemployment from 4,7 Million in Q4 of 2012 to 7,8 Million in Q4 of 2022. The long-term unemployment rate has also increased significantly from 68,2% in Q4 of 2012 to 78,3% in Q4 of 2022:



Source: https://www.statssa.gov.za/wp-content/uploads/2023/02/pic-1.jpg

Figure 3: Long-term unemployment, 2023

Long-term unemployment refers to those that have been unemployed for more than a year. The long-term unemployment rate has increased considerably more than short-term unemployment, and one could interpret this data as an indication that alternative income-generating options, such as self-employment, should be considered instead of relying on formal employment opportunities.

Some of the causes of unemployment in South Africa are inadequate education, limited entrepreneurial levels, saturated job markets due to a much higher job demand than supply, and social factors such as limited access to networks that could aid individuals in finding employment, among other factors. (De Lange, 2023)

The South African economy has expanded by 0.3% since the pandemic hit between 2019 and 2022. (Deloitte, 2023)

Six of the ten industries are still behind their pre-pandemic production levels, with the largest lags stemming from construction, mining and manufacturing.

In relation to entrepreneurship in South Africa, the country was ranked 49th out of 54 economies in the GEM's National Entrepreneurship Context Index in 2019. There has, however, been a significant increase in the number of people who view entrepreneurship as a good career option, from 69.4% in 2017 to 78.8% in 2019.

Given these challenges, it is vital for South Africans to actively take advantage of and leverage fast-growing revenue opportunities from markets that are forecasted to experience exponential growth to aid in reducing unemployment and increasing economic growth from fast-growing sectors such as digital advertising and e-commerce.

Self-employment opportunities through informal trade, online selling and content creation:

Informal Trading:

Whilst unemployment remains a challenge, the informal sector is experiencing significant growth and presents major economic opportunities. (Kelly, 2022) The informal food business sector is already worth over R87 billion annually. The informal residential "backroom rental" sector is worth over R30 billion in rental income on an annual basis. (Thwala et al., 2023) This sector shows major economic growth potential and clearly indicates a high level of entrepreneurial savviness. The informal sector provides livelihoods, income and employment for 2.5 million people. One in every six South African workers works in the informal sector. (Fourie, 2018) More than 90% of the world's informally employed population is in emerging and developing countries, though women have a higher chance of low returns and a higher risk of poverty than women who are employed in the formal sector. (Horwood et al., 2020) Over 60% of the world's employed individuals earn their livelihoods from the informal sector. (Thwala et al., 2023) South Africa has a substantial informal sector, with over 3.3 million estimated micro and informal businesses. This informal sector provides marginalised groups such as women, youth and previously disadvantaged individuals with the means to generate an income. Over 60% of the individuals start an informal business because they are unemployed and have no source of income. (Forbes Africa Insights, 2023)

A high number of new enterprises are being developed on an annual basis, and the number of enterprises that grow their employment is growing as well. There is generally a high number of business initiatives and a strong sense of ambition to grow. (Fourie, 2018) These individuals and enterprises do, however, face many challenges that cause some to struggle and fail.

A study conducted by Etim and Daramola (2020) on the informal sector in South Africa and Nigeria actually revealed that challenges are, however, often drivers of the proliferation of informal businesses, such as social economic inequality, structural problems and unemployment. The study has confirmed that informal sector enterprises require technology and innovation-based support (Etim & Daramola, 2020).

Online Selling:

A Kenyan vendor, Ngugi, sold a wide range of products via classified ads. Once Ngugi began leveraging online marketplaces by selling on Jumia, a Nigerian-based online marketplace that reaches 14 countries, he managed to grow his orders from 30 products per week to 490, resulting in a sharp positive trajectory in his monthly income from $250 to $2500 per month. Ngugi now has employees, lives in a bigger house in the main business district and provides healthcare and schooling to homeless children. (Dupoux et al., 2019)

Informal traders, self-employed individuals, SMEs and businesses, in general, are able to grow their customer base, revenue and chances of success by leveraging digital technologies such as social media, instant chat messaging and e-commerce platforms. Digital platform capabilities increase SMEs' networking opportunities and financial performance; SMEs and self-employed

individuals are, therefore, able to enhance their performance by leveraging digital platforms. (Cenamor et al., 2019) Furthermore, research shows that 78% of social sellers outperform their competitors who do not use social media. (Crawford, 2019)
61% of businesses using social selling report revenue growth, and those that prioritise social selling are 51% more likely to achieve their sales quotas. (Linkedin, 2023)

Online sales in South Africa increased by 66% from 2019 to 2020, reaching more than R 30 Billion. The top e-commerce product categories, followed by data and airtime, are clothing and apparel. (US International Trade Administration, 2023)

Digital platforms such as social media, instant messaging and e-commerce marketplaces are therefore able to help informal traders expand their enterprises. It furthermore enables individuals to generate an income through self-employment opportunities, such as selling products online via social media, instant messaging communities or e-commerce marketplaces. These platforms provide sellers with a vast number of platform capabilities, access to buyers on scale and the ability to leverage partnership networks such as delivery service providers, payment gateways and more.

Content Creation & Web Platform Development:

Khaby Lame, a 22-year-old Senegalese-born factory worker and waiter, was earning $1000 per month. Khaby was retrenched during the start of the COVID-19 quarantine period in March 2020 and started creating TikTok videos from his parent's home. Khaby quickly became the world's number 1 TikTok influencer, with 150 Million followers and went from earning $1000 per month to $10 Million per year. Khaby is not fluent in English, but instead of seeing this as a challenge, he instead began creating videos without any sound. He uses expressions, gestures and props to communicate using what he calls a “universal language”. (Murphy Jnr, 2022) Khaby managed to break through a language barrier, connecting with millions of people across the globe using his silent universal language. Lame even went on to become the face of Hugo Boss, alongside Kendall Jenner of the Kardashians, in 2022 and managed to secure a multiyear deal with Hugo Boss (Weiss, 2022).

Internet users are able to generate an income by creating and publishing content on platforms such as TikTok, Instagram, Facebook, Youtube, and Twitch or via easy-to-use website-based blogging platforms such as WordPress. Digital platform-related labour and the “gig economy” in South Africa are growing significantly as well. A recent study also shows that the online labour market has grown rapidly within a short period of time, reaching an overall index growth of 90%. (Kavese et al., 2022)

User-generated digital content platforms such as YouTube, TikTok and Instagram are able to provide significant income-earning opportunities to South African internet users. This income is not limited to the South African market; content generators in South Africa will be able to leverage an income from the platforms directly but also from brands across the globe that are looking to gain access to and advertise their products or services to specific demographic based audiences in South Africa.

The user-generated digital content platforms, therefore, provide a major global-scaled revenue and income-generating opportunity to South Africans.

The democratisation of digital advertising and e-commerce refers to leveraging digital platforms in such a way that local individuals, communities, and small and large businesses are able to share in the revenue generated from within the digital advertising and e-commerce markets.

Why is the democratisation of digital advertising and e-commerce important in this context?

The digital advertising and e-commerce markets are growing exponentially, and there are no signs of slowing down. International-based companies are however benefitting from the South African market growth the most, as tech giants such as Google and META enjoy the majority share of the digital marketing budget spent by companies in South Africa.

The same goes for e-commerce; Amazon is set to launch in South Africa in 2023 or 2024. Amazon owns 37.8% of the e-commerce market share in the US (Meliva, 2023) and 26% of India's e-commerce market share. (Chakraborty, 2023)

Instead of handing billions of rands in marketing budgets to international tech companies for advertising, South African companies should consider new ways of advertising their brands, products or services. These new ways of advertising include methods such as influencer marketing, which enables brands to establish and develop relationships directly with local communities. These direct advertising partnerships between brands and influencers enable cost efficiencies in terms of negotiation-based flexibility; it furthermore provides income opportunities to the communities and therefore, contributes toward local economic growth and a decline in unemployment.

In terms of e-commerce, instead of allowing international retailers to grab market share easily through direct supply of goods, South African individuals and companies should leverage online marketplaces by selling via these platforms. In addition to selling via 2-sided online marketplaces such as Makro and Amazon, South Africans should also consider D2C(direct-to-consumer) e-commerce business models that enable them to sell products directly to consumers via platforms such as Shopify. In doing so, South Africans will gain a share of e-commerce sales and revenue by leveraging digital platforms such as Shopify and Amazon.

The next section will highlight more details about the market sizes and opportunities within digital advertising and e-commerce in South Africa.

2.3 What advantages do direct local media partnerships offer brands, and what factors would influence them to invest in local direct advertising partnerships?

As noted in the background discussion, South Africa and many other developing countries are facing major economic and unemployment challenges. The latest Digital 2023 Global Overview Report shows that South Africa has already reached a 70.6% internet adoption rate, which is on par with Central America, Central Asia, Western Asia, Eastern Asia, South-Eastern Asia, Oceania and is well above the global average of 64.4%. (Digital 2023 Global Overview Report, 2023)

South Africa’s literacy rates are 94% for both males and females above the age of 15, which is also above the global average of 90.1% and 83.3% respectively. Furthermore, what's really interesting is that South African internet users spend the most time on the internet daily versus all other countries' internet users across the globe. The average time spent on the internet is a staggering 9 hours and 38 minutes on a daily basis. (Digital 2023 Global Overview Report, 2023)

South Africans also rank as the 3rd highest in social media consumption in the world in terms of average time spent on social media. The country's internet population spends an average of 3 hours and 44 minutes on social media per day, with Nigeria being the highest consumer and Brazil in the second position. Despite having a higher-than-average internet adoption rate and literacy rate and spending the most time on the internet versus any other country in the world, South Africans have not yet harnessed the power of the internet to generate income. The country has everything in the making to become a well-oiled online revenue-generating engine; its internet users must begin shifting from consumption to production. An internet user behaviour shift from consumption to production could increase South Africa’s following, reach, engagement and digital platform-based earning potential on a global scale.

The European Union's (EU) economic policy has promoted self-employment as a means to get out of unemployment since the outbreak of the last crisis. Self-employment has contributed to employment growth in some countries amidst facing a crisis. Self-employment has been the backbone of Southern Europe’s business sector in terms of employment and domestic product (GDP). (Bouranta et al., 2019) It should be noted, however, that this data and its related observations are limited to Southern Europe and do not explore or provide any insights from a South African perspective. This research aims to fill that gap by providing digital media or e-commerce-based self-employment and business value creation insights, with a South African context, through questionnaires for self-employed, solo entrepreneurs or digital entrepreneurs in general.

2.3.1 *Digital Advertising Market: Current and Forecast*

Digital Advertising spending in South Africa is forecasted to reach USD $667.40m in 2023. Search advertising holds the largest portion of the market with a total of USD$239.90m being invested in search advertising, which is largely dominated by Google Paid Search. Google Ads Search Advertising costs an average Cost Per Click of between $0.09 to $3.24 in the insurance industry. (Statista, 2020)
Google held 12% of the global Search Engine market share in 2001, which increased to a significant market dominant position of 91.7% market share ownership in 2018. (Bourne, 2019)

The digital advertising market has shown consistent and exponential growth over the past decade, reaching an estimated global turnover of $237 Billion in 2018. There are numerous digital advertising formats, ranging from paid search ad placements in search engine results to in-feed advertising within social media user feeds to display ads on websites or even in-gaming ads.

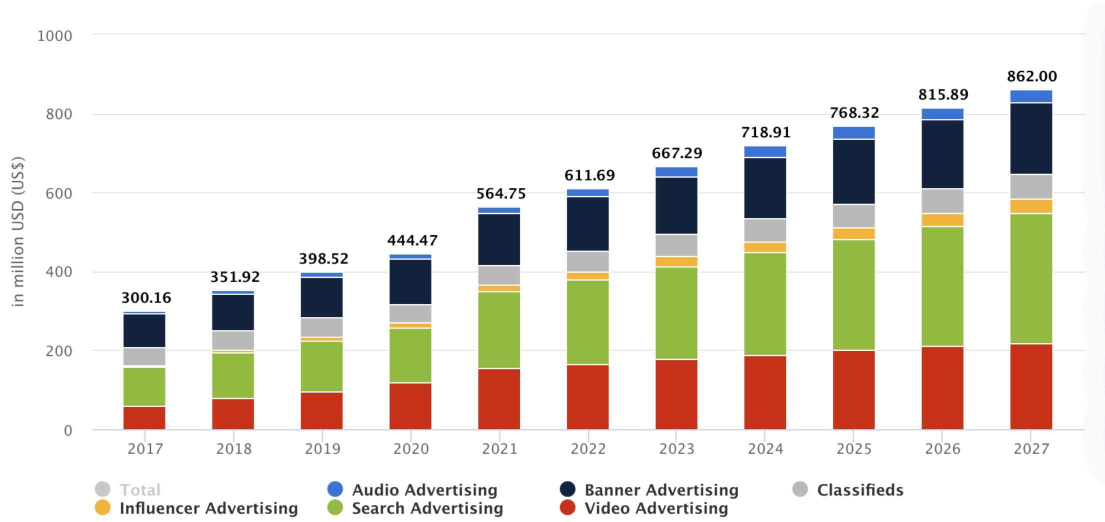
Given the significant growth in the digital advertising market size, one would expect that the revenue of online “publishers” or the owners of the content platforms upon which ads can be served is growing in parallel with the overall digital advertising revenue. However, almost half of the $237 Billion in advertising revenue($113 Billion) was generated in search advertising and given Google’s search engine market dominance of 91.7% ownership; the organisation faces almost no competition. (Geradin & Katsifis, 2019)

Of the remaining $124 Billion, advertisers opted to spend their media budgets on digital display advertising, though more than $78 Billion of this was spent on “data-rich” display-enabled platforms such as Google, META, Twitter and others. This resulted in only $46 Billion being spent on thousands of digital publishers across the open web, ranging from large news brands to small content blogs. Furthermore, a weighty portion of this $46 Billion was mopped up as commissions or fees by ad tech platform companies, such as Google. (Geradin & Katsifis, 2019)

Google’s search engine market share is even bigger in South Africa; the organisation currently holds 94.09% of the market. (GS Stats Counter, 2023) In 2022, Google held 79% of the Paid Search Advertising market share, as in-marketplace search ads are growing rapidly. Amazon scooped up 13% of the paid search advertising market share, with Bing at 5%, Ananzi at 1%, 1% at Huawei’s Petal Search and the remaining 1% spread across other platforms. (Statista, 2023)

Amazon’s ad business has been consistently outgrowing both Google and Facebook for the past three years, and this shows a shift toward search advertising on marketplace platforms. Amazon is broadening its digital advertising placement opportunities by growing its ad network, enabling brands to advertise in platforms within its ecosystem, such as its live streaming platform, Twitch. (Kaziukenas, 2022)

The global digital advertising market size is expected to reach US$679.80B in 2023, of which US$667.40M will be generated by South Africa.



