THE EFFECTIVENESS OF E-MARKETPLACES FOR SMALL AND MEDIUM RETAILERS IN CAPE TOWN

By
Randall Steve Gilton

Dissertation submitted in partial fulfilment of the requirements for the degree Master of Retail Business Management

In the

Faculty of Business and Management Science

at the
Cape Peninsula University of Technology

Principal Supervisor: Associate Professor Virimai Victor Mugobo

Co-Supervisor: Mr Wayne Jooste

District Six

September 2022

DECLARATION

I, **Randall Steve Gilton**, declare that the contents of this dissertation represent my own unaided work, and that the dissertation has not previously been submitted for academic examination towards any qualification. Furthermore, it represents my own opinions and not necessarily those of the Cape Peninsula University of Technology.

Signed:  Date: 12 September 2022

ABSTRACT

With e-commerce on the rise, small and medium retailers (SMRs) need to find ways to stay connected to customers; geographical barriers should not hinder their relationship with customers.

The problem is that many South African small and medium retailers (SMRs) have a difficult time adopting effective e-commerce trading platforms. Within a South African context, literature does not distinguish between e-commerce and e-marketplaces for SMRs. SMRs have been slow to adopt e-commerce, and an alternative to help SMRs take advantage of e-marketplaces has not been fully explored. The use of electronic marketplaces (EMs) is regarded as an easy and viable way for small and medium retailers to connect with customers and suppliers.

An analysis of how EMs have infiltrated different parts of the global retail landscape is presented. For this study, the innovation diffusion theory (IDT), or diffusion of innovation (DOI), has been adopted. The literature review pertaining to the effectiveness of electronic marketplaces as a trading platform is discussed and analysed. A qualitative research approach was used in this study.

Based on the study's findings, analysis and literature review, a framework and supporting table were proposed for SMRs to evaluate the effectiveness of EMs as trading platforms. To maximise EM platforms, it is essential for SMRs to understand what they expect from the EM platforms they select to trade through. Further, implementing the proposed framework requires an individual approach since, as no two SMRs are exactly alike, they each have various and differing expectations from EM platforms. The study reached the conclusion that EMs are effective as trading platforms for SMRs.

Key Words: Cape Town; sellers; small and medium retailers; e-marketplace; e-marketplace intermediaries; online business

ACKNOWLEDGEMENTS

- My Heavenly Father: thank you for listening to my prayers and for giving me grace. By your generous strength, I was able to complete this research study. All glory and honour to God Almighty and my Lord, Jesus Christ. I am nothing but merely your servant.
- My parents, Johan and Sharon Gilton: thank you for encouraging me to go after my goals and believing in me. Thank you for always being available when “ek mo*et al*weer afpak en stres”. I am forever grateful to you.
- My wife, Doné, and son, Ricardo: thank you for walking with me on this journey. I appreciate the time you sacrificed and the support you provided.
- Associate Professor Virimai Victor Mugobo: thank you for being part of the supervisory team and for guiding this research project to its logical conclusion. I appreciate your contributions to this research project.
- Mr Wayne Jooste: you have done more than just serve as a co-supervisor on this project. When your help was requested at short notice, you were always available and of great assistance. Your contribution to this research project will always be dearly appreciated. It was a pleasure having you as part of the supervisory team for this research project.
- Church members, family and friends: thank you for your encouragement.
- Participants of this research project: thank you for sharing your knowledge and experience. This project could not have reached its logical conclusion without you.
- Members of CPUT's Centre for Postgraduate Studies: thank you for organising the workshops. The knowledge gained from these sessions has been beneficial to this research project.
- The financial assistance of Shaping Futures, CPUT Postgraduate Bursary and the Wholesale & Retail SETA towards this research is acknowledged. Opinions expressed in this dissertation and the conclusions arrived at are those of the author and are not necessarily to be attributed to Shaping Futures, CPUT Postgraduate Bursary and the Wholesale & Retail SETA.

DEDICATION

My son, Ricardo Randall Gilton:

I love you. Serve God and obey His commandments.

I returned, and saw under the sun, that the race is not to the swift, nor the battle to the strong, nor yet bread to the wise, nor yet wealth to men of understanding, nor yet favour to men of knowledge; for time and chance will happen to them all.

Ecclesiastes 9:11

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

APPENDICES

ABBREVIATIONS

AIG: Africa Internet Group

API: Automated programming interface

B2B: Business-to-business

CAQDAS: Computer-assisted qualitative data analysis software

CPGS: Centre for Postgraduate Studies

CPUT: Cape Peninsula University of Technology

DOI: Diffusion of innovation

E-commerce: Electronic commerce

E-Marketplaces/EMs: Electronic marketplaces

FREC: Faculty Research Ethics Committee

ICT: Information and Communication Technology

MOU: Memorandum of understanding

POPIA: Protection of Personal Information Act

SA: South Africa

SMR: Small and medium retailers

UK: United Kingdom

USA: United States of America

CHAPTER 1

INTRODUCTION AND BACKGROUND TO THE RESEARCH STUDY

1.1. Introduction

Electronic marketplaces (e-marketplaces and EMs) are typically believed to be a stress-free way to connect small and medium retailers (SMRs) and retail sellers with their customers and suppliers (Laksanapanyakul, 2020:99). The objective of this study was to evaluate the effectiveness of EMs as a trading platform for SMRs in Cape Town in order for SMRs to trade effectively through these platforms and participate in e-commerce activities.

An EM is an online platform that offers products from various sellers (often small and medium retailers) which can be purchased by consumers (Kawa & Walęsiak, 2019:522). Kollmann (2016: 2258) explains that e-marketplaces enable electronic trade of products and services through digital networks, highlighting the role of technology when defining EMs. To be true to its name, an EM must allow external (third party) businesses to sell their products on the platform (Kawa & Walęsiak, 2019:522). In contrast, general e-commerce is defined as the buying and selling of goods and services online. This is typically the case when only one business uses a channel (Shopify, 2020).

Through EM platforms, SMRs can benefit directly from e-commerce (Thitimajshima, Esichaikul & Krairit, 2015:2). Globally, Merton (2020) estimates that more than half of all e-commerce sales occur on EM platforms, contributing about $1.7 trillion to the global economy in 2019. Most of these sales come from major players in the global industry, such as Amazon (USA) with more than 5.7 billion monthly visitors, PayPay Mall (Japan) with an estimated 2.1 billion monthly visitors, and eBay (USA) with an estimated 1.6 billion unique visitors (Merton, 2020).

Jumia, which is owned by the Africa Internet Group (AIG) (Jumia, 2020) is a well-known EM platform from Africa. As a platform, Jumia has a relatively small customer base compared to the established players in the EM sector; their estimated unique monthly visitors are 31.8 million (Merton, 2020). Takealot (Takealot, 2020) is South

Africa's best known e-commerce platform; according to their website, they have an estimated 1.8 million shoppers. However, they are not included in the list of the largest e-commerce sites in the world compiled by Merton (2020).

In South Africa (SA), electronic business (e-business) or e-commerce is on a growth trajectory, which, coupled with the growth of internet users, makes it logical that doing business online is the new way to do business (Chikandiwa & Chiliya, 2011:29). Even so, SMRs are often criticised for their slow adoption of e-commerce (Chikandiwa & Chiliya, 2011:28). A number of authors cite various reasons for the slow adoption of SMRs, including a lack of awareness (Olatokun & Kebonye, 2010:44), difficulties obtaining financing and accessing technical infrastructure (Faloye, 2014:56), problems related to logistics and the skills necessary to trade online (Mkhosi, 2017:5). How can SMRs benefit from this new method of conducting business online? Is there a way for SMRs to use the internet to compete more effectively and to benefit from enhanced exposure for their business?

EMs are a great platform on which SMRs can sell their products; not only do retailers not need to set up their own stores, but they will enjoy low start-up costs as well as exposure to customers (Admin eCommerce in South Africa, 2019). In the United States and other developed nations, e-marketplaces dominate online retail: “Amazon marketplace merchants sold close to $200 billion worth of products in 2019” (Marketplace Pulse, 2020:1). This single statistic makes evident that e-marketplaces are important for the development of SMRs. EM platforms dominate the online retail space in technologically advanced countries and are reaching the point where they are beginning to overtake brick-and-mortar retailers (Rooney, 2019; MacKenzie, Meyer & Noble, 2013:1). However, South Africa has very little information about EM platforms and their role in the general retail landscape.

SA has a paucity of literature on e-marketplaces. Researchers have focused on e-commerce and online shopping in general (Chikandiwa & Chiliya, 2011:1; Faloye, 2014:1; Mkhosi, 2017:1; Olatokun & Kebonye, 2010:56). E-marketplaces have received very little attention; an example is Sigauke and Erdis's (2018:2) study on how bed-and-breakfast businesses can use e-marketplaces as a marketing channel. Yet SMRs tend to be singled out for their lack of awareness about e-commerce. Is

this the result of them not knowing about EM platforms as an alternative way of taking advantage of the online space and reaping its benefits?

Many of the studies pertaining to EM platforms are from researchers outside of SA, such as Jianya, Weigang and Li (2015:650-657) from Brazil and the United States of America (USA), Marketplace Pulse, (2020:1-51) a research firm based in the USA that conducts research on e-marketplaces in developed countries, and Nisafani, Wibisono and Revaldo (2017:274-279) from Indonesia.

In light of the move to operating online for SMRs, as well as how these businesses must stay competitive with consumers, the feasibility of using e-marketplaces to compete in this new environment needs to be explored (Kotler & Keller, 2016: 637-639). The theoretical part of this research study, then, examines how SMRs can leverage online marketplaces to reach a broader customer base and therefore remain competitive.

In this study, the impact of the Covid-19 pandemic on SMRs and e-marketplaces was also assessed, as South Africa was impacted by this pandemic from early 2020.

1.2. Background of this research study

The SMR sector is known for adopting e-commerce slowly (Faloye, 2014:54). Chiliya and Afolabi (2011:29) and Mukwarami, Mukwarami and Tengeh (2020:491) explain that as the South African government sees small and medium enterprises (SMEs) as the new economic drivers in the country, SMEs must change their operating models to take advantage of e-commerce (Dhanah, 2016:19). The South African government requires small and medium-sized businesses to grow (Ramukumba, 2014:22). In their 2019 first quarter update, the Small Enterprise Development Agency (SEDA) (SEDA, 2019:6-8) reported that SMEs account for more than 20% of SA's GDP and employ roughly 47% of the workforce.

The growth of EMs can be attributed to changing shopping habits across the retail landscape in South Africa, from physical store visits to online shopping (Sigauke & Erdis, 2018:2-3). In South Africa, based on estimated retail spending of R1 trillion in 2019 (World Wide Worx, 2019:2), online retail is projected to reach 1.4% of total sales (World Wide Worx, 2019:2).

Nevertheless, SMRs are still lagging behind in adopting online business models despite the recognised benefits of going online and South Africa's growing e-commerce outlook (Chiliya & Afolabi, 2011:29). Using e-marketplaces can help SMRs remain competitive (Sigauke & Erdis, 2018:2).

E-marketplaces have become the ‘new normal’ way of doing business for SMRs based on the latest research in developed countries (MacKenzie *et al.,* 2013:1-2; Merton, 2020). According to research conducted from Marketplace Pulse (2020:4), third-party (e-marketplace) sales on Amazon grew from 30% of the total sales to 60% by 2019, thanks to a compound annual growth rate of 52% since 1999. Although South African SMRs may not achieve these record sales through e-marketplaces, they can certainly still access a broader customer base via EM platforms. This could potentially be part of the solution for South African SMRs to participate in the e-commerce industry, or as it is generally known, in "the new way of doing business" (Sutarik, 2016).

SMRs in South Africa characteristically have several traits in common: they have between 1 and 5 employees, with an asset value of R1 to R100 000, and an annual turnover of up to R200 000 (small retailers). Medium retailers, on the other hand, employ up to 200 employees, with an annual turnover of up to R39 million, and an asset value estimated to be around R6 million (Jere, Jere & Aspeling 2014:10). Retail and small businesses are nearly synonymous in South Africa, with an estimated 79% of small and medium business activities in the country involving some portion of retailing (Jere, Jere & Aspeling 2015:623).

Consumers embraced e-commerce, and by extension, e-marketplaces at a faster pace during 2020 due to the Coronavirus disease (Covid-19), an illness caused by a new respiratory syndrome (Cennimo, 2020). Perez (2020) estimates that the pandemic accelerated e-commerce by five years. Meyer (2020) believes that the Covid-19 pandemic will have a beneficial impact on e-commerce that will last for several years.

According to Meiring (2017), Cape Town has a well-established technological environment which makes it an ideal location for starting and operating e-commerce companies. One of the key reasons Cape Town is home to a large number of e-commerce players is the availability of Information and Communication Technology

(ICT) skills in the workforce (Meiring, 2017). As illustrated below in figure 1.1., Cape Town is home to many leading online e-commerce companies and e-marketplaces. All 10 of the most visited e-commerce sites in South Africa are located in the city (Bizcommunity, 2017:1). The figure below reflects the major e-commerce players situated in Cape Town.

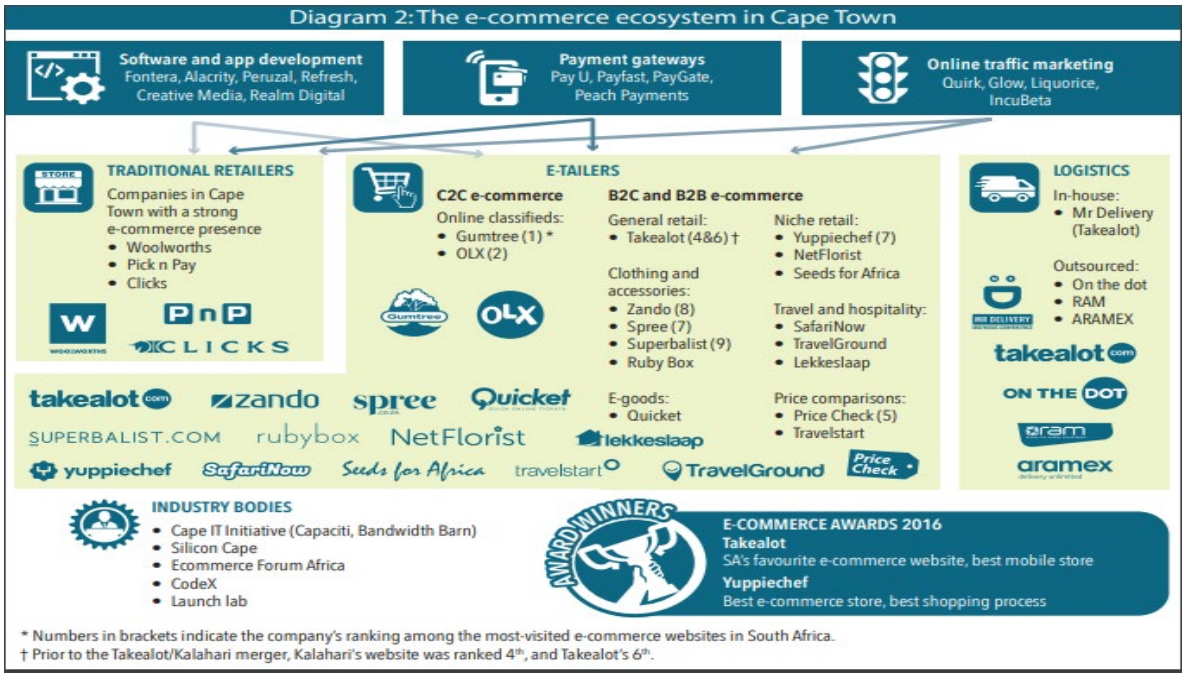


Figure 1.1: E-commerce ecosystem in Cape Town (City of Cape Town, 2017)

1.3. Statement of the research problem

With the preceding discussion in mind, it is clear that companies which adapt with agility to the new way of reaching customers are more likely to survive. With e-commerce on the rise, SMRs need to find ways to stay connected to customers and avoid geographical barriers that previously hindered relationships with customers.

The problem is that many South African small and medium enterprises (SMRs) have a difficult time adopting effective e-commerce trading platforms. Within a South African context, literature does not distinguish between e-commerce and e-marketplaces for SMRs. SMRs are slow to adopt e-commerce, and an alternative to help SMRs learn to take advantage of e-marketplaces has not been fully explored. The purpose of this study, therefore, was to determine the effectiveness of EMs as a platform for trading SMRs and to propose a framework that allows SMRs to evaluate

the effectiveness of EM platforms and more readily participate in e-marketplace activities.

1.4. Rationale and significance of the research study

While South African retail sales were expected to reach around R14 billion in e-commerce in 2019 (World Wide Worx, 2019:1-2), by 2021, over 20 million people were shopping online, so the opportunity for SMRs is enormous if they embrace e-commerce. There is no doubt that e-marketplaces have an established foothold in developed countries; their successes have been documented (Marketplace Pulse, 2020: 1-51; Merton, 2020). This study, therefore, examined how SMRs can use EM platforms effectively as a trading platform.

An analysis of the factors which impact the effectiveness of EM trading platforms was presented in this study. Research findings from this study could assist SMRs and EM intermediaries alike in determining whether certain EM platforms are suitable for their product offerings. As SMRs may have different expectations from EM platforms, having a guide to apply as a measuring instrument will assist SMRs in evaluating potential benefits from EM platforms.

This study contributes to the body of knowledge on the effectiveness of EMs for SMRs. New SMRs contemplating an engagement in e-commerce activities through EMs will be equipped with knowledge to determine the effectiveness of EMs beforehand and will have a clear understanding of how to ascertain if a platform is suitable for their business needs. Existing SMRs trading on EMs will be equipped to watch for pitfalls and find ways to navigate through their concerns. EM intermediaries will be equipped to understand SMR needs, provide solutions to SMR concerns to empower SMRs to trade effectively on EM platforms. Lastly, the researcher's knowledge regarding the effectiveness of EMs has been broadened to understand the factors impacting SMR ability to trade through e-commerce and EM platforms.

1.5. Research questions

Main research question:

The main research question investigated within the scope of this dissertation is as follows: *How effective are retail electronic marketplaces as trading platforms for SMRs?*

Supporting research questions:

- Are owner-operated websites (online stores) by SMRs more effective than e-marketplaces?
- How has the Covid-19 pandemic impacted the effectiveness of retail EM platforms for SMRs?

1.6. Objectives of the study

Main research objective:

The main research objective within the scope of this dissertation is as follows: *To examine how effective retail e-marketplaces are as trading platforms for SMRs.*

Supporting research objectives:

- To assess if owner-operated websites (online stores) are better suited than e-marketplaces for SMRs; and
- To determine the impact on the effectiveness of retail electronic marketplaces following the Covid-19 pandemic.

1.7. Delimitations/scope of the research study

This study focused on developing SMRs through the use of EM platforms, so the effectiveness of EM platforms for SMR development was examined. Moreover, the targeted participants are from the Cape Town metropolitan area. Participants targeted include SMRs who trade using EM platforms and the EM intermediaries that offer access to these platforms. Small and medium-sized businesses play a significant role in the South African economy (Fatoki, 2014:270; Ayandibu & Houghton, 2017:134), which makes it prudent to explore how EM platforms can help SMRs tap into the broader e-commerce market.

Among the literature discovered is an overview of the EM sector, with particular focus on the United Kingdom (UK), the United States of America (USA), Africa and South Africa. A literature review of the elements that contribute to the effective EM platforms will be analysed in this study.

To understand the *why* and *how* these platforms seem ineffective or effective to SMRs in Cape Town, this study adopted a qualitative methodology. Concurrently, this study applied the research onion presented by Saunders, Lewis and Thornhill (2019:130) as the research methodology design. A semi-structured interview process was used to collect data from 10 participants for this study. In addition, the data was analysed with the help of Atlas.ti version 9. During the analysis phase, direct quotations were incorporated extensively to ensure a fair interpretation of the data through an inductive approach to theory development and a grounded theory strategy. In other words, theory followed data.

1.8. Structure of the dissertation

This research study consists of seven chapters. Figure 1.2 shows the chapters and their structure in more detail.

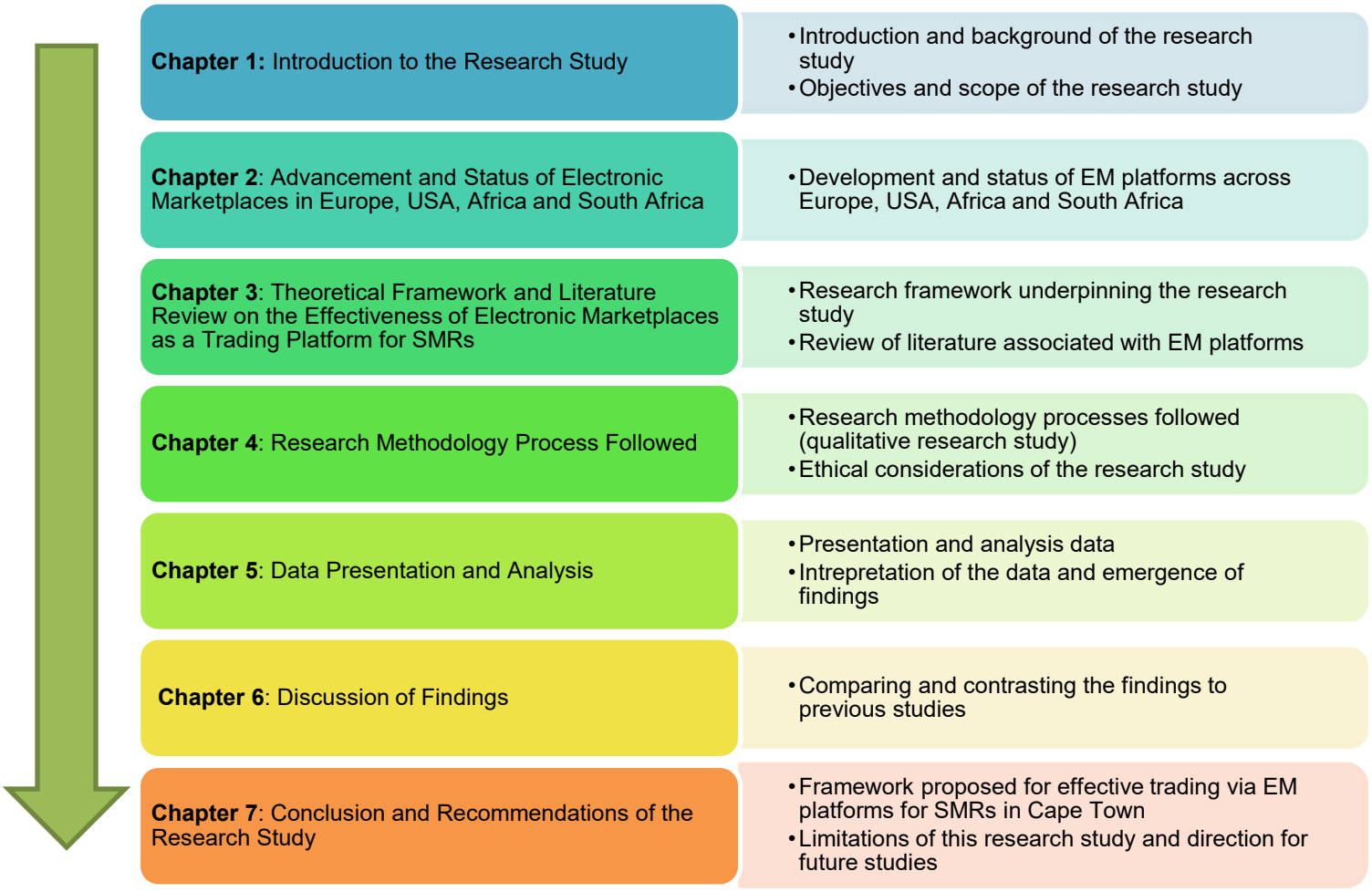


Figure 1.2: Structure of the research study (Manzi, 2019:7; Pooe, 2020:9)

1.9. Chapter summary

The first chapter of the study provided an overview of the study, with an introduction to the EM platform concept in this chapter, establishing the background to the research. Detailed research questions and objectives were presented, and the gap in the research regarding the effectiveness of EM platforms for SMRs is explored, which necessitates this study. Also discussed in this chapter were the research problem, significance, rationale and demarcation for the study.

In Chapter 2, the development and status of EM platforms are explored across a variety of countries and continents.

CHAPTER 2

ADVANCEMENT AND STATUS OF ELECTRONIC MARKETPLACES IN EUROPE, USA, AFRICA AND SOUTH AFRICA

2.1. Introduction

A discussion of the aim of the study, the research problem under study, the gap in the research of the effectiveness of EM platforms for SMRs, as well as the research questions and objectives, was provided in the preceding chapter. The first chapter laid the groundwork for this study.

This chapter provides an introductory overview of electronic marketplaces (EM), the development of EMs, and the current status of how EMs have infiltrated different parts of the global retail landscape. Furthermore, this chapter concludes with a discussion on the contribution of EMs to the already developed continents and countries within Europe and the USA, as well as developing continents and countries within Africa and South Africa. A narrative literature review is congruent with this type of review (Cronin, Ryan & Coughlan, 2008:38) as a narrative literature reviews provide a comprehensive overview of a particular subject (Paré & Kitsiou, 2016:161).

2.2. Evolution of retail electronic marketplaces

Retail EMs have evolved over the years; however, their purpose has remained unchanged: to offer a tranquil and opportune setting where numerous sellers can gather and offer customers a curated range of products or services (Marketplacer, 2020). Duch-Brown (2017:10) termed EMs as platforms that provide prospects for conducting trade in the same way as traditional retail offline markets with the exception that transactions are completed through electronic channels. The uniqueness of an EM is that it connects multiple buyers and sellers in a central market space.

Observing the changes of EMs platforms, Marketplacer (2020) postulates that EM evolution consist of four recognised stages: needs markets, shopping centres,

classified marketplaces and mega marketplaces. Discussions of these respective stages follow below.

2.2.1. Needs-based marketplace (offline, no technological advances)

Traditional marketplaces had a forthright purpose, to satisfy customers' basic needs. Various sellers displayed their offerings, allowing customers to compare varieties before purchasing. This basic marketplace satisfied the three basic needs that customers are guided by in their shopping: that is, the (i) ease of having everything in one place; (ii) a relevant selection of offerings; and (iii) a convenient shopping experience which includes comparisons, the buying process and delivery (Marketplacer, 2020).

2.2.2. Shopping centre marketplaces (introducing technology in the shopping process)

Moving from offering products and services for customer needs, shopping centre marketplaces evolved into providing an experience rather than a brick-and-mortar facility where customers purchase only what they need and leave thereafter. Shopping centre marketplaces introduce added services by making use of third-party technologies to encourage customers to see these facilities as 'entertainment centres', thereby motivating customers to spend more time in stores (Marketplacer, 2020). With the aid of third parties, shopping centre marketplaces motivate patrons to linger longer by offering services such as entertainment, gift rewards, eateries and gaming arcades for the whole family. Often, these added values are facilitated in conjunction with a marketplace strategy, which allows third-party selling activities in traditional shopping centre marketplaces (Marketplacer, 2020).

2.2.3. Classified marketplaces (using technology and the internet to reach customers)

Stage three in the marketplace evolution saw changes in customer shopping behaviour. Classified sections of the newspaper became the preferred method of product searching. This traditional method, aided with technology and the upward trajectory of e-commerce saw the rising emergence of classified EMs, including the likes of Gumtree and OnLine eXchange (OLX) (Busch, 2021:36).

Factoring the convenient element by which shoppers are guided, traditional newspaper publishers have leveraged sections of the traditional classifieds to create specialised EMs such as BikeExchange, the leading EM for cyclists, and vehicle EMs such as Car.com. This shift in shopping behaviour allowed these specialised EMs to be a one-stop starting point for customers wanting to buy specialised products or services (Marketplacer, 2020).

2.2.4. Mega marketplaces (technology and the internet are the main facilitators in the transaction process)

The combination of customers' basic need satisfaction principles, the shopping centre experience with added value elements, and the shift in customer behaviour from shopping centres to classifieds for specialised products culminated into what is known as 'mega EMs' (Marketplacer, 2020).

These Ems, aiming to provide everything to everyone, are often at the forefront of innovations in the EM industry. EMs allow shoppers to select from a wide variety and vast assortment of products, allowing the shopper to transact with ease, convenience and choice at their preferred time and location. With this way of doing business, EMs have become global players in the retail industry (Marketplacer, 2020). Figure 2.1 illustrates the changes in EM platform expansion.

Figure 2.1: Evolution of electronic marketplaces (Marketplacer, 2020)

2.3. Alt's perspective on the development of electronic marketplace platforms

While Alt (2020:1) does not critique Marketplacer (2020), he asserts that EM platforms have progressed, with the support of technology, through a number of phases as time progressed. Alt (2020:1) groups the development of EM platforms into four categories: proprietary infrastructure, internet infrastructure, ecosystems infrastructure and multi-sided marketplaces.

2.3.1. Proprietary infrastructure

With the need to extract value from proprietary infrastructure among different players, EMs were first adopted by the airline industry, followed by retail, banking and agriculture sectors (Cheng, 2016). The restrictions on proprietary infrastructure resulted in the decline of EMs across many sectors and industries (Alt, 2020:2). Malone, Yates and Benjamin (1987:492) note that various players, including in the retail industry, observed the myriad benefits – efficient communication among buyers and sellers, reduction in transaction costs, and a higher level of transparency amongst stakeholders in the value chain – resulting in continued use of EMs by these players.

2.3.2. Internet infrastructure

During the early 2000s, the emergence of the internet decreased the private property on internet infrastructure as many firms developed systems for businesses and individuals to conduct transactions online (Berlecon, 2000). In response to the escalating importance of electronic marketplace business models, retail consumer businesses such as Amazon and eBay adopted EMs as their primary operating model, integrating transactions to accept electronic payments and exchange data among buyers and sellers virtually (Alt, 2020:2).

2.3.3. Ecosystems infrastructure

According to Alt (2020:2), ecosystems and social media are responsible for the surge in electronic marketplace usage amongst businesses, sellers and consumers. According to Parker, van Alstyne and Choudary (2016), ecosystems enable SMRs to use social media technologies to showcase their electronic catalogues, to search for matches and to facilitate payments by partnering with others within the ecosystem.

The advancement of electronic marketplaces, coupled with these ecosystems and social media networks, allowed many social media websites like Facebook and Twitter, as well as transactional retail EMs like Alibaba and Amazon, to collaborate and aid independent sellers and buyers. These platforms would often share key services such as order fulfilment service logistics (Alt, 2020:2).

