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Retail Business Readiness to Adapt to The Future and Scale

Blain Manickum

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A business venture proposal submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

Johannesburg, [2023]

Protocol number: WBS/BA2515303/306

DECLARATION

I, Blain Manickum, declare that this business venture proposal is my work except as indicated in the references and acknowledgments. It is submitted in partial fulfillment of the requirements for the degree of Master of Business Administration at the Wits Business School, University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Blain Manickum

Signed at Wits Business School, Johannesburg

On the 28th day of February 2023

DEDICATION

I dedicate this thesis and, more significantly, my MBA to those who have had a profound impact on my journey. Foremost, I express my heartfelt gratitude to my parents, Mark and Devi, for their love, support and for instilling in me the values of perseverance and hard work. Their encouragement propelled me to embark on this remarkable journey, and for that, I am eternally grateful.

Next, I am indebted to my beloved wife, Kiasha, who has been invaluable to me and our family throughout this journey. Her love, sacrifice, coupled with her unwavering support during my most challenging times, has been a source of motivation and inspiration to me. I am beyond fortunate to have such a caring and supportive life partner.

Finally, I dedicate this achievement to my daughter Milana, who always provided me with the strength to overcome obstacles and a reason to continuously improve myself. Her mere existence is a source of inspiration that reflected light at the end of

what seemed like a very dark and long tunnels. I hope that this achievement would serve as an inspiration to you.

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SUPPLEMENTARY INFORMATION

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References

Research Questionnaires

Analysis and Results

EXECUTIVE SUMMARY

The retail industry has been mainly impacted by post covid-19 external changes such as an increase in e-commerce buying patterns, increased cost of debt, and reduction in earnings of consumers leaving retail businesses faced with difficult decisions to try to adapt to the changing markets or face closure.

The purpose of the business venture proposal is to unpack specific problems Manix Hardware faces. These problems through research and literature reviews have been identified as the inability to grow past a growth ceiling, cashflow, the impact covid 19 had on consumers buying patterns, industry e-commerce trends, and lack of marketing skills.

In order to detail these problems, a comprehensive literature review was conducted on management skills focusing on small business owners, marketing skills required, impact and adoption of technology, and gaining a greater understanding of the impact of covid 19 on the retail industry.

Management theories and tools used as a framework of the business venture included PESTEL, customer analysis, porters model, resource-based view, and the business canvas model. These management theories allowed Manix Hardware to determine the extent of the problems and opportunities in detail.

The research component of the business venture consisted of detailed entrepreneurial surveys that went out to business owners as well as customer surveys to further understand the needs of the consumer and how the business can improve and leverage on growth opportunities.

Based on the research conducted key findings derived that there needs to be greater importance on innovative marketing efforts, improved business skills, financial financing models needs to be looked at, implementation of an e-commerce platform, and ways to remain sustainable post covid-19.

A comprehensive business, financial, operational, and implementation plan was then derived on how the identified problems and opportunities would then be executed using the specific management theories. Manix Hardware would improve on its online presence by creating an e-commerce platform for customers to purchase products online allowing them access to greater markets other than the two physical store locations, increasing their operating capital equipment allowing them to lower operating costs whilst improving efficiency and service delivery. Continuous training and development programs will be implemented upskilling their workforce and management team.

Manix Hardware would successfully ensure they are able to remain sustainable through changing external factors in the market and be adaptable to growth opportunities ensuring long-term success and stability of the business.

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1. INTRODUCTION AND SCOPE

1.1. Purpose of the study and scope

In South Africa, small businesses make a massive contribution to the economy and as well as reducing the overall unemployment rate by job creation and alleviating poverty (Gherghina, Botezatu, Hosszu, & Simionescu, 2020). A concerning fact is that there has been a significant rise in small business failure in South Africa. This can be mainly due to external factors such as high operating costs, corruption, lack of funding, increased competition, crime, and low economic conditions (Fatoki, 2014). For small businesses to make a meaningful impact on the economy there needs to be a collaborative effort from the private and government sector to amalgamate small business sectors into the mainstream economy (Luiz, 2002). Stakeholders such as financial institutes, commercial property owners, business educational institutes and governmental sustainability departments need to align to improve the success rate of small businesses (Baker & Judge, 2020).

Alternative factors such as improved education and gender need to be further analyzed by entrepreneurs to gain a competitive advantage. According to Simon and Shepherd, (2014) results from a self-administered survey confirm that's entrepreneurs with a high education and a specific gender have a significant role in the overall success and performance of a business. Entrepreneurial education doesn't have to be restricted to small businesses as it allows individuals to be more creative and innovative through all aspects of their lives (Othman, 2022). This correlates to the research conducted as many respondents as possible from successful businesses has a strong focus on education, learning and development.

The purpose of this study and business venture proposal is to unpack what it entails to operate a successful business by understanding pain points within a business. Once a business reaches a growth ceiling this study through extensive research

methods and analysis, explore strategic solutions to allow the business to be able to freely grow in a structured manner.

Manix Hardware is a retail business established in 2018 in Buccleuch Gauteng and opened a second brand in Midrand in 2021. The business target market consists of DIY enthusiasts, small and large building contractors, and home improvement specialists. The products and services offer include building materials, DIY products and tools, cleaning materials and arts and crafts.

An extensive research and industry analysis was conducted to determine what the competitive advantage of Manix Hardware is by understanding their competitors, customer segments, product development, risk analysis, marketing strategy to develop a comprehensive implementation plan.

To reach futuristic goals Manix Hardware defines their current problems and challenges to understand what is required to overcome barriers and stigmas, educate management and staff to adapt to harsh external conditions, and determine a strategic direction to pursue an innovative and sustainable future, ultimately providing a positive impact in the south African economy.

1.2. Objective of the proposed business venture

The objective of this proposal is to explore the possible solutions to challenges small businesses face when they reach a growth ceiling and create a framework that small businesses can use to be able to overcome these challenges and achieve sustainable growth and innovative change in a digital era. The following are pain points in which the study intends to tackle:

- Impact Covid had on the businesses and their ability to mitigate the risk in the future
- Ability to invest in the business to ensure growth and sustainability
- Implementation of technology to enable growth and increase market share through online channel
- Mitigate operational risks

- Improve the business success rate
- Adapt to external environmental challenges

1.3. Business Proposal Problem

Manix Hardware experienced multiple problems one mainly being the changes in the external environment being the covid 19 pandemic and the external changes the business experiences in the form of customers now wanting to purchase online instead of instore. This has led to a reduction in clients and business started to decline. The second problem is that the business had reached a ceiling from a growth perspective because there were no innovative strategies to grow and expand. Thirdly the management and staff lacked the appropriate training and development. Fourthly, Manix Hardware lacked the capital equipment such as TLB movers to efficiently and building material, sand and stone onto delivery vehicles. Forthly Manix Hardware lacks the cashflow to invest into the business and does make use of any credit funding solutions which limits their ability to grow.

1.4. Business Proposal Opportunity

By redesigning the business set out in the business venture Manix Hardware would be able to translate those said problems into opportunities to remain competitive and stable in the market. Manix Hardware needed to ensure they adapt to the changes in the market and an opportunity arose for an online e-commerce platform. By leveraging from an e-commerce opportunity Manix Hardware would have the ability to trade in a wider target market online than its current two locations the physical stories are located allowing for a greater reach. By Manix hardware having additional capital equipment they would be able to increase sales and save on operating costs turning a greater profit.

2. LITERATURE REVIEW

2.1. Introduction

The South African retail sector reflects a total sales value of R516 – Billion which equates to a 14.4% annual increase versus the 2021 (NielsenIQ, 2022). This would make the South African retail sector the largest in Africa and surprisingly the 20th largest in the world (Trading Economics, 2023). The R516 – Billion in sales would emanate from over 143 000 independent retail stores and 10 000 branded franchised major retailers across south Africa's nine provinces (NielsenIQ, 2022).

The South African retail sector has taken a major financial blow causing an increasing number of business closures, increased debt to keep afloat, and a rise in retrenchments contributing to the growth in the unemployment rate (Redda, 2021). This can be attributed to a reduction in household income, and unexpected deaths of household breadwinners due to covid which had a direct negative impact on people's lives and livelihoods (Redda, 2021).

The small retail business sector in South Africa is considered sizeable but not integrated into the mainstream economy (Luiz, 2002). With a concerted effort by private and public sectors, small businesses can contribute formally and grow by ensuring larger organizations are governed to outsource specific tasks to local small businesses promoting their growth and creating stability and sustainability (Siwela, 2019).

It is predicted that the South African construction market would reach a value of R286,2 billion with growth in the residential construction market 2,3% growth and majority growth stemming from the commercial building sector with a 12,3% growth (Research & Markets, 2020). Manix Hardware would predict a favourable growth based on the growth forecast of the construction sector.

Small businesses in South Africa experience multiple flaws such as a lack of managerial skills, lack of financial management skills and challenges, inability to access credit, little knowledge or access to market entry, marketing skills, slow

digital transformation, lack of skilled and willing workforce and support from private and governmental institutes (Dubihlela & Van Schaikwyk, 2014).

2.2. Hardware Industry in South Africa

The South African hardware industry that comprises of home improvements, gardening tools, power tools, building materials and paint constituted of a $8.0 billion revenue in 2021 resulting in a 1.8% growth from 2017 to 2021. Home improvements and garden products sales accounts for the largest part of this market and represents 60.3% of this market. The hardware industry was one of the least affected industries during the covid 19 pandemic and showed a 1% growth in 2021 (Market line, 2022).

2.3. Management Skills of small businesses

It has been identified by Fatoki, (2014) that some of the Internal factors that cause small businesses to fail are lack of management experience to run a business holistically instead of managing just one department, lack of functional and management skills, inadequate staff training and development, a non-customer centric culture resulting in negative attitudes towards customers. The incapacity or inability of an entrepreneur management skills leads to poor understanding of their small to medium business competitive advantage and ultimately resulting in the 70% business failure rate in the first 5 to 7 years of inception (Bushe B. , 2019).

A small business owner due to limited funding in most cases is known to wear many hats such as Finance, Human Resources, Marketing, Operations, and IT. It's with this in mind that its seldom the case that small business owners have the management skills to manage all these divisions effectively. Managers would need to invest in upskilling themselves and their employees to remain sustainable, innovative and to gain a competitive advantage and scale the business (Cronje, Motlatla, & Du Toit, 2004).

2.4. Marketing skills

Research reflects that over 40% of businesses fail in the first year, 60% in the second year, and around 90% by the tenth year of existence (Bushe B. , 2019). Marketing skills or lack thereof are a fundamental reason for business failure amongst others. Small business owners are so thinly spread as they wear various operational hats such as managers, human resource, finance, sales, and marketing, and in turn don't have the ability, knowledge, or time to give each business division the time and attention required (Scheers 2011).

Most small businesses when met with financial difficulties and in a process of reducing costs their first step is to look at cutting marketing expenses or reducing marketing efforts when in turn marketing is the key tool to increase awareness and revenue (Scheers, SMEs' marketing skills challenges in South Africa, 2011). Small businesses need to understand that marketing strategies effectively create awareness for their products and services. With training, development and upskilling themselves business owners through effective marketing initiatives should better satisfy their customers' needs and maximize on profitable sales and not just maximize sales volume (Scheers, 2011). Managers and businesses tend to prioritize challenges that they deem essential to survival over marketing (Scheers, 2011). It's with that marketing is essential and in times of trouble small businesses need to invest more in marketing to create a greater awareness.

In research by Bowler, Dawood, and Page, (2007) small enterprise managers need to perform all business activities even though they do not like it or find it particularly high on their agenda. So, if a business owner doesn't like marketing or doesn't have marketing skills this will negatively impact their business, and it's imperative that they equip themselves or outsource the required marketing skills as it's pertinent to the long-term survival of their business.

