



The use of marketing strategies by small, medium and micro enterprises in rural KwaZulu-Natal

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ABSTRACT

This paper examines the use of marketing strategies by Small, Micro and Medium Enterprises (SMMEs) in rural areas and identifies how they are limited by various internal and external factors. The study aimed to determine whether rural SMMEs have formal marketing strategies, the factors that constrain their marketing activities, their understanding of what marketing entails and the marketing communications techniques that they use. The study was conducted in rural KwaZulu-Natal (KZN), using a survey method. The sample consisted of 374 SMME owners/managers, selected using quota sampling, with respondents completing a questionnaire with the assistance of an interviewer. The results of the research revealed that marketing knowledge and expertise is lacking, with limited use of marketing strategies by the rural SMMEs. The paper will benefit SMME marketers by assisting them to better understand the marketing tactics to use, dependent on the nature of their environment. Most work on SMME marketing has concentrated on urban entrepreneurial marketing, with little emphasis on marketing strategies used in rural areas. Findings were limited by the study's exploratory nature and the small sample. Further research with larger samples and the consideration of other provinces is recommended.

Keywords – Marketing strategy, Rural, Marketing tactics, South Africa, SMME, KZN

INTRODUCTION

Small, Medium and Micro Enterprises (SMMEs) play a vital role in stimulating economic activity, job creation, and poverty alleviation, as well as in the general improvement of living standards in South Africa (Nieman, Hough and Nieuwenhuizen, 2003:4). Owing to low economic growth, a high unemployment rate and an unsatisfactory level of poverty, particularly in rural areas, SMMEs are critical for improving the standard of living in South

African rural areas and for the development of the country (Badi and Badi, 2006:60). Rural entrepreneurs need to be skilled in many different areas, including that of marketing, since rural marketing strategies differ significantly from marketing strategies aimed at urban or industrial consumers (Spake, Joseph and Finney, 2009: 21-28).

The incidence of failure among new businesses is high during their first three to five years of operation. Buthelezi (2005:74) states that as SMMEs start to grow, spending on marketing and advertising becomes a challenge as they try to ensure a good return on their spend. In an analysis of small enterprises, Literature indicates that the impact of marketing activities during this growth stage are not well understood (Fuller-love, Midmore, Thomas and Henley, 2006). Research into factors such as the limited scope of local demand, poor access to extra-regional markets and low population density with a lack of opportunities for networking is needed (Fuller-love et al, 2006:191), as are support programmes (Berry, 2008:2). Thus, there is an apparent lack of knowledge about marketing and the marketing environment of rural SMMEs.

Therefore, the overall aim of this study was to investigate and describe the use of marketing by SMMEs, in order to suggest ways to improve rural SMME marketing, and thus contribute to reducing SMME failure.

This overall aim is guided by the following research objectives:

- to identify the respondents' marketing knowledge
- identify the extent to which SMME owners/managers perceived marketing to be important to their businesses

LITERATURE REVIEW

SMME growth and constraints in rural areas

Several factors hamper the growth of rural firms, including the limited scope of local demand, poor access to extra-regional markets, low population density with a consequent lack of opportunities for networking, as well as inadequate access to capital (Fuller-love et al, 2006:191). The key to future growth and expansion requires a basic change in the attitudes and thinking of rural SMME owners/managers; a veritable cultural shift (Butler, 2001:14).

The high incidence of failure among new businesses during their first three to five years of operation is concomitant with growth rates being highest during this same period. Literature indicates that the impact of marketing activities during the growth stage is not well understood (Fuller-love et al, 2006). It is also apparent that growth appears to be an important element for the demonstration of the entrepreneurial orientation of small firms (Greene and Brown, 1997), while other studies have emphasized the role of alliances and network strategies for SMME market expansions (Beamish, 1999). This growth in the importance of the SMME sector can be attributed to a number of factors, including people who have been retrenched because of the economic downturn turning to self-employment to earn a living. Danson and Whittam (1999:1) further stress that the main reason for the growth of SMMEs in 'mature' economies is due to changes in the organisation of production. The process of growth in a small firm results from a combination of three basic components, namely the characteristics of the entrepreneur; the characteristics of the firm; and the development strategies implemented (Story, 2004:112-130).

These three components are not mutually exclusive. They influence the growth of small firms in a combined way. When studying the business strategy of small firms and particularly their marketing strategy it is very important to consider all three dimensions.

The major challenges and constraints facing the SMME sector in South Africa are the same in all the provinces (Rogerson, 2007:62). SMMEs are hamstrung by many problems, both external and internal, because of their size (Egan, 2009). These problems include the economic environment, deregulation and the political environment, demographic changes, buildings and physical facilities, incompetence of management, a continuous shortage of capital, as well as marketing and personnel problems. Critical issues for the success of South African SMMEs are comprised of interest rates, access to finance, funding agencies, marketing, management skills, financial control, cash flow (working capital), costing and trade skills (Department of Trade and Industry, 1998). Driver, Wood, Segal and Herrington (2001) further indicate that education, cultural and social norms, financial support and government policy are also critical for entrepreneurial success.

Marketing as a strategy

The use of information regarding marketing mix decisions, especially the promotion and place elements, positively affect SMMEs and partially mediate the relationship between entrepreneurial orientation and firm performance (Keh, Nguyen and Ping, 2007:591). However, according to Pelbani (2000), the personal values of owners/managers influence the marketing strategies they adopt, and, ultimately, the performance of their businesses. As stated by Smith (2008:16): "Being small doesn't mean you can't dream big". The main point is that small businesses need to be willing to grow; however, in order to grow, they need to have good marketing strategies (Woldelul, 2004). Rock (1999:137) stresses that developing a strategy is easy, but implementation is difficult which is why focusing on the entrepreneur is important.

