



## Exploration into the Rise of Mobile Penetration in a Developing E-commerce Market and its Impact on a South African Company

Shaheema Albertyn-Burton<sup>1</sup>, Christo Scheepers<sup>2</sup>

<sup>1,2</sup>ir@mancosa.co.za

Mancosa Graduate School of Business,  
16 Samora Machel St, Durban, 4001, SOUTH AFRICA

### Abstract

Mobile penetration and purchasing has proven to be a growing trend in South Africa and one that is fast becoming the most popular and preferred method of accessing and browsing the internet, and making online purchases. This study aimed to identify the depth of mobile penetration in South Africa and more specifically, to a particular online company in South Africa. Company X took the country by storm and grew exponentially within six years. While the growth was welcomed and conventional shopping challenged with the advent of an online store, the company lacked statistical knowledge to guide its growth and no conclusive research was available to assist with its strategy review. This rendered the study necessary as competitors were emerging and the Company X needed to maintain its position in the market. Results from the study show some consumers are still uncomfortable and have security issues with purchasing online. While consumers understand the basic requirements for purchasing online, some are unsure when it comes to recent technological advances including applications and mobile websites, but become less fastidious when it comes to touching a product before making a purchase. The study documented areas for improvement to the Company X's marketing plan by enhancing its social media strategy. Social media engagement proved to be of great significance in building brand rapport and increasing mobile penetration and purchasing. The main drivers for mobile penetration and purchasing were recognised which include convenience and ease of access to the brand. The study provided valuable information and data for the management team of the company to review, and will greatly serve in assisting with the enhancement of its new mobile marketing strategy.

**Key words:** online purchasing; social media strategies; mobile penetration.

## 1. INTRODUCTION

The South African company is an e-Commerce concern which sells local and travel experiences, as well as products. This study will investigate how the rise of mobile penetration has impacted on online consumer spending in South Africa, with a special focus on this company. As an e-Commerce company, the sustainability and viability of the firm depends on consumer spending on its website and mobile platform. The concept of mobile purchasing is on the increase. As users start incorporating mobile purchasing to their online platforms, companies are seeing an increase in online purchases via mobile and Smartphones. Users are often using desktop purchasing and mobile purchasing as a means of attaining and securing their purchases. In some cases, users are utilising only mobile purchasing to complete their transactions; these users have little or no access to desktop Internet. As wireless connectivity grows, and everything becomes more readily available online, so too is the trust and willingness to complete online transactions escalating. While this expansion into mobile purchasing is great for consumers and businesses alike; it puts businesses in a challenging position. Businesses are left to evaluate their marketing strategies and decide how aggressive their campaigns need to be in order to maintain market share; and ultimately leverage on all opportunities. University Alliance (2016) stated that while mobile usage continues to grow, business owners and marketing managers need to heed this technological growth and respond with innovative and smart marketing strategies that include mobile marketing and website campaigns. With reworking company marketing strategies, the onus is on the decision-maker to understand the process and its impact in its entirety. Companies essentially need to re-brand themselves and clearly understand the perception and image they want to convey. Companies need to make it clear that their mobile sites offer something different, fresh and new compared to traditional websites (University Alliance, 2016). In addition, decision-makers need to understand the impact of the growth in mobile penetration on the online environment of Company X. In a rapidly growing e-Commerce market, the Company X needs to find ways to stay relevant, and ensure the new strategies it puts in place gain the best reach for the resources utilised. Companies should learn from “previous flawed business models” before undertaking a new online strategy (Phillips, 2011:157). University Alliance (2016) advises that it would be good to keep track of progress and reliable data about successful strategies so the data can continue to support company goals. Company resources also need to be taken into account. A decision will need to be made on how much of the current company resources are geared towards supporting the new mobile strategy; how much will need to be changed; and what the cost will be to incorporate these changes. In an ever-changing marketplace, where online purchasing is becoming the norm; it is hugely beneficial for a company such as the one in this research to have a sound and solid mobile marketing strategy in place. Phillips (2011:157) anticipates that once consumers become comfortable with the security and privacy issues of online purchases, e-Commerce will be far stronger than offline purchases. It becomes important for such research to take place:

- To understand the reason for growth in this sector and how it affects Company X;
- For Company X to recognise what the next step for the company should be in terms of its mobile strategy;
- To ensure Company X is using its resources to best advantage;
- To ensure any further marketing and promotion is geared towards mobile penetration; and
- To ensure all this is obtained with ease and without extra spending on resources.

This research will afford the company with information and insights specific to the industry and take a personal view of their strategy and suggest the necessary changes which need to be implemented. It will further provide Company X with

an in-depth understanding of why this change needs to happen and how it will impact and influence on the company's strategy and budget.

## **1.2 The Problem Statement**

This research study encompasses the rise of mobile purchasing in a developing e-Commerce market and its impact on Company X. Having been in the market for six years, trends and changes are constant. Starting off as a traditional online business where most of its consumers were engaging via desktop, the growth of mobile usage and advancements in technology, especially the advent of smartphones, has a significant impact on the company. Company X needs to understand the overall methods of access consumers have to their product, the website, and how best to tailor their product to reach consumers. Understanding all of the above and implementing the necessary changes to current marketing strategies will have a positive effect on the company. It will position the company at the fore of changing trends in the South African market and effectively increase market share as it works towards reaching customers in the most effective and efficient ways on both desktop and mobile. As there is no solid marketing strategy in place, it becomes necessary for such a study to be conducted. At present, international marketing strategies are being followed which may not be adequate for a South African market. In addition to the above, Company X will need to be determine what changes should be made to current campaigns to reach a South African audience effectively. Upon gaining this knowledge and understanding, Company X will understand the market better, understand what is expected from the consumer market, and how these will affect the overall strategy, resources and profits of the company.

## **1.3 Aim of the Study**

This study aims to recognise the depth of mobile penetration and purchasing in South Africa and its impact on Company X's marketing strategy. The study also aims to provide information and recommendations to the company on how the impact affects the company and how to improve their marketing strategy to leverage the best outcome of the change.

## **1.4 Objectives of the Study**

There are five research objectives for this study set to investigate the following:

- To investigate the depth of mobile penetration and its impact on the customer's buying behaviour in the South African online market;
- To determine the key aspects and essentials to making an online purchase through mobile;
- To investigate the factors and elements which hinder purchases through online platforms;
- To compare the resources Company X has at its disposal against the requirements to target the mobile market successfully; and
- To provide recommendations as to how Company X can improve its mobile purchasing offering.

## **1.5 Research Questions**

In line with the above objectives, the following questions have been derived:

- What is the depth of mobile penetration and its impact on the customers' buying experience in the South African online market?
- What are the key aspects and essentials to making an online purchase through mobile?
- What factors and elements hinder purchases through online platforms?

- What resources does Company X have at its disposal and what requirements are necessary to target the mobile market successfully?
- What recommendations can be provided to improve Company X's mobile purchasing offering?