There is a common misconception that most businesses fail due to a lack of cash flow or limited revenue without looking at other contributing factors. Cant (2012) focused his research on marketing skills and efforts that may take precedence over continuous planning and strategy at times. Before starting a marketing plan or

strategy a business owner would need to thoroughly understand external influences, opportunities, and threats the business may face and position the market segment and the business strategically. Based on understanding this information, it will provide a good basis to start a marketing strategy.

Personality traits play a vital role in the success of a business and inadequate marketing skills serve as a risk to the sustainability and survival of the business. As much as all business functions are important, marketing is the main function that brings in revenue (Murphy, 2006). Given the rapid increase in digital marketing strategies particularly in the social media, a direct relation reflected an 83,5% increase sales interest using marketing efforts versus none (Qurratu'Aini & Hapsari, 2019).

Cant, (2012) identifies the following marketing skills challenges that small businesses may face from various sources of studies: Understanding of the potential of a market, needs analysis of the market, market segmentation, the funding required for marketing, education and skills required for marketing, different types of marketing efforts and strategies based on the product or service and competitiveness of the small business owner. Based on the above list access to finance and understanding markets potential to grow is regarded as the biggest challenges that small businesses face when it comes to marketing.

2.5. Impact and Adoption of Technology

Technology has enhanced the industry growth by means of online ordering mechanisms reducing in-store foot traffic by 30% and growing the E-commerce sector by 66% (Kibuacha, 2021). According to a survey conducted by Schaefer and Bulbulia, (2021), it has been identified that the top five reasons for an increase in online shopping were convenience, due to Covid-19 restrictions and safety, shorter waiting period hence saving time, perceived to be the safest option and there’s isn’t difference in consumer satisfaction levels compared to in-store shopping. This makes one question what Manix Hardware can do to improve its in-store offering and experience that would motivate consumers to transition their

shopping behaviour back to physical instore shopping and minimise online shopping.

There is a wide acknowledgment in society that technology enhancement is here to stay and develop into the future but Lee and Runge (2001) explored three drivers of technology adoption in small businesses. (1) An owner's perception of technology and the advantage it would have on their business. (2) What is the expectation of society on the use of technology and (3) The foresight and innovativeness the small business owner would have. In a study conducted by Lee and Runge (2001) amongst seventy-one participants the owner's perception of technology and the advantage it would have on their business is the biggest determinant on adopting technology into their business.

This aligned to the research findings of this business venture as majority of business owners who completed the survey (especially in the direct channel) placed a strong importance on digital transformational initiatives such as E-commerce, automation, social media marketing and interactive communication tools.

2.6. Understanding the impact of Covid 19 on retail

South Africa amongst many other countries around the world was affected by the SARS-CoV-2 virus. With a shortage or lack of sufficient vaccines and pharmaceutical equipment and medical support the South African government had to act swiftly and physically distance people to slow the spread of the virus (Arndt, et al., 2020). They did this by declaring a six-week hard lockdown in March 2022 and conducted a five-phase approach in ending the lockdown with the main intention to contain the rapid spread of the virus whilst the population became vaccinated. Whilst their intention was good this came with a tremendous backlash and reduction in the country's economy, leaving many South African businesses not being able to pay rent, and salaries to their staff resulting in the poor being affected the most (Stiegler & Bouchard, 2020).

Covid-19 had a severe impact on the world more so on a developing country like South Africa that resulted in a nationwide lockdown with travel restrictions placed

on the country. This restriction of human movement and economic trade had a severe negative ripple effect on small businesses. Due to there being no trade, there was a reduction in the GDP contribution which mainly affected informal, small, and unregistered businesses resulting in many of them closing (Ikwegbue, Enaifoghe, Maduku, & Agwuna, 2021). This has in turn contributed to the increase in unemployment and poverty in the country.

The primary reason for small businesses closing is the limited cash flow to sustain them over a short period with little to no revenue resulting in them either drastically cutting expenses such as workforce, taking on additional debt which they may not be able to afford, or declaring bankruptcy and closing (Bartik A. , et al., 2020).

A study conducted by Jain, Budlender, Zizzamia, and Bassier, (2020) is believed to be the first study post the pandemic to analyse the impact Covid-19 has had on the country. The findings of this study reflected a 40% decline in active employment which comprised of job terminations. It was also noted that only 20 % temporarily not able to work received the covid relief fund and a third had no source of income.

It's easy to look at the Covid-19 impact on the retail sector at face value. However, there was a major disruption in the supply chain to retail that played a vital part in the downfall (Sathyanarayana, Shukla, & Taghikhah, 2020). This has had an impact on Manix Hardware's customer service, business reputation, and profitability as there's a gap from the time a product is ordered to the time the product is received, captured, and available for sale, further increasing the reason for consumers to shift from retail (physically going instore to purchase items) to online sales as they are able to know if a product is out of stock and expected time of arrival immediately versus physically going to a store.

Whilst the obvious and easiest option to reduce the cost to remain afloat would be to reduce working hours, reduce workforce and maintain ordinary e-commerce isn't effective to remain sustainable, Anakpo and Mishi, (2021) conducted research that found evidence supporting that if businesses conducted innovative e-commerce initiatives, virtual connections with customers and increased working hours would result in a positive and sustainable growth post Covid-19.

The impact of Covid-19 and the lock down regulations placed on South Africa has had a greater impact on the lower educated population than those of secondary and tertiary education as households with lower education relied more heavily on labour which resulted in many small businesses either closing or reducing working hours (Arndt et al. 2020).

To overcome the economic disparities a multipronged approach would be needed to fix fundamental flaws identified during the Covid-19 pandemic such as public health, income distribution, food security, social and governmental support and assistance to small businesses and overall social protection measures by the private and governmental sector (Ataguba, 2020).

2.7. Resource-Based View

A resource-based view is a management theory emerged in the 1980's that aimed at highlighting to organisations what tangible or intangible resources they have within their business that allows that to differentiate themselves in order to obtain a competitive advantage in that particular model (Jurevicius, 2021).

A resource-based view plays and importance role in assisting organizations not only identify their competitive advantages but also to nurture and develop the key resources to maintain competitive advantage (Assensoh-Kodua, 2019).

What makes Manix Hardware's unique and gives it a competitive advantage is firstly the physical location of the store. There aren't any hardware stores is a close proximity allowing the business to be a preferred store due to convenience. The staff at Manix hardware are very friendly and knowledgeable. This allows for customers to get honest, personal, and valuable advice that they seldom get at larger chain stores.

2.8. Management Theories and Tools

Business models and management theories are developed as a framework to analyse a business and create value. The results of the multitude of business

theories highlights key aspects that can be of a competitive advantage or a risk that can be mitigated ultimately ensuring a greater success rate of the business venture and satisfying the need of their respective target market (Freudenreich, Lüdeke-Freund , & Schaltegger, 2020). The below management theories and tools are used to analyse and derive a competitive advantage in the Manix Hardware business venture.

6 W's of Customer Analysis

Manix Hardware will utilize the 6W Model of Customer Analysis as an external analysis tool developed by O.C Ferrell, which will be used below to gain insight in their customer base to further understand behaviour and product intended used for future strategic intent (Pride & Ferrell, 2019). The three advantages of using the 6 W's tool is that it's simple and quick to use as the questions are straight forward and easy to understand. It's a flexible tool and can be applied to multiple situations and it follows a structure allowing one to break down a problem or analysis in a logical flow (Feldman, 2018).

PESTEL

A PESTEL Analysis is a tool used to measure macro external factors that may face the organisation (Oxford College of Marketing, 2016). PESTEL analysis was used in the Manix Hardware business venture proposal as a macro environmental scanning mechanism to derive the strategic direction of the business and conduct research in the industry (Ulubeyli, Kazancı, Kazaz, & Arslan, 2019).

Porters Model

The Porters model seeks to identify competitive advantages within a business to determine its strengths and weaknesses and form a basis for the business to then develop a corporate strategy (Scott, 2022). Porters model was used to look at how Manix Hardware can better understand the industry to develop a competitive advantage and ensure long term sustainability and profitability (Porter, 1979).

SWOT Analysis

SWOT analysis is a tool used for over six decades for businesses to gain an overall analysis and understanding of their business to plan proactively (Benzaghta, Elwalda, Mousa, Erkan, & Rahman, 2021). Manix Hardware utilized the SWOT analysis to evaluate potential strengths, identify weaknesses, explore opportunities to gain competitive advantage and potential threats in order to be proactive in managing them. (Namugenyi, Nimmagadda, & Reiners, 2017)

Market Mix – 4P'S

Traditionally the marketing Mix paradigm was founded on the 4Ps being the milestone of the marketing theory since it was initially introduced by Neil Borden, (1964) and later defined by Jerome McCarthy in 1964 as a combination of Product, Price, Place and Promotion and managers can use to satisfy customer's needs (McCharty, 1964). Manix Hardware being a private brand had to affiliate themselves with well-known consumer brands to increase the image and perception that of a quality product supplier. The use of well-known established brands builds trust and has a positive influence on consumers as per (Konuk, 2018).

Business Canvas Model

A business canvas model can be loosely defined as a birds eye view or visual modelling of the nine key elements that make up a business and allows business owners or investors at a glance to gain a greater understanding of the business at that current time and allows for swift and informative decision making (Pigneur & Fritscher, 2014).The business canvas model is a tool used to highlight all foundational aspects of a new or existing business venture which includes customers, route to market, competitive advantage, and financial considerations with an aim to improve long term sustainability (Joyce & Paquin, 2016).

Manix Hardware created a Business Canvas model to portray a visual representation of the business giving a holistic view of key factors within the business such as the company's revenue streams, customer segments and cost elements (Hersztowski, 2020).

2.9. Best Business practice

Manix hardware's noticeable biggest loss comes from mismanagement of inventory, therefore its crucial to explore avenues to improve these aspects of the business. Inventory in most businesses amounts to 35% to 50% of total capital invested (Damron, Rupp , & Smith , 2016).

A pain points that Manix Hardware currently faces is a lack of cashflow and capital invested into the business. The result of this is a limited skills of the work force they able to employ. By employing a semi-skilled workforce this has a negative impact on the quality of service they able to offer their customers as well as an increased risk of inventory pilferage, customer service, administration skills and overall success of the business. Superior retail management is therefore critical for the success of business as outlined by (Jung, Yoo, & Arnold, 2021).

2.10. Financial cashflow management

A major requirement for a small business to ensure success is adequate funding ensuring sufficient capital is maintained for the business to manage operating costs as well as fund growth initiatives and legal compliance requirements such as tax and minimum wage (Adeaga & Wingare, 2022).

The most popular funding model is financial institutes such as banks in the form of business loans, credit cards and overdrafts and this is the most common formed based on the research conducted for Manix Hardware. However, there are many government and non-governmental institutes that offer funding to small businesses.

3. METHODOLOGY

3.1. Introduction

The approach used in the research methodology for this business venture was to distinguish the actual design of the research, the population that was decided on,

the sample size of the research data, the data collection method, and the data analysis method.

The business venture proposed used literature reviews, detailed entrepreneurial surveys based on business owners who have shown success in their field and competitor site visits. This was conducted by a comprehensive competitor analysis understanding Manix Hardware's strengths, weaknesses. Customer surveys were completed to understand what customer pain points were and how Manix Hardware can improve on them this also included a geographical location analysis based on the location of Manix Hardware physical store locations.

The data collected allowed Manix Hardware to understand their competitive advantage, the required changes needed to ensure they abreast of the technological era to ensure sustainable growth surpassing previous growth ceilings they encountered and achieve the strategic goals of the business set out.