A marketing strategy is the means by which a firm sets out to achieve its marketing objectives (Brassington and Pettitt, 2007:438). On the other hand, Robert (2007) argues that a combination of strategies and tactics add to the competitive positioning sought by the SMME. In reality, a firm will be presented with a range of strategic options, relating to its defined objectives. Some of these options will relate to increasing sales volume while others will relate to improving profitability and holding on to what the firm already has (e.g., by reducing costs, increasing prices, changing the product mix, and/or streamlining operations). The strategic goal of marketing is to bring the right product to the right place, at the right price, with the right promotion (Mariotti, 2007:87). Effective marketing requires that decisions regarding the four marketing mix, product, price, distribution and promotion, are carefully aligned to ensure resource optimisation.

Marketing is an integral part of any business (Kroon, 1998). Most entrepreneurs have skills in technical fields but lack marketing skills. As a result, marketing is often neglected by SMMEs because the owners/managers are involved in dealing with everyday problems. In the process, sufficient funds are not allocated for adequate marketing communications. Few SMMEs have formal marketing strategies and those that have, often use ineffective strategies. The SMMEs Desk of the Durban Chamber of Commerce (2009) reports that 90% of businesses do not survive beyond the first five years. This is not due to their products being inferior, but because they fail to establish themselves in the marketplace. However, this report does not specifically refer to the marketing strategies of SMMEs, particularly those in rural KZN. The reality is that the of SMME in the marketplace

Marketing Mix

A marketing strategy is typically implemented by developing a full marketing programme, made up of product, price, place and promotion (or marketing communications). An effective

and efficient mix of these four elements is necessary to achieve success in the market at an acceptable profit. Regardless of whether a product is a totally new innovation, an update of a familiar product or an imitation of a competitor's offering, it needs careful planning and development to ensure that the product meets customers' needs and wants, that it has a significant competitive advantage and is accepted in the marketplace (Brassington and Pettitt, 2007:191). As reported by Bala (2009), overseas transfer of basic technologies by digitalization reduces the dependence of manufacturers on skilled workers. This makes it difficult for SMMEs to specialize in developing new products and technologies that incorporate inventions and intellectual expertise. It also makes it difficult for SMMEs to be aware of what other countries can provide or manufacture, so as to develop new products as demanded by customers. Van Auken, Madrid-Guijarro and Garcia-Perez-de-Lema (2008) point out that innovation facilitates how SMMEs respond to market changes and maintain their competitive advantage.

With regard to distribution, Makgoe (2008:7) highlights that the location of SMMEs can have an impact on their costs. This means that the quality of the local transportation system is vital, as an SMME must be able to deliver the products or service as agreed. Transport costs and poor road conditions are primarily a problem for SMMEs located in rural areas that have to transport and sell their products in local urban or in international markets.

Laljit (2006:22) stresses that price has become increasingly important as the basis for competition among South African SMMEs. However, using pricing as a strategy may have a negative impact, reducing SMMEs ability to be competitive and profitable. However, businesses that lack a market orientation are more likely to price their products by simply copying the competition or marking up their costs to achieve a desired profit margin (Best, 2000:151). These businesses may damage their customer value, market share and profit margins. Diale (2008) also points out that South Africa's historical past made the situation worse, particularly for entrepreneurs in rural areas.

Having developed a product, agreed on its price and selected the most appropriate distribution channel, a business must promote the product to potential buyers (O'Connor and Galvin, 1997:209). Such marketing communications are a major aid for SMMEs to differentiate themselves from competitors (Van Scheers and Radipere, 2008). Small businesses are often not aware of how to communicate effectively and affordably with consumers in their target markets (Clow and Baack, 2004:474). A common constraint experienced by smaller firms is their inability to develop promotional activities on a scale sufficient to achieve parity with other, often larger, competitors (Chaston, 1999:162). One way of overcoming this obstacle is to form an alliance with other firms through the formation of a business network. Small firms often come together in such a network to achieve greater promotional impact in a domestic market. Epstein (2006:35) points out that to stimulate positive word-of-mouth communications, a small firm has to provide service that consistently exceeds the quality of service provided by its competitors in the same market.

SMMEs and external environment

Marketing is important in the early, vulnerable years of SMMEs as it provides a vital interface between the firm and its external environment (Stokes, 2000). The most important adjustments for both the survival and growth of SMMEs are active market development, continuous search for new market opportunities and a broadening of the customer base. Local business support centres need to have a much better understanding of local business trends and should provide information to help businesses open up markets beyond their immediate environment (Lotz and Marais 2007). A study by Salo, Sinisalo and Karjaluoto

(2008:497) shows that marketing involves several distinct phases that have to be completed successfully. Different resources and capabilities are required in each phase. The coordination of these phases is crucial for the success of any business, including SMMEs.

External factors

Within the rapidly changing global environment, the firm must monitor six major forces: demographic, economic, social-cultural, natural, technological, and political-legal. Marketers must pay attention to the interactions between these six environmental forces because these interactions will lead to new opportunities and threats (Mezher, El-Saouda, Nasrallah and Al-Ajam, 2008:34-52). According to Baron (2006:2), the performance of a firm, and of its management, also depends on its activities in its non-market environment. The non-market environment has grown in importance and complexity over time and commands increased managerial attention. Non-market issues that are high on firms' agendas include environmental protection, health and safety, regulation and deregulation, intellectual property protection, human rights, international trade policy, regulation and antitrust, activist pressures, media coverage of business, corporate social responsibility and ethics (Baron, 2006: 2).

