

**A STUDY OF THE IMPORTANCE OF BRANDING AND
DIGITAL MARKETING TO SOUTH AFRICAN MSMEs**



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A poem by South African poet Mxolisi Nyezwa called Things Change once wrote:

at least then, it won't be like this / it will be a totally new suffering / like when a baby sucks his thumb / it will be like a fresh song / from a sparkling songbird / it will be like that for us, as an old / woman sits neglected / on the chair of her memories / it will be fresher, more vital / for us ... at least it won't be like death

Change is the blood of our existence. It fuels beginnings and empowers endings. It is pain, it is progress. We change or we die.

This is why this paper is dedicated to all the entrepreneurs out there, the pencil-pushers, the midnight oil burners, the visionary change-seekers, the change-makers, the dreamers—especially in South Africa.

To my CMMU Family, I had to change and you were the ideal place for it.

To Ajarn Randall, this one's for the red shoe diaries. Thank you.

To the Estialbo's, I love you. Thank you.

To my Real Family, help, I've been kidnapped.

To my loved ones in Thailand, Phom Rak Khun.

To the others I love but can't get in the Kingdom, thank you.

To Sophie and the Art of Connection family, it is only a matter of time until the world discovers your splendor. Thank you.

To Khun Jen, Khun Joe, Khun John and Khun Ritthisak, you have blessed this opus with your words of wisdom and encouragement. Thank you.

Dankie. Sien jou aan die ander kant.

Hans Audric Estialbo

A STUDY OF THE IMPORTANCE OF BRANDING AND DIGITAL MARKETING TO SOUTH AFRICAN MSMES

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ABSTRACT

South African micro, small and medium enterprises (MSMEs) are faced with challenging micro-environmental variables, most particularly branding and digital marketing. At the expense of the enterprise's financial performance, marketing takes the back seat in its overall strategy. Thus, this lack of strategic marketing thinking disables the MSMEs to understand their market, connect with new customers and foster ones they have already established. As a result, they lack the data needed to enable them to segment their markets successfully, to position their services and products effectively, and to respond to the demands of their markets as efficiently as possible.

Delving into the significance of branding and digital marketing to South African MSMEs through data collection, qualitative research, first-hand interviews with branding experts and a first-hand consultancy project with South African MSME Art of Connection, this study investigates whether MSMEs understand the importance of branding and digital marketing in their enterprise's success.

KEY WORDS: MSME/ SME/ South Africa/ branding/ digital marketing

62 pages

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CHAPTER I

INTRODUCTION

Building small businesses that contribute to the economy and create jobs is one of South Africa's biggest development opportunities (International Finance Corporation, 2018). And just like in any other country, this is the reason why the MSMEs sector plays a critical part in the South African economy. Thus, the South African government has set its eyes to the country's thriving MSME sector in an effort to alleviate unemployment, boost the economy and successfully execute its National Development Plan (NDP) plan for 2030, which involves job creation for around 11 million South Africans by 2030 (Tandwa, 2017).

MSMEs are commonly small, and mostly owned and managed directly by the owner or a group of owners. This has led to a situation where owner-managers are responsible for all business activities involving managing the business, purchasing, production, human resources, sales and marketing and financial management (Makhitha, 2016). Consequently, at the expense of the enterprise's financial performance, marketing takes the back seat in its overall strategy. Many South African MSMEs are still struggling with both intrinsic and extrinsic challenges that most start-up enterprises face. Brands, especially, have to compete with bigger and long-established competitors, while actively addressing their own operational and business issues. Additionally, the low survival rate of most MSMEs is beginning to become concerningly low. For instance, most South African MSMEs failed to grow and survive the infancy stage. Most of them do not survive five years (Friedrich, 2016). In addition, the Global Entrepreneurship Monitor (GEM) has identified that the time required for a firm to become established is at a rate of beyond 3.5 years, which is similarly poor (Global Report 2017/2018, 2018).

However, this is neither unique nor exclusive to South African MSME brands and at this day and age, the solutions solely rely on the MSMEs' rapid adaptability. One way to bridge this gap is by establishing a competitive brand through strong branding and digital marketing strategies.

Branding is seen as an effective way to facilitate the growth of a business which can give organizations a competitive advantage (Pencack, 2012). Branding equips an enterprise the competitive advantage needed to connect and engage new customers while also generating and keeping connections with existing customers in order to foster loyalty. This marketing tool helps facilitate an enterprise's growth by establishing and fostering relationships with customers in order to maximize profitability.

Another advantage of a strong brand is the possibility to enter into a new market (Hoeffler and Keller, 2003). Wood (2000) also emphasized that apart from providing brands better and easier access to new distribution channels, strong brands also allow for higher profit margins as well as higher probability for product line expansions. Owner-managers who have the ability to capture their brand's essence and crystallize it with consistency and proficiency are able to communicate it to their brand's target market with precision and creativity, thus also allowing them to come up with and present new innovations that have a high possibility of succeeding.

As a result, strong brands reap more considerable benefits apart from greater profit maximization or cost reduction. A noteworthy characteristic that a good brand has is the strength it can find behind its loyal customers—a vital component for brands, especially for MSMEs. Brand loyalty is observed as a consumer behavior pattern where consumers become committed to their brands in their repertoire. Loyal customers of brands make repeat purchases from the same brands they like over time. Regardless of price or convenience, loyal customers make consistent product purchases from their preferred brands. This is a vital asset to the company as it allows a consistent stream of revenue for the enterprise.

By giving its products and services distinguishing marks that underscore the benefits that customers will get from them, brands are able to create both a relatable and aspirational connection with the consumer. Thus, this increases the enterprise's credibility, which could then help lead to an increase in productivity and revenue.

However, there remains a big difference between how branding activities are done by large enterprises and MSMEs. This is primarily due to the fact that MSME owner-managers are critical actors in all the processes of their enterprise, including decision-making on the financial, operational, distribution, managerial as well as the

marketing processes of the enterprise. The more proactive the owner-manager is, the better. Meanwhile, in large organizations, there are more levels of authority that a branding activity has to go through before it comes to fruition. In this sense, MSME owner-managers have the upper hand in terms of agility and responsiveness yet may be disadvantaged with its lack of knowledge and experience.

Studies conducted by Berthon et al. (2008) have also presented an assessment of both the scope and the nature of brand management in a MSME context, as well as the important variations between small enterprises from large companies when discussing the various dimensions of brand management that they identified. In addition, Merrilees (2007) further identified that branding aids in SME development of new ventures. Similarly, Abimbola (2001) identified guidelines that could be helpful for SMEs in building a successful brand, which helps further underscore the significance of branding for enterprises of that size.

Meanwhile, digital marketing is another tool that MSMEs could use to build their business. This uses web-based technologies to communicate and implement branding strategies, aid enterprises in scaling businesses and help them meet and satisfy the needs of customers (Chinje, 2015). To some, digital marketing is also commonly referred to as web marketing, social or social media marketing, and online or e-marketing. Digital marketing is essential to today's business and when executed flawlessly, gives an MSME competitive advantage against competitors - big and small. Effective digital marketing offers new and existing brands innovative ways to express their brand message and target their audience more effectively. These modern technological developments in commerce come as double edged swords for all kind of enterprises - micro, small, medium or large ones - as it allows them to connect with more customers at a shorter amount of time, but it also puts them all in an area that is more global and competitive in scope and nature, more knowledge-based and is rich in information and data (Abimbola and Vallaster, 2007).

Generally, in Africa, digital marketing remains an idle tool for MSMEs' overarching integrated marketing communications (IMC) strategy, which is generally designed to mix traditional and new media to efficiently drive sales revenues as well as customer acquisition and retention (Chinje, 2015). South Africa, specifically, is still

experiencing limited access to markets because of its MSMEs' lag in strong branding and effective digital marketing strategies.

Little government assistance and initiatives have been determined as key factors to why a big number of MSMEs fail. Additionally, branding and digital marketing are only seen by MSMEs as a secondary priority in expanding their business. Hence, this research's main proposition is to establish the perceived significance of both branding and digital marketing for South African MSMEs.



CHAPTER II

LITERATURE REVIEW

In order to determine the importance of branding and digital marketing for MSMEs in South Africa, this study explores the general definitions of marketing and the current critical challenges that South African MSMEs face.

2.1 Definition of MSME in South Africa

South Africa, through its 2019's Government Gazette, reissued a notice of its original 1996 National Small Business Act, read with the 2003/2004 National Enterprise Amendment Act, that defines an MSME/SME as, "A separate and distinct entity, managed by an owner or a group of owners, together with its subsidiaries or branches, including cooperative enterprises, predominantly carried on in any sector or sub-sector of the economy". This includes community, social and personal services as well as industries of accommodation, agriculture, electricity, catering, construction, water, gas, manufacturing, quarrying, mining, motor trade and repair services, retail and wholesale, transport, communications and storage, as well as finance and business services.