Source: Statista

Figure 4: Digital advertising spend in South Africa, 2023:

There are no signs of digital advertising slowing down in South Africa, and opportunities need to be identified for revenue generation and business value extraction for both individuals and businesses in South Africa. (Mkwizu, 2019)

The literature reviewed in this section highlights the rapid growth of digital advertising on both a local and global scale. It further provides insight into the most dominant advertising platforms that operate as monopolies to a large extent; it does not, however, provide insights into advertising challenges faced by companies or individuals and nor does it provide insights into the income or revenue-generating opportunities that

this growing market presents to individuals and businesses.
Given the current and forecasted digital advertising growth, Google Search Advertising is clearly the dominating advertising choice in South Africa. The following question could thus be posed to brands that are practising or investing in digital advertising in South Africa:

2.3.2 *Inefficiencies and inequities in the current digital advertising market:*

The above literature review highlights the exponential growth in the digital advertising market and also denotes how just a few tech giants are dominating the market and taking advantage of most digital advertising revenue generation opportunities on a global scale. It fails to shed light on challenges faced within the digital marketing market and these primary digital advertising channels.

There is evidence of multiple challenges being faced by digital marketers. A study conducted by Gordon (2021) focused their attention on the following four digital ad inefficiencies: Marketers do not or are unable to measure incremental ad effectiveness. A number of ad tech companies act as “middlemen” between advertisers and publishers and they tend to separate the two, taking a percentage of advertising spend and gaining control of user data. Ad-blocking software is also used by consumers, preventing ads from being displayed on their devices; this could result in misappropriated ad revenue. Ad fraud is another growing problem in digital advertising, whereby scammers trick advertisers into paying for fraudulent traffic, impressions, clicks and more.

Organisational inefficiencies within advertising organisations are another major challenge; advertising agencies often act with self-interest, ultimately resulting in subpar returns on ad spend. (Gordon, 2021)

A study by Mark Pritchard in 2021 highlighted findings around Viewability as a digital advertising challenge. The question posed was what constituted an ad being reported on as successfully viewed by users on their screens. Facebook billed advertisers and reported an ad as viewable as soon as 1 pixel became viewable on a user's screen. YouTube billed advertisers once an ad was viewed completely. Each platform appeared to have its own success and billable metrics, which resulted in wasted ad spend as advertisers were unable to reach a standardised metric upon which success could be measured. The MRC(Media Ratings Council) then developed a common viewability standard: display ads were considered viewable once 50% of the pixels were loaded on a user screen for at least 0.5 seconds, and videos were considered viewable if 50% of the video was viewed for a minimum of 2 seconds. (Pritchard, 2021)

A lack of transparency is also recorded as a major challenge in digital advertising, as advertisers are often limited to the data that agencies are willing to make available. Advertisers need transparency in performance data in order to compare digital media partner choices across platforms effectively and efficiently.

Furthermore, for media to be efficient, ads need to reach the intended audience at a minimum frequency(Gordon et al., 2021). A consumer needs to view an ad at least once per week to trigger awareness and at most, ads must be viewed 3 times per week in order to convert. Ad frequencies that are higher than 3 times per week have been proven to be wasteful ad spend. (Pritchard, 2021)

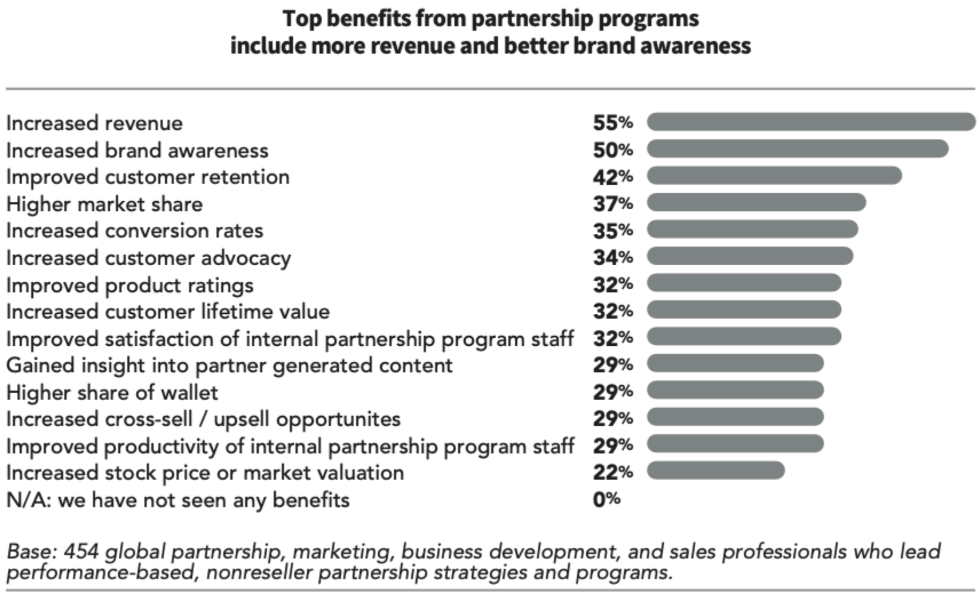
The literature related to digital advertising challenges appears to be limited to highlighting inefficiencies and best practices around ad operational advice such as frequency recommendations, but it does not provide recommended alternatives.

2.3.3 *Alternative community-driven digital advertising options:*

Partnership Economy:

Influencer marketing, content marketing and affiliate marketing all fall under the relatively new relationship-based “partnership economy”. The partnership economy consists of people, services, and technologies that empower brands to generate revenue via direct referral-based partnerships. These “Media Partners” allow brands to tap into their expertise, influence, social media following, reach, traffic and audience in exchange for payments and incentives. (Impact, 2024)
Partnership marketing “AKA” partner marketing, is a strategic collaboration between businesses and media publishers, such as social media influencers, content creators and media publishing websites or apps. Partner marketing is meant to be mutually beneficial to both brands and media partners. Media partners typically deploy strategic ‘influencer’ based marketing efforts to assist the brand in reaching their desired marketing objectives, such as gaining access to and growing brand awareness among a specific new audience and gaining action based results such as sales or app downloads. These media partnerships are a collaborative and creative way to effectively and efficiently reach new customers via a direct relationship with full transparency. (Adobe, 2022)
Companies that invest in partner marketing gain up to a 33% or more increase in revenue. (Yovanno, 2022). A study conducted by Forrester Consulting revealed that partner marketing delivers real business growth and is a strategic sales and marketing approach that is integral to business growth in the modern digital age. (Forrester Consulting, 2020).

Below is a snippet of the findings in relation to businesses that invest in partnership marketing:



Source:https://media.wiley.com/product_data/excerpt/09/11198197/1119819709-7.pdf

Figure 5: Business results and growth driven as a result of partner marketing

Many of the world's fastest-growing and most disruptive brands invest heavily into digitally enabled partner marketing in order to achieve their revenue growth goals, such as Uber, Airbnb, Walmart, Apple, Microsoft, Samsung, Nike, Amazon and many more. Furthermore, companies with mature partner marketing ecosystems drive 28% of their total revenue through partner marketing. Partner marketing enables brands to reach and convert new prospects into customers at scale, with full transparency. (Forrester Consulting, 2020). Individuals, media companies and businesses are therefore able to enter into mutually beneficial tech-enabled advertising partnerships - enabling individuals and media companies to generate income and revenue, respectively, whilst enabling businesses to maximise their brand awareness and revenue growth.

- **Influencer Marketing:**

The global influencer marketing value has hit an all-time high in 2023 and is forecasted to reach US $21.1 Billion, a major upward trajectory from just $ 1.7 Billion in 2016. (Statista, 2023) The influencer marketing value in South Africa was USD 21 Million in 2021, which only made up a small percentage of the country's total advertising market size of R 47 Billion. (Maggs, 2023). A study on the effectiveness of social media influencer marketing conducted by Yi Xuan Ong and Naoya Ito found that influencer marketing is very effective in changing customers' attitudes toward travel destinations that have been endorsed by influencers. (Ong & Ito, 2018)

Content Commerce:

Content commerce media publishers create and share content with their own audience with the objective of boosting online sales. Brands partner with content commerce publishers to tap into their audience and reach new markets or customer segments. (Anderson, 2023) (Experience Advertising, 2024). Content commerce creators typically create their own content in relation to the brand being advertised for a more authentic and strategic content approach that resonates with their audience.

Affiliate Marketing:

81% of advertisers and 84% of publishers in the US have already adopted affiliate marketing. (Forrester, 2016) Google Search interest in affiliate marketing has been up over 200% since 2015. Affiliate marketing is a powerful advertising channel that drives real value for merchants, including both sales and brand awareness. Even though clicks and impressions often go unrewarded, many affiliate publishers have managed to create a personal brand for themselves, enabling them to earn a substantial income from affiliate marketing. (Rastas, 2023) Affiliate marketing is growing rapidly on a global scale, though it is still relatively new in South Africa. Affiliate marketing as an advertising channel presents income-generating opportunities for South African publishers and content creators, along with influencer marketing.

2.3.4 *Media Buying and Planning*

User behaviour is rapidly changing across the globe, and the customer journey to purchasing goods and services is non-linear. (The customer journey from awareness to conversion often includes multiple touchpoints on various channels and devices. (Egan-Wyer, Carys; Bäckström, Kristina, 2022) Given that the way in which people consume media is changing, does that not mean the media buying process should change accordingly as well? Normal everyday activities such as listening to music, watching a movie, grocery shopping, online shopping, and purchasing goods on social media all constitute forms of consumption. These consumption behaviours are influenced by the consumer's perceptions, attitudes and behaviours. (Dwivedi et al., 2022) A change in the way customers consume media should typically be an indicator for media buyers to adapt their media channels and media mix to strive toward maximum return on advertising spend, along with minimising the cost thereof as much as possible. There are a number of downsides to paid media planning that need to be paid careful attention to. Some of these challenges include:

- Cost:
  The cost of paid media can become quite expensive and even wasteful if the advertising campaigns are not optimised for performance and have no objective-based strategy. (Adobe Communications Team, 2022). In addition to media costs, companies have to spend significant amounts of money on the production of content, which could include video production, social media creatives, audio ads and more. (Jugenheimer et al., 2009)

- Clutter:
  Thousands of brands are investing in paid media; this results in brands having to compete for consumers' attention and may result in ineffective advertising. Research shows that consumers actually experience frustration and form negative perceptions with advertising clutter that for example prevents them from watching a video or accessing an article online. (Moorman et al., 2022)

- Control:
  The level of control over when exactly a consumer may see your ad and brand messaging is decreasing significantly. The latter is especially true for large digital media buys. Google and other ad tech giants are taking control away from advertisers by iteratively introducing new features and hindrances that ultimately empower their platform's automation capabilities and remove control from the advertisers themselves. (Deeney, 2022). Automation is a trend that is here to stay, and ad tech platforms are likely to increase their ad automation capabilities. However, these features do not always prove to be effective or efficient, though they ultimately lead to increased revenue on their

ad tech platform businesses. In terms of conversion attribution, platforms are preventing access to the fundamental user data needed for conversion attribution; this makes it more difficult for third parties to make use of their own attribution solutions. And as a result, client dependency on on these ad tech giant's analytical products and services grows. By not being able to run independent attribution, advertisers may be bound to Google and META's attribution and analytic tools. This could lead to higher advertising pricing and the misallocation of ad spend versus alternative sources of advertising. (Porter, 2020)
Further examples of this are when Google removed all historical search query data in 2022. In 2018, the global opt-out feature was removed from mobile app display inventory, ultimately leading to an increase in click costs, with low-quality traffic that was a lot less likely to convert. Another problematic updated feature is the change in broad search, as it is now essentially too broad - resulting in showing ad impressions for less relevant search terms. Lastly, one of the biggest frustrations is their lack or inadequacy of support for advertisers. A high level of fraud has also been detected in their display network, along with high levels of fake traffic, clicks and leads from their performance max ad formats. (Deeney, 2022)
The lack of personal relationships, face-to-face contact and emotive engagement with real people is seen as a disadvantage in online marketing. (Suleiman et al., 2020)

2.3.5 *So what?*

There are a number of advantages and disadvantages of advertising with the dominant international ad tech giants, many of the downsides appear to be a result of operating as a platform-based solution with a lack of face-to-face contact, rigid cost structures, cluttered ad offerings and a reduction in control over advertising. The research aims to uncover whether direct advertising partnerships within the local market, on the other hand, are able to provide face-to-face communication, negotiated pricing structures, unique ad placements and an increase in control over advertising.

2.3.6 *Proposition 1*

Organisations that invest in direct local digital advertising partnerships gain significant returns on advertising spend, with more control, transparency and flexibility.

2.4 Does the use of digital platforms have a growth effect on self-employed individuals, startups and SMEs? And if so, what are the related factors that have the biggest impact on achieving business growth?

The global and local e-commerce market is forecasted to continue growing at a rapid pace; however, the majority of the revenue earned from e-commerce is consumed by a select few dominant e-commerce companies. Individuals and SMEs should consider ways in which they can leverage the opportunities that these platforms present.

2.4.1 *Ecommerce Market vs Informal Market:*

The ecommerce market size in South Africa is currently valued at US $6.45B. (Statista, 2023) The e-commerce transaction value is forecasted to reach R225B by 2025, thus growing by 150%. (Thenga, 2020) Furthermore, the number of e-commerce users is expected to reach 37.56M by 2027, representing a 59.7% penetration rate. (Statista, 2023) The most dominant market players within the South African e-commerce market in 2022 were Makro at 23% and Takealot with a 22% market share. (Statista, 2023)

South Africans mostly purchase from local websites or marketplaces; however, 27% purchase from the US and 14% from Europe. Amazon is also the 3rd most visited e-commerce site in South Africa. (US International Trade Administrator, 2023)

TOP COMPANY REVENUES (WORLDWIDE & CONSOLIDATED)

in billion USD (US$)

	2018	2019	2020	2021
Alibaba Group Holding	56.96	73.78	103.90	132.30
Amazon.Com	232.90	280.50	386.10	469.80
Apple	260.20	274.50	229.20	394.30
Best Buy Company	42.88	43.64	47.26	51.76
Coupang		6.27	11.97	18.41
Jd.Com	87.20	52.45	137.90	
Suning.Com	37.02	38.97	36.56	21.54
Target	75.36	78.11	93.56	106.00
The Home Depot	108.20	110.20	132.10	151.20
Walmart	514.40	524.00	559.20	572.80

Most recent update: Dec 2022

Table 2: Top company revenues and fastest growing (Statista, 2023)

The figure above clearly shows that the fastest-growing e-commerce platforms in the world are marketplaces, which allow third-party sellers to trade via their platforms. This should be an indicator of revenue-generating opportunities that marketplaces may present to South Africa.

