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Early-stage entrepreneurs' marketing activity in South Africa

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DECLARATION

I, ____Jamie-Lee Ann Botha_____, declare that this research article is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the Graduate School of Business Administration, University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Jamie-Lee Ann Botha

Signed at ……WBS (PARKTOWN……

On the …….28…… day of ……March…… 2019.

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ABSTRACT

Purpose: This paper explored the unique characteristics of the marketing function of early-stage entrepreneurs operating in South Africa.

Methodology/approach: A qualitative study was done. The data was collected by doing unstructured face-to-face interviews to conceptualise the unique marketing activities of early-stage entrepreneurs operating in the South African market.

Findings: The study indicated that entrepreneurs do digital marketing; however, the primary marketing activity is the 'on the ground' marketing. Entrepreneurs still execute old fashioned, cold calling and relationship building with the customer at the centre of the business. Entrepreneurs boasted of their agility to adopt new technology and offer personalised service and product packages to meet the customer's needs.

Value: This paper uncovered the marketing activities of early-stage entrepreneurs and highlighted the marketing areas that need improvement. The results will assist entrepreneurs in the early business development stages with their marketing endeavours and enhance the business performance. The research contributed to the domain of entrepreneurial marketing.

Keywords: Entrepreneurial marketing, Alternative marketing, Early-Stage Entrepreneurs.

Paper type: Research paper

1. INTRODUCTION

What makes the marketing activities of entrepreneurs so unique? This paper explored the unique characteristics of the marketing function of early-stage entrepreneurs in South Africa and explored how the lack of resources influence the marketing decisions of early-stage entrepreneurs. The unique marketing activities of entrepreneurs are not fully understood and have, to date, not been formalised into a framework (Stokes, 2000; Sadiku-Dushi, 2019). The unpredictable and resource constraint environment in which entrepreneurs and SMEs operate has resulted in informal, non-sequential marketing decisions leading to reactive, continuously evolving, situational marketing activities (O'Dwyer, Gilmore, & Carson, 2009). One of the contributing factors to the unique marketing function of entrepreneurs is their narrow concept of marketing, and the deviation from the traditional marketing practices (Marcati, Guido, & Peluso, 2008). Entrepreneurs view marketing as an activity to inform customers about the firm and its products and services with the objective of making sales (Reijonen, 2010). A study conducted by Reijonen (2010, p.6) focused on the marketing of SMEs concluded that: "*marketing thoughts and practices cannot be regarded as uniform within SMEs. They vary depending on firm size and customer markets*".

Context

The traditional marketing strategies are more practically applied in consistent environments where the market conditions are predictable, and the firm satisfies a clearly defined customer need (Maritz, Frederick, & Valos, 2010). Traditional marketing fails entrepreneurs in unpredictable environments because of its formula-based thinking, dependence on the rule of thumb and reactive approach (Stokes, 2000b). The latter necessitates the need for traditional marketing strategies to be cross-functional, cross-border and cross-discipline to give birth to new explanatory frameworks (Sullivan Mort, Weerawardena 2012). Traditional marketing can often result in a lack of innovation and focus on an imitating approach and serving existing markets (Morris, Schindehutte, & LaForge, 2002). Therefore, entrepreneurs must find creative ways in which to

take their products and services to market and are limited to the tools and resources and processes at their disposal (Sadiku-Dushi, 2019).

Deficiencies in the traditional marketing theory has led entrepreneurs to new innovative marketing actions such as entrepreneurial marketing (EM) (Sadiku-Dushi, 2019). O'Cass and Morrish, (2016), say that EM is born out of the practice of firms operating in uncertain environments and thus EM serves as an alternative method to cope with the ineffectiveness of traditional marketing. EM differs from traditional marketing in that it is driven by new innovative ideas rather than the needs and wants of the customer (Sadiku-Dushi, 2019). EM is an alternative perspective to the traditional marketing approach (Miles, Gilmore, Harrigan, Lewis, & Sethna, 2015). The problem with EM, although well-defined by literature from a theoretical perspective, is that it does not have a widely accepted definition, no clear defined core strategies nor is there any measure of the performance outcome (Sullivan Mort, 2012). There has been relatively little research done to explore the theoretical link between marketing and entrepreneurship, resulting in a fragmentation of the disciplines integration (Lam & Harker, 2015).

A theoretical approach that explains the resource leveraging of EM is the effectuation logic (Toghraee , 2017). In this study bricolage and effectuation theory was used to account for the utilisation of limited resources (Fisher, 2012). The processes involve the entrepreneurs taking inventory of his/her current resources and creatively packages and reorganised cheap resources to create value (Toghraee, 2017).

In order to determine the marketing activities of early-stage entrepreneurs in South Africa, this study focused on the seven dimensions of entrepreneurial marketing, the resource leveraging of the Bricolage and Effectuation approach and alternative marketing strategies as defined by Morris (2002) and Castronovo (2012). The objective of this study is to do a correlation study to investigate how much of entrepreneurial marketing activities and Bricolage and effectuation theories are implemented by entrepreneurs operating in the South African market.

1.1 Problem Statement

SMEs are operating in an already financially constrained environment, and therefore a marketing budget is not top priority resulting in limited marketing being done in the early-stages of business development (Van Scheers, 2011). Entrepreneurs are forced to become innovative in their marketing activities because of limited resources and environmental constraints (Becherer, 2012; Sadiku-Dushi, 2019) It is critical for entrepreneurs to optimise their marketing efforts to ensure a successful outcome (Becherer, Helms, & McDonald, 2012). Given these challenges and the high failure rate of entrepreneurs in South Africa this study addresses the following research questions to enhance the early-stage business development.

I. Do early-stage entrepreneurs in South Africa do interactive entrepreneurial marketing activities?
II. Do early-stage entrepreneurs use bricolage and effectual marketing to overcome the lack of resources
III. Do early-stage entrepreneurs in South Africa use alternative marketing strategy?

1.2 Assumptions

1. It is accepted that the marketing activities of entrepreneurs differ from the traditional marketing practises and implement marketing activities that are unique to entrepreneurs.
2. All entrepreneurs are utilising some form of marketing activity.
3. It is also accepted that the participants will answer truthfully.

1.3 Significance of the study

This research will assist new entrants in their marketing decisions or provide a guideline on which approach to take when taking a new idea, product and service to market. The research will help the entrepreneur to critically evaluate those factors which have an exponential impact on marketing activities.

1.4 Delimitations

This study explores the marketing activities of businesses not older than five years, limited to the Johannesburg area of South Africa. The study is not industry-specific, nor does it focus on particular business size or profitability.

1.5 Limitation

The limitations of the study include, the limited time available to investigate the research problem and to evaluate results in different scenarios. The thematic analysis of this research is also subjective and can be influenced by preconceived ideas.

2. Literature Review

The literature review covered the definition of early-stage entrepreneurs and explored the challenging conditions present in the South African market. For the purpose of this study the definition of an early-stage entrepreneur, is the first two stages of the business life cycle of the Churchill Lewis model (existence and survival). These businesses are not older than 5 years. The challenges faced by entrepreneurs in the South African market is outlined by Africa (2018) , Olawale & Garwe (2010) and the GEM report of 2017/2018.

The literature review then outlined the shortcomings of traditional marketing theory as stated by authors like Stokes (2000) Martin (2009), Hultman & Hills (2011), and Sadiku-Dushi (2019). EM serves as an alternative method to cope with the shortcomings of traditional marketing (O'Cass and Morrish, 2016), and is thus used in this study to investigate the marketing activities of early-stage entrepreurs operating in the South African market.

The domains of entrepreneurial marketing and alternative marketing account for the interactive, physical marketing activities and the online marketing activities

done by entrepreneurs which was varied in the South African market. Bricolage and effectuation marketing is used to describe the resource constrained conditions in which entrepreneurs are operating and the influence it has on the marketing decisions making process (Sahid, 2019). The literature review will cover the dimensions of EM including the bricolage, effectuation theory and alternative marketing strategies and do a correlation study to investigate how much of the marketing activities of the previously mention theories are implemented by entrepreneurs operating in the South African market.

2.1 Early-stage entrepreneurs in South Africa

Entrepreneurs are individuals who use existing resources and deploy them to satisfy a need or exploit an opportunity to create value (Gilmore, 2011). An SME owner may not be entrepreneurial in behaviour and may be focused on the daily management of the business (Gilmore, 2011). This study looked specifically at individuals in the early-stage of business development, and whether they were entrepreneurial in behaviour or not. Churchill and Lewis business life cycle consists of five stages, existence, survival, success, take off and maturity (Olawale & Garwe, 2010). A new SME is described as a business that has been in existence for less than 42 months (Olawale & Garwe, 2010). For this study, SMEs of five years and less was considered early-stage. These are the first and second stages (existence and survival) in the Churchill Lewis model (Olawale & Garwe, 2010).

2.1.1 The South African business environment

The current unemployment rate in South Africa is 27.2 %. Although the government is looking to small businesses to achieve its employment for the National Development Plan, SMEs still face many challenges resulting in a low survival rate (Africa, 2018). SMEs are one of the key contributors to the country's economy (Sahid, 2019) In order to make contributions to the current unemployment rate, SMEs in South Africa need vital support in the early-stages of their business to reach maturity and contribute to the employment rate of South Africa (Africa, 2018).