Politics and law

Government policies and agencies clearly direct and implement the laws of the country. Small businesses need to understand the direction of government policy in terms of various legal areas, for example, planning, employment law, health and safety, and consumer law. Saffu, Walker and Hinson (2008: 395-404) argue that marketing decisions are strongly affected by developments in the political and legal environment, which is composed of laws, government agencies, and pressure groups. Many countries have introduced reforms to make the registration procedures for small businesses simpler, although this seems not to be true in South Africa. Start-up businesses often find the process of registration in South Africa time-consuming and burdensome, and small businesses have limited administrative resources to deal with these procedures (Jansson and Sedaga, 2000).

Economics

Rural SMMEs and the markets in which they function are characterized by ease of entry; small-scale activity; use of labour-intensive technologies; high levels of self-employment with a high proportion of family workers; lack of capital and equipment; limited technical skills; lack of access to large and profitable markets, formal credit support services; and dependence on local supplies for their material inputs (Ndabeni, 2005).

SMMEs have been identified for employment creation, enhancement of rural incomes, reduction of poverty and building a skills base. However, SMMEs in rural areas, where the service infrastructure and business environment have not yet been well developed, face problems such as a lack of financial institutions, government agencies, consultants, marketing channels and marketing promotions (Hallberg, 2003). KwaZulu-Natal-Top Business Portfolio (2008/9:68) indicates that KZN has the potential to create sustainable SMMEs and co-operatives. However, there is no clear strategy of assistance for rural SMMEs.

Technology

While technology drives the development of many new products and markets, it is also a major reason why some products decline (Boyd, Walker and Larreche, 1995:62). Technology can also substantially influence an industry's performance. In addition to creating new products, technological developments affect all marketing activities, including communications (making available new media or new selling tools), distribution (opening new channels or modifying the operations and performance of existing ones), packaging (using new materials), and marketing research (using new data collection and analysis methods).

Villee and Curran (1999:162) point out that new trends and technologies continue to affect how business is conducted, which markets are served, and how services are provided. However, Chiware and Dick (2008:154-157) have shown that there is a very low level of technology use among SMMEs. The costs and effort involved with the subsequent implementation of technology are key factors that influence the success of small businesses (Yeh and Jung-Ting Chang, 2007). On the other hand, Sun and Wang (2005:247-258) recognise that rural enterprises still face many other technological challenges, such as limited or no access to broadband internet and a lack of capabilities/skills and services to use new information and communication technologies (ICTs). They state that the internet is often used for information search and communication instead of electronic transactions, due to the lack of broadband connections and issues related to trust. SMMEs find it difficult to adapt to technological change, especially since such developments are happening faster and are increasingly changing the way in which SMMEs do business and approach marketing. It is still not clear whether technological change will pose threats or provide opportunities for SMMEs, but it will undoubtedly influence the way in which SMMEs market their products or services.

RESEARCH METHODOLOGY

The primary data were collected using a qualitative method, namely a survey. Primary data was collected from 374 owners/managers of SMMEs in rural KZN with a questionnaire containing both closed-ended and open-ended questions. The research design was exploratory and cross-sectional in nature.

Target population

The target population of the study was SMMEs located in rural areas of the KZN province. In KZN it is estimated that there are about 800 SMMEs in the province as a whole (KZN YouthBiz Database, nd), but the number of SMMEs specifically located in rural areas of the province is not known.

Sampling

Since a suitable sampling frame was not available from which to draw a probability sample, a quota sampling approach was used to select respondents from five areas in rural KZN, namely from Empangeni, Ulundi, Nquthu, Escourt and Kwa-Nongoma. The main reason for selection of these areas was that they have relatively large rural populations, which allowed for the identification of more SMME owners/managers in these areas.

The sample quotas were based on area and on the Department of Trade and Industry's definition of SMMEs in terms of number of employees. Size in terms of number of employees was important as it allows for a comparison with DTI statistics (Simpson and Padmore, 2005:9). The specific sample elements in each quota group were selected because of convenience. A final usable sample of 374 respondents was obtained. This final usable sample is shown in Table 1 in terms of the quota control characteristics. Although it was attempted to get equal numbers of respondents in each of the quota control cells, this was not possible for the size categories as the vast majority of firms approached fell into the same category. Thus, the profile of the final usable sample was as shown in Table 1.

Table 1: Profile of usable sample as per quota characteristics

Geographic area			Business size		
Area	Frequency	Percent	Turnover pa	Frequency	Percent
Empangeni	76	20.3	R0-5000	24	6.4
Ulundi	96	25.7	R5001-10000	67	17.9
Nquthu	68	18.2	R10001-15000	51	13.6
Escourt	74	19.8	Over R15000	209	55.9
Kwa-	60	16.0	Don't know	23	6.0
Total	374	100.0			

Questionnaire design

The measuring instrument used was a questionnaire, consisting mainly of closed-ended questions. The literature was used as the source of information to formulate the questionnaire for this study. Each question also allowed for comment via an open-ended response alternative. The main questions are summarised in Table 2.