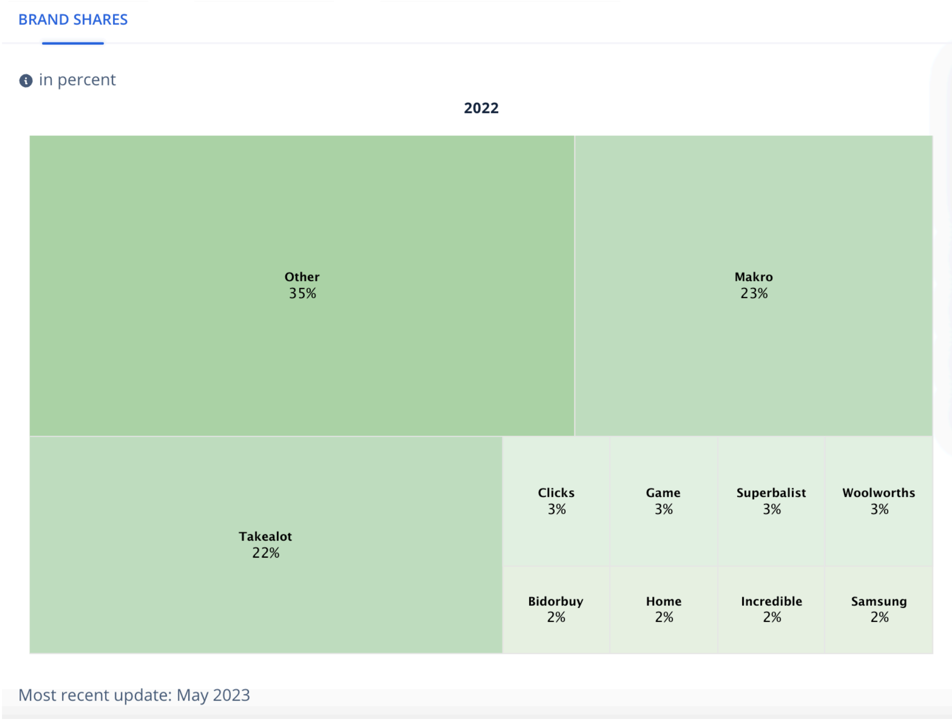


Figure 6: Brand Share of E-commerce in SA (Statista, 2023)

The above diagram also reflects that marketplaces are the dominant market shareholders in the South African market as well, despite it being in the infancy stages of maturity in relativity to their global counterparts. This, again, could be interpreted as a major opportunity for early third-party marketplace seller adopters and marketplace developers.

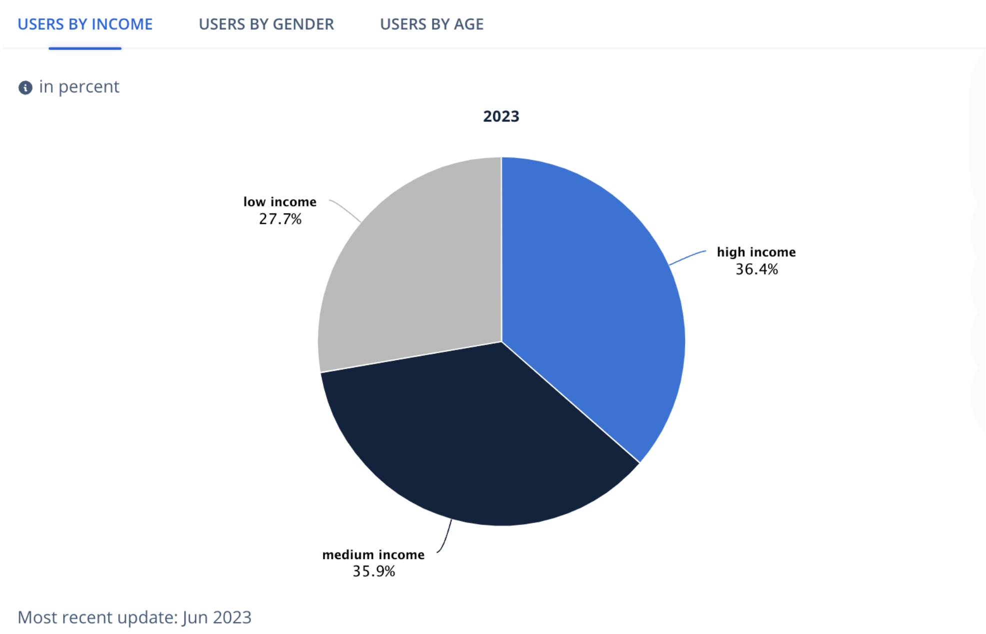


Figure 7: E-commerce users by income (Statista, 2023)

The above pie chart shows that e-commerce adoption and penetration reach all income markets, ranging from low to high-income groups. The user base has quite a significant share of lower-income penetration, at 27.7%. (Statista, 2023)

The informal market in South Africa is often underestimated; it presents a major growth and development opportunity for the country. Research shows that the informal economy is thriving and growing rapidly, with backroom rental valued at R20 Billion, haircare at R10 Billion and fast food at R90 Billion per year, to name a few categories. (Alkock, 2022)

2.4.2 *Social Commerce:*

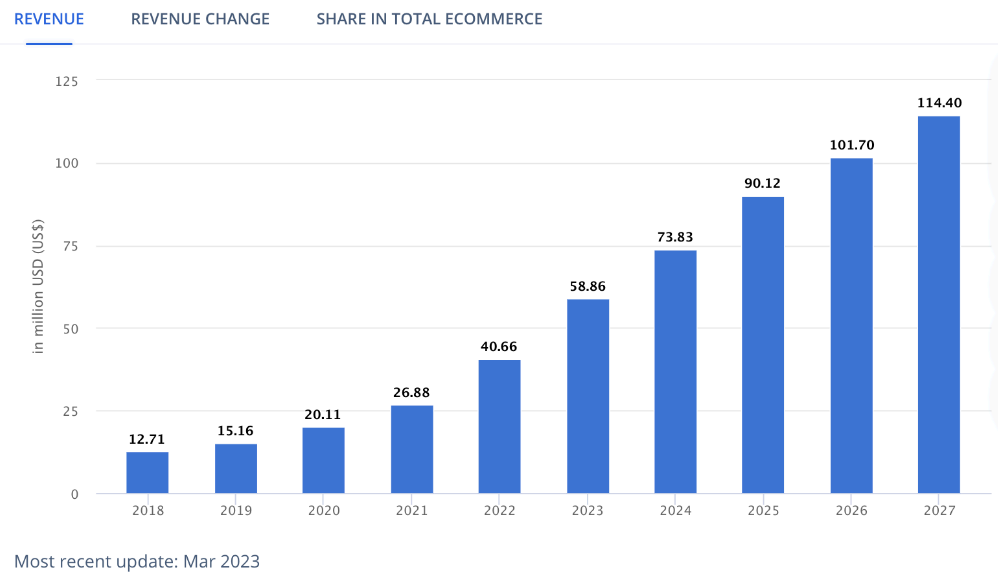


Figure 8: Growth in Social Commerce in South Africa (Statista, 2023)

The above graph shows that Social Commerce will continue to grow at an exponential rate, reaching US $114M in 2027. The global social commerce market is expected to grow even faster; it is forecasted to reach US $6.2 Trillion in 2030.

A research paper published by Hancheng Cao highlighted that instant messaging social commerce is becoming increasingly popular in China. Hundreds of millions of people are adopting social commerce as an important new method of transacting and making everyday purchases. The study showed that these instant messaging platforms embedded shoppable experiences within the app, enabling users to shop recommended products from friends or others directly within the app. The research uncovered that social commerce enabled higher reach, more immersible shopping experiences and cost efficiencies. It furthermore influenced the buying decision-making process, as users are more acquainted with one another through pre-existing relationships and therefore, trust is more apparent. Lastly, instant messaging-based social commerce creates more novel social engagements and relationships. (Hancheng Cao et al., 2021)

2.4.3 *Proposition 2*

Leveraging digital platforms has a significant growth effect on individuals, startups and SMEs, thus increasing their chances of success.

2.5 ANALYTICAL FRAMEWORK

2.5.1 *Theoretical Framework*

Porter's 5 Forces:

The Porter's 5 Forces model was developed by Harvard Business School Professor Michael E. Porter in 1979, and it is still one of the most widely used business models. “According to Porter, the collective strength of the forces determines the ultimate profit potential in the industry.” (Dobbs, 2014).

The model was developed to help identify and understand the level of competitiveness within an industry, as Porter believed that understanding the competitiveness will aid in uncovering the attractiveness of entering the market. The following Five competitive forces are analysed to understand the level of competition, attractiveness and profitability within any given industry or market, namely competitive rivalry, potential new entrants into the industry, the power of suppliers and the threat of substitution.

These factors are important to consider when assessing competitive forces and potential threats to advertising and retail businesses in South Africa, especially considering the international tech giant's entries into the country. South African companies should, therefore, analyse potential threats and ensure that strategic measures are taken to secure their sustainability and market share. However, in this research report, it is recommended to look beyond these 5 forces by analysing new threats that may arise in the form of technological disruption by companies with strong innovation and network effect capabilities.
Some of the drawbacks of the Porters 5 Forces model is that it may not consider disruption well enough in terms of the complexity that

globalisation adds to markets and industries in today's business world. There are many organisations that may not necessarily be viewed as a potential entrant into an industry. However, these "unidentified entrants" may very well disrupt the market in its entirety. An example of this would be Discovery Medical Aid, which has entered the banking sector or FNB, which entered the mobile network market; both of these new market entries may not have been picked up when using Porter's 5 Forces model.

Porter's 5 Forces somewhat overlooks technology as a force and does not aid in identifying ways in which technology can be leveraged to enter, influence or disrupt an industry. Neither does it highlight the potential that technology brings to industry participants in terms of their ability to penetrate markets.

Existing Studies:

A study published by Oluwaseyi Ojo and Alias in 2021 on Conceptualising Social Media Entrepreneurial Engagement from the Socio-Cognitive Theory, shared a framework that proposes the determinants of the intentions to engage in social media-based entrepreneurial activities.
The model outlines that individuals' behaviours toward social media-based commercial activities are significantly influenced by their beliefs and also their perception of others' behaviour. The beliefs or perceptions outlined in the model are **Self-efficacy**, which is a personal belief in one's ability to achieve a certain level of performance or outcome. (Bandura, 1997) Self-efficacy positively influences the intention and engagement in social media-based entrepreneurial activities, as an individual who believes he or herself as capable of conducting entrepreneurial activities using social media is more likely to do so. (Ojo,

2021)

Furthermore, the study suggests that there is a direct relationship or link between self-efficacy and **Outcome expectations**. It found that individuals who have a higher level of self-efficacy or confidence in their abilities to perform tasks have a positive expectation about its outcome and are, therefore, more inclined to engage in social media for entrepreneurial purposes. Social Identity suggests that an individual's awareness of their membership in a particular group and their level of emotional attachment to it influences their sense of social identity. (Jiang et al., 2016) The association with particular groups shapes and conforms individuals' behaviours to those of other members in the group. Therefore, membership of commercial-orientated social media groups positively influences the intention to engage in social media based commercial activities.

Entrepreneurial Capability looks at individuals' perception toward innovative activity, level of autonomy and competitiveness. Personal capability is a determinant of this, which portrays the individual's level of innovativeness, proactiveness and risk-taking. Entrepreneurial capability, therefore, influences an individual's intention to engage in commercial-based social media activities.

Research shows that **Contextual Factors** such as educational backgrounds, perception of support and role models positively influence individuals' intent to engage in e-commerce-based social media activities. (Cooper and Park, 2008; Tran and Korflesch, 2016)

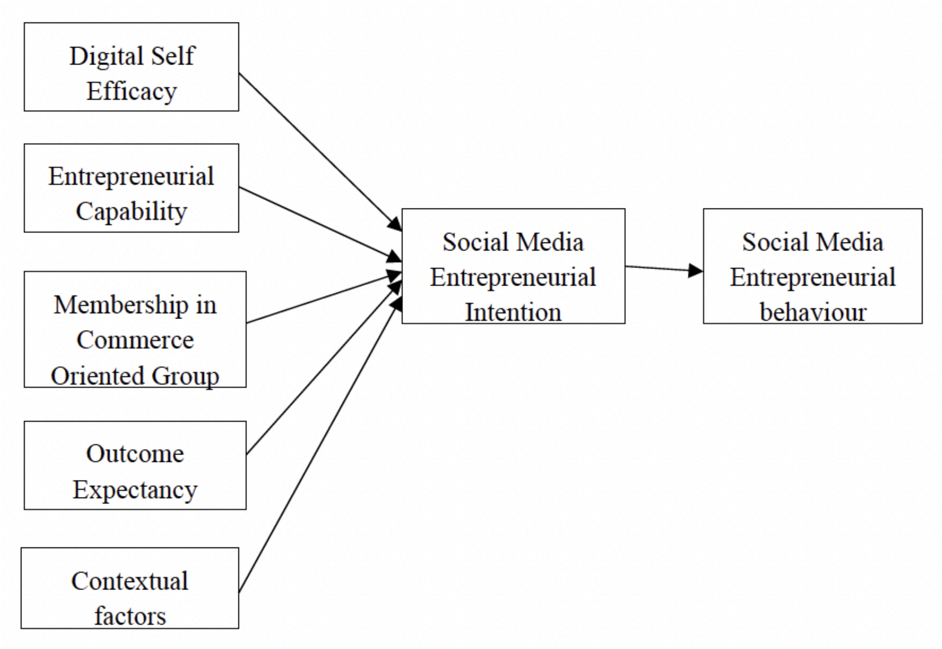


Figure 9: Social Media Entrepreneurial Behaviour Influencing Factors

The above framework uncovers the factors that influence individuals to engage in social media for entrepreneurial purposes. In order for the democratisation of digital advertising and e-commerce to materialise, individuals, SMEs, and businesses need to engage in utilising digital platforms for entrepreneurial purposes and for generating income or revenue.

The proposed conceptual framework aims to provide an overview of how to begin and succeed in generating income and revenue via digital advertising or e-commerce.

2.5.2 *Conceptual Framework*

The framework below was used to show the connection, correlation and interrelation between the variables. It served as a guide throughout the research process and assisted in providing guardrails around the research questions and objectives.