In South Africa, 60% of the country's SME have less than three years in operation. In comparison to the sub-Saharan African countries South Africa has one of the lowest rates of established business (Africa, 2018), resulting in South African SMEs failure rate being one of the highest in the world (Olawale & Garwe, 2010). Gilmore (2011), states that the failure rate of entrepreneurs is unusually high in the early-stage of business development. The GEM report of 2017/2018 reported that South Africa is one of the least supportive countries in terms of providing support to entrepreneurs (Africa, 2018; Slavica Singer, 2018).

Fatoki, (2014) says that lack of management and functional skills and poor attitudes towards customers are the major contributors to failure in the early-stages of entrepreneurs' business. There is also a lack of marketing skills among small business owners in South Africa (Van Scheers, 2011). External factors that contribute to the failure of these ventures are high cost, lack of distribution chains, lack of finance and crime (Fatoki, 2014). One of the significant constraints besides financial constraints, faced by entrepreneurs operating in South Africa is getting access to the market and the industry competitiveness, especially given the current economic conditions in South Africa (Africa, 2018). During the early-stages of the business, entrepreneurs lack the social capital and resources and marketing skills which results in poor performance and increase risk of failure (Gilmore & Jones, 2011). SMEs are operating in an already financially constrained environment, and therefore a marketing budget is not top priority, resulting in no marketing being done in the early-stages of business development (Van Scheers, 2011). Becherer (2012) highlights the impact of marketing on the success of an SME. Entrepreneurs are forced to become innovative in their marketing activities because of limited resources and environmental constraints (Becherer, 2012). It is critical for entrepreneurs to optimise their marketing efforts to ensure a successful outcome (Becherer, 2012).

2.1.2 Early-stage Marketing

Carson and Gilmore (2000) outline the following influential factors: i) the characteristics of the business owner and ii) the inherent limitations of SMEs.

Carson and Gilmore (2000) further argue that the life-cycle stage in which the SME find itself will determine which marketing activity is implemented at that stage. The marketing activities will change as the business develops through the different life cycle stages. Other factors that influence the marketing in SMEs include the type of products and/or services, the industry or the nature of the market and the quality of the management consider the entrepreneur's and business owner's characteristics (Reijonen, 2010).

2.2 Traditional marketing theory

For this paper, the definition of traditional marketing as defined by Stokes (2000, p.34) was accepted: "*Marketing can be defined in terms of the organisational philosophy of market orientation, guided by segmentation, targeting and positioning strategies operationalised through the marketing mix and underpinned throughout by market intelligence"*.

The traditional marketing theory was developed mainly from the studies of big corporations, and many marketing strategies reflect these origins (Stokes, 2000b). The traditional marketing theory does not account for the innovation, proactiveness and risk-taking that occurs in entrepreneurship (Martin, 2009). Entrepreneurial activities are not reflected in traditional marketing theory (Hultman & Hills, 2011).

The essential elements for traditional marketing theory are the four Ps: price, place, promotions, product, which the company has organised in a highly structured, logical step-by-step process (Martin, 2009). SMEs and entrepreneurs are faced with many challenges that require them to be agile, and the traditional 4 Ps does not allow for the flexibility required to overcome these challenges (Martin, 2009). Entrepreneurs are driven by innovation and creating value for customers; it is not accomplished through extensive market analysis and 4Ps application (Hultman & Hills, 2011). Traditional marketing mix does not cover the entrepreneurial activities like referrals, word of mouth and established long term relationships (Sadiku-Dushi, 2019). The difference in definition of the marketing function does not mean that there are no marketing activities, but only that entrepreneurs conceptualise marketing differently

(Stokes, 2000b). The critical difference between traditional marketing and entrepreneurial marketing is shown in Table 1. EM deviates from the traditional marketing mix and seven Ps, formalised textbook approach (Stokes, 2000b).

Table 1 Differences between Entrepreneurial Marketing and Conventional Marketing (Stokes 200b)

Entrepreneurial Marketing processes compared to traditional marketing concepts		
Marketing Principles	Traditional Marketing	Entrepreneurial Marketing
Concept	Customer-orientated; Market-driven, product development follows	Innovation oriented; Idea-driven, intuitive assessment of market needs
Strategy	Top-down segmentation, targeting and positioning	Bottom-up targeting of customers and other influence groups
Methods	The marketing mix four/seven Ps	Interactive marketing methods Word of mouth marketing
Market Intelligence	Formalised research and intelligence systems	Informal networking and information gathering

The marketing decision-making process is different in traditional marketing theory and entrepreneurship (Hultman & Hills, 2011). Traditional marketing theory is dominated by a causative perspective whereas entrepreneurs are more effectuate in approach (Hultman & Hills, 2011). Their effectuation approach is discussed later in this paper.

There are however, commonalities between marketing and entrepreneurship, for example, both disciplines focus on opportunity identification and using resources to create value for external customers (Hultman & Hills, 2011). In both disciplines, the desired outcome is the same; however, the path taken by both disciplines is different (Hultman & Hills, 2011). The marketing actions of entrepreneurs include opportunity identification, innovation, risk taking, proactiveness, customer intensity, value creation, and resource leveraging (Morris, 2002). The marketing actions are elaborated in the interface between

marketing and entrepreneurship, entrepreneurial marketing (EM) in the next section.

2.3 Entrepreneurial Marketing

EM was a concept developed around the marketing activities of start-ups and SMEs operating in challenging environment Toghraee (2017) and is therefore applicable in the South African market. Entrepreneurial marketing imitates some of the qualities of entrepreneurship like opportunity recognition, proactiveness , value creation and risk taking and is therefore the best marketing domain to explore the marketing activities of early-stage entrepreneurs (Kurgun, Bagiran and Ozeren, 2011).

Entrepreneurial Marketing (EM) is defined by Sullivan Mort (2012) as the study of the integration between marketing and entrepreneurship. Miles (2015) provides a counter definition to that of Sullivan Mort (2012), he states that EM should be considered as entrepreneurship in marketing or marketing in entrepreneurship. Considering both the definitions, there exists an overlap between entrepreneurship and marketing (Kurgun, Bagiran and Ozeren, 2011). Early research done on EM implies that it was only employed by start-ups and small- to medium-sized businesses, who were operating in a resource constrained environment and did not have access to the traditional marketing tools, process and resources, respectively (Sullivan Mort , 2012). EM was considered an informal and less sophisticated form of marketing because it was predominantly used by these smaller entities (Miles, 2015).

The definition given by (Morris 2002, p.4) for EM and subsequently used for the premise of this paper, is as follows:

“*The proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management and resource leveraging for value creation as it integrates the central aspects of entrepreneurship and marketing into one comprehensive structure".*

Morris (2002) suggested the EM is the process in which companies can use marketing to act on and employ entrepreneurial attributes. Morris (2002) further

highlighted that EM synthesises the critical aspects of marketing and entrepreneurship into a conceptualisation where marketing is approached from an entrepreneurial perspective. EM presents an opportunity to bridge the gap between strategic and entrepreneurial action (Kurgun, Bagiran and Ozeren, 2011). It can serve as an umbrella for all alternative marketing strategies such as guerrilla marketing, disruptive digital marketing and other alternative marketing strategies (Morris et al., 2002). The alternative marketing strategies are further explored in the next section.

In a survey done by Reijonen (2010), the results indicated that firms thought that the essential marketing activity was making the business and its products known to the population. The second most crucial marketing activity was creating and maintaining customer relationships. Brand awareness and sales promotion were ranked third and fourth, respectively (Reijonen, 2010).

2.3.1 Entrepreneurial marketing activities implemented by entrepreneurs

The integrative model produced by Morris (2002) consists of the following key dimensions:

- proactiveness
- calculated risk taking
- innovative
- opportunity focused
- resource leveraging (guerrilla marketing)
- custom intensity (radical marketing and expeditionary marketing)
- value creation

All of these dimensions do not need to operate simultaneously to be considered as successful deployment of EM but rather in various combinations that best suit the needs of the entrepreneur in taking the product and service to market (Morris et al., 2002). In table 2, marketing is divided into three dimensions, i.e. Culture, Strategy and Tactics, each of which can be linked to the dimensions of EM.

Table 2: Applying the EM concept to the three dimensions of marketing (Morris et al., 2002).

The level at which marketing occurs			
	Culture	**Strategy**	**Tactics**
Opportunity-driven	Continuous recognition and pursuit of opportunity without	Strategies focusing on new product and markets based on	Real-time, proactive intelligence to find untapped opportunities.

	regard to resources controlled	expanded opportunity horizon	Alternative methodologies to discover unmet needs. Rapid learning from market experiments to redefine opportunities.
Proactiveness	Action Orientation. The organisation as the agent of change, redefining industry practices and challenging assumptions	Defining new market position; leadership of customer and market	Speedy development and launch of new products and marketing approach. Ongoing experimentation with untested guerrilla and viral tactics
Innovation focused	Promotes new and different solutions, leading the customer & firm as an innovation factory, spirit of healthy.	Continuously redefining the product and market context; a strategy to manage a portfolio of innovations	Active participation of marketing on teams developing significant innovations. Highly inventive approaches to new product and service development
Customer intensity	Reinforce passion for the customer, marketer as agent for the customer	Strategic customer focused interaction, bringing the customer into the firms planning and operations	Customisation via segmentation & niche marketing creative relationship management tactics, incentive to encourage organisational learning
Risk Management	Comfort level with random variance and ambiguity	Managed risk through higher levels of innovation and more rapid organisational learning	Employment of initiatives to mitigate risks through alliances tests, markets trial launches, lead user research
Resource Leveraging	Resourcefulness in doing more with less marketer as middleman tapping a network of non-imitable competencies	Leveraging drives strategic decisions regarding core processes, outsourcing strategic alliances	Exploit underutilised resources and skills creative methods of contracting bartering sharing borrowing renting outsourcing
Value Creation	Vigilance in seeking novel sources of value from throughout the firm	Value-based strategies designed around customer	Continuous exploration for novel sources of customer value in each element of the marketing mix.