3.2. Research design

The research design looked at methods, structures and strategies used in case studies on hardware retail stores that has shown success. The research focused on the greater exploration of the challenges and weaknesses when compared to competitors. A turnaround strategy was designed and adapted to resolve these challenges and better equip the organisation to be sustainable in the future. The turnaround strategy was aligned to the competitor analysis to obtain best practice in the hardware industry using innovative technology methods.

The questionnaires used in this design was semi structured as it consisted of two parts, closed ended questions where direct information was required and open-ended questions as this allowed for capturing of true emotions, feelings and needs of the population (Hyman & Sierra, 2016).

3.3. Population and Sampling

3.3.1. Population

The population consisted of existing customers at the physical store locations and fellow entrepreneurs. The population also considered the geographical locations of the two Manix Hardware stores as well as the respective Living Standard Measurement Study (LSMS) the stores operate within (Muthén, 2002).

3.3.2. Sample

A sample size comprised of 15 customers and 19 business owners. Participants were selected based on their experience on starting and managing successful businesses, ability to weather difficult external conditions such as Covid-19 and grow their businesses, technological innovation, geographical location, industry knowledge and insight.

Purposive sampling was used in the business venture. The reason behind choosing this sampling method is that information was required from a certain population based on their experience, location, market in which certain customer resell into, willingness of participants to share and their availability. This was a purposeful selection to ensure a good basis was received of different consumers and a greater perspective used semi structured questions during open ended surveys. This method was effective as the population would had great insight into key competitors such as Builders warehouse, Build it and Mica (Kadam & Bhalerao, 2010).

3.4. Data collection

The collection method that was used where questionnaires to strategically selected business owners and Manix Hardware customers between November 2022 and January 2023. These questionnaires have been outlined In Annexure 1 and Annexure 2.

Survey links were sent out via email, SMS and WhatsApp based on respondents preference and accessibility. This provided respondents with sufficient time to be able to respond anonymously ensuring a true reflection of their thoughts and feelings was obtained with no influence.

3.5. Data Analysis

Primary data analysed in the business research project was conducted using a Thematic data analysis. Survey results was the data set retrieved and analysed to identify a themes and repeated pattern that was used to answer the business case objectives and research questions (Kiger & Varpio, 2020).

Based on the flexibility and popular nature Thematic analysis by Virginia & Clarke, (2012) was used to analyse the data using the following steps:

Understanding data – Data was in the form of survey results from two groups of respondents, namely fellow entrepreneurs from various business industries and Manix Hardware's customers that conducted a satisfaction survey. The data was understood and aligned to the research objective below:

- Viability of E-commerce
- Sustainability initiatives
- Types of funding models used
- Successful marketing platforms
- Current and future needs of customers
- Pain points from existing customer base of Manix hardware
- Growth areas identified from existing customer base of Manix hardware

Coding data – Based on the sample size and design of the questions there wasn't a need to conduct coding as the data was easy enough to interpret direct.

Themes Derived – Based on research analysed the following themes emerged:

- **Cost reduction** – A strong drive to minimise operating costs arised throughout the data. This was categorised by the need to automate processes reducing dependency on workforce in turn reducing the workforce to be leaner.
- **Shift to digital transformation** – 37,5% of respondents saw need to shift their business towards a digital era to remain competitive and above the growth curve. Digital tools such as social media marketing and WhatsApp reflected as a new way of communicating with customers instead of traditional email and telephones.
- **E-commerce sales** – This has been the most popular transformational strategy amongst respondents. It can also be mentioned that based on the research specific industries such as food, beverage, hardware and retail goods have a greater than 40% dependency on E-commerce platforms.
- **Marketing Strategy** – What emerged is that majority of respondents conduct their marketing strategies in-house (43,75%) instead of using marketing external consultants (37,5%).

Refining themes and developing propositions

- **Cost reduction -** Manix Hardware would need to relook at the extensive workforce they currently operate with and look at training staff to be able to manage the online platform it embarks on. Communications to customers can be done on WhatsApp reducing operating costs. Quotes can be emailed, and payment portals be done online reducing speed point costs.
- **E-commerce Platform** – There is a definitive alignment from the shift of business owners investing and shifting to e-commerce platforms and the need that customers have for online shopping instead of in person shopping. This will form part of the Manix Hardware implementation plan.
- **Customer Service** – 25% of Business owners directly relate their success to a strong focus on customer centric and ensuring the best customer experience which closely aligns to the customer survey with a 38,46% customer want to be offered superior service and support.

Evaluation – Data sets analysed from the two survey was evaluated and crossed checked to ensure what the entrepreneurs defined as a pain point or reason for

success in their business actually aligned to the customer survey conducted on what customers wanted, what they deemed important to retain them and what are risks losing them to competitors.

3.6. Quality assurance

To ensure the quality assurance of the research QAR is maintained, care and control of the data, analysis and the methods and techniques of collecting data needs to be maintained and managed accordingly. Mays and Pope, (2000) All respondents were kept anonymous.

Based on the research 56,25% of respondents where in business for over five years which allows for a greater credibility and quality of data received as the respondents are deemed to have a stronger sense of understanding and experience in their business model.

4. KEY FINDINGS

4.1. Importance and continuous improvement to innovative marketing

Marketing efforts have evolved from traditional print adverts, radio, billboards and television adverts. According to the respondent's majority of their marketing is through social media as they derive the most amount of traction with minimum costs. Entrepreneurs take more interest in the type of adverts and content they publish on their social media platforms and the image and design of the website as it's the first interaction a potential customer has with the business and it needs to be a memorable and seamless one.

4.2. Improving Business Skills

Based on the small business survey conducted investing in knowledge, development and management ranks high on the scale of importance for successful

business owners. They drive themselves to constantly improve their capabilities, expertise, understanding and foresight in their respective industries. Methods which survey respondents mentioned that aided their development and improved their management skills was formal business degrees, YouTube videos, online courses, business coaches, aligning oneself to a mentor and similar people within a network and attending online seminars.

Based on research conducted it was noted that business owners on the small business entrepreneur survey confirmed that they have had to increase their management skills to wear multiple hats. They have done so by attending educational seminars, leadership coaching, relationship management, formal business degrees, Udemy courses as we as YouTube tutorials.

In the research conducted in the survey respondent 5, had a different perspective in the sense that one should “abolish the idea of wearing multiple hats” and focusing on outsourcing or partnering with other businesses to ensure the business gets the essential skills required.

4.3. Financial funding models

It is found that there is a misconception that financial debt is construed as bad or has a negative stigma around it. Debt is a financial tool, and the outcome of this tool can be distinguished by good or bad debt (Hanson, 2006).

Bad debt is classified as debt for consumption for example depreciating assets such as cars, clothes, and consumables. Good debt is when funds are utilized to increase financial gain for example Property, Business Start-ups, and education. A common saying is “it takes money to make money” (Smith, 2021).

Based on research conducted majority of respondents managed cashflow through the use of profits from previous months, credit card and overdraft facilities, bank loans, joint ventures, leasing options and peer to peer funding methods. An interesting point from respondent 7 of the survey revealed that based on their experience conventional banking systems isn’t ideal as they require substantial

collateral or positive financials when applying for funding which you only may have when you at a point where you no longer need funding. This has pushed respondent 5 to seek funding within a personal network creating an investment circle which is better climatized to the business risk.

4.4. Mitigating External Risks

Sustainability is a key focus for small businesses and a key finding is that successful business owners conducted during strenuous external conditions such as the Covid-19 lock down were to reduce costs, increase digital transformation efforts, work remotely, increase customer communication and ensure innovative and proactive management such as offering new products and services aligned to emerging needs of customers.

4.5. Implementation of E-commerce Platforms

E-commerce has revolutionized businesses allowing them to surpass barriers and be able to compete out of their geographical constraints (Gupta, 2014). This is a key find for Manix Hardware as it allows for a greater potential to surpass the growth ceiling and increase the market size and potential in which it operates.

Based on the research conducted e-commerce platforms seemed to have a greater impact on industries that were closely aligned to retail such as Manix Hardware confirming that this would be a viable growth opportunity for the business. Based on research derived 50% of business owners have transitioned their business towards E-commerce initiatives. This is highlighted in Annexure 3.

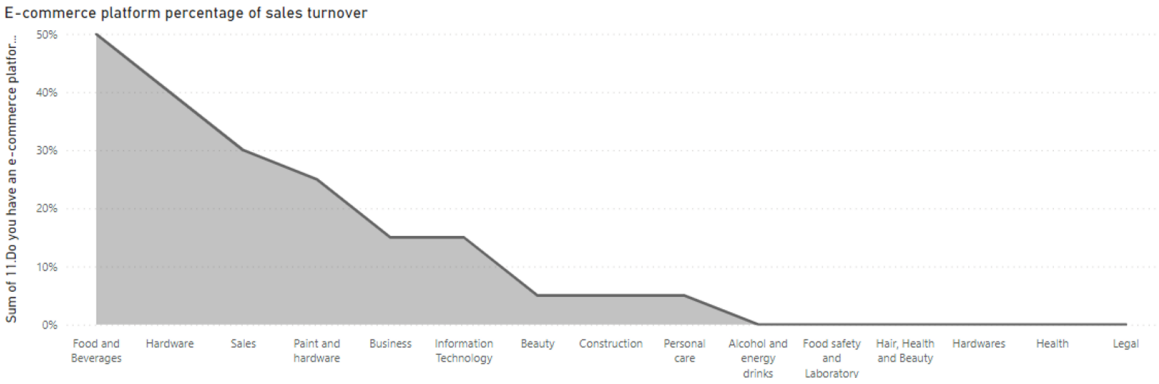


Figure 1 E-commerce Turnover per industry (source: Research Analysis Results, Annexure 3)

4.6. Post Covid-19 sustainability

Research flowed towards digital transformation as one of the most prominent post Covid-19 sustainability strategies. Business owners invested more on getting their business operations through technological streams such as online sales platforms, social media engagements and sales, automation of functions, outsourcing core functions to reduce physical workforce and keep operating costs low, implement new service offerings and learn to be agile and adapt to new ways of servicing customers such as WhatsApp communication.

Based on research conducted 31,25% of business owners looked at cost reduction efforts to remain sustainable over Covid-19, digital shift and product innovation made up of the majority of the other components depicted in the graph below.

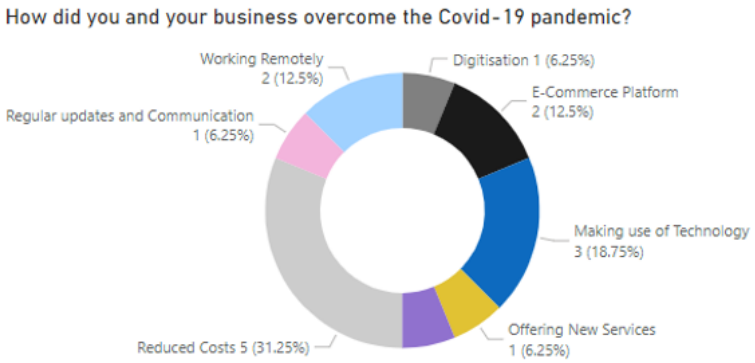


Figure 2 Sustainability initiatives to overcome Covid-19 impact (source: Research Analysis Results, Annexure 45)

5. BUSINESS VENTURE PLAN

5.1. Executive Summary

There is a common myth around entrepreneurship as being a form of immediate financial freedom, the ability to do whatever you want with your time with no consequences and that when you start a business it will show immediate success. However, in reality that is the furthest from the truth, this business venture proposal aims at bridging the gap between the myth and the reality and by assisting fellow entrepreneurs in achieving a higher success rate in a shorter time frame.

Manix Hardware a family orientated and run business was founded in 2019 with a passion for the retail hardware and construction industry. With eagerness and passion their first store was opened in Buccleuch, Gauteng. Little to no market analysis, financial forecasting, customer and industry research was done. This approach has given Manix Hardware some success as the business expanded to a second location in Noordwyk Midrand in 2021.