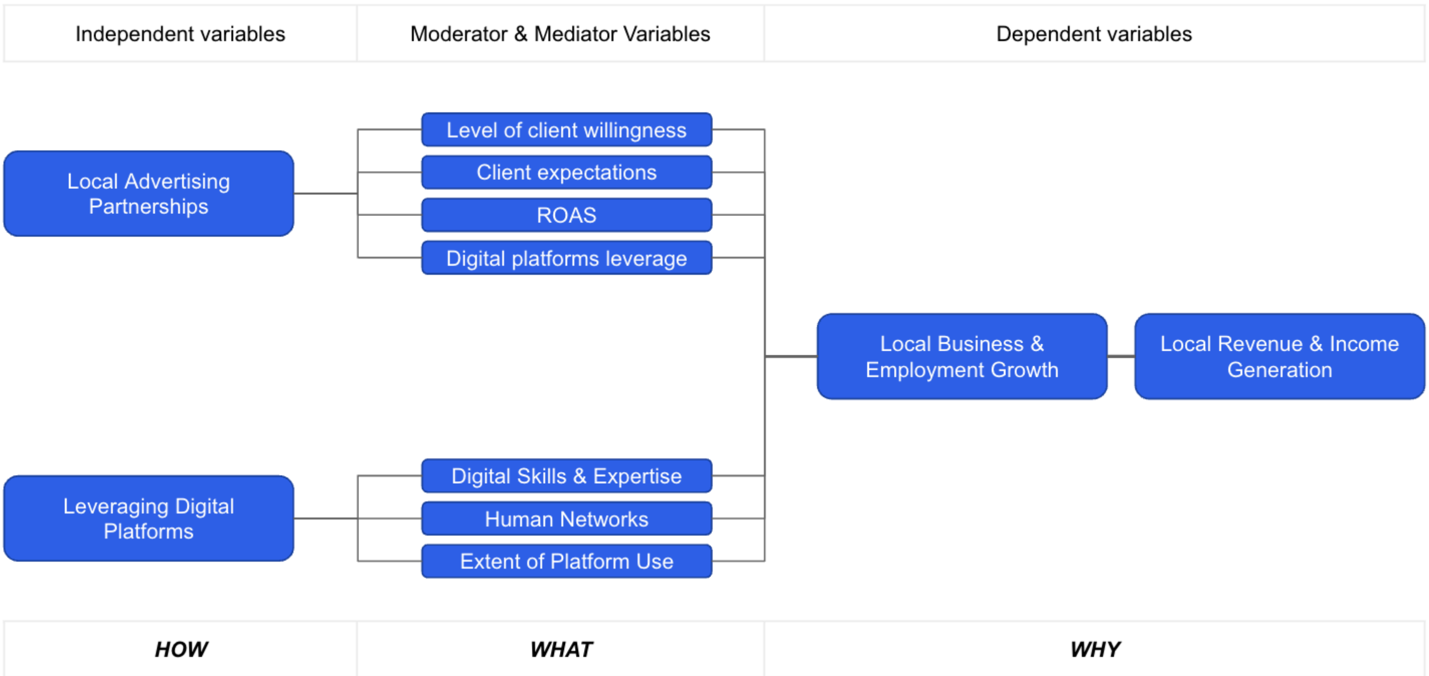


Figure 10: Author's Own Designed Conceptual Framework

The study aims to show the causal linkages between local advertising partnerships and leveraging digital platforms in generating income and revenue within the local markets. The belief is that local business and employment opportunities could grow by increasing direct local advertising partnerships and leveraging digital platforms, leading to growth in local income and revenue generation. There are, however, multiple variables that may influence the conversion from local advertising partnerships and leveraging digital platforms to successfully generate income and revenue in the local markets; these variables will be explored in the data collection process. Local advertising businesses, self-employed individuals and SMEs may find the insights useful in terms of being made aware of what factors should be focal points and how to go about each of them, respectively, in order to increase their chances of success. The framework was adapted from the golden circle model by Simon Sinek; it reflects why the objectives are of high importance, what exact factors need to be considered and how it could be done. Gathering rich data in relation to these variables will help reveal the insights needed to answer the research questions and related objectives.

2.6 Conclusion of Literature Review

A brief overview of the e-commerce market size and opportunity was covered, showing the massive revenue-generating opportunities that exist in this segment. Furthermore, an overview of the digital advertising market size and related opportunities were also discussed. A global comparison of e-commerce and digital advertising markets was made against the South African context; the local trends mimicked the global growth trends and showed significant potential for income generation opportunities. The chapter alluded to the promising potential of South Africa’s informal market and looked to uncover ways in which digital technologies are able to further bolster informal market activities, individual e-commerce generation through digital self-employment and value extraction for companies through leveraging direct partnerships with digitally connected individuals and SMEs.

2.6.1 *Proposition 1*

Organisations that invest in direct local digital advertising partnerships gain significant returns on advertising spend, with more control and flexibility

2.6.2 *Proposition 2*

Leveraging digital platforms has a significant growth effect on individuals, startups and SMEs, thus increasing their chances of success.

CHAPTER 3. RESEARCH METHODOLOGY

In this chapter, we aim to provide an overview of the methodology that will be used to address the hypotheses that were highlighted in Chapter 2 and the proposed solutions to the objectives.

3.1 Research approach

A qualitative research approach will be taken in this study. The main reason why a quantitative approach will not be undertaken is because a vast amount of analytical and statistical data already exists in relation to digital advertising and e-commerce in both South Africa and internationally.
This research aims to instead uncover the “why” and “how” in order to gain a deeper understanding of both business's and individuals' experiences, challenges, thinking, the reasoning behind their decision-making, their level of openness to new ways of doing things and more. (Cleland, 2017). The views and perceptions of decision-makers within businesses and individuals need to be addressed to generate suitable ideas.

3.2 Research design

The study design to be utilised is grounded theory-based interviews; it is well suited to this research as it aims to collect insights that are ‘grounded’ in the participants' own personal experiences, interpretations, and explanations. (Bytheway, 2018). Interviews are very well suited to the qualitative approach that will be undertaken, as it will cover detailed subject matter pertaining to specific digital advertising and e-commerce events that have been experienced by certain companies or individuals within South Africa.

The advantages of using this method are the flexibility it allows when designing the research; it is nimble and agile enough for designing creative ways of

conducting research. This method will also enable the use of multiple data sources in terms of individuals and organisations. Furthermore, it allows for open-ended answers that may provide a broad spectrum of valuable information.
Some of the disadvantages of this method is that bias toward digital solutions could occur as the researcher in this instance is invested in digital business in terms of career and qualifications. Furthermore, this method may become quite time-consuming.

3.3 Data collection methods

The data collection methods to be used are interviews and primary or secondary sources, such as articles and existing case studies in both a global and local context. These methods will allow for sufficient flexibility in collecting data from multiple sources and will furthermore aid in gaining a deep understanding of the specific context to be covered with respect to the research objectives.

3.4 Population and sample

3.4.1 *Population*

It is estimated that there are 2.6 million micro, small and medium-sized enterprises (SMEs) in South Africa, of which 37% are formal. (OECD-ilibrary, 2022). The number of formal South African SME businesses reached 710,000 in 2022, up from 680,000 in 2019 and 590,000 in 2010. (Opperman, 2023)
SMEs in South Africa generate approximately 34% of the country's total GDP and make up approximately 60% of its employment workforce. These SMEs are major drivers of economic activities in South Africa and makeup around 90% of total businesses, 50% of GDP, and 80% of total

jobs. (Mashele, 2023)

The target population is however as follows:

- Self-employed individuals and SMEs in South Africa for the Ecommerce research objective.

  Reasoning: to connect with individuals and SMEs, to get an in-depth understanding of what influenced their decision to become self-employed or to start a business, and to establish what and how e-commerce tools and social media platforms have helped them to succeed.

- Large organisations with relatively large marketing budgets for the Digital Advertising research objective, though individual-based research may be conducted to obtain an understanding of factors that led to their success in digital advertising-based income generation.

  Reasoning: To gain insights into large organisations' pain points and challenges in digital advertising in order to establish what factors will persuade these organisations to invest advertising spend into local digital media partnerships and community-driven digital advertising partnerships such as influencer marketing, partnership marketing and more.

3.4.2 *Sample and Sampling Method*

Purposive sampling was used to recruit respondents. The interviews were conducted on individuals and SME owners who are considered previously disadvantaged and have managed to achieve success through self-employment or business development. The intent was to obtain their participation through free digital marketing and e-commerce consultations to help maximise their reach and income generation.

Larger organisations have been included from a digital advertising research perspective as well; the previously disadvantaged demographic element does not apply to the large organisation sample. The intent is to get the organisations to participate in the research in exchange for free insights into how they are able to optimise their digital marketing activities to maximise their return on ad spend.

Characteristics of participants				
Participant	*Gender*	*Location*	*Industry*	*Level*
Participant 1	Female	Cape Town	Retail	Senior
Participant 2	Female	Cape Town	Media	Owner
Participant 3	Male	Cape Town	Retail	Executive
Participant 4	Female	Cape Town	Media	Senior
Participant 5	Male	Cape Town	Media	Specialist
Participant 6	Female	JHB	Retail	Owner
Participant 7	Female	JHB	Retail	Owner

Table 3: Characteristics of participants

3.5 The research instrument: Interview Guide (Annexure D)

The interview guide is listed under Annexure D.

Survey research methods will be used in the form of interviews.

The researcher will conduct the interviews directly with the participants; they will be done online, via telephone or in person, depending on the geographical location and distance between the researcher and the interviewee.

Secondary data may be collected to supplement the research and to provide further insights into the research objectives.

Some advantages of interview-based qualitative research are that it allows for flexibility, it is cost-effective and should generally be easy to interpret as the researcher will be able to probe information and lead to follow-up questions. The method is also quite intimate, allowing the researcher to build a rapport with the interviewee in order to obtain deep, quality, rich and detailed information.

The disadvantages of interviews are that they may become time-consuming and may be too open-ended, which could lead to digression, thus making relevant response data formulation and analysis difficult.

3.6 Procedure for data collection

The respondents were contacted directly, some of whom were scheduled to be conducted in person in advance, and others were contacted via telephone calls. The reason for in-person data collection was to establish a rapport with the respondents in order to gain in-depth information. Furthermore, telephonic calls took place in instances where the geographic distance between the respondent and researcher was too vast and where the respondent preferred calls instead.

3.7 Data analysis strategies and interpretation

A thematic analysis was conducted on the qualitative data. The data was very closely examined to identify patterns or common themes, which were made up of topics, ideas, experiences and more with respect to the use of e-commerce and digital advertising in South Africa. The following 6-step process was followed, which also helped to avoid confirmation bias(Jack Caulfield, 2019):

- Step 1: Familiarisation
- Step 2: Coding
- Step 3: Generating themes
- Step 4: Reviewing themes
- Step 5: Defining and naming themes
- Step 6: Writing up

3.8 Possible limitations and challenges of the study

- Time-consuming
- May require convincing in terms of acquiring respondents data
- Respondents may not be willing to share certain information, as it may be key differentiators or “trade secrets” to their success
- Difficult to replicate, as each respondent's data could be unique
- Researcher bias may influence the responses

3.9 Quality Assurance

3.9.1 *Transferability*

Transferability will be maximised by attempting to reach a saturation point in terms of key themes and categorizations. As much information as possible will be gathered, analysed, and categorised to cover every aspect of the research. (Kassiani Nikolopoulou, 2022)
Furthermore, the population and sampling will be quite specific and narrowed down to a particular demographic.

3.9.2 *Credibility*

Credibility is the most important criterion for establishing trust. Therefore, a triangulation of sources and Member Checking will form part of the research process to allow for different perspectives and to ensure that respondents are given the opportunity to review their data to allow for correct interpretation or additional information if necessary. (StatisticsSolutions, 2023)

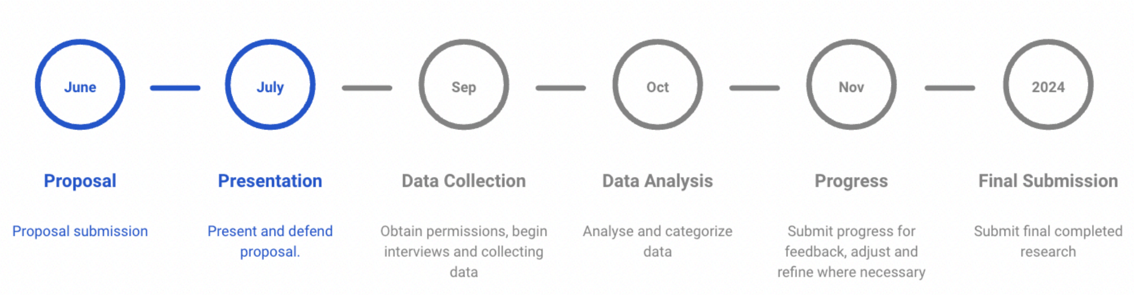
3.9.3 *Dependability*

Dependability is extremely important in this research as it is directly related to its reliability; the ability to reproduce similar results upon replicating the research via another researcher will be considered, as the researcher in this instance undertakes to ensure a thorough research process is followed. The process will include a detailed guide, open-ended questions, recordings where allowed and rigorous transcription to avoid unbiased results. (Quantilope, 2022)

3.10 Ethical considerations

Transparency was provided to all respondents and participants in terms of how the data will be collected, handled, processed, stored and shared. Permission was obtained from all respondents and their personal data was anonymised before submission. All participants' consent was received. All participants' data and information were 100% anonymised. All participants' data and information are handled with 100% confidentiality. Furthermore, the guidelines and rules set out by WITS University were adhered to, and any further ethical considerations were taken into consideration as well. Wits ethical clearance has been passed.

3.11 Proposed schedule and timelines



CHAPTER 4. PRESENTATION AND DISCUSSION OF THE FINDINGS

4.1 Introduction

This chapter will provide a high-level summative overview of the findings in model and table formats to provide a visual aid in an attempt to enhance the presentation of the data-based findings to allow for more coherence and simplification in the digestion of the insights. The findings derived from the qualitative data will first be presented in a summarised and condensed format. The interview-based data has been transcribed, and a thorough analysis has been conducted in order to familiarise the reader with the data and insights. Patterns have been identified within the data set, and codes have therefore been plotted in tabular format, from which themes were derived, each of which has been uniquely colour-coded. Theme descriptions have been applied to distinguish the various colour codes in the table below.

A deep dive will then be taken into the findings in order to provide in-depth details at a much more granular level. Each of the themes will be discussed in detail, uncovering valuable insights that have been derived from the participant interviews. Reference will be made to excerpts that have been extracted from the dataset to better describe the unique experiences and views expressed that relate to the themes and findings presented.

The findings from Proposition 1 will be presented separately from the insights related to Proposition 2, each representing findings from separate thematic-based qualitative data that were derived from two different sample groups, as listed in Chapter 3. However, the similarities between the insights from the two proposition findings will be displayed in a model format that is intended to serve as insights for individuals, digital startups, SMEs and businesses in South Africa.

4.2 Demographic profile of respondents

- Demographic profile of proposition 1 respondents:
  Organisations with relatively large media budgets and large media budget decision-makers

- Demographic profile of proposition 2 respondents:
  Self-employed individuals and SMEs in South Africa that have achieved success and are considered previously disadvantaged

4.3 Process followed to derive the findings:

The 6 step thematic analysis process that was mentioned in Chapter 3 was followed to analyse, identify and report on themes within the qualitative data in relation to both proposition 1 and 2. Below is a visual representation of the six steps that have been covered to produce the findings in this chapter:

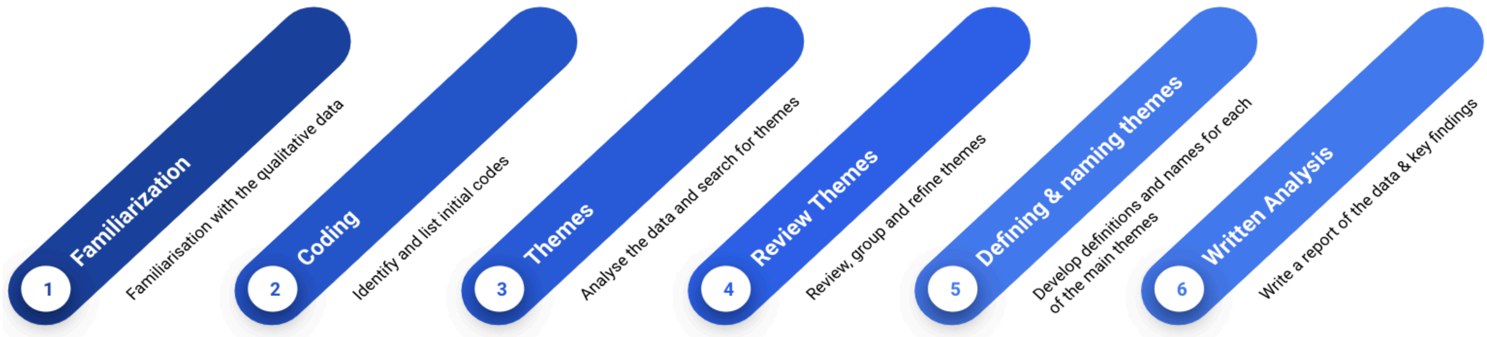


Figure 11: 6 Steps followed in the thematic process outlined in Chapter 3.