From a focus group study done by Stokes (2000), four key marketing activities were identified, including:

- *Innovation orientation*: the introduction of new products was more likely to originate from new innovative ideas rather than from customer needs which could then be subsequently translated into useful products. The

driver of this activity was presumed to be based on competitive pressure; no market research was done.

- *Bottom-Up strategy*: this differs from the conventional top-down strategy in that entrepreneur's first aim to serve a small group of customers and then expand their customer base incrementally. This approach requires fewer resources and has been observed to be more flexible and adaptable.
- *Interactive and word-of-mouth marketing*: the conclusion drawn from the study is that entrepreneurs regard this marketing activity as the most important. The emphasis is on building strong relationships with the customers and being proactive in the market place. The entrepreneur can leverage this strong relationship with their clients, making them more responsive to changes in market trend. This type of interaction with customers results in word-of-mouth marketing. Word-of-mouth marketing is a low-cost marketing tool that can help entrepreneurs slowly grow their customer base at a pace that suits their resources
- *Networking:* this marketing activity consists of informal market research being done by entrepreneurs where they use their networks to gather information

The marketing activities of entrepreneurs and the business owners of SMEs are implemented by the entrepreneurial business owner and are therefore dominated by their characteristics (Carson & Gilmore, 2000). Their characteristics further exacerbate the degree to which limitations such as resource constraints will influence their marketing decisions (Carson & Gilmore, 2000).

According to Carson and Gilmore (2000), the type of marketing activity is determined by the stage of the start-up business. For example, at the launch of the business where it primarily focuses on the product and service and gaining customer base, the marketing activity will be that of a "reactive marketing practice" (Carson & Gilmore, 2000). When the business enters the next phase, the marketing activity will then be adjusted according to the entrepreneurs/business owner's perception of marketing and the limitation in which the entrepreneur operates.

Carson and Gilmore (2000) created a “how-to” marketing model for SMEs. They define the following pragmatic marketing techniques for SMEs:

- Competency marketing
- Network marketing
- Innovative Marketing.

The model describes a process in which SMEs can determine their unique marketing activities in the context of the environment in which the business operates (Carson & Gilmore, 2000).

In a survey done by Reijonen (2010), the results indicated that firms thought that the essential marketing activity was making the business and its products known to the population. The second most crucial marketing activity was creating and maintaining customer relationships. Brand awareness and sales promotion were ranked third and fourth, respectively (Reijonen, 2010).

The marketing activities of entrepreneurs do not necessarily conform to the conventional definition of the marketing theory. Entrepreneurs define marketing as a tactic to attract new businesses. In a study done by Stokes, (2000b) an analysis of the marketing activities of entrepreneurs indicate a strategic awareness of the following aspects:

- monitoring the market place
- targeting specific market segments
- emphasis on customer service and relationships

From the listed activities, it was observed in the literature that entrepreneurs rated ‘emphasis on customer service relationship' as highest on their priority. Entrepreneurs do rely heavily on word of mouth which is also laboriously earned (Stokes, 2000b). Stokes (2000) further emphasised this observation and found through research, that entrepreneurs invest much time in building strong customer relations.

Question I.: Do early-stage entrepreneurs in South Africa do interactive entrepreneurial marketing activities?

2.3.2. Bricolage marketing

Resources have a significant influence on the marketing decisions taken by entrepreneurs operating in challenging environments. Entrepreneurs are operating in a financially constrained environment, resulting in limited marketing being done in the early-stages of business development (Van Scheers, 2011). The South African entrepreneur and small business owner operate in a business environment with limited resources and therefore have to find creative ways to leverage and extract value of resources (Africa, 2018).

An entrepreneurship theory that addresses the resource constrained environment in which entrepreneurs find themselves, is the theory of entrepreneurial bricolage (Fisher, 2012). This bricolage theory conceptualises the ability to taking the resources at one's disposal and applying them to new opportunities to address new problems (Fisher, 2012). Bricolage theory repackages, reorganise resources at hand in a "creative reinvention" to address problems and uncover new opportunities (Fisher, 2012). There are some bricolage activities that an entrepreneur can engage in to overcome resource constraints, and activities include physical inputs, labour inputs, skills input, customers/markets, institutional and regulations environment (Fisher, 2012).

Resource Base theory helps an entrepreneur to decide how and when to use bricolage (Desa & Basu, 2013). In order to generate value from cheap resources, entrepreneurs have to be creative in their bundling and combination of resources (Desa & Basu, 2013). The bricolage process and activities allow entrepreneurs to recognise the alternative application of resources (Desa & Basu, 2013).

Resource base theory (RBT) explains a firm's ability to organise resources to create a non-imitable capability to launch a new initiative (Desa & Basu, 2013). Entrepreneurs face many challenges, one of which is operating in a resource constrained environment. RBT provides entrepreneurs with an optimisation process to structure and bundle resources to the entrepreneur's advantage (Desa & Basu, 2013).

The ability of entrepreneurs to combine and organise resources in order to add value or exploit opportunities is a resource in itself (Alvarez, 2001).

Entrepreneurship requires different resources as a primary condition. Resource based theory confirms various resources as a necessary condition (Alvarez, 2001).

Knowledge-based resources are essential for providing a sustainable competitive advantage by co-ordinating non-imitable resources in order to create value. (Wiklund, 2003; Janet and Ngugi, 2014). Wiklund, (2003) argues that knowledge is a powerful intangible resource that entrepreneurs can use to create sustainable differentiation. When gearing resources to exploit new opportunities, it is the knowledge that gives the firm the ability to accurately predict environmental changes and strategy and tactic (Wiklund, 2003).

2.3.3. Effectuation marketing

The effectuation theory suggests that under highly uncertain conditions entrepreneurs follow a decision logic (Desa, 2013). Read (2009) introduced the logic of "***Effectual Approach***" as a marketing tool for entrepreneurs operating in uncertain environments. The effectual approach, as defined by Read (2009) , combines available resources and co-creates with several key stakeholders. The decision-making methods are based on non-predictive designs specifically intended to be useful in uncertainty (Read, Song, & Smit, 2009).

The effectual approach differs from traditional marketing in that it first develops the product and then gauges the customer's reaction. The product and service of the entrepreneur remain at the centre of the marketing plan. Based on customer engagement, the product and service are then re-engineered to better suit the customers' need, whereas in the traditional marketing plan, the customer and the marketing mix (product, price and location) is at the centre of the marketing plan. Then the marketers will hope that the customers will be streaming in and buying their products (Morrish, 2011; Miles, 2015).

The entrepreneur develops the idea and then creates the target market using the resources at their disposal. The entrepreneur typically operates in uncertain environments, e.g. political uncertainty, where an approach is followed which aims to ensure a more or less tolerable loss than the traditional return on investment (Morrish, 2011). The entrepreneur begins by taking stock of the resources at their disposal and evaluates how they can best leverage the

resources for a specific outcome. In addition, entrepreneurs, following an interactive marketing approach prefer to form strategic alliances with key stakeholders rather than with the competition (Morrish, 2011). Some people argue that the 'Effectual Approach' does not integrate the theories of EM but rather inherits the entrepreneurial characterises adopted by entrepreneurs operating in uncertain conditions (Sullivan Mort et al., 2012).

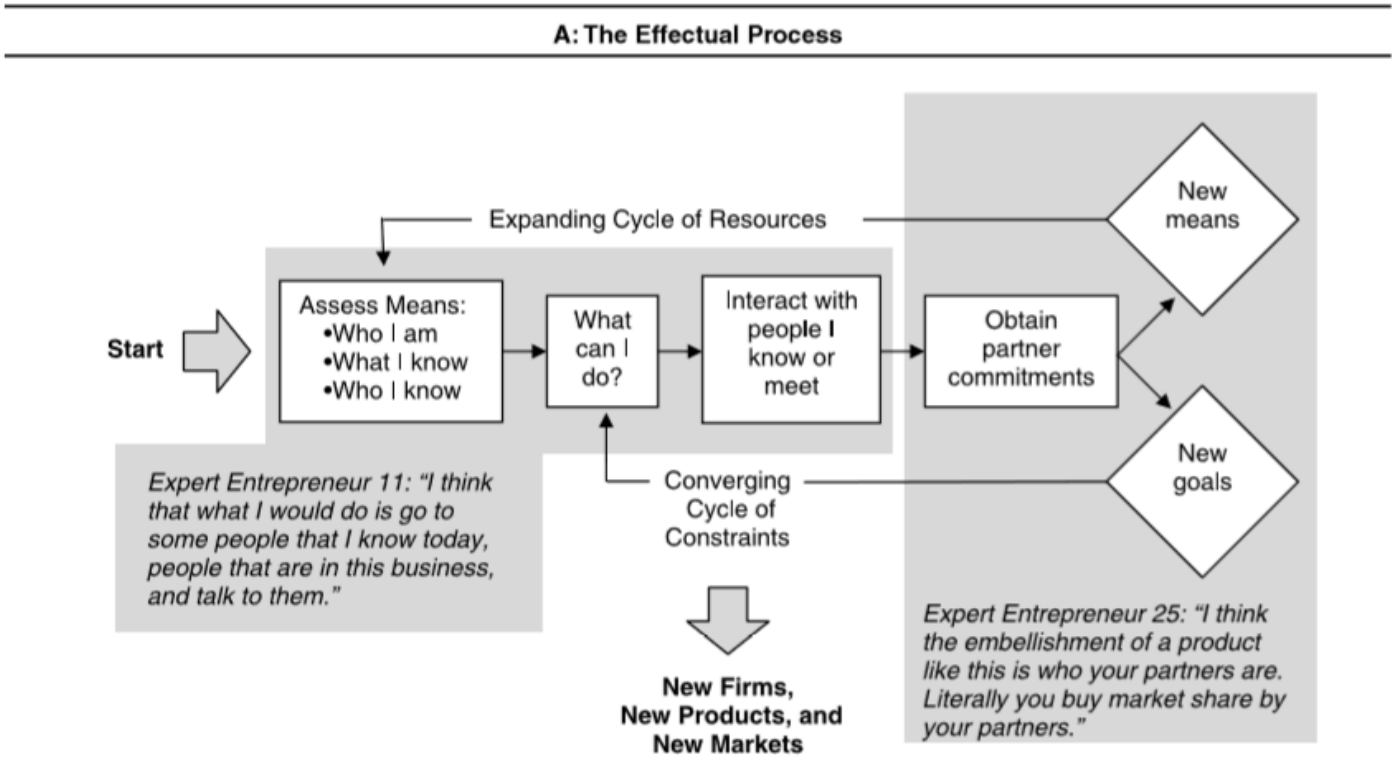


Figure 1: Illustration of the Effectual Approach (Morrish, 2011)