Through the lack of market analysis and strategic planning Manix Hardware soon reached a growth ceiling and became stagnant. Turnover started to decline and consumers started to move on. It was then that Manix Hardware conducted an in-depth market analysis utilizing various management theories and tools to identify key flaws in their business and development the following business venture proposal to strategically turnaround and scale the business into the future.

Through extensive market research and analysis Manix Hardware identified aspects of the business are their core strengths such as customer service, delivery turnaround time, local convenience shopping. These strengths were capitalized and improved on to further ameliorate Manix Hardware’s competitive advantage. Highlighted weaknesses such as a lean product range, limited digital integration, lack of an e-commerce platforms and financial constraints was detailed and a strategic implementation plan was created to turn the business around.

Based on the financial projections and forecasts of the Manix Hardware and calculated financial loans to invest into the structure and development of the business they are projected to by 163% in 4 years. Manix Hardware aims with this new structured approach and the teaching gained from the in-dept analysis they are able to franchise the family-owned business model in five years.

5.2. Strategic Review and Plan

5.2.1. Vision, Mission, and Objectives

5.2.1.1. Vision

Manix Hardware aims to be the most innovative hardware store in the country.

5.2.1.2. Mission

Manix Hardware ensures the ability to connect to all customer segments through multiple platforms providing the highest level of service and customer care.

5.2.1.3. Objective

The following highlights the existing business ventures' strategic objectives:

- Scale the business past its growth ceiling
- Define a successful viable marketing strategy
- Create process flows and operational structure
- Efficient and controlled stock management
- Improve overall management and leadership skills
- Financial cashflow management
- Proactive to external environmental factors
- Build on a long-term strategy to ensure a competitive advantage
- Digital transformation

5.2.2. Stakeholder analysis

5.2.2.1. Customer Analysis

Manix Hardware will utilize the 6W Model of Customer Analysis below to analyse customer behaviour in detail:

5.2.2.2. 6 W's of Customer Analysis

Who – Manix Hardware's current customers consist of consumers, and tradesman such as plumbers, electricians, builders, etc

What – Customers either use our products to repair their homes or repair buildings that they contracted to do so and DIY projects.

Where – Currently customers purchase our products only from our brick-and-mortar stores, however, an e-commerce online store will be implemented allowing customers to buy online and have it delivered to their preferred destination.

When – Customers would purchase our products when a need arises such as a broken item that needs to be repaired, complete a project or to complete a job they are contracted to.

Why – Customers select our product based on the convenience of the location, competitive pricing, lower delivery lead times, and helpful informative advice and assistance.

Why Not – Due to being a small hardware store our price point is higher than major competitors, and due to space constraints, Manix hardware is not able to carry as wide of a product range.

5.2.2.3. Drivers of customer's willingness-to-pay

There are six main drivers that influence a customer's willingness to pay namely brand image, perceived quality, alternatives to the product, emotional or self-

expressive factors and price and reference prices (Dings, 2020). When understanding the extent, a customer would be willing to purchase a product Manix Hardware would look at consumption utility, accessibility, and cost of ownership (Siggelkow, 2019).

Performance - Manix Hardware ensures that they provide high quality brands this ensures customer confidence in the image of Manix Hardware.

Fit - Manix Hardware has a flexible business model that tries to accommodate a different customer fit, such as customers that focus on quality and convenience over cost and price-conscious customers that focus on getting lower grade products that suits their financial situation.

Location - This is a major advantage of Manix Hardware being within a proximity to certain customers, certain customers would be willing to a pay a slight premium for this convenience.

Timing – Compared to the competitors Manix Hardware is able to offer same day delivery on building materials which the competitors only offer 2 business days later. For this service customers are willing to pay a premium.

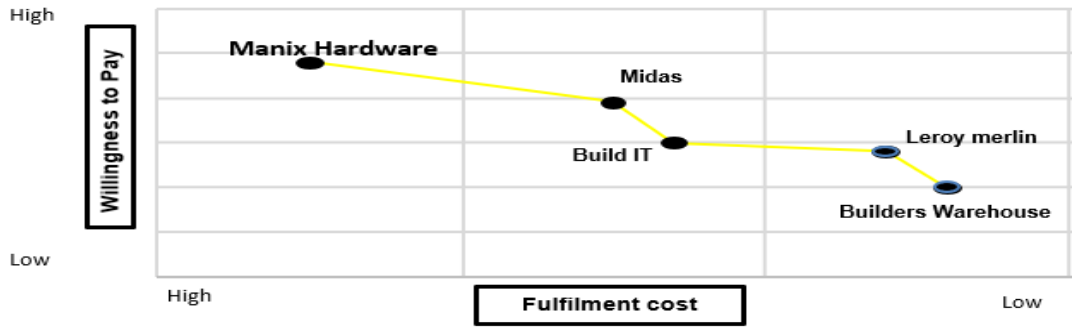


Figure 3: Manix Hardware customer willingness to pay.

5.2.3. Situational Analysis (Environmental, Industry and competitor)

5.2.3.1. Macro Environmental Analysis (PESTEL)

P

E

POLITICAL	
Regulations and Government Oversight	Lack of support from government to develop and assist small businesses
Corruption for state tenders	When applying for tenders based on hardware product supplies, its impossible to be awarded a fair opportunity to apply and truly be considered for the tender.
Taxes	Limited or no tax concessions to assist small business.
Political unrest	Looting is a major concern as law enforcements in the area lack resources to mitigate this risk
Labour Laws	The long-driven process of dismissing employees that's not performing or meeting expectations which makes it difficult for small businesses to carry those operating costs.
ECONOMIC	
Fuel Costs	With ever rising costs of fuel, it's difficult for Manix Hardware to remain competitive with delivery charges compared to the market.
Interest Rates and Inflation	Inflation rate in South Africa is at 7.4% compared to the ideal of the reserve bank being between 3-6%. (Trading Economics, 2022). This as a negative impact on the loan repayments Manix Hardware must repay.
Economic Growth	Focus of Manix Hardware as the GDP grows by 1,6% the operating and overall costs are increasing far greater. Manix Hardware needs exponential growth to remain sustainable in the future.
Electricity Charges	Constant increases by Eskom resulting in the operating costs increasing for Manix Hardware without the increase in revenue.
Minimum Employment Rates	With minimum wage small businesses can only employee limited resources due to lack of revenue and profits. This limits their capabilities to grow and develop
SOCIAL	

S

Demographics	Manix Hardware needs to ensure they have product availability to cater for different demographics and know-how of the target segment. They need to also appeal to younger generation and equip them on learning how to do small repairs at home and gain interest in hardware and DIY market.
Education	Being a low-income working group that retail attracts, lack of education is a common trait. Manix Hardware will implement strong initiatives to educate and develop employees
Income Distribution	The government does dictate a minimum wage policy that allows for fair income distribution, this however should have a government concession to motivate small businesses to comfortably pay minimum wage and remain compliant allowing the business to grow and develop.
Employment Decline	Post covid there has been increase in unemployment resulting in low customer spend in majority of households.

T

TECHNOLOGICAL

Interactive Websites	Websites no longer form part of as just a place to derive information. It must be engaging and hence the need for Manix Hardware to be able to interact with customers via their website utilising chat bots or redirects to WhatsApp chats.
Ecommerce Platforms	Post covid there has been a massive shift towards online buying behaviours across the world. Manix hardware needs to adapt to this trend.
CCTV and Interactive Alarms	With security being a risk in SA, Manix Hardware would need to ensure their CCTV cameras and the physical store alarms systems can be monitored, controlled, and activated remotely creating awareness and mitigating risk.
Communication and Information Tech Trends	Traditional communication tools are falling away with consumers not wanting to talk to someone. Manix Hardware would implement interactive chat boxes to interactive with customers using WhatsApp, WeChat, Facebook messenger, Tik Tok, google comments and Instagram.

	Back Up power	A solar back up invertor would need to be installed due to the multiple levels of load shedding the store receives. This will minimise business interruptions and improve security measures.
E	ENVIRONMENTAL	
	Gas Emissions	Manix Hardware needs to ensure they compliant with all gas transportation and handling laws and safety measures when refilling and replacing gas bottles.
	Severe Rain	Heavy Rains has a severe impact on Manix Hardware as it affects building material products that's stored outside as well as has a negative impact on the business's ability to delivery building materials timeously.
	Rising Water Levels	Having river running so close to the Manix Buccleuch branch the river water levels when it rises poses as a risk. Manix needs to ensure that products are moved to alternative locations to mitigate risk.
L	LEGAL	
	POPI act	Manix Hardware needs to ensure that personal data of customers' needs to be handled with care and confidentially to not infringe on the right to privacy by consumers.

5.2.3.2. Industrial Analysis (Porters model)

Porters model below was used to further gain insight into Manix Hardwares competitive advantage.

New Market Entrants

Due to mainly franchise-driven hardware store barrier to entry is higher as its capital intensive

Funding to invest in a start-up isn't easy which makes it harder to enter the market

geographical factors

New entries usually come in with a low-cost strategy to Build market share which has a negative impact on competitors

Supplier Power

Manix Hardware ensures it stocks high- and low-quality products to cater to most extremes of the economic markets and ensures premium household brands are kept on the shelf.

Most suppliers are in Johannesburg due to it being the largest economic hub in south Africa so its close geographical location

Manix Hardware ensures that products carry a good after-sales service and warranty to ensure excellent customer service and build customer confidence and loyalty.

Buyer Power

Manix Hardware being a small business has smaller buying power compared to competitors

Buying patterns need to be synched to carry just enough stock to reduce working capital required

Lack of funding relates to lower buying power

Product and Technology Development

Price differences between high and lower-quality products

Compliance with local bylaws when dealing with explosive gasses

Competitive Rivalry

6 major hardware franchise chains in the industry

Industry size and trends

Fixed costs are vehicles, equipment such as gas refiles, paint mixers, key cutters

A full range of products and services

Convenience shopping with same-day delivery



5.2.3.3. Competitor Analysis

		Builders Warehouse	Build It	Leroy Merlin	Mica	Jacks Paints
Company Profile	**Company highlights**	Part of the Massmart powered by Walmart. Mainly in SA. Builders warehouse is a retailer for all DIY, building and construction materials. (Builders Warehouse, 2023)	The SPAR Group Has 390 stores across Southern Africa which is based in urban and rural areas supplying quality building materials (Build It, 2023)	Leroy Merlin is a French-headquartered based company specializing in home improvement and gardening retailer serving several countries in Europe, Asia, South America, and Africa.. (Leroy Merlin, 2023)	Mica is known to be the Number one Home Improvement brand in SA. Mica is a community and convenience based hardware store. (Mica, 2023)	Jack's Paint & Hardware is proudly SA paint and hardware franchise with over 70 years of experience in assisting customers in the commercial and residential construction sectors and their DIY projects. 56 stores in SA. (Jacks Paint, 2023)
Key competitor advantage		Listed as number one building material and home improvement store in SA Able to provide most competitive pricing Has larger marketing budget to advertise	Based in rural areas attracting this market	the ability to offer customers everything they need under one roof the ability to provide customers with a level of advice and service that is better than that offered by competitors.		Known to be the Specialists in paint. Over 4500 paint colours in database and employ highly trained human colourists
Target market	**Market information**	LSM 6+. B2C, B2B Mass market,	LSM 4+, B2C, SME construction companies,	LSM 6+	LSM 6+	LSM 6+
Market share		Market dominator	Build it is estimated to have 8.0% of the retail building material market share.	Newcomer in the south African market, has a rapid expansion plan in competing head on with Builders warehouse being the market leader	Has a strong focus on convenience and holds a fait share of market share being a small hardware store in residential areas	Small and very selective market share mainly in the paint industry.
Marketing strategy			Build it brand essence is around 'Yes We Can'. A national Yes We Can marketing campaign was launched	Marketing & distribution policy covers a variety of manufacturers (large international suppliers to the smallest local suppliers	Convenience based	Your community paint store
Products & Services	**Product information**	Wide range of all DIY, paint and building materials	Home building material	DIY, Building suppliers, Decoration and gardening	Mica ensures they supply top quality local brands suitable for the SA DIY and home improvement market	Hardware, Hardware stores , Paint, glass, and wallpaper stores
Pricing		Competitive pricing due to strong local and global network of suppliers to leverage off Bulk purchasing resulting in lower cost	Aggressive low-cost pricing strategy	Low-cost strategy with an aim to increase market share	- Introduced house brands to cater for price conscious consumers	Medium to high price strategy focusing on quality over quantity