## **1.6 Significance of the Study**

An investigation into this topic is significant as mobile penetration and mobile purchasing is on the increase. This has an incremental impact for businesses operating in an e-Commerce sphere. Specific to this company, this information will be informative in that it will afford Company X greater insight into how mobile penetration affects its business and what changes need to be made to accommodate the new development. The study will highlight growth opportunities to Company X which include new markets available to the company. With improved accessibility to customers, there are various avenues open to Company X which need to be examined and explored. The study will also be important for all employees at the company. It will give them insight into the changes that have occurred in the market and provide them with crucial information they can use in their daily work to accommodate growth in mobile market penetration. The study will be especially important for managers and how they conduct their individual departments. This knowledge could assist them in changing processes or making changes in their team to ensure that they are leveraging all possibilities the increase in mobile penetration brings to the market. This study will also be beneficial for academic students who would like to understand how the rise in mobile penetration has impacted on a South African company. While the growth in mobile purchasing is extensive internationally, the influence is vastly different in a South African context. This study will highlight the depth of mobile penetration and its impact on South African customers. Furthermore, it will highlight how the growth in mobile market penetration has impacted on online purchasing in South Africa. The findings will be academically important as it will highlight key information on changes in a South African online market, which can be valuable to students. The study will also be valuable for other online companies and mobile and software developers. It will provide concrete data on how their products have changed the global online sphere. Their products have moved from a conventional communication piece to a dynamic information and communication tool that opens various avenues to the user. Understanding how the market has changed and how perceptions of their products have evolved will assist them with future developments once they understand the full impact of their creations. The study will give insight into online purchasing behaviour and how the impact of their products have affected the global online sphere.

## **2. LITERATURE REVIEW**

Company X is an international e-Commerce company with 44 branches around the world. The company has three main spheres: Local, Goods and Getaways.

### **2.1 Terms and Definitions**

#### **2.1.1 Mobile Device**

A mobile is device used to communicate wirelessly with others over a wireless network. This can be done with the use of apps, also known as applications or purely via different websites. Hasen (2012:7) describes the use of mobile from as early as the 21<sup>st</sup> Century when the device was seen as a mini-computer or entertainment option, and not recognised as a communication tool. A mobile phone offers a host of services to the consumer. Users are able to do a multitude of

operations on it from making phone calls, texting friends and family, searching for information to making purchases. In a study by Pew Research Center (2011), it reported:

- 51 percent of adults used their phone to get information;
- 27 percent said they were unable to do something because they did not have their mobiles; and
- 42 percent used their phone for entertainment purposes.

Mobiles have become the most popular device among adults says Pew Research Center (2011), and also a consumer's most personal and treasured valuable.

### **2.1.2 Smartphone**

Rouse (2016) describes a smartphone as a cellular device with computer capabilities and software programs that include web browsing and map navigation. PC Mag (2016) defines a Smartphone as a phone that is able to do everything a computer does. Customers can now find products easily, pull up the same product from different retailers and compare prices, get news of different products and services, create shopping lists, and check availability of products (Tennyson, 2016).

### **2.1.3 Mobile Penetration**

Today, mobile consumers can engage with marketers in various ways, for example, text, email, SMS, apps, and websites to name a few (Mayar and Ramsey, 2011:180). Mayar and Ramsey (2011:179) stated that the value of mobiles should not be discounted as a driver for satisfaction and loyalty. This is how the use of mobiles evolved over time allowing shoppers the freedom to shop from wherever they may be located (Alpert, 2012:1).Imagi-Social (2016) announced South Africa as host to one of the largest telecommunication markets on the African continent. Mahlaka (2014) stated that the South African e-Commerce industry had gained traction and in 2013 was expected to make a contribution to South Africa's Gross Domestic Product (GDP) totalling R4.2-billion. 92 percent of Internet users in South Africa own a Smartphone. According to Smith (2015), Generation X and Baby Boomers are the more common online shoppers. Generation X refers to shoppers 35 to 44 years of age; and Baby Boomers are over 55 years of age. In a study, Hasen (2012) states Smartphones have reached only 17 percent penetration, with Generation Y, ages 18 to 24 years, choosing the most sophisticated devices one in every four purchases, which is followed closely by Generation X which fall between the ages of 25 to 44 with 24 percent.

### **2.1.4 Mobile Purchasing**

A mobile purchase is an online purchase done via a mobile phone. Mobile Marketing Association (2010) defines mobile purchasing as shopping via the Internet enabled by a mobile device that is fast becoming a new retail channel and way of purchasing. To put mobile purchasing into the current context, it must be noted that while consumers use a mobile to research a product and compare products, the actual sale often does not happen on the mobile. Research shows that consumers are very comfortable with pre-purchase activities, but once a purchase is necessary, consumers move to another platform to complete the purchase (MMA, 2010). More research is necessary to understand why some consumers are not comfortable with completing purchases on mobile.

### **2.1.5 Market**

A market is a place where businesses operate and conduct transactions. A market is the sum total of sellers and buyers in a common place. The place could refer to cities, regions or countries. A breakdown of different markets can be summarised by the following descriptions:

### **2.1.6 Developing Market**

South Africa as a country operates in various different world markets. As South Africa is seen as a follower, not a leader, in most markets, it operates in a developing market which follows leading trends. In 2015, the 26<sup>th</sup> International Union of Geodesy and Geophysics (IUGG) listed South Africa as one of the developing countries in the world (IUGG, 2015). While Engineering News (2010) described South Africa as one of the top developing country investors in Africa totaling an average of \$2.61-billion foreign direct investment (FDI) a year over the period 2006 to 2008.

### **2.1.7 Emerging Market**

An emerging market can be defined as a country where rapid growth and development is taking place in terms of low per capita incomes and immature capital markets than countries which are developed (NASDAQ, 2012). Southafrica, info (2016) describes South Africa as the one the most promising and vibrant emerging markets in the world for investment and commercial opportunities. The following are 10 reasons to do business with South Africa (Southafrica. info, 2016):

- Good economic policies;
- Sound legal and business environment;
- First-class infrastructure;
- Access to different markets;
- South Africa is the gateway to Africa;
- Trade and strategic alliances;
- Cost-effective doing business in South Africa;
- Easy to do business in South Africa;
- Cutting-edge technology; and
- Global competitiveness.

This suggests one of the many reasons that the holding company of Company X saw South Africa as a viable opportunity to do business.

### **2.1.8 Frontier Market**

A frontier market is a sub-division of an emerging market. NASDAQ (2012) describes a frontier market as one with under developed capital markets, little market liquidity and lower incomes.

### **2.1.9 Developed Market**

A developed market is a country that has developed capital markets, meaningful regulatory bodies, high liquidity, large market capitalisation, and high levels of per capita income (NASDAQ, 2012).

### **2.1.10 e-Commerce Market**

A brief definition of e-Commerce market refers to an electronic commercial market or an electronic retail or purchasing market. e-Commerce is purely electronic, digital commerce via a device or connection and does not include desktop or online purchases (Mobiforge, 2014). The benefits of operating in an e-Commerce market for consumers include the following:

- Convenience – easy access to information;
- Prices – the ability to compare between retailers; and
- Choice – the ability to compare products and benefits.