Table 2: Summary of key questions

Research area	Question
Understanding of marketing	<p>Who performs the marketing roles in your business? <i>Response alternatives:</i> Owner; Manager; Marketing manager/person; Salesman; No-one</p> <p>What is your understanding of marketing? <i>Response alternatives:</i> Advertising; Selling; Having products available for people to buy; Understanding what customer wants; None or All of above</p>
Marketing communications methods used	<p>Which of these methods of promotion have you used during the last 12 months? <i>Response alternatives:</i> Local advertising; National advertising; Sponsorship; Brochures; Personal selling; Competitions; Special offers; Public relations; Other printed materials</p>
Factors influencing marketing ability	<p>What affects your marketing ability? <i>Response alternatives:</i> Lack of knowledge and experience; Limited funds; Never thought about marketing; Do not know why I should do marketing</p> <p>Do you get training on marketing skills? <i>Response alternatives:</i> Yes/No.</p> <p>In which of the following field(s) have you received training? <i>Response alternatives:</i> Marketing; Human Resources; Business management</p>

Environmental factors influencing marketing	Which one of the following factors affects your marketing activities? <i>Response alternatives:</i> Political and legal; Socio-demographics; Economics; Technology; Competition; Natural environment
Importance of marketing to success	Marketing is very important to the success of my business Marketing is used as a source of information about business <i>Response alternatives:</i> 5 point Likert scale
Importance of marketing/marketing communications to marketing success	Marketing tools assist us in getting more referrals Marketing tools assist us in getting more customer loyalty Marketing tools assist us in getting more sales <i>Response alternatives:</i> 5 point Likert scale

Data collection

The questionnaires were administered during personal interviews with respondents at their respective business sites. In order to standardize the conditions under which the questionnaires were completed, teachers at primary schools in the selected areas were recruited and trained as fieldworkers. They distributed and collected self-completion questionnaires according to the quota plan. They conducted the survey with respondents during the period 1 December 2008 to 28 April 2009 on weekdays and over weekends. To increase the respondents' ability to answer the questionnaires and thus improve the response rate, a number of instructions were provided throughout the questionnaire and the interviewer was on hand to explain any uncertainties where necessary. Inconsistency in coding of the closed-ended questions was avoided by having all questionnaires pre-coded.

Data analysis

Once data processing had been done (checking of the completed questionnaires and checking for missing information), data were entered into the computer according to the question codes and analysed using SPSS version 16.0. The first type of analysis involved frequencies, which was also used to check the coding of data. Variables were then screened, identifying those that were highly influential on the dependent variables of the study. Finally, a number of analytical procedures were used. Descriptive statistics were used to help describe and compare the main features of the collected data. In order to test relationships, bivariate analysis was used in the form of cross-tabulations. Appropriate inferential statistics were used to test relationships and data were presented by means of bar graphs and tables to show the association between variables. The statistical findings of the survey are integrated and presented with the discussion of the findings that follow.

Validity and reliability

Content and construct validity were assessed via the assessing of the questionnaire by research and statistical experts and by pre-testing it with a small sample similar to the population. No significant changes were required. Reliability was tested using Cronbach's coefficient alpha, achieving a coefficient of 0.773, thus concluding that the reliability of the study were acceptable.

DISCUSSION OF FINDINGS

The profile of the SMME firms that participated in the survey will first be displayed and then the results will be presented for each of the questions related to the issues or variables being

investigated, as identified in the research objectives. The profile of the participating firms is presented in Table 3.

Table 3: Profile of participating SMMEs (n = 374)

Variable	Categories	No	% of sample
Type of business	Jointly owned	112	30.0
	Manager of the business and sole ownership	195	52.1
	Manager of the business and jointly owned	67	17.9
Nature of business	Agriculture	26	7.0
	Mining and quarrying	12	3.2
	Manufacturing	26	7.0
	Construction	15	4.0
	Retail, motor trade & repair services	104	27.8
	Wholesale trade, commercial agent	52	13.9
	Catering, accommodation and other trade	60	16.0
	Transport, storage and communications	33	8.8
	Finance and business services	21	5.6
	Community, social and personal services	25	6.7
Number of years of business existence	Less than 1 year	36	9.6
	1-2 years	104	27.8
	3-5 years	93	24.9
	6-8 years	71	19.0
	More than 8 years	70	18.7
Annual turnover of the business	R0-5000	24	6.4
	R5001-10000	67	17.9
	R10001-15000	51	13.6
	More than R15000	209	55.9
	Don't know	23	6.2

As Table 3 indicates, the sample is well dispersed across types of industry and numbers of years in existence. However, more than half the sample was managed by sole owners (52.1%) and had a sales turnover of more than R15 000. Nevertheless, this profile shows that the sample is suitably heterogeneous and is not biased only to certain types of firms.

Respondents' understanding of, and ability to use, marketing

The first objective of the study was to identify the respondents' marketing knowledge, specifically with regard to understanding what marketing is and what factors influence their ability to conduct marketing activities or that constrain marketing activities. Findings with regard to this issue are shown in Figure 1.