There are two criteria an enterprise has to satisfy in order to be considered an MSME. First, in terms of total full-time equivalent of paid employees, the enterprise should have employees fewer than 250, while in terms of total annual turnover, the enterprise should commonly have an annual turnover of approximately 300 million South African Rands. As of 2019, South Africa has removed a third criteria of satisfaction, namely the "total gross asset value", which was seriously considered in previous years when establishing the size of South African businesses.

2.2 Types of South African MSMEs

Unknown to some, SMEs play a vital role in the economic development of a country (Muhammed, et al, 2010). Nieman et al (2003) also emphasized that SMEs play a number of roles in society and the economy, which runs the gamut of poverty alleviation, employment creation across countries as well as making their countries of origin internationally competitive. Specifically, Lekhanya (2010) also emphasized that primarily because of the low economic growth of the country, as well as the extreme unemployment and a disturbingly high poverty rate, significantly in the rural areas, MSMEs are regarded more than just small mom-and-pop shops, or run-of-the-mill start-up companies. MSMEs have transformed into the critical solutions that the population needs in order to start and develop the standard of living in South Africa.

In South Africa, MSMEs can be categorized in two types of businesses: B2B and B2C. B2B types of businesses focus on business-to-business transactions, whereas B2C focuses on business-to-consumer transactions. While businesses purchase goods for professional use, i.e. for their offices, warehouse or stores, most consumers purchase goods for personal reasons. Items such as machineries and capital equipment can be considered as large purchases for businesses, thus generally requiring approval from the management team of the company, while selling goods directly to consumers may not be as complex as the latter.

To expound further, Hande et al (2015) distinguished the differences B2B and B2C businesses operations, as per below Table 1.

Table 2.1 Differences between B2B and B2C (Hande et al, 2015)

| | B2B | B2C |
|--|--|-----------------------------------|
| Business Objectives | Relationship-driven | Product-drive |
| Target Market | Small focus | Large focus |
| Buying Process | Multi steps | Single step |
| Target Market's Reason for Purchase | Based on cost reduction and increase in productivity | Based on status, desire and price |
| Marketing Cycle | Long: establish a relationship | Short: immediate purchase |

2.3 Marketing in MSMEs

Marketing plays an important role for enterprises, may they be large companies or MSMEs, within B2B or B2C environments, or both, because marketing forms the backbone of any business (French et al, 2004). For an enterprise to succeed, it should achieve and sustain its competitive advantage by establishing and satisfying the needs of its customers in a manner that is more effective and efficient than its competitors (Reijonen, 2010). Through marketing, this can be achieved, and this can lead to higher profitability for the enterprise.

The strategic goal of marketing, as marketers know, is rooted in the marketing mix, which involves bringing the right product to the right place at the right price with the right promotion (Mariotti, 2007). While companies that are larger in size may have resources required to successfully market and distribute their products like finance, distribution network, know-how and manpower, MSMEs lack such resources, especially, during their infancy, which could impact not only their ability to market their products successfully but the enterprises' lifecycle in general. According to Friedrich (2016), in South Africa alone, MSMEs dissolve within the first five years. This could be attributed to lack of resources, as well as poor marketing strategies and implementation.

The survival and growth of MSMEs are often attributed to its ability to create and successfully implement a product-market strategy, along with its owner-managers' capacity to create and capitalize on market opportunities. It is also dependent on the company's ability to act and react on difficulties they face as well as the propensity and consistency to follow the strategy at hand, which gives more focus differentiation rather than to compete on price (Horgath-Scott et al, 1996). According to Siu (2000), most MSMEs that survive the infancy stage and perform successfully tend to allot greater priority to strategic marketing planning and marketing in general.

According to Simpson and Taylor (2002), MSMEs vary in marketing approaches and may often be restricted by certain constraints, which may include but are not limited to skills, perception of function, attitude, personnel as well as finance, which other larger companies may have easier access to. Thus, MSMEs approach marketing from a completely different angle. Apart from these factors, MSMEs tend to act for their best short-term interest, thus differentiating products from competitors

become secondary to its owner-managers. Apart from financial barriers and such, which unquestionably is a main factor in implementing any strategy an enterprise makes, other barriers prevent enterprises from engaging in expensive marketing implementation programs. These, according to Carson and Gilmore (2000), cause their products and services to become easily obsolete by having minimal differentiating aspects from what their competitors have. This results into a pragmatic way of thinking, which would involve out-of-the-box planning and the utilization of innovative marketing. SMEs cannot just merely focus on product innovation, but they also need to cover the entire spectrum of marketing activities within the enterprise of their size.

While precise and controlled planning is required in terms of marketing in order to identify and meet market needs, MSMEs take on a more unplanned and informal set of activities to market their products. Instead of using thorough, result- and data-driven development, they rely solely on trends and intuition, as well as the overall energy of the owner-manager (Blankson and Stokes, 2002). MSMEs do not adopt a proactive approach (Siu, 2000) especially when it comes to planning long-term goals of the enterprise. In contrast, larger companies who may assess issues and problems, conduct it through a systematic situation analysis and knowledge transfer as well as a set of planning and marketing tools.

Most owner-managers lack the know-how on how to strategize and executive a marketing plan. More specifically, owner-managers may lack the basic technical know-how needed for digital marketing. Basic terms like SEO, SEM, website wireframe, user experience (UX) and user interface (UI), may be completely new to them. As a result, most owner-managers, especially those who have little to no marketing background, would engage in very little or very pragmatic marketing or would rather devote time to doing something more familiar to them. For example, most MSMEs would rather spend time perfecting their production line at the expense of spending little time on either marketing or selling activities (Carter and Jones-Evans, 2000).

To the likes of Sophie Ferrand-Hazard, founder and CEO of South African MSME Art of Connection—whose business entails using family garages as main storage spaces, using economy commercial flights as means of transporting goods from the South African manufacturing facility to the customer's warehouse somewhere in

Europe, and cost-cutting is the daily main goal—marketing is seen as a mere step of the business that can follow afterwards, instead of the other way around.

Art of Connection's business, which operates in both the B2B and B2C environments, specialize in authentic South African arts, crafts, furniture and art pieces handmade in South Africa, and sold outside the continent. Its products range from sofas, chairs, coffee and dining tables and other furniture pieces, to bangles, bracelets, anklets, necklaces and other fashion accessories. Art of Connection produces both ready-to-wear accessories and decorative items. The products are sold to direct customers like private collectors or luxury goods buyers, as well as to art galleries and dealerships. Their team is led by its founder who is the central key person for all its business operations.

While MSME owner-managers like Ferrand-Hazard do encounter a number of difficulties in setting up and maintaining the business, may it be due to business skills, lack of knowledge and expertise, experience, no even access to finance (Simpson and Taylor, 2002), most MSMEs, especially in South Africa still require a re-education on how marketing would be beneficial and essential for the survival of their business. (Lotz and Marais, 2007).

While it may be true that marketing was conducted by and associated with larger businesses in the past, a good number of recent research and studies have been conducted on the marketing strategy and activities of MSME (Gilmore et al, 2001), and have indeed highlighted and proven the role that marketing plays in the success of MSMEs (Lekhanya, 2010). For the most part, however, there is evidence that marketing is always underutilized (Horgath-Scott et al, 1996).

Tools are not made available to most South African owner-managers and so no matter how driven the founders or owner-managers are, there is still a lack of understanding on its purpose. While most MSME owner-managers generally understand the key importance of building and sustaining good corporate branding—predominantly important in getting validation and legitimization from all of the stakeholders of the enterprise—most MSMEs still do not comprehend how it can boost their enterprise's overall corporate planning. They also underestimate the current competitive climate, that in the dawn of digital marketing, in order for an enterprise to grow, survive and compete, MSME owner-managers cannot rely solely on intuition, but they need to study market conditions and implement effective strategies (Slater and Narver, 2000). Most

importantly, most owner-managers need to understand that their enterprise's life greatly depends on it.

According to Lekhayna (2010), in South Africa, most MSMEs equate marketing to either advertising or selling, which by any means, is a good starting point of perspective. However, other basic marketing concepts like STP (segmentation, targeting and positioning), as well as defining the brand's competitive advantage and identifying customer orientation—and how these apply to MSMEs as well as large ones (Awan and Hashmi, 2014)—remain alien to them.

As a result, South African MSMEs experience low demand for the products and services, are unable to reach their intended market, encounter limited distribution—especially outside of the country—and thus, do not survive the infancy stage of their enterprise. Due to this lack of marketing knowledge (Van Scheers, 2011) and their informal approach to marketing, they are unable to grow and thrive. However, as Lotz and Marais (2007) pointed out, MSMEs, primarily to their size, still hold certain advantages that they could use to their advantage. Some of these include employee loyalty, ability to establish close relationships with customers, speed of response and reactivity, flexibility, opportunity orientation as well as ease of access to market information.

Some of the key challenges that South African MSMEs encounters include the following:

2.3.1 Double Jeopardy

MSMEs are innately pragmatic in nature. They possess unique characteristics that greatly affect how they operate and survive, and further determine their concerns and preoccupations. Apart from the concerns they face intrinsically, MSMEs also have to deal with Double Jeopardy, where smaller brands attract less loyalty than bigger brands (Ehrenberg and Goodhardt, 2002). Wright and Riebe (2010) explain Double Jeopardy as “the certain disadvantage that smaller brands face, usually MSMEs, because smaller and newer brands may have fewer people who know about them compared to bigger brands, and that smaller and newer brands are used by these customers less often.”