Question II: Do early-stage entrepreneurs use bricolage and effectual marketing to overcome lack of resources?

2.4 Alternative marketing strategies

Alternative marketing processes have been around for many years and is utilised by entrepreneurs within variations (Morris, 2002). Under challenging environments where conventional marketing methods are outdated and difficult to implement, these approaches are especially useful (Toghraee, 2017) Table 1 is a summary of the alternative marketing approaches which offers a methodology to achieve marketing success(Morris, 2002). The common thread

among these alternative approaches is that they address the current limitations of the use of traditional marketing methods in demanding environments(Morris, 2002). Morris, (2002) notes that none of the marketing approaches listed provides a comprehensive guide for marketing practice in future.

2.4.1 Word of Mouth Marketing (WOM)

Customers rely on the opinions and advice of others when making a purchase that is risky (Castronovo & Huang, 2012). Word of mouth approves of being more effective than traditional marketing channels (Castronovo & Huang, 2012). Satisfied or dissatisfied customers are highly motivated to share their experience (Castronovo & Huang, 2012). The internet has afforded customers the means to actively exchange their experiences with each other freely about the product and services and gives marketers a channel to connect and promote the product to social networks (Castronovo & Huang, 2012). People do not make decisions in a vacuum; they consult friends and family co-workers, etc (Lam & Harker, 2015).

WOM referrals have resulted in an increasing customer base and customer retention (Castronovo & Huang, 2012). It is dependent on the strength of the relationship with the customer, the stronger the relationship, the more willing the customer is to promote the product via word of mouth (Castronovo & Huang, 2012). Castronovo (2012) says that a network of friends tends to be the most effective WOM referrals, as opposed to other stakeholder networks.

2.4.2 Social Media

Social media marketing leverages social interactions, resulting in significant benefits for a firm if implemented correctly (Castronovo & Huang, 2012). A successful social media campaign is one where the customer can engage with the brand and contribute, not just firms pushing the brand onto people. (Castronovo & Huang, 2012). Social media marketing has the capability of generating positive brand awareness, customer loyalty and a positive buzz and WOM (Castronovo & Huang, 2012). There are a number of social media tools (Facebook, LinkedIn, blogs, chat rooms) that can be utilised effectively depending of the communication channel of the audience for targeted campaigns (Castronovo & Huang, 2012) In contrast, a study was done by Africa (2018) that found that only 20% of small business owners use e-commerce and

22% make use of regular cloud service (Africa 2018). The study also found that small business owners do not maximise the use of technology because of the costs involved (Africa, 2018).

2.4.3 Email Marketing

Email based marketing can be used as a communication channel to increase customer engagement with the brand (Castronovo & Huang, 2012). It is a straightforward, cost-effective way to strengthen customer relations and as a result increase purchase intention and positive word of mouth (Castronovo & Huang, 2012).

2.4.4 Brand Communities

This is the ability of marketers to understand the individual and social needs of a group of people and to create a brand to which customers can relate (Castronovo & Huang, 2012). A brand community focus is on developing communication, and the brand is a consequence of this community (Castronovo & Huang, 2012). The brand community provides a platform for people with similar needs and lifestyles to share experiences which then provides the marketer with vital customer needs information (Castronovo & Huang, 2012).

2.4.5 Viral Marketing

Leveraging social networks and a customer's desire to share the message via word of mouth (Castronovo & Huang, 2012). The message content has to resonate with the targeted audience for them to be motivated to share the message (Castronovo & Huang, 2012).

2.4.6 Guerrilla Marketing

Guerrilla marketing is a cost-effective communication channel that has the potential to reach a big pool of prospect customers through viral, blogs and social networks. (Castronovo, 2012; Sadiku-Dushi, 2019). This type of marketing is dependent on the ability of the marketer to create a buzz by being creative, energetic and flexible (Castronovo, 2012; Sadiku-Dushi, 2019).

2.4.7 Events based Marketing

Events based marketing creates a platform for firms to build a brand image and reputation and build a relationship with customers (Castronovo & Huang, 2012). Events could include sports, cultural, lifestyle and sponsorships (Castronovo & Huang, 2012). These events also allow for the firm's message to be shared with

other people outside of the primary targeted audience (Castronovo & Huang, 2012).

2.4.8 Mobile Marketing

Mobile marketing is an integrated form of media communications that can assist targeted campaigns (Castronovo & Huang, 2012). Customers are readily accessible with mobile marketing, and it gives marketers access to customer data that will help better understand customer needs and wants (Castronovo & Huang, 2012). In a study done by (Africa, 2018), covering the use of technology of SMEs operating in South Africa, 86% of small business owners indicated that they use smartphones to do business.

Table 3: Alternative marketing strategies by Morris 2002

Perspectives on the emerging nature of marketing				
Term/Date	**Underlying dimensions/characteristics**	**Factors leading to its use**	**Type**	**Source**
Relationship marketing (1983)	Identifying, establishing, maintaining, enhancing, and terminating relationships with customers and other stakeholders, at a profit: achieving objectives of both parties	Sophisticated customers want individualized attention; new technology; maturing markets	Paradigm, perspective approach	Berry (1983) Gronroos (1990, 1994,199)
Expeditionary marketing (1992)	Creating markets before competitors; Continuous search for innovative product concepts; Overturning price/performance assumptions; Leading rather than following customers; Tolerance of failure	Increased focus on speed (cycle time), quality and cost	Strategy	Hamel and Prahalad (1992)
Guerilla marketing (1993)	Low cost, effective communications; cooperative efforts and networking; leveraging resources, using energy and imagination.	Changes in markets, media, methods, marketing limited budgets, resources time	Tactic	Levinson (1993)
One-to-one marketing (1993)	Marketing based on knowing the customer through collaborative interactions (dialogue and feedback) to tailor individual marketing mix on 1:1 basis; product centric.	Technology- generated discontinuities; emergence 1:1 media	Strategy/approach	Peppers and Roger (1993)
Real-time marketing (1995)	Technology facilitated, real-time dialogues with interactive services.	Information technology; High speed communication; customized software	Strategy	McKenna (1995, 1997)

Disruptive marketing (1996)	Shattering culturally embedded biases and conventions; setting creativity free to forge a radical new vision of a product, brand, or service.	Discontinues	Process/methodology	Dru (1996, 2002)
Viral marketing (1997)	Self- replicating promotion fanning out over community webs and spreading like a virus, multiplying, and mutating as like-minded people market each other.	Internet boom	Tactic	Jurvetson & draper (1997); Godin & Gladwell (2001)
Digital marketing (1998)	New forms of interaction lead to deeper relationships and greater personalization.	IT – enabled interactivity	Strategy	Parsons, Zeisser and Waitman (1998)
Permission marketing (1999)	Approach to selling goods and services in which a prospect explicitly agrees in advance to receive marketing information.	Advent of internet and email	Approach	Godin and Peppers (1999)
Radical Marketing (1999)	Redefines competitive rules; challenge conventional wisdom of industry, strong visceral ties with target audience, maximal exploitation of limited budget	Focus on growth and expansion rather than short term profits; limited financial resources	Approach	Hill and Rifkin (1999)
Buzz marketing (2000)	Consumer- generated information dispersal through individual network hubs by creating excitement, infatuation, and missionary zeal.	Rise of internet; cost effective WOM; growing dissatisfaction with standards set of solution.	Tactic	Rosen (200)
Customer centric marketing (2000)	Marketing function seeks to fulfil needs/wants of individual customers. Focuses on the needs, wants and resources of customers as starting point in planning process.	Increased pressure to improve marketing productivity; increased market diversity; emerging technologies.	Orientation	Sheth, Sisodia and Sharma (2000)
Convergence marketing (2002)	Fusion of different technologies or combination of channels creating new possibilities for the hybrid consumer.	Internet as commercial platform; empowered/hybrid consumer.	Strategy	Wind, Mahajan & Gunther (2002)

Question III: Do early-stage entrepreneurs in South Africa use alternative marketing strategy?

2.5 Summary of the marketing activities of entrepreneurs

2.5.1 Interactive entrepreneurial marketing

- *Innovation*

EM is innovation-oriented and is driven by an idea, more than by the customer (Stokes Carson & Gilmore, 2000). Morris (2002) in his integrative model confirms innovation focused entrepreneurial marketing as continuously redefining the product and developing major innovations.