### **2.1.11 m-Commerce Market**

An m-Commerce market is where a consumers are able to perform a purchase electronically on a mobile device. It simply means mobile commercial market, or mobile retail or purchasing market. Mobiforge (2014) describes it as the buying and selling of goods and services through mobile/wireless devices and technologies. Although m-Commerce is a fast growing proportion of commerce, it still comprises a very small portion of the commerce market, says Mobiforge (2014). Ericsson in 2013 predicted that by 2017 Smartphone penetration is estimated to be over 60 percent. It is evident that the m-Commerce market is swiftly on its way to becoming the highest industry leader as current industry statistics suggest.

## **2.2 Key Aspects and Essentials to Making a Mobile Purchase**

The development of mobile technology has brought about the movement from e-Commerce to m-Commerce. This means more consumers are moving from purchasing from desktops to purchasing from their phones. “m-Commerce is the buying and selling of goods and services through wireless hand-held devices such as cellular telephones, PDAs and wireless computers” (Michael and Salter, 2006:79). The move is spurred on by the convenience of having a phone, which is easily accessible in terms of size and connectivity. According to Smith (2016), growth in m-Commerce will be driven by “improved technology platforms, enhanced User Interfaces (UIs) and smarter customer experience strategies”.

## **2.3 Demographic and Psychological Factors**

There are several factors which play a part in the eventuality of a completed online sales transaction. Baubonienė and Gulevičiūtė (2015) report the following factors:

- General attitude towards online shopping;
- Age;
- Cultural type;
- Price sensitivity;
- Loyalty to the brand;
- Product type;
- Perception of risk and trust;
- Level of education and income;
- Ease of use of the website or app;
- Availability of product information;

- Customer reviews and supplier recommendations; and
- Previous online shopping experience.

While all the above are important in the conclusion of an online transaction, there are more factors which have an impact. Before the operational requirements are discussed, Zhou, Dail and Zhang (2007) takes a technical view on the situation and breaks down psychological and demographical factors further by looking at it from a consumer or technology-oriented eye.

## **2.4 Consumer-Oriented View**

A consumer-oriented view takes into account the following characteristics of an online purchase:

- Consumers innate belief and understanding towards online shopping;
- Perspectives of consumer demographics including age category and ease of access to the internet;
- Cognitive and psychological characteristics and understanding of the online purchasing process;
- Perceptions of risks and benefits of making an online purchase and the impact of their lives;
- Shopping motivation focuses around the will to make an online purchase; and
- Shopping orientation deals with the consumer's ability to make a purchase.

## **2.5 Technology-Oriented View**

A technology-oriented view takes into account the following characteristics of an online purchase:

- Consumer's acceptance of the technical specifications of the online store;
- Website content and design;
- User interface (UI) features; and
- System usability.

The operational requirements for a consumer to make a mobile purchase is a working Internet connection and an electronic device from which to make the purchase. This could be a laptop, tablet or a Smartphone. By installing an app to a Smartphone, the user is given access to a host of commercial services. Arpaci, Yardimci, Özkan, and Türetken (2012) list the services to include mobile banking, investing, auctions and shopping. A mobile site is a direct replica of the online site, which can be viewed from your mobile phone. Usually, mobile sites are not user-friendly and do not offer the same user capability that an app does. Most well-known and established online retailers today have apps for their online stores which offer customers ease of use, accessibility and a cleaner user interface. This intervention has seen a major shift in the conventional way of doing shopping. Initially, purchasing was a one-on-one experience with a store. However, online stores have thrown down all barriers and allow consumers access to a vast array of stores and products. This then reduces the importance of store location (Phillips, 2011:152).

### **2.5.1 Device Preference**

Research has shown that some consumers are not comfortable with making purchases online and often after browsing, move to another device to complete the purchase (Effective Measure, 2016).59 percent of consumers show preference to desktops/laptops. This signifies that while purchasers are comfortable with browsing via their mobile phones, a large percentage are still not comfortable with purchasing online or completing the transaction on their mobile phones. This



study aims to delve into the reasons why consumers feel this way and what hinders them from taking this step in technology advancement as well as retail shopping developments.

### **2.5.2 Purchasing Path**

According to Shankar (2011) there is a path consumer's follow to making an online purchase. The process starts from being motivated either by a need or a want to make a purchase. It then follows on through to searching for or about the product, then evaluating the information to make a category or brand decision. Shankar (2011) suggests that after consumers have selected a store of choice and made a purchase, another evaluation takes place on the satisfaction/dissatisfaction of their purchase. Dahlström and Edelman (2013) indicate the way in which consumers are interacting with marketing material, and the way they make purchases has changed. This has led to marketers needing to tailor their offerings to capture consumers and offer the ability to satisfy their needs in real time (Dahlström and Edelman, 2013). Purchasers need instant access to product and retailer information, thus the traditional ways of purchasing have become obsolete, and shortening the shopping cycle. The purchasing process now involves only the following steps:

- Awareness of the brand;
- Searching and evaluation between different brands and offerings; and
- Choice – choosing between the brands, categories and different stores.

### **2.6 Factors Which Hinder Purchases through Online Platforms**

A key factor to access online platforms is Internet connectivity. 80.2 percent of South Africans access the Internet via their mobile phones, while 19.8 percent access via traditional methods of access. Traditional methods include Asymmetric Digital Subscriber Line (ADSL) or Wireless Internet Connections (Wi-Fi) from laptop, desktop or tablet. Apart from Internet connectivity being the main requirement, there are other equally important factors which play a key role in online purchasing. According to Uzun and Poturak (2014:164-165) these include satisfaction, both of the product and the service; trust and online risk: security, credit card fraud, non-delivery of the product; and loyalty between the brand and customer. Smith (2016:9) states the latest trend is to delight customers. Therefore, the user experience has become increasingly important in online purchasing and marketing. With the advancements in technology, mobile purchasing was expected to take off rapidly and show substantial growth, however, adoption has been fairly slow (Khalifa and Shen, 2008). While the ownership of Smartphones has grown over the last few years, a mobile commerce market is still proving difficult to achieve (Herndon, 2013). There are a number of reasons mobile purchasing penetration has not been successfully achieved. Fong and Wong's 2015 research model indicates a number of factors that may influence the intention to use e-commerce services. They singled out four factors which have a significant impact on purchase intention, these include the user's attitude towards e-commerce services; the pressure or subjective norm they experience from peers to use e-commerce services; the perceived ease of use; and the localisation of e-commerce services. This study aims to delve further into those reasons and identify additional key factors which hinder online purchasing, as well as provide ways in which this could be overcome in order for Company X South Africa to be successful in its mobile marketing strategy.