Interviews were conducted among participants in relation to propositions 1 and 2. The data was collected, transcribed, and then closely analysed for thorough familiarisation. Line-by-line initial coding was done on both datasets, which has been refined to produce the codes listed in the aforementioned tables above. The themes were then identified and refined within the review process, leading to definitions and the naming of the final themes being developed. The findings, insights and themes will be explored in detail.

4.4 Presentation of findings for Proposition 1: Advertising

Human Relationships
Negotiation & Flexibility
Simplicity
Platform Innovation
Performance Data & Insights
Brand Positioning & Targeting

Codes	Sub-Themes	Themes
Human element Relationships Human accessibility Human availability Engage Active Manage expectations Middle men between local advertisers & international ad tech platforms Middle men between local advertisers and international ad tech platforms Local partners allow for 2-way communication International ad tech companies have 1-way communication	Advertisers with relatively large media budgets prefer human connection and direct in person relationships with their advertising partners. They want their advertising partners to engage with them directly, allowing 2 way communication. International ad tech companies are not fulfilling this need, however local digital platforms & partners are.	**Human Relationships:** Human Connection, Accessibility, 1 on 1 Engagement, Open Communication & Expert Support
Explain Support Frustrating lack of support & human relationships with international players Experts/Specialists 1-on-1 Support	Advertisers want expert in-person advertising support, on a 1 on 1 bases to provide advice, general support & to interpret key insights. International ad tech platforms are not fulfilling this need, however local digital platforms and partners are able to.	
Negotiation Flexible Agile Advertising deals	Advertisers prefer a high level of flexibility in terms of negotiating deals and service offerings. Local digital platforms & partners allow for loads of flexibility in services and ad packages offered.	**Negotiation & Flexibility:** Flexibility in costs & service offerings and willingness to negotiate deals(Cost efficiency & service flexibility)
Flat Fees Transparency Cost Efficiency Competitive pricing	Cost efficiency and willingness to negotiate on pricing is a very important factor for advertisers. The large international digital ad tech platforms do not allow for negotiation, they control the costs - whereas local digital platforms and partners are willing to negotiate and offer unique pricing deals.	
Simplicity Easy User friendly Influencer agency	Advertising with an ad company must be easy and simple. Local direct advertising partners provide simplicity as they manage the process, this is not the case with international ad tech companies as most require highly specialised resources with little to no support from the ad tech providers.	**Simplicity:** Ease of doing business, control levels, execution speed, efficient WOW, collaborative & CX
Control Consistency Efficient Speed Local partners are collaborative Speed to market	Advertisers want control over their ads. Local digital ad partners provide control and speedy execution, whereas international ad tech companies have full control with little to no support.	

Innovation Ideas Creative Sophisticated Continuous improvement Adaptability Evolve Expand Multiple touchpoints Cutting edge	Organisations with large advertising budgets require their advertising partners to continuously innovate and adapt their platform and their offerings. Continuous improvement and a great user experience is vital. Organisations rely on their media partners to deliver on this, they are also able to hold the media partner responsible for it by easily making contact with them.	**Platform Innovation:** Platform Innovation, Adaptability & UX
Specialisation Niche Leverage platforms	It is important that advertising companies master their area of specialisation and become the best in what they do in order for orgnanisations to leverage those capabilities. Organisations call upon local media partners & expect them to advise on the most up to date best practices & to leverage their implementations or instances thereof.	
Objectives ROAS Reach Customer lifecycle Traffic Proven performance Performance driven	Organisations require advertising companies to be performance driven, with proven results in terms of their capabilities to deliver on campaign objectives. Local direct Media Partners craft custom media bundles to meet the objectives	**Performance Data & Insights:** Ability to deliver on performance based objectives & share key related insights
Quantifiable Attribution Reporting Transparency	Metric based reporting is a necessity among large organisations, advertising companies must be transparent in their data and insights. Furthermore, organisations expect advertising companies to translate and share key insights and findings with them, in person. Local Media Partners do this.	
Package and position your local company Test & learn Advertising services	How a digital advertising company shows up in terms of its brand, positioning and how its service offerings are packaged impacts advertisers consideration and decision making, as to whether they will advertise with them or not	**Brand Positioning & Targeting:** Brand positioning, service packaging, Influence, brand equity, global & local market penetration
Vetting Legitimacy Content creation	Reviews, ratings, online sentiment and other factors that prove the legitimacy of an advertising company's trustworthiness & its proven ability to deliver is important	
Job creation Publishers Leverage global market Key media partnerships Influencers DV360	Local advertising platform businesses can tap into the global market by listing their digital properties on global tech platforms, such as DV360, this then enables companies all over the world to advertise with them simply by selecting them as a publisher within Google's DV360 dashboard.	
Open to local ad platforms Significant local advertising investment Corporate responsibility to support local SMEs	Large local organisations have a high willingness to invest in local digital advertising platforms & partners	

Figure 12: Findings & themes related to Proposition 1: Advertising

A granular set of data analysis relating to Proposition 1 in relation to digital advertising is listed in the table above. It contains the Codes, Sub-themes and themes identified during the data analysis process, each of which is directly related to Proposition 1.

A broad number of codes have been identified throughout the interviews and transcripts, each of which presents meanings and patterns from the overall dataset.
Furthermore, sub-themes have been derived and then condensed into themes and refined during the theme review process. These themes represent meaningful summaries that correlate to the research questions based on Proposition 1.

The data, codes, themes and insights derived from this qualitative data analysis support the proposition. The interviewees have openly expressed their own experiences, views, ideals, challenges, frustrations and opinions in relation to the research questions, which resulted in the collection of a rich data set.

Below is a summative overview of the themes in relation to proposition 1:

1. Human relationships
2. Negotiation and flexibility
3. Simplicity and control
4. Platform innovation
5. Performance data and insights
6. Brand positioning and targeting

The details related to the themes and findings will be in more detail below.

4.5 Discussion of findings pertaining to Proposition 1:

Advertising

The literature in Chapter 2 explored the rising challenge of South Africa's advertising spend that is rapidly shifting from local media partners to foreign international ad tech giants, such as Google and META. In this chapter, insights derived from the interview process will be highlighted. These findings aim to shed light on the factors that are most important to organisations with relatively large advertising budgets when it comes to considering and selecting advertising media partners.

The data revealed that local organisations are open to partnering with local digital advertising companies on a direct media partnership basis. These organisations also have a high willingness to support and help local digital platforms and advertising companies.

The insights highlight key differentiating factors that local advertising companies have in comparison to global ad tech giants. These differentiating factors offer a unique selling proposition for local digital advertising companies.

The findings derived from the interview participants also reflect their frustrations with the way in which international ad tech companies' services are delivered. These frustrations however bring to light opportunities for local advertising companies to both compete and partner with international ad tech companies such as Google, both of which present revenue-generation opportunities for local advertising companies. These opportunities could be leveraged by individuals, digital advertising startups, SMEs, digital advertising companies in general and digital platform businesses with advertising revenue models.

The model below provides a visual summary of key findings derived from the interview participants. Each of these factors increases the likelihood of organisations directly partnering with local digital advertisers. According to the interview participants, these factors need to be incorporated into local advertising companies in order for direct advertising partnerships to both commence and succeed between advertisers and advertising companies.

Apart from the obvious advertising client requirements such as audience reachability and the ability to communicate products and services to the market, the below insights aim to look deeper into companies' advertising pain points, ideals, and which factors would influence their advertising partner decisions. The participants were encouraged to share what factors would make them consider partnering directly with local advertising companies; the insights are unpacked below:

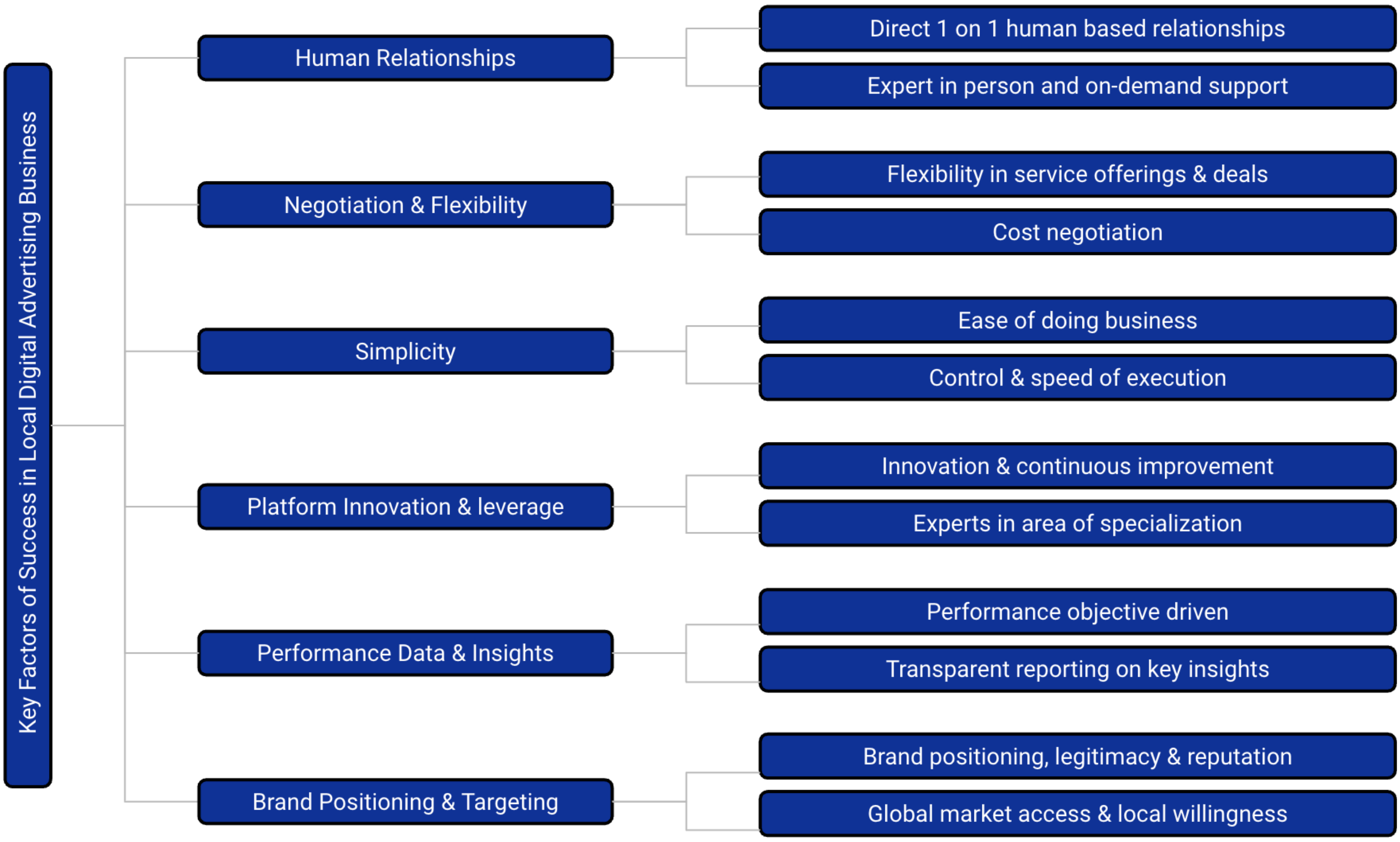


Figure 13: Key factors of success in local digital advertising business

Human relationships:

The interview findings revealed that advertisers with relatively large media budgets prefer human connection and direct in-person relationships with their advertising partners. They want direct engagement, allowing 2-way communication between brands and advertisers. International ad tech companies are not fulfilling this need due to a relatively low level of investment in physical presence and human resources in South Africa. This is an advantage to locally based digital advertising companies.

Advertisers also want expert in-person advertising support, on a 1 on 1 basis, for advice, general support, interpretation and communication of key insights. International ad tech companies are not fulfilling this need either, for the same reason as the aforementioned limitation. Local digital advertising companies are able to take advantage of this gap in the market.

Below is an excerpt from one of the interview participants that directly relates to the brand's or advertising clients' need for strong human-based relationships:

“The local level is missing, the human part is missing. The human piece is needed to translate and communicate key local insights from the campaign data. We only see and hear from Google’s sales guys, when they want more money. They don’t have to sell to us, they need to explain! It would be great for a local person to spend time with us, even if it's once per month.”
[Participant: Media buying & advertising decision maker]

Negotiation and Flexibility:

It is evident from the interview insights that Advertisers seem to prefer a high level of flexibility in terms of negotiating deals and service offerings. According to the participants, local digital platforms and advertising partners allow for loads of flexibility in services and ad packages offered.

Cost efficiency and willingness to negotiate on pricing are very important factors for advertisers. The large international digital ad tech platforms do not allow for negotiation; the costs are controlled with automated bidding-type systems that do not allow for human engagement in terms of negotiation. The participants advised that from their experience, local advertising companies are willing to negotiate and offer unique pricing deals, enabling the organisation to get a higher return on advertising spend.

Below are two key excerpts from interview participants in relation to negotiation and flexibility:

“We negotiate in every area of the business, in every department, so why not the media? It’s great to pick up the phone and negotiate, commit with transparency the amount you’re going to invest and negotiate for more advertising. But the large tech giants dictate their costs, with no flexibility.”
[Participant: Media buying & advertising decision maker]

“Google and META drive the prices, but are very platform based, with no human element. The cost models are like auction based, though flat fees would be preferred, flat fees allow you to negotiate. Auction based cost models do not allow negotiation, flat fees are more flexible. With local advertising companies, I am able to call and negotiate. Strong partnerships are extremely important to me.”
[Participant: Media buying & advertising decision maker]

Simplicity:

The findings highlighted that ease of doing business with advertising companies is extremely important. The execution of campaigns and working with the advertising company in general must be easy and simple. The respondents advised that from their experience, local direct advertising partners are able to provide a high level of simplicity as most of them tend to manage the process from end to end. This is not the case with international ad tech companies, according to the respondents, as most ad tech platforms require highly specialised resources with little to no support from the ad tech providers themselves.

Furthermore, the findings revealed that advertisers actually want a high level of control over their ads. The insights show that local digital advertising partners appear to provide control and speedy execution, whereas international ad tech companies have full control with inadequate remote-based support.