- *Proactiveness*

Entrepreneurs are action orientated, challenging assumptions and redefining markets (Morris, 2002). Proactiveness in the market gives the entrepreneur an intuitive understanding of the market (Stokes, 2000b).

- *Customer Intensity*

Entrepreneurs have a strategic customer focused interaction where the customers co-create products, and customers are brought into the organisation's planning and operations (Morris & Reijonen, 2010). Stokes (2000) states that entrepreneurs' first aim to serve a small group of customers and then expand their customer base incrementally. This approach requires fewer resources and has been observed to be more flexible and adaptable (Stokes 2000).

- *Informal Networking*

Networking: this marketing activity consists of informal market research being done by entrepreneurs where they use their networks to gather information, the marketing activities also seem to be reliant on the entrepreneur's personal contacts and social capital and is driven by the way they do business, the entrepreneurial attitude, experience and expertise (Reijonen, 2010). Marketing has its foundation in relationship marketing, interpersonal relationships and personal networks are crucial for business success (Lam & Harker, 2015). Marketing is about people and relationships (Lam & Harker, 2015). Early-stage entrepreneurs' network evolves from being identified, based to path dependency to intentional network especially the earlier stages (Lam & Harker, 2015). Networking can improve the marketing effectiveness and increase the return on investment for entrepreneurs (Toghraee, 2017). The entrepreneur's networks have been instrumental in new customer base, product development, and increase resource base (Toghraee, 2017).

- *Word of mouth*

The marketing methods of entrepreneurs is an interactive method that consists of informal networking and gathering of information through word of mouth (Stokes, 2000). The emphasis is on building strong relationships with the customers and being proactive in the market place (Castronovo & Huang, 2012). The entrepreneur can leverage this strong relationship with their clients, making them more responsive to changes in market trends. Word-of-mouth marketing is a low-cost marketing tool that can help entrepreneurs slowly grow their customer base at a pace that suits their resources (Castronovo & Huang, 2012).

- *Value Creation*

Value-based strategies are designed around the customer needs and the continuous exploration for value-added services (Morris 2002). There is an emphasis on customer service and relationship.

- *Calculated Risk*

Employment of initiatives to mitigate risks through, alliances, tests markets trial launches, lead user research.

- *Opportunity Focused*

Market strategies are focusing on new product and markets (Morris 2002). Real-time, proactive intelligence to find untapped opportunities and alternative methodologies to discover unmet needs (Morris 2002).

- *Resource Leverage*

The ability of the entrepreneur to exploit underutilised resources and skills and the implementation of creative methods (Morris 2002).This includes outsourcing, strategic alliances and tapping in a network of non-imitable competencies (Morris 2002).

EM is an appropriate marketing theory to explore the marketing activities of early-stage entrepreneurs and has proven to have a positive influence on the performance of the firm (Kurgun, Bagiran and Ozeren, 2011; Becherer, Helms, & McDonald, 2012). This study therefore explores the use of the dimension of entrepreneurial marketing by early-stage entrepreneurs in South Africa.

I. Do early-stage entrepreneurs in South Africa do interactive entrepreneurial marketing activities?

2.5.2 Bricolage and Effectual

Bricolage and Effectual marketing decisions are made under highly uncertain, unpredictable conditions and resource constrained environments (Van Scheers, 2011)

Bricolage theory is the creative repackaging and bundling of resources to uncover new opportunities and create unique product offerings (Desa, 2012). The bricolage activities used to overcome resource constraint generally include

labour and skills input, customer and markets input, as well as institutional and regulatory environmental inputs (Fisher, 2012). Knowledge based resources are powerful intangible resources that gives a firm the capability to create non-imitable products and predict environmental changes and adapt strategies and tactics (Wiklund, 2003).

The effectual approach is about leveraging resources to get the best possible outcome (Morrish, 2011). Effectuation is when the entrepreneurs take a co-creation approach with key stakeholders and constantly reiterate a product until it is precisely what the market requires (Miles et al., 2015).

Bricolage and Effectuation has its foundation in resource base theory which states that a firms competitive advantage lies in its ability to exploit limited resources (Janet and Ngugi, 2014). This capability is difficult to imitate and stretches resources to enhance the firm's growth rate and increase performance (Janet and Ngugi, 2014). The ability to utilise limited resources and market knowledge base capability is an important survival tool for early-stage entrepreneurs, it is therefore important to explore how bricolage and effectuation is implemented by South African entrepreneurs.

II. Do early-stage entrepreneurs use bricolage and effectual marketing to overcome the lack of resources

2.5.3 Alternative online marketing

Alternative marketing strategies have been around for many years; these marketing strategies are used in uncertain, unpredictable environments where traditional marketing strategies fail (Morris, 2002). Online marketing through social media, email, guerrilla and mobile marketing is viewed in literature as cost-effective marketing activities that can access a big pool of prospect customers (Castronovo & Huang, 2012). Platforms, like mobile marketing give the entrepreneur access to customer data that will assist in better identification of the customer's needs and wants (Castronovo & Huang, 2012). Online marketing has the capability of generating positive customer interaction with the brand and assists in an increase in customer retention and customer loyalty (Castronovo & Huang, 2012).

Online marketing is considered Castronovo and Huang (2012) to be a cost effective , efficient marketing tool that can reach a large pool of prospect customers. Online platforms would be cheap way to market products and service for entrepreneurs in is

thus and important marketing activity to explore and investigate its applicability in the South African Market

III. Do early-stage entrepreneurs in South Africa use alternative marketing strategy?

3. Methodology

3.1 Research design

An inductive qualitative research approach was taken because the method allows one to identify and understand the behaviour and marketing decision-making process that has been taken (O'Donnell, & Dana 2005). This method was specifically appropriate in this study because the entrepreneurial marketing activities of SMEs are characteristics of the business owner or entrepreneur (Creswell & Poth, 2017); this introduces a variable that is not easily measured and is complex (Creswell & Poth, 2017). Qualitative research is a more accurate research method to investigate entrepreneurial activities rather than a large sample questionnaire (Stokes, 2000a). The advantage of doing qualitative research is the interactivity and flexibility of qualitative research (Dana & Dana, 2005).

3.2 Data collections strategies

The first step was to contact entrepreneurial incubator programmes to get access to early-stage entrepreneurs, however, because of the "Popi Act" (protection of personal information) incubators were unable to share the contact details of the entrepreneurs enrolled in their programmes. The Popi Act is South Africa's data protection legislation, that holds South African institutions accountable for the collection, storage and processing of peoples personal information (De Bruyn, 2014). An advertisement was then placed on Facebook, and approximately ten participants responded, of which three respondents met and the criteria of early-stage entrepreneurs. Seven participants from an entrepreneurial development programme called Tshimologong participated, and four participants were referrals from the researcher's MBA social network. At 14 participants, the sample reached the saturation point.

3.2.1 Research instrument

The primary data collection was face-to-face unstructured interviews with entrepreneurs in the Gauteng region. Data was gathered by conducting face to face interviews with a number of early-stage entrepreneurs in South Africa. A set of open-ended questions was asked in order to give the interview data more depth and understanding of the complex marketing environment in which entrepreneurs operate (Stokes, 2000a). The focus of the interview questions was to uncover the individuals understanding, experience and implementation of marketing. The details can only be uncovered or explored by doing face-to-face interviews in the entrepreneur's natural setting (Creswell & Poth, 2017). The interview data collection method was appropriate because it provided the researcher with an understanding of the interviewee's thoughts and decision-making processes (Stokes, 2000a). The advantage of doing face-to-face interviews is that the interviewer can gauge social cues and observe body language and attitudes of the interviewer (Opdenakker, 2006). This also allows the interviewer to create the ideal ambience for the interviewee (Opdenakker, 2006).

The interviews were recorded and transcribed verbatim.

3.3 Data analysis

The interview transcriptions were used to do a thematic analysis that is driven by the problem statement (Braun & Clarke, 2006). An inductive coding process was followed in order to ensure that the coding was data-driven (Braun & Clarke, 2006). The data was gathered through interactive unstructured interviews and transcribed by the researcher herself. The second phase of data analysis was to start coding the data (Braun & Clarke, 2006). The objective was to create codes from the data and then analyse relationships between the codes in order to put them in different themes (Dworkin, 2012). The next phase was to group all the codes into different themes.

A thematic approach is a more accessible form of analysis that does not require a detailed theoretical knowledge base nor is it bounded to a particular framework (Braun & Clarke, 2006). Thematic analysis reports experiences, meaning and reality of participants (Braun & Clarke, 2006).

The final step was a narrative description of the interrelationship of the different categories and themes around the problem statement (Creswell & Poth, 2017).

3.4 Sample/Sampling

South Africa has a population of 54 Million people. In 2018 Q1, South Africa had approximately 2 443 163 SMMEs in operation. Of the total SMMEs currently operating in South Africa, 43.8% have been in operation for less than five years. The majority of SMMEs are currently operating in the Gauteng province (56%) followed by 9% in KZN, 11% in Western Cape (Africa, 2018). For this study, the sample was taken from the Gauteng province only.