### **2.7 Company Resources vs the Requirements to Target the Mobile Market Successfully**

There needs to be an understanding of what is driving online purchasing. Kraemer, Dedrick, Melville and Zhu (2006:153) list the following as drivers for e-Commerce:

- Customers demand it
- Major competitors are online
- Suppliers require it
- Reduce costs
- Expand market and product or service
- Enter new business or markets
- Improve coordination with customers and suppliers
- Requirement by government procurement
- Government provide incentives

According to Effective Measure and IAB South Africa (2014:3) approximately a third of the population, 69.7 percent, has made a purchase via mobile while 30.3 percent are still following traditional methods of purchasing. Michael and Salter (2006:36) report three goals marketing should strive to achieve in order to be successful, they include:

- Aiming to generate new clients in new markets;
- Generating more business from existing clients; and
- Improving the gross profit margin of the business.

It is important to mention that mobile marketing is not a replacement to traditional marketing (Mayar and Ramsey, 2011:44). Instead, mobile marketing should be used to alert consumers about magnetic content, or to assist in tracking, measuring and enhancing other media (Mayar and Ramsey, 2011:190). Magnetic content is described as the practice of applying content created to attract consumers across all digital systems to leverage from the benefits of each channel (Mayar and Ramsey, 2011:188). Michael and Salter (2006:130) stated the requirements to achieve this include:

- Carrying out concept research, programme naming, programme scheduling and routing;
- Developing web activities;
- Deciding on the preliminary design;
- Making a detailed budget analysis;
- Developing a plan for each support element or channel (advertising, public relations, promotions, etc.); and
- Carrying out preliminary testing or prototyping of the campaign.

Other key information include: Deciding on the target market; the frequency of the mobile content campaign; providing the option to opt in or opt out; and ensuring the content is clear, concise and communicating the exact response you would like from the customer (Michael and Salter, 2006:36-131).

## **2.8 Looking at Company X South Africa Resources**

Company X South Africa operates as a subsidiary of a successful international company. With its presence in South Africa, they opened their doors to an entirely different market, one that is diverse in culture, open to technology, and at the same time, very price sensitive. Faced with continual economic uncertainty, it is no surprise that the profile of a South African consumer is the way it is. Nielsen Shopper Trends Report (2012) adds that more than two-thirds of South African consumers are cautious, price sensitive grocery shoppers, who are quick to notice general fluctuations in price. Taking this into account, the business model of Company X South Africa makes absolute sense. Offering customers unrivalled discounted prices on food, travel, goods and occasionally fast-moving consumer goods (FMCG), the company

marketed right into the need to obtain the same products, but at a lower cost. Generally, Company X South Africa markets itself through daily mailers which reach thousands of inboxes. Packed with discounts, this marketing channel is effective in reaching the numbers, and productive in that it can direct customers to the online store by the click of a button. Following this traditional method of marketing and evolving its marketing strategy from a daily deals site, to an online marketplace as espoused by the Company X CEOs, the company started pushing its 'Check Company First' campaign. The campaign encourages consumers to organically connect with the website. This means customers would go to the website directly and start shopping this way. Achieving this would mean that customers were not reliant on the mailers and that their thought-process with connecting with the website has changed, ultimately transforming the landscape in which Company X does business. Evidently, this would include Company X in the retail online commerce industry along with other upcoming online retail websites. Further to this, Company X also undertook to grow its own online community on the social media front to increase its customer acquisition. This included setting up a Facebook page, blog, Twitter and Instagram account. Odden (2012) asserts the way we view content is very important and should be seen as an engagement opportunity with customers to start, maintain and enhance customer relations. **Facebook:** Company X has its own Facebook page with a set of dedicated followers. The content is varied and created to reach the consumer on a human level, not as a business. As Odden (2012) suggests, it should be used as a tool to build a relationship with the consumer and a strategy is set to achieve this. However, interaction over Facebook does not come without its own set of challenges. Marketers are moving away from the traditional way of communicating with its customers through mass communication. Now consumers are coming to the retailer to engage with the brand, and looking to make a purchase – which leaves the company with the task of being enticing enough that consumers come to the brand organically to interact with it (Harris and Dennis, 2011).

**Instagram:** Instagram is an instant picture upload application which instantly shares with your friend list. This medium is used to engage with additional consumers over social media and to tap into the market it offered. The strategy for Instagram was purely conversational and provides a window into the backend of Company X South Africa.

**Twitter:** Company X South Africa tapped into the Twitter market too. Although not used very often, it gives followers the opportunity to engage with the company as well as keep updated with the daily occurrences and news.

## **2.9 Mobile Landscape Resources**

In South Africa, access to technology is easily possible, provided you have the money to buy a device that has the required applications or programs on it, as well as the data to support the connection or interaction.

**Mobile Marketing:** Mobile marketing is the interaction between the company and the customer enabled through a technology device, a mobile phone (Baik, Venkatesan and Farris, 2014). Mobile marketing opens up a host of ways in which to reach, acquire and ensure the consumer's interaction in converted into a sale.

**Customer Acquisition:** Customer acquisition is increasingly important in a marketing arena and used as a measure to assess marketing strategy and success. Customer acquisition is a key component to evaluating whether the market is targeted correctly and that the current marketing plan in place is one that is working for the company and aims to increase company and brand awareness.

**Improving the Mobile Purchasing Offering:** The research will look into what areas the company spends its budget on and what would be best suited going forward; taking into consideration the outcome of this study and the guides provided

to achieve success in the growing trend of mobile penetration. Company X's current market strategy is completely reliant on its best practice for email marketing.

**Segmentation:** Markets are segmented according to their location, relevancy, interests and how they use Company X. This needs to be relevant to the consumer in its entirety to ensure it is successful.

**Smart Design:** Design plays a key role in interacting with the consumer. Customers need to be reached in ways they find attractive and with material that speak to their needs and wants. Key branding is also imperative to ensure brand awareness and synchronicity are achieved.

**Variation:** Company X's middle name is variety, not only when it comes to its marketing strategy, but to its product offering as well. The brand is very clear and customers can easily distinguish between the different spheres in which the company operates.

**Relevance:** The daily emails need to be relevant to what the consumer needs. Packed with an array of different offerings specifically designed each day, the newsletter is sure to have a deal that speaks to every kind of personality and need.

**Flexibility:** Flexibility is key to ensuring a company stays on trend. When the market changes, so does the company. Company X's legacy and strategy is to think out-of-the-box, to be creative and to inject vibrancy and energy into all its deals. As mobile purchasing is on the increase, it is important for all businesses to ensure their mobile marketing strategy is effective. This is imperative to guarantee optimal results are achieved in a growing and rapid marketplace.