2.3.4. Multi-sided marketplaces

The final phase of Alt's (2020:2) evolution and perspectives of electronic marketplaces emphasises the growth from single-sided marketplaces (common in the propriety infrastructure phase) to multi-sided EMs. Multi-sided EMs adopt an integrated approach, where the EM host does not take possession of the goods sold on the platform, but rather acts as the facilitator among SMRs and final customers (Staykova & Damsgaard, 2014). Furthermore, Staykova and Damsgaard (2014) and Alt (2020:2) insist that the uniqueness of multi-sided EM platforms is that they not only allow SMRs to transact on the platform, but often have their own assortment of products available on the platform, thereby offering their merchandise alongside the SMR merchandise (in this case, their own competitors) for sale via EM platforms. Examples of these multi-sided EM platforms include Amazon, Walmart and Takealot (Ritala, Golnam & Wegmann, 2014:240; Goga, Paelo & Nyamwena, 2019).

The growth of EM platforms is facilitated by the willingness of SMRs to adapt new business models, largely due to technology, as outlined by Marketplacer (2020) and Alt (2020). In addition to providing SMRs with the ability to integrate EM platforms into their operations, EM platforms also allow them to reach a wider segment of the online retail market. However, in light of the discussions by Marketplacer (2020) and Alt (2020), continuous development of EM platforms is to be expected in the future. Concluding the introductory discussion on the evolution of retail EM platforms, the current state of retail EMs across Europe, USA, Africa and South Africa will be elaborated next.

2.4. Status of retail electronic marketplaces: Europe, USA, Africa and South Africa

This section elaborates on the status of retail EMs in industrialised and developing continents and countries, providing an overview of how EM platforms have

developed over the years. Continents such as Europe and Africa, and countries including the USA and South Africa will be discussed.

2.4.1. Status of the European Union retail electronic marketplaces

Europe has an established retail EM sector. An estimated €150 billion was spent in 2020 on retail EMs (RetailX and Global Research BV, 2020:4). The continent has 13 EMs, each with over 23 million visitors on a monthly basis (Geldman, 2021b). Kopf (2018:19) identifies convenience as the driving force behind the EM growth trajectory in Europe. Likewise, RetailX and Global Research BV (2020:8) believe the same, theorising that the EM ability to offer customers a one-stop experience for all retail related needs puts them top of mind.

Europe EMs have continued to evolve as they become more firmly established. This growth in EMs necessitated Kopf (2018:20), as shown below in figure 2.2., to categorise these EMs into different segments based on what each EM offers and in which countries in Europe the EM concentrates.

Figure 2. 2: European online marketplaces segmentation (Kopf, 2018:20)

Describing the growth of EMs in Europe, Duch-Brown's (2017:10) research confirmed the significant growth of EMs, from 6.9% of total online retail sales in 2006 to 19.6% in 2015. Statistics from 2021 confirmt that EMs accounted for an estimated €120bn to €150bn in sales from total e-commerce sales of roughly €396bn in Europe (RetailX and Global Retail Research BV, 2021), contributing between 30% and 37.8% of total online retail sales. These growing statistics suggest that EMs are

strengthening on an upward trend as the years go by, establishing EMs sustainability in Europe. EMs benefit both consumers and SMRs. Consumers benefit through better prices, more shopping convenience and access to a wider pool of retail sellers. Similarly, SMRs benefit through a broader choice of platforms for selling their merchandise (RetailX and Global Research BV, 2020:5). However, this power in Europe EMs often results in cannibalisation of audiences for SMRs participating in EMs which lead to reduced margins (Duch-Brown 2017:12; RetailX and Global Research BV, 2020:5).

2.4.2. Status of electronic marketplaces in the USA

EMs in the USA are well developed. This is evident from the annual revenue EMs generate. Case in point: US EMs generated an estimated $266 billion in revenue in 2020, $311 billion in 2021 (16% growth on 2020), and a projected $357 billion in 2022 will be achieved (14% growth on 2021) (Feger, 2022). Given the size and revenue pool EMs compete for, Marketplace Pulse (2020:27) has split popular EMs based on revenue and growth potential, as seen below in figure 2.3. The quadrant splitting showcases the different paths these EMs occupy in the US EM market.

Figure 2.3: E-marketplaces quadrant based on revenue and growth potential (Marketplace Pulse, 2020:27)

EMs in the high revenue and no future quadrant face an undefined future. Marketplace Pulse (2020:27) observed that these EMs have not revealed any clear strategies on how they will grow and remain competitive. Given Amazon's size and high revenue generation capabilities, Marketplace Pulse (2020:27) postulates that Amazon has the biggest potential compared to the other EMs. EMs in the small

revenue and low future growth potential quadrant have imprecise strategies to grow their market share, making them a less significant threat to other EMs. EMs in the high future potential with low sales volumes are in a distinct position. For example, Walmart is the largest retailer in the world; they have the necessary resources to grow their EM platform to be on par with the frontrunners (National Retail Federation, 2021). Likewise, Google Shopping has unmatched technological capabilities and the necessary financial resources to continuously improve its retail EM platform (Marketplace Pulse 2020:27).

2.4.3. Status of electronic marketplaces on the African continent

In 2015, International Trade Centre (ITC) research acknowledged that Africa's e-commerce penetration was on the rise. Several factors led to this bold statement, including an estimation that e-commerce in Africa would increase from $8 billion in 2013 to $50 billion in 2018 (Deloitte, 2015:1a). Factors pointing to this trend included the following: First, Africa has an untapped e-commerce market, 26% of the continent's population were connected to the internet in 2015, whereas the global average was about 45%, meaning there is room for improvement from an African continent's perspective (International Trade Centre, 2015:4). Secondly, developed continents and countries including Europe and US saw their retailers moving to online retailing, suggesting Africa would follow this trend (International Trade Centre, 2015:4). And thirdly, the continent saw an increase in locally developed e-commerce platforms, suggesting that Africa was ready to integrate e-commerce into its retail mix (International Trade Centre, 2015:4).

Statistics from 2021 put the Africa continent on $20 billion annual revenue for online retail, which makes up an estimated 3.5% of total retail sales (Geldman, 2021a). This indicates that Africa has grown from $8 billion in e-commerce sales in 2013 but is less than the $50 billion figure forecasted for 2018 from Deloitte (2015:1b).

Research from the International Trade Centre and Amsterdam University of Applied Sciences suggest that Africa has actually moved backwards on e-commerce developments. Africa had 2.2 billion digital marketplace interactions in 2019, which equate to less than 10% web traffic on Amazon.com. Due to the lack of statistics for the 2020 to 2021 period for digital marketplace interactions in Africa, a comparison over the 2019 to 2021 period cannot be made. Secondly, almost 14 of the 54

countries on the African continent have zero transactional EMs; and thirdly, less than a quarter of the 54 countries on the continent are responsible for the majority (94%) of all e-commerce and retail EM traffic (International Trade Centre and Amsterdam University of Applied Sciences, 2020:1).

More than 50% of EMs on the continent had less than 50 000 visits to their websites during 2019. Roughly 5% of EMs had more than 10 million visits, and only about 16% of EMs had more than 1 million visitors. By this standard, it would seem Africa has a small number of EMs which could be considered successful (International Trade Centre & Amsterdam University of Applied Sciences, 2020:8). EMs on the continent do not readily publish sales or total value of goods sold over a given period, meaning the true profitability value cannot be clearly assessed (International Trade Centre & Amsterdam University of Applied Sciences, 2020:6).

Africa as a whole has made progress on its e-commerce penetration based on the statistics released for 2021. Majola (2022) found that Africa has an active base of an estimated 334 millions e-commerce users on the continent in 2021. Additionally, Africa had a steady increase in e-commerce penetration from 2017 to 2021, with 13% in 2017 to 28% in 2021 (Saydam, 2022). African e-commerce is likely to continue to grow over the next few years, according to projections. Majola (2022) and Sayman (2022) both insist that Africa is expected to reach an e-commerce penetration rate of 519 million users in 2025, which translates to a 40% penetration rate.

2.4.4. Status of electronic marketplaces in South Africa

South African EM platforms are making strides in their development. South Afria (SA) is one of the leading two African countries with the highest retail EM platforms, at 105, with Morocco sitting on 102 (International Trade Centre & Amsterdam University of Applied Sciences, 2020:6). Given SA's high number of EMs, the country is at the forefront with EM web traffic, capturing the biggest share (30%) on the continent (International Trade Centre & Amsterdam University of Applied Sciences, 2020:7). Within the African continent context, SA's EMs are at an advanced stage. Four of the largest 10 EM platforms on the continent trade solely within the borders of SA. However SA's EM web traffic activity has regressed from 2017 to 2019 by 11% (International Trade Centre & Amsterdam University of Applied

Sciences, 2020:8). With Covid-19 changing the shopping behaviour from offline to online, the dynamics of SA's EMs has changed for the better (Bizcommunity, 2020a).

In South Africa, statistics for the 2020-2021 period are provided on a general e-commerce basis and do not separate general e-commerce from EM activity, making EM activity difficult to analyse. For example, First National Bank (FNB) as cited by Business Tech (2022) reported that e-commerce activity in SA is expected to reach R400 billion by 2025 with 1 billion transactions, and that e-commerce sales in 2020 increased by 55% and increases again by 45% in 2021. Although these statistics indicate progress in e-commerce activity, separating general e-commerce statistics and EM data would be helpful in assessing what progress SMRs have made through trading specifically via EM platforms. Only Takealot, through its parent company, Naspers Group, revealed in its interim results for 2021 that EM sales increased by 55% over the previous year for its EM platform, indicating that EM activity in SA was increasing in 2020 and 2021 (Naspers, 2021:10). Covid-19 driven changes to SA's EM landscape are discussed under the literature review section.

2.5. Retail electronic marketplace share of total e-commerce activities

Given the rise in EMs across the globe, it is important to put EM contribution to total e-commerce value into context, and thereby show the progression of EMs over time. With Europe at an advantage in developing their e-commerce and EM activities, RetailX and Global Research BV (2020:4) project that EMs' share of total e-commerce sits at €150 billion, which equates to roughly 42% of the €350 billion spent in 2020. Likewise, Ali (2021b) estimate that US e-commerce generated revenue of $861 billion in 2020, with EM platforms generating an estimated $773 billion in gross merchandise value. In essence, US retail EM platforms have an 89% penetration rate of e-commerce activities, and a 19% share of total retail sales of a $4.04 trillion retail sales value base for 2020 (Ali, 2021a).

With African EMs not readily publishing their sales information, approximating the penetration rate of EMs for the continent is rather difficult. The International Trade Centre (2015:iv) projected that Africa's total e-commerce value in 2020 would be $50 billion; however, the latest research by the same institution and the Amsterdam University of Applied Sciences (2020:2) determined Africa's e-commerce spend to be roughly $18 billion in 2020. Total retail sales value on the continent was estimated

to be at least $500 billion in 2018 (Tawii, 2019). Regardless of the inconsistency in forecasts for the African continent's total e-commerce expenditure, the continent is lagging behind in e-commerce spending, with an aggregate e-commerce penetration rate at 3.6% if the latest e-commerce forecast from the International Trade Centre and Amsterdam University of Applied Sciences (2020:8) and Tawii (2019) are used to contextualise the e-commerce penetration level on the continent. Correspondingly, from a country standpoint, as South African EMs do not readily publish sales and profitability information, giving an assessment of the country's EM infiltration level proves challenging. Available data projects that e-commerce as a whole equated to 1-2% of total retail expenditure during 2019 (Goga *et al*., 2019:i). Whilst the Covid-19 pandemic may have accelerated e-commerce growth during 2020, Research & Markets (2020) place this growth between 40 to 100%, which equate to less than 5% of total retail expenditure for the country.

2.6. Chapter summary

Finally, examining the evidence on the advancement of EMs from infancy stage to they appear to be heading, there is adequate evidence to suggest that retail EM platforms play a key role in the retail landscape. EMs have evolved with the shopping behaviour of consumers, and data from Europe and US shows that EMs will grow and develop as more SMRs across the globe adopt EMs as an operating model. Within the African continent context, EM platforms are facing development hurdles, which with time and the necessary resources will be corrected. Based on SA's EM development, EMs may have more potential; however, SMRs need to pay closer attention to the effectiveness of EMs as an operating model. Chapter 3 delves into the selected theory framework and then considers the elements of an effective EM platform operating model for SMRs.

CHAPTER 3

THEORETICAL FRAMEWORK AND LITERATURE REVIEW ON THE EFFECTIVENESS OF ELECTRONIC MARKETPLACES AS A TRADING PLATFORM FOR SMRs

3.1. Introduction

The advancement and status of EMs were discussed in the preceding chapter. This chapter explores the literature review which elaborate on the effectiveness of EMs as a trading platform for SMRs. An analysis of previous studies is presented for the purpose of expounding on factors constituting an effective retail EM trading platform for SMRs. The first section of the chapter discusses the conceptual and theoretical frameworks underpinning this study, followed by an analysis of the literature which has an impact on the effectiveness of EMs as a trading platform, and closing with the disclosure of the research gap.

Chapter 3 followed a meta-synthesis literature review process, which is to interpret multiple qualitative data from several authors to broaden the understanding of a particular phenomenon (Atkins, Lewin & Smith, 2008; Grant & Booth, 2009). The meta-synthesis literature review process is complementary to the literature review conducted in this chapter which analysed and interpreted findings from various studies investigating the effectiveness of EM platforms on SMRs. The meta-synthesis process, moreover, allowed for themes to be generated, research gaps to be identified, and theories to be argued and contrasted (Temple University, 2022).

The following Figure 3.1 illustrates the conceptual framework that encapsulates the research study.

3.2. Conceptual framework of the research study

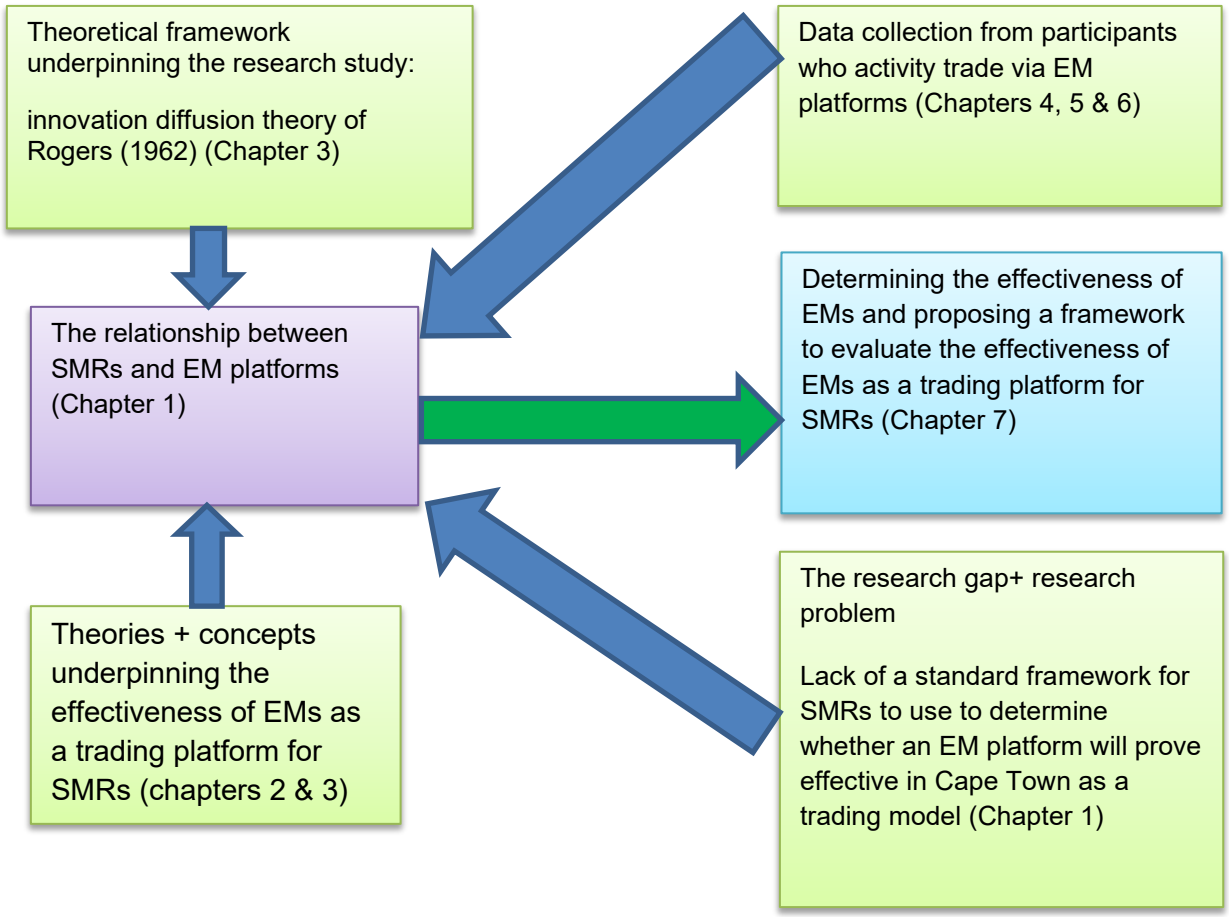


Figure 3.1: Conceptual framework of the research study (researcher's own compilation)

According to the conceptual framework, there are several factors that determine the relationship between SMRs and EM platforms. The conceptual framework illustrates that the logical output this study seeks to achieve a model that SMRs can apply to evaluate the effectiveness of an EM platform as a trading platform. As Anon (2021:34) asserts, a conceptual framework connects all the different components (the green blocks connecting to the purple block) of the study, so that it can reach its logical conclusion (the blue block).

3.3. Theoretical framework

The theoretical framework clarifies the route of a research study and provides the theoretical concepts upon which the study is built, or in other words, research is theory driven (Adom, Hussein, & Agyem, 2018:438). Concurring with this, Lederman and Lederman (2015:597) stress that a theoretical framework validates the

significance of the study under review by clarifying the implicit theories in a logical manner, thereby providing the basis to consider the limitations of the study and to provide theories that challenge the status quo. Grant and Osanloo (as cited by Adom *et al*., 2018:438) define *theoretical framework* as the cornerstone for the research, based on existing theory in a field of inquiry that is related to the problem under review. Giving another delineation, Swanson (2013:122) declares that "the theoretical framework is the structure that can hold or support a theory of a research study".

The innovation diffusion theory (IDT), or diffusion of innovation (DOI) as it is universally referenced, has been adopted for this study. To prove the effectiveness and efficiency of EM platforms for SMRs, adopting the IDT concept will determine if SMRs find EM platforms are effective and valuable, that is, if benefits extracted from these EM platforms can be quantified.

The IDT has been criticised for ignoring organisational and environmental contexts of SMRs or adopters of the theory (Rahayu & Day, 2015:144). However, adopters of IDT are not all in the same environment, so not everyone requires continuous innovation. In addition, another criticism of IDT is that it fails to integrate the resources of the target market, so that even if the innovation is beneficial to potential adopters, a lack of resources may hinder its implementation (Wani & Ali, 2015:114).

The IDT has its roots in the Information Systems (IS) category, which highlights studies focusing on the adoption of new models to conduct business (Zhang *et al.,* 2015:1). Pease and Rowe (2007:1) deployed the IDT theory to understand the acute factors necessary for SMRs to adopt new Information Technologies, such as Ems, to trade effectively. Additionally Standing (2013:35) adopted the IDT framework to assess the business value of EM platforms. Thus, this study follows on the progress of Pease and Rowe (2007:1), Standing (2013:35), and Hossain, Azam and Quaddus (2021:5) by focusing on the value for SMRs in using EM platforms as a trading platform.

IDT was first coined by Rogers (1962:11) as "the process by which an innovation is communicated through certain channels over time among the members of a social system". Likewise, Fichman (2000) explains IDT as the route by which technology spreads through organisations. IDT is built on the principle that change management

is predominantly about the development of products and behaviours so they become better suited for the needs of individuals and groups (Wani & Ali, 2015:103). Les Robsinson (2009) differentiates IDT from other theories, explaining that in IDT the innovations change with time, and not the individuals who utilise them. In this regard, these definitions are applicable to EMs, as these platforms have evolved over time as evidenced by Figure 2.1: The evolution of Electronic Marketplaces (Marketplacer, 2020).

Elaborating on IDT, Rogers (1962) additionally outlines five characteristics which influence the end-user's decision-making process concerning the adoption of IDT.

a. *Relative advantage:* A measure of the perceived quality of an innovation versus its predecessor. In other words, will SMRs find value in trading on an EM platform?
b. *Compatibility:* Innovations that are perceived as being compatible with existing values, past experience and needs by potential adopters. Specifically, are EM platforms suitable for SMRs to adopt as trading models?
c. *Complexity:* Indicator of how difficult it is to understand and implement an innovation. It refers to whether SMRs adopt EM platforms without having to undergo a radical change in business practices.
d. *Trialability:* Whether an innovation can be incorporated into existing business practices or removed if no value is derived, or more specificially, the adoption of an EM platform in relation to SMR business practices and whether it can be incorporated into existing business practices.
e. *Observability:* Visibility of an innovation is the degree to which others can see it. That is, do SMRs find trading through EM platforms effective?

These five characteristics frequently accompany developments in the information and technology field from which retail EM platforms stem (Shiau *et al.,* 2018:6). Equally, EM effectiveness as a trading platform will see SMRs adopt a technology which is not difficult to implement, given that the IDT speculates changes would not be dependent on the user, but rather the technology will change as time pregresses, or in other words, SMRs will adopt a technology which will not require them to effect major changes to their current operating model (Les Robsinson, 2009).

Consequently, this study conducted a literature review on the elements of the effectiveness of EMs as a trading platform for SMRs, with the IDT theory as the foundation.

3.4. The literature review on the effectiveness of e-marketplaces for small and medium retailers

The literature review upholds the theoretical understanding of this research study. Moreover, the research gap was established by examining various literature resources with reference to the conceptualisation of EMs as an effective trading platform for SMRs.

This section first gives an overview of the various definitions associated with retail EMs. Secondly, factors which have a significant influence on the effectiveness of EMs as a trading platform for SMRs are discussed. Thirdly, owner-operated online stores (websites) versus the use of EMs are examined; and finally, the impact of Covid-19 on EMs for SMRs is evaluated.

3.4.1. Giving context to definitions associated with retail electronic marketplaces

Definitions of retail EM platforms have evolved over time with the development of these platforms. From the 1990s, EMs were regarded only as connectors for buyers and sellers by means of an information system. Bakos (1991:295) demarcates EMs as an inter-organisational information system that links buyers and sellers to exchange information about prices and products. Adding to this definition, by introducing the term *transaction* to the definition, Archer (2007:91), classifies EMs as physical, virtual or conceptual places where buyers and sellers execute transactions through electronic devices. Given the advancement of EMs, Kawa and Walęsiak's (2019:522) delineation is the most comprehensive of the three, defining EMs as a platform that offers products and services from numerous sellers (SMRs) which can be bought by consumers using the EM platform as a transactional channel. For an EM to be true to its name, third parties must be allowed to trade their products in conjunction with the EM host. According to Kawa and Walęsiak, platform owners frequently offer their own products on the platform (e.g. Amazon, Jumia and Takealot.com, for example).

Importantly, these classifications must be evaluated within the context of the advancement of EMs, as outlined by Marketplacer (2020) and Alt's (2020) depiction of the various expansion phases of EMs (discussed in Chapter 2). These definitions embody the three main functions of retail EMs, as outlined by Prihastomo, Meyliana, Hidayanto and Prabowo (2018:443): 1) EMs bring sellers (SMR) and buyers (consumers) together; 2) the platforms facilitate payment transaction of products and information between participants, as well as delivery services; and finally, 3) the platforms provide the infrastructure (e.g., legal and governing rules) for the undertakings to transpire.

3.4.2. Factors influencing the effectiveness of EMs as a trading platform for SMRs

The development of effective EM platforms consists of various intricacies which need careful deliberation for SMRs to evaluate EM effectiveness. Not all types of EM platforms are suitable for all SMRs. As the selection of EM is dependent on the type of products and services which SMRs trade, it is important to assess these factors (Kioses, Pramatari & Doukidis, 2006:3).

Retail EMs are grouped into two categories. A vertical retail EM sells products from a variety of sellers; however, all products are similar or can be grouped together. For example, all the sellers on a particular may sell only sport related products (Kestenbaum, 2017; Srivastava, 2019; Syndicode, 2020). Horizontal or diverse EMs sell products of a deep assortment and wide variety, for example an EM (like Amazon or Takealot) that sells general merchandise, from gardening to gym equipment (Happiest Minds, 2020; Kestenbaum, 2017; Khurana, 2018).

3.4.2.1. Electronic marketplace ownership structures

EM owners exercise authority by setting the policies which will govern the EM. The EM platform's objectives are dependent upon which ownership structure the EM adopts (Yoo, Choudhary & Mukhopadhyay, 2007:953). The three ownership structures which influence the effectiveness of EM are as follows: 1) consortia, 2) private, and 3) public or independent marketplaces (Standing, 2013:7). From a South African perspective, most EM platforms are classified as public or independent because the EM platforms sell a wide range of non-specialised products, which

make it possible for varied SMRs to trade on their platform (International Trade Centre and Amsterdam University of Applied Sciences, 2020:10).

The perception of EM platform effectiveness is determined by the platform the SMR chooses. Therefore, it is imperative to contrast these respective EM platform ownership structures to ascertain how this affects their perceived effectiveness.

a. Consortia-owned marketplaces

A consortium-owned EM consists of a group of SMRs or an EM hosting intermediary which renders the facilities and services available for the complete functioning of the EM. As these companies own and run the EM, they dictate which types of SMRs are suitable to participate on the EM platform (Yoo, Choudhary & Mukhopadhyay 2007:953). According to Standing (2013:7), consortia EMs have a significant influence on the industry if they are leading SMRs and technology firms, as they 'coerce' fellow SMRs into joining the EM or face the risk of losing out through lack of bargaining power.

b. Privately-owned marketplaces

Privately-owned Ems, on the other hand, are owned and managed by a single firm. These types of EMs work on a 'per invitation' basis, where they hand pick SMRs to complement the EM's end goal and assortment of product offering (Chelariu & Sangtani, 2009:110). According to Chelariu and Sangtani, the common intention of these EMs is centred around sharing capabilities and technologies, thereby growing the participants, allowing SMRs or other participants to expand together. SMRs who do not form part of these EMs cannot share in the gains and on-selling opportunities which these SMRs share amongst themselves (Standing 2013:7).

c. Public or independent/neutral marketplaces

Neutral or independently-owned EMs are managed by an independent third party and are open to all SMRs in the retail industry (Chelariu & Sangtani, 2009:110). Owners of these EMs are reliant on the EM attracting a variety of SMRs which sell a wide range of products. The efficiency and effectiveness of these EMs are dependent on the number of SMRs they on-board to the platform, and not necessarily the quality of SMR they select for the EM, thus linking these EMs with

the economic concept of an efficient market, where the SMRs with the best offerings will thrive (Chelariu & Sangtani, 2009:110; Standing 2013:8).

Contrasting these EM ownership structures, neutral-owned and operated EMs are preferred. SMRs selling a wide range of products benefit from the diversity of consumers which might select EMs platforms that offer a one-stop shopping experience (Yoo *et al.,* 2007:953). These EMs are unbiased, not favouring certain SMRs based on size and offerings, since the provider is reliant on the revenue of all participants (Standing, 2013:8). Consortia-owned Ems, on the other hand, have a preconceived criteria for selecting SMRs. Owners with higher ownership shares may have more bargaining power compared to smaller participants, and can therefore select trading conditions which may not be equal to all SMRs (Standing, 2013:7). Privately-owned EMs can handpick SMRs to participate based on the SMR's offering. For SMRs selling unique merchandise, this may be preferential; however, like the consortia-owned EMs, a lack of consumer traffic may mean the SMRs find these EM platforms ineffective (Yoo *et al*., 2007:953). It is important to note that for SMRs to select an EM based on its ownership structure, SMR's need to evaluate if the selected EM will be effective for their offering. No single EM platform fits all SMR needs (Kioses *et al.,* 2006:3).

3.4.2.2. Trust and security in the electronic marketplace

Prihastomo *et al.* (2018:446) cite trust and security expectations as an influential factor for SMRs in finding EMs effective. Trust in EM platforms is complex, since the EM operational model has two categories of service providers: the EM intermediary itself and the SMRs (Hong & Cho, 2011:470). Defining trust within an EM context, Kim and Ahn (2007:121) suggest that trust is "the perceived benevolence and integrity of a participating party (EM, SMR, and the consumer) in the transaction". Expounding further, Doney and Cannon (as cited by Kim & Ahn, 2007:121) underpin perceived benevolence as the length to which one partner (whether the EM or SMR) is sincerely interested in the other participant's wellbeing to seek shared gain, while integrity centres on the objective trustworthiness of a trading partner based on product quality expectations of the customer when transacting through the EM.

Trust and security in an EM has a three-way path. Customers trust the retail EM platform to fulfil their expectation by delivering the correct product for which the

customer has paid. Likewise, the SMR trusts the EM will pay the SMR for the product which the customer has ordered from the EM. The EM, though, has a dual caretaker role: first the EM needs to assure the customer that buying from an unknown SMR is risk-free, and second, that the EM will fulfil its obligations towards the SMR (Hong & Cho, 2011:471).

For the EM platform to fulfil its mandate towards the relevant parties, Hong and Cho (2011:471) suggest two ways: first, the EM can achieve its trustworthiness through institutional mechanisms which include the introduction of guarantees, regulations and safety protocols which will govern the use of the EM facility, thereby protecting customers and SMRs. Secondly, the EM can create an established brand name through mainstream marketing campaigns. Barnes and Hinton (2007:65) insist that customers find EMs which advertised on popular channels such as television and radio more trustworthy than unfamiliar EMs. In a similar vein, consumers are increasing their trust in SMRs and EM platforms that rely on the internet and popular social media platforms to advertise their products. Findings by Zhang and Li (2019) and Jakic, Wagner and Meyer (2017) verify that internet advertising and social media marketing increase consumer trust perceptions, increasing their willingness to purchase from SMRs.

Embodying how consumers, SMRs, and EM platforms rely on each other's trust, Pavlou and Gefen (2004:38) note that EM 'trust mechanisms' that appear effective according to customers have a direct sway on the level of trust they confer upon the SMRs who trade through the EM platform. Agreeing with this theory and expanding on it, Verhagen, Meents and Tan (2006:10) suggest hat SMR trust is likewise influenced by EM effectiveness. Concluding on trust as a factor for an effective EM, it is evident that EM intermediaries and SMRs must deliver on the responsibilities which have been agreed upon by the parties to foster a mutually beneficial relationship of trust.