The saturation point determined the sample size. The saturation point was reached once the data collection process no longer offered new, relevant information to the core technical categories (Dworkin, 2012; & Mason, 2010). The saturation point was reach after 14 interviews were completed. The sample size for this study was 14 Early-stage entrepreneurs. A qualitative sample has a point of diminishing returns where additional data does not add new information or categories (Mason, 2010). Mason (2010) recommends a sample size of 25-30 participants to reach the saturation point and redundancy. 25-30 participants are also considered an adequate sample size for publication because it provides sufficient examination of the characteristics and conceptual categorise (Dworkin, 2012). Secondly, the sample size provides enough data to clarify the relationships between the categories (Dworkin, 2012).

3.5 Internal and external validity

3.5.2 Transferability

It is recommended that at least two strategies should be applied to validate data (Creswell & Poth, 2017). The validation strategies that was applied in this research is seeking the participants' feedback of the data analysis and findings to determine if it is, in fact, a true reflection of the experience of the participants (Creswell & Poth, 2017). The second validation strategy was generating a rich, thick description (Creswell & Poth, 2017).

A detailed description of the entrepreneurs and the marketing process followed allows the study to be transferred into other situations that are similar, ensuring transferability (Anney, 2014; Creswell & Poth, 2017). A detailed account of the

participants' marketing activities and operational environment, the methodology followed, and verbatim interview transcription provides a thick description that will enable another researcher to replicate the study (Anney, 2014). For this study, the researcher transcribed the interviews and gave a detailed description. It is important to transcribe data immediately after it is collected to ensure the detail is vivid.

3.5.2 Credibility

To ensure internal validity in this study, the researcher did an initial meet and greet before starting the interview to help assist the interviewee to feel comfortable and to build trust and credibility with the interviewer (Morse, 2015). The researcher also interviewed the participants in their natural setting to help the participants feel at ease (Morse, 2015). This allows the participants to open up and give a rich account of their experiences (Morse, 2015). A face-to-face engagement with the interviewee created a platform for the interviewer to assess the sources of distortion and identify saliences (Lincoln & Guba, 1986).

3.6 Reliability (Dependability)

In this study, reliability was ensured by recording the interviews and transcription is detailed enough to note every significant pause overlap (Creswell & Poth, 2017). All emails, interview notes, recordings and transcriptions was kept for an audit trail (Anney, 2014).

With unstructured interviews, the interviewee is giving an account of his experiences, thus providing the interviewer with more knowledge about the phenomenon(Morse, 2015). The next interview is not the same as the previous one (Morse, 2015). In this study coding was interpretive, and coding decisions were made in the context or knowledge gained from the interviews (Morse, 2015). To ensure reliability with unstructured interviews, it is best to have only one coder using inter-rater reliability which will keep the coding system descriptive and inhibitors interpretive coding (Morse, 2015).

3.7 Confirmability

All the interviews were recorded and transcribed verbatim, which allowed the data to be corroborated and ensured the findings and interpretations are valid

(Anney, 2014). In the findings and discussion sections, the participants are quoted verbatim to substantiate interpretations (Anney, 2014).

3.8 Limitations

One of the major limitations was that the sample was in only one of the nine provinces in South Africa. The sample was also quite varied in the industry and did not focus on one particular industry. In one industry a marketing strategy could work well, and in another, it could fail dismally.

The method limitations are because the coding of unstructured interviews is interpretative and therefore very subjective to the researcher. The limitation was overcome by ensuring the data is as descriptive as possible.

3.9 Ethical considerations

The ethical issue may arise in the different phases of qualitative research from the literature review to collecting and analysing of the data (Creswell & Poth, 2017). In this particular research project, the information and strategies of the participants are sensitive because the research can provide the competition with valuable information. It is, therefore, the task of the researcher to assure all participants that participation is entirely voluntary, so they will have a clear understanding of the purpose of the research and they can exit the study whenever they want to. All participants remain anonymous, and no names of individuals or registered business name will be disclosed. The sampling of SMEs and entrepreneurs was not be done through sites that have a vested interest in the outcome of the study, nor will the participants' details be sold or given to any party of interest. This ensured that all participants' interests are protected.

Interview type data collection presents an imbalance of power between the interviewer and interviewee (Creswell & Poth, 2017). It is, therefore, the responsibility of the researcher (interviewer) to manage this imbalance to avoid leading questions and make the participant feels used (Creswell & Poth, 2017). Full disclosure on the nature and processes of the interview must be given to the participants before, and it is important not to deceive the participant (Creswell & Poth, 2017).

The data analysis poses some ethical issues as qualitative research involves site visits and researchers may lose track of the need to present contrary data and uncover complex theories (Creswell & Poth, 2017). The risk is that researchers might be biased and only present data that supports the outcome and this might not necessarily be an accurate reflection of the complex phenomena (Creswell & Poth, 2017).

4.Findings

From the data analysis the following themes were uncovered:

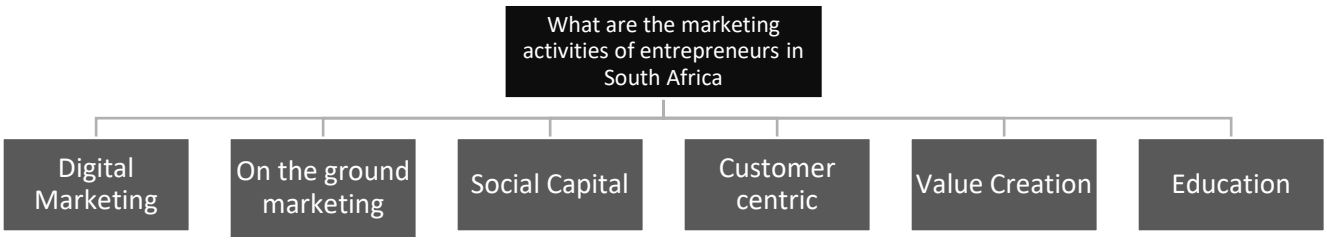


Figure 2: The themes uncovered from the face to face interviews with Entrepreneurs in South Africa

4.1 Digital Marketing

The data indicates that entrepreneurs in South Africa focus on three main online platforms to advertise their products. This includes a Website, emails and Social Media platforms like Facebook, Instagram, Twitter and LinkedIn. 10 of the 14 participants use these platforms to advertise their products and services. Other marketing channels include 'WhatsApp business', radio interviews and magazine articles. 4 out of the 14 participants did not see any value from social media advertisements and viewed it as a full-time job. These participants generated little to no sales from social media advertisements or their websites. They kept and maintained a website only so that clients can go online to see their business profile. Participant 8 has not updated her website for four years and still runs a highly successful business.

"We are looking at likes shares and retweets; we tried that it does not get you sales."

"It is hard to be active on social media as well as manage a business., Yeah I mean when we started from the Facebook page when we initially opened it I think we put in R 1500.00 for sponsored marketing, and it did not generate a single sale."

"So, we did not go out traditionally and do social media. Yes, we have got a presence. We have got Twitter. We are on LinkedIn. We on Facebook, but that for us has not generated, you know, a lot of sales for us."

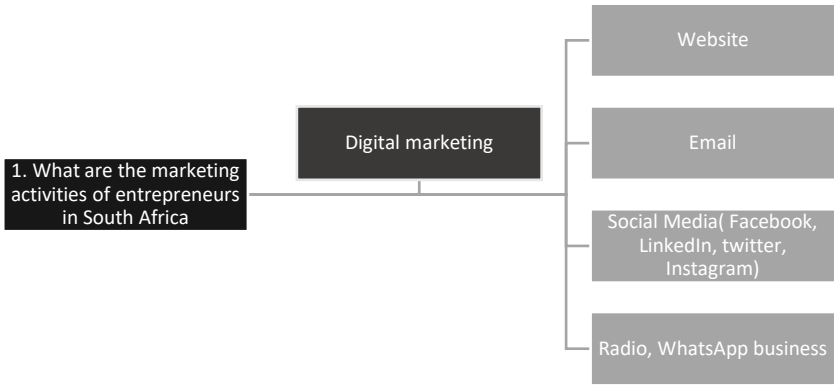


Figure 3: entrepreneurs in South Africa do digital marketing

4.2 On the ground marketing

10 out of 14 participants spend their time and resources on, on-the-ground marketing. They typical engage in cold calling and knocking on client's doors. Their advertising style is more relationship marketing, where they set up appointments with the right person and follow a sales process with the organisation. The data indicates that 13 out of 14 participants' first step will be to identify the correct person for a specific aspect of the business and build a relationship, following the sales process. The sales process will include many sales meetings with the customer to identify the customer needs and provide the correct solution.

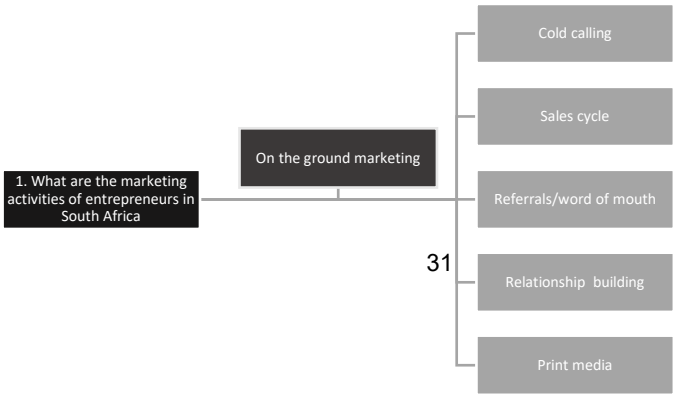


Figure 4: Represents the on the ground face to face marketing done by entrepreneurs in South Africa

Figure 7 above illustrates the on-the-ground marketing done by entrepreneurs in South Africa. Approximately 6 out of 14 participants still print media like flyers *"then flyers in an area where we do have availability we can provide our services*" and magazine prints to reach their clients. The most popular marketing activity is word of mouth and referrals *"Most of our business is from referrals"*. All of the participants in this study agree that 'word of mouth' marketing has been instrumental in the growth of their client base.