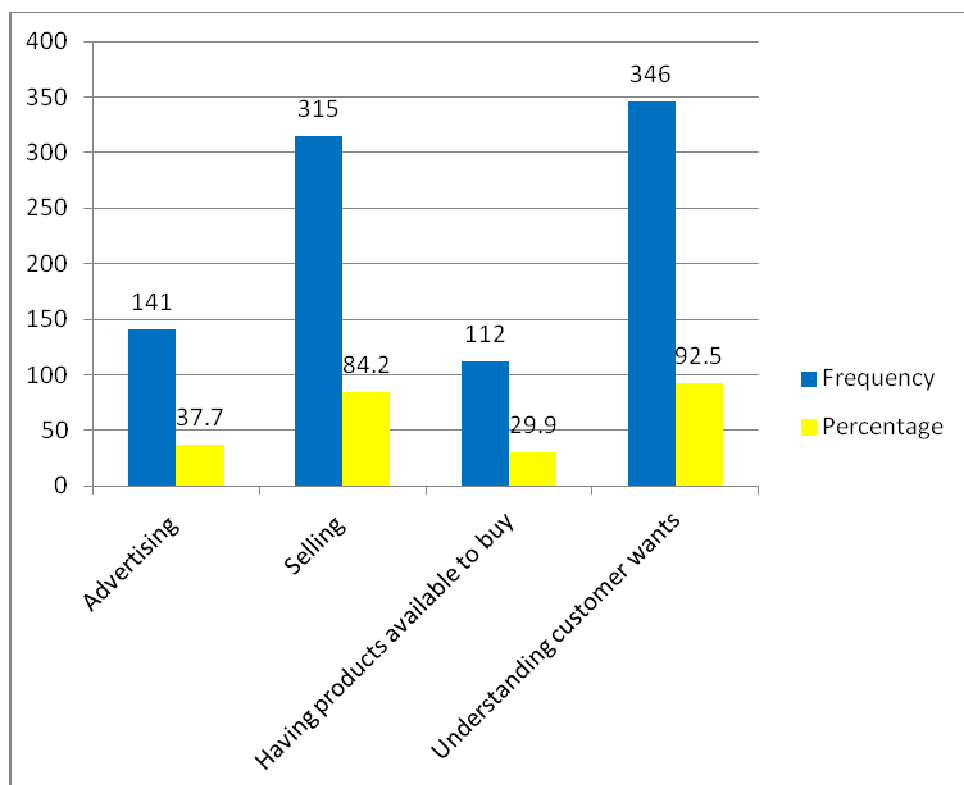


Figure 1: The understanding of the respondents about what marketing is

Understanding what customers want and selling of products (92.5% and 84.2% respectively) was seen to be what marketing is. Fewer respondents understood that marketing also includes advertising and having products available for people to buy (37.7% and 29.9% respectively). The implication is that SMME owners/managers tend to see marketing as selling what the customer wants. A Chi-square goodness of fit test showed this finding to be significant ($\chi^2 = 22.631$, $df = 1$, $P = .000$). Despite this, Figure 2 shows that SMMEs do use a variety of different forms of marketing tactics and communication methods, with local advertising (57.5%) and special offers (42%) being the most popular. Personal selling unsurprisingly is also popular (third at 39.6%). A Chi-square goodness of fit test indicated this finding to be statistically significant ($\chi^2 = 7.797$, $df = 4$, $P = .005$).

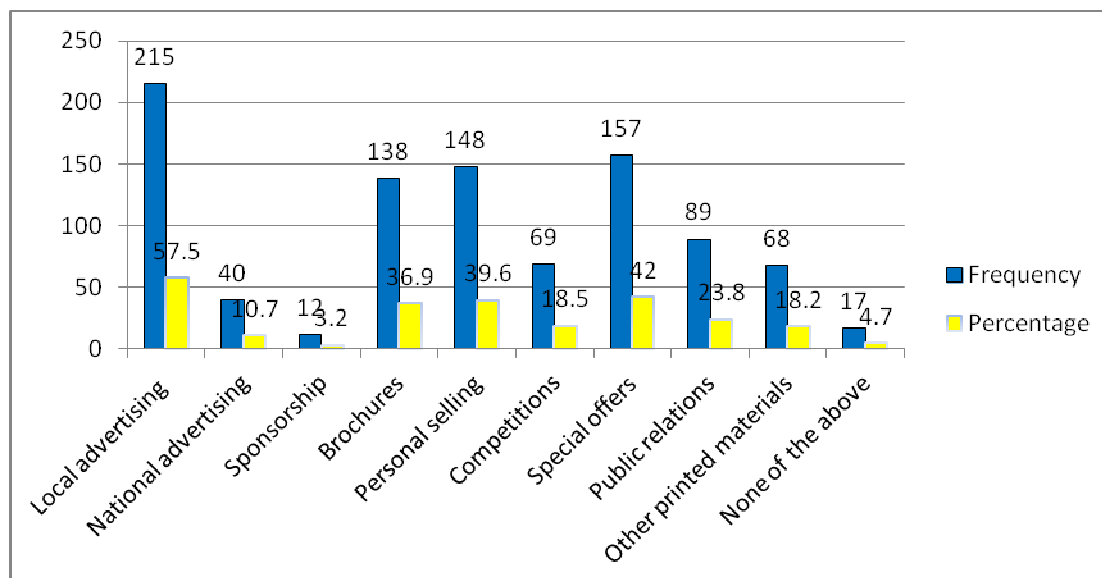


Figure 2: Marketing communications methods used by respondents

Although SMME owners/managers have some understanding of marketing and use some of the tools of marketing, full adoption does not seem widespread. Figure 3 indicates some reasons for SMMEs limited use of the marketing tools.