3.4.2.3. National expansion of SMRs through EM platforms

According to Hempel and Kwong (2001:335), expansion of operations is vital in ensuring the longevity of SMRs, and this can be accomplished by expanding nationally. However, a lack of resources, capabilities or knowledge amongst SMRs are often barriers in pursuit of this objective (Standing, 2013:43). Thus, the adoption

of EM platforms by SMRs could be driven by the desire to expand nationally, for which EM platforms have the functionality and capabilities (Standing & Lin, 2007:103). In agreement, Hossain *et al.* (2021:5), by applying the IDT concept in their study, found that SMRs are less connected to internet-based knowledge networks as compared to their larger counterparts. So, participating in EM platforms allows them to gain entry to markets beyond their immediate geographical area in an effort to survive in the competitive market.

3.4.2.4. Impact of EM platforms on SMR processes and internal workflow practices

SMR processes and workflow practices are impacted to some extent by adopting EM platforms into their operating business model (Standing, 2013:46). According to Standing (2013:46), advances that encourage inter-organisation information sharing between SMRs and EM intermediaries could bring a sustainable advantage for SMRs due to SMRs receiving information which could streamline their operating processes and workflow practices. In contrast, Ramos's (2021:15) analysis of SMR operational performances indicates that SMRs who do not actually make the necessary changes to their processes and workflow practices are at risk of not extracting the full perceived value from trading on EM platforms. Ramos (2021:30), outlined three internal processes and workflow practices which are frequently impacted as a result of trading on EM platforms:

a. *Order fulfilment time:* Internal workflow practices and processes should be aligned to ensure SMRs prepare and deliver orders on or before time and in the correct, full ordered quantity.

b. *Packaging:* The correct packaging reflecting the product and order details should be visible when delivered to the EM intermediary; this is necessary to ensure the EM agency delivers the correct product to customers.

c. *Refunds*: Refunds are an integral part of EM agency processes. Customer perception of the EM platform can be affected positively or negatively depending on SMR internal processes and workflow practices when customers exchange products or request refunds.

3.4.2.5. Information Technology and Information Systems

Information Technology (IT) and Information Systems (IS) are key influences in EM effectiveness, acting as the focal communication facilitator between the EM intermediary, SMRs using EMs and customers who purchase from the EM (Yadiati & Meiryani, 2019:175). Rendulić (2015:1) explains IT as technology which uses digitised devices to collect, process, store, safeguard and transfer information amongst users. Similarly, Laudon and Laudon (2007:G-7) describe IS as "interrelated components working together to collect, process, store, and disseminate information to support decision making, coordination, control, analysis, and visualisation in an organisation". Noting the resemblances between IT and IS delineations, IT and IS are used interchangeably in this study.

According to Yu (2007:87), SMRs are willing to partner with EM platform intermediaries which have established IS facilities. For SMRs to benefit from EMs platforms, Standing (2013:24) postulates that the ease of the EM intermediary's system integration is a significant driver. The IS system functionality should be practical, secure, not labour intensive, and the cost of adoption should be minimal for the SMR (Yadiati & Meiryani, 2019:174). Furthermore, the EM adoption hinges on the EM platform supplementing the SMR's current operating model, and standardising the IS integration between the EM intermediary and SMR systems (Standing, 2013:25; Yu, 2007:87).

For SMRs to find EMs effective, the onus is on EM intermediaries to ensure that SMR IS expectations are fulfilled (Yu, 2007:87). For a sustained retention of SMRs, EM intermediaries are to continuously improve their EM facility to ensure SMRs deem the platform valuable (Standing, 2013:24).

From the factors which have been discussed, it is apparent that SMRs must be acquainted with how they might be impacted to strategise around these factors. Additionally, with these factors, EMs have a number of advantages and disadvantages as tabled below in Table 3.1 (Veselova, 2020:31) that need careful consideration when adopting an EM platform as a trading model.

Table 3.1: Benefits and drawbacks of electronic marketplaces (Veselova, 2020:31)

Benefits	Drawbacks
Constant flow of target audience ensured bythe popularity of the platform	High level of competition
Sales can be expanded to new markets	A burdensome set of regulations can be attached to the trade on EM platforms
Lower advertising costs	Lower opportunities to communicate directly with potential customers
Fast start of work and able to trade immediately on the EM platform	Difficult to increase loyalty through campaigns and special offers
Start-up costs are low	EM platforms do not offer enough flexibility

SMRs may have a stand-alone online store (website) which they regard as valuble, and therefore may need to evaluate if adopting the services of an EM will be of value. This discussion follows next.

3.4.2.6. Online stores (websites) versus electronic marketplaces for SMRs

It is important to weigh carefully which option is best for SMRs – an online-store or an EM for trading – since the selected route has a significant impact on the effectiveness of SMRs extracting value from trading via EM platforms. This section evaluates key considerations for SMRs when opting to trade via an online store only, EM only, or with a hybrid model.

a. Product demand information

EMs generate large volumes of data from sellers' (SMRs) sales through the platform of consumers' product demand preferences. This may give them an edge. Belhadj, Laussel and Resende (2020:2) argue that EM access to sensitive information such as customer demographical data and past and present online purchase behaviour affords them distinctive insights into whether or not an SMR product offering will meet its performance expectations. Concurring, Petro (2017) emphasises that an EM ability to extract and process large volumes of product demand information allows them to predict, based on analytical models, customer product preferences, the desired quantity and assortment of products customers want, and how frequently a customer makes purchases. In contrast, Karle and Peitz (2016:2) argue that SMRs trading with an online store are able to track customer preference through an

advertising agency or an internet portal to assist in extracting relevant product demand information to use for targeting the correct customers online.

For deducing the desired information on what products perform better online, it is unmistakable that the EM route is more effective in this scenario for SMRs. SMRs will have access to the EM analysis to better gauge the competition intensity and make an informed decision on products to offer online (Veselova, 2020:31). From a marketing perspective, EM ability to use targeted marketing strategies built on their sales data allows them to attract adequate web traffic to the platform. On the other hand, SMRs need a comprehensive marketing strategy to draw sufficient customers to their online store which could be financially strenuous and prove ineffective due to the SMR's shallow product assortment (Tan, Sharma & Theng, 2009:450).

b. High value and high demand versus low value and low demand products

SMRs may select to trade high value and high demand products through their online store to protect the product exclusivity (for high value products) and profit margin (for high demand products). In a similar fashion, SMRs may opt to trade low value and low demand products from an EM platform to utilise the EMs large customer traffic to drive competition intensity (for low value products) and increase the selling potential (for low demand products) (Belhadj *et al.,* 2020:2). However this strategy has repercussions.

For high value and high demand products, the SMR may not realise the full potential of these products, given EMs generate a larger web traffic pool due to their size and vast assortment offering (Yoo *et al.,* 2007:953). Additionally, while high value merchandise may keep its exclusivity, this does not translate into higher sales as the EM may have similar competing products from other SMRs (Tian *et al.,* 2018:1595). Moreover, order fulfilment costs, which consist of carrying inventory, storage and transportation costs, could offset the gains acquired through high demand products, which could minimise the profit potential if careful efficiency consideration is not explored by an SMR (Tian *et al.,* 2018:1596). Opting to only trade low value and low demand products on an EM platform could lead to an SMR finding these platforms ineffective and inadequate as a trading platform. The competition for low value and low demand products could be aggressive on the EM platform, which may see an SMR's offering outperformed, and the SMR's profit expectation for these products

may be severely impacted by order fulfilment costs due to the low quantity of products sold (Hagiu & Wright, 2014:26).

c. Cost and profit-sharing effect of participating in an electronic marketplace for small and medium retailers

The sharing of profit and fees associated with trading on EMs is a key influence when evaluating if an SMR should trade via an EM versus trading on their own online store (Tian *et al.,* 2018:1596). EM platforms frequently have two main costs: an order fulfilment cost and order success fee. Previously explained, order fulfilment costs consist of carrying inventory, storage and transportation costs (Tian *et al.,* 2018:1596), and an order success fee is the commission paid by the SMR towards the EM platform for every completed order processed through the EM platform (Goga *et al.,* 2019:15). According to Shia, Zhou, Qub and Qia (2019:729), SMRs' second largest cost of trading online after the cost price of the merchandise is order fulfilment; therefore, the SMR should critically evaluate the cost benefit of trading through the EM platform versus the cost of fulfilling orders through their own operations. This evaluation stems from the different product categories which SMRs offer, as different product categories naturally attract different costs (Goga *et al.,* 2019:16; Shia *et al.,* 2019:729; Tian *et al*., 2018:1596).

Goga *et al*. (2019:16) collated (below in Table 3.2) different EM fee structures for SA platforms which could aid SMRs in evaluating the cost benefit of trading through an EM platform versus an online website. This is not, however, an exhaustive list of EMs accessible to SMRs: there are more EM platforms dependent on the type of product category SMRs offer.

Table 3.2: Marketplace fee structures for selected South African websites (Goga *et al*., 2019:16)

Marketplace	Registration/ start-up fee	Monthly fee/ subscription	Other fees	Commission	
Takealot	0	R300	Logistics and storage fees	4%	Cameras
				7%	Electronic Devices, Gadgets and wearable tech, Computer Components, Gaming Consoles, TV & Audio Equipment, Liquor & Soft drinks
				10%	Academic and trade books
				15%	Baby Products, Camping & Outdoor Equipment
Bid or Buy	Listings fees of R50 for particular categories (R100 forproperty) for which success fees aren't paid		Enhancement fees to promote visibility available	10.06 %	Antiques & Collectables, Art, Baby, Books & Education
					Clothing, Shoes & Accessories, Garden, Outdoor Living & Pets, Gemstones & Rocks, Gift Vouchers & Coupons, Holistic & Esoteric, Jewelry & Watches, Militaria, Sport & Leisure
					Toys & Hobbies, Travel & Entertainment, Unusual, X-Rated Adult Material
				8.34%	Bikes, Boats & Other Vehicles, Business, Farming &Industry, Car Parts & Accessories, Crafts, Health & Beauty, Home & Living,Stamps
				6.61%	Cell Phones & Accessories, Coins & Notes, Computers & Networking, Electronics, Gaming, Movies & Television, Music & Instruments, Photo & Video
				2.88%	Cars
Hello Pretty	0	Starter- Free	R10 - success fee	15%	
		Social- R49		15%	
		Standard- R99		3%	
Makro	0	Standard-free	R15 success fee		Commissions vary based on category
		Professional- R499	No success fee		

3.4.3. Hybrid model: mixing online stores and electronic marketplace

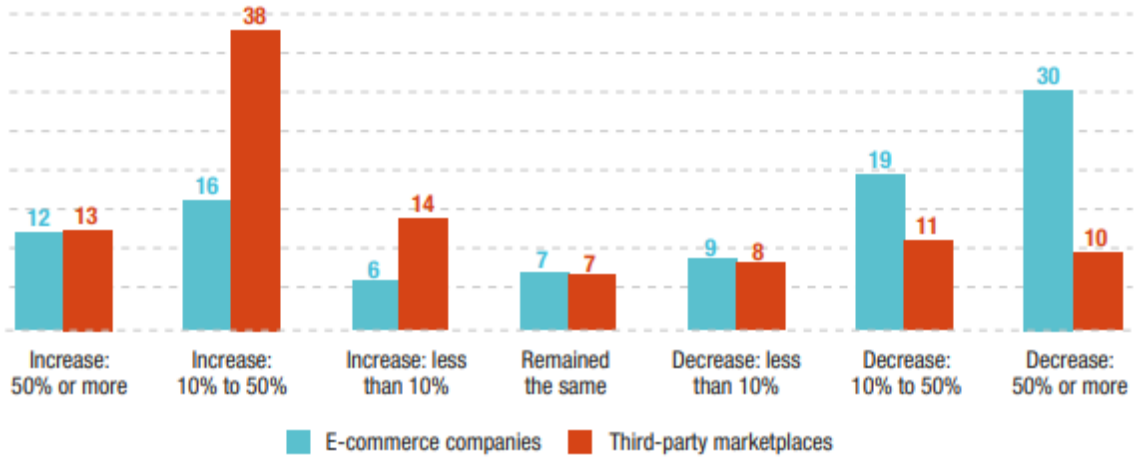
Given the benefits and challenges SMRs should evaluate when adopting either an online shop or EM to trade from, the final alternative could be to use both platforms. Evidence from developed countries shows that large EMs act as online stores and an EM for certain categories (Shia *et al.,* 2019:729; Belhadj *et al.,* 2020:2). Kannan, Reinartz and Verhoef (2016:449) stipulate that mixing multiple platforms could be an efficient route to attract customers to an SMR's online shop. This is especially important in the initial stages of selling online. SMRs could use the hybrid model in conjunction with a bottom-up approach to determine which platform proves more effective, thereby allowing customers, through their purchases, to provide direction for the SMR's online strategy (Maier & Wieringa, 2020:2).

Adopting a hybrid operating model has a single major risk for SMRs. According to Kannan *et al*. (2016:2), Shia *et al.* (2019:729) and Belhadj *et al*. (2020:2), SMRs need to be cognizant of the spill-over effect when adopting a dual online strategy. The spill-over effect refers to SMRs losing customers to EM platforms as a result of listing their product category on multiple platforms (Kannan *et al.,* 2016:2) and thereby introducing customers to a wider variety and deeper assortment of products from competing SMRs. In contrast, SMRs can benefit from spill-over effects by increasing web traffic to their online store and offering a unique product assortment and competitive pricing because it is not necessary to increase prices to cover the associated costs of EM platforms (Zhang, Goh & Lin, 2018:8,9).

To recap, SMRs have several factors that need consideration before selecting to trade via an online store, EM or hybrid model. The selected operating model hinges on SMR resources, desired online strategy and product offering (Tian *et al.,* 2018:1959). As SMRs trade within a variety of product categories, a blanket approach cannot be adopted for all SMRs.

3.4.4. Impact of Covid-19 on electronic marketplaces

In South Africa, EM performances are not readily published. With SA going through a passing pandemic, an indication of the potential of EMs has been witnessed. The Covid-19 pandemic hastened e-commerce participation in the country (Bizcommunity, 2020b). Takelot's EM platform GMV grew by 77% for their financial year which ended 31 March 2020, directly benefiting SMRs (McKane, 2020). Additionally, the pandemic had an impact on companies that act as both an online store and an EM platform for SMRs. Figure 3.2 illustrates that The United Nations Conference (2020:13) established that online retailers lost sales during the initial stage of the pandemic, whereas SMRs on the platform benefitted from a continuous sales increase trajectory. Customers had more choice through different SMRs which sold a wide range of products, allowing them to choose from a wide variety and deep assortment of products, especially in the beginning of the pandemic when shopping patterns and needs changed drastically (JP Morgan, 2020). Online retailers, with their limited budget for existing and new products, lost out because their selection was narrow and shallow (Briedis *et al.,* 2020). This is consistent with the results in Chapter 5 from the participants. With the start of the pandemic, participants who traded in essential products witnessed an initial increase in sales, whereas participants who sold general merchandise experienced an initial stagnation in sales.



Note: 180 responses for the e-commerce business track, 72 responses for the third-party marketplace track. Based on the questions "Since the outbreak of the COVID-19 crisis, how have your monthly e-commerce sales been affected?" and "Since the outbreak of the COVID-19 crisis, how have the monthly sales on your third-party marketplace been affected?". Results are expressed in per cent of the respondents to each question.

Figure 3.2: Impact of Covid-19 on e-commerce businesses and electronic marketplaces (in percentage units) (United Nations, 2020:13)

Concurring with the notion that EMs are the driving force behind e-commerce in developed countries as posited by the International Trade Centre and Amsterdam University of Applied Sciences (2020:ii), Marketplace Pulse (2021) insists that 2020 was the greatest year for EM in over 10 years. Amazon, for example, increased its EM GMV with $95 billion in 2020 to $295 billion, driven largely by Covid-19. In addition, the impact of the pandemic resulted in EMs in developed countries adding more sellers (SMRs), thereby strengthening their market share as an EM platform. However, EM platforms that did not adequately prepare for unforeseen occurrences were negatively impacted, including Google Shopping, eBay and Wish (Marketplace Pulse, 2021). These companies did not create the necessary capacity – such as having access to additional logistical services at short notice and buffer stock to cover volatile demand for products (O'Hara *et al.,* 2020:6) – for their SMRs to benefit from the pandemic, whereas SMRs who traded on Amazon, Etsy, Walmart and Target saw SMRs increase their market share, increase transaction value and increase the supply as demand escalated (Marketplace Pulse, 2021; Digital Commerce 360, 2020).

In closing, EM platforms have seen rapid growth and their effectiveness has been demonstrated. According to Deloitte (2020:1), the pandemic has changed consumers' shopping behaviour such that it is likely that shopping via e-commerce and EMs will reamin integal to consumer behaviour. Columbus (2020), in agreement, suggests that e-commerce sales will stabilise as the various lockdowns and stay-at-home directives are lifted; however, shifting to e-commerce and EMs will likely reamin as part of the general public's lifestyle. The pandemic also exposed how not preparing for sudden unforeseen occurrences could leave both EM platforms and SMRs lagging behind (Marketplace Pulse, 2021). Therefore, it is imperative for SMRs to critically evaluate the effectiveness of the different EM platforms to ensure they extract value when partnering with these platforms.

3.5. Research gap in retail electronic marketplaces for SMRs

As shown in the literature review, a research gap exists due to the lack of a standard framework for SMRs to apply in determining whether or not an EM platform will prove effective as a trading model, specifically in Cape Town. The studies that follow focus on single aspects of the development of EM platforms for SMRs, thus leaving

a gap in how SMRs are able to use retail EM platforms effectively to generate value. Malak, Ferreira, Falcão and Giovannini (2021), exploring the reputation of SMRs and its impact on consumer purchase intentions, established the importance of trust between EM intermediaries, SMRs and consumers. A study by Naujoks (2020) examines the marketing activities of SMR trading through EM platforms. Furthermore, Standing (2013) and Standing and Lin's (2007) studies suggest that larger businesses can benefit from collaborating with EM platforms. Consequently, selecting an EM platform that will capture value for SMRs is a challenge due to an absence of a standard framework for evaluating EM platforms. Consistent with research problem propagated in Chapter 1 where e-commerce and EM platforms are generalised and regarded as one platform which makes it difficult for SMRs to trade through e-commerce platforms, various researchers have also only discussed one factor at a time which impact the effectiveness of EM platforms for SMRs.

3.6. Chapter summary

The IDT theoretical framework which serves as the foundation of this study reveals the continuous development of EM platforms as time progresses. Rogers's (1962) discussion on the five characteristics that influence an end-user's decision making process impact SMRs perception of whether or not retail EM platforms are effective as a trading platform.

Additionally, SMRs must carefully assess the factors that influence the effectiveness of EMs as a trading platform, as not all platforms operate the same. The literature explored in this study highlighted key influences such as the ownership structure of EM platforms, intricacies related to trust and security measures, and the functionality of the retail EM platform information systems of which SMRs need to be cognisant when selecting an EM platform.

The trade-off between trading via an online store, an EM or a hybrid model ushers in its own set of challenges. Visible observations reveal that SMRs have several factors worthy of consideration before opting one of these models for trading. The selected operating model hinges on SMR resources, desired online strategy and product offering (Tian *et al.,* 2018:1959).

Chapter 4 comprises a comprehensive discussion on the research methodology that was adopted for this study to establish the factors that determine the effectiveness of an EM as a trading platform for Cape Town SMRs.

CHAPTER 4

RESEARCH METHODOLOGY PROCESS FOLLOWED

4.1. Introduction

In Chapter 3, secondary literature that has an impact on the effectiveness of EM platforms as trading platforms for SMRs was discussed and analysed. Concepts and definitions related to EM platforms and SMRs were deliberated on. This chapter discusses the research methodology and design that was used to answer the research questions underpinning this research study.

According to Dawson (2019), the focal principal that will guide a research study is the research methodology. The Figure 4.1 below from Saunders *et al.* (2019:130), commonly referred to as the *research onion*, has been widely used as a principal methodology guide for research studies (Chikovo, 2020:46; Pooe, 2020:41).

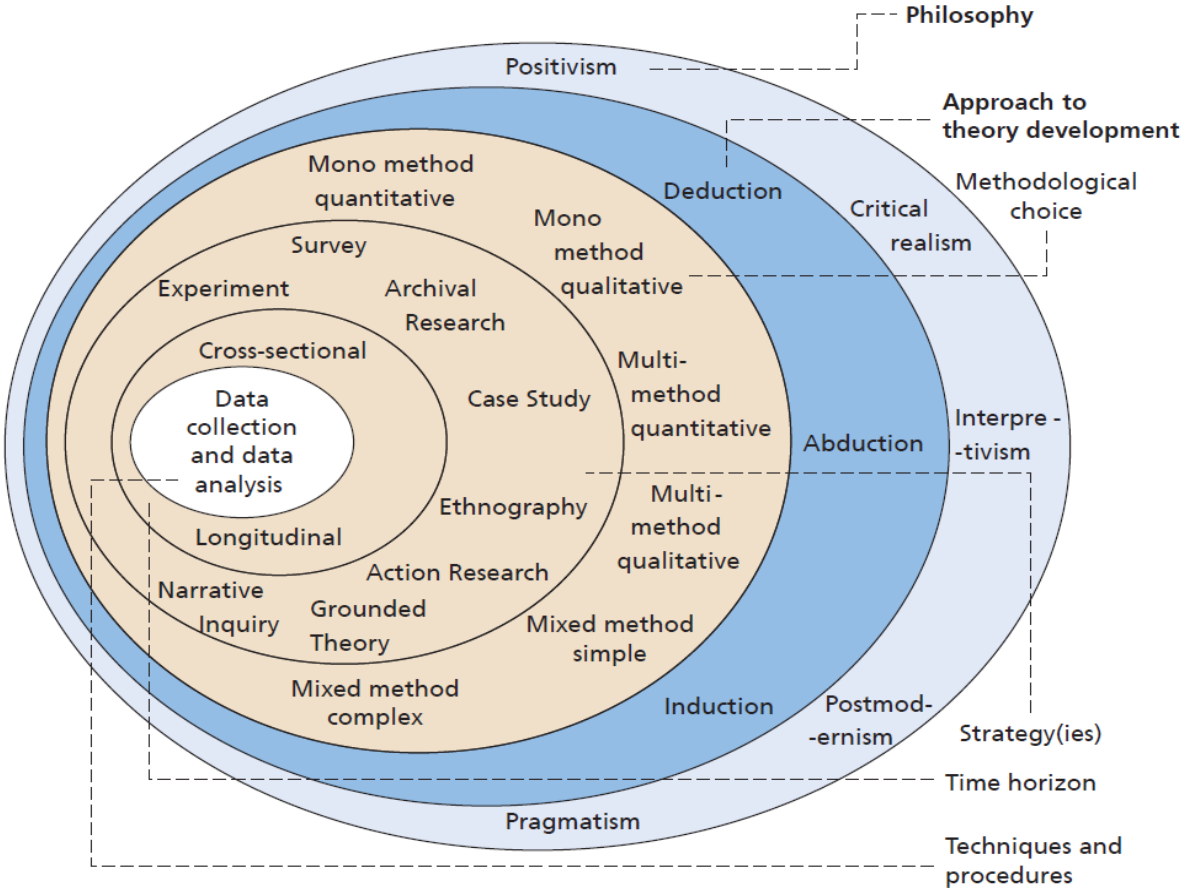


Figure 4.1: Research onion (Saunders *et al.,* 2019:130)

According to researchers Thanh and Thanh (2015:24), labels and terms in research methodology sections of studies are often used interchangeably, but this can lead to confusion and misinterpretation of meaning. To avoid this confusion, this research study employed the above framework from Saunders *et al.* (2019:128) and the sections below discuss the elements applicable to this research study as follows: philosophy, approach to theory development, methodological choice, strategies, time horizon, techniques and procedures.

4.2. Research philosophy

Research philosophy refers to an approach to developing knowledge that is shaped by beliefs and assumptions. Researchers create and develop knowledge based on their beliefs and general assumptions of how they see the world and how they understand reality (Saunders *et al.,* 2019:133). For this knowledge to be developed, they embark on research activities. This set of beliefs and assumptions are guided

by three elements, namely: ontological, epistemological and axiological assumptions (Saunders *et al.,* 2019:133).

Ontology is a belief system that reflects the way a researcher understands what represents a fact or reality (Don-Solomon *et al.,* 2018:2). Moon and Blackman (2017) explain that ontology helps researchers ascertain how certain they can be about the nature and being of objects they are researching.

EM platforms are a reality for SMRs who trade on them. The effectiveness of EM platforms varies in meaning for different participants. Accordingly, the researcher used all the different opinions and experiences from the participants, interpreted them, and proposed a framework for the effectiveness of EM platforms for SMRs in Cape Town (available in Chapter 7).

Epistemology is concerned with how knowledge can be acquired and what constitutes knowledge (Moon & Blackman, 2017). Epistemology, in simple terms, describes how we 'come to know what we know' (Kivunja & Kuyini, 2017:27). An appropriate research philosophy demands consistency in assumptions that will underpin the researcher's methodological choices, research strategy, data collection techniques and analysis methods (Saunders *et al.,* 2019:130).

This research study followed the pathway of the philosophical perspective of interpretivism. The interpretivist philosophical approach advocates that social reality is constructed from the perceptions and actions of people in their natural environment (Saunders *et al*., 2019:133). For this research to deliver on its objectives and to answer the stated research questions, the required knowledge that would contribute to our understanding of the factors that determine the effectiveness of EM platforms must come from participants who understand what the EM environment is about, and thus their experience would need to be documented. The participants' interpretation and assumptions reflect their reality about the effectiveness of EM platforms as a trading platform; this in return is their epistemology. Using the interpretivist philosophy, Stockdale (2003:104) conducted a qualitative study to identify and understand the benefits of participating in an EM. Additionally, Effah (2014:4) adopted the interpretivist philosophy to understand the formation and failure of pioneering EM platforms in Ghana.

The two alternative philosophies to interpretivism, positivism and critical realism both see the researcher as an external entity to the research and only focus on facts and numbers without understanding the actual meaning. Such an approach would prove ineffective for the purpose of this study (Saunders *et al.,* 2019:135). The knowledge building on the effectiveness of EM platforms for SMRs needs to come from participants with experience, something that positivism and critical realism philosophies do not allow for (Saunders *et al.,* 2019:135).

Deane (2018) defines *axiology* as the study of theory on the nature of value; simply put, what the researcher perceives as valuable. Axiology is concerned with values and ethics throughout the research process (Saunders *et al*., 2019:133). Researchers' choices in philosophy, research approach, data collection and analysis are all indications of their values. Furthermore, the axiological assumption involves the researcher's integrity when interpreting one set of data as more meaningful than another without being unfairly prejudiced to direct the findings to a predetermined conclusion (Saunders *et al.,* 2019:133). As a result, the researcher of this current study is interested in participants' experience and knowledge regarding EM platforms, and in an effort to unravel the meaning contained within the experiences of participants, the researcher must follow an interpretivist research design to gain a deeper understanding of participant opinions and experiences.

The second layer of the research onion of Saunders *et al.* (2019:133) focuses on the approach to theory development, which will be discussed next.

4.3. Approach to theory development

Research involves theory, but the important question is this: Which theory is suitable for a particular research activity (Saunders *et al.,* 2019:152)? Various works discuss the development of theory based on deduction, induction and abduction (Saunders *et al.,* 2019:153; Eisend & Kuss, 2019:88). In short, in deductive theory, existing theories can be linked to related assumptions, concepts and methods, as well as to results obtained in other frameworks, potentially increasing the efficiency of research (Eisend & Kuss, 2019:88). Induction theory is flexible in that, starting with relevant data or experiences of participants, one develops a view that corresponds to a given problem being studied that is independent of previous ideas (Saunders *et al.,* 2019:152; Eisend & Kuss, 2019:88). Abductive reasoning, on the other hand, as

opposed to developing theories from data (as in induction) or data from theories (as in deduction), moves back and forth, effectively combining the two theory development perspectives (Saunders *et al.,* 2019:152). Saunders *et al.* (2019: 153) summarise the main differences among these three approaches to theory development in the below Table 4.1.

Table 4.1: From reason to research: deductive reasoning, inductive reasoning and abductive reasoning (Saunders *et al.,* 2019:153)

	Deduction	Induction	Abduction
Logic	In a deductive inference, when the premises are true, the conclusion must also be true	In an inductive inference, known premises are used to generate untested conclusions	In an abductive inference, known premises are used to generate testable conclusions
Generalisability	Generalising from the general to the specific	Generalising from the specific to the general	Generalising from the interactions between the specific and the general
Use of data	Data collection is used to evaluate propositions or hypotheses related to an existing theory	Data collection is used to explore a phenomenon, identify themes and patterns and create a conceptual framework	Data collection is used to explore a phenomenon, identify themes and patterns, locate these in a conceptual framework and test this through subsequent data collection and so forth
Theory	Theory falsification or verification	Theory generation and building	Theory generation or modification; incorporating existing theory where appropriate, to build new theory or modify existing theory

In this study, theory was developed through an inductive development approach. Using the feedback provided by participants, a pattern of data was discerned, and then a model for trading effectively through EM platforms for SMRs was proposed as a contribution to the body of knowledge, confirming that this research followed a bottom-up approach. By adopting an inductive theory development approach, Standing and Standing (2015:725) produced a new theory for understanding service value exchange in business-to-business (B2B) EM platforms in Australia. Similarly, Effah (2014:5), by adopting an inductive theory-development method, conducted research into the failure of the pioneer EM platform in Ghana. Studies that adopt an inductive approach use a qualitative method as the methodological choice and a relatively small sample size (Saunders *et al*., 2019:152).

4.4. Methodological choice

Methodological choices should be accompanied by an appropriate philosophy and an approach to theory development to ensure a coherent design of a study (Vizcarguenaga-Aguirre & López-Robles, 2020:1). This study adopted the interpretivist philosophy and inductive approach to theory development as presented by Saunders *et al*. (2019:179). As a continuation of this trajectory, this study selected the mono-qualitative method as the preferred methodological choice. A qualitative methodological choice enables a researcher to understand, explain, discover and explore a phenomenon, according to Morse and Richards (2002).

The purpose of this research was to understand the effectiveness of EM platforms in Cape Town for SMRs. As there are several EM platforms used by SMRs, each participant would hold a unique view of what constitutes an effective EM platform. Qualitative methodology allows the researcher to examine the perspective of various informants on what constitutes an effective EM platform based on their experiences of these platforms. Hossain *et al.* (2021:561) used a mono-qualitative approach paired with an interpretivist philosophy approach to study SMR use of EM platforms for local and international expansion. Because SMRs have individual approaches to achieving this goal, it was essential for the researchers to interview participants individually to understand how EM platforms could assist with the expansion of their businesses.

Research strategies will be discussed next, in accordance with the research onion as presented by Saunders *et al.* (2019:130).

4.5. Research strategy

A *research strategy* refers to the process that a researcher follows to answer research questions. It involves the methodological choice, research philosophy, data collection strategy selection and report writing which link the entire research study and validate the rigour of the research project (Denzin & Lincoln, 2018:14).