Customers of small brands or MSMEs have a repertoire of brands that they use. Customers know of other small brands, as well as other big brands in the market. This results in customers having to split their purchases between these other brands apart from the small brand that they normally purchase. In contrast, customers of already established brands may not even have heard of the presence of these smaller brands, so they do not have to share their category purchases out amongst brands (Jarvis et al, 2005).

Double Jeopardy then implies that relative to larger brands in the market, smaller brands are at a disadvantage because they have less customers and they are purchased less frequently by fewer customers (Chaudhuri, 1995). SMEs take less market share, while also taking less loyal fans compared to those of big brands.

2.3.2 Word of Mouth

Considered as an honest, genuine sharing of real opinions and information (Balter and Butman, 2005) about real experiences of existing products and services, Word of Mouth, or WOM, was defined by Buttle (1998) as a kind of communication that is verbal and most of the time transpires face-to-face and by Westbrook (1987) as the informal communications about the ownership, usage, or characteristics of particular goods and services or their sellers, primarily directed at other prospective customers.

Some could liken WOM to gossip, which is a spontaneous passage of messages from one person to another. It is perhaps one of the most pervasive topics of marketing for most scholars and practitioners of today. WOM marketing is so effective because when people talk to each other they have their undivided face-to-face attention (Hughes, 2005), however, as media evolves, WOM is no longer exclusive to face-to-face communication. Previous studies have delved into the valence of the shared messages (Godes and Mayzlin, 2004), the difference between the generation and transmission of WOM (De Angelis et al, 2012), the numerous differences between opinions and recommendations as WOM (Gino and Moore, 2007) as well as the various horizons of WOM, covering the immediate as opposed to ongoing (Berger and Schwartz, 2011). As of late, WOM can occur in the digital space in forms of recommendations, customer complaints, personal post, private messages, and the likes.

It can be shared and re-shared via text messages, social media posts, posts on message boards, digital communities, blogs and the likes.

There is a plethora of benefits from this type of communication. WOM carries a huge amount of credibility because most of the time, WOM comes from actual trial of the product. For most customers, WOM promotions are more intimate, thus more believable. Customers are more inclined to take recommendations in a form of WOM rather than in a formal form like a brand advertising. It is assumed that most customers engaging in WOM give comments and recommendations that are unsolicited and rather out of actual satisfaction (Carvalho, 2007). Referrals drive direct sales and the early growth of the brand is critically dependent on WOM (Hughes, 2005). Throughout its history, it has become a critical driving force behind consumer behavior, and it is the most powerful form of marketing on earth (Hughes, 2005).

2.3.3 Marketing by Networks

According to Carson and Gilmore (2000), most MSMEs' marketing activities, as driven by their owner-managers, lean towards the practical and pragmatic, designed to suit the unique needs, circumstances and abilities of the enterprise. Ferrand-Hazard further explained that for a small enterprise like Art of Connection, the company is always in survival mode. The key to them, she noted, is to get the products sold as quickly as possible, relying mostly on existing distribution networks or government-sponsored events that promote South African companies to the world.

When governed by the lack of resources, owner-managers often tend to devote time to plans and activities they believe would deliver the most benefit to the enterprise without weighing its short- and long-term effect. They tend to pursue those that would have the most effective utilization of resources that are presently available to them. MSMEs often resort to an informal approach when it comes to market planning, simply relying on the owner-managers' network—personal and social contacts—rather than a formal approach that would primarily include the application of marketing tools (Siu et al, 2003). Furthermore, as Carson and Gilmore (2000) underscored, for MSMEs, marketing is bespoke and that most marketing principles can be tailored and adapted to suit the unique situation of the enterprise. Intuition, quick judgment and experience are solely utilized in making such great decisions, instead of data analysis.

Networking is a must for start-ups. For an entrepreneur to survive their enterprises' early years, they must possess a sense of entrepreneurship and the ability to network, which is both a natural and an acquired skill or competency (Carson and Gilmore, 2000). Networking remains an inherent and important marketing tool, which in general is compatible with MSME's decision making ability when it comes to marketing.

Marketing by networks involves people-oriented activities, which can be considered often integrated, interchangeable, habitual, informal, interactive or discreet. For Ferrand-Hazard, who worked in predominantly European media companies like Canal Plus, Gaumont and later African Barter Company, for quite a number of years, MSME entrepreneurship could be driven greatly by a who-you-know philosophy. Her management experience in the French-South African Chamber of Commerce and Industry in Johannesburg also helps her with Art of Connection, as in this previous job, she developed many networking opportunities for the members of the chamber. MSME owner-managers, especially those who have had high managerial positions in their past jobs, according to Carson and Gilmore, indeed put a good level of significance to their ability to utilize existing networks.

In addition, for South African SMEs owner-managers like Ferrand, putting focus on the operations and production is more important during the infancy of the enterprise. They depend solely on their own networks for distribution, sales and WOM, without paying mind to a marketing strategy that will help them realize long-term goals. Due to the mentioned factors, most MSMEs are bound to encounter shortage in marketing skills, thus fail to implement marketing in their businesses, making them unequipped and prone to frailty and failure.

In previous research conducted by Cant et al (2013) and Van Scheers (2011), whose primary objectives were determining the challenges in marketing South African MSMEs face, they proposed the importance of marketing skills and they should be internalized by MSMEs in order to grow their enterprise. The study detailed the marketing challenges perceived and experienced by SMEs as depicted in the Table 2 below.

Table 2.2 South African Marketing Challenges (M. C. Cant et al, 2013)

| | |
|----------------------|--------------------------|
| Marketing Challenges | Poor Locality |
| | Ineffective Marketing |
| | Lack of Market Knowledge |
| | Low Demand for Product |
| | Increased Competition |



CHAPTER III

RESEARCH METHODOLOGY

Using conceptual analysis as a principal qualitative research technique (Cronin et al 2008), this research employed existing published literature on the perceived significance of branding and digital marketing in both emerging and developed markets, as well as other challenges facing MSMEs.

In 2019, the author conducted a first-hand consultancy project with South African MSME Art of Connection, which included a brand audit of the enterprise's current branding and digital assets and an assessment of its operation and revenue streams. This first-hand encounter with the South African start-up paved the way for this research. The consultancy project that ran from November 2019 to February 2020 entailed weekly correspondence with its CEO/founder to determine the enterprise's pain points and requirements, most of which focused on branding and digital marketing. This gave access to the issues that Art of Connection wanted to solve in order to become a "better brand".

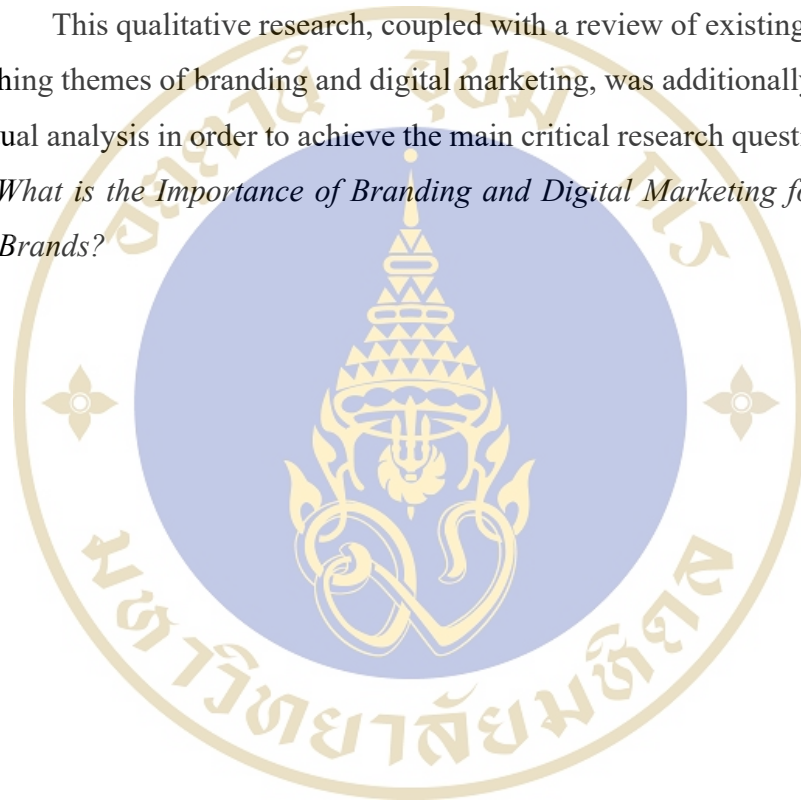
Issues encountered during the consultancy were identified and solved using most of the frameworks mentioned in this study, along with an actual design proposal that included a new website wireframe, social media guideline and digital advertising suggestions for the CEO/founder to execute. The final presentation of the solutions and design proposals was held at the end of February 2020.