Strengths	**SWOT information**	**Online platform** (free delivery over R500 within 30km radius) **Walmart-backed technology:** They leverage a Demand Forecasting engine which is based on Machine Learning algorithms from Walmart. This enables them to become more accurate with interpreting demand and executing their ordering and fulfilment. Won **top employer of the year** 2022 attracting top talent **Large investment in digital tools** to drive seamless customer and employee experience (Real-time Call for Service, digital queueing system, statistical reporting, Poor Press Alerts with real-time escalation plan for unsatisfied customers) **Fully digital customer feedback system enabling them to collect large volumes of feedback** allowing for decision making and action.	Strong rewards program Centralized warehouses which allows for a streamlines warehouses process to reduce costs. Strong supply chain Focus on retail execution	The company is serving in thirteen countries along with France and established in major cities and town Online purchases with click and collect options and delivery Low delivery costs	Mica's business model doesn't dictate whom franchisee buys from allows more flexibility and decision making at store level. They have over 400 national supplies that they partner with to ensure a price advantage. Mica has 140 stores nationwide with the largest footprint in the DIY industry. This allows for easier access for customers.	Specialists in paint and known as the best and most knowledgeable in this area
Weaknesses		Not as easy access with big store layout therefore making it difficult for customers to stop by for a quick, last minute DIY purchases Only located at main urban areas Customers who are not digitally savvy & want to speak to a consultant ASAP are likely to have a poor customer experience, impacts reputation and loss of revenue 2–4-day delivery	Do not offer an online platform for consumers to purchase off	Competition affects customers brand loyaty and becomes a price competition. This has shown a decrease in overall market share 2-4 day delivery	Limited marketing budget	Known in the market as being paint specialists therefore limiting their ability to sell more than paint Do not offer an online platform for consumers to purchase off Limited marketing budget
Opportunities		could enter into home care and other segments	could enter into home care and other segments	1.Due to lower competition in home improvement and garden supplies they able to demand higher margins and not be in a constant price war Customers are focusing on home beauty and this can be focuses on	could enter into home care and other segments	could enter into home care and other segments
Threats		Smaller neighborhood local stores Other stores with big brand diversifying their portfolio to DIY, paint and building material.	Bigger store like builders warehouse that have a bigger investment			Bigger stores like builders and leroy where it is known as a one-stop shop for consumers Other smaller paint specialist shops who are more conveniently located

5.2.4. SWOT Analysis

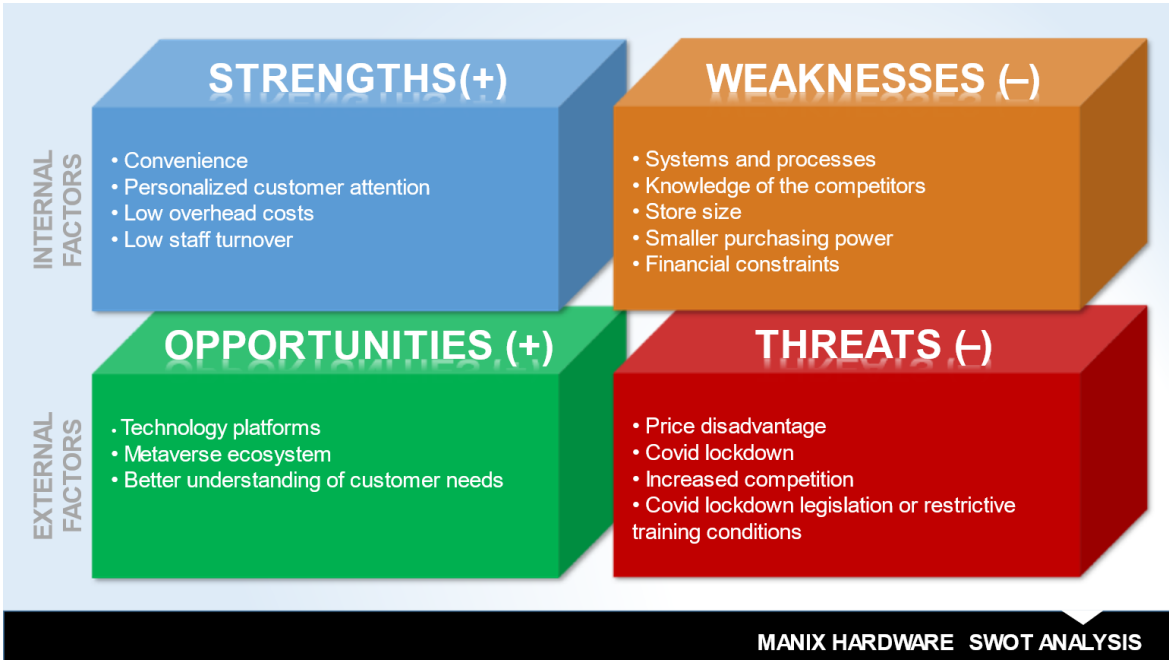


Figure 4 Manix Hardware SWOT analysis

The main competitive advantage initially identified in the business was the ability to provide a convenience-based hardware retail space that would allow customers that will pay a slight premium for sound advice, efficient service, and convenience location for a slight premium versus the mass suppliers. This was identified by (Gerry Johnson, 2017) on the SWOT analysis as a strength.

5.3. Market Analysis

5.3.1. Market and Strategic Analysis

5.3.1.1. Target Market

DIY customers

Plumbers

Electricians

Builders

Small Businesses
Gas resellers
Parents working on school projects
Household Gas consumers
Cleaning companies

5.3.1.2. Market Size and Trends

The DIY and Hardware market in South Africa is valued at R95bn as per (Statista, 2022). The hardware industry reflected double digit growth patterns during 2021. This was attributed to the hard lock down and most people spending allot more time at home, embarked on home improvement projects or saw the value in investing in their homes as they now spent allot more time there. This increase came at a cost to alternative industries such as restaurants or other industries that required customers leaving their homes to visit.

Once the covid pandemic stabilized and customers became less restricted to travel the hardware market noticed a slower growth of now just single digits. The market does however predict a steady growth pattern to 2027 in this industry due to a spike in customers overall interest in household improvements (Statista, 2022).

Based on the statistical data of the DIY and Hardware sector in South Africa by Manix Hardware traditionally only services the respective areas in which their store is physically located it limited their growth potential and created a ceiling. This feeds into the marketing strategy that by implementing the E-commerce platform Manix Hardware can tap into a wider target audience and ultimately increase sales and profitability.

5.3.1.3. Marketing Strategy

Manix Hardware previously utilized traditional marketing strategies such as printed flyers, newspaper promotional articles and roadside adverts. Manix Hardware's marketing strategy is to capture new customers I a greater geographical area than the physical stores through online marketing efforts whilst maintaining existing customers (Schwarzl & Grabowska, 2015).

Manix hardware will focus primarily on online marketing efforts detailed by Mcdowell, (2022) as follows:

Website optimisation with built in SOE key and target words

The Manix Website will cover content points that will attract specific customers that type questions into google on the website allowing the website to be found and indexed faster in google. On the home page the content that would cover would be the all the services and products that Manix Hardware offers and general information such as operating times, on the sales page information such as product specifications, pricing, warranty and FAQs would be covered.

Social Media Marketing

Social media marketing is amongst the most successful marketing platform amongst responders of the research conducted.

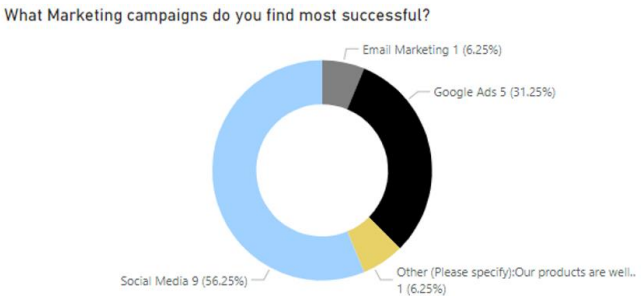


Figure 5 - Marketing Platforms, (Source: Annexure 5)

Short marketing videos (7-30s) – Allows for high frequency views that can be shared on multiple platforms such as TikTok, Instagram Reels, YouTube Shorts and Facebook stories.

Work with influencers in the countries to market Manix Hardware on their platform.

Email Marketing

This is not a new marketing method however an effective method that would allow Manix Hardware to collate email address of existing loyal customers and add value in their lives but sending them useful information such as load shedding devices schedules, new power backup solution products that's in stock, videos on how to clean, maintain or repair certain items around the house. Let it be noted that Manix Hardware would ensure the highest level of care, due diligence, and respect to privacy when communication and being in possession of customers personal information. Based on research conducted respondents seem to have moved away from email marketing as only 6,25% of respondents still partake this form of marketing efforts.

Pay per click marketing (PPC)

Manix Hardware would market their business using the google max performance tool. The advantage of this is google will first request the purpose of the advertising campaign, In Manx hardware's case it would be a combination of sales derived from physical google maps directions to the physical store visits, online sales and clicks on the various social media platforms and adverts. Google uses their Artificial Intelligence software to understand the needs of customers and directs them to respective businesses that's able to satisfy those needs (Google, 2022).

Market Penetration

Few companies can satisfy all customers' needs and wants all the time, that is why it's important to segment or group customers according to their needs and particular types (McDonald, Christopher, & Bass, 2003). Market penetration is also a guideline to measure how much of a particular market a specific company sells too

and by focusing and strategizing around market penetration it allows the business to increase its market share even if it's out of its core.

Manix Hardware's strategy to grow sales works closely with the business penetrating alternative markets such as Gas refills and sales, glass, locksmiths, Paint mixing.

Market Segmentation

Manix Hardware being a retail hardware store has two types of markets, a customer which could be a plumber electrician or gardener who's end goal or result is purchasing a product to install, repair or replace a specific product for an end user. Whereby the consumer is the end user, and he would purchase a product for consumption or personal use (McDonald, Christopher, & Bass, 2003). Traditional demographic market segmentation traits such as income, education, age and gender income aren't enough to segment customers now (Yankelovich & Meer, 2006).

Manix Hardware will segment customers based on three main segments:

Contractors – This would consist of customers that would purchase products or services from Manix Hardware to be able to replace, repair or build new products for customers. E.g., Builders, Electricians, carpenters, mechanics, plumbers, and engineers. Marketing efforts to this segment will be more product related and price related as they have been known to be more price and quality conscious. Contractors consisted of 13,33% of Manix Hardware's customer base.

Consumers – These would be end user customers, this Manix would use traditional approach as age, income and gender would play a vital role in the marketing information executed especially being a building materials and hardware market. We would rely heavily on online marketing and educate the customers on how to use certain products or to complete certain DIY functions. Home improvements and DIY project customers are part of the vast majority of Manix Hardware's customer base consisting of 86% of customers.

Product Positioning

With competition ever increasing and markets getting fiercer it's imperative that small organisations position their products to consumer behaviours and perceptions to be able to closely satisfy the ever-changing needs of consumers (Karadeniz, 2005).