The conceptual models for effective trading on EM platforms for SMRs in Cape Town have seldom been presented in research studies. Therefore, this research study followed the data collected from the SMRs and EM intermediaries who were involved in this study to form a theory. This approach is complementary to the inductive

theory development approach and grounds the theory in the data (Saunders *et al.,* 2019:205).

According to Saunders *et al*. (2019:205), *grounded theory* is a flexible approach to analysing, interpreting, and explaining meanings participants create and share to make sense of their experiences. The stated strategy may also be applied in a wide variety of contexts for developing and formulating theoretical explanations. Through interpretation, the grounded theory strategy allows the researcher to make sense of what constitutes an effective EM trading platform for SMRs in Cape Town based on the experiences shared by participants. Similarly, Schmitt (2019:155) applied the grounded theory to develop the proposed model which reflects the challenges surrounding the adoption of B2B EM platforms in München, Germany.

Time horizon, which represents the sixth layer of the research onion presented by Saunders *et al*. (2019:130), will be discussed next.

4.6. Time horizon

All research activities are time bound (Johnson, 2011:35). Saunders *et al*. (2019:212) categorise time horizons into two research categories: cross-sectional studies are those in which a certain problem or phenomenon is examined and data collected for a particular research question at a specific point in time; longitudinal studies are those that examine a phenomenon over varying periods of time and collect data to perceive the evolution of the phenomenon in question (Al Kindy, Shah & Jusoh, 2016:895).

The time horizon adopted in this study was cross-sectional. The participants were interviewed once between September 2021 and November 2021 to collect data based on their experiences to determine how effective EM platforms are for SMRs in Cape Town. The feedback from the participants was collated and analysed to propose a model to determine the effectiveness of EM platforms for SMRs in Cape Town. Correspondingly, Soh, Markus and Goh (2006:719) adopted the cross-sectional time horizon to investigate the price transparency, strategy, information technology and success of EM platforms.

Data collection and data analysis, which represent the final layer of the research onion presented by Saunders *et al*. (2019:130), will be discussed next.

4.7. Techniques and procedures followed for the data collection and data analysis process

According to Shamoo and Resnik (2003), the data collection and analysis process refers to the systematic application of varying logics to gather data from participants so as to be able to formulate inductive inferences from the data. The researcher should be aware of the following logical techniques: which sampling method will produce the appropriate results for the research study; which data collection instrument will allow participants to provide adequate feedback; what population sample size is appropriate for the study; and which data analysis methods will reflect an honest account of the data that was collected (The Office of Research Integrity, 2005).

4.7.1. Sampling method and targeted population

This research study adopted the purposive sampling method. Purposive sampling is commonly used in qualitative research to identify and select participants with a wealth of knowledge and experience related to the phenomenon being studied (Palinkas *et al.,* 2013:1). The researcher decides the criteria by which participants will be selected, following this method of non-probability sampling. Participants may be selected based on factors such as expertise in the field; willingness to participate in research; or meeting the study's requirements (Tongco, 2007:147). Prakosa and Sumantika (2021:4) also employed the purposive sampling method when assessing the level of trust and acceptance regarding EM platforms from the perspective of the customers. Purposive sampling was selected by the researchers to target a specific group of consumers in Indonesia who purchased products from EM platforms.

Based on the characteristics of the purposive sampling method, this research study targeted SMRs and EM intermediaries in Cape Town. SMRs were selected because they were based in Cape Town and traded via EM platforms that are also based in Cape Town. SMRs must also be operated by an owner or partner and categorised as small or medium sized as part of the selection criteria. As suggested in Chapter 1, SMRs in South Africa typically have the following characteristics: they have one to five employees, have assets valued between R1 and R100 000, and have an annual turnover of up to R200 000 (small retailers). Medium retailers employ up to 200 employees, have an annual turnover of up to R39 million, and have assets valued

between R6 and R8 million (Jere, Jere & Aspeling, 2014:10). EM intermediaries were selected based on the fact that their head office is situated around Cape Town, and that they could clearly be identified as an EM platform. For relevant data collection, the researcher conducted semi-structured interviews with senior management personnel of the respective EM platforms.

4.7.2. Sample size consideration

Since no clear guidelines or rules are presented for qualitative research studies as to what constitutes a valid sample size, the issue of correct sample size has been contentious (Daniela, 2020: 181). In various studies (Creswell, 1998:64; Renwick, 2022) a minimum of five participants is recommended until data saturation is achieved. Stenfors, Kajamaa and Bennett (2020: 598) explain that qualitative research should focus on the richness, depth, appropriateness and experience of the participants who provided the data, as well as whether the data provided is adequate for answering the research questions.

For this research study, 10 participants were interviewed, with saturation reached with SMR number seven. Even so, a final SMR was interviewed to make sure saturation was achieved, it was evident that the feedback received from participant six to participant eight was similar. In terms of feedback provided by the EM intermediaries, they are similar; therefore, a saturation point has clearly been reached after interviewing EM intermediary number two. This is a logical conclusion, given that these two EM intermediaries have a total of between 1 to 1 000 and 3 000 to 5 000 SMRs using their platforms. In a saturated category, no new data can be gathered that will allow the researcher to identify additional trends. If similar instances occur repeatedly, the researcher gains empirical confidence that a category is saturated (Glaser & Strauss, 1967:65). Accordingly, Comley-White and Potterton (2018:1) reached saturation after interviewing 10 participants. The researcher's judgement of how many participants were sufficient was guided by the feedback received from participants and their own experiences. Both the SMRs and EM intermediaries have sufficient knowledge and experience to answer the questions posed to them during the data collection stage. An overview of the participants is presented in Chapter 5, section 5.2.

4.7.3. Data collection instrument

Interviews (structured, semi-structured and unstructured), focus groups and group discussions are synonyms with qualitative research studies (Kabir, 2016:202a & b). The data for this study was collected through semi-structured interviews.

Semi-structured interviews combine a set of open-ended questions with the opportunity for the interviewer to explore particular themes or responses (Cohen & Crabtree, 2006). As open-ended questions centre on the topic under exploration, they allow the interviewer and interviewee flexibility to discuss the topic in more detail (Barclay, 2018:1). Interviews that are semi-structured follow a list of topics for discussion related to the research study which are arranged in a particular order.

To get a comprehensive perspective on the effectiveness of EM platforms for SMRs, the semi-structured interview guide for this study (available in the Appendices) was arranged according to the research objectives. To collect data, Hossain *et al*. (2021:560) used a semi-structured interview strategy. The authors in their study found that the participants had differing opinions about how small businesses should grow nationally and internationally through EM platforms; therefore, the semi-structured interview strategy afforded flexibility as they probed participants for more detail. Moreover, to ensure the researcher participates and contributes in the interview process, Dilshad and Latif (2013:195) recommend that the discussions are recorded. This will allow the researcher to focus on the participants, collect accurate data and provide factual feedback that ensures validity and reliability of the research.

4.7.3.1. Interview process followed with participants

Participants in this study were interviewed between September 2021 and November 2021. In order for participants to be well prepared for the interview process, an introductory note about the study, along with a semi-structured interview guide and the consent form, were sent to each. Participants' rights were described in the consent form, including the request to record the interview for the purpose of analysing the data and presenting the feedback. The interviews lasted on average 30 minutes. One interview was conducted in person whilst adhering to strict Covid-19 protocols, which included using a face mask and sanitising hands and surfaces prior to and during the interview. This interview was recorded with the researcher’s

mobile phone and transferred to a personal computer for transcription. Eight interviews were conducted and recorded through virtual platforms (Zoom and Google Meet), and during the final interview, the participant chose to complete the semi-structured interview guide in writing due to time constraints. Additionally, all participants signed the consent form and agreed to have the interviews recorded.

4.7.4. Data analysis process

For data to make sense, it is imperative that researchers engage in a process of data reduction to tell a coherent story and provide a valid interpretation of data (LeCompte & Schensul, 1999). Data analysis consists of three steps: first, the data are organised logically based on the researcher's research question and objectives; second, the data are grouped into broad categories; and third, patterns and themes emerge from the grouped data which are related to the study's research questions (Patton, 1987). To ensure the accuracy of the transcribed data, an exploratory data analysis was carried out. In an exploratory data analysis, information that could identify participants or companies, controversial data that cannot be substantiated, and anomalies are removed (Komorowski *et al.,* 2016:185).

To extract themes and patterns from the data, a coding process is required. Coding refers to an approach to organising qualitative data in such a way that the researcher can categorise and retrieve data that is similar, thereby creating themes and patterns (Stuckey, 2015:7). Filtered data from participants was coded, and participants received code names. A code was created by analysing the content of the data. A code group for each objective was created based on the grouping of codes with similar focus areas. The coding process can be simplified by using computer-assisted qualitative data analysis software (CAQDAS).

Atlas.ti version 9 was used in the creation of codes and group codes, and the figures in Chapter 5 illustrate how the codes and code groups are linked together. This qualitative computerised tool helps researchers arrange and manage data by creating codes, code groups, memos and visual presentations such as figures and graphs, which then enables researchers to analyse data efficiently (Atlas.ti, 2021).

The process of creating codes and code groups using the content as the driving force in qualitative research is commonly referred to as *content analysis.* Hsieh and

Shannon (2005:1278) define *content analysis* as the analysis of content in interviews or text data for identifying themes and patterns, assigning a code to key points, and writing a report on the findings.

Based on the discussed in the preceding sections, this study used an inductive approach to theory development, with the research strategy rooted in grounded theory. In keeping with the mentioned trajectory, the analysis of participant data led to the formulation of a conceptual framework for determining the effectiveness of EM platforms for SMRs. Throughout the data analysis, the grounded theory strategy was applied to achieve the proposed framework. This approach is in accordance with Glaser and Strauss (1967) who postulate that in using grounded theory, a researcher can construct a theory that is grounded in data without having to apply or test existing theories.

4.8. Reliability, validity and trustworthiness

4.8.1. Reliability

The reliability of qualitative research is determined by the consistency and dependability of the tools (Leung, 2015:325; Hammarberg, Kirkman & de Lacey, 2016:500). Multiple primary data sources should be included in the research to neutralise the study, avoid bias in the data collection process, and ensure the results will be repeatable over time: this is referred to as data source *triangulation* (Coleman, 2021:2043; Hayashi, Abib & Hoppen, 2019:99). However, according to Hammarberg *et al*. (2016:500), this does not imply that other researchers would arrive at the same conclusion under similar circumstances, but only that other researchers would likely find similar patterns given the same data.

Participants were selected from two groups. Both positive and negative experiences were shared by SMRs that used EM platforms as a trading platform. To ensure the research is not prejudiced, the view of EM intermediaries was also included in this study to balance the data gathered from SMRs. Further, direct quotations from SMRs and EM intermediaries were extensively incorporated into the data analysis and findings section in Chapters 4 and 5 (Coleman, 2021:2043), enhancing the credibility of the interpretations derived from the data analysis and findings discussion (Coleman, 2021:2043).

4.8.2. Validity

According to Leung (2015:325), for a qualitative research study to be valid, the appropriate data, tools and processes should be followed. A valid research question must be stated clearly for the desired outcome, a valid methodology must be chosen, a valid design must be used for the methodology, the sampling method and data analysis must be appropriate, and the results should be appropriate for the sample and context. Winter (2000, as cited by Kruth, 2015:228) posits that the validity of a study is strengthened by the credibility of the participants selected for the study as well as the data gathered from them.

This research followed a comprehensive research methodology with the adoption of the research onion of Saunders *et al*. (2019:130). The philosophy (interpretivism), approach to theory development (induction), methodological choice (mono-method qualitative), strategy (grounded theory), time horizon (cross-sectional), and data techniques and procedures (content analysis rooted in grounded theory) which are consistent with a qualitative research study showcase the clear path undertaken. The sample size of 10 participants is consistent with research studies that advocate for a minimum of five participants and continuing until saturation is reached (Creswell, 1998:64; Renwick, 2022). Additionally, to strengthen the rigour of this research study, only active participants who trade via EM platforms participated. The details of this research process in this section facilitate replication of this study, thereby increasing its validity (Kumar, 2014:219).

4.8.3. Credibility and trustworthiness

To ensure qualitative research findings and conclusions are credible and trustworthy, Stahl and King (2020:26) suggests that a triangulation process should be included when selecting participants to establish if identifiable patterns can be identified. To ensure the findings and conclusion of this research study are credible and trustworthy, two sets of different participants were selected, namely eight small and medium retailers using EM platforms and two EM platform intermediaries. Furthermore, selecting two sets of participants ensured the findings are credible and trustworthy because SMRs and EM intermediaries share their own different experiences regarding the use EM platforms.

A discussion on the ethical considerations for this entire research study follows next.

4.9. Ethical considerations for this study

Research ethics are the set of ethical principles researchers should adhere to when conducting research to ensure it is conducted with honesty and without harming others (Hickey, 2018:8).

Research ethics ensure that researchers conduct and report research without dishonesty or the intent to harm participants. Keeping a moral attitude is crucial to establishing the credibility of the researcher's work (Singh, 2019). This section discusses the ethical considerations in the data collection process, informed consent, confidentiality, anonymity and plagiarism which are all relevant to uphold the ethical standards of this research study.

4.9.1. Ethical considerations during the data collection process and protecting participants

To ensure the research study is of high quality, during the data collection process, the researcher should be ethical during the fieldwork. According to Saunders *et al*. (2019:257), the researcher should be open-minded and allow the data to speak for itself; likewise, the researcher should be open and truthful at all times whilst conducting fieldwork. The researcher should avoid deception or making irresponsible promises and show respect for the participants.

During the data collection process of this research study, the researcher introduced participants to the study, informed them of their rights, provided the reasoning behind the study, and clarified the importance of participant contribution for the completion of this study.

4.9.2. Informed consent

Shahnazarian *et al.* (2009:3) define *informed consent* as an agreement by a willing participant to participate in a research study, provided the participant has a clear understanding of the research and process.

To this end, the researcher disclosed all details of the study to the participants. Additionally, the researcher informed the participants that they could withdraw voluntarily at any time. Prior to being included in the research study, all participants signed a voluntary consent form.

4.9.3. Confidentiality

Allen (2017) defines *confidentiality* as removing any identifying information that participants may have provided during the data collection process.

To this end, the researcher commits to not share, reveal or publish any personal information of participants, including the owners of SMRs, names of SMRs and EM intermediaries, addresses or any other information that could be used to identify the participant. The information collected from the participants was used exclusively for this study, and no information regarding the participants will be made public.

4.9.4. Anonymity

Rose (2013:50) describes *anonymity* as participants providing information of a personal nature under the condition that their identity is concealed. Additionally, the Protection of Personal Information Act (POPIA or the Act), No. 4 of 2013, makes provision for participants of research studies to be protected and identity protected and anonymised, and that the data collected from participants should solely be processed for the intended research study (Adams *et al.,* 2021: 4). As part of this study, to protect participant identities, code names were assigned to each participant during the data analysis. In the discussion of the findings, all identifiers were omitted.

4.9.5. Plagiarism

In the academic community, plagiarism is the act of using someone else's work without referencing it, copying ideas from someone and passing them off as one's own work (Gugala, Margulies & Selegean, 2012:1).

The researcher acknowledged and referenced all sources using the Harvard referencing method as prescribed by CPUT (van Aswegen, 2010:1). The researcher endeavoured to produce a research project that is original and relevant for the Retail Business Management Department and the CPUT community at large.

4.9.6. Institutional ethical clearance

To ensure this research study complied with the rules, regulations and guidelines of CPUT, an ethical clearance certification was sought and received from the Business and Management Sciences Faculty Research Ethics Committee (FREC) and a Memorandum of Understanding (MOU) was signed with the researcher’s principal

supervisor. The agreements ensured that the researcher conducted this research in an ethical and responsible manner. In addition, as part of these agreements, the researcher agreed to ensure that no harm was done to participants, and that the researcher would adhere to CPUT's rules and regulations.

4.10. Chapter summary

This chapter detailed the philosophical viewpoints, followed by the research methodology and design adopted for this research study. The research onion presented by Saunders *et al*. (2019:130) was used as the guiding framework for this study's research methodology and design. In this study, qualitative methods were used, and elements associated with these methods were discussed in depth with examples from previous studies. Furthermore, a discussion of the research study's reliability and validity was presented, as well as the ethical considerations that guided it.

The next chapter provides an analysis and presentation of the data collected for this study.

CHAPTER 5

DATA PRESENTATION AND ANALYSIS

5.1. Introduction

The preceding chapter methodically outlined the research methodology and design deployed for this research study. This chapter presents an analysis of the data collected.

The first section gives an overview of the 10 participants interviewed, focusing on the size of participants' businesses, years of operating on EM platforms, the companies' revenue split between EM platforms and different online models, and the reasoning for establishing and operating on EM platforms. The second section presents and analyses the data received during the in-depth semi-structured interview sessions with participants.

5.2. Overview of targeted population groups

As previously mentioned, the targeted population comprises two groups: SMRs who use EMs as a trading platform and EM intermediaries who provide these services. The following section provides a summary of the two respective groups.

5.2.1. First population group: small and medium retailers

The majority (87, 5%) of the SMRs have been trading for more than one year on e-marketplaces, with the exception of one participant who has been trading for less than one year on these platforms. Two of the participants have a deep understanding of these platforms, with experience of more than 10 years. This group is followed by participants (2) with EM trading experience of between six to 10 years. Three SMRs have experience of one to three years. The group is rounded off with one participant who is fairly new to e-marketplaces with less than one year experience. Table 5.1 below summarises the SMRs' experience of trading via EM platforms.

Table 5.1: Experience of SMRs trading on EM platforms (author's own construct)

Years experience of trading on EM platforms	Less than one year	1- 3 years	6-10 years	More than 10 years
	1 (12,5%)	3 (37,5%)	2 (25%)	2 (25%)

SMRs trade with a wide range of products through EMs. Product categories in which SMRs trade include general merchandise (non-clothing) (four participants), clothing and footwear (one participant), imported general merchandise (one participant) and skincare products and cosmetics (two participants).

With regards to the size of the participants' businesses, seven of the eight participants categorise their businesses as small, with one participant who has been trading via e-marketplaces for more than 10 years, describing their businesses as medium sized. Furthermore, the revenue split between these businesses over the last 12 months is skewed towards e-marketplaces. Only one business has generated more revenue from their own online store. Six SMRs indicated that the majority of their revenue was generated through e-marketplaces, with one SMR generating 100% of their revenue from e-marketplaces, and one business owner who indicated that 95% of their revenue was made through e-marketplaces. One SMR did not provide a definite answer.

The freedom of choice, as well as the owner-operated online stores and EM platforms available to SMRs make the process of offering products and services easier. Participants provided a variety of reasons as to why they trade on multiple platforms: using different platforms to sell different types of products depending on the customer base of a particular platform; deciding for themselves because they are in charge of their own business; different platforms have different rules; and multiple platforms have a wider customer reach which could expand the SMR business.

Given the number of years, different types of product categories, and the reasons why these SMRs trade via e-marketplaces and trade on multiple e-marketplaces and own online stores, it is evident that these participants have valuable experience of e-marketplaces. They are therefore in a position to provide rich experiences of the e-marketplace landscape from an SMR point of view. To balance SMR responses

against a different point of view, e-marketplace intermediaries were also interviewed to share their experience of EM platforms.

5.2.2. Second population group: e-marketplace intermediaries

Both EM intermediaries have vast experience managing EMs with operations that are older than 10 years. Furthermore, both EM intermediaries allow a wide range of products on their platforms. This allows for SMRs to capitalise on these platforms with their different types of product categories.

One e-marketplace was identified as a medium-sized business and the other a large business. The large e-marketplace indicated that they generated their revenue equally between selling their own merchandise and their EM operation, whereas the medium sized e-marketplace intermediary generated the bulk of its revenue from their own merchandise over the last twelve months. The medium sized EM platform has between 1 to 1000 SMRs using their platform, and the large EM has between 3001 and 5000 SMRs trading via their platform.

These two e-marketplace platforms have SMRs operating on their platforms from all over South Africa. Additionally, they interact with well over 4500 SMRs and have been in business for more than 10 years. Both these EM intermediaries are therefore well equipped to provide significant insight into SMR experience of trading via EMs and are in a position to share their knowledge regarding these platforms in general, all of which is important for this study.

5.3. Data: presentation and analysis

The previous section contextualised the participants and provided significant reasons for their suitability for this study. This section will interpret the analysed data from participants (Chikovo, 2020:71) to report on the findings of this research study's main objective and sub-objectives (Pooe, 2020:61). Each objective has been assigned a code group, with codes linked to it. Codes linked to the code groups represent the questions asked under each objective. All codes are colour coded, and the colour scheme matches the codes in the diagram under each objective. This section consists of four code groups and 17 codes. Each code describes its key focus area.

5.3.1. Objective 1: Examining the effectiveness of retail e-marketplaces as a trading platform for SMRs

Code group 1 consists of five codes. Codes 1 and 2 explored the factors SMRs considered for trading on an EM, and what factors were the driving force for EM intermediaries for starting these platforms. Codes 3 and 4 examined the services SMRs expect from e-marketplace platforms, and the services and features EM platforms are currently offering. Objective 1 concludes with a discussion of the accessibility of EMs for SMRs based in Cape Town. Figure 5.1 illustrates how these codes are linked to objective 1 (Code group 1).

Objective 1: Examining the effectiveness of retail e-marketplaces as a trading platform for SMRs

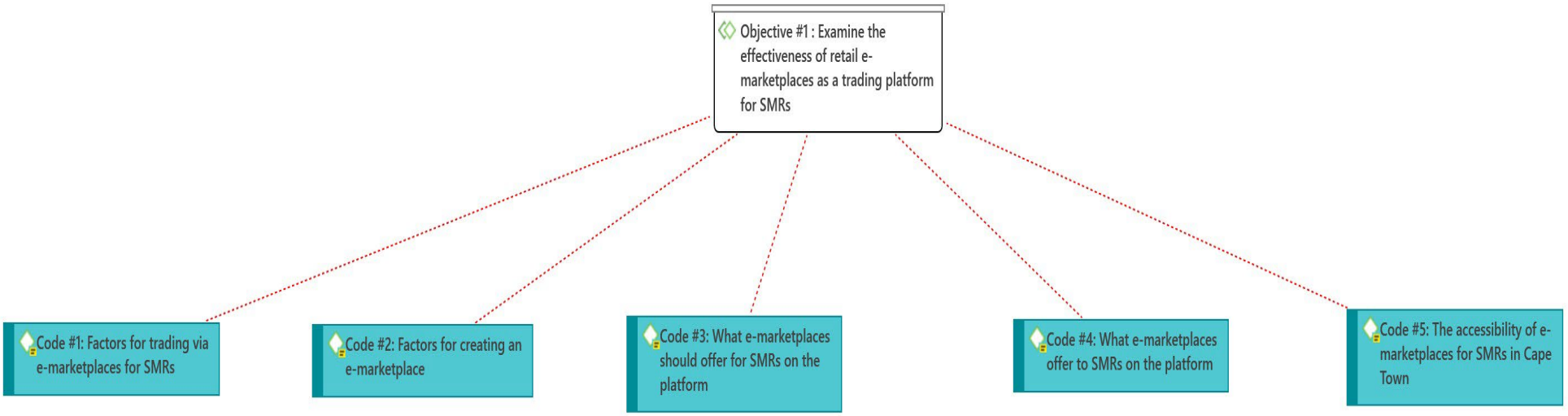


Figure 5.1: Objective 1 – Code Group 2: Examining the effectiveness of retail e-marketplaces as a trading platform for SMRs (created with Atlas.ti)

5.3.1.1. ● Code #1: Factors for trading via e-marketplaces for SMRs

SMRs had multiple factors for choosing to trade via an EM. These factors all depended on the need of the SMR, their level of technical skill and past experience. Furthermore, the participants had a clear idea from the onset why an e-marketplace would be worthy for their business. The trends that emerged include exposure to a large potential customer base, the infrastructure that the EM provides, and the ease of doing business through an established business model. Detailed comments on the SMRs factors which persuaded these SMRs to trade via an EM are presented below.

> ***D 4:1 ¶ 3 in SMR 4...*** *I thought that if I could sell on a marketplace, I would get much more exposure. For me, one of the major reasons was their exposure back then, because they now have a much bigger audience reach, and there is a much larger number of shoppers.*

> ***D 5:1 ¶ 4 in SMR 5…****The existing customer base of the marketplace. The established supply chain and logistics network for deliveries to the customer. The marketplace does the customer support (customer service function).*

> ***D 2:1 ¶ 3 in SMR 2...****My major factors that played a role are basically ease of doing business. From a technical point of view, it is less technical than having your own shop. Second, and this is probably the biggest one, is the search engine optimization results.*
>
> *I would say the performing process, for example, we do about 4600 orders a month and we are a team of five people, four people processing the orders. If it was just our own store, it would just be impossible; we will have to increase our staff and our warehouse space.*

> ***D 3:1 ¶ 4 in SMR 3…****I started selling through online marketplaces in the UK (United Kingdom). The infrastructure was already in place and with my experience, joining South Africa marketplaces was the next natural step for me.*

> ***D 6:1 ¶ 3 in SMR 6…****I wanted to develop a product and make it in a nice package and then send it to some place where they do the distribution and the customer service function. I did not want to start my own online place*

(store) and then obviously you have to get traction and then you have to package each sale and send it to people (customers) individually.

5.3.1.2. ● Code #2: Factors for creating an e-marketplace

From the EM intermediaries' perspective, the need to provide a wide range of products without deeply investing large sums of capital are two driving forces for the establishment of EM platforms. Having unrestricted or a wide range of product categories in itself provides EMs a competitive advantage over brick-and-mortar retailers (Kawa & Walęsiak, 2019:524) as it acts as a one-stop shop for customers.

> ***D 9:1 ¶ 3 in EM 1…****The retailer itself cannot offer anything and everything that they would like to. There are various limitations, including budgets and supplier relationships. Through developing a marketplace model, you allow for as much selection as you possibly can without having to invest too heavily in the stock that is required.*

> ***D 10:1 ¶ 3 in EM 2…****Theoretically, unlimited shelf space to offer or to take advantage of that leverage, you want to offer as many products as you possibly can. The e-marketplace allows you to offer a wide assortment to your customers without taking the working capital risk.*

From the above comments, the researcher observed that EM intermediaries gave careful consideration to the factors for creating an EM platform. There are limitations on what retailers can and cannot offer to customers. EMs bridge this gap by allowing various players to offer different products to the benefit of the customer, the SMR, and EM platform.

5.3.1.3. ● Code #3: What e-marketplaces should offer for SMRs on the platform

The researcher noted that SMRs have a clear picture of the services EM platforms should offer. From the data, common traits emerged: an established customer base, transparent stock control management measures, reasonable fee structure, a well-equipped logistic network, and importantly, the EM should offer customer support services. From SMR quotations, it emerged that these services are critical SMR expectations.

D 1:2 ¶ 6 in SMR 1…*On the platform itself, it must have traffic. Have a sense of safety that what you pay for, you will receive the goods, so there must be some form of verification. There should be customer reviews. The most important thing is access to shipping, there must be proper shipping channels.*

D 8:2 ¶ 6 in SMR 8..*Communication and transparency. Being transparent about stock losses and fees is also a key point for me.*

D 5:4 ¶ 6 in SMR 5…*Good stock management, as a seller you should be able to turn on and off your product and manage how much stock is available. There should be clear visibility of the accounting section of it so when does money come in or out.*

D 2:5 ¶ 5 in SMR 2…*The percentage of the fees needs to be reasonable. Marketplaces are able to bring these costs significantly lower than having to fulfil through our own network.*

These expectations from SMRs ensure EM platforms incorporate these predetermined services. SMRs can only gauge the effectiveness of EMs after these expectations have been met. An absence of vital services can result in SMRs not finding these platforms effective as a trading platform.

5.3.1.4. ● Code #4: What e-marketplace intermediaries offer to SMRs on the e-marketplace platform

Comments from the EM intermediaries revealed that these platforms have a solid and clear understanding of the expectations of SMRs when they opt to join these EM platforms. Observations from intermediary quotations suggest that the services SMRs require include an established customer base, a customer service function and a dedicated logistics shipping network. These comments concur with the expectations SMRs listed above in Code #3.

D 10:3 ¶ 6 in EM 2…*First, the mechanism to catalogue, in other words to create their listings and catalogue their product information and to service it to customers through the platform, and not just the desktop side, but across channels. The physical infrastructure to ship to consumers, and the customer service function to handle customer questions/queries.*

The most important element: sellers are getting the benefit of customers who shop on the platform because they can aggregate their demand. Aggregate demand refers to the platform allowing customers to buy for example a cell phone and face masks in the same order.

D 9:3 ¶ 5 in EM 1…*You have to have a customer base already. Selection is the best and the most important thing that a marketplace needs in order to grow. The more selection, the more interest is gained by customers. What sellers/SMRS want from an e-marketplace is traffic. One thing that people often overlook as well is the importance of customer service, and when you are starting your own online platform, it is very difficult to have a customer service side of the business. The logistic network relationship with couriers, a nationwide footprint, and a large audience is essentially what sellers/SMRs want.*

5.3.1.5. ● Code #5: The accessibility of e-marketplaces for SMRs in Cape Town

Both SMRs and EM intermediaries are of the view that accessibility for SMRs to EMs is not difficult. The available courier networks between Cape Town and other major cities also contribute to the accessibility of these platforms for SMRs.

D 6:4 ¶ 7 in SMR 6…*It's very accessible. I had to literally just create a company and apply and then they (the marketplace) had a few questions about what I'm going to sell. It's very easy and I use an established logistics company. I sent them the stock. It's very accessible.*

D 3:4 ¶ 8 in SMR 3…*In Cape Town, or anywhere else in the world, e-commerce or online selling is relatively accessible. The marketplaces we trade on in South Africa are accessible as long as you have a solid internet connection, and you are able to ensure your products get delivered to the marketplaces' distribution centres on time.*

D 2:7 ¶ 9 in SMR 2…*I think for Cape Town it is pretty good because warehouses from multiple marketplaces are in Cape Town, so I think we as Capetonians (people from Cape Town) are pretty well geared.*

> *I think being in Cape Town is a huge advantage because sending a package from Cape Town to Joburg (Johannesburg) is not that expensive and Joburg is your main economic hub. But I mean, if you are going to be based in George or East London, I feel sorry for you.*

> ***D 1:6 ¶ 8 in SMR 1…****In all honesty in Cape Town or wherever in South Africa, the most effective way of selling online is on e-marketplaces. To get access to the platform, it takes a while because they (e-marketplace) need to check that they are not saturating their market.*

There is decent access to the marketplace. However, an important factor to consider is the cost of transporting goods to and from marketplace warehouses. This transportation cost needs to be factored when deliberating on the accessibility of EM platforms for SMRs situated in Cape Town.