In order to add context to this research, published literature on South African MSMEs was also consulted, as well as first-hand interviews with other experts in the fields of branding and digital marketing in order to obtain a critical in-depth analysis and identification of specific or universal themes.

Branding experts Jenjira Tejavaniya, Amorntat Soonthornsawad and John Suchaovanich of Bangkok-based strategic consulting firm Four Rooms were interviewed to reinforce critical themes found in the literature review. Their expertise in the area of business, brand, marketing and communications were utilized to verify the perceived importance of brand management, corporate branding and product/service

branding in MSMEs. In addition, Social Media Content Strategist Ritthisak Wongpanngam of Lazada Thailand was also interviewed to shed light on the importance of digital marketing in today's MSME landscape, further confirming that cases such as Art of Connection aren't unique in its lack of digital marketing strategies and the underutilization of digital marketing tools made available to them. While the interviewed experts are based in Bangkok, universal themes were identified as branding and digital marketing have the ability to be integrated, universal accessibility and networkability, and can be leveraged by anyone (Adlmaier-Herbst and Musiolik, 2015).

This qualitative research, coupled with a review of existing literature on the overarching themes of branding and digital marketing, was additionally employed for a conceptual analysis in order to achieve the main critical research question (Boghossian, 2011): *What is the Importance of Branding and Digital Marketing for South African MSME Brands?*



CHAPTER IV

THE IMPORTANCE OF BRANDING

Branding is one of the most powerful tools in the marketing arsenal (Anusha, 2016), and it is not a new notion. It has been practiced for centuries. In fact, “brand” itself is an Old Norse word “brand”, meaning “to burn”. In addition, during ancient times, trade buyers used hot iron brands as a way to distinguish their cattle from other neighboring farms. It was through the use of burning that early man stamped ownership on his livestock (Ukaj, 2016).

In modern times, however, “brand” has taken on a new commercial meaning. It was notably defined by Kotler (1994) as a “name, term, sign, symbol, design, or a combination of them“ that are intentionally designed to make products and services distinguished and differentiated from its competitors.

An enterprise begins with an idea. Before establishing the company, the entrepreneur must first come up with the concept, distinguish the customers’ pain points they want to address, then proceeds to create a business plan, which would also lead to the generation of the name of the company. Most of these activities are usually executed with intention and the desired brand in mind in order to visualize and realize the corporate brand building efforts that the enterprise would need to execute in the future. Once the company is established, brand building activities are implemented and assessed during the enterprise’s inception and survival stages.

As the brand thrives and eventually grows, managerial emphasis shift toward making a brand memorable (Berthon et al., 2008), ensuring that customers would be able to readily make and recall positive brand associations, thus reinforcing the memorable bond between the brand as well as other products or services with its portfolio.

Within this process, the value of the company’s products is established. The value of the products does not refer to the price itself, but rather to the set of benefits and attributes that best define and make the brand distinct. These values that are attached and added to the products also help set the product’s differentiation from the

competitors. Additionally, they also help fulfill the customers' pain points, wants and needs and this is largely because these attributes must be designed accordingly to address the customers' pain points, wants and needs.

Branding is in everything we see. It is in every facet of a customer's life: personality and lifestyle, politics to pop culture, product and service consumption. An important part of this is brand positioning, which guides the enterprise on the marketing activities and programs that it should take in accordance with its marketing processes. It dictates the do's and don'ts of the company. Brand positioning helps with how enterprises want their brands to be seen and interpreted by the consumers. It aids in "branding" the brand in the consumers' minds. This is aimed to differentiate the brand and to create competitive advantages" (Keller, 2002a), because when consumers become close and familiar with a brand, the brand becomes an important part of their repertoire. Meaning, they would always consider this brand during the buying process. Hence, the development of the brand, through its key visuals and communication, is an integral part of creating a sustain level enterprise.

An enterprise's survival and growth are largely controlled by a combination of controllable internal factors and uncontrollable external socio-economic factors (Hlatshwayo, 2015). MSMEs' level of sustainability, for growth or failure, will be determined through a series of phases that it will go through throughout its life cycle. Gupta et al (2013) explained that these MSME business phases are defined by a number of milestones they move through in each of the phases. Past literature have also established different frameworks that best exemplify the lifecycle phases that MSMEs go through, including an enterprise's regular business life cycle (Lewis and Churchill, 1987), its industry life cycle (Farouk and Saleh, 2011) as well as the five phases of an enterprise's growth (Gupta et al., 2013). Of the three, the model that remains relevant in today's environment and widely prominent is Lewis and Churchill's model, found in Table 3.

Table 4.1 Small Business Cycle (Lewis & Churchill, 1987)

| | Stage 1 Existence | Stage 2 Survival | Stage 3A Success - Disengagement | Stage 3B Success - Growth | Stage 4 Take-off | Stage 5 Resource Maturity |
|---------------------------------|-------------------------|------------------------|--|---------------------------------|---------------------|---------------------------------|
| Management Style | Direct Supervision | Supervised Supervision | Functional | Functional | Divisional | Line & Staff |
| Extent of Formal Systems | Minimal to non-existent | Minimal | Basic | Developing | Maturing | Extensive |
| Major Strategy | Existence | Survival | Maintaining Profitable Status Quo | Get Resource for Growth | Growth | Return on Investment |

Branding in small enterprises is a relatively new subject in business research (Hanif, 2013). Existing literature and research about branding among MSMEs have been limited. The majority of case studies and theories found in published academic research and textbooks are based on old and established global brands like Coca Cola and Nike (Hanif, 2013). Probable reasons for the lack of useful research may be due to MSMEs' lack of time, financial resources and manpower to take part in such studies and in general conduct of branding activities (Wong and Merrilees, 2005).

SME owner-managers deal with branding in their own ways. For example, B2B and B2C enterprises have opposing beliefs about branding. Agar (2012) suggested that for most B2B enterprises, branding may not be as essential as it is for B2C enterprises. Other authors also argued that for most B2B environments, branding can sail the boat, but necessarily drive it to its final destination. For instance, in a firm's brand repertoire, often referred to as the vendor's list, branding may help a brand to be considered, but not automatically chosen. This may be due to the nature of the business, which is mostly driven by increase in productivity and cost reduction, rather than status or desire. On the other hand, in a B2C environment, it is quite different. Since consumer's buying decision making is more on price and desire, branding helps fill the gap for the consumer's need for status and loyalty. Especially, in B2C, brands have to take an effort to be communicated and positioned clearly (Hoejmose et al, 2012), which guarantees that customers would be able to relate to the product and have a desire to

purchase them (Hlatshwayo 2015). The clearer the brand is, the quicker it is for consumers to understand them and thus, buy them.

As a way to test this, we also asked Ferrand-Hazard, whose nature of business runs both the B2B and B2C environments, what the main distinguishing approaches are for the two environments. Her South African SME Art of Connection sells to art galleries, hotels and small niche retail shops, but also to individual collectors. For a young brand like hers, the difference isn't immense nor evident. This could be attributed to the fact that most of her existing customers come from her own network. Personal connection to the owner-manager could play a role in the nonchalance or the evident lack of branding in the products. In addition, when asked about how she distinguishes what brand distinctiveness her South African SME Art of Connection has compared to other like-minded brands, Ferrand-Hazard simply emphasized that they hand-made in a small village in South Africa, which if compared with other brands in the area, doesn't really underscore certain distinguishing differentiations. Additionally, she emphasized that her operations are smaller than other bigger competitors, and resources are scarce, thus branding, just like for other MSMEs, would most likely not be prioritized and leveraged against competitors.

In fact, among all the competitive tools available to small enterprises, branding should be close if not on the top of the list (Anarnkaporn, 2007). Branding christens brands remarkable and memorable symbols and names that would resonate with customers and give their products credibility and recognizability. Branding also gives meaning and value to products, as well as an identity that would transcend space and time (Kapferer, 1997). Like the other business functions within an MSME, the function and purpose of branding are also designed and adjusted spontaneously and simultaneously according to the enterprise's lifecycle development, organizational culture and growth (Hanif, 2013).

MSMEs often fail to establish a consistent brand identity, or in some instances, no brand identity at all, and often lack two important capabilities to build consumer awareness in their market: financial and marketing (North et al., 2003). In South Africa, this is also very evident. In South Africa, access to financial resources is a main challenge for enterprises in the micro, small and medium sizes, as well as SMEs' lack of experience and knowledge about branding.

A previous study by Hill (2001) also highlighted the evident relation between an SMEs' marketing characteristics and its positive relationship with vigorous sales orientation. This underscores the fact that it is indeed sales that will lay the foundation for growth and development in SMEs (Hill, et al., 1999), not marketing. Consequently, the process of building strong recognizable brands may be challenging for start-ups.

To do so and for SMEs to gain better brand recognition, they need to invest in their brand's development and growth. Wong and Merrilees (2005), through their Branding Archetypes Ladder (Fig. 4.1), depicted brand orientation in three steps. With time, MSMEs grow and develop and so do their brand marketing performance. In turn, SMEs can only achieve an integrated brand orientation if they understand the significance of branding in their overarching marketing strategy and are both equipped and willing to invest as the strategy calls for.