Below are excerpts from two of the interviews that articulate a few of the key points in relation to the aforementioned statements:

"We have no control over our ads with the tech giants. When a post or an ad is rejected by a platform, nobody can help, especially if a deadline or go-live date is looming. Control is important to us. Companies want control, but the tech platforms take 100% control. We need humans to connect with and to ask for help. Tech giants are not very helpful, they only communicate with us when they want more ad spend."
[Participant: Media buying & advertising decision maker]

"We need specialists to be trained on the tech platforms. There is a lack of support and 1 on 1 help. The human aspect and level of control is important."
[Participant: Media buying & advertising decision maker]

"Efficiency from a media planning and buying process needs to be seamless, needs to be easy.
[Participant: Media buying & advertising decision maker]

Platform innovation:

The findings suggest that organisations with large advertising budgets require their advertising partners to innovate and adapt their platform and their service offerings continuously. Continuous improvement and a great user experience are vital. Organisations rely on their media partners to deliver on this; they are also able to hold the local media partner responsible for it.

It is important that advertising companies master their area of specialisation and become the best in what they do in order for organisations to leverage those capabilities, according to the respondents. Organisations call upon local media partners & and expect them to advise on the latest best practices and to leverage their implementations or instances thereof.

Excerpts from the interviews below allude to the aforementioned statements:

"*The local company would need to become experts in their field. We need to be able to rely on them to be cutting edge in that one specific area that we have selected them for. Specialised niche offerings are important. They must sweat their assets and core offering."*
[Participant: Media buying & advertising decision maker]

"Move with the times, don't do it like it's always been done. Exhaust your current area of specialisation. Continuous improvement is key, they need to be adaptable, they must evolve and actively engage with their clients. Don't sign a contract and then go quiet while running the service in the background. We want engagement."
[Participant: Media buying & advertising decision maker]

"We want adaptability from them, in the sense that they should expand on what they can do for us as a client. Expand."
[Participant: Media buying & advertising decision maker]

"Innovation is important to us, we have a constant need to innovate. New ideas, they need to bring new ideas."
[Participant: Media buying & advertising decision maker]

Performance data and insights:

According to the respondents, organisations require advertising companies to be performance-driven, with proven results in terms of their capabilities to deliver on campaign objectives. In their experience, local media partners often tend to craft custom media bundles to meet the objectives of a given campaign. All types of campaign objectives must be quantifiable, such as reach, engagement, clicks, sales, downloads and more.

Metric-based reporting is a necessity among large organisations; advertising companies must be transparent in their data and insights. Furthermore, organisations expect advertising companies to translate and share key insights and findings with them in person. In-person communication, in terms of presenting insights and key findings derived from advertising campaigns, provides local advertising companies with an advantage over their international counterparts.

The following interview excerpt articulates the above statement:

"Our vetting process is extremely stringent, we consider advertising partners based on their proven performance and ability to deliver on campaign objectives. The market is becoming very performance driven, so so its very important to us."
[Participant: Media buying & advertising decision maker]

"We will partner with local digital advertising companies, but the why is important and the metric for success needs to be in place, the performance must be measured against key objectives."
[Participant: Media buying & advertising decision maker]

"How much we spend with an advertising partner depends on the return on

advertising spend, the return in terms of the objectives and whether they were met."
[Participant: Media buying & advertising decision maker]

"Conversions are the most important, especially for big well-known brands. So the ability to measure conversions and actions is important."
[Participant: Media buying & advertising decision maker]

"The reporting must be able to tie back to the objectives. The learnings, did we meet the objectives? The ROAS. PCA(post campaign analysis) is important!"
[Participant: Media buying & advertising decision maker]

"We partner with people that can deliver on the objectives. Therefore we tap into partnerships who can deliver on the objectives. Transparency in this is vital."
[Participant: Media buying & advertising decision maker]

"The content and impressions, do those impressions or views translate to sales?
[Participant: Media buying & advertising decision maker]

Brand positioning and targeting:

How a digital advertising company shows up in terms of its brand, positioning and how its service offerings are packaged impacts advertisers' consideration and decision-making as to whether they will advertise with them or not.

Reviews, ratings, online sentiment and other factors that prove the legitimacy of an advertising company's trustworthiness and its proven ability to deliver on advertising objectives are important.

From an opportunity point of view, respondents advised that local advertising platform businesses are able to tap into the global market by listing their digital properties on global tech platforms, such as Google’s DV360; this then enables companies all over the world to advertise with them simply by selecting them as a publisher within Google's DV360 dashboard. Google accepts payment from the advertisers and pays a performance-based fee to the respective digital advertising publishing partner.

Furthermore, organisations do not seem to want to partner with content creators such as influencers directly as the process in terms of working with them may be too cumbersome, given the large number of influencers and content creator relationships that would need to be managed. Organisations would instead partner with a local digital advertising company that specialises in content creation and influencer marketing, who will then effectively be responsible for managing the relationships on behalf of the organisation. This again reiterates the aforementioned need for ease of doing business.
These opportunities reveal that organisations are in need of a “middle man”, local digital advertising companies that function as the go-between themselves and the international ad tech platforms.

Large local organisations also appear to have a high willingness to invest in local digital advertising platforms and partners.

A few of the respondents' excerpts are listed below, reflecting their views and how they correlate to the above statements:

“I don’t feel limited, those ad tech companies are the largest players, they drive the bulk of the traffic and have large inventories of publishers.”
[Participant: Media buying & advertising decision maker]

“Local digital agencies must package themselves as advertising services to global players, such as Walmart, offering the same specialised capabilities at a lower cost.”

[Participant: Media buying & advertising decision maker]

"A hub for influencers, Influencers as a Service. This hub would need to bring the numbers, volume. It must be easy and efficient. We need an influencer representative that manages the process for us."
[Participant: Media buying & advertising decision maker]

"I will definitely partner with local digital advertisers. In my previous positions, my local digital advertising budget was significant. Platforms such as Mixit and Moya."
[Participant: Media buying & advertising decision maker]

"I would recommend that influencers join an influencer company that organisations can partner with."
[Participant: Media buying & advertising decision maker]

"People must list their websites on DV360, we will then be able to advertise with them"
[Participant: Media buying & advertising decision maker]

Influencer companies will definitely work, the creator economy made like 400 thousand jobs this year and I think it was worth something like $35 Billion."
[Participant: Media buying & advertising decision maker]

What do the insights derived from the respondents mean in relation to the literature and related research questions listed in Chapter 2?

The findings derived from the interview respondents support proposition 1. However, the insights revealed that there are very specific conditions and a meticulous set of criteria that need to be met. When analysing these factors required by organisations to enter into direct partnerships with local digital advertising companies, a strategic pattern actually begins to emerge. These requirements or findings could technically be integrated into the Golden Circle Theoretical Model by Simon Sinek, which emphasises the Why, What and How approach to business:

1. The Why needs to be compelling and clear enough
2. How they expect to operate
3. What objectives need to be delivered

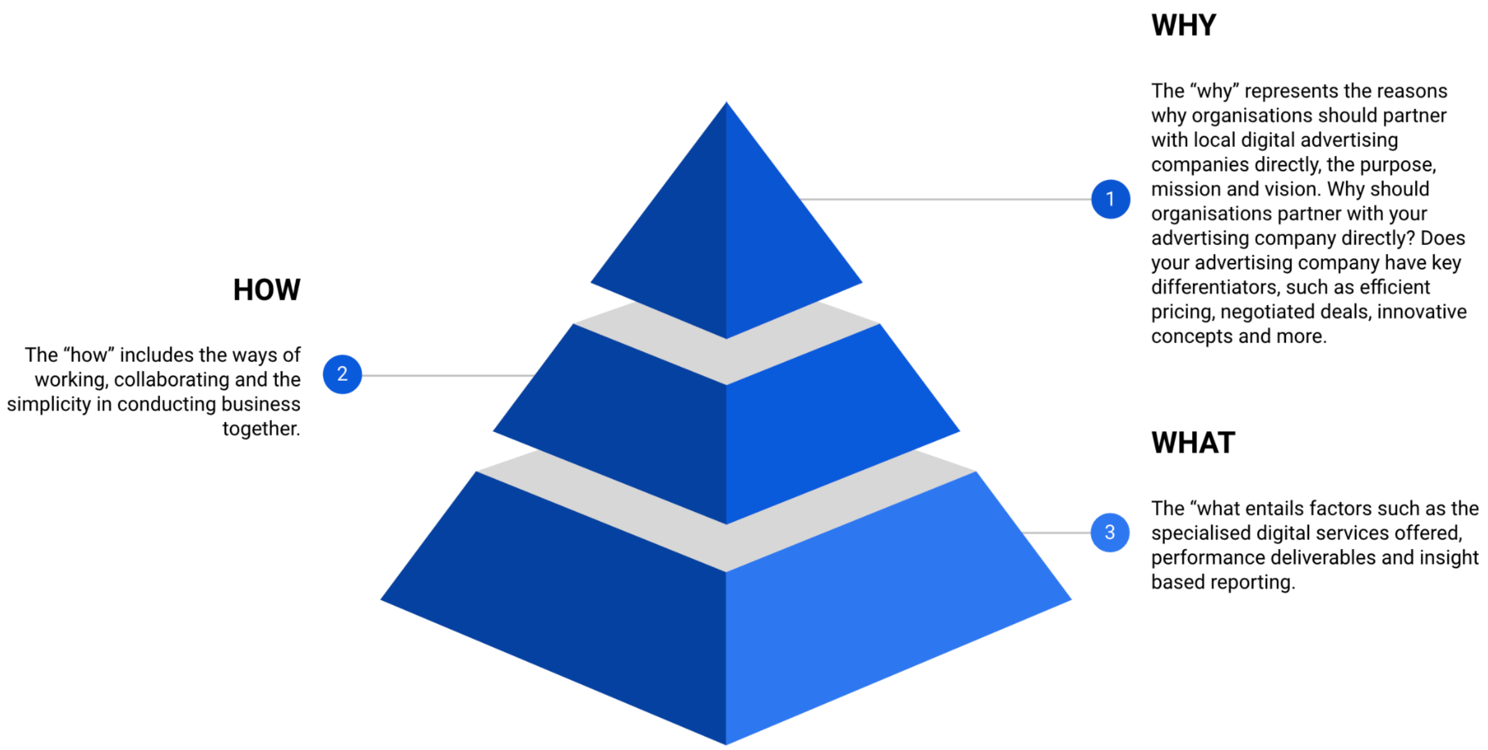


Figure 14: Why, How, What approach to advertising client acquisition & retention

Local advertising companies could structure their operational approach to advertising client acquisition and retention using the why, how and what method.

The “why” represents the reasons why organisations should partner with local digital advertising companies directly, as well as the purpose, mission, and vision. Why should organisations partner with your advertising company directly? Does your advertising company have key differentiators, such as efficient pricing, negotiated deals, innovative concepts and more?

The “how” includes the ways of working, collaborating and the simplicity of conducting business together.

The “what entails factors such as the specialised digital services offered, performance deliverables and insight-based reporting.

In further relation to the research questions in Chapter 2, companies do not feel limited by advertising tech giants such as Google and META. They are however willing to invest in local digital advertising partners directly on condition that their aforementioned expectations are met. The findings show that companies are very objective-driven and require quantifiable reporting on advertising performance. Furthermore, these organisations want direct engagement with their key advertising partners on an in-person basis. Relationships and key partnerships are important to these organisations; they expect expert-level support, along with a high level of flexibility and willingness to negotiate on costs. Innovation, adaptability and creativity are key requirements when it comes to advertising client acquisition and retention. Local advertising companies should also place a strong emphasis on brand positioning and brand sentiment. One of the most important factors is simplicity; local advertising companies should, therefore ensure that their operational processes have a high level of efficiency and effectiveness that is continuously improved upon.

The most compelling revenue-generating opportunities identified for local digital advertising businesses by the respondent interviews are as follows:

- Partner with international ad tech companies, such as Google and META. Provide specialised marketing technology management solutions and expert support to companies - essentially functioning as a martech agency
- Provide influencer or commerce content marketing services by managing the entire process on an end-to-end basis
- Develop an innovative digital platform business with an advertising revenue model
- Leverage existing digital platforms by building a large audience and social media following through content creation

4.6 Presentation of findings for Proposition 2: E-commerce

Themes:
Human Relationships
Leveraging Digital Platforms
Digital Skills & Expertise

Sub-Themes	Themes
Human connection via digital channels is a vital component for success, building a social media community around your brand and establishing a social media following for engagement and brand communication	**Human Relationships**: Leveraging digital platforms to establish both direct and digital human connection woth your brand is a major success contributing factor to startups, solopreneurs and SMEs
Making contact with & having direct communication with your digital communities and social media following enables powerful networking & unlocks more opportunities, such as product deals, lower costs, access to resources & more.	
Leveraging Digital Platforms is a major success contributing element in growing your business	**Leveraging Digital Platforms** helps grow your brand reach, followers, customer base and sales, both efficiently and effectivtly
Maximizing your business, product or services online reach helps to expand your customer base, grow your social media following and sales. It builds a pipeline of customers and creates a marketing funnel for your business	
Learning to harness digital platforms business and selling capabilities helps in growing your business efficiently and effectively. Getting training through means of courses and seeking help from digital marketing specialists helps you grow faster	**Digital Skills & Expertise:** Platform training & expert assistance helps grow your business faster

Figure 15: Themes based findings related to proposition 2: Ecommerce

The above table shows the findings from the thematic based qualitative data analysis that relates to Proposition 2. It contains the Codes, Sub-themes, and themes identified during the analysis process.

A wide range of codes have been identified throughout the dataset, each of which presents meanings and patterns in relation to Proposition 2. Furthermore, sub-themes have been identified and then condensed into themes. These themes were refined during the review process, resulting in 3 final themes. Each theme represents meaningful collective summaries that relate directly to the research questions that were formulated for Proposition 2.

The data, codes, themes and insights derived from this qualitative data analysis support the proposition. The interviewees have openly expressed their own experiences, views, ideals, challenges, frustrations and opinions in relation to the research questions, which resulted in the collection of a rich data set upon which valuable insights were derived.

Below is the list of themes related to Proposition 2:

1. Human relationships
2. Leveraging digital platforms
3. Digital skills and expertise

4.7 Discussion of findings in relation to Proposition 2:

E-commerce

The literature review in Chapter 2 explored the rapid growth of e-commerce in South Africa and the pace at which international e-commerce companies are scooping up market share from local retail sectors.