4.3 Social Capital

From the face-to-face interviews, it became evident that entrepreneurs 'piggyback' strategic partnerships "*We look at strategic partnerships where we do not have the skills or resources,"* and utilise the channels of reputable individuals and companies in the relevant industry to gain credibility "*partner who is a reputable philanthropist 'it does matter who you are coming in within*" and exposure to specific markets. Entrepreneurs attend industry expositions and exhibitions where they can network and build their social capital.

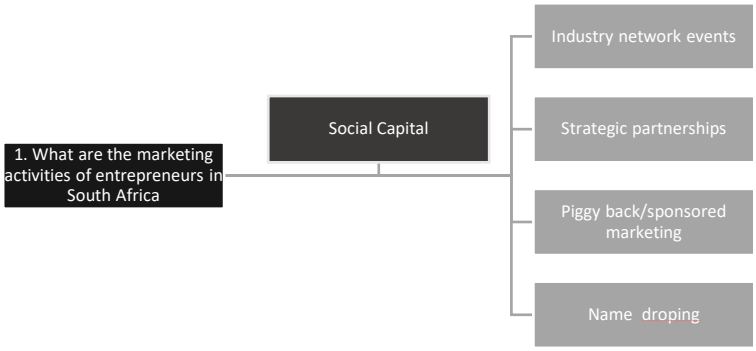


Figure 5: Highlights the use of Social Capital in Entrepreneurial marketing in South Africa

4.4 Customer Centric

Entrepreneurs were found to be customer-centric. The needs and wants and customer trends were at the forefront of the entrepreneur's business. Entrepreneurs frequently visited their customers and spent much time analysing the needs of the customer in order to provide a unique personalised solution. The data also indicated that all participants considered their business to be customer-centric. The entrepreneurs focused their product offering to a niche customer segment and offered customers personalised service. 6 out of 14 participants had a customer satisfaction survey while the remaining 8 out of 14 participants had an informal customer feedback loop.

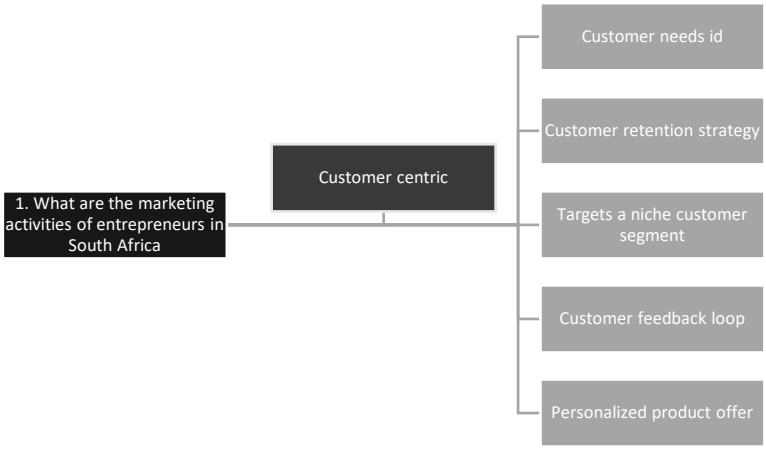


Figure 6: The customer-centric behaviour of entrepreneurs in South Africa

4.5 Value Creation

One of the dominant themes that was uncovered during the interviews was the ability to create value by offering customers a unique personalised product, that was packaged to cater to the customer's needs. Entrepreneurs unique offering came from the entrepreneur's ability to package the product offering to suit the targeted customer needs and communication channel. 7 out 14 participants customised the product advertisement communication channel to match the targeted customers' communication style. Entrepreneurs work closely with the customers to co-create products that are modular and relevant to the business at a specific point in time. The agility of an entrepreneur that is close to their customers allows the entrepreneur to adapt to new technology and implement change much faster. Where innovation does not cost millions of Rand the entrepreneurs to focus on research and development to improve the

performance of the product. 8 of 14 participants actively watch market trends and responded appropriately. Only 2 participants use data analytics to make business decisions and watches the trends of customers' buying and spending habits.

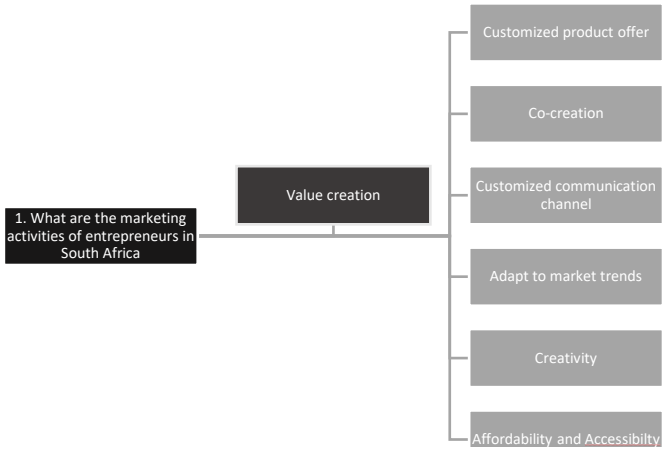


Figure 7: Illustrates how entrepreneurs create value for customers

4.6 Education

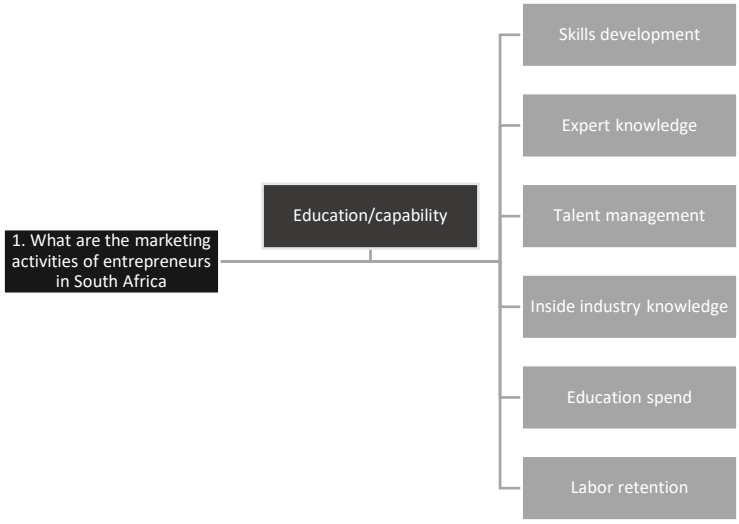


Figure 8: represents the importance of competency for entrepreneurs in South Africa

Participants in the study were experts in the industry in which they were operating in and continuously spend money to up-skill themselves. Where the was a lack of a specific capability, the participants would hire a skilled resource and make sure that they retain that resource. The participants had a heightened awareness of the skills and leveraged their industry skills and expertise to gain

credibility with prospective customers. The participant viewed labour as a resource and thus would ensure that the team consisted of highly qualified individuals who could deliver quality work.

5.Discussions

5.1 Digital Marketing

The data analysis of the interviews done with entrepreneurs from different industries shows that entrepreneurs do advertising on platforms like company websites and social media and emails. However, when asked what the return on investment was on these platforms 40% of entrepreneurs saw no value in advertising online.

Only 14% turn leads from social media into sales. This is despite the benefits of social media, outline by Castronovo (2012), of generating positive brand awareness, customer loyalty and positive buzz. Instead, entrepreneurs viewed social media marketing as a full-time job. “You know someone hired specifically just to deal with social media because it is a full-time thing" which took them away from managing the business and making sales. "Forget about this new age social media. The real work is on the ground whether it’s clients or the learners directly, so social media just shows the work that you're doing”. Although the entrepreneurs participate in these platforms when asked what the return on investment was, from these platforms only one participant converted leads from these platforms into a sale. Participant 1 viewed Facebook advertising as a cost-effective marketing tool that can reach over 100 000 people. He typically gains at least 40 new clients from one advertisement that costs R1700.00. However, this is in line with Africa , 2018 that indicated that only 20% of small businesses on the Africa continent utilises technology like e-commerce and cloud base services. The lack of digital marketing is due to the costs involved (Africa, 2018). It is the opinion of the author that social media and guerrilla & viral marketing is not maximised by entrepreneurs because their lack of digital marketing skills in the broader entrepreneurial community in South Africa.

A company website is not seen or viewed as a marketing tool but rather a source of information for potential customers. Customers could go the website to view the profile of the business. It was seen more as a confirmation of the business credibility. “we have a website where we have got all our information on there we have, you know, the Facebook, Twitter, all that kind of stuff. But mainly it's about cold calling."

A lot of the participants used emails to communicate about their product offering. The literature review says that email marketing is a cost-effective communication channel that can be used to increase brand engagement, customer relations and promote positive WOM (Castronovo & Huang, 2012). Other online platforms used by entrepreneurs were industry specific platform like dribble, and blogs and WhatsApp for business. Mobile marketing is probably the most popular form of digital marketing in South Africa. Africa (2018) reported that 86% of small business owners use smartphones to do business.

There were three participants in the study who did not advertise to avoid being spotted by the front runners in the industry that could absorb them. One participant's strategy was to take the role of a ‘ghost writer' and thus needed only to advertise to the main contractors in the industry and not to the customer.

5.2 On the ground marketing

Print media, like flyers are still a popular form of advertising in the South African market. Further evidence of this is seen on the South African roads. People are still handing out flyers at traffic lights.