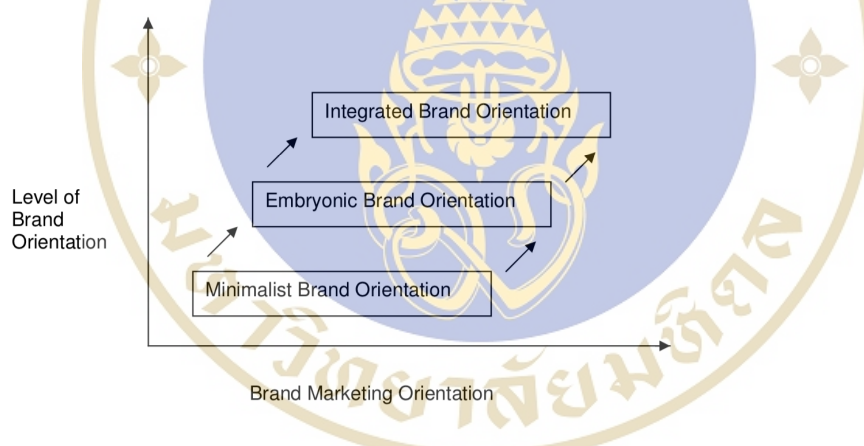


Figure 4.1 Branding Archetypes Ladder, Wong and Merrilees (2005)

Branding results in brand equity, and ultimately profitability for the enterprise (Abimbola, 2001). Branding enables enterprises to groom its brand to a creative, nurturing and innovative persona that they can relate to or aspire to be. It is a beneficial tool for creating value and differentiation from competitors and building integrity as well as competence that the brand can leverage in the long run.

Substantial differential advantage can also be established with branding as it involves delving into the consumers' nature and psychology. For instance, specialty brands come into existence when small segments of an already existing market develop

more specific needs that their general repertoire cannot address. MSMEs should know their customers in a time horizon offering highly customized and personally used service (Chen et al, 2002). However, as consumers' needs are also an eternal revolving door, they remain dynamic and ever-changing, so SMEs need to be able to adapt with their customers effectively.

Based on existing literature focused on branding and challenges faced by South African brands, the three following vital concepts of brand management, corporate branding and product/service branding were identified.

4.1 Brand Management

Many existing studies and researches on the concept of branding for SMEs cover broad topics—some on the importance of incorporating it from the beginning, some of managing it after the infancy stage. Some also suggest the concept of a differentiated approach compared to large companies. However, a common thread that runs across these studies is the direct relation between product differentiation and market segmentation. Thus, the consensus among these literature is that branding is an integral part of keeping an enterprise sustainable, therefore, it should be conceptualized, compartmentalized, planned, organized, coordinated and assessed in such a way that it is understood and can be executed independently by all stakeholders in the company.

Some of these studies include brand management in SME retailers (Mitchell et al, 2013), perspectives on brand management for SMEs in the service industry (Horan et al, 2011), brand building and management for SMEs (Spence et al. 2010), the distinct scopes and nature of brand management in MSMEs (Berthon et al, 2008), as well as successful brand management in SMEs (Krake, 2005).

Conversely, published literature on branding also has underscored the many challenges that MSMEs face in terms of effectively branding their brand. These factors consequently contribute to why enterprises of this size do not optimize their enterprise's potential on time and eventually fail after a relatively short time after its establishment.

Some of these studies highlight the following challenges. First, most entrepreneurs do not have a clear appreciation of the importance of branding that they misjudge and most of the time misinterpret its concept. Consequently, enterprises don't

feel compelled to create branding strategies that should stand the test of time. Secondly, most MSME owner-managers do not comprehend the concept of branding that their products and services do not pay attention to adding value to them (Merrilees 2007). Consequently, their products just sit on the shelves without a clear brand message and a clear distinction against its competitors. Lastly, and in most cases for MSMEs, there remains evident limitations in terms of financial resources, time, and professional manpower to tackle and execute branding strategies within the enterprise (Petkova et al., 2008). As a direct consequence, SMEs tend to focus on short-term strategies that may not align with the overall branding of the enterprise, which then in the long run would lead to the SME's eventual failure.

4.1.1 Brand Positioning

An extremely vital component of brand management is brand positioning. It is regarded as a crucial aspect that sets in motion the enterprises' s marketing activities and the tools to implement them.

The primary objective of brand positioning is to establish the brand in the consumers' minds, while eliminating noise and negative perceptions about the brand. Information overload and the pace of which the customers receive and interpret information accumulates into a noise in the consumers' minds. Brand positioning is an exercise of noise-reduction—intrinsically and extrinsically—allowing the enterprise to sharpen its identity and consequently against its competitors. Brand positioning helps reinforce the defining qualities of the brand that help create a relatable or aspirational meaning to not only its target market, but also the landscape in the market where it competes.

Branding expert Jenjira Tejavaniya also further expounded on this, agreeing that it helps consumers to be able to understand what a brand stands for. With all the clutter of messages bombarding consumers each day through every channel possible, it is an advantage for brands to have clarity of purpose in order to break away from the clutter and draw consumers in faster. While brand positioning assists in informing the consumer the distinct features a product or service offers, it also emphasizes what the consumers will benefit from it.

Tejavaniya also added that “A lot of MSMEs that I’ve come across have achieved relative success based on (1) offering the right product, (2) at the right time and (3) through the right channels. They can thrive on these three factors alone, in the short term. However, a lot of MSMEs tend to be “opportunists”. They jump in, the moment they spot an opportunity. The faster they enter, the greater the advantage, thus the term “first-mover and fast-follower”. So, there’s a time constraint that determines their success—the sooner, the less competition and the bigger the share of untapped consumers. Given such constraints, most enterprises don’t have time to go through the “proper processes”, let alone map out clear branding strategies.”

A brand positioning strategy, if conceptualized and executed well, could lead to a number of short- and long-term benefits. Brand positioning aids in defining the brand identity of a business (Sair et al., 2014), defines and drives competitiveness of a brand (Janiszewska et al., 2012) and establishes the brand’s reputation towards its customers (Keller et al., 2011).

Past research confirms that there is no one right direction a brand can take when implementing its branding strategy. In addition, for brand positioning to work and for the brand to be in the minds of the consumers, the process of brand communication also needs careful consideration, though, planning and execution in order to reach the right audience.

4.2 Corporate Branding

An all-inclusive approach to brand management, the concept of corporate branding underscores the nature and extent of which all members of the enterprise conduct themselves according to a standard corporate identity established and practiced by the firm.

Defined as a systematically planned and implemented process of creating and maintaining a favorable image and reputation for the company (Einwiller and Will, 2002), corporate branding has garnered the attention of both practitioners and academics because of the growing presence of brand architectures in different companies, more on the business and corporate levels, as opposed to just the service and product levels.

Corporate branding entails transmitting message and signal to all of the enterprise's stakeholders through symbolism, communication and overall behavior of the company.

Corporate branding may in essence have similarity in objectives as product branding in terms of creating differentiation and preference (Knox and Bickerton, 2003), however, corporate branding's focus is bigger than that of product and service branding, as it covers a company-wide perspective. Inskip (2004) argued that how the public perceives the brand can affect the whole enterprise and it this represent the product and services offerings, and even sometimes go beyond them. For instance, if a South African brand displays unethical behavior or employs unethical manufacturing or labor processes, then the public will take that as a signal that the company is bad, unfair and unethical.

Additionally, it is a marriage of two original, opposing perspectives. First, from a customer-centric product branding perspective, which is perceived by a customer to have distinctive benefits beyond functional performance or price (Kapferer, 1997). It could also come in a form of symbols that become distinguishing marks of the product or the service. Secondly, it springs from a more multi-disciplinary perspective that considers the bigger stake of the entire enterprise itself. Studies have discovered that the latter is more effective as it has considered key issues in corporate reputation, corporate identity, corporate personality as well as corporate image.

Many studies have been published about the nature, scope and importance of corporate branding, however, probably the most notable of all is Juntunen et al.'s (2010) study that concluded that corporate branding does and should begin at the conception of the enterprise itself. The study even offers suggestions on creating new functions in regards with corporate branding, including managing the enterprise's branding relationships as well as using acquired feedback in order to assess and monitor the process.

Moreover, the common denominator across these studies is the push for SMEs to keep an open mind. MSMEs need to embrace the importance of a systematically planned and implemented corporate branding. However, the concept of corporate branding remains a radical and often an alien concept for MSMEs. For them to boost revenue and increase market share while increasing their level of customer loyalty, MSMEs should have a better grasp of how corporate branding can connect them

closer to their customers, get valuable feedback and tailor value-added products and services.

Additionally, in branding expert Amorntat Soonthornsawad's perspective, good brands walk the talk. Poor branding only has nice and beautiful communications that may make you feel good from looking and hearing. Good branding means action before communications—putting emphasis on good brands that do as first priority and say as second priority. Thus, a strong corporate branding strategy is founded in authenticity and consistency.