### **3. RESEARCH METHODOLOGY**

Saunders, Lewis and Thornhill (2012:5) refer to research as an action one does to test relationships in a systematic way, ultimately contributing to their knowledge on the subject. Collis and Hussey (2013) cite research design and methodology as a necessity to investigating a problem and finding suitable solutions through a research study. It defines the whole research process from collection to analysis of the data. For this study, applied research was used. This is the best suited research design for this project as it takes into consideration the actual situation and provides stimulus for further testing. Ahmadi (2016) states applied research assists in finding solutions to a commercial problem and supports decision-making. Applied research tests the empirical content of theory and collects information on the consumer, markets and other competitors, which is what Company X requires at this stage. It is considered the problem-definition, problem-solving type of research (Ahmadi, 2016). As the relationships between various variables are being tested, the best approach is to collect, measure and analyse the data would be through the use of a questionnaire to gather the statistical data. The survey findings assisted in producing the required data and decision-making criteria for the company and offered a solution on how best to allocate Company X's marketing budget and mobile strategy. Through the use of a questionnaire, this research design aided in testing the relationship between online users and their mobile phone usage, delivering essential statistical data to be analysed. The data was collected through a self-administered questionnaire (SAQ). Wegner (2009) states that data is the raw material of statistical analysis. This means that the data will provide the grounds from which conclusions can be drawn. There are two types of data, qualitative data and quantitative data which can be measured on a continuous or a categorical scale

#### **3.1 Research Strategy**

As this is a quantitative study, the focus will be on this form of data. Both internal and external data sources will be used for the findings of this research. Internal and external data are broken up into primary and secondary data. Primary data is

captured at the point where it is generated (Wegner, 2009:26) and can be described in three methods: observation, survey, and experimentation. Secondary data is data that is already available, easier to access and comes at a lower cost (Educator Emeritus, 2014). Both primary and secondary methods will be used. For primary data, a questionnaire will be conducted with both internal and external participants of Company X. The 5-point Likert rating scale was used to measure the level of agreement and disagreement a participant has with a statement (Wegner, 2009:22). Each of the 208 participants that formed part of the total email distribution received an email with the request to participate.

### **3.2 Research Philosophy**

According to Saunders et al (2012), research philosophy is defined in two paradigms: positivist research and phenomenological research. Positivist research generally follows a quantitative study, while phenomenological is synonymous with qualitative studies. The paradigms define a general sequence the study would follow. This study used a positivist approach as the process allows for statistical analysis and the findings are considered objective and able to be replicated for future studies. To proceed with the study, permission was required from the Company X South Africa CEOs. The data was collected by responses from employees and customers in South Africa.

### **3.3 Target Population**

The population comprised Company X customers and employees providing an internal and external response outlook. The overall Company X population comprises over 1.5 million subscribers to its website in South Africa. As it is impossible to reach everyone, a sample of the population was chosen to administer the research study and gather data from.

### **3.4 Sampling Strategy**

A sample is a sub-group of a larger population (Saunders et al, 2012:211) and there are two types of sampling: probability sampling and non-probability sampling. For this study, simple random probability sampling was used as it provided all members of the population with an equal chance of being randomly selected and the likelihood to present similar responses to those of the greater population (Wegner, 2009:215).

### **3.5 Sample Size**

A total of 208 participants were emailed and the questionnaire received a total of 102 responses, 51 Company X customers and 51 Company X employees representing 50 percent for each category. The sample size for this study was 106 participants. The final sample comprised internal and external contributors; 52 employees within Company X who have the understanding of mobile penetration and its importance, and 54 customers, who may be utilising mobile purchasing, but not fully aware of its importance or scope. All participants were between the ages of 22 to 65 years.

### **3.6 Data Analysis**

Data is the lifeblood of statistical analysis and should be relevant and in the correct format to address the research problem (Wegner, 2009:33). This research documents categorical and numerical data upon the findings. Tables were used to summarise the data collected and graphs, pie-charts and histograms for visual statistical analysis.

### **3.7 Pilot Study**

A pilot study is a small-scaled study of the actual research problem to assess whether all the necessary questions and steps provide the intended outcome (Payne, 2016). A pilot study was conducted with 10 participants which formed part of

the 208 members in the sample as no changes were made to the questionnaire. Participants were given two days to complete the questionnaire and an additional day to come back with any comments and suggestions for the study. No comments and suggestions were made by participants which displayed they fully understood the questionnaire and there were no areas of uncertainty (De Vos, Strydom, Fouché and Delpont, 2011:211). The pilot study was tested with the same Google Form used for the actual study. The results were favourable and in line with the objectives which rendered the pilot study successful and the actual research study could commence.

### **3.8 Data Reliability**

Data reliability testing was carried out at the data collection stage. Testing reliability involves assessing whether the findings yield consistent results (Easterby-Smith, Thorpe and Jackson 2008:109). Wiid and Diggines (2009:6-7) describe reliability as achieving the same results when the same research is conducted by different researchers. Responses from the pilot study were analysed to measure consistency in the respondent's answers to the research objectives and how the answers relate to the research questions. Respondents were briefed on the questionnaire which explained the reason for the survey, the requirements and expectations of respondents. Subject reliability was eliminated by giving respondents the opportunity to make comments and suggestions should anything be unclear. No responses were received which rendered the study reliable with no areas of uncertainty. It is important for research to be reliable as important decisions will be made with the findings which could have great impact on the company or situation at hand. It is imperative for consistent findings to be achieved, even though there is always a degree of uncertainty. Through reliable research, the degree of uncertainty is significantly reduced (Wiid and Diggines, 2009:6). Ensuring an effective reliability study is completed in all aspects of the research study warrants the findings to be considered credible for inferences to be made.

### **3.9 Limitations to the Study**

There were no known limitations to the study apart from the response rate. The study targeted a total of 208 respondents, but 102 replies were received. Irrespective, a reflective sample of the population was successfully produced and the study conducted ethically and honestly. The study was effectively and efficiently completed with the relevant permission from the CEOs to conduct the analysis, as well as the permission of the participants to participate in the research study.

### **3.10 Control of Bias**

There are a number of aspects which could have an impact on the credibility of the study. Aaker, Kumar and Day (2007) list a number of reasons data is not deemed ethical or true and may need data editing. These include: omissions, ambiguity, inconsistencies, interviewer error, refusal to cooperate and ineligibility (Aaker et al, 2007: 432-436). For effective and reliable research to occur, effort needs to be made to eliminate negative influences which may be intended or unintended.

### **3.11 Ethical Considerations**

Saunders et al (2012:160) states there are a range of ethical considerations which need to be addressed before conducting a study. Below is a listing of ethical considerations this study adhered to.

**Ensuring participants have given informed consent to participate in study:** It is necessary for a participant to give informed consent before partaking in a research study. (Saunders *et al.*, 2012:190). Participants were made aware before participating and advised participation was voluntary with the right to withdraw at any time. (Saunders *et al.*, 2012:191).

**Informing participants on research origination and purpose:** Participants were informed by email of the purpose of the research, the reason for the study along with details of the researcher's name and contact information.

**Time invested in research study:** Participants were made aware upfront that their contribution was voluntary and that it would take approximately 10-15 minutes to complete.

**Beneficial gains of participation:** Participants were not remunerated in any way for their participation in this study.

**Ensuring no harm comes to participants:** It is important to conduct any research study with ethics and integrity. Participants were not coerced to participate and could deny participation at any given time and all information was kept confidential. (Gajjar, 2013:12).

**Ensuring confidentiality and anonymity to the research study:** Participants should understand how the information from the study will be used and how it will impact on their confidentiality and anonymity if necessary (Gajjar, 2012:13). In this study, participants' identities remain confidential and were not disclosed. Email addresses were deleted from the online archive and safely stored away in a safe. Anonymity was ensured through an online research instrument where no physical interaction between the respondent and the researcher was possible.