> ***D 5:6 ¶ 8 in SMR 5…****I'm using a specific marketplace, there are factors to consider for example, that they've got two DC's, one in Cape Town and one in Joburg (Johannesburg), and they expect you to deliver two thirds of the stock to Joburg DC (Distribution Centre). So, there's a much higher costing. If you are in Cape Town.*

Observations from the EM intermediaries note that geographical barriers are minimal for SMRs who trade via EM platforms across the country. The SMR should only be able to deliver their products to the warehouse of the EMs.

> ***D 9:8 ¶ 11 in EM 1…****Well, the thing about online is you do not really need to be in any particular area, so for example, we have got a lot of sellers from Durban, and we do not have a DC in Durban, but they are able to sell from Durban because we provide the footprint.*

> ***D 10:6 ¶ 11 in EM 2…****Yes. There are no geographical restrictions or barriers really for sellers where they are based. Regardless of where sellers are based in the country, the requirement for sellers to participate on this platform is to ship their products to Cape Town or Johannesburg into the platform's physical warehouse.*

5.3.2. Objective 2: Online stores (websites) versus electronic marketplaces for SMRs

To gauge the level of effectiveness of EMs as a trading platform for SMRs, a comparison was important for examining the difference between trading on an EM versus trading on an owner-operated online store (Code #6). Furthermore, objective 2 will reveal SMR insights on the benefits and challenges of trading on an EM and trading on their own online store (Codes #7 – 10). Objective 2 will conclude with the EMs' perceptions on SMRs trading on multiple platforms (Code #11), and the regulations of EMs should SMRs trade on multiple platforms (Code #12). Figure 5.2 illustrates an overview of Objective 2 and its linked codes.

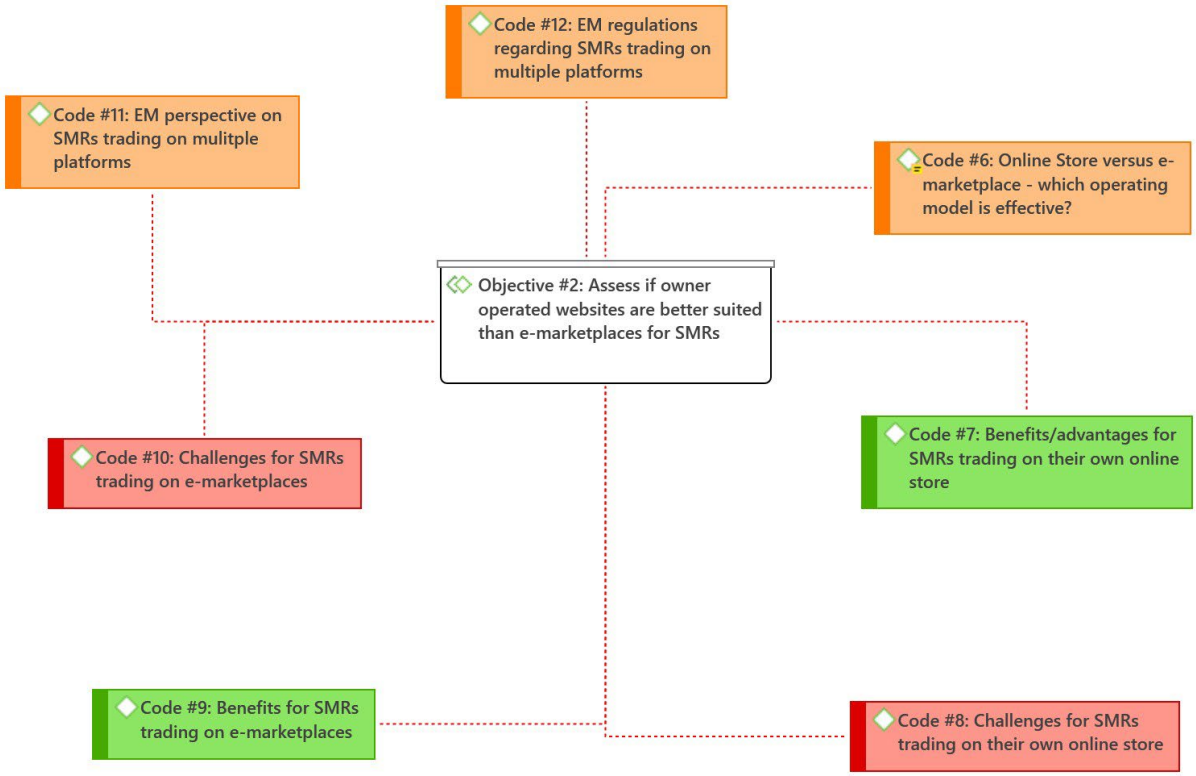


Figure 5.2: Objective 2 – Code Group 2: Online stores (websites) versus electronic marketplaces for SMRs (created with Atlas.ti)

5.3.2.1. ● Code #6: Online Store versus e-marketplace - which operating model is effective?

Evidently, the observation from SMRs is that e-marketplaces are more effective than selling through their own online store. Major factors revealed by SMRs for choosing EM platforms as the preferred platform include the marketplace infrastructure and

systems which allow for high order volumes to be processed. Trust also plays a key role.

> ***D 1:9 ¶ 11 in SMR 1…****Right now most of my sales go through an e-marketplace. That is actually the most convenient way, because they handle all the delivery and then they take care of the rest. Also, the shipping on their side is efficient, since they have volumes and they have their own network, it makes it quite easy.*
>
> ***D 3:5 ¶ 11 in SMR 3…****Marketplace, definitely the marketplace. Our business specialises in researching the most customer demanded products, thereafter, we connect with preferred marketplaces. We have a website, however in most cases, we use our website (online store) to provide product information and to direct customers to the marketplaces we trade on.*
>
> ***D 2:9 ¶ 12 in SMR 2…****From a traffic perspective, so percentage-wise if we do 5000 orders a month, about 4900 would be from the marketplaces we trade on and around 100 from my own online store. We are not spending a lot of effort on online stores and the reason for that is simply, I believe the South African e-commerce space is just in its infant stage and South Africans have a lot of trust issues.*
>
> ***D 5:7 ¶ 11 in SMR 5…****The feed (traffic) on the website and would the customer be willing to trust the website, I think that is the two concerns and that is why I would say the marketplace is established; therefore, the marketplace is much better. Especially when it comes to payment and capturing card details, people are already sceptical of websites they haven't heard of before. They would trust a marketplace, especially when it's well known as the marketplace we trade on.*

The e-marketplaces' established customer base and established brand also serve to attract SMRs.

> ***D 6:5 ¶ 10 in SMR 6…****I would say e-marketplace because again the customers that log on to the marketplace. I think it's something like five million customers, I might be wrong. They do their own advertising and you can pay like on social media where you pay for targeted marketing.*

In contrast, from the below quotation, SMRs may find that multiple platforms can be effective over time.

> ***D 4:5 ¶ 11 in SMR 4…****I would say at the moment we are equally busy on both. Sometimes our websites are busier than on marketplaces. Also, on our website we have more products than what we have on the marketplace, so that is the advantage of having your own website where you can list more products.*

Observing the comment below, an SMR's own online store may become trustworthy once customers become familiar with an SMR's brand.

> ***D 7:5 ¶ 12 in SMR 7…****For brand awareness, the e-marketplace is way better, but overtime we find that customers convert to our own store, but we do originally access them on the e-marketplace we use.*

According to the semi-structured interviews, EM intermediaries have a mixed reaction to whether EM platforms or online are more effective. From a risk perspective, trading on multiple platforms allows SMRs to trade effectively, and spread the risk if barriers were to come along.

> **D 9:9 ¶ 14 in EM 1…***If you are going to sell online you need to be in as many places as possible. It is very unlikely that you are going to get onto a marketplace unless you have some sort of retail presence, either online or through your own website. What I would recommend to sellers/SMRs is to sell across as many different platforms as possible.*

Advocating for the e-marketplace, one of the EM intermediaries acknowledged the difficulty for SMRs to drive web traffic to their online stores; hence, they should opt for the marketplace.

> **D 10:7 ¶ 15 in EM 2…***Furthermore, driving traffic to the top of the funnel, driving traffic to your website is not easy. That is why it is actually so powerful to plug into this e-marketplace. The marketplace has this traffic already, it offers a captured audience with customers that shop regularly. By listing your products on the platform, you are capturing an additional share of the customers' wallet.*

From the interview proceedings to gauge which platform is more effective for SMRs, it was discovered that although EM platforms are preferred, it is important for individual businesses to assess their own strategy when trading online. Significant strategies came to the fore, including the following: Should the SMRs trade solely via a single e-marketplace or multiple e-marketplaces? Should the SMR trade on their own online store and single or multiple e-marketplaces combined? No blanket approach is suitable for all SMRs as each business has its unique set of circumstances.

Benefits and challenges of online stores and e-marketplaces for sellers/SMRs

5.3.2.2. ● Code #7: Benefits/advantages for SMRs trading on their own online store

Emerging from the interview records are four distinct benefits SMRs have identified, including the following: controlling the customer process from start to end, including after-sale service; personalisation of online stores; product management controls; and faster rate of accessing funds after the sale completion. While these benefits may be for SMRs trading via their own online store, EM intermediaries who are able to integrate these benefits could increase the level of effectiveness for SMRs on the EM platforms.

> **D 2:12 ¶ 16 in SMR 2…***Controlling the whole customer experience from the start to the end, and that includes aftermarket support where you know you cannot give product support through marketplaces. On my own online shop, the catalogue rules do not apply, I can do whatever I want. I can add videos to illustrate my products by using 3D video rendering services. Then also obviously the fees, it is cheaper, meaning you can give a better price to the customer. Then there is the opportunity to retain customers much easier, because obviously when they come back to your own store, you can incentivise them, whereas you cannot do that on marketplaces.*

> **D 7:6 ¶ 18 in SMR 7…***For us it's being able to communicate with the customers directly, so we sell a product that you kind of really need instructions and guidance on, and we can only give you so much through an e-marketplace.*

> ***D 1:10 ¶ 14 in SMR 1…****The main thing is you have direct access to your customers, which is the major winner. You can decide how much stock to keep, so it makes you become very fluid. You can keep minimum stock and you can manufacture as you go along depending how your products are selling.*

> ***D 4:7 ¶ 15 in SMR 4…****You have more control over your products and your money is available when you need it compared to marketplaces which pay out at a certain time. You can have more products and control over your sales. For example, if something happens in your manufacturing or in your warehouse, you cannot do sales for the day, you can shut down immediately.*

> ***D 5:8 ¶ 17 in SMR 5…****So you can actually do your own look and feel of your online store. So, all these marketplace fees are quite steep, because of the fees you pay to the marketplace, for example the monthly fee, fulfilment fee, and a success fee.*

Availability of funds was identified as an important benefit for SMRs. As these businesses are typically small, they continuously need access to funds for various reasons, including to buy stock as mentioned in the quotation below.

> ***D 8:6 ¶ 18 in SMR 8…****There are no extra fees other than bank charges and hosting fees. The money is available in the business account within 24 hours allowing me to get the stock I would need for the next batch.*

5.3.2.3. ● Code #8: Challenges for SMRs trading on their own online store

The interviews revealed the unique challenges SMRs encounter when trading through their own online store. Generating sufficient web traffic to an SMR online store has proven difficult, and even more difficult is getting sales once the desired web traffic to their respective online stores have been generated.

> ***D 6:8 ¶ 15 in SMR 6…****The challenge is traffic; it's getting people to my own online shop. If I were to sell products individually on my website, there's only two products. I also need to pack it and ship it to the customer. The customer*

might not be happy with the colour or the size. You spend so much time and the mark-up on the product is so small, then it becomes useless.

D 2:16 ¶ 18 in SMR 2…*0% traffic, no, not zero traffic, I do not think traffic is the issue. I think conversion is the issue. Getting customers to trust your online store and be willing to transact through your store. Technology, I do not think it is user-friendly for online stores, especially like Google ads; in addition, these services are quite expensive for small businesses.*

D 5:10 ¶ 19 in SMR 5…*We are still busy creating our own online store (website). I would definitely expect the traffic on our online store to be low and difficult to attract customers.*

The lack of traffic could be explained in part by the trust factor. Buying and selling goods online involves trust, and customers are often wary of unfamiliar websites for fear of being scammed. SMRs can overcome this barrier by aligning their online stores with well-known vendors, being transparent with customer reviews (both positive and negative) and rewarding customer loyalty (Adwan & Aladwan, 2019:190).

D 8:7 ¶ 20 in SMR 8…*Customer trust. There are too many "scam" websites online. Smaller businesses take longer to be recognised by Google or appear too low on the search list as opposed to the bigger more well-known/searched companies.*

Marketing has emerged as another challenge for SMRs trading via their own online store. Effective marketing for SMRs has been proven difficult and expensive. With a lack of trust for SMR online stores, getting the desired message across to the right customer base is challenging for SMRs and requires continuous marketing activities that resonate with customers.

D 4:9 ¶ 18 in SMR 4…*The marketing expenses, depending on the size of your business, can be quite a significant amount of money. Your website does not necessarily have the same amount of order potential or clients reach compared to a marketplace.*

> ***D 7:7 ¶ 20 in SMR 7…****Marketing has been a really, really big one for us and we struggled to get people to find the site, but once they found the site they converted very quickly, but it's just trying to get them onto the site.*

The fulfilment of orders through online stores can be higher in costs and time spent as revealed below. Online stores fulfil orders one at a time, whereas through EM platforms, SMRs can deliver large quantities of stock to EM warehouses. These platforms then process orders more efficiently.

> ***D 3:8 ¶ 16 in SMR 3…****One top of mind disadvantage of selling through our own website is the amount of time it takes to process a single order through our own website. We are focused on fulfilling a large volume of orders. For example, our systems and processes allow us to fulfil more than 100 orders at the same time-spend as processing 1 order. That is why we prefer fulfilling our orders through marketplaces.*

Another unique challenge for SMRs is the availability of professional services for SMRs to assist in the development of their online stores. For customers to trust online stores, SMRs need to present a professional online shopping experience through their own online store. Attaining the desired look and feel often proves challenging, as stipulated below.

> ***D 1:11 ¶ 16 in SMR 1…****It is quite difficult to build your own website and make it look professional. We do not have many people that offer that service. So cheap companies that offer to train you on that, they are just bogus, because literally, you cannot teach creativity. I prefer to join an established website hosting service. However, you have to pay an X amount and you make no sales, it just becomes an overhead expense.*

5.3.2.4. ● Code #9: Benefits for SMRs trading on e-marketplaces

From the interview accounts, the researcher found that participants have a thorough understanding of the benefits of trading via EM platforms. More importantly, the benefits highlighted by SMRs serve as solutions for the challenges identified when SMRs trade via their own online store. These benefits include an established customer base; physical facilities including storage; a structured logistics network;

systems and procedures to process high-order volumes; fraud and scam protection; a trusted image and brand of EM platforms; and a customer service support function.

> ***D 7:8 ¶ 22 in SMR 7…****Everyone sees it, people are constantly seeing it and actually purchasing the products so you know you have a good product, but you can't get people to see it. These online marketplaces give you that accessibility to the customers.*
>
> ***D 5:11 ¶ 21 in SMR 5…****The existing customer base that has been established. You don't have to deal with the customer queries yourself. The marketplace manages the payment portal for you. The marketplace takes care of customer deliveries for you.*
>
> ***D 4:11 ¶ 20 in SMR 4…****Well, first of all, marketplaces are trusted, so customers would much rather buy on these platforms, then from a small shop because they know that the order will be delivered. It is not a scam. Customers know they can return products. There is a higher reach, which means that you can have a higher income potential.*
>
> ***D 1:13 ¶ 18 in SMR 1…****They have a market. They have the storage. They have their shipping network. Literally, you make money in your sleep.*
>
> ***D 2:18 ¶ 20 in SMR 2…****Good conversion ratio and good traffic. Marketplaces offer ease of packaging and shipping our parcels. One more benefit, a huge one especially in South Africa. Fraud protection, you do not have that on your own online store. If you get scammed, that is your own loss. Marketplaces give you full protection against customer fraud.*
>
> ***D 3:10 ¶ 18 in SMR 3…****We are able to process large volumes of orders at the same time. We can use the marketplaces' infrastructure to fulfil customer orders faster. We use their logistics network to deliver our customers' orders. The customer service function of the marketplaces we trade on offer is a bonus, as we focus on systems and processes.*
>
> ***D 8:9 ¶ 22 in SMR 8…****I can pre-pack orders and ship them out weekly or bi-weekly, this allows me more freedom in my business to focus on admin and*

advertising or product development. I also don't have to follow up with clients or delivery companies each day and keep track of too many orders.

D 6:10 ¶ 17 in SMR 6…*My biggest advantage is the e-marketplace takes care of the customer services. I don't have time to deal with that and they do the courier shipping forward and returns. It is beneficial for me because then I don't speak to customers.*

5.3.2.5. ● Code #10: Challenges for SMRs trading on e-marketplaces

The challenges SMRs face affect how effectively they perceive EM platforms. It is difficult for SMRs to retrieve customer returns from the EM platforms on which they trade, according to responses. From the comments below, it is evident that an inefficient return process has a negative cost effect on SMRs.

D 1:14 ¶ 20 in SMR 1…*Returns are quite expensive to process. The marketplace is very bad at handling returns. They send your products efficiently to customers, but their return process is very inefficient.*

D 3:11 ¶ 20 in SMR 3…*Although we do not have a large number of customer returns, the customer return process from the marketplace's perspective is very disappointing. For example, it could take up to 4 weeks to get a single return from the customer, through the marketplace, and back to us.*

D 2:20 ¶ 23 in SMR 2…*The first challenge would be them (marketplaces) controlling the return process. So obviously you know if you're selling your own product, you can offer some level of technical assistance whereas with marketplaces you just return. Also, the power of the supplier (e-marketplace), you know they can turn off your account for any reason at any time. It is in the terms and conditions, and if you do not operate according to their terms and conditions, then do not participate on marketplaces. Another challenge is price and unfortunately the problem of the marketplace is there is a price issue because of the fees.*

Another challenge the SMRs highlighted is the lack of control they have over their account. This challenge is significant for SMRs: they should be in a position to actively manage their business account through the EM platform.

> ***D 4:13 ¶ 22 in SMR 4…****You have absolutely no control over anything. Depending on the marketplace, they just make rules as they wish; they just do what they want to. You have no control over your business, you live in constant fear if they are going to kick you off (the platform) or not. Your stock gets lost and it is at your expense. You feel a sense of corporate bullying because they make you dependent on them. You are used to earning a certain amount of money from them and then they just treat you like they want to and do what they feel.*

A lack of support, as outlined below, negatively impacts the perceived effectiveness from SMRs when trading via EM platforms. It is therefore vital for EM intermediaries to ensure continuous support is available for SMRs when errors occur or difficulties arise.

> ***6:12 ¶ 19 in SMR 6…****The challenge is that the e-marketplace I trade on is big and you struggle to get seller support. For example, I've got two products, and it's actually not easy to mess it up, but I have put the wrong barcode on the products and I sent it to the marketplace, if it was a smaller company, I could just send them the correct barcodes.*

> ***7:9 ¶ 24 in SMR 7…****I think maybe some minor things like packaging is just a complete nightmare with them because we have a fragile product and it has to survive a 2-metre drop process, whereas if we're selling directly from our online store, I know our courier is not going to throw it from 2 metres, but in a marketplace might not work careful with fragile merchandise.*

The availability of funds and fee structure have a direct bearing on the operations of SMRs. As SMRs are small in nature, large sums of funds are not often readily available. For SMRs, the challenge of receiving proceeds of merchandise sales quickly may outweigh the benefits of trading on EM platforms.

> ***D 5:12 ¶ 23 in SMR 5…****So the money takes quite a while to clear sometimes. So, for example, you sell the product to the customer, then you send it to the marketplace, if the customer bought three items and they're waiting for three other products then they ship it to the customer, thereafter, the marketplace*

does the payment towards your product. The payment can take up to 72 hours to clear.

D 8:10 ¶ 24 in SMR 8…*Costs. I feel there should be a set price per month that should include everything. The lack of communication between branches with little to no feedback with regards to a concern or query raised.*

5.3.2.6. ● Code #11: EM perspective on SMRs trading on multiple platforms

Having assessed and contrasted the benefits and challenges of trading via owner-operated online stores and EM platforms, the perspective of EM intermediaries on which route is most effective for SMRs is valuable. EM intermediaries interact with thousands of SMRs; therefore, they have a deep understanding on whether trading on multiple platforms could be effective for SMRs.

The comments below suggest that trading on multiple platforms could assist SMRs in trading effectively online. Multiple trading platforms allow SMRs to spread the risk and capture the varied customer base of multiple platforms.

D 10:8 ¶ 17 – 19 in EM 2…*Yes, for a couple of reasons. You would assume that the customer profiles on the different platforms are different, so you attract a different audience. If you try to build credibility as a business and as a brand you need to be discoverable throughout the market.*

From a risk diversification point of view, if you are trading on a marketplace and things go wrong for whatever reason. Whether it is your own fault or the platform's, you could lose your access to that marketplace, and if you got your whole business on that single platform, then there is the major risk of losing your whole business.

D 9:11 ¶ 17 in EM 1…*Not every platform has the same customer base as well. The better recognised your brand becomes through other platforms or different channels, the more likely it is that customers are actually going to drive to your own sites, in which time you do not have to pay a success fee or delivery fee. So that's essentially your end goal.*

5.3.2.7. ● Code #12: EM regulations regarding SMRs trading on multiple platforms

In line with Code #11 on whether multiple platforms could be effective for SMRs, regulations regarding trading on multiple platforms are an important aspect. Ultimately, these regulations form the foundation of the relationship between SMRs and EM intermediaries. The researcher found that while EM intermediaries allow SMRs to trade via multiple platforms and channels, SMRs, however, should be cognisant of the regulations established by each EM intermediary.

> ***D 10:9 ¶ 21 in EM 2…****We would never dictate to sellers around where they can and cannot trade their products. Furthermore, we do not interfere with the service pricing of sellers' products; sellers/SMRs set their own prices and margins.*

> ***D 9:12 ¶ 20 in EM 1…****We purport to be an open and free marketplace so that anyone and everyone is able to trade as openly as they can. However, the only requirement we have is that you do not sell your items cheaper on other websites than you do on ours. We want a bit of price parity. We do not want our customers buying something from you on our website and finding out they can get it cheaper from you at the same time at another channel. That is a bad customer experience for us.*

Objective 2 evaluated the difference between trading on an online store, single or multiple EMs, and an amalgamation of trading on owner-operated online stores and EMs. The researcher found that SMRs see EMs as an effective trading model. Furthermore, the benefits and challenges posed by owner-operated online stores and EM platforms are important factors which SMRs should consider before selecting a preferred model. As different benefits and challenges would apply to different SMRs, a blanket approach cannot be applied to all SMRs.

5.3.3. Objective 3: Determining the impact on the effectiveness of retail electronic marketplaces following the Covid-19 pandemic

The Covid-19 pandemic is an unprecedented occurrence. Businesses have not experienced such a phenomenon before in the EM landscape. Consequently, the

impact of this pandemic requires careful contemplation. Objective 3 will therefore analyse the impact of the Covid-19 pandemic on the effectiveness of EM platforms. This Code Group consists of three codes: Code # 13 explored the impact of Covid-19 on SMRs and EM intermediaries; Code #14 analysed the support SMRs received from EM intermediaries during the pandemic; and Code #15 examined the effectiveness of trading on EM platforms for SMRs during the Covid-19 pandemic. Figure 5.3 below highlights the associations between Objective 3 and connected codes.

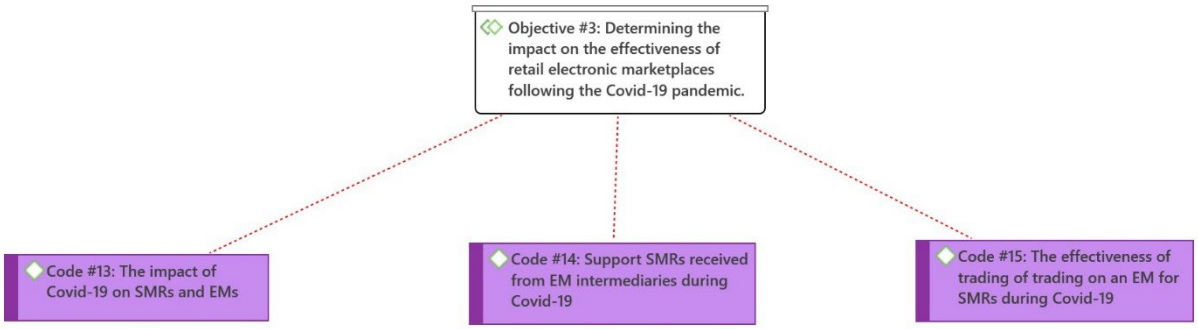


Figure 5.3: Objective 3 – Code Group 3: Objective 3: Determining the impact on the effectiveness of retail electronic marketplaces following the Covid-19 pandemic (created with Atlas.ti)

5.3.3.1. ● Code #13: The impact of Covid-19 on SMRs and EMs

The pandemic has had a mixed yet undeniable impact on SMR businesses. A portion of participant sales have grown significantly, as highlighted in the comments below.

> ***D 2:23 ¶ 27 in SMR 2…****We have seen an increase in orders. Prior to the pandemic, we were doing about 2700 orders a day, now we are processing 4500 orders. Is that due to putting on more SKUs and investing into more stock? I am not 100% sure. Is that due to the pandemic?*
>
> ***D 1:16 ¶ 23 in SMR 1…****In the space of two months my sales grew 10 times. The impact of Covid-19 was excellent for my business.*
>
> **D 4:15 ¶ 24 in SMR 4…***The impact of Covid-19 on our business, I would say, personally, we were much busier than usual because everybody was shopping online.*

> ***D 6:13 ¶ 22 in SMR 6…****My sales went steadily, just kept on so there was no spike, so it's not like it became much bigger but it just continuously had a nice growth.*

The above-mentioned SMRs have seen early increases in their sales stemming from the initial lockdown period, which only allowed essential goods to be sold.

The second group of participants were restricted during the initial lockdown period; therefore, they were negatively impacted in the beginning of the lockdown. The interview excerpts below confirm that sales picked up as soon as the restriction on general merchandise was lifted.

> ***D 3:12 ¶ 25 in SMR 3…****In the beginning we were not able to trade for almost two months, while we still needed to cover salaries, and all the expenses that come with owning a business. When we were allowed to sell again, sales were very good, however, it was difficult and more expensive to get products into the country. Many shipping companies operated below capacity, which resulted in a limited number of shipping containers being available. This led to an increase in shipping costs. The benefit of being able to sell again for our business was a balancing act.*

The last group of SMRs began operating during the Covid-19 pandemic. Consequently, the pandemic was acknowledged as the driving force for the establishment of these businesses.

> ***D 5:13 ¶ 26 in SMR 5…****We started our business during the Covid-19 pandemic. For us it was simple, online was the new way to go.*

> ***D 7:10 ¶ 27 in SMR 7…****We actually started slap bang in the middle of the Covid-19 pandemic when it all started and we're in the health and wellness kind of section. So, we have found that actually there's been an increase for these products, because of health and wellness and the Covid-19. I don't really know without Covid-19 if people maybe had more money to spend and things like that. I have noticed that with Covid-19, people are a lot more willing to spend money on their health.*

EM intermediaries were also negatively affected in the initial stages of the lockdown. But their sales also increased after the initial restriction on general goods were lifted. However, as noted in the comments from *D 3:12 ¶ 25 in SMR 3,* the pandemic also affected the importation of goods and as a result, escalated the cost of merchandise. The same sentiment was confirmed from one of the EM intermediaries.

> ***D 9:13 ¶ 23 in EM 1…****The same way it affected us on our retail side, sellers were also affected. During hard lockdown in March last year (2020), only essential items were allowed to be sold, so only essential sellers were basically brought onto the platform at that stage and it took our product offering down from 100% down to less than 1% of our product offering on our side. So, it literally had a massive impact on our business and presumably the same thing happened to the rest of the sellers. Added to that, was a massive stock shortage after the hard lockdown because all of the imports that sellers were relying on to get their products into the country had shut down. There was no way to get stock into the country. We had the same problem on our retail side as well.*
>
> ***D 10:10 ¶ 24 in EM 2…****In two ways, first, the numbers of businesses that have shown interest in trading on the platform have gone up significantly and that is because small retail businesses have been affected by the lockdown. Secondly, the value that businesses on the platform also increased, and that is because of the surge in customer demand. Because customers were not going shopping anymore in malls and stores and they were buying online and our platform was in a very strong position to help them or to serve that demand.*

5.3.3.2. ●Code #14: Support SMRs received from EM intermediaries during Covid-19

In the preceding code, the impact of the pandemic was highlighted. Consequently, these affected businesses needed support to recover from the initial hard lockdown period. From the comments below, the researcher perceived that minimal support was given to SMRs. During the initial lockdown period, support was granted to SMRs whose product categories consisted of essential products.

D 1:17 ¶ 25 in SMR 1…*Nothing changed, instead it grew (the support I received). Luckily for me, my products are essential items. So actually, when they saw my growth, they reached out to invite me into more promotions. The lockdown opened more opportunities for me, like they know they (the marketplace) started noticing me and they reached out to me.*

D 4:16 ¶ 26 in SMR 4…*We did not receive any support at all, in fact, they (e-marketplaces) were much stricter than usual. They cut our delivery time short and the couriers were overbooked. That created some problems, but all in all business was definitely better.*

The website (e-marketplace) was busy, but you received no support during the height of the lockdown. They were not lenient with delayed couriers. They cut our processing time short so it was very, very difficult to deal with them, but we at the same time realised that we were one of the only industries that were allowed to trade and we were very thankful for that.

D 6:14 ¶ 24 in SMR 6…*No, they didn't, not that I can remember. They probably sent out an email or two, but to be honest I don't read those emails because it's long. I didn't really need any help to be honest, so not that I know of, but they might have said something.*

D 3:14 ¶ 27 in SMR 3…*We did not receive any support from the marketplaces we trade on. In most cases, I would say the marketplaces were only looking to manage their business through the pandemic, rather than extending support to sellers on their platforms.*

D 2:24 ¶ 29 in SMR 2…*I mean they did not give any support like for example banks did by giving financial support. What they could have done is, they could have increased the disbursements amounts frequently to assist with cash flow, but at the same time they would not want to open their selves to unnecessary risks during lockdown. Marketplaces did not give enough support to sellers on their platforms, because even like with their tenure (older/experienced) sellers they could have relaxed the disbursement rules and that was not there. But, compared to all the marketplaces we trade on,*

there was absolutely no support. They (marketplaces) were just quiet; there was no communication with the sellers.