Robertson, (2005) Identified ten rules of product positioning
of which formed the basis of Manix Hardware's ideal positioning of itself and its products to the market. Some of these positioning rules where ensure its unique, keep it simple, ensure credibility, understand the actual product benefits, and market needs, maintain strong support, constantly follow the market dynamics, and ensure positioning is visible in all communications and marketing efforts.

Manix Hardware's key competitive advantage being the only hardware store in the Buccleuch and Noordwyk geographical area and positions its product around the ease of accessibility, convenience, fast and efficient delivery fast turnaround of queries and quotes.

The major competitors in the market have a fixed delivery service with long lead times. In the hardware industry the market sells similar retail products and brands, Manix Hardware would position their product and service offering to a more flexible and adaptable customer centric approach.

Content Shared

To be captivating and add value to customers lives Manix Hardware will focus its content that it will use for the above marketing efforts on the following:

- Useful quick household and DIY tips
- Advice on property maintenance
- Processes at Manix Hardware (Delivery, Payment, Ordering Platforms)
- Statistics around seasonal aspects relating to DIY and Hardware

- New and Recommended Products
- Promotional

5.3.2. Marketing Mix

Markets and industries have changed being the fourth industrial revolution whereby technology has drastically changed our lives as well as the way we manage the business and changing consumer needs. It is also predicted that this revolution can increase household incomes and needs to be taken into consideration when Manix Hardware executes its marketing mix strategy (Schwab, 2016).

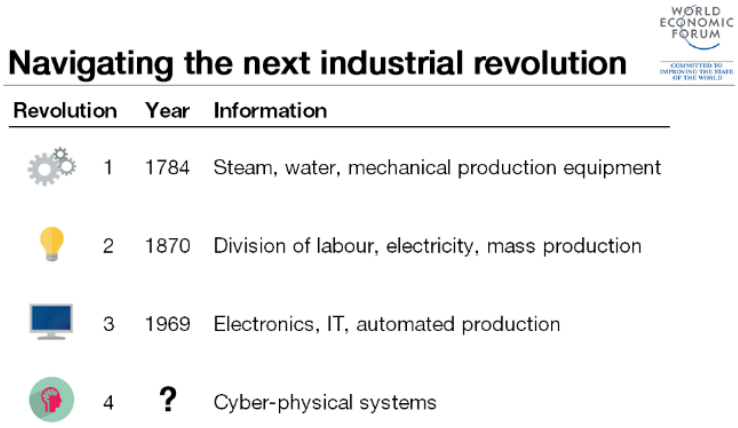


Figure 6 - Navigating the next industrial revolution (Schwab, 2016)

Taking the technological changes above into consideration Dominici, (2009) explored the impact that the e-marketing mix would have in a digital context. They find that the traditional 4 P's is internally focused, and businesses need to factor in external changes when marketing to a broader market. Although e-marketing is present the traditional 4Ps are still valid as they can be adapted to incorporate the digital changes and complexities businesses and markets face.

5.3.2.1. Product

The product mix will be a mix between reputable brands that represent the quality of the Manix Hardware brand as well as cheaper alternatives that will satisfy the needs of the lower LSM customers in the area.

An online platform will be implemented as part of the strategy to grow the business. On the e-commerce platform, a limited product portfolio will exist consisting of the top 50 fast-moving small consumer products. These products will be specifically identified based on the size of the product for shipping, and the demand for the product and will just consist of the high-quality branded alternatives to mitigate any risk and costs of e-commerce returns.

An express delivery model will be implemented that will come at a premium cost, but customers can receive same day deliveries on building materials where the competitors are only able to do 3-day delivery lead times.

5.3.2.2. Price

After conducting the geographical analysis and researching past and present behaviours of customers, suppliers, and competitors previously Manix Hardware priced itself significantly higher than the competitors as its main competitive advantage was the convenience of the store's location. This initially worked well as the store's profitability was high however over time it was noticed that the store's turnover was declining as consumers are getting more price-conscious especially post covid.

Based on research conducted 23,08% of customers would not support Manix Hardware based on price being too high. To sustainably grow the business a decision was made to closely align to competitor pricing and market the perceived advantages of shopping at Manix. This would regain customer confidence, and loyalty and increase revenue at the risk of lower profit margins.

5.3.2.3. Place

Manix Hardware Buccleuch is in a residential area in Sandton at a lower-foot traffic strip mall. The main advantage of this location is that it's the only hardware store in the Buccleuch area. Most informal contractors such as plumbers, and electricians don't have transport and are forced to buy products from the store to complete household repairs in the area.

Manix Hardware Noordwyk is in a residential area in Midrand at a busy strip mall with high foot traffic. The store is located next to the anchor tenant which is Spar and adds to the convenience for customers to get household items efficiently. There are corporate competitors such as builders and build it hardware stores in proximity.

Manix Hardware E-commerce platform will enable the store to be able to broaden its customer base and allow for business continuity in the event of external factors such as covid-19 lockdown and the inability to trade out of physical store locations. Based on customer respondents on research conducted 46,67% of customers would prefer online shopping and 40% would still prefer instore physical shopping which shows a shift and demand for an e-commerce platform.

5.3.2.4. Promotion

Marketing of the business, products, and services would be outsourced to an agency that's better equipped to manage. Although only 37,5% of respondents in the research conducted used external marketing consultants versus inhouse, based on the current skill sets within Manix Hardware a greater success rate would be derived from outsourcing this function.

Promotional messages highlighting Manix Hardware's competitive advantage which is Convenience and tailor-made services would be constantly highlighted in most promotional campaigns

Based on research conducted majority of retail businesses have transitioned to online social media marketing campaigns. Google ads however did stick out with 31,25% of respondents finding success in this advertising medium. It is believed that google will be a successful strategy for Manix Hardware as you can track customers using google maps based on the adverts driving to the specific Manix Hardware store locations increasing foot traffic instore.

5.4. Operational Plan

5.4.1. Geographical location analysis

Manix Hardware currently operates from two locations, Buccleuch, Sandton, and Noordwyk, Midrand. The locations have initially been selected based on the need for a convenience store in the specific area as well as the distance of the store from the owner's residential place for ease of travel.

Due to the geographical location of the store being only Buccleuch and Noordwyk, it has a limiting factor on the number of customers the business would attract creating a growth ceiling on the business. It is therefore agreed that the business will expand onto an e-commerce platform allowing Manix Hardware to trade to a wider market online.

5.4.2. Operating Equipment

With the growth and streamlining of processes and increasing management efficiencies and control mechanisms, the following operating equipment would be required:

- A tipper truck and TLB – Manix Hardware current makes use of 1.3-ton bakkies to load building material. As much as this is maybe effective for small deliveries it has been identified that there is a great demand for sand and stone using the same-day delivery model. The downfall of the current delivery vehicle is that it requires additional physical labour to load and offload the sand and stone. With

a tipper truck and TLB required and is able to be loaded by the TLB faster by the driver, and the load is delivered by the same driver and offloaded using the truck's tipper capabilities.

- Fibre internet Solution that would be able to effectively manage the bandwidth required to connect to the store's CCTV and alarms for the management team to have full visibility of both Manix Hardware locations increasing control and security measures.
- Solar backup solution so the business can run consistently without loadshedding power interruptions
- A dedicated and certified Gas refilling station, allowing for additional revenue, and increasing product and service range satisfying a greater customer need. Based on research conducted a major need in the market stemmed from gas refilling station that Manix Hardware could offer as 85,71% of respondents on the customer survey requested gas as being an additional service offering Manix Hardware could offer.

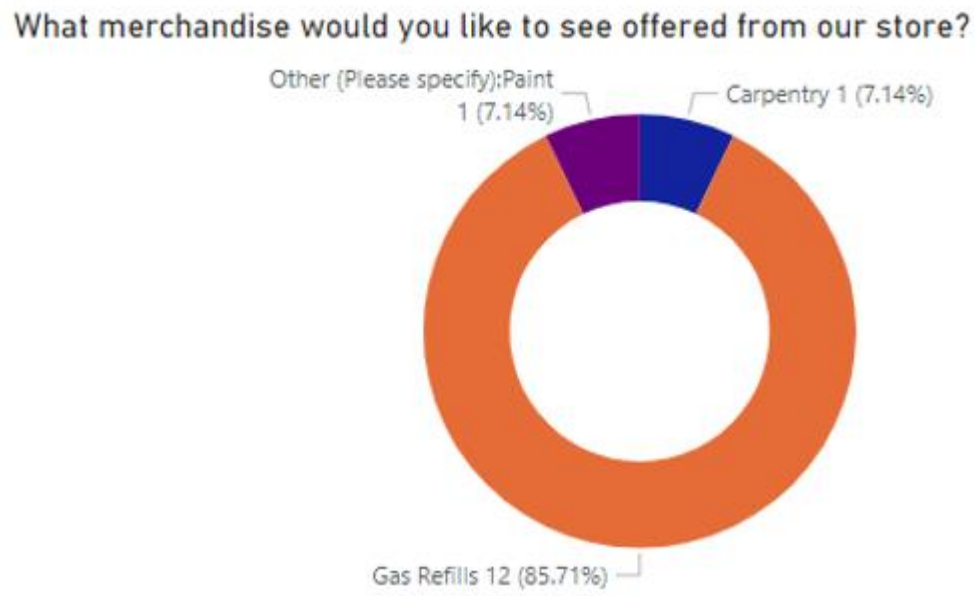
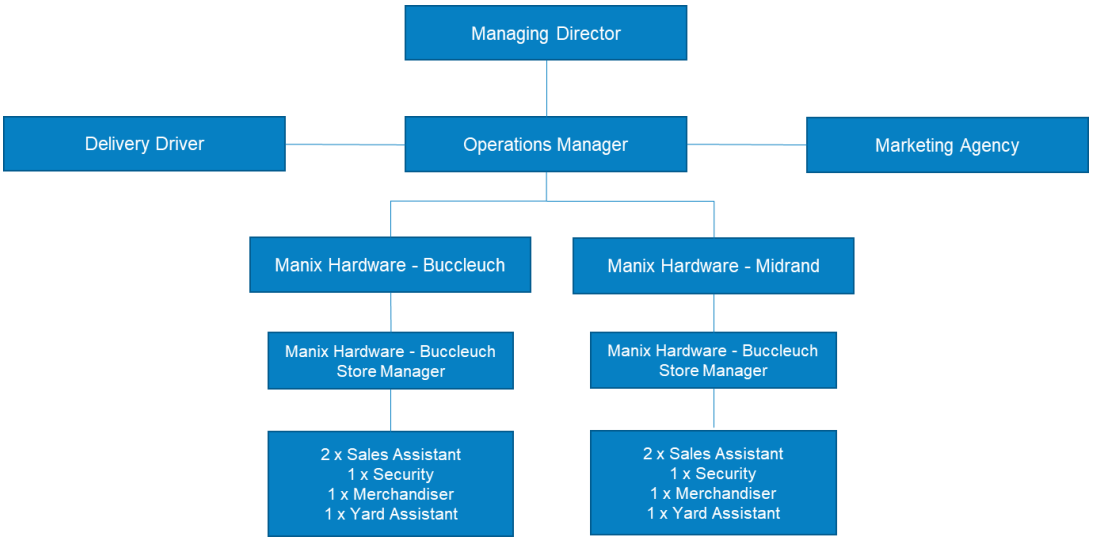


Figure 7 Additional Products or Services customers would like to see, (Source Annexure 5)

5.4.3. Personnel needs and development

- Training and development of key skills such as finance, labour law, inventory management, customer care, and etiquette are required for respective staff across the two branches of Manix Hardware.
- A Code 14 Driver that's able to drive the newly acquired tipper truck and the TLB loader would be required.
- Marketing has been proven to be a fundamental function to scale Manix Hardware and this has been decided that it would be an outsourced function to a marketing firm that has extensive expertise in e-commerce marketing, website development, management, and search engine optimization skills.