There's also a misconception that branding is just all about public relations. Soonthornsawad adds, "Good branding is 'say what you do, then do what you say.' If a brand cannot deliver a promise, don't say it just yet. They have to make sure they can do first. Don't just do branding through nice communications."

In essence, an enterprise exists because it aims to give customers products and services that will have the best value for them. In order to achieve this, the enterprise needs to combine its values like customer satisfaction, integrity, honesty, sustainability or whatever it is they stand for, with the reliability and quality of their goods in order to maintain a good corporate brand.

4.3 Product/Service Branding

Past research and studies that are focused on product and service branding dissect this concept in a number of ways. While some focus on product and service branding as a means of creating and managing products and services in ways that it can drive sales and revenue both from global and local perspectives, others view product and service branding as a mere tool to help enhance how the customers perceive the value of the products and the service.

Other studies that have tackled this subject include a focus on how SMEs in the travel sector (Zhang and Morrison, 2007), an examination of non-profit MSMEs and their attempts at branding amidst a growing saturated market (Khan and Ede, 2009) and branding studies in fast-moving consumer goods (FMCG) industry (Mann and Kaur, 2013). Most notably, Horan et al. (2011) were able to distinguish how brand equity can be fostered with the perceived importance of management and staff in branding. The

common theme for such authors, however, is clear: enterprises should give the entire branding process a serious consideration because therein lies a differentiation of their products and services.

Continuing on Pennington and Ball's (2009) research on the "customer-developed brand", it can also be argued that a successful brand is a brand that answers the customers' needs and wants. Pennington and Ball (2009), argued that small and medium enterprises could possess the so-called "customer-developed brand", which tailors products and services according to the consumers' specific needs to. A customer-centric approach, they argued, is far more effective than a company-centric view, which focuses on what marketers want to say instead of what benefits customers want to get. In Pennington and Ball's view, MSMEs would succeed more if their branding process was done with the customers themselves.

Product and service branding also allows for brand distinctiveness, a combination of measures that indicate the uniqueness and superiority of a brand in a market (Wong & Merrilees, 2005). This is achieved when the brand's identity becomes unmistakable. When a brand's identity is remarkable and unique, as signaled by its logo, brand name, key colors and visuals, packaging, type of advertising, character or motif, it makes its products or services distinct to its customers. An important component of any branding strategy is creating visual stimuli - branded into an insignia, a logo, an emblem, the way a brand advertises, key characters and even its own channels - that is memorable and unforgettable, while also communicating the DNA of the brand. For Hutton (1997) and other authors, differentiation can be achieved merely in the way a brand can visually stimulate its customers. Visual stimuli can help dictate price and positioning, helping enterprise cut through the clutter of their competitors.

Branding expert John Suchaovanich also added, "Branding are physical cues that build up an image of the brand in the customers' mind. They are the things that bring the brand to life creating the brand experience making the brand relatable and true."

He also believed that consistency is the key to a good brand because it shows that the business understands and is committed to a brand strategy. If branding is consistent throughout all touch points, then people will remember and understand the brand.

Additionally, Abimbola (2001) emphasized that innovation, inventiveness and creativity make the ultimate link between MSMEs and branding. This trifecta are the essentials to creating distinctive brand assets for the enterprise, which is especially very important for a starting brand. Due to the nature of MSMEs, they are in a very good position to decide quicker, be more innovative, inventive and creative as much as possible. If executed flawlessly, this leads to a greater level of brand distinctiveness.

Branding doesn't just add value to a product, it also promotes the kind of lifestyle and culture the products and services stand for. Ferrand-Hazard, for instance, points out that Art of Connection, founded in the belief in the weaving bonds between art, design and craftsmanship, promotes the creation and showcase of South African contemporary crafts, as well as fostering connections and building bridges between different cultures. This way, good branding attracts customers through the promotion of an aspirational value, policy, prestige, belief and dreams. Brands merge with the consumers' lifestyles, and thus becomes part of their other values and beliefs. The products that "mostly fit with consumers' needs, become brands" (Boyle, 2007).

It is then very critical for brands to portray an image that is representative of not just the brand, but also its characteristics and personality, as well as the fundamental competencies of the company. The more the customer relates to the brand, the more they would buy it, and become loyal to it. Brand objectives are fulfilled well if the brand is emphatic and emotionally related with its target customers, and they clearly put them at a clear call to action, with the help of clear message transmission and credibility confirmation. Motivating consumers is key in fostering their loyalty.

On top of that, customer loyalty becomes more important once competitors are factored in. Product differentiation becomes a priority once rivalry starts to grow. Branding products and services is very important because if enterprises cannot establish their point of differentiation, customers tend to forget the brand and the chance of failing exponentially increases.

Poorly managed MSMEs fail to brand their products and services successfully and fail at finding their niche in the market (Horan et al, 2011), however, the amount of research available on this subject matter remains thin. While the few existing literatures do offer a variety of propositions, very little research has been published on the importance of branding to MSMEs. The lack of frameworks and

models that could be useful for MSMEs in growing their business is worth noting, as these could serve as important foundations for these enterprises' owner-managers as well as for academics to study product and service branding for MSMEs, especially in South Africa.



CHAPTER V

THE IMPORTANCE OF DIGITAL MARKETING

Digital marketing is just as essential to an MSME than it is to a large corporation. It is an essential tool in ensuring that an enterprise's brand DNA is communicated to the right market.

Many and several definitions of digital marketing exist in past research, but perhaps Clarke's (2013) encapsulates it the best. Defined as an activity or a series of activities carried out in the internet, with the primary goal of marketing products and services to a customer or a set of customers, digital marketing encompasses different channels - from email marketing, which is generally used in the activation and acquisition of new customers as well establishing stronger relationships with existing customers; content marketing, which is considered the 21st century version of advertising; social media marketing, which hones in on social media channels as a means of advertising; as well as mobile platforms, applications and the likes. Digital marketing uses all kinds of digital and social media tools that allow companies to foster interactions with customers (Järvinen et al, 2012). It also provides access to an unprecedented scale of international marketing as it allows enterprises access to markets and to billions of prospective customers around the world.

While opportunities for most MSMEs could be limited, they are presented with the ability to get closer to customers better than most large companies with digital marketing. Especially in the digital age, MSMEs have access to tools that will allow for real-time interactions with customers. Additionally, entrepreneurial SMEs can easily leverage marketing strategies (Knight, 2001) to help them penetrate markets and respond timely to different changes in the market. Furthermore, as opposed to their less entrepreneurial counterparts, they exhibit a higher order level of organizational learning (Chaston et al, 2001) necessary to thrive and grow.

In 2008, Wertime and Fenwick described digital marketing as the future of marketing, however, that future is happening today. Global trends are showing that

while consumption of content is happening less and less in traditional media like television (TV), radio and print, most consumers are consuming content at the palm of their hands. Most companies have awakened to the norm of allotting budgets for their digital advertising. Digital marketing channels range from search marketing, social media, email marketing and display advertising (Octane, 2016).

5.1 The Benefits of Digital Marketing

The Octane (2016) report also suggests that leading digital marketing channels in 2016 with positive impact on Return on Investment (ROI) have included: social media, email, and search marketing, and that the integration of these three media in a single campaign leads to higher conversion rates. Gupta et al (2013) highlighted six key types, namely, content communicates like YouTube, social networking sites like Facebook, open-source sites like Wikipedia, micro blogs and blogs like Twitter, virtual social worlds like Second Life, and lastly, virtual game worlds like World of Warcraft.

In addition to the above-mentioned benefits gathered from existing literature, this paper also suggests that MSMEs can derive the following benefits through digital marketing:

1. Co-creation of varied customer-centric solutions that will equip MSMEs with the competitive edge needed to become more innovative in terms of product and service development
2. Faster revenue generation and real-time assessment and measurement of strategic marketing campaigns
3. Quick, real-time qualitative and quantitative data and insights of consumer behavior that will enable enterprises to precisely target and retarget desired consumers
4. Ability to interact and gather feedback directly from current and potential customers

5.2 Types of Digital Marketing

The value of dialogue is what takes center stage in digital marketing. Whether it is a brand communicating to one customer or a group of customers, digital marketing emphasizes the importance of content and directly speaking to the target demographic. Compared to other forms of marketing, it offers enterprises a real-time approach to building relationships with customers that's faster than ever before.

While there is an array of different marketing types, the tools and analytical platforms are also abundant. These tools are made available to everyone on the internet, especially allowing MSMEs to execute and monitor campaigns and their progress across the important metrics of engagement, impressions, comments, clicks, conversion and the likes. While not one type is specifically stronger than others, it is also a good practice to super-charge campaigns through the integrated use of most - if not all - types.