With the exception of one example of direct support in the form of a reduced rate, the below SMR received a reduction in their monthly fee.

D 8:12 ¶ 29 in SMR 8…*One company did offer me a reduced monthly rate.*

SMRs received indirect support from EM intermediaries in the form of lobbying the government to lift the ban on e-commerce trade.

D 2:24 ¶ 29 in SMR 2*…From all the marketplaces we trade on, I would say one particular marketplace's reaction was the best because they tried and engaged with the government for everybody during lockdown to get things back for e-commerce.*

EM intermediaries in return acknowledged that the initial hard lockdown period was severe for them as well. From the interview scripts, the researcher witnessed that EM intermediaries offered support in the form of fee reduction, assisted SMRs with essential product categories to be placed on the first few website pages of the respective platforms, and provided indirect support in the form of lobbying the national government to lift the restriction on general merchandise for e-commerce.

D 9:18 ¶ 30 in EM 1…*There was very little selection on our site for essentials early days. We only saw the necessity to bring essentials on through our retail side once Covid-19 actually hit, but it was quite a small portion of our business up until that point. So, for essential sellers and sellers selling essential goods, they were highly prioritised in terms of bringing them on and pushing their products to the top.*

We tried to differentiate ourselves from a marketplace perspective because we do have to compete with other businesses. We have undercut the fees that they charge their sellers. To the extent that we are not losing money and we do not charge a success fee. We only charge sellers/SMRs when an item sells, so we only charge them money once they are making money.

D 10:12 ¶ 26 in EM 2…*Well, when the country first went into lockdown, we were also severely constrained in what we could sell. We as an organisation*

along with other group companies went public, to lobby the government to open up e-commerce because it is a safe and a reliable way for customers to shop without being exposed to Covid-19 risks. When we were allowed to open up eventually, we were by default in a strong position to help these sellers because we had this established platform.

5.3.3.3. ● Code #15: The effectiveness of trading on EM platforms for SMRs during Covid-19

Given the initial hard lockdown and the lack of support from EM intermediaries as described by SMRs in the previous code, the interviews revealed that all participants, both SMRs and EM intermediaries, considered EM platforms effective during the Covid-19 pandemic.

D 1:19 ¶ 28 in SMR 1…*All in all, the marketplace I trade on was very effective for my business during the lockdown. I do not know for somebody starting out now, if they would have benefited the same way I have*

D 2:27 ¶ 31 in SMR 2…*Although the marketplaces we trade on during the Covid-19 pandemic proved to be good, they need to solve their problems with technology and not humans, but they are getting better.*

D 3:15 ¶ 29 in SMR 3…*I would say yes. We were able to sell products through the pandemic. Because we invested in researching what customers demand and aligning our systems and processes with the marketplaces we trade on, we were able to generate sales on a regular basis.*

D 4:17 ¶ 29 in SMR 4…*We came to a point where we did not have enough stock to supply for the demand. The overall experience with the marketplaces we trade on, during the pandemic is effective.*

D 5:14 ¶ 30 in SMR 5…*For us, the Covid-19 pandemic has not affected the marketplace's ability for them to deliver products to customers, so we were able to trade and sell products.*

D 6:15 ¶ 26 in SMR 6…*Yes, 100%. To trade on the e-marketplace was much easier, you don't deal with face-to-face customers, and they don't have to walk into your store, you literally just send your orders to the marketplace's warehouse.*

D 7:13 ¶ 31 in SMR 7…*Yes, very, very effective. I think it just bottles down to the fact that people are much more focused on their health at this point. I think it's a mixture of the accessibility people are seeing your products realising its health and going to benefit them and take it from there.*

D 9:20 ¶ 33 in EM 1…*Business is getting right (effective). The different competitors entering the market have kind of thrown an extra spanner into our plan. The landscape is more competitive now, but it has stabilised to a certain extent and we ourselves are starting to pick up, but at the same time from a macroeconomic perspective, people also do not have much money to spend, and they are prioritising their spending. So we might be getting similar traffic, but the basket size is smaller. The industry is now booming because of Covid-19, but actually we rely on people spending money and people are not spending much cash.*

D 10:14 ¶ 28 in EM 2…*Yes. It is mutually beneficial in that sellers had a platform to get access to the market during the pandemic and beneficial for us in the sense that we could offer our customers a wider range, at better prices and better availability of products.*

5.3.4. Future development of retail electronic marketplaces

Continuous development is an imperative facet for EM platforms to ensure SMRs find these platforms effective. Given the challenges raised by SMRs, enhancements are needed on EM platforms. This section has two main codes: first, Code #16 dissected the desired improvements SMRs would like to see in the future on EM platforms; and secondly, in Code #17, EM intermediaries shared their platform developmental plans for the foreseeable future. Figure 5.4 represents the codes connected to these two views from SMRs and EM intermediaries.

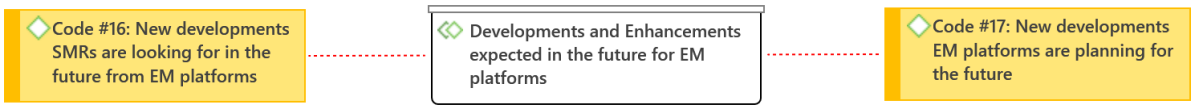


Figure 5.4: Code Group 4: Future developments of retail e-marketplace platforms (created with Atlas.ti)

5.3.4.1. ● Code #16: New developments SMRs are looking for in the future from EM platforms

Observing the feedback, the researcher identified five areas of development SMRs would appreciate in the near future. These improvements and developments include systems integration, advertising assistance, a structured fees system, account management and a greater delivery reach.

From the interview quotations below, it is evident that the absence of a thorough systems integration from different channels is regarded as an obstruction by SMRs. Participants are looking forward to integrating and managing different platforms through a single system. At present, SMRs incorporate nominal channels, meaning they need to do duplicate work for the various platforms on which they are trading.

> ***D 2:28 ¶ 35 in SMR 2…****They all lack an easy-to-understand API (Automated programming interface). We have our online store and we trade on multiple marketplaces, the problem is that the catalogue is not integrated through an API on all these platforms.*

> ***D 3:16 ¶ 32 in SMR 3…****Using my past experience, they should offer more system integration options, more API (Automated Programming Interface) features should be allowed, this will help sellers track and take control of their sales and available stock. They should be able to allow customers to advertise their products with video demonstrations, and finally major changes to their operating model should be communicated in advance to sellers.*

SMRs hope to collaborate with EM intermediaries for mutual support in making SMRs and their products more visible on the EM platforms.

> ***D 8:13 ¶ 35 in SMR 8…****Provide greater advertising for local products and push smaller businesses more on the ads front. Help provide more training*

and insight as most small businesses are just starting off. Possibly provide lower rates for smaller businesses and increase it as their business grows.

D 7:14 ¶ 34 in SMR 7…*Maybe trying to think about some sort of structured advertising thing or sponsored ads. There's been a few releases of sponsored ads and being able to pay to be on top pages. I find they're not that accessible for small to medium sized businesses.*

The participants interviewed revealed that they would like to have direct contact at the marketplaces on which they trade. This improvement would help solve queries efficiently as they would not have to deal with different personnel for every query.

D 6:16 ¶ 30 in SMR 6…*I would add a more personal touch, so maybe they can give one person (account manager) for 10 sellers or something like that. So, you feel like you've got a dedicated person that you can contact for urgent issues, because it just feels like this big corporate computer and every time you contact someone different, it's a bit of a nightmare.*

D 4:19 ¶ 32 in SMR 4…*I would definitely say for any marketplace, it is important to have an account manager and for the account manager not to have too many merchants that he cannot cope with. Clarity on fees and then actually sticking to the terms and conditions that they make you sign in the beginning.*

From the disadvantages of trading on EM platforms, SMRs have recognised the impediment they have with fee structure. Consequently, this hurdle has been raised from the participants as an appeal for improvement From the comment below, it can be confirmed that EM intermediaries should give more consideration to the fee structure for certain product categories.

D 5:15 ¶ 33 in SMR 5…*The pricing structure. It's extremely difficult for small and medium retail enterprises who are selling entry level products to sell it at a decent price and make a profit.*

The final area of improvement SMRs have raised is the delivery reach. The excerpt below makes evident that SMRs would like EM intermediaries to broaden their delivery reach, especially for areas on the outskirts.

D 1:20 ¶ 31 in SMR 1…*The most hindering thing at the moment is the delivery reach. Meaning somebody sitting on a farm or in a rural area, they have no real access to this marketplace space.*

5.3.4.2. ● Code #17: New developments EM platforms are planning for the future

Consensus among EM intermediaries is that they are working on two identified areas of improvement. First if the need to put the power in SMR hands to better manage their businesses effectively and efficiently through the self-service portals on the EM platforms. This would be possible if EM intermediaries provide system functionalities.

D 10:15 ¶ 32 in EM 2…*The objectives of the road map are obviously to stabilise our core operations, but then also to give as many tools and services to sellers as we can conceive. On the practical side, we have launched sponsored products. Sponsored products allow sellers to run their own paid advertising campaigns on site.*

D 9:23 ¶ 40 in EM 1…*The one thing that needs to develop further in my opinion is the autonomy of the platform itself. Enabling sellers to manage their own businesses without having to rely on the marketplace platform for all the services they may need. Facilitating this development, e-marketplaces need to provide enough reporting functionality for sellers/SMRs in order to have the autonomy to better manage their businesses on the self-service portal.*

Provide as much ease-of-use functionality within their self-service portals to allow sellers/SMRs to grow their business without requiring too much intervention from the platform itself, that is what I would say is quite an important one.

Cross border trade into Africa as well, that is one thing that has been lacking at this point. There is no cross-border marketplace trading. There is lots of reputable brands just outside South Africa that we do not have access to yet, and likewise there is lots of popular brands that we have that Namibia, Botswana, and Zimbabwe for example, those select countries do not have exposure to yet and it would be awesome if we could actually offer to.

The second area of development is to open cross border trading, as identified in the latter part of the above comment. Cross border trading expands the customer scope for SMRs, and the marketplace and SMRs would have exposure to other brands and products which could assist with product development.

5.4. Chapter summary

This chapter provided a presentation and analysis of the data collected from the 10 participants. Four code groups linked to the objectives emerged from this data. The four code groups were comprised of seventeen codes. Evident from the data collected it that EM platforms are integral to SMRs operations who trade online.

Code group 1 revealed that SMRs have numerous factors propelling them to trade via ERM platforms. Furthermore, it was evident that EM platforms are accessible regardless of where SMRs are situated throughout South Africa. Code group 2, which concentrated on the benefits and challenges of trading on EM platforms and SMRs trading via their own online store, revealed that SMRs prefer EM platforms; however, EM platforms should give careful consideration to the challenges SMRs have raised. The impact of the Covid-19 pandemic analysed in Code Group 3 revealed that SMRs were able to trade effectively through EM platforms throughout the pandemic. It should be noted that challenges as a result of the pandemic were identified by SMRs; however, these businesses acknowledged that overall, they were in a better sales position as a result of the pandemic.

Chapter 6 will examine the findings from the data and discuss these with reference to supporting literature associated with comparable studies.

CHAPTER 6

DISCUSSION ON FINDINGS

6.1. Introduction

The foregoing chapter provided a presentation and analysis of the data extracted from the semi-structured interviews conducted with SMRs and EM intermediaries who trade and operate via EM platforms. In this chapter, the findings from the preceding chapter are examined in connection with the research objectives in Chapter 1 and the literature review in Chapter 3.

Revisiting the research problem, main research question and main research objective

This research study identified the following problem in Chapter 1: a substantial number of South African SMRs struggle to adopt an effective e-commerce trading platform. Thus, the main research question of this research study was as follows: *How effective are retail electronic marketplaces as trading platforms for SMRs?* Consequently, the main objective of this research study was to examine the effectiveness of retail e-marketplaces as a trading platform for SMRs in Cape Town.

The main objective of the research was supported by two sub-objectives. The main objective and two sub-objectives resulted in four code groups and 17 codes. The code groups which correspond to the different objectives will be discussed with supporting literature.

6.2. Objective 1 – Code Group 2: Examining the effectiveness of retail e-marketplaces as a trading platform for SMRs

The first code group consisted of five codes. Codes 1 and 2 discussed the factors that SMRs considered when trading on an EM, as well as the reasons why EM intermediaries started these platforms. Codes 3 and 4 described the services SMRs expect from EM platforms, as well as the services and features these platforms are currently providing. A discussion on the accessibility of EMs for SMRs based in Cape Town concludes objective 1.

6.2.1. Code 1: Factors for trading via e-marketplaces for SMRs

Factors for choosing to trade via an EM platform are considered the cornerstone for SMRs. SMRs assess these factors to determine if trading on EM platforms will be valuable for their businesses (Beige & Abdi, 2015:78).

From the literature, three core factors emerged that SMRs are considering when choosing whether or not to trade via an EM platform: access to a larger pool of potential customers for SMRs (Malak et al., 2021:5; Santoso & Napitupulu, 2018:164); infrastructure and related services offered by the EM platform offer (Miguel *et al.,* 2019:5); and image and trust level of the EM platform (Malak *et al*., 2021:6).

6.2.1.1. Access to EM customer base for SMRs

Access to a larger pool of customers is a significant factor for SMRs. Hong and Cho (2011) explain that EM platforms and SMRs integrate their services as soon as an SMR opts to participate on an EM platform. In return, SMRs have access to the EM's customer base. In agreement with SMR need for access to the EM platforms' customer base, Stephens and Saurabh (2021) found in their research that EM platforms grew significantly in the latter part of 2020, and SMRs were part of this growth through their access to the customer base on the EM platforms to which they subscribed. Relationships between SMRs and EM platforms are mutually beneficial. SMRs integrate their business with the EM platforms and the EM platforms, in return, have access to a larger assortment of products which they offer to consumers. According to Stephens and Saurabh (2021), this relationship is a priority for both SMRs and EM platforms for both the EM platforms and SMRs to enjoy continuous mutual growth. Although SMRs highlighted access to a potential broader customer pool as one of their factors for choosing to trade on these platforms, the literature suggests that SMRs are part of the process of increasing the EM platforms' customer base through their product assortment.

6.2.1.2. Physical and virtual infrastructure services EM platforms offer to SMRs

One of the participants noted that they process in excess of 4 000 orders monthly, and would therefore expect that the EM has efficient processes in place for these volumes of orders. Similarly, ease of doing business on the platform was mentioned by another participant. These statements could be grouped under the infrastructure factor.

For EM platforms to fulfil the above mentioned expectations from SMRs, Santoso and Napitupulu (2018:164) in their research found that EMs offer a range of services which include processing transactions through the platform, delivering the products to consumers and arranging payment to the seller. Additionally, Janita and Miranda (2013) found EM platforms offer value added services which include payment services, logistics services, storage facilities, customer services and insurance. These services, both physical and virtual, are offered to SMRs to reduce the total cost of trading on EM platforms. From participant feedback, the researcher determined that the EM platforms on which the SMRs trade do offer these services mentioned above. In line with Janita and Miranda (2013) and Santoso and Napitupulu (2018:164), these findings indicate that EM platforms give value to SMRs by offering secure websites for customers to shop on, a variety of customer services, logistical services and payment services.

6.2.1.3. Brand Image and level of trust of the EM platform

Trust and brand image are integral when conducting electronic transactions. Participants commented that one of the determining factors for choosing to trade via an EM platform is the established customer base of the EM platform. Without a proper brand image and a satisfying level of trust from customers, the desired established customer base would not be possible, as trust encourages customers to shop on these platforms (Lu *et al.,* 2016). The trust relationship between the EM platform and SMRs is determined by the brand image and trust perception customers have about the EM platform (Oliveira *et al.,* 2017:158). This is in contrast to Hong and Cho's (2011) assertion that the trust relationship between the EM intermediary and SMRs can be analysed differently. Consumers see the EM platform and the SMR as one entity; therefore the two parties' trust relationship carries the

same weight as the EM platform and consumers' trust relationship (Oliveira *et al*., 2017:159).

SMRs trust the EM platforms on which they trade, and more importantly, consumers trust these platforms. This is evident from the view that SMRs are generating sales from EM platforms. Customers therefore show their vote of trust by purchasing from the EM platforms. The comment below highlights this level of trust and brand image. This finding aligns with that of Malak *et al*. (2021:13) and Santoso and Napitupulu (2018:166) who insist that customers trust EM platforms, and therefore SMRs trust these platforms as well. Moreover, customers buy from platforms they trust.

> ***D 4:11 ¶ 20*** *in SMR 4…Well, first of all, marketplaces are trusted, so customers would much rather buy on these platforms, than from a small shop because they know that the order will be delivered. It is not a scam. Customers know they can return products. There is a higher reach, which means that you can have a higher income potential.*

6.2.2. Code 2: EM factors for creating an EM platform

It is commonly known that both online and brick-and-mortar retail businesses have limitations as to what product investments they can afford, as no single business can afford to sell all the different types of products demanded by the market. To partially overcome this significant hurdle, EM intermediaries create platforms that allow SMRs to offer the widest range of products possible without the platform having to invest substantial capital into product categories (Kawa & Walęsiak, 2019:522).

The researcher found that the EM intermediaries interviewed share the same opinion. Like the international players such as Amazon Marketplace and Alibaba, the EM intermediaries found that as an EM platform theoretically has unlimited shelf space, they could offer a wide range and deep assortment of products to consumers without carrying a financial risk (Deloitte, 2015:9b).

6.2.3. Code 3: What e-marketplaces should offer for SMRs on the platform

According to a study by Singh, Misra and Mahajan (2020:3), SMRs have a unique set of requirements and expectations when trading through EM platforms. These

expectations include an established customer base (web traffic to the EM platform) (Rofin & Mahanty, 2019), assistance with Information Technology (IT) to connect the SMR to the platform, access to a logistical network (Mayersen, 2019), access to targeted marketing programmes and portals which allow SMRs to analyse customer feedback and interaction in real-time (The Economist, 2019). Correspondingly, SMRs as part of the study identified web traffic, customer verification, reasonable fees, stock management, logistical network and customer services as the expected and required services from the EM platform.

These services are essential for SMRs to perceive the EM platform as an effective trading model. Importantly, SMRs need to integrate these services seamlessly into their current business processes to improve the reach to customers and the EM platform itself. The technology should not be complicated to understand and utilise, and the logistical network should be accessible for processing customer orders and returns (Signh *et al*., 2020:10).

6.2.4. Code 4: What e-marketplace intermediaries offer to SMRs on the e-marketplace platform

Turban *et al.* (2018:47) identified three major components that EM intermediaries offer to SMRs: these include the platform for SMRs and customers to transact through (the actual EM platform) which consist of product information, the aggregation of different products, and matching the SMR product with customer preference; the facilitation of transactions which include the logistics network to ship customer orders and process SMR product returns, the settlement of payments between the customer and the SMR, and ensuring customers receive the products they paid for; and institutional infrastructure which consists of rules and regulations governing the EM platform.

The two interviewed EM intermediaries in their response to what services they offer to SMRs fit in the above categories as outlined by Turban *et al*. (2018:47); namely an established customer base, the customer support function, providing SMRs with an aggregated demand, the EM intermediaries providing the physical infrastructure to ship customer orders and process SMR product returns, and a product catalogue listing function.

Apart from the services discussed above, Turban *et al*. (2018:47) outline additional services which SMRs receive as part of the onboarding process when opting to trade via EM platforms. These services primarily relate to infrastructure and front-and-back-end activities.

Table 6.1: Infrastructure components of EM platforms (Turban *et al*. 2018:47)

Infrastructure	Front-end services	Back-end services
Electronic networks such as databases, hardware and software	Customer facing section of the website SMR seller portal, product catalogue, payment gateway, and a search engine	Inventory management, payment processing, order aggregation and fulfilment, accounting and insurance, and the logistical network services

Signh *et al*. (2020:26) found in their study that EM intermediaries who offer the above mentioned support services positively influence SMR behaviour towards EM platforms.

6.2.5. Code 5: Accessibility of e-marketplaces for SMRs in Cape Town

As previously mentioned in Chapter 2, South Africa leads in the EM space on the African continent (International Trade Centre and Amsterdam University of Applied Sciences, 2020:8). Furthermore, South Africa leads with 30% of the EM web traffic on the continent (2020:8), and four of the prominent 10 EM platforms operate solely within the borders of South Africa (2020:8). Chapter 1 Figure 1.1 showcases a number of prominent EM platforms based in Cape Town that operate nationally. The leading EMs and e-commerce companies can be found in Cape Town. In fact, the city accounted for all 10 of the most visited e-commerce websites in South Africa during 2017 (Bizcommunity, 2017:1).

Consensus among all participants are similar to the findings above. EM platforms are accessible to SMRs who are based in Cape Town or throughout South Africa. As pointed out by the participants, geographical hurdles are minimal for SMRs.

> **D 2:7 ¶ 9 in SMR 2…***I think for Cape Town it is pretty good because warehouses from multiple marketplaces are in Cape Town, so I think we as Capetonians [people from Cape Town] are pretty well geared.*
>
> *I think being in Cape Town is a huge advantage because sending a package from Cape Town to Joburg [Johannesburg] is not that expensive and Joburg*

is your main economic hub. But I mean, if you are going to be based in George or East London, I feel sorry for you.

D 10:6 ¶ 11 in EM 2…*Yes. There are no geographical restrictions or barriers really for sellers where they are based. Regardless of where sellers are based in the country, the requirement for sellers to participate on this platform is to ship their products to Cape Town or Johannesburg into the platform's physical warehouse.*

6.3. Objective 2: Online stores (websites) versus electronic marketplaces for SMRs

A comparison was necessary to comprehend the difference between trading on an EM and trading on an owner-operated online store (Code 6) to measure the success of EMs as a trading platform for SMRs. Objective 2 will also disclose SMR perceptions of the advantages and disadvantages of trading on an EM versus trading on their own online store (Codes 7–10). The EMs' perspective on SMR trading on numerous platforms (Code 11) and what restrictions EMs have if SMRs trade on multiple platforms (Code 12) will conclude Objective 2.

6.3.1. Code 6: Online store versus e-marketplace: which operating model is effective?

The consensus from the majority of participants points towards EM platforms. Driving factors for choosing the EM platform include the customer base, the complete order fulfilment services, and the level of trust and safety that EM platforms provide to SMRs. Tian *et al*. (2018:1596), in their findings, revealed that these services could prove costly to SMRs; however, the participants see these costs as justified by the level of service they are receiving from the EM platforms.

The EM platforms through which SMRs trade have a positive spillover impact on the SMRs' own online stores. Customers begin to trust owner-operated online stores after purchasing from them through the EM platform, a finding in alignment with findings of Hagiu and Wright (2014:18).

D 4:5 ¶ 11 in SMR 4…*I would say at the moment we are equally busy on both. Sometimes our websites are busier than on marketplaces. Also, on our*

website we have more products than what we have on the marketplace, so that is the advantage of having your own website where you can list more products.

Some of the participants and EM intermediaries are advocating for SMRs to trade via multiple platforms. It is feasible to trade through multiple platforms (owner-operated online store and EMs) for SMRs when the competitive intensity is acceptable and the fulfilment costs are reasonable (Tian *et al*., 2018:1596). In the case of the interviewed participants, spreading risk and capturing different customers across multiple platforms are clear motives for trading via multiple platforms.

These findings are consistent with Tian *et al*. (2018:1596) and Hagiu and Wright (2014:25) which confirm that the decision by SMRs of whether to trade on a single or multiple platforms is based on their business needs and product offerings, and therefore a blanket approach does not prove feasible.

6.3.2. Code 7: Benefits/advantages for SMRs trading on their own online store

The advantages professed by the participants, particularly controlling the customer process, incentivising returning customers, updating the aesthetic of owner-operated online stores, and having instant access to capital are similar to the findings of Franco and Regi (2016:10) and Wang, Cavusoglu and Deng (2016:198).

A ‘stand-out’ among the advantages recorded by the participants is the need to control the customer process. Wang *et al*. (2016:198) believe that controlling the customer process could be profitable. Customers are drawn to quality services, and in return, reward businesses by maintaining loyalty and continuously purchasing from them (Polo & Sesé, 2009:120). Controlling the customer journey includes attracting customers to an SMR’s online store, incentivising customer to purchase from the SMR, and retaining the customers by offering products and services which customers perceive as valuable (Wang *et al*., 2016:198). Moreover, the customer journey includes aftermarket services as part of offering quality services: customers need to receive product support after purchasing technical products. This enhances a positive customer relationship (Ludwig *et al.,* 2013:89). The importance of having

complete control of the customer journey is expressed below by one of the participants.

> **D 2:12 ¶ 16 in SMR 2…***Controlling the whole customer experience from the start to the end, and that includes aftermarket support where you know you cannot give product support through marketplaces.*

6.3.3. Code 8: Challenges for SMRs trading on their own online store

This study has found that web traffic to the SMRs is a challenging aspect for many of the participants. This challenge may be compounded by a lack of trust amongst customers when purchasing from small online stores. Almas, Bauyrzhan, Sholpan and Azamat (2019:3) suggest that customers find it problematic to trust SMRs, more so when the website is unknown or the online store experiences security challenges. Further exacerbating the challenge of a lack of web traffic for SMRs is the security and cyber threats customers must navigate when dealing with online SMRs (Franco & Regi, 2016:10). To overcome these challenges, SMRs must spend large sums of capital on marketing activities to attract and persuade customers that their online store can be trusted, but this also proves to be a challenge (Mthembu, 2016:19).

Almas *et al*. (2019:4) characterise the marketing challenge faced by SMRs as a two-edged sword: SMRs need to invest heavily in marketing campaigns to gain the trust of customers; however, their lack of funds restrict SMRs from doing so. This challenge is echoed by the SMRs in this study:

> ***D 7:7 ¶ 20 in SMR 7…****Marketing has been a really, really big one for us and we struggled to get people to find the site, but once they found the site they converted very quickly, but it's just trying to get them onto the site.*

> ***D 4:9 ¶ 18 in SMR 4…****The marketing expenses, depending on the size of your business, can be quite a significant amount of money. Your website does not necessarily have the same amount of order potential or clients reach compared to a marketplace.*

The processing time to fulfil customer orders also posed a challenge for SMRs. SMRs are able to complete one order at a time, which could be a cost burden. SMRs need warehouse space and a dedicated logistics network (Akter & Wamba,

2016:178; Almas *et al*., 2019:4), and these services are more affordable through an EM platform, as highlighted below by one participant:

> ***D 3:8 ¶ 16 in SMR 3…****One top of mind disadvantage of selling through our own website is the amount of time it takes to process a single order through our own website. We are focused on fulfilling a large volume of orders. For example, with our systems and processes, we can process more than 100 orders in the same amount of time as it would take to process a single order. That is why we prefer fulfilling our orders through marketplaces.*

6.3.4. Code 9: Benefits for SMRs trading on e-marketplaces

The advantages and benefits of EM platforms for SMRs are well established, and many have been highlighted by the participants in this study. SMRs noted that the benefits for them include the established customer base offered by the EM platforms, the platforms are trusted by customers, the SMRs have access to a standardised logistical network to process customer orders efficiently, the EM platforms allow SMRs to process large volumes of customer orders simultaneously, and the EM platforms handle the customer service function.

The abovementioned benefits and advantages are reverberated by Sigauke and Erdis (2018:13) when they underscore that participants have seen their profitability level increase as a result of trading through EM platforms. Furthermore, Younus, Abumandil and Tarazi (2021: 6952), researching the adoption of EM platforms amongst SMRs, suggest that SMRs are gradually building a level of trust with customers, so customers form a relationship with the SMR on the EM platform. Research by KPMG (2015:16) found that EM platforms significantly reduce the geographical barriers for SMRs. Within the context of SMRs based in Cape Town, the EM platforms allow SMRs to trade with customers in all nine provinces, thereby enlarging their customer base.

6.3.5. Code 10: Challenges for SMRs trading on e-marketplaces

Impediments to SMRs trading on EM platforms can hinder effective trading or discourage participants from trading on these platforms. According to Kawa and Walęsiak (2019:523), SMRs experience constant changes to their fee structure. The restrictive approach that EM platforms adopt with SMRs having limited to no

interaction with the customers means that SMRs cannot influence customer behaviour or build a mutually beneficial relationship. Escalating servicing costs also hinders the perceived effectiveness of EM platforms for SMRs (Kawa & Walęsiak, 2019:523; Signh *et al*., 2020:13).

Participants in this study face challenges relating to the product return process of the EM platforms on which they trade. Furthermore, like Kawa and Walęsiak (2019:523) found in their study, SMRs acknowledged fee structure as challenging. SMRs prefer to have a structured monthly fee, as this would enable them to better manage their cost of doing business through the EM platforms, as evident in the below quotation:

> ***D 8:10 ¶ 24 in SMR 8…****Costs. I feel there should be a set price per month that should include everything.*

Additionally, the SMRs highlighted their inability to manage their operations through the EM platforms, a problem Kawa and Walęsiak (2019:523) also encountered in their study. The rules and regulations are strict and are constantly changing, as noted by SMRs during the interview process and the findings from Kawa and Walęsiak (2019:523):

> ***D 4:13 ¶ 22 in SMR 4…****You have absolutely no control over anything. Depending on the marketplace, they just make rules as they wish; they just do what they want to. You have no control over your business, you live in constant fear if they are going to kick you off (the platform) or not.*

All these challenges highlighted by SMRs in this study and findings from similar studies suggest that EM intermediaries should strive to improve their processes to rectify or minimise the number of challenges SMRs face. These challenges could hinder the potential of the platform itself and the perceived level of effectiveness of SMRs when trading through these platforms.

6.3.6. Code 11: EM perspective on SMRs trading on multiple platforms

During the interview phase, it was found that the EM intermediaries advocate for SMRs to trade via multiple platforms. Noteworthy factors for this advocacy include the fact that EM intermediaries are aware that different platforms target a different customer base; therefore, SMRs must be agile to spread their resources to reach

various customers on the platforms. Diversifying their resources by trading on multiple platforms also reduces the risk of SMRs losing their entire business on a single EM platform, wheterh that be the fault of the EM platform or the SMR. Kawa and Walęsiak (2019:523) list this strategy of operating from a single platform as a disadvantage for SMRs. In agreement, the EM intermediaries prefer that SMRs enlarge their growth potential through various platforms:

> ***D 10:8 ¶ 17 – 19 in EM 2…*** *Yes, for a couple of reasons. You would assume that the customer profiles on the different platforms are different, so you attract a different audience. If you try to build credibility as a business and as a brand you need to be discoverable throughout the market.*
>
> *From a risk diversification point of view, if you are trading on a marketplace and things go wrong for whatever reason. Whether it is your own fault or the platform's, you could lose your access to that marketplace, and if you got your whole business on that single platform, then there is the major risk of losing your whole business.*

6.3.7. Code 12: EM regulations regarding SMRs trading on multiple platforms

As part of the regulations of EM platforms, SMRs must ensure that the platforms on which hey trade allow for SMRs to trade on multiple platforms. Comments by SMRs revealed that EM intermediaries constantly update their rules and regulations. In the responses from the EM intermediaries that form part of this study, trading on multiple platforms is allowed; however Ayna, Başıböyük and Aslan (2021) note the risk that the EM intermediaries could amend their rules and regulations by adopting exclusivity clauses, which could prevent SMRs from trading on multiple platforms.