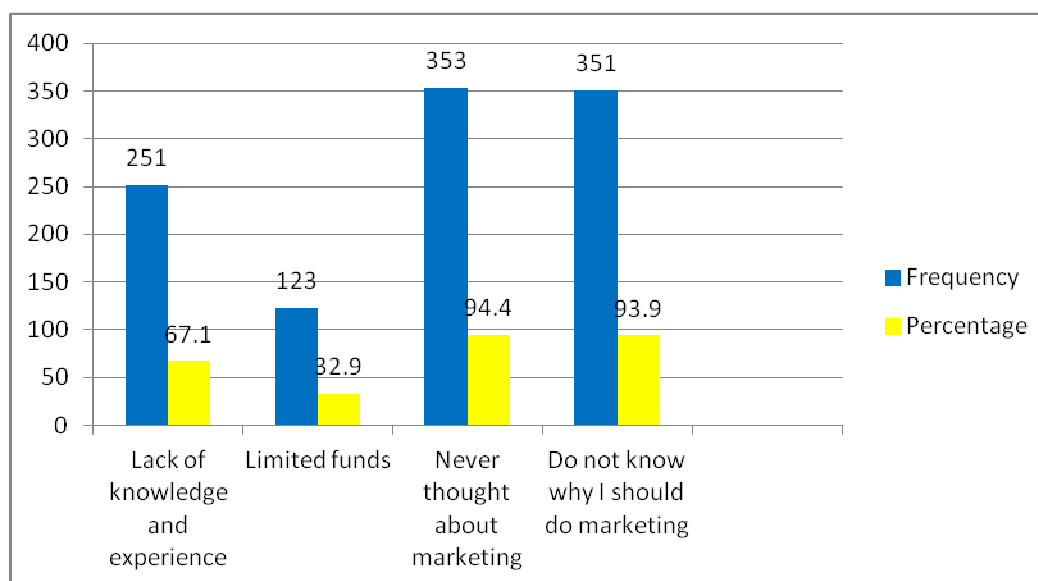


Figure 3: Factors influencing respondents' marketing use

Clearly, marketing is not top of mind awareness for SMME owners/managers with over 90% not really thinking about marketing or understanding why they should do marketing. Furthermore, respondents are of the opinion that marketing needed special skills and was very expensive. A Chi-square goodness of fit test showed this finding to be statistically significant ($\chi^2 = 7.797$, $df = 4$, $P = .005$).

Respondents also felt that there are various external factors that influence their ability to conduct marketing activities. These are given in Figure 4. The competitive environment is seen as the most influential factor, being felt by 56.7% of respondents to influence their

marketing activities, forcing them to adopt marketing activities despite their lack of marketing knowledge or expertise. A Chi-square goodness of fit test showed this finding to be statistically significant ($\chi^2 = 218.706$, $df = 4$, $P = .000$).

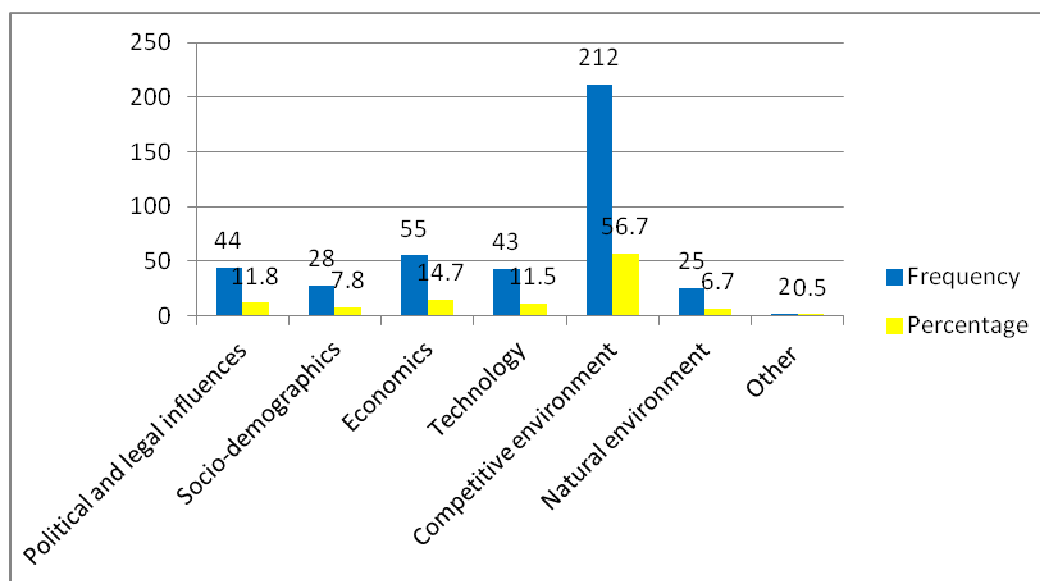


Figure 4: External factors influencing respondents' marketing activities

Perceived Importance of marketing

The second objective was to identify the extent to which SMME owners/managers perceived marketing to be important to their businesses. Although respondents felt that they lacked marketing expertise and their marketing activities were constrained by various factors as discussed above, many still perceived marketing as important and advantageous to their businesses, which is shown in Figure 5, with 74.6% agreeing or strongly agreeing that marketing is important to the success of their businesses. A Chi-square goodness of fit test showed this finding to be statistically significant ($\chi^2 = 216.989$, $df = 4$, $P = .000$).