5.4.3.1. Manix Hardware Organogram



5.5. Regulatory and legal issues

5.5.1. POPI Act

When interacting with customers and throughout the implementation and management of the Based of the POPI act, ManiX Hardware will be collecting personal information that would assist them in better understanding and

segmenting the various customer types they have. None of this data can be shared or sold as the main purpose of the POPI act is to give consumers the right to privacy (Letsie, 2020).

Manix Hardware agrees to ensure that any personal information collated due to any business operations or loyalty programs would not be shared in any form with any external stakeholders. The information would be used primarily to better serve the customers and improve our service offerings whilst respecting the privacy and boundaries of the respective customers.

5.6. Examination of Funding

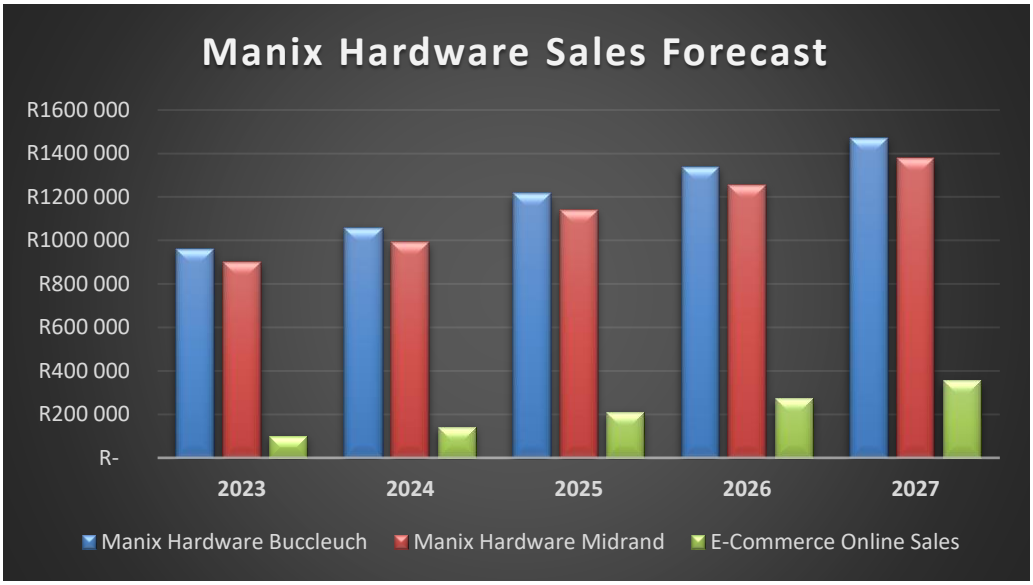
The estimated total reinvestment to ensure stability, growth and long-term sustainability for Manix Hardware is detailed below:

5.6.1. Total Investment

Total Reinvestment Capital required by Manix Hardware		
Loan Required	R	700 000,00
Loan Repayment		
Loan Received	R	500 000,00
Repayment Term	R	48,00
Interest Rate per annum		11%
Monthly Repayments	R	13 245,78
Loan Insurance	R	1 758,46
Annual Repayment (incl Insurance)	R	180 050,88

5.6.2. Projected Sales

Manix Hardware Annual Sales Forecast					
	2023	2024	2025	2026	2027
Manix Hardware Buccleuch	R 960 000	R 1 056 000	R 1 214 400	R 1 335 840	R 1 469 424
Manix Hardware Midrand	R 900 000	R 990 000	R 1 138 500	R 1 252 350	R 1 377 585
E-Commerce Online Sales	R 100 000	R 140 000	R 210 000	R 273 000	R 354 900



5.6.3. Proforma Cash Flow

Manix Hardware Pro Forma Cash Flow

	2023	2024	2025	2026	2027
Opening Balance	R 14 000	R 154 803	R 336 106	R 611 634	R 961 735
Cash Sales	R 1 962 023	R 2 188 024	R 2 564 925	R 2 863 216	R 3 203 936
Subtotal Cash from Operations	**R 1 962 023**	**R 2 188 024**	**R 2 564 925**	**R 2 863 216**	**R 3 203 936**
Additional Cash Received					
Equity Capital	R 50 000	R -	R -	R -	R -
Loan Capital	R 500 000	R -	R -	R -	R -
Subtotal Cash Received	**R 550 000**	**R -**	**R -**	**R -**	**R -**
Cash expenditures					
Insurance	R 65 652	R 65 652	R 65 652	R 65 652	R 65 652
Vehicle Fuel, maintenance	R 120 000	R 120 000	R 120 000	R 120 000	R 120 000
Operating expenses	R 1 177 214	R 1 312 814	R 1 538 955	R 1 717 930	R 1 922 362
Subtotal on Cash Expenditure	**R 1 362 866**	**R 1 498 466**	**R 1 724 607**	**R 1 903 582**	**R 2 108 014**
Additional Cash Spent					
Taxes	R 294 303,45	R 328 203,60	R 384 738,75	R 429 482,40	R 480 590,40
Loan Repayment	R 180 050,88	R 180 050,88	R 180 050,88	R 180 050,88	R 180 050,88
Purchase fixed Assets	R 520 000,00	R -	R -	R -	R -
Subtotal OF Additional Cash Spent	**R 994 354,33**	**R 508 254,48**	**R 564 789,63**	**R 609 533,28**	**R 660 641,28**
Net Cash Flow	R 154 802,87	R 181 303,12	R 275 528,37	R 350 101,12	R 435 281,12
Cash Balance	**R 154 802,87**	**R 336 105,99**	**R 611 634,36**	**R 961 735,48**	**R 1 397 016,60**

5.7. Risk Analysis

The risk analysis of Manix Hardware is conducted to ascertain if the proposed decisions to grow the business will yield a substantial benefit or cause severe financial damage or possible closure. The purpose of this would be to measure the potential outcome of the risk to mitigate potential shortfalls or underlying opportunities and proactively manage them (Cameron, 2022).

The following risk analysis on Manix Hardware has been conducted on Operational, Financial, Market, Insurance, Compliance, Environmental and Technology risks, and risk management strategic tools used where Risk acceptance, Transference, Avoidance, and Reduction (Brown, 2023).

Manix Hardware Risk Analysis

Type Of Risk	Probability	Assets at Risk	Impact	Comments
Operational Risk				
Fire or explosion	High	Property	Property damage	Invest in fire sprinklers and ensure fire extinguishers are maintained and strategically located.
Mechanical Breakdown	Medium	Vehicles	Suspension of operations	Take out a mechanical warranty on the delivery vehicles and TLB loaders
Employee Legal risks	Low	People	Lawsuits	Ensure Human resource practitioners are appointed for all human resource legal problems
Workplace Violence	Low	People	Casualties	Have Strick policies around violence in the workplace and increase security controls
Temporary or permanent lockdowns	Medium	People	Financial loss	Ensure e-commerce platforms are operational to have some trade if not physical
Power outage	High	Equipment	Suspension of operations	Invest in a power backup solution
Financial Risk				
Business Loan	High	Equity	Financial loss	Pay close attention to finances and ensure the ability to repay the alone before taking the risk.
Profit Loss	High	Equity	Financial loss	Start a savings account to act as a safety barrier for months an operating loss is expected.
Market Risk				
Customer engagement	Medium	People	Loss of customers	Constantly train employees to deliver the best customer service possible.
Social Media Negative Reviews	High	Reputation	Loss of customers	Be hands-on compassionate, accountable and provide effective and constant communication to customer complaints

Insurance Risk				
Theft cover	High	Property	Financial loss	Improve security measures with CCTV cameras, alarm systems and armed security.
Public Liability cover	Medium	People	Lawsuits	Ensure insurance policies covers looting, theft and public liability
Compliance Risk				
POPI Act	Low	Legal	Lawsuits	Ensure staff is trained on the relevant POPI law to protect personal customer information
Tax compliance risks	Low	Legal	Fines	Ensure the accountant manages tax submissions and clearances timeously
Environmental Risk				
Gas emissions or leakage	High	People	Property damage	Ensure sabs installations and maintenance on all gas lines are done
Technology-Based Risk				
Cyber Crime	Medium	Equipment	Financial loss	outsource IT specialists to analyse risk and ensure steps to secure the platforms are done
Technology Failure	High	Equipment	Financial loss	Have a rental agreement on IT equipment so they are able to swop out non-functional equipment reducing down time.

5.8. Business Canvas Model

Business Model Canvas	Designed for:	Designed by:	Date:	Version:
	Manix Hardware	**Blain Manickum**	**22.01.2023**	**3**

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
Suppliers Marketing Sage payroll Accountants Legal Aid	Retail Hardware store **Key Resources** Employees Capital Motor Vehicles	Convenienceexible deliveries Customer experience Same Day delivery Friendly helpful advise and assistance	Customer WhatsApp lines Loyalty program Direct contact with the owner Friendly advise Personalised customer service **Channels** Retail Online sales Deliveries	Household consumer Unskilled handyman DIY consumer Skilled contractor for Adhoc Retail business Construction companies School projects

Cost Structure	Revenue Streams
Salaries Rent Operating system Internet and telecommunications Buying group fees Security Deliveries Electriciity Fuel	Retail Sales Deliveries Online sales

5.9. Plan Implementation Strategy

Throughout the implementation plan to turn Manix Hardware around the following advice received from respondents would be strongly considered and applied where applicable.

Action Steps *What Will Be Done?*	**Responsibilities** *Who Will Do It?*	**Timeline** *By When? (Day/Month)*	**Resources** *A. Resources Available* *B. Resources Needed (financial, human, political & other)*	**Potential Barriers** *A. What individuals or organizations might resist?* *B. How?*	**Communications Plan** *Who is involved?* *What methods?* *How often?*
Step 1: **Marketing Management**	Director, Operations Manager	March 2023	**A.** Investment initially from loan taken for development, thereafter business units need to self-fund. **B.** Finances required, Oversight and management by General Manager and Operations Manager	**A.** Existing employees may be resistant to change and **B.** Employees won't implement the marketing efforts effectively	All employees will be consulted for their input and keep them involved to assist with buy in to the strategy. In person and online meetings Weekly meetings with Marketing teams for campaign approvals.
Step 2: Management Training	Director, Operations Manager, Store Managers	July 2023	**A.** Resources will be retrieved from the loan taken for development **B.** Finance Required, Human Resource talent growth**.**	**A.** Management may learn new concepts to tighten processes and systems. **B.** This may not be in favour of certain employees that don't want to change or see the business and result in subordination	Communications will be sent to all employees as management will be unavailable at times. WhatsApp message on company groups Weekly updates in advance for business to plan for absence of management.
Step 3: **Additional Human Resources**	Director, Operations Manager, Human Resources	November 2023	**A.** Investment initially from loan taken for development, thereafter business units need to self-funded. **B.** Finance, Human Resources, Senior Management	**A.** Current Employees may feel they are being replaced. **B.** Noticing new employees entering the organisation.	All employees will be notified of the growth strategy and the reason for new employees. Email communication Weekly updates

Step 4: **E-Commerce Platform**	All Employees	July 2023 for implementation in January 2024	**A.** Investment initially from loan taken for development, thereafter business units need to self-funded. **B.** Finance, Human Resources, Senior Management	**A.** Employees may feel the e-commerce platform would be replacing them. **B.** Seeing sales generated without customers coming into the store.	All employees involved In-person training on how to use the new e-commerce platform Weekly
Step 5: **GAS Division**	**New employees recruited**	December 2023 for Implementation in January 2024	**A.** Investment initially from loan taken for development, thereafter business units need to self-funded. **B.** Finance, Human Resources, Senior Management	**A.** Fear of working with dangerous Gases **B.** Training needs to be conducted with all employees to manage this fear on corrective handling processes.	All employees involved In-person training on how to use the Gas stations and safety measures Weekly

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Annexure 1 Manix Hardware Customer Survey

Q1. What is the reason for shopping at Manix hardware?
Q2. What is particularly important to you when purchasing?
Q3. Were you able to complete your purchase(s) quickly and easily?
Q4. What merchandise would you like to see offered from our store?