6.4. Objective 3: Determining the impact on the effectiveness of retail electronic marketplaces following the Covid-19 pandemic

The Covid-19 pandemic is an exceptional occurrence. Businesses have never seen anything like this before in the EM landscape. The consequences of this pandemic must be prudently considered. As a result, Objective 3 investigated the impact of the Covid-19 pandemic on the effectiveness of EM platforms. Code 13 examined the effect of Covid-19 on SMRs and EM intermediaries. Code 14 investigated the

assistance provided to SMRs by EM intermediaries during the pandemic. And Code 15 explored the effectiveness of trading on EM platforms for SMRs during the Covid-19 pandemic.

6.4.1. Code 13: Impact of Covid-19 on SMRs and EMs

As alluded to in the preceding chapter, SMRs and EM intermediaries were all affected by the Covid-19 pandemic. In South Africa and across the globe, SMRs were impacted. According to Lestari *et al.* (2021:468), SMRs in China, USA, UK and Indonesia experienced financial and performance difficulties with the onset of their respective hard lockdown periods. Significantly, Lestari *et al*. (2021:473) found that SMRs who were not participating in e-commerce activities were adversely impacted compared to those who traded, or quickly started to trade, through any form of an e-commerce channel.

These findings indicate that the start of the pandemic held two extremes for SMRs and EM intermediaries depending on their mix of product categories. Participants in this study experienced a set of mixed results. The first group of SMRs (SMRs who trade in essential product categories) were positively impacted by the onset of the initial hard lockdown period in 2020. The second group of participants, EM intermediaries included, were negatively impacted; and the last group of SMRs started their businesses during the Covid-19 pandemic.

The research of Digital Commerce Acceleration (2021:9) determined that South Africa's top five online stores (some of these stores act as EM intermediaries) achieved an average of 15% positive sales growth during 2020. This parallels the first group of SMRs who reported positive growth during the initial stages of the lockdown period, with an extreme case of one participant who saw sales grow 10 times over:

> ***D 1:16 ¶ 23 in SMR 1…****In the space of two months my sales grew 10 times. The impact of Covid-19 was excellent for my business.*

The results from Statistics South Africa (2020: 3) made clear that at least 85% of businesses surveyed, who trade in product categories which could be grouped as non-essential, reported a decline in turnover during the hard lockdown period

beginning March 2020. This is a similar trend reported by SMRs and EM intermediaries:

> ***D 3:12 ¶ 25 in SMR 3…****In the beginning we were not able to trade for almost two months, while we still needed to cover salaries, and all the expenses that come with owning a business.*

> ***D 9:13 ¶ 23 in EM 1…****The same way it affected us on our retail side, sellers were also affected. During hard lockdown in March last year (2020), only essential items were allowed to be sold, so only essential sellers were basically brought onto the platform at that stage and it took our product offering down from 100% to less than 1% of our product offering on our side.*

6.4.2. Code 14: Support SMRs received from EM intermediaries during Covid-19

The research found that during the height of the pandemic, SMRs received little to no support from the EM platforms on which they trade. In contrast, EM platforms based outside South Africa, such as in Nigeria and India, supported their SMRs by waiving commissions on certain product categories (Businesswire, 2020), a reduction on selling fees, and a waiver on storage fees (Amazon India, 2020). These efforts assisted SMRs with cash flow challenges as a result of the pandemic. One notable finding was that an EM intermediary from South Africa engaged with the national government to reopen e-commerce as soon as possible, as recounted by an SMR:

> ***D 2:24 ¶ 29 in SMR 2****…From all the marketplaces we trade on, I would say one particular marketplace's reaction was the best because they tried and engaged with the government for everybody during lockdown to get things back open for e-commerce.*

6.4.3. Code 15: Effectiveness of trading on EM platforms for SMRs during Covid-19

Notwithstanding the initial negative impact on sales for some SMRs and EM intermediaries, the participants all found the EM platforms to be effective during Covid-19 pandemic. Likewise, SMRs from Zimbabwe (Foya & Garikayi, 2021:67)

reported that e-commerce and third party services (EM platforms) allowed them trade with positive growth during the Covid-19 pandemic. According to Tong and Gong (2020), SMRs from Malaysia increased their sales by an average of 53% through e-commerce and EM activities for non-food categories. From an EM intermediary perspective, 2020 and the first part of 2021 saw a leading e-commerce and EM platform operator, Takealot, reporting a 55% sales growth for its EM platform and 15% retail (first-party) growth (Vermeulen, 2021). Furthermore, the Covid-19 pandemic resulted in e-commerce and EM platforms fast-tracked looking to grow online retail sales as a percentage of total retail sales to between 8 – 8.5% over the next 5 – 7 years (Staff Writer, 2021).

6.5. Future development of retail electronic marketplaces

The latter part of the above statement reveals that EM intermediaries are looking to future growth. For this growth to be achieved, continuous development of EM platforms is required (Jiang *et al.,* 2019:33). There are two main codes in this area. First, Code 16 examines the anticipated EM platform upgrades that SMRs desire. Second, Code 17 discusses the platform development intentions EM platforms are working towards.

6.5.1. Code 16: New developments SMRs are looking for in the future from EM platforms

SMRs may foster long term relationships with EM intermediaries for continued success if SMRs' desired needs are fulfilled or the platform works to find common ground (Chong, Man & Lai, 2011:3). Chong *et al*'s. (2011:3) findings reveal that marketing activities, IS/IT integration tools and clear information sharing undertakings are fairly developed for the benefit of both parties.

Aligned with the aforementioned findings, SMRs in this study noted that system integration tools (mentioned by two SMRs), structured marketing activities which are favourable for local products and SMRs alike (mentioned by two SMRs), and dedicated account managers to ensure SMRs have a go-to person for their queries and concerns (mentioned by two SMRs) are areas of development the participants desire.

E-commerce Germany (2021) specified that the lack of system integration tools is concerning for SMRs, especially when their product categories grow. SMRs may have difficulty managing their pricing structure properly if they are unable to access opportunities due to incorrect inventory levels or the need to continually calculate the prices. Furthermore, stressing the importance of the right marketing strategy for SMRs, Bubenheim (2021) found that as SMRs face intense competition on EM platforms, they need guidance to differentiate themselves. The absence of a compact marketing strategy or the required tools means that SMRs will not get the expected attention for their product categories on the EM platform.

With the unprecedented growth of e-commerce and EM platforms as discussed in Codes 13 and 15, it ie evident that queries will arise. To ensure SMRs are well positioned, the importance of human relations cannot be overstated. Therefore, SMRs need support to ensure their operations are well organised on the EM platforms, as described by the participant below:

> ***D 6:16 ¶ 30 in SMR 6…****I would add a more personal touch, so maybe they can give one person (account manager) for 10 sellers or something like that. So you feel like you've got a dedicated person that you can contact with urgent issues, because it just feels like this big corporate computer and every time you contact someone different, it's a bit of a nightmare.*

6.5.2. Code 17: New developments EM platforms are planning for the future

Consensus amongst the EM intermediaries is that SMRs need the required technology and self-services support to manage their own business on the EM platforms without major interference from the platform. According to Garcia (2021:31), one of the leading EM platforms has digital solutions for SMRs to manage their own account. These self-service application suites include the following: updating inventory levels, engaging with customers, identifying complementary products for their categories, and using the portal to integrate their own online store with the platform (Thierry & Lescop, 2009:37). With these types of self-service platforms, SMRs can control their own business and proactively grow their business. These developments will furthermore allow SMRs to continuously use EM platforms. Based on the below excerpt from an EM intermediary, this self-service offering with

its helpful functionality could prove to be a key solution in assisting SMRs to trade effectively on EM platforms:

> ***D 9:23 ¶ 40 in EM 1…****The one thing that needs to develop further in my opinion is: the autonomy of the platform itself. Enabling sellers to manage their own businesses without having to rely on the marketplace platform for all the services they may need. Facilitating this development, e-marketplaces need to provide enough reporting functionality for sellers/SMRs in order to have the autonomy to better manage their businesses on the self-service portal.*

6.6. Theoretical framework and findings

Diffusion of Innovation (DOI) theory, along with the development of SMRs and EM platforms, have been widely discussed (Hossain *et al*., 2021:566; Saptadi, Widyasrini, & Widyasrini 2019:2; Loukis, Spinellis, & Katsigiannis, 2011:140; Zhai, 2011:2). Rogers (2003) states that the process of adopting an innovation by entities or people with authority consists of individual processes that begin with knowing about the innovation, followed by decisions to accept or reject the innovation which is influenced by a unique socio-economic structure.

EM platforms as an innovation are adopted by SMRs with unique socio-economic factors, including SMRs that are small, owned by an individual or small group of partners, generating revenue of less than R50 million annually, and undercapitalised (Chikovo, 2020:11). Additionally, these SMRs are exposed to EM platforms with different offerings, communication methods and operating methods as gathered from the participants.

Rogers (1962) lists five characteristics which influence an end-user decision-making process concerning the adoption of DOI:

a. *Relative advantage:* SMRs found that EM platforms allow them to trade nationally with limited resources. Advantages include the established customer base provided by EM platforms.

b. *Compatibility:* No difficulty in the adoption of EM platforms has been noted apart from the challenge of the product returns process and lack of marketing support activities which SMRs desired.

c. *Complexity:* SMRs indicated they trade with relative ease on the different EM platforms.

d. *Trialability:* No major changes to SMRs' businesses operations have been found. The EM platforms act as a support trading channel for SMRs, and in some cases, SMRs trade solely through EM platforms.

e. *Observability:* All participants indicated they found EM platforms to be an effective trading model, even with its challenges.

6.7. Summary of key findings

The key findings discussed in this chapter are summarised below.

- The ability to trade through EM platforms for SMRs is largely influenced by access to a larger pool of customers, the EM customer service function, the payment gateway and the logistical network provided by the EM platforms.
- The trustworthiness of EM platforms is higher than that of owner-operated online stores.
- The accessibility of EM platforms for SMRs based in and around Cape Town is not hindered; however, SMRs need to be aware of the costs associated with sending products to other parts of the country.
- In comparison to owner-operated online businesses, SMRs generate more sales through EM platforms.
- The challenges SMRs face when trading on EM platforms include limited product categories in which they are able to sell, intense competition for general products, and the ability to manage their operations effectively with the tools provided by the platforms.
- The process of obtaining customer returns from EM platforms for SMRs is ineffective across the multiple platforms they use.
- EM platforms have raised no objection to SMRs trading on multiple EM platforms or an SMR owner-operated online store.
- SMRs trading on EM platforms have benefitted from the Covid-19 pandemic. However, when the South African lockdown began, some SMRs and the EM platforms on which they traded experienced initial hardship.

6.8. Chapter summary

This chapter delineated and discussed the findings generated in Chapter 5. A detailed overview of the participants was described and the codes linked to the different objectives were discussed. The findings were compared and contrasted with supporting literature that focuses on the effectiveness and advancement of EM platforms for SMRs.

The discussions in this chapter revealed that EM platforms play an integral role in SMRs' online presence through the use of EM platforms. The overall effectiveness of EM platforms, which includes the advantages and challenges faced by SMRs who trade via EM platforms, was dicussed. The supporting theoretical framework was discussed in relation to the findings of the study and supporting literature.

The supporting literature and the findings of this study revealed various factors for SMRs to consider, which will form part of the conclusions and recommendations in the subsequent chapter.

CHAPTER 7

CONCLUSION AND RECOMMENDATIONS

7.1. Introduction

The findings of this research study were discussed in the previous chapter. The major findings were that all participants found EM platforms to be an effective trading model, even with some particular challenges. The purpose of this chapter is to present the conclusions and recommendations derived from the data presented and analysed in Chapter 5 and discussed in Chapter 6. Furthermore, this chapter will answer the research questions with recommendations based on the findings from the 10 participants, the literature review in Chapter 3 and the discussions in Chapter 6. This chapter will offer direction for further studies based on the gaps that have been identified in this study.

7.2. Revisiting the research questions

This research study presented two sub-research questions with parallel sub-research objectives, and one main research question and corresponding main research objective. The answers to the main-research question will be presented first. The research questions promulgated in Chapter 1 are revisited below.

Main Research Question:

The main research question researched within the scope of this dissertation is as follows: *How effective are retail electronic marketplaces as a trading platform for SMRs?*

Supporting Research Questions:

- Are owner-operated websites (online stores) by SMRs more effective than e-marketplaces?
- How has the Covid-19 pandemic impacted the effectiveness of retail EM platforms for SMRs?

7.3. Answering the main research question

An analysis of the literature review, the findings from participants, and the discussion of the results all answer the main research question. The main research question researched within the scope of this study is as follows: *How effective are retail electronic marketplaces as a trading platform for SMRs?*

SMRs found EMs to be effective as a trading platform. SMRs had a clear understanding of what they expected from the platforms before they began trading via these platforms. The EM platforms offered SMRs a viable customer base to which they can sell their merchandise. SMRs found that the EM platforms had a reputable brand image and customers trusted the EM platforms. The services the EM platforms offered to SMRs were those expected by SMRs; these services include the marketing and advertising services to attract customers to the EM platform, the EM customer service function to handle all customer queries, the payment processing facilities, and the logistical network provided by the EM platforms to deliver customer products and collect customer returns.

Additionally, a comparison was completed between EM platforms and owner-operated online stores to contrast the effectiveness of EM platforms. The findings from participants and literature found that the EM platform is better suited to process larger volumes of orders than owner-operated online stores. SMRs indicated that they generated more sales from the EM platforms than from their own online stores.

As the study found, if EM platforms do not address these challenges, this could adversely affect their effectiveness as trading platforms for SMRs. Among these challenges are limits in the kinds of products they are able to sell, intense competition, and the ability to manage their operations effectively with the tools provided by the EM platforms. For SMRs, obtaining customer returns from EM platforms is inefficient across all the platforms they use.

For SMRs to determine the effectiveness of EM platforms as a trading model, the researcher proposed that SMRs follow the framework (Figure 7.1) with the supporting table (Table 7.1) as proposed below.

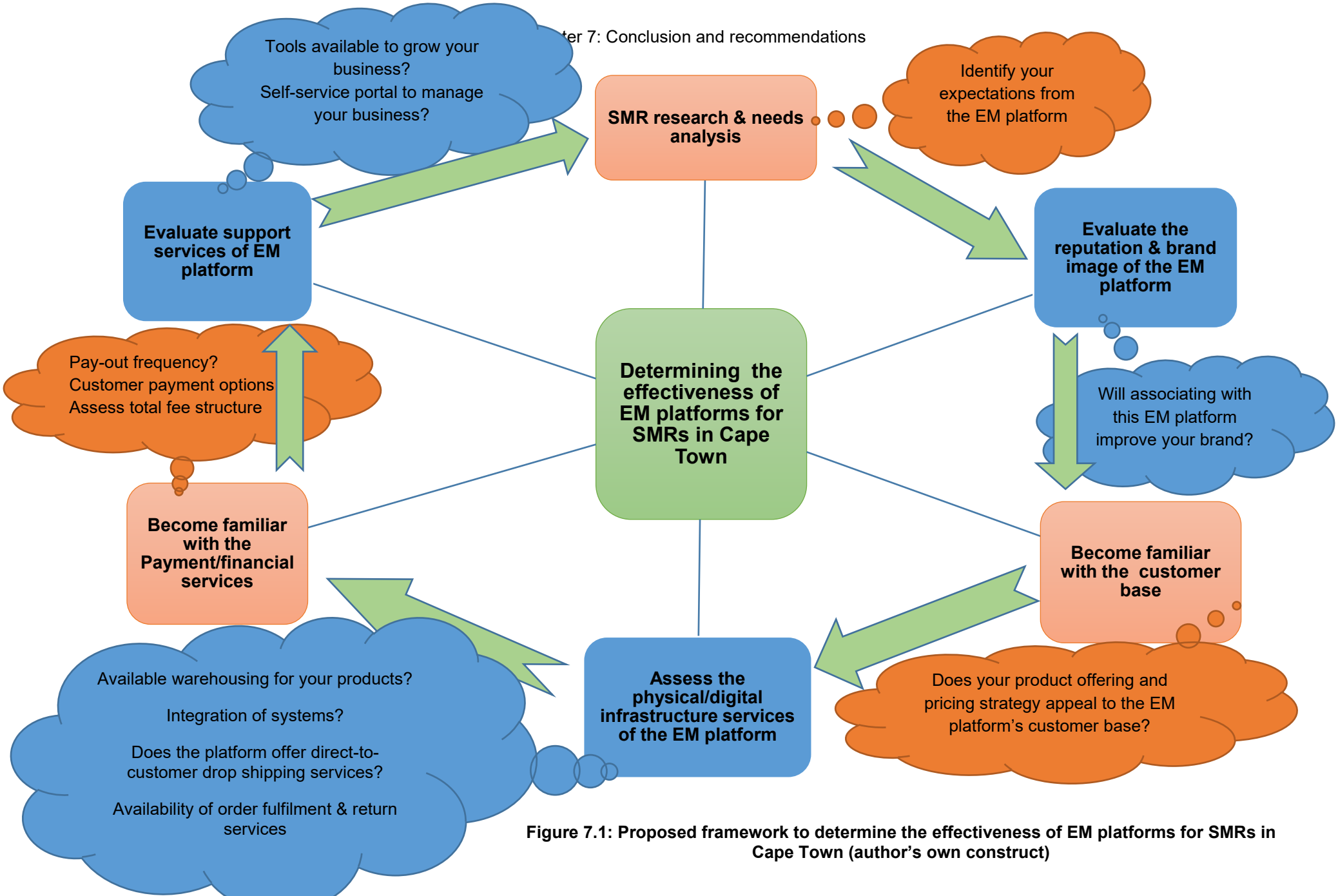


Figure 7.1: Proposed framework to determine the effectiveness of EM platforms for SMRs in Cape Town (author's own construct)

Table 7.1: Notes to the proposed framework to determine the effectiveness of EM platforms for SMRs in Cape Town (author's own construct)

SMR research & needs analysis	E-marketplace reputation/brand image	Customer base of EM platform	Physical/digital infrastructure services	Payment/financial services	Support services
Identify the desired output from the EM platform	Assess the level of recognition of the EM platform on a national level	How many active customers does the platform have?	Are warehousing services available on the EM platform that are suitable for your products?	Assess if the EM platform offers suitable customer payment gateway services	What tools does the EM platform have that will help you manage your business?
	Do customers trust the EM platform	Analyse the degree of competition on the platform where your products will be displayed.	Does the EM platform offer order fulfilment services to customers?	What is the frequency of pay-outs from the EM platform?	Assess the level of reporting functionality at your disposal to understand customer behaviour
	How is the EM platform perceived by the media or sector as a whole?	Do your products appeal to the majority of the customers on the platform?	Does the EM platform offer logistical support for customer returns	Become familiar with the total fee structure of the EM platform	What marketing packages are available on the platform for your business?
	Is your product offering appealing to the majority of customers on the platform?		Assess the platform's ability to integrate with your inventory/listing management system		Is the EM platform equipped with tools to grow, develop, and mentor your business?
					Does the EM platform have easy-to-understand rules and regulations?

7.4. Answering the supported research questions

7.4.1. Are owner-operated websites by SMRs more effective than e-marketplaces?

The majority of participants agreed that EM platforms should be used for trading purposes. The customer base, the complete order fulfilment services, and the level of trust and safety that EM platforms provide enhanced SMR preference for EM platforms. It was found that after purchasing from owner-operated online stores on the EM platform, customers begn to trust SMR owner-operated online stores. The EM platforms are thus having a positive spill-over effect on SMRs.

Some of the participants and the EM intermediaries are advocating for SMRs to trade via multiple platforms. Trading via multiple platforms for SMRs is feasible when competition intensity and total fulfilment costs are reasonable. In the case of the interviewed participants, spreading risk and capturing different customers across multiple platforms are motivations for trading via multiple platforms.

This study has found that web traffic to SMR online stores is a challenging experience for many of the participants. This challenge could be coupled with a lack of trust amongst customers when purchasing from small online stores. The research found that customers deem it problematic to trust SMR online stores, more so when the website is unknown or the online store experiences security challenges such as customer data not being well protected and weak legitimacy of a website's look and feel.

Participants noted that the benefits for them include an established customer base offered by the EM platforms, the trust that customers place in the platforms, the access SMRs have to a standardised logistical network to process customer orders efficiently, the ability of SMRs to process large volumes of customer orders simultaneously on EM platforms, and the customer service function handles by EM platforms.

This research identified a number of challenges SMRs face when trading through EM platforms. SMRs experience constant changes to their fee structure, and the restrictive approach of EM platforms with SMRs having limited to no interaction with the customers mean that SMRs cannot influence customers behaviour to build a

mutually beneficial relationship. Escalating servicing costs also hinder the perceived effectiveness of EM platforms for SMRs. Furthermore, participants in this study encounter challenges relating to the product return process of the EM platforms on which they trade.

After acknowledging the findings, advantages and disadvantages of trading on EM platforms and owner-operated online stores, the participants indicated a preference to trade via EM platforms. This research recommends a hybrid trading model which could include trading from an owner-operated online store and one EM platform. Where SMRs prefer not to trade through their own online store, multiple EM platforms should be adopted. Reiterating the feedback and recommendation from one EM intermediary, "*in terms of risk diversification, if you are trading on a marketplace and something goes wrong for whatever reason, whether it is your fault, or the platform's, you could lose access to that marketplace, and if you have your entire business on that single platform, then you could lose it all*".

7.4.2. How did the Covid-19 pandemic impact the effectiveness of retail EM platforms for SMRs?

It was found in this study that participants experienced a set of mixed results due to the Covid-19 pandemic. In 2020, the onset of the first hard lockdown period had a positive impact on the first group of SMRs (SMRs trading in essential product categories). The second group of participants, EM intermediaries included, suffered negative impacts, and the last group of SMRs began their business during the Covid-19 pandemic. Notwithstanding the mixed impact during the initial hard lockdown period, the participants all found the EM platforms to be effective during the ongoing Covid-19 pandemic. However, the research found that during the height of the pandemic, SMRs received little to no support from the EM platforms on which they trade.

SMRs in this study noted that system integration tools and structured marketing activities which are favourable for local products and SMRs alike, and dedicated account managers to ensure SMRs have a go-to person for their queries and concerns are areas of development the participants desire.

SMRs received minimal support during the hard lock down. EM intermediaries should learn from this experience and consider moving beyond their regard of SMRs as

transactional partners, but rather work on programmes to develop SMRs (Ramalepe, 2021). These development programmes could include identifying and assisting key SMRs with growth initiatives, connecting them with potential investors to ensure these businesses have the required capital, and collaborating with SMRs on marketing activities.

7.5. Recommendations

It is recommended that the EM intermediary engage with SMRs on how to remove barriers that hamper trading through EM platforms to improve the satisfaction level of SMRs who trade via EM platforms. Customer returns represent one of the major hurdles highlighted by SMRs. Since SMRs have experience with customer returns from their own online stores, what they can suggest could potentially help EM platforms improve their return processes.

To reduce the intensity of competition on EM platforms, SMRs should sell unique merchandise they can patent, ensuring other SMRs cannot sell the same products. To benefit the EM platform, SMRs should be assisted with the development of product patents. An SMR selling unique products on the EM platform would likely attract more customers.

SMRs have furthermore expressed the desire to control their business on the EM platforms; likewise, EM intermediaries have acknowledged that SMRs need the autonomy and self-service tools to grow and develop their business on an EM platform. Therefore, it is recommended that EM intermediaries learn and adopt best practices as identified from the leading EM platforms in the world, such as Amazon. Garcia (2021:31) notes that Amazon has digital solutions for SMRs to manage their own account. These self service application suites include updating inventory levels, engaging with customers, identifying complementary products for their categories, using the portal to integrate their own online store with the platform, and collaborating with other SMRs on deals and promotional activities (Thierry & Lescop, 2009:37).

7.6. Limitations of this research study

Limitations in research constrain the extent of a study and could affect the end result and conclusions that can be drawn (Simon & Goes, 2013:1).

In qualitative studies, the focus is on individual experiences and how they perceive a situation, which may tend towards subjectivity, making it difficult to assert that a phenomenon should be studied in a particular way (Galdas, 2017:1). Furthermore, the sample size of this study consisted of 10 participants representing a relatively small proportion of active SMRs trading on EM platforms. The findings are limited in their generalisability since they are applicable to the participants interviewed during the data collection process. It is possible that a larger pool of participants would have provided greater insight into what constitutes an effective EM platform for SMRs. Additionally, this study focused on Cape Town, so participants from other parts of South Africa may have a different perspective on the effectiveness of EM platforms.

This research study demonstrated that for EM platforms to be effective trading platforms for SMRs, several factors must considered. It is essential for SMRs to understand what they would like to get from these platforms. Moreover, implementing the factors requires an individual approach since no two SMRs are alike; each has different expectations from EM platforms, as discovered in this study.

As this study focused on SMRs, a different conclusion may have been drawn by larger retailers regarding EM platforms. Lastly, South African EM platforms have been understudied by the academic community; this dearth of study has hampered the possibility of discussing contemporary concerns regarding SMRs trading via EM platforms from a broad South African perspective.

7.7. Directions for future research

This research study helped lay the foundation for separating EM trading activities from general e-commerce. Future research into SMR trading via EM platforms on a national level would give a holistic view of SMRs and the perceptions of trading via EM platforms on a national level. Since this study only examined SMRs and EM platforms based in Cape Town, studies conducted at a national level may narrow the research gap on whether EM platforms are an effective platform for SMRs.

SMRs highlighted the intensity of competition on EM platforms for general merchandise, which created a gap on how best to reduce competition among SMRs. Future research could examine the feasibility of niche EM platforms for SMRs who trade high-value and custom-made products

7.8. Final summary and researcher's note

The study's findings, analysis and literature were incorporated into the proposed framework and supporting table for answering the main research question, and recommendations were made for responding to the sub-research questions. SMRs trading on EM platforms or considering trading on EM platforms can use the framework to determine whether the EM platform they wish to join would be effective as a trading platform. Since no two SMRs are the same, an individual approach to adopting the framework should be considered to enhance effectiveness. To conclude, EM platforms in Cape Town appear effective for SMRs.

In conclusion, the researcher hopes that SMRs and the retail community at large will benefit from this research by better understanding the role EM platforms occupy in e-commerce and in enhancing SMR online visibility through these platforms. The e-commerce trade of developed countries such as the USA and China is built on EM platforms (Marketplace Pulse, 2021). EM platforms enable companies such as Takealot (South Africa), Zando (South Africa), Loot (South Africa), Amazon and eBay (US), and Alibaba (China) to scale rapidly and lucratively. The researcher would like to see research into EM platforms continue and receive adequate attention. Without efficient growth in e-commerce, particularly of EM platforms, companies from developed countries will unfortunately continue to dominate the EM space in South Africa.

REFERENCES

Adams, R., Adeleke, F., Anderson, D., Bawa, A., Branson, N., & Christoffels, A. (2021). POPIA Code of Conduct. *S Afr J Sci.,* 117(6), 1-12.

Admin eCommerce in South Africa. (2019). *Marketplaces in South Africa: What are your Options*. Retrieved January 23, 2020, from https://www.uafrica.com/blog/marketplaces-in-south-africa-what-are-your-options

Adom, D., Hussein, E.K., & Agyem, J.A. (2018). Theoretical and conceptual framework: Mandatory ingredients of a quality research*. International Journal of Scientific Research,* 7(2277-8179), 438-441.

Adwan, A., & Aladwan, K. (2019). E-marketing Model for Business Websites to Increase Customer Trust and E-loyalty. *International Journal of Business and Social Science,* 10(2), 188 - 195.

Akter, S., & Wamba, S.F. (2016). Big data analytics in E-commerce: a systematic review and agenda for future research. *Electronic Markets,* 26(2), 173-194.

Al Kindy, A.M., Shah, I.M., & Jusoh, A. (2016). Consideration and methodological approaches in studying transformational leadership impact on work performance behaviors. *International Journal of Advanced Research,* 4(1), 889-907.

Ali, F. (2020). *What are the top online marketplaces? Retrieved* July 25, 2020, from https://www.digitalcommerce360.com/article/infographic-top-online-marketplaces/

Ali, F. (2021a). *US e-commerce vs. total retail* sales.* Illinois: Digital Commerce 360.

Ali, F. (2021b). *What are the top online marketplaces?* Illinois: Digital E-commerce 360.

Allen, M. (2017). Confidentiality and Anonymity of Participants. London: *The SAGE Encyclopedia of Communication Research Methods.* doi:https://dx.doi.org/10.4135/9781483381411.n86

Almas, T., Bauyrzhan, Y., Sholpan, J., & Azamat, Z. (2019). Contemporary problems and prospects of e-commerce development in modern conditions. *Espacios,* 40(1), 1-24.

Alt, R. (2020). Evolution and perspectives of electronic markets. *Electronic Markets,* 30(1), 1-13.

Amazon India. (2020). *How Amazon India is supporting their sellers during the pandemic.* Amazon India.

Anon. (2021). *Chapter 2: Conceptual Frameworks in Research.* Sage Publications.

Archer, N. (2007). Electronic marketplace definition and classification: Literature review and clarifications. *Journal of Enterprise Information Systems*, 1(1), 88-112.

Atkins, S., Lewin, S., & Smith, H. (2008). Conducting a meta-ethnography of qualitative literature: lessons learnt. *BMC Medical Research Methodology,* 8(21).

Atlas.ti. (2021). All-in-One QDA software. *Discover insights for your research projects.* Atlas.ti.

Ayandibu, A.O., & Houghton, J. (2017). The role of Small and Medium Scale Enterprise in local economic development (LED). *Journal of Business and Retail Management Research (JBRMR),* 11(2), 133-138.

Ayna, M., Başıböyük, Ö., & Aslan, B. (2021). *Turkish competition authority has published the preliminary report on the e-marketplace Sector Inquiry: Legislation is around the corner.* İstanbul: Actecon.

Bakos, J.Y. (1991). A strategic analysis of electronic marketplaces. *MIS Quarterly,* 15(3), 295-310.

Barclay, C. (2018). *Semi-structured interviews.* Know How: Learning resources for the KnowFife partnership hub.

Barnes, D., & Hinton, M. (2007). Developing a framework to analyse the roles and relationships of online intermediaries. *International Journal of Information Management,* 27(1), 63-74.