**Ensuring that permission is obtained:** Permission needs to be obtained before the research can proceed (Saunders et al, 2012:185). For this study, permission has been granted by the CEOs of Company X South Africa. They gave formal consent, to conduct the study on the company.

## **4. RESULTS**

208 questionnaires were distributed with an expected 50 percent return rate to formulate the main study sample. Of the 208 questionnaires distributed, 51% were returned and submitted for participation. The response rate was sufficient and met the required standards.

### **4.1 Demographic Distribution of the Sample**

One respondent (0.9%) fell in the category under 21 years of age; 79 respondents in the 22-34 year age bracket (74.5%); 22 respondents in the 35-54 year age bracket (20.8%); and four respondents in the 55-65 year age bracket (3.8%). These statistics are indicative of the Company X's target market aged between 22 and 65 depicting 95.3% of the sample – a good indication that the sample is reflective of the overall population. 32 males formed part of the sample comprising 31.1 percent and 71 females equating to 68.9 percent. Based on previous company knowledge, the female customer base is greater in comparison to males and the study results here indicate the same (n = 106). 54 (50.5%) Company X employees out of the 108 contacted participated in the survey, while 52 (49.5%) Company X customers took part in the study of the 100 contacted (n = 106).

### **4.2 Purchasing Behaviour**

106 participants in this study; 101 (95.3%) said Yes to having purchased online using a laptop or desktop and 5 (4.7%) said No (n = 106). These figures show the majority of the sample have purchased online before – those who answered 'Yes'. 78 (73.6%) participants saying Yes to purchasing online via a mobile phone, while 28 (26.4%) said No (n=106). The majority of participants are familiar with online purchasing and use their mobile phones to satisfy a host of functions. 66 respondents (62.3%) of the 106 participants preferred using a desktop or laptop to access the internet, while 40 respondents (37.7%) felt more comfortable using their mobile phones (n = 106). 55 respondents (51.9%) use their

mobile phones to access the internet most, 16 (15.1%) use their own laptop, 21 (19.8%) use a work laptop, 11 (10.4%) use a desktop at work, and 3 (208%) use a desktop at home (n = 106). 27 respondents (25.5%) use the internet for one hour per day, 57 (53.8%) use the internet more than one hour per day, 17 (16%) use it for more than five hours per day, and 5 (4.7%) use the internet for more than seven hours per day (n = 106). 93 (87.7%) are decision-makers when purchasing online and 13 (12.3%) are joint decision makers when making an online purchase (n = 106). This test was undertaken so Company X can better understand the positioning of their target market and any hindrances which affect their purchasing ability. 64 respondents (60.4%) when browsing the internet via mobile, prefer to complete the purchase on mobile as well, whereas 42 (39.6%) will browse online stores on their mobile phones, but move to a desktop or laptop to make the purchase (n = 106). These factors allude to the notion that consumers are not comfortable and don't feel secure when purchasing via their mobile phones (MMA, 2010). 12 (11.3%) take part in online purchasing once a week, 4 (3.8%) make an online purchase twice a week, 3 (2.8%) purchase more than two times a week, 35 (33%) purchase once a month, 22 (20.8%) purchase twice a month, and 30 (28.3%) purchase once in every three months (n = 106). These results show that although the time spent online is increasing, respondents are not necessarily spending that time buying online. Company X would need to enhance its marketing activity to positively change future frequency tests. 57 (54.8%) visit the website every day, 35 (33.7%) visit the website twice a week, and 12 (11.5%) visit the website more than two times a week. More than 50% of respondents visit Company X's website daily which depicts positive interaction with the company. 61 (57.5%) go directly to Company X's website, 11 (10.4%) access the website via Google, 1 (0.9%) accesses via display ads, 10 (9.4%) access via the app, and 23 (21.7%) access via their email newsletter (n = 106). With a lifespan of over 6 years, the company shows positive brand awareness over its consumers with the majority going directly to the website to make purchases, and not needing to be reminded of the brand. 16 participants (15.2%) use Company X's website because it is convenient, 24 (22.9%) use the website for their good pricing, 10 (9.5%) use it to discover new experiences, and 55 (52.4%) use the website to take advantage of good offerings and deals. One respondent failed to answer the question (n = 106). 27 (25.5%) strongly agree that purchasing via mobile phones is safe, 33 (31.1%) agree, 34 (32.1%) don't know if it is safe, 9 (8.5%) feel that it is not safe and disagree, while 3 (2.8%) strongly disagree (n = 106). 39.6 percent of respondents divert back to laptop/desktop to complete an online purchase depicting insecurity in mobile purchasing, this test shows a 53.6 percent either strongly agree or agree that purchasing via mobile is safe. Either way, the impact on Company X is positive as long as a sale is completed. This also depicts that while consumers prefer to move back to a laptop/desktop, they do not necessarily believe mobile purchasing is unsafe. 22 (20.8%) strongly agree that the convenience of having purchasing via a mobile phone makes them want to buy more, 32 (30.2%) agree, 26 (24.5%) don't know, 18 (17%) disagree, and 8 (7.5%) disagree (n = 106). Results reflect 51 percent of respondents believe the convenience of online purchasing makes them buy more. This positively impacts Company X and the company should find more ways of reminding the consumer of this convenience. 16 (15.1%) strongly agree marketing and display ads have an effect on their purchasing behaviour, 26 (24.5%) agree, 35 (33%) don't know, 14 (13.2%) disagree, and 15 (14.2%) strongly disagree (n = 106). Although, only positively affecting 39.6% of consumers, marketing and display ads by Company X are a sure way of remaining relevant in the minds of consumers and should definitely be continued.

### **4.3 Requirements for Online Purchasing**

81 respondents (77.1%) strongly agree that they need internet, Wi-Fi or data to make a mobile purchase, 13 (12.4%) agree, 1 (1%) doesn't know, 5 (4.8%) disagree and 5 (4.8%) strongly disagree. The results show respondents have a good understanding of the requirements for online purchasing. There are no negative implications to Company X in this



instance. 37 (35.2%) strongly agreed they needed to do checks before purchasing online, 19 (18.1%) agree, 18 (17.1%) don't know, 20 (19%) disagree, and 11 (10.5%) strongly agree. Results show most respondents still have security issues when it comes to online purchases. This could negatively affect Company X unless they work to assure consumers that purchases via their app or mobile site are secure. Respondents responded to the need for having an understanding around online banking and its need for mobile purchasing; 26 (24.8%) strongly agree, 9 (8.6%) agree, 15 (14.3%) don't know, 27 (25.7%) disagree, and 28 (26.7% strongly disagree). One respondent failed to answer (n = 105). Results show a similar percentage for both strongly agree and strongly disagree providing the notion that the requirements are not entirely understood. This puts the onus on the company to increase knowledge around this to enhance its sales in future. 45 (42.9%) strongly agree that it is necessary to have a cheque or credit card to make online purchases, 19 (18.1%) agree, 16 (15.2%) don't know, 11 (10.5%) disagree, and 14 (13.3%) strongly disagree. One participant failed to answer the question (n = 105). 43 (41%) strongly agree about being confident in purchasing online, 33 (31.4%) agree, 21 (20%) don't know, 5 (4.8%) disagree, and 3 (2.9%) strongly disagree. One respondent failed to answer the question (n = 105).