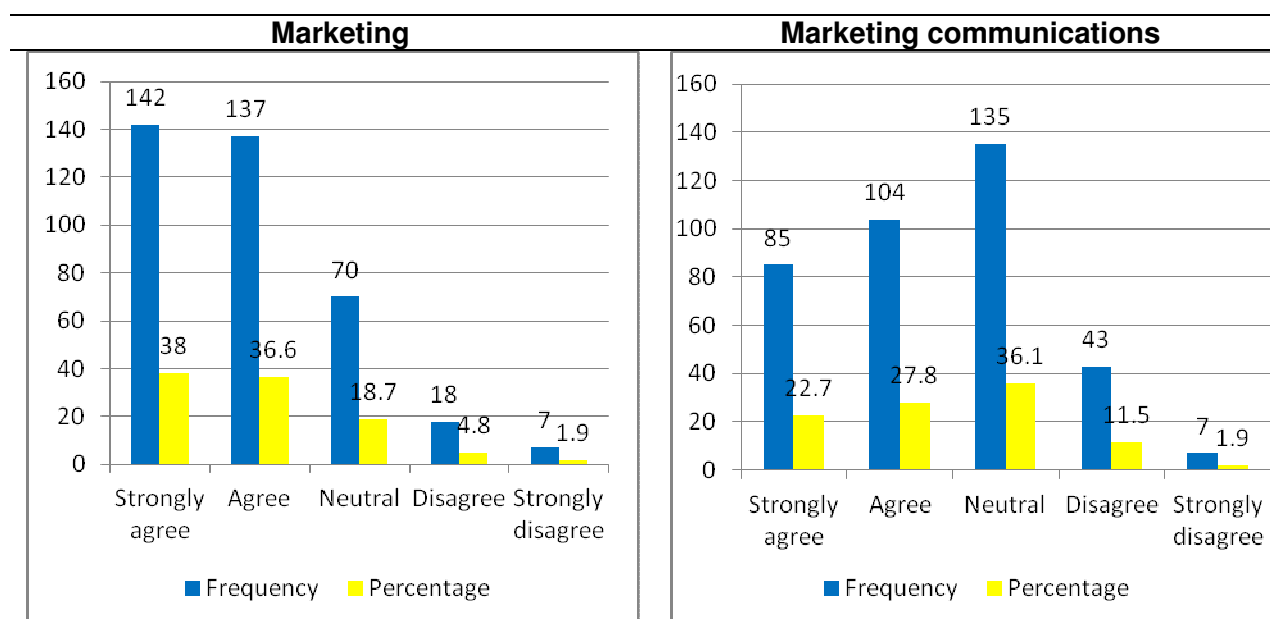


Figure 5: Importance of marketing and marketing communication to business success

Slightly over half (50.5%) of the respondents agreed or strongly agreed that marketing communications are important to their business popularity, but it is interesting to note that the largest proportion (36.1%) responded neutrally to this, which is consistent with the finding in Figures 2 and 3 regarding the limited use of marketing communications tools. A Chi-square goodness of fit test showed this finding to be statistically significant ($\chi^2 = 136.214$, $df = 4$, $P = .000$).

The importance of marketing to respondents is also indicated by its contribution to increasing referrals, loyalty and sales. Figure 6 indicates how marketing is perceived by the respondents in this regard.

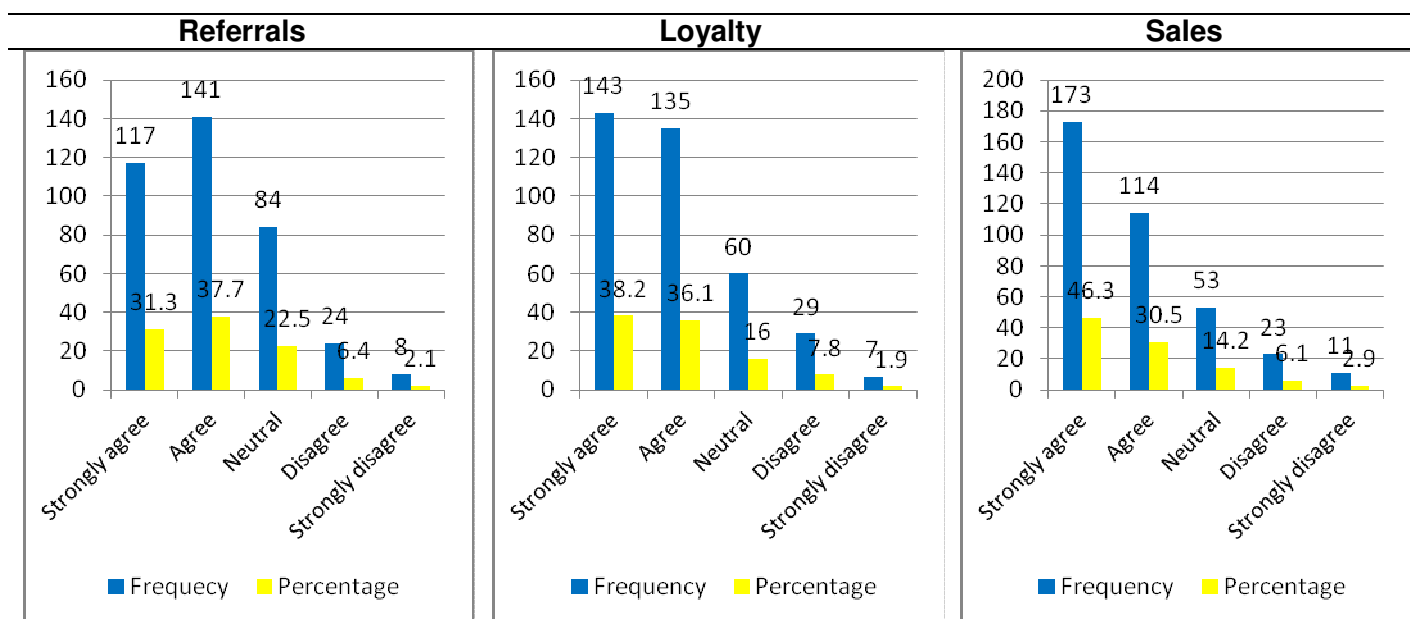


Figure 6: Importance of marketing to referrals, loyalty and sales

69% (31.3 + 37.7) of respondents agree that marketing tools assist them in getting more referrals for their businesses, with 22.5% being neutral. Close to a third of respondents might not be doing any marketing to promote their businesses, but that potentially over 90% could be encouraged to use marketing more effectively. A Chi-square goodness of fit test showed this finding to be statistically significant ($\chi^2 = 177.684$, $df = 4$, $P = .000$).

Similarly, 74.3% (38.2 + 36.1) of respondents agree that marketing tools assist them in gaining customer loyalty and 76.8% (46.3 + 30.5) of respondents agree that marketing tools assist them in getting more sales. Chi-square goodness of fit tests showed both the loyalty finding ($\chi^2 = 203.059$, $df = 4$, $P = .000$) and the sales finding ($\chi^2 = 246.107$, $df = 4$, $P = .000$) to be statistically significant. These findings show that respondents generally had a good idea of what marketing could do for their businesses.