5.2.1 Search Engine Marketing

Search Engine Marketing (SEM) simply refers to any paid traffic generated by search engines. It is a catch-all term used to refer to marketing techniques that are related with and relevant to search. With SEM, webmasters and marketers employ a range of tactics to ensure that their webpage listing appears in favorable locations in Search Engines' Results Pages (SERP) (Paraskevas et al, 2011). The advertising cost is pre-determined and charged by the search engines like Google and Bing, which will display the advertising in spaces of SERP generated from keywords specified by the advertiser. SEM campaigns employ keywords that could be chosen by the owner-managers themselves, which are directly related to the MSMEs' business. When a customer in the targeted area performs an online search that includes the chosen keywords, then the advertising will be displayed.

SEM is considered by many as the easiest, most cost-effective way to exploit advertising on the internet. SEM is the yellow pages of the 21st century. However, with SEM, an enterprise only gets billed when a user clicks on its ad and gets redirected to its own owned channel, thus the term Pay-per-click.

SEM is a useful strategy for MSMEs in a number of ways. SEM allows good gain in exposure, promotes MSMEs' visibility in their community, requires little to no

design know-how, provides real-time insights and doesn't cost as much as traditional advertising.

5.2.2 Search Engine Optimization

If SEM involves enhancing external searches outside of an enterprise's owned channels, then SEO could be seen as its opposite or complementary. SEO refers to the process of optimizing a brand's website or websites in order to make them visible on search engines (Aul, 2011). It involves processes that will allow a brand a high ranking in the search pages, thus optimizing the visibility of the brand's advertising.

When a customer uses a search engine and uses the same keywords that the brand uses, the customer will access the top ranked websites, possibly including the brand's, and make the purchase based on the advertising listing on the SERP. According to Google, more than 65% of search engine users click on one of the top five suggestions in the SERP. Hence, for an MSME to increase the likelihood of generating sales through these search engine rankings, they need to implement SEO on their websites.

Ritthisak Wongpanngam, Social Media Content Strategist, describes SEO as a foundation of a long-term digital strategy. However, he thinks most MSMEs often regard these two tools as too technical. Brands do not want to get involved because they feel it is built around having their own website. What most of them disregard is that relying too much on social media's algorithm can affect their spending in the long run too.

He adds, "Without clear knowledge of what each platform can do, the brand could be spending money inefficiently and focused on the wrong metrics. They should pick key channels where consumers are in and try to win those one if the budget is tight. It is always better to have laser-focus for business growth than having accounts on every social media platform but not a single loyal follower on one."

Apart from that, good SEO help to:

- Elevate the customers' user experience (UX) and the overall user-friendliness of a brand's website.
- Help in promoting a brand's website. Brands found in favorable locations in search pages are more likely to be promoted by users in their own social media accounts.

- Facilitate digital operations. Brands with more than one webmaster can arguably benefit more if SEO is involved.
- Boost differentiation against competitors. A website in a more favorable search engine location is more likely to get awareness and conversions.

5.2.3 Email Marketing

Email marketing, as the name says, is the type of digital marketing that connects brands to customers through emails. While email marketing has been long regarded by practitioners as unfavorable due to its unsolicited and untrustworthy nature, it still remains an integral part of digital marketing. Among the most effective marketing activities available, email marketing remains one of the most useful in terms of building the brand, improving relationships with customers, getting new contacts and promoting sales promotion (Hudak et al, 2017).

Like most digital marketing types, email marketing allows brands to segment its customers into a variety of preference-based lists that then allow them to send customers personalized content—from images and key visuals that capture the customers' attention, to a well-crafted subject line, email marketing allows brand to engage intimately and foster existing relationships with its customers through valuable content that might not be available with other type of digital marketing.

5.2.4 Affiliate Marketing

Affiliate marketing is the process by which affiliates earn a commission for marketing a brand's or person's products and services. From a brand's perspective, this also refers to the process of paying for or boosting conversions. Brands can equate this to recruiting commission-based salespeople to sell or market their products and services. The affiliate earns a commission determined by the brands themselves, which essentially means there are no upfront costs for the brand.

Thus, this type of digital marketing requires cooperation with other sources of traffic as it is a process of spreading product marketing across a variety of parties. The affiliates and the brand come to an agreement on what product to promote, then the affiliate places it on their own advertising spaces, either through their own blogs or websites, and they earn a piece of the profit from each sale they make.

On the other hand, customers don't always necessarily have to purchase the product from the affiliate's website in order for the affiliate to be rewarded. This is dependent on the brand and the affiliate's agreement. The affiliate may get paid in a number of ways:

5.2.4.1 Pay per Click

The easiest of ways, the Pay per click program mainly focuses on engaging consumers and moving them from the affiliate's site to the brands. The affiliate is incentivized based on the increase in web traffic of the brand's website.

5.2.4.2 Pay per Sale

Considered as the standard structure of affiliate marketing, this program includes the merchant compensating the affiliate a percentage of the sale price of the product after a purchase of the products is actually made.

5.2.4.3 Pay per Lead

Slightly more complex than Pay per sale, Pay per lead affiliate programs involve conversion of leads rather than sales. In order to be compensated, the affiliate places the advertising in their website, but must persuade the consumers to visit the brand's website and complete specific tasks like signing up for a newsletter, filling out a registration form, signing up for a product trial or downloading files and software.

5.2.5 Social Media Marketing

The rise of social media juggernauts Facebook, Twitter, Instagram, Snapchat and YouTube paved the way for social media marketing, which for years has been enabling brands to directly connect with customers. While most social media focus on B2C interactions, the likes of LinkedIn have also enabled B2B business to benefit from social media marketing.

As an important component of digital marketing, social media offers tangible benefits to SMEs as suggested below:

- It helps MSMEs scale up their businesses by facilitating their growth and the expansion of their current capacity without negatively affecting the contribution margin of the business (Tuten and Solomon, 2015).

- It provides a vital platform for ongoing engagement with customers (Kim et al, 2008).
- It helps facilitate access to markets (Kiveu and Ofafa, 2013).
- It offers greater market accessibility and the ability to ultimately establish and foster strategic partnerships and relationships with both customers and suppliers (Jagongo and Kinyua, 2013).

5.2.6 Pay per Click Advertising (PPC)

PPC is a form of SEM wherein brands only pay when their ad is clicked, within its predetermined budget. Very cost-effective, these paid advertising, are usually found on the right sections of the “organic search results” or above them, in most recent search engine types. Paying per click means brands only pay when a prospective customer clicks their ad, and within a predetermined budget.

Hence, a good SEM strategy is the marriage of full optimization and a comprehensive PPC strategy that will lead to increased visibility and conversion (Paraskevas et al, 2011).

As a proof that most types of digital marketing bleeds in each other to optimize their overall performance, PPC has also started overlapping with social media marketing. Social media giants like Facebook and Twitter have also begun adopting PPC advertising in their platform in recent years. Users see the brands’ ads, in forms of images, videos or links, showing up in their regular news feeds.

5.2.7 Online Advertising

Online advertising is different from any other type of digital marketing as it takes on the same point of view as traditional advertising, except online advertising means putting the brand’s ads in other websites. For instance, Art of Connection could partner with an art gallery and the art gallery, which presumably would have a website, would display an ad of the brand on their website. Brands and websites could negotiate the terms and conditions of such arrangements, as some could be based on the number of clicks the ad receives, how many users are converted to the brand’s website, or even the number of impressions alone.

5.2.8 Influencer Marketing

Of all the types of marketing as of late, influence marketing may just be the newest type of all. This type of digital marketing uses people as influencers to post about the brands' products or services. It might as well be defined as the union of word of mouth and social media marketing. Influencers can range from being micro-influencers, positioned between common social media users and celebrities (Gupta and Mahajan, 2019) as well as big and famous celebrities that often become ambassadors of the brand.

Instagram, Facebook, Twitter, Snapchat and TikTok are some of the best platforms that a brand can exploit for influencer marketing, which in essence involved hiring influencers with large followings to post a photo or more, or sometimes a video about the product and the services of the brand, and promoting it to their followers. This also creates "user-generated content" (UGC), that the brand itself can use in its owned media. Depending on the arrangement with the influencers, the brand may repost the influencer's original post to their own Instagram profile or to their website.

Additionally, brands now engage in what is called a "takeover", wherein the influencers "takes control" of the brand's profile for a given small amount of time. These takeovers may produce content that range from "day in the life" stories wherein the influencers explain how they are using the brand they are promoting in their daily lives. These social media takeovers are helpful in boosting the brand's own followers and unique views of its profile.

5.3 Digital Marketing in South Africa and Emerging Markets

Whilst all these digital channels are available to SMEs, The Octane (2016) report reveals that marketers in an emerging market context, such as India, are generating only 30% of their sales through digital marketing efforts. Although this may still be slow when compared to traditional media, MSMEs are increasingly realizing the digital marketing's contribution to their IMC strategy. To substantiate this, Centeno and Hart (2012) contend, in a study conducted with 30 MSMEs, that e-marketing creates business opportunities for MSMEs. Their study reveals that all 30 SMEs that participated in the research had a website and according to these SMEs, websites are avenues for new communication and distribution channels not normally found in the

physical marketplace” (Centeno and Hart, 2012). This is further supported by South Africa’s World Wide Worx research, which indicates that 63% of MSMEs in South Africa have a website. In addition, another study concluded that enterprises with websites are more profitable than those without (Goldstuck, 2012).