The interviews conducted in relation to proposition 2 aim to reveal findings on how individuals, startups and SMEs are able to increase their chances of success by leveraging digital platforms. Key findings and themes were revealed from the data analysis process as major success-driving factors that can be leveraged by SMEs from digital platforms, each of which are listed in a visual-based framework below:

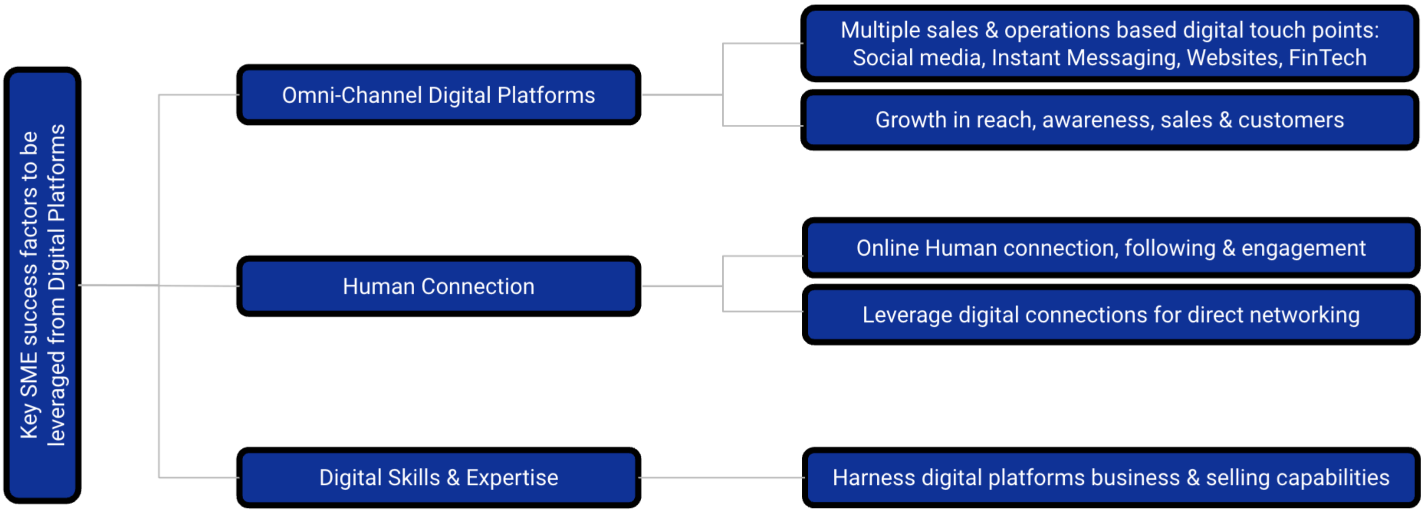


Figure 16: Key SME success factors to be leveraged from digital platforms

Omni-channel:

Leveraging Digital Platforms is a major success contributing element in growing a business. It's an excellent tool for maximising business, product, or service offerings' online reach and helps to achieve growth in new customer acquisitions, brand equity, and sales. Digital platforms can be harnessed to build a pipeline of customers; they create a marketing funnel for your business. The interview respondents mentioned that an omnichannel approach helps with the growth of their businesses; multiple digital platforms are used, namely social media, instant messaging platforms, online stores and point-of-sale systems.

Below are a few excerpts from the respondents in relation to the above statements:

“Social media helps me grow my business a lot! I have a retail shop in Joburg but I still sell most of my stock on Facebook and WhatsApp. I have a physical store for legitimacy and for customers to get a feel for my products and to connect as humans”
[Participant: Self-employed/SME]

“Social media allows me to be found, it gives my business exposure”
[Participant: Self-employed/SME]

“Your business can grow across regions and markets. You can get more followers across different place. I haven’t even been to Cape Town but I have customers in Cape Town, thanks to social media.”
[Participant: Self-employed/SME]

“I use instagram, Facebook and WhatsApp for placing orders. Facebook is the best, it's the cheapest one and most people are on Facebook. Facebook lite is great because even if people don’t have data, you can still reach them, they will still engage with your company by reading and commenting. It’s super effective in terms of reach”
[Participant: Self-employed/SME]

“I use Facebook, Whatsapp and a website, but the website's stock is not synced to my store’s point of sale system. These helps me grow my business”
[Participant: Self-employed/SME]

“Facebook is the platform that helps me grow my business the most. Facebook gives me awareness, engagements, comments and it allows my customers to just have fun with my brand. The website is very transactional on the other hand, but it gives my business a sense of legitimacy”
[Participant: Self-employed/SME]

Human Relationships:

Leveraging digital platforms to establish both direct and digital human connection with a brand is a major success contributing factor to startups, solopreneurs and SMEs. Human connection via digital channels is a vital component for success; building a social media community around a brand and establishing a social media following for engagement and brand communication makes a significant contribution toward the growth of a business.

Making contact with and having direct communication with your digital communities and social media following enables powerful networking and unlocks more opportunities, such as product deals, lower costs, access to resources and more.

Respondent excerpts related to the above statements are listed below:

"Connecting as humans is important to my brand, connecting with people, chatting, connecting and just finding inspiration from one another helps"
[Participant: Self-employed/SME]

"Building a social media community and following is extremely important for my growth. My business depends on new customers because I sell a lot of stock. It allows me to reach more customers that weren't aware of my brand"
[Participant: Self-employed/SME]

"People on social media absolutely love it when I post pictures of them with my products and it makes my brand look legit. People trust your business when they see real people using your products on social media"
[Participant: Self-employed/SME]

"Social media is a big help in terms of growing my business. Even before I

started the business, I announced on social media that I am planning to start one and people already took an interest! Social media pushes you and puts pressure on you to grow. People keep you accountable online and remind you and check up after you post something"
[Participant: Self-employed/SME]

"Social media also allows me to expand and it opens up more opportunities. It gives me access to people, I can build connections and network for better deals"
[Participant: Self-employed/SME]

Digital Skills and Expertise:

Respondents advised that platform training and expert assistance had a significant positive effect on their businesses. It helped to grow their businesses faster. Learning to harness digital platforms' business and selling capabilities helps in growing a business efficiently and effectively. Getting training through means of courses and seeking help from digital marketing specialists helps to achieve rapid business growth.

Below are a few excerpts from respondents in relation to the above statements:

"I would highly recommend you to do Facebook courses. You need to go deep into how the platform works, get training and get help in using its features and capabilities."
[Participant: Self-employed/SME]

"Learn to harness its powers for your business"
[Participant: Self-employed/SME]

Do the findings correlate with the literature and proposition 2?

It is evident from the respondent insights that leveraging digital platforms does in fact have a significant growth effect on individuals, startups and SMEs, thus increasing their chances of success. However, in relation to the literature, the findings showed that certain platforms definitely have a bigger impact on their business than others. Facebook appears to be the leading contributor to achieving growth as an SME or informal trader.

In conclusion, leveraging digital platforms does have a positive growth impact on businesses. However, the three most important factors to be leveraged when using digital platforms are:

- Operating with an omnichannel digital platform approach, enabling customers to engage and transact with your business across multiple touch points.
- Human connections and engagement by establishing and developing an online community around your brand. Furthermore, using online connections to forge direct in-person networking
- Learning to harness the power of digital platforms and seeking expert help in leveraging its business capabilities

4.8 Conclusion

Proposition 1 has been confirmed and supported by the findings derived from the respondent interview data analysis. Organisations that invest in direct local digital advertising partnerships do in fact benefit by gaining more control over their advertising, better cost efficiencies together with negotiation opportunities, expert support and flexibility in services offered. These partnerships simultaneously benefit individuals and local digital advertising companies as it aid in the growth of their income and revenue, thus contributing to further growth in the local economy. Local advertising partnerships drive inclusion for local advertisers, enabling them to “gain a piece of the pie” and capture a share of the digital advertising market. Local digital advertising companies must, however, meet the needs and wants of the clients in accordance with the themes that were highlighted earlier in this chapter; they must, therefore, gear themselves up to meet the outlined expectations of the media buyers and decision-makers in order to increase their chances of success.

Proposition 2 has also been positively reinforced by the insights and findings derived from the respondent interviews. Leveraging digital platforms does in fact have a significant growth effect on individuals, startups and SMEs, thus increasing their chances of success. The findings have, however, highlighted certain key factors that need to be leveraged from the use of digital platforms; this includes an omnichannel operational approach, building human connections both digitally and directly, undergoing specialised social media platform training and seeking expert help to fully leverage digital platforms' business capabilities.

CHAPTER 5. CONCLUSIONS & RECOMMENDATIONS

5.1 Introduction

A summative overview of the key findings derived from the interview-based thematic analysis process will be formulated in relation to both propositions, in accordance with each of the respective research questions and objectives listed in Chapter 1. Final conclusions will be made for the research questions and objectives.

Furthermore, recommendations will be listed in accordance with the insights found for each of the respective stakeholders. Lastly, suggestions will be made for those who may intend to research the topic and findings in more depth, thus discovering more potentially useful insights.

5.2 Conclusions regarding research question & objective 1

Given the challenge of rising unemployment rates in South Africa, the growing digital advertising market has been identified as an income and revenue-generating opportunity for local individuals and advertising businesses. The challenge facing South African advertising businesses within this opportunity, however, is global ad tech companies that continue to dominate and monopolise the local advertising market, significantly reducing South African companies' market share within this segment. The growth of the digital advertising market shows no signs of slowing down, and this market will continue to be a lucrative source of financial gain. Objective 1 aimed to uncover factors that would serve as valuable insights to local advertising companies, contributing toward successful advertising client acquisitions and effectively capturing market share within the digital advertising market. The study explored how direct local advertising partnerships can be mutually beneficial between advertising companies and organisations with relatively large advertising budgets.

The findings derived from the data analysis process painted a clear picture in response to the first research question:
Organisations that invest in direct local digital advertising partnerships gain more control over their advertising. They also receive better cost efficiencies and a high level of negotiation willingness for maximum yield in terms of return on advertising spend. These organisations also tend to receive expert support and flexibility in terms of the services offered whilst simultaneously aiding in the growth of individual income and local digital advertising companies and, thus, contributing to further growth in the local economy. The findings revealed that direct advertising partnerships provide ease and simplicity in operationalising and executing advertising campaigns, thus significantly reducing the level of complexity and effort required by the advertising client. Furthermore, local advertising partners can interpret, present and communicate key findings to the advertising clients in person.

There are, therefore, several advantages to direct local advertising partnerships, which are summed up below.

Advantages:

- Strong human relationships and support
- Willingness to negotiate and a high level of flexibility
- Simplicity, higher control levels and ease of doing business
- Performance data and insights

Advertising clients have, however, highlighted critical areas of improvement needed from local direct advertising companies and have furthermore expressed the importance of these elements during their potential advertising partnership screening and review process. The areas in which they expect or require local advertising partners to improve are listed and explained below:

Key areas for improvement:

- Digital platform innovation:

    - Local advertising partners need to embrace innovation more rigorously by continuously adapting and enhancing their publishing features, capabilities and advertising offerings. Ongoing platform optimisation must be done, to achieve great digital user experiences. This may include factors such as mobile-first design thinking, cross-browser and cross-device usability when developing digital platforms to ensure the ads and general user experience function well on any device or web browser.

    - Another key requirement is for local advertisers to master their core service offerings in order to allow advertisers to rely on them for the best possible advertising solutions within their respective areas of specialisation. Advertisers are looking to leverage highly specialised skills and capabilities that can be offered by 3rd party local advertising agencies or partners. For example, if an advertiser is planning to invest heavily in Google Marketing Campaigns, they would need to tap into the best Google Marketing Specialist skills, which could be offered by local advertising partners.

- Brand positioning and targeting:

    - Local advertising companies need to package and communicate their service offerings in a more structured manner. They need to take brand and service offering communications seriously by building strong company profiles, brand elements, and messaging that reflect the image of a professional service provider and give the impression that they are on the same level as their global competitors.

  ○ Elements that build trust and provide a high sense of legitimacy within the market must be leveraged, such as online reviews, ratings, sentiments and other factors contributing to a positive brand image.

  ○ Advertisers often advertise with local publishers, but it is done via the Google DV360 Platform for ease of execution. Advertisers, therefore, encourage local online publishers to list their platforms on Google's DV360 marketplace.
    Furthermore, local advertising companies are able to tap into the global market by leveraging platforms such as Google's DV360.

It is important to note that the key advantages and areas for improvement are linked to two key components that need to be leveraged fully by local advertising companies in order to maximise advertising client acquisition and retention. These two components are:

- Human relationships
- Digital Platforms

Human relationships need to be leveraged in terms of developing both digital relationships via online communities and direct in-person relationships to maximise brand clout, brand influence, networking opportunities and developing strong human relationships with clients.
Furthermore, human relationships facilitate the other advantages of direct advertising partnerships. It facilitates cost negotiations and flexibility in services offered.
The simplicity and ease of doing business are made possible by a mix of human relationships in terms of ways of working and relationships, whereas digital

platforms enable great client experiences and facilitate the ease of advertising campaign execution, along with the extraction of data and insights. The data and key insights can then be communicated to the advertising clients on an in-person basis, as per their preferred means of insight-related communication.

Therefore, the key resources that need to be leveraged are human relationships and digital platforms. These two resources make a significant contribution to the growth and success of local advertising companies by means of direct advertising partnerships.

Key summary of learnings when comparing the findings to the literature review:

Organisations with relatively large advertising budgets are not open to direct media partnerships with individuals in terms of influencers and content creators. These organisations prefer to partner with an advertising company specialising in influencer marketing and content creator partnerships. The influencer or media partner company is expected to manage the partner marketing process on an end-to-end basis, which includes sourcing, recruiting, and briefing influencers or content creators. The relationships and partner advertising campaigns will thus be managed and facilitated by the media partner company. This removes the cumbersome processes and simplifies the campaign execution process for the advertiser whilst simultaneously enabling them to leverage specialised partner marketing skills, resources and expertise.

Secondly, instead of local advertisers attempting to compete with global ad tech companies, they should seek to formulate partnerships. The local advertising company could partner with the likes of Google and META by becoming certified specialists. Large organisations would then be able to partner with the local specialist and leverage their skills, expertise and in-person specialised support or account management. The local advertising company would therefore be the “middle man” and essentially function as the go-between

between the organisation looking to advertise and the international ad tech company. This model furthermore removes the complexity in the execution and management of ad campaigns via these platforms from the advertiser, therefore simplifying the process for advertisers and ensuring ease of doing business. The local specialised advertising company is then able to communicate key insights derived from the campaigns on an in-person basis, following the advertiser's account management preference.

Lastly, in relation to partnering with global ad tech companies instead of competing with them, Local advertising companies should consider listing their advertising inventory and web properties on international ad tech marketplaces, such as Google DV360. In doing so, local advertisers can tap into international markets and clients. Google then facilitates the advertising partnership between the local advertising company and the international brand, resulting in a revenue share model between Google and the local advertising platform.

Therefore, local advertising companies should leverage existing international ad tech platforms through partnerships and direct advertising partnerships. In doing so, advertising companies would maximise their client base and revenue opportunities in local and international markets.

5.3 Conclusions regarding Research Question & objective 2

The e-commerce market is growing exponentially in South Africa, which presents a significant income and revenue-generating opportunity. However, the challenge is that international online retailers are entering the market, dominating and capturing most of the market share. This study aimed to identify factors that would help individuals, startups, and SMEs successfully gain access to this market, generate revenue, and effectively share in this growing e-commerce market.

The findings of this study support the 2nd proposition, as the results show that individuals, startups and SMEs have grown significantly as a result of effectively leveraging digital platforms.

Certain key themes have been identified during the data analysis process, each of which played a remarkable role in the success of the interview participants' business growth. The interesting part of these findings is that offline benefits and customer experiences were made possible through online efforts, thus essentially connecting the digital and physical worlds of doing business. This is known as “phygital”: *“the concept of using technology to bridge the digital world with the physical world with the purpose of providing a unique interactive experience for the user”. (Monash, 2024).*

The key digitally leveraged components that played a critical role in the success of the participant's efforts were as follows:

- Leveraging digital platforms
- Human relationships & networks
- Digital skills & expertise

Extensive and frequent use of digital platforms enables individuals, startups and SMEs to reach their target audiences effectively and efficiently. The real-time nature of digital platforms, such as Facebook, enables immediate access to the brand and provides the transactional capabilities to allow the brand to grow its sales volumes and new customer acquisitions. Therefore, The platforms enable brands to build a following, acquire customers, grow sales, and facilitate live communication with customers directly.