IMPLICATIONS

The implications of this study include issues related to both marketing theory and marketing practice.

Implications for marketing theory

In order to identify a better rural development intervention strategy, with specific reference to South African SMMEs in rural KZN, policy makers need to obtain a clear understanding of the relevant theories that can help to solve complex problems faced by rural communities and business stakeholders. New concepts and theories in marketing management and strategies for rural SMMEs should be proposed and implemented. The important components for business practices in the rural areas should be further emphasized. This means that rural SMME owners/managers need to implement marketing. This is essentially an applied marketing study, related more to the vocation of marketing, limiting the contribution to marketing theory. The main contribution of the study is therefore to marketing practice.

Implications for marketing practice

On the practical side, the results of this study clearly indicate that, due largely to a lack of marketing knowledge and expertise, SMME owners/managers do not utilise marketing strategies as effectively in their businesses as they could. Due to this lack of marketing skills, they might not provide a suitable range of products or product designs, or use an appropriate mix of marketing communications methods, pricing tactics, distribution methods or customer relationship building approaches. The practical implications of this study will therefore benefit SMME marketers by emphasizing a new way to consider the future marketing activities of their businesses, especially those in rural KZN.

Marketing tactics suggested by this study, such as networking and word-of-mouth, would provide more effective and appropriate marketing tools that will fit the rural geographical profile. Most SMME owners/managers use few marketing communications tools, with little emphasis on other marketing tactics. Many people in rural areas are functionally illiterate, which would make it difficult for them to obtain marketing communications messages from newspapers and other print media. Although many of the larger and more marketing astute companies have adopted innovative approaches to communicating with their functionally illiterate customers, this is probably not true of most of the rural SMMEs who lack both marketing knowledge and sufficient funds for sophisticated marketing activities. It is thus very important for rural SMMEs to use personal selling as their most reliable marketing tool. For marketing practice to be more effective, this next section recommends various strategies that could be used to overcome these difficulties.

RECOMMENDATIONS FOR SMMES

In order to enable SMMEs to improve their marketing activities, it is recommended that more needs to be done to promote the culture of enterprise in rural KZN. Apart from difficulties in accessing finance, rural SMMEs in KZN also face barriers such as poor or insufficient entrepreneurial knowledge, as well as a lack of marketing skills and competencies in enterprise management.

Education and training

It is recommended that government strengthen the human resource base of SMMEs by ensuring strategic co-ordination in policy development and programme delivery in the rural areas, particularly in KZN, as well as re-visit the current variety of government programmes and services designed to improve knowledge and skills in the rural areas, especially those

relating to marketing. By breaking down the different levels and components of government education and training into a programme of action, the effectiveness and efficiency of development programmes in rural communities can be ensured, and needless policy duplication and inconsistencies eliminated through increased co-operation and co-ordination.

Further recommendations include that of government establishing a steering agency responsible for championing and co-ordinating a skills agenda for rural training and skills building capacity. This would include formulating policies on financing technology and promotion of knowledge and skills, especially in the field of marketing.

Finance and technology

Government needs to form a development fund in rural areas, to be supervised by all stakeholders, including community leaders. Tax concessions on imported manufacturing machinery could lead to the use of appropriate technology or machinery that could improve the quality of goods that small entrepreneurs can produce in their areas. Such funding support would make it feasible for SMME owners/managers to devote more expenditure on marketing. Such expenditure could be on hiring a marketing or selling specialist, use of marketing consultants or agents, or provision of training in marketing and selling.

CONCLUSION

Though understanding of marketing is not a major problem among the SMMEs, it is not fully utilized by the business owners/managers, with only a few making use of marketing strategies such as national advertising, brochures and personal selling. The lack of marketing, therefore, may be linked to the lack of marketing specialisation, expertise and training. While it was established that marketing is done mostly by individual owners/managers, it was found that a few corporate SMMEs in rural KZN also use marketing in their business. Therefore, the lack of marketing use by rural SMMEs in KZN might be linked to a lack of cooperation among SMMEs, as co-operation could counteract the lack of resources that may be used for marketing activities.

Aspects or tools of marketing that are mostly used by SMMEs in rural KZN were shown to be local advertising, brochures, special offers and personal selling. Most of the businesses in rural KZN are solely owned and most sole owners seem not to have good marketing knowledge and experience. The lack of awareness of knowledge about marketing strategies and marketing activities by SMMEs in rural KZN manifests in their limited use of marketing tools and can be attributed to the deficiency of formal training regarding marketing. SMMEs are positive about the importance of marketing in their business, with SMME owners/managers who have been in business for one to two years feeling that promotional activities were effective in creating business awareness and that marketing created customer loyalty, more referrals and more sales. They also were of the opinion that marketing was the source of information for their business.

RECOMMENDATIONS FOR FURTHER RESEARCH

This study set out to establish a basis for knowledge and professionalism within the SMMEs in the rural KZN area. Further studies on the benefits of proper marketing strategies in the rural areas should be encouraged as this has the potential of increasing profits and ensuring the long-term sustainability of SMMEs. Based on the findings of this study, further research could include similar studies in other rural areas of South Africa to assess if these findings are typical of all rural areas. In depth qualitative research would help to better understand the nature of the marketing problems experienced by SMME and their attitudes to marketing and the expenditure of funds on marketing activities. A study into the attitudes towards, and

knowledge of, marketing by the various government and NGO funding and support agencies would be helpful with regard to identifying ways to improve SMME marketing activities.

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