The 2014 Webdam report outlines that in developed markets, internet advertising will make more than 25% of total marketing budget spend by 2015 (Wilson, 2013). This report also purports that 43% and 51% of marketers are able to find new customers on social media platforms such as LinkedIn and Facebook, respectively. These emerging trends in developed markets highlight the full force with which digital marketing has been embraced by companies operating in that context. The extant literature on technology adoption in Africa indicates that there is an upsurge of people in Africa who are now accessing information through mobile platforms.

Undoubtedly, digital marketing, especially through mobile platforms, robustly provides a plethora of strong avenues for MSMEs to establish a competitive edge. In South Africa, specifically, a 2018 study showered that 20% of South African MSMEs are on social media (Shava and Chinyamurindi, 2018). However, out of this 20%, only 69% have successfully linked their websites to their social media activities, highlighting a huge number of missed opportunities. The report also revealed that in Kenya, for instance, where it is estimated that SMEs represent 75% of total businesses, 95% of MSMEs use mobile phones as their preferred ICT tool (Kiveu and Ofafa, 2013).

In another study conducted by Pew Research Center (2015), it was found that accessing social network sites was one of the top five activities amongst mobile owners in a number of sub-Saharan African countries like South Africa, Uganda, Tanzania, Senegal, Nigeria, Kenya and Ghana. This number is anticipated to increase based on the high mobile uptake and improved internet connectivity in Africa. This will reinforce the importance of digital marketing for SMEs as it enables them to access a wider audience through their mobile devices.

The overall growth of South Africa’s MSMEs adopting and implementing digital marketing strategies is on the rise. However, the digital divide remains. A big portion of the South African population remains disconnected, despite the country’s high mobile penetration and the mushrooming of establishments that provide free Wi-

Fi and is also believed to continue due to the country's socio-economic turmoil that faces the majority of the population (Swanepoel and Bothma, 2013).

The key barriers for South African MSMEs, especially the ones in rural area remain the same as the above findings. Technology incompatibility with target markets, lack of knowledge, stakeholder unreadiness, technology disorientation and technology perception as the major impediments towards the non-adoption of e-marketing (Cruz and Fill, 2008). Due also to the limited support given by the South African government, as Ferrand-Hazard and Järvinen's et al (2012) echo with their own experience and findings respectively, that the MSMEs; lack of resources, especially in developing their own digital ecosystem, plays a major role in the stagnant growth of digital marketing in the country.

In particular, MSMEs intrinsically have to struggle with crafting and controlling their marketing messages when using social media tools as part of the digital marketing mix (Cruz and Fill, 2008). In addition, their undermining the advantages and their inability to measure the return on investment (ROI) of digital marketing also play a major role in MSME owner-manager in partaking in digital strategies.

Whilst a few success stories are being reported in some parts of Africa (Jagongo and Kinyua, 2013), a considerable number of Africa's MSMEs have yet to fully grasp technology's power, which has the possibility to proactively enable SMEs to access markets and realize their goals of customer acquisition and retention (Goldstuck, 2012). By building the required level of internal digital marketing capability, SMEs can speedily broaden their market reach, continuously connect and engage with their customers, generate faster revenues and deepen their brand equity across various markets.

CHAPTER VI

CONCLUSION

Recommendations & Limitations

The importance of branding and digital marketing is in the radar of most South African MSMEs. They know that these tools that enable them to grow their businesses are available for them to use. Taking on the case study carried on with Ferrand-Hazard's Art of Connection, she acknowledged the presence of the frameworks and tools, and perceived their potential significance in building her brand. The main barrier, as further supported by supporting literature published in the past, is her hesitation to use the tools and partake in any digital marketing strategies. This is due to the following observed reasons:

1. Lack of know-how and knowledge
2. Lack of manpower and Human Resources to conduct such activities
3. Lack of financial resources
4. Lack of government support and training
5. Bigger emphasis on other business issues, as start-ups prefer to focus on short-term goals

As Hill (2001) pointed out, it is inappropriate for MSMEs to adopt the formal or conventional marketing approaches that exist today because firms of this size operate differently. The owner-manager plays an active role in determining their brand's differentiation because if they cannot determine it, nobody can.

Carson and Gilmore (2000) also believed that while the traditional marketing mix is a good compass for MSMEs to conduct marketing activities, they should have a specific version that the owner-managers can tailor accordingly.

For instance, MSMEs that suffer from Double Jeopardy can capitalize on their niche markets. Jarvis and Goodman (2005) believed that MSMEs that carve out their own niche have the opportunity to create high loyalty through the use of a sharp branding strategy that's specific and clear, focusing on a range of products or services

in very specific regions. Specifically, for Art of Connection, capitalizing on the handmade quality of its arts and crafts products could definitely give the enterprise a competitive advantage that others do not have. As opposed to other businesses like finance or IT, the arts and crafts industry of South Africa could leverage this advantage—as part of overcoming Double Jeopardy—to build its niche in the market.

In addition, in terms of digital marketing, South Africa isn't completely living under a rock. Digital marketing is being utilized in the area and most MSMEs perceive its importance is critical. The main barrier is they don't know how to implement it.

As Wertime and Fenwick (2008) underscored, embracing digital marketing is key in survival and growth of rural MSMEs. The shift from traditional to digital media means the market is driving towards a one-on-one approach that tailors messages for different markets. MSME owner-managers should embrace the power of the internet and not fear it. This can be remedied by training and reinforcement of information in the general landscape of MSMEs, thus empowering the industry as a whole.

With Art of Connection, a year-old enterprise, the author was able to conduct the following in order to recalibrate the enterprise's branding and digital marketing strategies, with a great focus on educating its founder Ferrand-Hazard. These enabled Art of Connection to solve the pain points they raised at the beginning of the consultancy project and consequently served as an aid for the brand moving forward.

1. **Conduct a Branding Audit** - this audit takes a look at the current state of the enterprise, scrutinizing its existing or lack of strategy and aligning it with the owner-manager's long-term strategy
2. **Conduct a Digital Marketing Audit** - this audit investigates the existing owned and paid channels of the brand, scrutinizing its existing or lack of communication strategy, its use of visual stimuli and aligning it with the owner-manager's long-term strategy
3. **Rebranding Exercise** - for an enterprise that has already been in the market for a while, it was necessary to investigate if recalibrating the brand's distinctive assets was going to be helpful in sharpening the brand's branding. This includes close examination of its logo, motto,

slogan, vision and value statement, and the likes, and aligning and redesigning them accordingly, if needed.

4. **Digital Channel UX Redesign** - this exercise includes looking at the current website of the brand, as well as social media like Facebook, Twitter and Instagram. Looking at competitors and their analytics, the brand would be able to set a benchmark to aspire to, and further help them in improving the look, performance and overall UX of the owned channels. It also includes rethinking the overall mood, design and communication utilized in these channels and testing which would best build the brand's brand equity.

In addition, in an effort to establish its brand positioning, a number of recommendations were made to Ferrand-Hazard that revolved around her enterprise's name—Art of Connection. Some of these included building a platform of South African artists that customers can commission through the Art of Connection platform, that can then be processed and delivered to the customers' given address. In addition, the enterprise could look into fair trade and sustainability-related practices in order to create a marketing communication strategy that revolved around more than just the handmade products, but also the sustainable practices around its manufacturing and production line.

The recommendations presented to Art of Connection have enabled Ferrand-Hazard to study its existing owned channels and make necessary adjustments accordingly. Through these, owner-managers like Ferrand-Hazard who may not know the process of branding or rebranding, would be empowered with the know-how needed to build their brand and further strengthen its digital marketing strategies.

In addition, while this study tackled both generic and specific facets of branding and digital marketing, the study focused on MSMEs operating in South Africa and not the rest of the continent or its neighboring countries, due to the author's prior focus on Art of Connection. In addition, the framework employed with Art of Connection may be specific to an enterprise that has already been in the market for a while, thus the rebranding and redesign exercises. If a brand isn't launched in the market yet, then the framework could be adjusted to fit the circumstances.

Future research on branding and digital marketing may take the lessons learned from the consultancy project with Art of Connection and may apply it to a completely new enterprise trying to penetrate the market. Future studies outside of the arts and craft industry where Art of Connection belongs, may also be explored further in order to expand the current limitations of this study. Including a wider range of South African MSMEs as interviewees would also help affirm statements made in this study. Conversely, consulting large South African companies and comparing their marketing approaches side by side with an MSME would shed stronger light on how better a smaller enterprise can differentiate itself from larger corporations. Lastly, including South African branding and digital marketing experts would also further solidify the research as insights of experts on the region would definitely give more weight to the subject at hand.

In conclusion, with all the information that the author had at hand—reinstating that the issues discovered with Art of Connection is neither unique nor exclusive to the enterprise—the author believes that in order for a South African MSME to succeed, it unquestionably must embrace the beauty, complications and processes of branding and digital marketing in order to reap the benefits it would have on their enterprise.

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