The entrepreneur typical further grows his or her social capital by attending industry expositions and exhibitions. “So, the way that has worked best is on the ground, so schools, career expos, exhibitions."

Many of the participants indicated that they took their product to market by cold calling and identifying the decision maker in the prospect company and building a relationship with the identified individual or individuals. Stokes, (2000b) identified theses marketing activities as *“interactive marketing*."

Many of the participants increase their customer base through referrals from friends and family or satisfied customers. *“you know how it happens with start-ups its either word of mouth or family”.* Both Stokes (2000b) and Castronovo (2012) confirm that word of mouth from a network of friends tend to be the most effective WOM referral. WOM referrals yield a higher return for both customer base increase and customer retention (Castronovo & Huang, 2012). The former statement is confirmed by a participant who states that most, if not all, of their initial customers come from referrals. One participant said; *"rather we generate new business mostly from referrals."*

The interactive marketing of the participants results in a relationship of trust with customers *"we have to build trust, they have to have confidence, and they have to get to know me a bit and build a relationship"*. That gives the entrepreneur insights into the business of the customer but also results in a strong relationship with the entrepreneurs. This strong relationship results in referrals and word of mouth from satisfied customers. This is in line with (Castronovo & Huang, 2012) from the literature review that says the stronger the relationship with the customer, the more the willingness of the customer to promote the product via word of mouth.

It was evident from the results, that relationship marketing is one of the major marketing activities in which the participants in this study engaged.” sales conversations and building those relationships" Marketing has its foundation in relationship marketing; interpersonal relationships and personal networks are crucial for the business success(Lam & Harker, 2015). Marketing is about people and relationships (Lam & Harker, 2015).

5.3 Customer Centric

The result of ‘on the ground marketing' is that entrepreneurs have constant contact with customers and can thus service the customer needs faster. This also provides entrepreneurs with an in-depth understanding of the customers’ needs and creates an arena for co-creation. The entrepreneurs in the South Africa marketing is aligned with (Morris et al., 2002) customer intensity dimension, where entrepreneurs are bringing customers into their business planning and operations to have a more inclusive, co-created end product. The

study found that entrepreneurs typically start businesses in the industry in which they previously worked. Entrepreneurs have certainly proven to be opportunity driven as highlighted as an EM dimension by (Morris et al., 2002) in that they find untapped solutions in their industry and redefined a product offering that a big corporate was unable to deliver This gives the entrepreneur the opportunity to identify the gap in the industry and supply that gap with a niche set of skills. This is in accordance with the targeted customer strategy outline by literature. Stokes and Stokes (2000, 2000b) found that entrepreneurs had a strategic awareness of the market place, targeting a specific market segment, and implemented a bottom-up customer strategy by targeting and influencing a niche group of people.

The study uncovered that entrepreneurs start the business by servicing a niche market and servicing them well "*Gauteng, Western Cape are the two leading provinces in the early adoption of technology*". The entrepreneurs do not try and be everything to everyone but focus their limited resources on a specific customer segment. Another participant targets only early adopters and pilots their products with them. Another entrepreneur uses data analytics to evaluate the market and targets accordingly.

5.4 Social Capital

Most of the participants in the study were full-time employees in the industry before they started their business and therefore had a database of personal contacts. Toghrae (2017) confirms the effectiveness in networks and networking in improving the effectiveness of marketing. The participants leverage the business relationships that they developed over time and used that to back their credibility when prospecting for new customers. The marketing activities of entrepreneurs are reliant on the entrepreneur's contacts, and social network (Reijonen, Gilmore, Jones, Lam & Harker 2015), Early-stage entrepreneurs' networks, evolve from being identified, based to path dependency to intentional network especially in the earlier stages (Lam & Harker, 2015).

5.5 Value Creation

The creativity of the product offering does not necessarily lie in the innovation of the product but rather in the way that the product is packaged. Creatively

repackaging and bundling resources to create a unique product offer is the implementation of bricolage marketing (Desa, 2012). Many of the entrepreneurs interviewed, their business was not necessarily innovative, but the product offering was packaged and communicated in a creative and personalised form *"we designed from scratch, we designed it with you in mind and your target in the industry"*. Entrepreneurs create value for customers by offering customers a unique personalised product offering "*add, that twist that makes you unique*". Innovation orientated entrepreneurial marketing as described by (Stokes, Carson & Gilmore 2000), is redefining the product offer and developing major innovation in the South African context it takes a different format. Entrepreneurs in South Africa didn't necessarily do major innovative product development because of financial constraints (Africa, 2018) but rather just creativity repackaged the product offering. For example, one participant would design a logo by hand from scrap and another participant used free open source code and creatively redesigned , repackaged the solution to give the client a customised offering. Entrepreneurs invest a lot of time getting to know their customers and their needs in order to provide creative and original solutions that customers can take to market and that differentiate them from their competitors. This is how Morris , 2002 , defines value-based strategies, its continuously creating value solutions for the customers' needs and wants

The entrepreneurs can adapt to market trends much faster than big corporates can *"if I had to change strategies now I am a speed boat, they a great ship for them to turn it is gonna take a while."*

One participant strategically watches the frontrunner in the industry, and they follow suit once the technology is adopted by the market and learn from the frontrunners' mistakes and leverages the mistakes by coming up with a better, much more palatable solution for the customers. Another participant targets only early adopters and pilots their products with them. Another entrepreneur uses data analytics to evaluate the market and targets accordingly. Three entrepreneurs purposefully do advertise and operate under the radar of the bigger players in the market. This results in entrepreneurs focusing their strategies and playing to their strengths; this also indicates that entrepreneurs have an unparallelled understanding of the market in which they operate.

It was evident that entrepreneurs piggyback off strategic partnerships with reputable companies, individuals, or NGOs to gain access to a customer segment.

5.6 Education

In the South African market, the level of education of entrepreneurs seems to contribute to the entrepreneur's credibility in the industry "*I'm a qualified Quality Assurer*" "*she's like the top media strategist in the country*.", "*I've studied colour theory*". Many participants spent money on education and even viewed education spent and employing talent as creating innovation in their businesses. Education and skills and capability came out a major theme in the research. Leveraging skills and key competence is a form of competency marketing as outline by (Carson and Gilmore, 2000) in their 'how to' marketing models for SMEs Entrepreneurs leveraged their talent pull to attract customers and also exploited their industry reputation to gain access to new markets. Where there was a lack of capability, they would equip themselves by either using an incubator or a tertiary institution. This view taken by entrepreneurs is echoed by Wiklund, (2003) that says knowledge is a powerful intangible resource that can be used to create sustainable differentiation.

The industry expertise, skills set and industry reputation, "*We met people up who were familiar with our capabilities*", that some of the entrepreneurs have gained from their full-time employment offers the entrepreneurs the advantage of knowing the competitive landscape and an understanding of where the new start-up can fill a gap and offer a unique product and service offering.

6.Conclusion

Question 1 (a): Do early-stage entrepreneurs in South Africa do interactive entrepreneurial marketing activities?

The entrepreneurs in South Africa predominantly do interactive, on the ground marketing. The participants of the study did much informal networking, cold calling and sales meeting to build relationships with new customers. The entrepreneurs also leveraged their social capital within the industries and typically gained new customers from referrals of family members, friends and

satisfied customers. The South African entrepreneur is proactive in the market place and constantly monitors trends and adapt accordingly. Entrepreneurs emphasis the importance of customer relationships and frequently engage with the customer in order to provide a personalised unique product offering. The entrepreneurs took a bottom-up customer strategy where they targeted a specific group of influencers (early adopters, industry experts) and serviced them well. It was this mindset that leads to spending more money on education and acquiring the correct capability to service the customer best

Question 1 (b): Do early-stage entrepreneurs use bricolage and effectual marketing to overcome the lack of resources

Bricolage and effectuation marketing are evident in the entrepreneurs' ability to co-create with customers and creatively repackage ‘open-source code' and sell it. Entrepreneurs in South Africa have used creativity to offer their customers unique personalised solutions to fit their needs. The entrepreneurs also collaborated with reputable players (NGOs, philanthropists and industry experts) in the market to gain capabilities and resources that their firms could not offer. Knowledge-based resources were seen as a significant aspect of the entrepreneur’s business. Entrepreneurs indicated that they spent money on retaining talent and even up-skilling employees to increase their in house capabilities.

Question 1 (c): Do early-stage entrepreneurs in South Africa use online marketing as an alternative marketing strategy?

Entrepreneurs in South Africa do have an online presence using websites, emails and some social media platforms like Facebook and LinkedIn. However, entrepreneurs operating in the South African market do not extract sales value from having an online presence, and they view social media advertising as a full-time job. The South African entrepreneurs are not fully exploiting alternative marketing strategies that use an online platform like social media and guerrilla marketing that is viewed in literature as a cost-effective marketing tool for entrepreneurs.

7.Recommendations

A recommendation for further study would be to replicate this study for a specific industry and explore specific marketing activities and communication

channels and its impact on the success of an entrepreneur in the early-stages of business development. It is also recommended that the study is expanded to other provinces in South Africa which might provide a larger perceptive.

The study found that digital marketing platforms like, websites, social media, viral and guerrilla marketing was not maximised by entrepreneurs in South African. It is recommended that digital marketing in the South African context be investigated to uncover the factors that prevent the maximisation of digital platforms and its impact of the growth of small businesses. The study also highlighted the importance of social capital, networks and networking in the early-stage entrepreneur. It would be in the interest of the country economic development that institutions like incubators, government funding's provide SMEs and entrepreneurs with a mass platform to build social capital and networks to enhance the survival rates of small businesses in the country.

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