#### **4.4 Factors which Hinder Online and Mobile Purchasing**

44 (41.9 %) strongly agree that one needs to have a Smartphone to make an online purchase, 24 (22.9%) agree, 15 (14.3%) don't know, 11 (10.5%) disagree, and 11 (10.5%) strongly disagree. One respondent failed to answer the question (n = 106). Results display the sample's knowledge around mobile purchasing. The majority are correct in their assumptions while more than 30 percent show uncertainty in this online purchasing requirement. 49 respondents (46.7%) strongly agree in conducting research before purchasing online, 33 (31.4%) agree, 12 (11.4%) don't know, 4 (3.8%) disagree, and 7 (6.7%) strongly disagree. One respondent failed to answer the question (n = 105). Results show consumers prefer researching a product before following through with a purchase. This denotes consumers are aiming to make informed purchases which in turn impacts the company positively by minimising returns and refunds on the product. Some respondents are sceptical of purchasing from a business they haven't heard of before; 57 (54.3%) strongly agree, 20 (19%) agree, 11 (10.5%) don't know, 12 (11.4%) disagree, and 5 (4.8%) strongly disagree. One respondent failed to answer the question (n = 105). This denotes the consumers' insecurity regarding online safety and shows most consumers still struggle with getting over this hurdle. This has a negative impact on the company as it evidently reduces sales thereby minimising gross profits. 7 (6.7%) strongly agree they only have internet access at work, 1 (1%) agree, 6 (5.7%) don't know, 25 (23.8%) disagree and 66 (62.9%) strongly agree. One respondent failed to answer the question (n = 105). Access to the internet at work only limits the time range within which Company X can make online sales as opposed to online connectivity throughout the whole day. This is unfortunately out of the company's control. Respondents who physically need to touch a product before making a purchase; 8 (7.6%) strongly agree, 13 (12.4%) agree, 36 (34.3%) don't know, 26 (24.8%) disagree, and 22 (21%) strongly disagree (n = 106). Results reflect consumers led by impulse to make the purchase and not requiring physical touch to make the decision. An unusual 34.3 percent of consumers are unsure which negatively impacts purchasing and follow-through to complete the purchase.

#### **4.5 Successful Marketing**

27 respondents (25.7%) strongly agree good marketing and advertising has an effect on their mobile purchasing, 38 (36.2%) agree, 23 (21.9%) don't know, 8 (7.6%) disagree, and 9 (8.6%) strongly disagree (n = 106). 26 respondents (24.8%) strongly agree that good social media has an effect on their support of a brand, 39 (37.1%) agree, 21 (20%) don't know, 12 (11.4%) disagree, and 7 (6.7%) strongly disagree. One respondent failed to answer the question (n = 105). 30 respondents (28.6%) saying they strongly agree that regular advertising and social media helps them enjoy a brand; 53

(50.5%) agree, 17 (16.2%) don't know, 2 (1.9%) disagree, and 3 (2.9%) strongly disagree. One respondent failed to answer the question (n = 106). 79.1 percent commented that advertising and social media builds a good relationship between the company and the consumer. This is something Company X should continually aim for to remain abreast of competitors.

#### **4.6 Marketing Improvements**

Social media and its importance to the respondent when making a mobile purchase; 38 (36.5%) strongly agree it has an effect on their purchasing behaviour, 45 (43.3%) agree, 14 (13.5%) don't know, 4 (3.8%) disagree, and 3 (2.9%) strongly disagree. Two respondent's failed to answer the question (n = 106). The importance of good advertising, marketing and social media and its effect on purchasing; 50 (48.1%) strongly agree it has an effect on their purchasing behaviour, 44 (42.3%) agree, 8 (7.7%) don't know, and 2 (1.9%) strongly disagree. No respondents disagree and two respondents failed to answer the question (n = 106). The importance of building a good and reputable brand and its effects on mobile purchasing; 81 (77.1%) strongly agree it has an effect on their purchasing behaviour, 19 (18.1%) agree, 2 (1.9%) don't know, 1 (1%) disagrees and 2 (1.9%) strongly disagree. Evidence here clearly shows a good brand is absolutely necessary and has a great impact on purchasing behaviour. One respondent failed to answer the question (n = 106).

#### **4.7 Discussion and Interpretation of Findings**

Various quantitative methods including frequency tables and a logistic linear regression analysis were used as they provided the best chance to test nominal, categorical data. The results show the most preferred method of accessing the internet is via laptop/desktop, but the most frequent method is shown through mobile. This proves to Company X that mobile penetration is on the rise and justifies the need for the company to alter its marketing strategy to include mobile marketing through text, SMS and Apps. As an e-Commerce company, growing the time spent on the internet has a positive impact as it increases the company's chances of visits to its website, and possible purchases. In terms of frequency of online purchasing, the results show that purchasing behaviour is not influenced by the use of a Smartphone or the interest in doing research on the product and the company before purchasing. Consumers are confident when purchasing online and mobile penetration is fairly high in South Africa. The study also shows participants know the requirements for purchasing online and have different methods and mediums of doing so. The study found that participants did not have access to the internet from work only, which implies they have various other mediums of access, including mobile. In addition, the medium of access had no significance on how often they purchased which means their purchasing behaviour was not influenced during work hours only, but after hours too. The study also revealed that majority of the participants spent more than one hour per day on the internet which ultimately increases their likelihood of making online purchases. In terms of hindrances of online purchasing, participants note that lack of internet or data on their phones to make an online purchase, which denotes they have many points of access to making an online purchase – this is ultimately driven by the intrinsic need or want for the product. Results show, other possible hindrances include not having a debit, cheque or credit card which is required for online banking. With relation to marketing and the importance of social media, 61.9 percent agree and strongly agree that marketing has an effect on whether a consumer will purchase a product or not. Social media and brand rapport rate amongst the top two requirements an online brand should have to ensure its marketing is successful.

## **5. CONCLUSIONS AND RECOMMENDATIONS**

With the overall study objective in mind, to understand the influence of mobile penetration on a developing e-Commerce market and its impact on Company X, the study was effective in addressing the facets which underpin e-Commerce today.