Q5. Are our product prices fair and competitive?
Q6. How satisfied were you with your shopping experience in our store?
Q7. What would make you NOT want to shop at Manix Hardware?
Q8. What improvement areas can Manix Hardware focus on?
Q9. How would you prefer to shop at Manix Hardware?
Q10. Which other online e-commerce sites do you use?

Annexure 2 Small Business Entrepreneurial Questionnaire

Good day, Thank you for agreeing to take the time to answer the following questions.

The purpose of the study is to gain insight from fellow entrepreneurs on how they have made a success of their business and how they have surpassed the growth ceiling.

Please note that your identity and responses would remain anonymous throughout the research process and proposal.

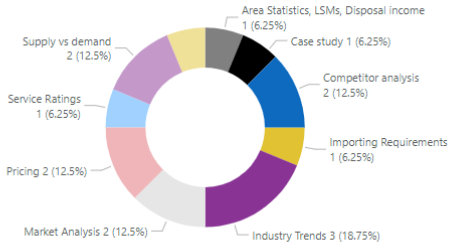
Q1. Please select the type of business you own.

Q2. How long have you been an entrepreneur?
Q3. What industry are you in?
Q4. How long have you owned this specific business?
Q5. Have you conducted any form of research before entering this business model?
Q6. Please share what research was conducted if applicable?
Q7. Please share the key pivotal lessons that you learnt that has gotten you to where you are today.
Q8. How did you and your business overcome the Covid-19 pandemic?
Q9. What sustainability initiatives would you take if another pandemic occurred?

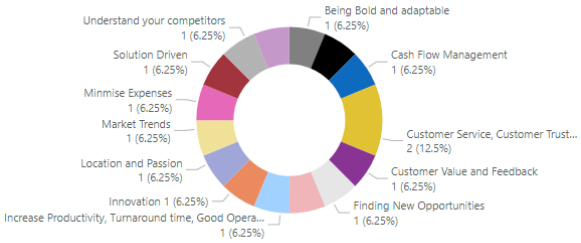
Q10. What digital transformational initiatives have you implemented to gain a competitive edge?
Q11. Do you have an e-commerce platform and what percentage of sales turnover does that contribute to?
Q12. What enhancements or improvements have done to retain and attract new customers to ensure success and growth of your business?
Q13. What Cashflow / Funding models do you use and why?
Q14. How is Marketing initiatives managed?
Q15. What Marketing campaigns do you find most successful?
Q16. How have you equipped yourself to wear multiple hats in business?
Q17. What overall advise do you have that would make a retail business successful?

Annexure 3 Research Results

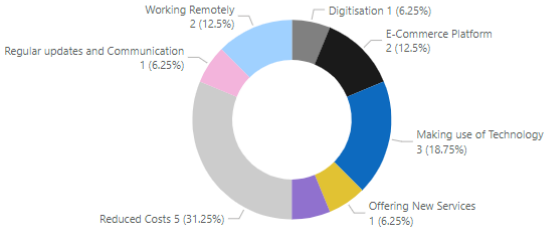
Please share what research was conducted if applicable?



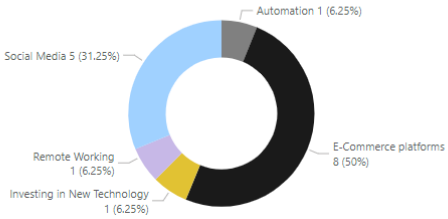
Please share the key pivotal lessons that you learnt that has gotten you to where you are today?



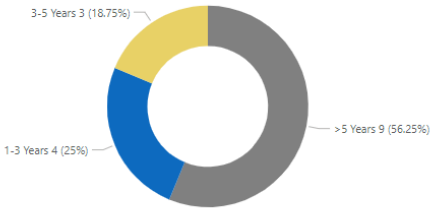
How did you and your business overcome the Covid-19 pandemic?



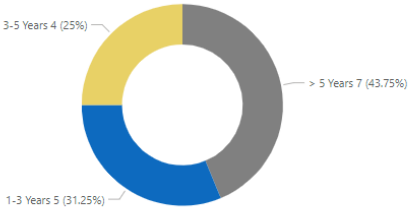
What digital transformational initiatives have you implemented to gain a competitive edge?



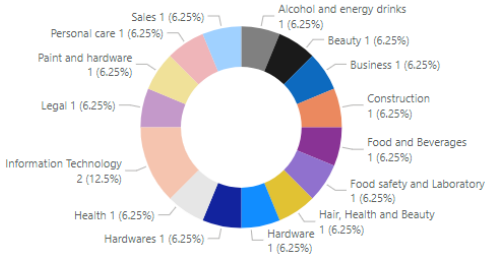
How long have you been an entrepreneur?



How long have you owned this business?

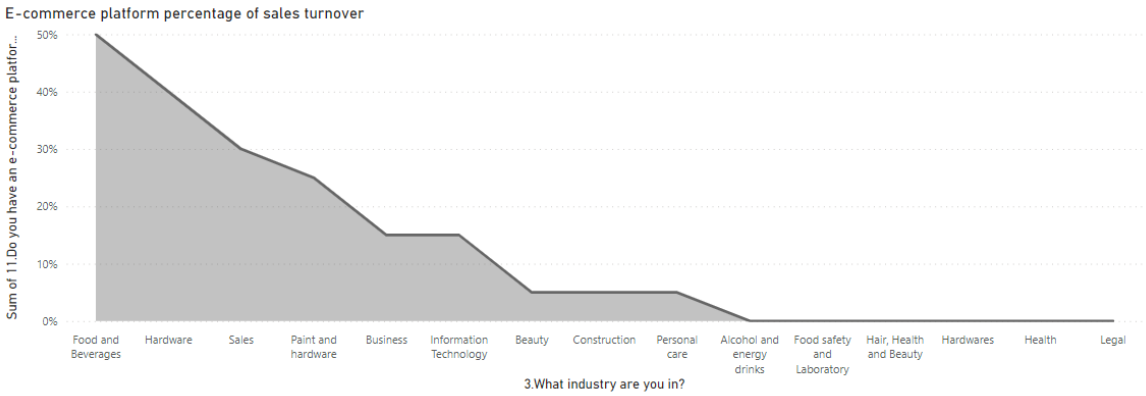


What industry are you in??

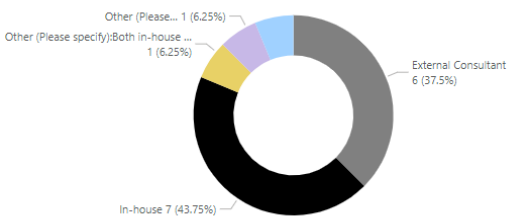


Have you conducted any form of research before entering this business model?

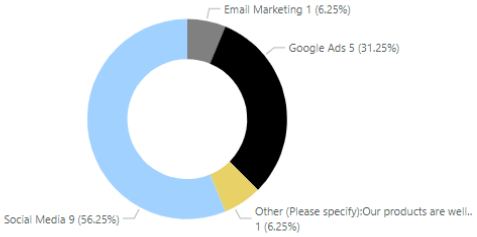




How is Marketing initiatives managed?



What Marketing campaigns do you find most successful?

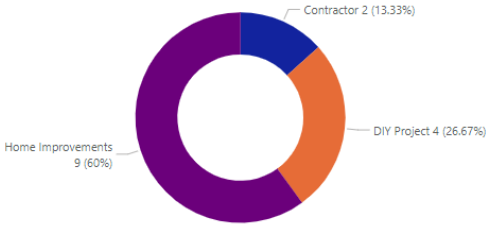


What overall advise do you have that would make a retail business successful?

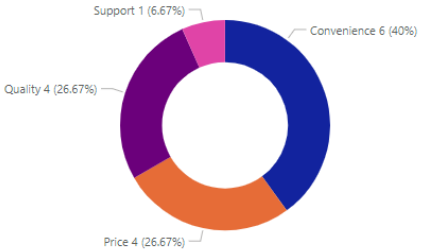


Annexure 4 Customer Research Summary

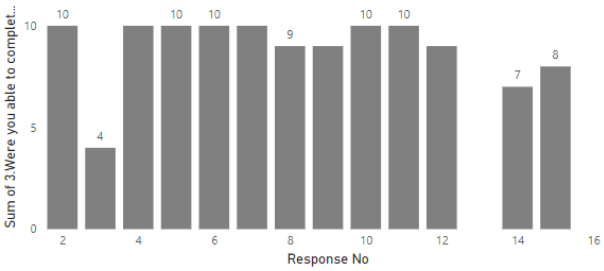
What is the reason for shopping at Manix hardware?



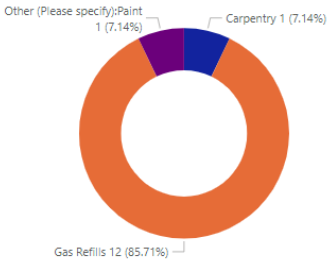
What is particularly important to you when purchasing?



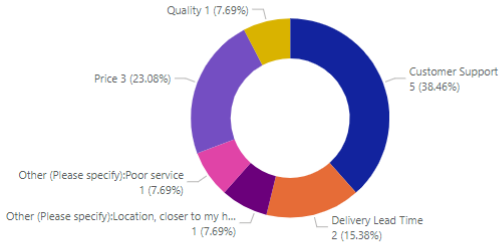
Were you able to complete your purchase(s) quickly and easily?



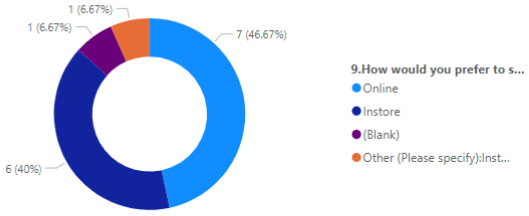
What merchandise would you like to see offered from our store?



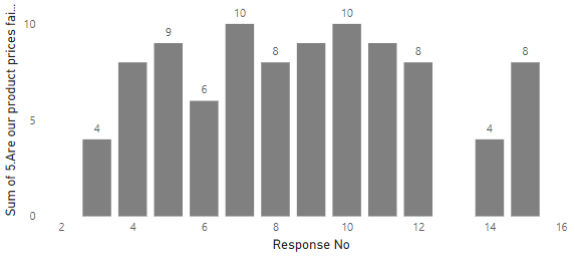
What would make you NOT want to shop at Manix Hardware?



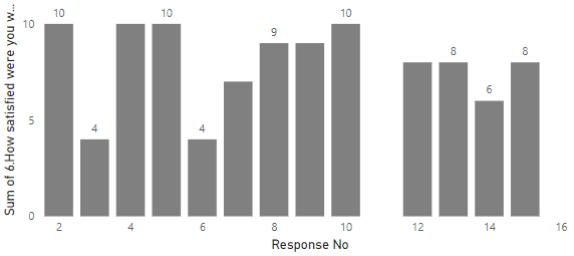
How would you prefer to shop at Manix Hardware?



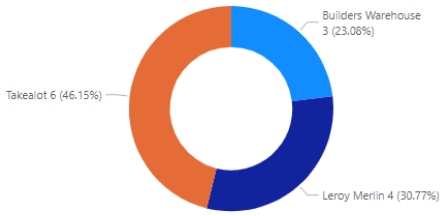
Are our product prices fair and competitive?



How satisfied were you with your shopping experience in our store?



Which other online e-commerce sites do you use?



What improvement areas can Manix Hardware focus on?