Leveraging digital platforms to establish direct and digital human connections with a brand is a major success factor for solopreneurs, startups and SMEs. Digital engagement helps to build brand awareness and capture new customers and sales. It furthermore helps business owners tap into networking opportunities due to digital connections and social media followings.

Specialised digital platform training and expert platform assistance help grow businesses faster by enabling them to fully leverage digital platforms' business capabilities and features.

The findings revealed that Facebook is a highly effective platform for e-commerce startup growth in South Africa. The participants highlighted the following factors as to the reasoning behind Facebook's success-enabling capabilities, based on their personal experiences:

- Social media platform with the highest number of active users in SA
- Enables high target audience reachability at meagre costs
- Facebook Lite enables users to continue browsing, even without data - this enables the customer awareness and acquisition process to continue despite consumers not having access to data
- Ease of communication via messaging and post comments
- User-generated content develops brand awareness and builds brand trust among potential customers

An interesting point to note is that two key factors appear to be the most important when selling goods via digital channels, these are the same for both objective 1 and 2:

- Digital platforms
- Human relationships

In this instance, leveraging digital channels enables powerful networking opportunities and develops strong relationships. These human connections significantly help business owners build brand awareness and clout, acquire customers, negotiate costs, sign deals, and more. Leveraging digital platforms to their fullest potential provides significant success-contributing benefits; therefore, individuals, startups and SMEs must obtain expert-level training or seek help from digital platform specialists to maximise the return on their marketing efforts.

The findings support the literature covered in Chapter 2, as informal trade activities present significant formal business opportunities and can scale into successful formal business entities by leveraging digital platforms.

5.4 Recommendations

Local digital advertising companies(Startups, SMEs, mid and large):

- Make use of the Golden Circle model and incorporate it into how your business operates, conducts business with clients and develops platforms or service offerings. Consider the “Why, How and What” when structuring your operational processes and service offerings. This framework appears to be the basis of how many large organisations operate regarding their outlook toward opportunities. This model reflects how large organisations analyse potential advertising partners.

- Leverage existing 3rd party digital advertising platforms in the form of partnerships with revenue share models

- Develop owned media platforms for direct advertising partnerships; implement continuous cutting-edge innovation and user experience optimisation

- Form solid human relationships with potential and existing clients, communicate frequently and ensure in-person meetings are conducted regularly. Communicate, communicate, communicate - in person and directly with clients.

- Have a high level of agility and flexibility in terms of service offerings and ways of working with clients

- Ensure a high level of willingness to negotiate on pricing and bundled advertising package deals

- Make doing business with your company as easy as possible and remove complexities from clients workflows as far as possible

- Interpret key findings by formulating insights from advertising campaign data and communicate it clearly to clients, in person if possible

- Package your service offerings professionally and build an extensive list of positive online reviews

- Target both local and global markets

Organisations with relatively large advertising budgets:

- Seek key direct advertising partnerships in the local market and form a strong mutually beneficial relationship to maximise cost efficiencies and return on investment

- Leverage human relationships with local advertising partners and exploit negotiation opportunities

- Test and learn with various media partners on a continuous basis to find key partnerships and to maximise ROAS

Individuals, informal traders, startups and SMEs that sell goods and services online:

- Fully leverage the business capabilities of 3rd party digital platforms such as Facebook, Instagram, Whatsapp, TikTok and more

- Test which social media platforms yield the highest return on advertising spend for your business and invest in the top yielding platforms. Facebook appears to have high success rates, according to the findings

- Develop owned digital platforms using SaaS platforms such as Shopify and WordPress

- Get extensive training on how to fully leverage digital platform capabilities and seek specialist help

- Leverage digital connections for direct networking to formulate solid human connections and relationships

Based on the findings, the following two factors could be added to the Porters 5 Forces model to cater for the modern digital age, essentially adapting it to "Porters 7 Forces":

1. Technology:
   Level of technological leverage and disruptive innovation capabilities
   Level of investment into R&D and M&A (mergers & acquisitions)

2. Brand clout or online influence:
   Assessing network effect capabilities and opportunities
   Evaluating the level of influence, brand equity and the strength of online and offline human relationships and communities.

Number of users

Size of data collection volumes and sources

5.5 Suggestions for further research

The findings are interconnected with two key ingredients for success: leveraging digital platforms and human relationships. It may be helpful to dive deeper into these two topics specifically to uncover more insights into how they impact the success and failure of startups and more seasoned organisations. The “how to” and “how not to” must be revealed.

Another critical area for further research is Informal trading and its potential to scale by leveraging digital platforms. More research must be conducted to uncover deeper insights into what helps informal traders scale into large, successful, thriving formal businesses.

How can informal traders scale to mid and large-sized formal organisations?

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Annexure A: Participant Information Sheet

Good day,

My name is Peter Fortune. I am a Masters student in Digital Business at the University of the Witwatersrand, Johannesburg. My supervisor is Dr Quaye. I am conducting a research study about enabling South Africans to leverage ecommerce tools and digital advertising for income or revenue generation. The study title is Democratising digital advertising and ecommerce in South Africa.

I am inviting you to take part in an interview. If you decide to take part, your participation in this research study will last about 30 to 60 minutes. The interview will take place online at a pre-agreed upon time.

With your permission, I would like to audio or video record the interview. This data will be stored in Google Cloud for 2 years and/or deleted after 5 years. Only the researcher will have access to the data.

During the research activity, I will need to ask for some personal information about you, including your work experiences and particularly around how you leverage ecommerce tools and digital advertising technologies or partnerships.

The interview will be confidential and anonymous. When I share the results of the research study, I will not include your name or anything else that could identify you. With your permission, other researchers may use the data collected from this research study, but your name and any personal information will not be used or passed on.

If you decide to take part in the research study, it should be because you want to volunteer. You do not have to take part. You can stop being in the study at any time. You do not have to answer any questions if you do not want to. You will not get any direct benefits if you choose to join the research study. You will not lose any services, benefits or rights you would normally have if you decide not to join. Taking part in the research study will not cost you anything. You will not be paid for being in this research study. Your travel or data costs to attend the interview will be reimbursed to a maximum of R150, if necessary.

This research study will be written up as a research report. The report will be available on the university library website. If you would like to receive a summary of this report, I will be happy to send it to you.

If you have any questions during or afterwards about this research study, feel free to contact me or my supervisor on the details listed below. If you have any concerns or complaints about the ethical procedures of this research study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical), telephone +27(0) 11 717 1408, email hrecnon-medical@wits.ac.za.

Yours sincerely,

Peter Fortune

Researcher:

Peter John Fortune, 2632431@students.wits.ac.za, 073 001 4441

Supervisor:

Dr. Emmanuel Quaye, emmanuel.quaye@wits.ac.za

Annexure B: Agreement Form:

Democratising digital advertising and e-commerce in South Africa

Name of researcher: Peter Fortune

I, ……………………………………….., agree to participate in this research project.

I agree to the following:

The research study was explained to me. I understand what this study is about.	YES	NO
I understand that I can volunteer to take part in the study	YES	NO
I agree that the interview or other activity may be audio or video recorded	YES	NO
I agree that direct quotations from my interview or any other activity may be used by the researcher in their research report, manuscript, book or chapter	YES	NO
I agree that my participation will remain anonymous (my name or other identifying data will not be used by the researcher in their research report/manuscript/book chapter)	YES	NO
I agree that other researchers may use the information I provide in my interview but my name and any personal information will not be used or passed on	YES	NO

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

…………………………………… (signature)
…………………………………… (name of researcher/person seeking consent)
…………………………………… (date)

Annexure C: Respondent Cover Letter:

Dear research respondent,

Thank you for agreeing to participate in this research study.

The research will be conducted in an interview format, as part of qualitative based case study.

The study aims to provide insights into how South Africans are able to leverage digital commerce and social media technologies to generate an income or revenue. It is aimed to help individuals and SMEs to have less reliance on formal employment, equipping them with knowledge and insights into what tools can be used and how it should be used to generate an income and maximise their revenue earning potential.

The study hopes to help alleviate unemployment and poverty in South Africa and potentially other developing countries as well.

Furthermore, it aims to provide large businesses with insights into how they are able to leverage direct partnerships with communities to extract business value from direct digital advertising opportunities.

Your data will be anonymised and used solely for the purposes of gaining insights. Once the data is anonymised, it will be included in the research study and submitted to WITS University as part of my research in the Masters programme in Digital Business.

Regards.
Peter

Annexure D: Interview Guide

Digital advertising objective related questions:

1. Do you feel you are limited to Paid Google or Social Media Ads and what challenges do you face with these primary digital advertising channels?

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2. If alternative community driven advertising options could be as or even more effective than the primary ad channels, such as Google Display and Paid Social Media Advertising, would companies shift ad budgets to these channels?

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3. Does most of your advertising budget spend on impressions and clicks? And would you prefer to pay for action based outcomes such as sales, instead of impressions and clicks?

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4. Do you have a relationship with the advertising publishing platforms where your ads are being served and are you able to negotiate costs or ad placements with them directly?

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5. Will you experiment with new or alternative digital ad channels that could provide you with more control, efficiency and transparency?

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Ecommerce tools & platforms objective related questions:

1. Are ecommerce platforms, digital tools and related mechanisms being utilised to help grow informal trade opportunities?

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2. Is Social Commerce helping individuals and informal traders to grow their income in South Africa?

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3. What drove you to start a business? What motivated you?

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4. Do you make use of social media platforms & does it help grow your business?

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5. Is it important to you to grow a following & a community that follows your brand? Does this help you to generate more revenue? Does it make you more successful?

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6. Do you leverage any other digital platforms for your business? Ie: Whatsapp, Website, payment platforms, etc? Which of them is most effective in growing your business?

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7. Does the mix of using digital platforms & building a community around your brand help grow your business?

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8. What advice would you give to others? What key factors helped you achieve success?

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9. Which platforms helped you achieve success the most?

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Table 4. Consistency table: research questions, propositions, data collection and data analysis

RQ #		**State Research Question or Objective**	**Prop/hyp #**	**State Proposition or Hypothesis**	**Data collection detail**	**Data analysis method**
1		What advantages do direct local media partnerships offer brands and what factors would influence them to invest in local direct advertising partnerships?	1	Organisations that invest in direct local digital advertising partnerships gain significant returns on advertising spend, with more control and flexibility	Interview guide	Thematic analysis
1.1		“Do you feel you are limited to Paid Google or Social Media Ads and what challenges do you face with these primary digital advertising channels?	1.1	Organisations that invest in direct local digital advertising partnerships gain significant returns on advertising spend, with more control and flexibility	Interview guide	Thematic analysis

RQ #		State Research Question or Objective	Prop/hyp #	State Proposition or Hypothesis	Data collection detail	Data analysis method
1.2		“If alternative community driven advertising options could be as or even more effective than the primary ad channels, such as Google Display and Paid Social Media Advertising, would companies shift ad budgets to these channels?”	1.2	Organisations that invest in direct local digital advertising partnerships gain significant returns on advertising spend, with more control and flexibility	Interview guide	Thematic analysis
1.3		Does most of your advertising budget spend on impressions and clicks? And would you prefer to pay for action based outcomes such as sales, instead of impressions and clicks?	1.3	Organisations that invest in direct local digital advertising partnerships gain significant returns on advertising spend, with more control and flexibility	Interview Guide	Thematic analysis

RQ #		State Research Question or Objective	Prop/hyp #	State Proposition or Hypothesis	Data collection detail	Data analysis method
1.4		"Do you have a relationship with the advertising publishing platforms where your ads are being served and are you able to negotiate costs or ad placements with them directly?	1.4	Organisations that invest in direct local digital advertising partnerships gain significant returns on advertising spend, with more control and flexibility	Interview Guide	Thematic analysis
1.5		"Will you experiment with new or alternative digital ad channels that could provide you with more control, efficiency and transparency?"	1.5	Organisations that invest in direct local digital advertising partnerships gain significant returns on advertising spend, with more control and flexibility	Interview Guide	Thematic analysis
2		Does the use of digital platforms have a growth effect on self-employed individuals, startups and SMEs? And if so, what are the related factors that	2	Leveraging digital platforms has a significant growth effect on individuals, startups and SMEs, thus	Interview Guide	Thematic analysis

RQ #		State Research Question or Objective	Prop/hyp #	State Proposition or Hypothesis	Data collection detail	Data analysis method
		have the biggest impact on achieving business growth?		increasing their chances of success		
2.1		“Are ecommerce platforms, digital tools and related mechanisms being utilised to help grow informal trade opportunities?”	2.1	Leveraging digital platforms has a significant growth effect on individuals, startups and SMEs, thus increasing their chances of success	Interview Guide	Thematic analysis
2.2		“Is Social Commerce helping individuals and informal traders to grow their income in South Africa?	2.2	Leveraging digital platforms has a significant growth effect on individuals, startups and SMEs, thus increasing their chances of success	Interview Guide	Thematic analysis
2.3		“What drove you to start a business? What motivated you?”	2.3	Leveraging digital platforms has a significant growth effect	Interview Guide	Thematic analysis

RQ #		State Research Question or Objective	Prop/hyp #	State Proposition or Hypothesis	Data collection detail	Data analysis method
				on individuals, startups and SMEs, thus increasing their chances of success		
2.4		“Do you make use of social media platforms & does it help grow your business?”	2.4	Leveraging digital platforms has a significant growth effect on individuals, startups and SMEs, thus increasing their chances of success	Interview Guide	Thematic analysis
2.5		“Is it important to you to grow a following & a community that follows your brand? Does this help you to generate more revenue? Does it make you more successful?”	2.5	Leveraging digital platforms has a significant growth effect on individuals, startups and SMEs, thus increasing their chances of success	Interview Guide	Thematic analysis

RQ #		State Research Question or Objective	Prop/hyp #	State Proposition or Hypothesis	Data collection detail	Data analysis method
2.6		"Do you leverage any other digital platforms for your business? Ie: Whatsapp, Website, payment platforms, etc? Which of them is most effective in growing your business?"	2.6	Leveraging digital platforms has a significant growth effect on individuals, startups and SMEs, thus increasing their chances of success	Interview Guide	Thematic analysis
2.7		"Does the mix of using digital platforms & building a community around your brand help grow your business?"	2.7	Leveraging digital platforms has a significant growth effect on individuals, startups and SMEs, thus increasing their chances of success	Interview Guide	Thematic analysis
2.8		"What advice would you give to others? What key factors helped you achieve success?"	2.8	Leveraging digital platforms has a significant growth effect on individuals, startups and SMEs, thus	Interview Guide	Thematic analysis

RQ #		State Research Question or Objective	Prop/hyp #	State Proposition or Hypothesis	Data collection detail	Data analysis method
				increasing their chances of success		
2.9		“Which platforms helped you achieve success the most?”	2.9	Leveraging digital platforms has a significant growth effect on individuals, startups and SMEs, thus increasing their chances of success	Interview Guide	Thematic analysis