### **5.1 Objective One: Depth of Mobile Penetration and Purchasing Behaviour**

Research shows the majority (95.3%) have purchased online before from a laptop or desktop. Representing a smaller ratio in comparison to laptops and desktops, but still in the majority, the findings show three quarters of the population (73.6%) have purchased online from a mobile phone. Although mobile purchasing is on the rise, the majority (62.3%) still choose laptops/desktops as the preferred method for accessing the internet shown. This weighs heavily on the notion that the population feels safer and assume it to be less risky than access via mobile. Even though the most preferred method is laptop/desktop, the most frequent medium for accessing the internet is mobile. Results show the majority (60.4%) will complete a purchase on mobile instead of moving to a desktop (39.6%) to complete the transaction represented; and 51 percent feel the convenience of mobile purchasing affects their frequency of purchases with a positive correlation existing between the two composites. Primary research testing the frequency of purchasing and Company X's online sales showed 33 percent make an online purchase once a month or 28.3 percent once every three months. Online safety appears to be a major issue with over 40 percent not sure whether it is safe or not to purchase online. From the results it is evident that mobile penetration in South Africa is quite high. People predominantly use their mobiles to access the internet and purchasing behaviour on Company X's webpage is not predicted by how often participants make an online purchase, or how often they access the website. This shows visitors are coming to the website for other reasons, possibly the good deals or convenience (30.2% who say convenience makes them want to buy more), while 24.5 percent are unsure how they are affected. Company X should be leveraging on these factors to keep consumers engaged and entice spending on their website.

### **5.2 Objective Two: Essentials for Mobile Purchasing**

Primary research shows 77.1 percent are aware of the requirements to make an online purchase but 32.3 percent lack knowledge of the technical side relating to the use of mobile applications or mobile sites to complete online purchases. The population, motivated by convenience, insist on doing background checks on a company before making an online purchase comprising 53.3 percent. A positive relationship exists between purchasing via mobile is safe (56.6%) and the convenience of mobile purchasing makes respondents buy more frequently. More than half the population are aware that a credit or cheque card is required to complete an online purchase (61%) and 72.4 percent are confident when making an online purchase.

### **5.3 Objective Three: Hindrances to Purchases on Online Platforms**

Approximately 20 percent of the population are not sure whether they should have the app to make a purchase, while 42 percent feel they need to have a Smartphone to make a purchase. The results reflect poor communication or knowledge around the requirements to make an online purchase. Other hindrances include accessibility to the internet with a significant difference present in the preferred method of gaining internet access via laptop/desktop at 62.3 percent and having access to the internet from work only (7.7%). There is a significant difference in the preferred method of internet access and touching a product before purchasing with the majority (45.8%) deeming physical touch inessential.

#### **5.4 Objective Four: Company Resources vs Targeting the Market Successfully**

Marketing and display ads, good advertising and social media have significant positive correlations with mobile purchasing with a 25.7 percent (strongly agree) and 36.2 percent (agree) representation. This underpins the importance of marketing and shows Company X;'s marketing efforts are in the right place.

#### **5.5 Objective Five: Recommendations to Improve Company X's Mobile Purchasing Offering**

As the study aims to identify the factors which assist in enhancing mobile penetration, the importance of social media emerged as a key factor in ensuring the success of the brand and building rapport with consumers. Social media scored a significant, moderate, positive correlation (61.9 percent) with building a good brand which highlights the magnitude social engagement has on the lifespan and accomplishments of the business. Primary research confirmed that a good reputable brand has a direct impact on mobile purchasing with 95.2 percent of respondents believing this to be significant.

#### **5.6 Conclusions of Findings**

Based on the first objective, it can be concluded that mobile penetration is in the early adoption phase in South Africa and is set to be a fast growing industry with the majority of the population having purchased online from a mobile phone. Convenience appears to be the number one factor contributing to mobile penetration having a direct effect on online Company X's purchases and purchasing behaviour. Website usability, appearance and access to information are additional factors to enhance mobile penetration purchasing. Evident from the findings, consumers are aware of what composites they need to have in order to make an online purchase but lack technical knowledge on how to complete online purchases. These include not knowing if they require an app to make the purchase as well as inaccessibility to the internet. Other factors are fear and online safety. A clear conclusion supported by the statistical findings of this study is the importance of social media and its significance in building brand awareness, rapport and loyalty for Company X. Marketing display ads, social media and good advertising are listed as great contributors to mobile penetration and purchasing.

#### **5.7 Recommendations**

Mobile penetration is on the rise and it is imperative the company focuses their attention on this growing trend and emergent future industry. In order to enhance mobile penetration in South Africa and to its customers, Company X needs to employ a full-on comprehensive mobile strategy into its overall marketing plan wherein the complete mobile action plan can be demonstrated. Recommendations to include in the mobile strategy comprise starting a knowledge base, possibly on the company blog, where Company X can educate consumers on the requirements of mobile purchasing and how to successfully complete an online transaction. Analysing the findings of the study, while most consumers prefer purchasing via a laptop or desktop, most have purchased from a mobile phone before. This can be eradicated through Company X becoming an information provider. This recommendation is supported by Mayar and Ramsey (2011:190) who assert mobile marketing should be used to alert consumers on captivating content. Unable to investigate in this study, this could be an idea for future research studies. Further to enhancing and placing Company X as an industry content provider, it is recommended for the company to improve on its social media strategy in line with the research findings. This plan needs to be thoroughly assessed to ensure the company meets the social engagement necessary to secure the company as the prime place in the minds of consumers. Company X's Facebook, Twitter, Instagram, blog and

daily mailer need to be reviewed to ensure it remains captivating and on trend against competitors. Success in achieving this would ensure the company is perceived as a content provider, and trendsetter to be associated with and do business with. On website usability and appearance, Company X needs to find a way to house its content and deals in one place while still appearing attractive to consumers. Ease of access to information and a striking user interface should be readily available and visible to consumers to assist in contributing to mobile penetration, engagement and purchasing.

## **5.8 Conclusion**

From the results, it was concluded that mobile penetration while still in the early adoption phase is strengthening in South Africa and fast becoming a growing industry. Mobile penetration has impacted on Company X's operations with some of its business coming directly through mobile purchasing. The study revealed areas of improvement for Company X to remain on trend and develop its position in the market. These improvements included enhancing its overall marketing strategy, with specific focus on strengthening its social media strategy and creating a content engagement plan. Improving social media engagement across all the relevant platforms will gain the company a competitive edge among competitors, along with becoming the industry source for information. Achieving this, the company is set to gain a strong following and ultimately minimise the factors which impede on mobile purchasing. The main drivers for mobile penetration were established. On a global landscape, these include convenience and ease of access. From a Company X perspective with significant representation in the research findings, customers were influenced by the attractiveness of deals on offer at lower prices and the convenience of online purchasing. While a high percentage of consumers access the site directly had little to no significance on mobile penetration, it proved instrumental in shedding light on Company X's current marketing strategy which demonstrates its close alignment to becoming an online marketplace.

## **5.9 Future Research**

This study investigated mobile penetration and purchasing on a broad landscape which defined the need for more in-depth statistical analysis. Two areas for future study were identified. These include a deeper look into the relationship between social media and its impact on mobile penetration and purchasing. While this study proved there to be a significant correlation with social media and purchasing, it did not test the level of impact the various platforms have and their engagement potential to meeting the desired outcomes suggested by the business. Researching this would give the company access to understanding its market better as the majority of the market are aged between 22 and 34, an age spectrum that is relatively active on social media.

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