Beige, S.A., & Abdi, F. (2015). On the critical success factors for B2B e-marketplace . *Decision Science Letters,* 4(1), 77-86.

Belhadj, N., Laussel, D., & Resende, J. (2020). Marketplace or reselling? A signalling model. *Information Economics and Policy,* 1-9.

Berlecon. (2000). *B2B-Marktplatzdatenbank.* Berlecon Research. Retrieved from http://www.berlecon.de/services/b2bdb/eingang.php

Bizcommunity. (2017). *Cape Town is SA's e-commerce hub - EPIC report.* Retrieved October 3, 2020, from https://www.bizcommunity.com/PDF/PDF.aspx?l=196&c=394&ct=1&ci=157257

Bizcommunity. (2020a). *Covid-19 a shot in the arm for e-commerce.* Retrieved July 20, 2020, from https://www.bizcommunity.com/Article/196/394/204333.html

Bizcommunity. (2020b). *Loot, AYO and Volt.Africa announce new SMME-focused online marketplace.* Retrieved July 2020, 2020, from https://www.bizcommunity.com/Article/196/394/201235.html

Briedis, H., Kronschnabl, A., Rodriguez, A., & Ungerman, K. (2020). *Adapting to the next normal in retail: The customer experience imperative.* Retrieved June 21,

2022, from https://www.mckinsey.com/industries/retail/our-insights/adapting-to-the-next-normal-in-retail-the-customer-experience-imperative

Bubenheim, J. (2021). *10 Digital Marketing Strategies for Your Online Marketplace.* Retrieved January 7, 2021, from https://www.cyberclick.net/numericalblogen/10-digital-marketing-strategies-for-your-online-marketplace-or-platform

Busch, C. (2021). *Rethinking product liability rules for online marketplaces: A Comparative Perspective.* Osnabrück: University of Osnabrück.

Business Tech. (2022). *The explosive growth of e-commerce in South Africa.* Retrieved June 23, 2022, from https://businesstech.co.za/news/business/568272/the-explosive-growth-of-e-commerce-in-south-africa/

Businesswire. (2020). *Jumia Announces Actions to Support Governments' Fight Against Covid-19 in Africa.* Lagos: Businesswire - a Berkshire Heathaway Company.

Cennimo, D. (2020). *What is COVID-19?* Retrieved October 5, 2020, from https://www.medscape.com/answers/2500114-197401/what-is-covid-19

Chelariu, C., & Sangtani, V. (2009). Relational governance in B2B electronic marketplaces: an updated typology. *Journal of Business & Industrial Marketing,* 24(2), 108-118.

Cheng, K. (2016). *Firm boundary and performance in the airline ticket distribution industry: Effects of the evolution of electronic markets.* Travel and Tourism Research Association: Advancing Tourism Research Globally.

Chikandiwa, C.K., & Chiliya, N. (2011). Factors Affecting Small Micro Medium Enterprises' (SMMEs) Adoption of E-Commerce in the Eastern Cape Province of South Africa. *International Journal of Business and Management,* 28-36.

Chikovo, F. (2020). *The growth and development process of fashion accessories micro enterprises in the Cape Town Metropole.* Cape Town: Cape Peninsula University of Technology.

Chiliya, N., & Afolabi, B. (2011). Factors Affecting Small Micro Medium Enterprises' (SMMEs) Adoption of E-Commerce in the Eastern Cape Province of South Africa. *International Journal of Business and Management,* 6(10), 29-36.

Chong, W.K., Man, K.L., & Lai, H.Y. (2011). *Design and development of B2B e-commerce framework for malaysian SMEs.* Multi conference of engineers and computer scientists, 2, 1-4.

City of Cape Town. (2017). *The e-commerce ecosystem in Cape Town.* Retrieved October 3, 2020, from https://resource.capetown.gov.za/documentcentre/Documents/Graphics%20and%20educational%20material/CCT-eComm%20Ecosystem.pdf

Cohen, D., & Crabtree, B. (2006). *Qualitative research guidelines project.* Retrieved February 11, 2022, from http://www.qualres.org/HomeSemi-3629.html

Coleman, P. (2021). Validity and reliability within qualitative research in the caring sciences. *International Journal of Caring Sciences,* 14(3), 2041-2045.

Columbus, L. (2020). *How COVID-19 Is Transforming E-Commerce.* Retrieved October 3, 2020, from https://www.forbes.com/sites/louiscolumbus/2020/04/28/how-covid-19-is-transforming-e-commerce/#7999d2bc3544

Comley-White, N., & Potterton, J. (2018). The perceived barriers and facilitators in completing a Master's degree in Physiotherapy. *South African Journal of Physiotherapy,* 74(1), 1-5.

Creswell, J.W. (1998). *Qualitative inquiry and research design: choosing among five traditions.* London: Sage Publications.

Cronin, P., Ryan, F., & Coughlan, M. (2008). Undertaking a literature review: a step-by-step approach. *British Journal of Nursing,* 17(1), 38-43.

Daniela, R. M. (2020). *Determining the sample size in qualitative reserch.* International Multidisciplinary Scientific Conference on the Dialogue between Sciences & Arts, Religion & Education.

Dawson, C. (2019). *Introduction to research methods* (5th ed.). Robinson.

Deane, P. (2018). *A guide for interdisciplinary researchers: Adding axiology alongside ontology and epistemology*. Retrieved October 3, 2020, from https://i2insights.org/2018/05/22/axiology-and-interdisciplinarity/

Deloitte. (2015a). *African powers of retailing: New horizons for growth.* Cape Town: Deloitte.

Deloitte. (2015b). *Future of e-commerce: Uncovering Innovation.* Deloitte & Assocham India.

Deloitte. (2020). *COVID-19 will permanently change e-commerce in Denmark.* Retrieved October 3, 2020, from https://www2.deloitte.com/content/dam/Deloitte/dk/Documents/strategy/e-commerce-covid-19-onepage.pdf

Denzin, N. K., & Lincoln, Y. S. (2018). *The Sage handbook of qualitative research.* Los Angeles: Sage Publications.

Dhanah, D. (2016). *Small businesses and job creation in South Africa.* Cape Town: University of Cape Town.

Digital Commerce 360. (2020). *Coronavirus impact on US marketplaces*. Chicago: www.digitalcommerce360.com.

Digital Commerce Acceleration. (2021). *Increased online purchases present new opportunities for digital commerce players.* Digital Commerce Acceleration.

Dilshad, R.M., & Latif, M.I. (2013). Focus Group Interview as a Tool for Qualitative Research: An Analysis. *Pakistan Journal of Social Sciences (PJSS),* 33(1), 191-198.

Don-Solomon, Amakiri, Eke, & Juliet, G. (2018). Ontological & Epistemological philosophies underlying theory building: a Scholarly dilemma or axiomatic illumination - The business research perspective. *European Journal of Business and Innovation Research,* 6(2), 1-7.

Duch-Brown, N. (2017). *The competitive landscape of online platforms; JRC digital economy working paper.* Seville: European Union: Joint Research Centre.

E-commerce Germany. (2021). *Growth twice as strong as the e-commerce average: why marketplaces are the way to go and 6 tips & tricks to start selling.* Retrieved January 7, 2021, from https://ecommercegermany.com/blog/growth-twice-as-strong-as-the-e-commerce-average-why-marketplaces-are-the-way-to-go-and-6-tips-tricks-to-start-selling

E-commerce Germany News. (2019). *13 leading marketplaces in North America.* Retrieved March 2021, from https://ecommercegermany.com/blog/13-leading marketplaces-north america#:~:text=In%202018%20in%20the%20U.S.,total%20sales%20in%20this%20 ountry.

Effah, J. (2014). Formation and failure of an e-marketplace pioneer in a developing country. *The Electronic Journal of Information Systems in Developing Countries,* 61(4), 1-15.

Eisend, M., & Kuss, A. (2019). *Research methodology in marketing.* Cham: Springer.

Faloye, D.O. (2014). The adoption of e-commerce in small businesses: an empirical evidence from retail sector in Nigeria. *Journal of Business and Retail Management Research (JBRMR),* 8(2), 54-64.

Fatoki, O. (2014). The role of small and medium enterprises in alleviating the development challenges facing South Africa. *Mediterranean Journal of Social Sciences,* 5(23), 270-277.

Feger, A. (2022). *US marketplace ecommerce sales will reach over $357 billion despite decelerating growth.* Retrieved June 22, 2022, from https://www.emarketer.com/content/marketplace-ecommerce-sales-will-reach-over-357-billion-despite-decelerating-growth

Fichman, R.G. (2000). The diffusion and assimilation of information technology innovations. In R.W. Zmud (Ed.), *Framing the Domains of IT management:*

Projecting the future through the past. Cincinnati: Pinnaflex Educational Resources.

Foya, D., & Garikayi, V.R. (2021). The impact of Covid-19 related restrictions on e-commerce adoption and use by SMEs in Zimbabwe: Case of Bulawayo Province (March 2020 to October 2021). *Indiana Journal of Humanities and Social Sciences,* 2(11), 55-74.

Franco, C.E., & Regi, B. (2016). Advantages and challenges of e-commerce customers and businesses: in *India perspective. International Journal of Research: A Knowledge Repository,* 4(3), 7-13.

Galdas, P.M. (2017). Revisiting Bias in Qualitative Research: Reflections on Its Relationship With Funding and Impact. *The International Journal of Qualitative Methods,* 16, 1-2.

Garcia, V. (2021). Examining the Impact of Selling on Amazon on the Revenue growth of MSEs in the US. *International Journal of Contemporary Financial Issues,* 1(1), 28-38.

Geldman, A. (2021a). *Online Marketplaces in Africa: Fast Growth, Enormous Potential.* Retrieved June 22, 2022, from Webretailer: Grow your e-commerce business: https://www.webretailer.com/b/online-marketplaces-africa/

Geldman, A. (2021b). *Online Marketplaces in Europe: Dynamic, Diverse and Disjointed.* Retrieved June 22, 2022, from Webretailer: Grow your Ecommerce Business: https://www.webretailer.com/b/online-marketplaces-europe/

Glaser, B., & Strauss, A. (1967). *The discovery of grounded theory: Strategies for qualitative research.* New York: Aldine Publishing Company.

Goga, S., Paelo, A., & Nyamwena, J. (2019). *Online Retailing in South Africa: An Overview.* Johannesburg: University of Johannesburg: Centre for Competition, Regulation and Economic Development.

Grant, M., & Booth, A. (2009). A typology of reviews: an analysis of 14 review types and associated methodologies. *Health Information and Libraries Journal*, 26(2), 91-108.

Gugala, Margulies,. & Selegean. (2012). Student guide to academic integrity: Hunter College. New York: Hunter College. Retrieved from http://www.hunter.cuny.edu/studentaffairs/repository/files/student-guide-academic-integrity.pdf

Hammarberg, K., Kirkman, M., & de Lacey, S. (2016). Qualitative research methods: when to use them and how to judge them. *Human Reproduction,* 31(3), 498-501.

Hagiu, A., & Wright, J. (2014). *Marketplace or Reseller?* Harvard University.

Happiest Minds. (2020). *E-Commerce Market Place.* Retrieved July 9, 2020, from https://www.happiestminds.com/Insights/ecommerce-marketplace/

Hayashi, P., Abib, G., & Hoppen, G. (2019). Validity in Qualitative Research: A Processual Approach. *The Qualitative Report*, 24(1), 98-112.

Hempel, P.S., & Kwong, Y.K. (2001). B2B e-Commerce in emerging economies: imetal.com's non-ferrous metals exchange in China. *The Journal of Strategic Information Systems,* 10(4), 335-355.

Hickey, C. (2018). *Research Ethics in Social Research.* Dublin: Centre for Effective Services.

Hong, I.B., & Cho, H. (2011). The impact of consumer trust on attitudinal loyalty and purchase intentions in B2C e-marketplaces: Intermediary trust vs. seller trust. *International Journal of Information Management,* 31(5), 469-479.

Hossain, M.I., Azam, M.S., & Quaddus, M. (2021). Small frm entry to e marketplace for market expansion and internationalization: A theoretical perspective. *Journal of International Entrepreneurship,* 1(1), 1-31.

Hsieh, H.F., & Shannon, S.E. (2005). Three approaches to qualitative content analysis. *Qualitative Health Research,* 15(9), 1277-1288.

International Trade Centre. (2015). *International e-commerce in Africa: The way forward* (technical paper). Geneva: International Trade Centre.

International Trade Centre and Amsterdam University of Applied Sciences. (2020). *Business and policy insights: Mapping e-Marketplaces in Africa.* Geneva: ITC.

Jakic, A., Wagner, M., & Meyer, A. (2017). The impact of language style accommodation during social media interactions on brand trust. *Journal of Service Management, 28*(3), 418-441.

Janita, & Miranda. (2013). The antecedents of client loyalty in business-to-business (B2B) electronic marketplaces. *Industrial Marketing Management,* 42(5), 814-823.

Jere, M., Jere, A., & Aspeling, J. (2014). *Informal and SMME Retailers in South Africa.* Cape Town: Wholesale and Retail Leadership Chair: Cape Peninsula University of Technology.

Jere, M., Jere, A., & Aspeling, J. (2015). A study of Small, Medium, and Micro-sized Enterprise (SMME) business owner and stakeholder perceptions of barriers and enablers in the South African Retail Sector. *Journal of Governance and Regulation, 4*(4), 620-630.

Jiang, Q., Phang, C. W., Tan, C.H., & Chi, J. (2019). Retaining clients in B2B e-marketplaces: What do SMEs demand? *Journal of Global Information Management, 27*(3), 19-37.

Jianya, Z., Weigang, L., & Li, D.L. (2015). *A Game-theory based Model for Analyzing E-marketplace Competition.* Brasilia: In Proceedings of the 17th International Conference on Enterprise Information Systems (ICEIS-2015).

Johnson, D.R. (2011). *A quantitative study of teacher perceptions of professional learning communities' context, process, and content.* Seton Hall University.

JP Morgan. (2020). *How COVID–19 Has Transformed Consumer Spending Habits: Have consumer spending habits changed for good as a result of the COVID-19 pandemic?* Retrieved June 23, 2022, from https://www.jpmorgan.com/solutions/cib/research/covid-spending-habits

Jumia. (2020). *About Jumia.* Retrieved June 27, 2020, from https://www.jumia.co.za/sp-about_us/

Kabir, S.M. (2016a). Basic guidelines for research: An introductory approach for all disciplines (1st ed.). Chittagong: Book Zone Publication.

Kabir, S.M. (2016b). Methods of Data Collection. In *Basic Guidelines For Research (An Introductory Approach For All Disciplines)* (pp. 201-276). Chittagong: Book Zone Publication.

Kannan, P.K., Reinartz, W., & Verhoef, P.C. (2016). The path to purchase and attribution modeling: Introduction to special section. *International Journal of Research in Marketing,* 33(3), 449-456.

Karle, H., & Peitz, M. (2016). *De-Targeting: Advertising an assortment of products to loss-averse consumers.* Mannheim: University of Mannheim.

Kawa, A., & Walęsiak, M. (2019). Marketplace as a key actor in e-commerce value networks. *Scientific Journal of Logistics*, 4(15), 521-529.

Kestenbaum, R. (2017). *What Are Online Marketplaces and What Is Their Future?* Retrieved July 9, 2020, from https://www.forbes.com/sites/richardkestenbaum/2017/04/26/what-are-online-marketplaces-and-what-is-their-future/#bde15ea3284b

Khurana, A. (2018). *Horizontal vs. Vertical E-Commerce: Should You Be a Specialist, or Should You Sell Everything to Everyone?* Retrieved July 9, 2020, from https://www.thebalancesmb.com/horizontal-vs-vertical-ecommerce-1141751

Kim, M.-S., & Ahn, J.-H. (2007). Management of trust in the e-marketplace:the role of the buyer’s experience in building trust. *Journal of Information Technology*, 22(1), 119-122.

Kioses, E., Pramatari, K., & Doukidis, G. (2006). *Factors affecting perceived impact of electronic marketplaces.* Slovenia: 19th Bled eConference.

Kivunja, & Kuyini, A.B. (2017). Understanding and Applying Research Paradigms in Educational Contexts. *International Journal of Higher Education,* 6(5), 27-41.

Kollmann, T. (2016). *Encyclopedia of E-Commerce Development, Implementation, and Management.* Duisburg-Essen: University of Duisburg-Essen.

Komorowski, M., Marshall, D. C., Salciccioli, J. D., & Crutain, Y. (2016). *Secondary analysis of electronic health records.* Cham: Springer Nature.

Kopf, M. (2018). *A guide to e-commerce Europe: Understanding the European market dynamics.* Auckland: New Zealand: Trade & Enterprise.

Kotler, P., & Keller, K. L. (2016). *Marketing Management (*15th ed.). Essex: Pearson Education.

KPMG. (2015). *Impact of e-commerce on SMEs in India.* Mumbai: KPMG India.

Kruth, J. G. (2015). Five qualitative research approaches and their applications in parapsychology. *Journal of Parapsychology,* 79(2), 219 - 233.

Kumar, R. (2014). *Research methodology: A step-by-step guide for beginners.* Sage.

Laksanapanyakul, N. (2020). How Can E-marketplaces Turn Thailand into a Distributive Economy? *E-commerce Connectivity in ASEAN,* 99-119.

Laudon, K., & Laudon, E. (2007). *Management information systems: Managing the digital firm* (10th ed.). Upper Saddle River, NJ: Pearson Prentice-Hall.

LeCompte, M.D., & Schensul, J.J. (1999). *Analyzing and interpreting ethnographic data.* Walnut Creek CA: AltaMira Press.

Lederman, N.G., & Lederman, J.S. (2015). What is a theoretical framework? A practical answer. *Journal of Science Teacher Education,* 26(7), 593-597.

Les Robsinson. (2009). *A summary of Diffusion of innovations.* ChangeoLogy: the Book.

Lestari, D., Zainurossalamia, S., Maria, S., Wardhani, W., & Yudaruddin, R. (2021). The impact of Covid-19 pandemic on performance of small enterprises that are e-commerce adopters and non-adopters. *Problems and Perspectives in Management,* 19(3), 467 - 477.

Leung, L. (2015). Validity, reliability, and generalizability in qualitative research. *Journal of Family Medicine and Primary Care,* 4(3), 324 - 327.

Loukis, E., Spinellis, D., & Katsigiannis, A. (2011). Barriers to the adoption of B2B e-marketplaces by large enterprises: lessons learnt from the Hellenic Aerospace Industry. *Information Systems Management,* 28(2), 130 - 146.

Lu, B., Zhang, T., Wang, L., & Keller, R. (2016). Trust antecedents, trust and online microsourcing adoption: An empirical study from the resource perspective. *Decision Support Systems,* 84(1), 104 - 114.

Ludwig, S., de Ruyter, K., Friedman, M., Brüggen, E. C., Wetzels, M., & Pfann, G. (2013). More than Words: The influence of affective content and linguistic style matches in online reviews on conversion rates. *Journal of Marketing,* 77, 87 - 103.

MacKenzie, I., Meyer, C., & Noble, S. (2013). *How retailers can keep up with consumers*. Chicago: McKinsey & Company.

Maier, E., & Wieringa, J. (2020). Acquiring customers through online marketplaces? The effect of marketplace sales on sales in a retailer's own channels. *International Journal of Research in Marketing*, 1-18.

Majola, G. (2022). *Africa's e-commerce user growth expected to surge by 50% in three years' time.* Retrieved June 23, 2022, from https://www.iol.co.za/business-report/economy/africas-e-commerce-user-growth-expected-to-surge-by-50-in-three-years-time-df26b96d-10f6-42e7-b613-5c9eea8079c5

Malak, F., Ferreira, J., Falcão, R., & Giovannini, C. (2021). *Seller Reputation Within the B2C e-Marketplace and Impacts on Purchase Intention.* Latin American Business Review, 1(1), 1-21.

Malone, T.W., Yates, J., & Benjamin, R.I. (1987). Electronic markets and electronic hierarchies. *Communications of the ACM,* 30(6), 484 - 497.

Manzi, M. J. (2019). The influence of export incentives on gold jewellery manufacturers' decision to export: the case of selected Gauteng manufacturers. Unpublished Masters Dissertation. Cape Town: Cape Peninsula University of Technology.

Marketplace Pulse. (2020). *Marketplaces year in review: 2019.* New York City: Marketplace Pulse.

Marketplace Pulse. (2021). *Marketplaces year in review.* New York: Marketplace Pulse.

Marketplacer. (2020). *The evolution of Marketplaces.* Retrieved March 2021, from https://marketplacer.com/the-evolution-of-marketplaces/

Mayersen, I. (2019). *Amazon stats show 50,000 SMBs on its platform exceeded half a million in sales last year.* Retrieved January 3, 2022, from https://www.techspot.com/news/78353-amazon-stats-show-50000-smbs-platform-exceeded-half.html

McKane, J. (2020). *Big growth for Takealot and Mr D Food.* Retrieved July 20, 2020, from https://mybroadband.co.za/news/business/358001-big-growth-for-takealot-and-mr-d-food-2.html

Meiring, T. (2017). Cape Town named E-Commerce Hub of South Africa - The Mother City claims another title. Retrieved October 3, 2020, from https://www.capetownmagazine.com/news-cape-town-e-commerce-hub

Merton, K. (2020). *The World's Top Online Marketplaces 2020.* Retrieved June 27, 2020, from https://www.webretailer.com/b/online-marketplaces/

Meyer, S. (2020). *Understanding the COVID-19 Effect on Online Shopping Behavior.* Retrieved October 5, 2020, from https://www.bigcommerce.com/blog/covid-19-ecommerce/#changes-in-revenue-across-ecommerce

Miguel, J.F., Menchero, T., Esteban-Navarro, M.A., & García-Madurga, M.A. (2019). Proximity Trade and Urban Sustainability: Small Retailers' Expectations Towards Local Online Marketplaces. *Sustainability, 11*(1), 1-20.

Mkhosi, P. (2017). *National report on e-commerce development in South Africa.* Vienna: United Nations Industrial Development Organization.

Moon , K., & Blackman, D. (2017). *A guide to ontology, epistemology, and philosophical perspectives for interdisciplinary researchers.* Retrieved October 3, 2020, from https://i2insights.org/2017/05/02/philosophy-for-interdisciplinarity/

Morse, J., & Richards, L. (2002). *Read me first: for a user's guide to qualitative methods.* Sage Publications.

Mthembu, S.P. (2016). *Conquering barriers to e-commerce in Africa's e-tail business: A case of Spree.* Kwazulu- Natal: University of Kwazula - Natal.

Mukwarami, S., Mukwarami, J., & Tengeh, R.K. (2020). Local economic development and small business failure: the case of a local municipality in South Africa. *International Journal of Business and Globalisation,* 25(4), 489 - 502.

Naspers. (2021). *Condensed consolidated interim financial statements for the six months ended 30 September 2021.* Cape Town: Naspers.

National Retail Federation. (2021). *Top 50 Global Retailers 2020.* Washington : National Retail Federation.

Naujoks, T. (2020). Marketing functions and B2C e-marketplaces: An exploratory analysis. *Journal of Marketing Channels,* 26(4), 250-262.

Nevill, G. (2020). *COVID-19 fastracks online shopping in South Africa*. Retrieved October 3, 2020, from https://themediaonline.co.za/2020/05/covid-19-fastracks-online-shopping-in-south-africa/

Nisafani, A. S., Wibisono, A., & Revaldo, M. (2017). *Analyzing the Effectiveness of Public e-Marketplaces for Selling Apparel Products in Indonesia.* Bali,Indonesia: Elsevier.

O'Hara, T., Picard, S., Rousset, M., Thomas-Dupuis, F., Underwood, C., Williams, H., & Zhang, D. (2020). *Are you ready for e-commerce acceleration: How Covid-19 will change the retail world forever.* Oliver Wyman.

Olatokun, W., & Kebonye, M. (2010). e-Commerce Technology Adoption by SMEs in Botswana. *International Journal of Emerging Technologies and Society,* 8(1), 42-56.

Oliveira, T., Alhinho, M., Rita, M., & Dhillon, G. (2017). Modelling and testing consumer trust dimensions in e-commerce. *Computers in Human Behavior,* 71(1), 153 - 164 .

Palinkas, L.A., Horwitz, S.A., Green, C.A., Wisdom, J.P., Duan, N., & Hoagwood, K. (2013). *Purposeful Sampling for Qualitative Data Collection and Analysis in Mixed Method Implementation Research.* Adm Policy Ment Health/ Springer Science+Business Media, 1-11.

Paré, G., & Kitsiou, S. (2016). Methods for Literature Reviews. In F. Lau, & C. Kuziemsky, *Handbook of eHealth Evaluation: An Evidence-based Approach* (pp. 157-180). Victoria: University of Victoria.

Parker, G.G., van Alstyne, M.W., & Choudary, S.P. (2016). *Platform. New York/London revolution: How networked markets are transforming the economy and how to make them work for you*. Norton.

Patton, M.Q. (1987). *How to use qualitative methods in evaluation.* London: Sage.

Pavlou, P.A., & Gefen, D. (2004). Building effective online marketplaces with institution-based trust. *Information Systems Research,* 15(1), 37-59.

Pease, W., & Rowe, M. (2007). Diffusion of Innovation - The adoption of electronic commerce by small and medium enterprises (SMES) - A comparative analysis. *Australasian Journal of Information Systems,* 1(1), 1-10.

Perez, S. (2020). *COVID-19 pandemic accelerated shift to e-commerce by 5 years, new report says.* Retrieved October 5, 2020, from https://techcrunch.com/2020/08/24/covid-19-pandemic-accelerated-shift-to-e-commerce-by-5-years-new-report-says/

Petro, G. (2017). *Amazon's acquisition of whole foods is about two things: data and product.* New York: Forbes. Retrieved from https://www.forbes.com/sites/gregpetro/2017/08/02/amazons- acquisition- of-whole-foods- is- about- two- things- data- and- product/#26d1959ba808

Polo, Y., & Sesé, F.J. (2009). How to Make Switching Costly: The Role of Marketing and Relationship Characteristics. *Journal of Service Research,* 119 - 137.

Pooe, B. (2020). Development of an effective and sustainable supply-chain-management model for South African fashion designers in the retail clothing

industry. Unpublished Masters Dissertation. Cape Town: Cape Peninsula University of Technology.

Prakosa, A., & Sumantika, A. (2021). An analysis of online shoppers' acceptance and trust toward electronic marketplace using TAM model. *Journal of Physics: Conference Series,* 1-7.

Prihastomo, Y., Meyliana, A. N., Hidayanto , & Prabowo, H. (2018). *The key success sactors in e-Marketplace implementation: A systematic literature review.* (pp. 443-448). Jakarta: International Conference on Information Management and Technology (ICIMTech).

Rahayu, R., & Day, J. (2015). Determinant Factors of E-commerce Adoption by SMEs in Developing Country: Evidence from Indonesia. *Procedia - Social and Behavioral Sciences,* 195, 142-150.

Ramalepe, P. (2021). *How to get on to shelves in Shoprite, Pick n Pay, Massmart, and Food Lover's stores.* Retrieved January 16, 2021, from https://www.businessinsider.co.za/small-suppliers-selling-in-big-retailers-2021-6

Ramos, A.F. (2021). *Analysis and assessment of sellers' operational performance in an e-marketplace.* Porto: University of Porto.

Ramukumba, T. (2014). Overcoming SMEs challenges through critical success factors: A case of SMEs in the Western Cape Province, South Africa. *Economic and Business Review,* 19-38.

Rendulić, D.I. (2015). ITdesk.info – project of computer e-education with open access. In V. Kuo (Ed.), *Basic concepts of information and communication technology, notes.* Zagreb: Open Society for Idea Exchange (ODRAZI).

Renwick, D. (2022). *How many participants do I need for qualitative research?* Retrieved February 11, 2022, from https://blog.optimalworkshop.com/how-many-participants-do-i-need-for-qualitative-research/

RetailX and Global Research BV. (2020). European marketplaces: 2020 Report. London: Internet Retailing.net.

RetailX and Global Retail Research BV. (2021). *European Marketplaces: Market report 2021.* RetailX.

Ritala, P., Golnam, A., & Wegmann, A. (2014). Coopetition-based business models: The case of Amazon.com. *Industrial Marketing Management,* 43(2), 236-249.

Rofin, T. M., & Mahanty, B. (2019). Fulfillment mode selection for Indian online sellers under free and flat rate shipping policies. *Electronic Commerce Research,* 1-34.

Rogers, E.M. (1962). *Diffusion of innovations.* New York: Free Press.

Rogers, E.M. (2003). *Diffusion of Innovations* (5th ed.). New York: The Free Press.

Rooney, K. (2019, April 3). *Online shopping overtakes a major part of retail for the first time ever.* Retrieved May 26, 2020, from CNBC.com: https://www.cnbc.com/2019/04/02/online-shopping-officially-overtakes-brick-and mortar-retail-for-the-first-time-ever.html

Rose, W. (2013). *Anonymity and confidentiality: What are Qualitative Research Ethics?* London: Bloomsbury Academic.

Santoso, G. J., & Napitupulu, T. A. (2018). Factors affecting seller loyalty in business e-marketplace: A case of Indonesia. *Journal of Theoretical and Applied Information Technology,* 96(1), 162 - 171.

Saptadi, S., Widyasrini, S., & Widyasrini, R. (2019). *Individual-based simulation for diffusion of online marketplace among trade SMEs*. AIP Conference Proceedings 2114,.

Saunders, M., Lewis, P., & Thornhill, A. (2019). *Research Methods for Business Students* (8th ed.). Harlow: Pearson.

Saydam, S. (2022). *E-commerce users expected to increase by 50% in Africa.* Retrieved June 23, 2022, from https://worldef.co.uk/e-commerce-users-expected-to-increase-by-50-in-africa/

Schmitt, L. (2019). Practitioner's Section: Challenges affecting the adoption of B2B electronic marketplaces. *Journal of Business Chemistry,* 154-164.

Shahnazarian, D., Hagemann,, J., Aburto, M., & Rose, S. (2009). *Informed Consent in Human Subjects Research.* California: University of California.

Shamoo, A.E., & Resnik, B.R. (2003). *Responsible conduct of research.* Oxford University Press.

Shia, Y., Zhou, L., Qub, T., & Qia, Q. (2019). *Strategic introduction of the marketplace channel considering logistics costs and product information.* 11th CIRP Conference on Industrial Product-Service Systems, 83, 728-732.

Shiau, S. J., Huang, C., Yang, C., & Juang, J. (2018). A Derivation of factors influencing the innovation diffusion of the OpenStreetMap in STEM education. *Journal of Sustainability,* 10(3447), 1-29.

Shopify. (2020). *What is Ecommerce?* Retrieved June 13, 2020, from https://www.shopify.com/encyclopedia/what-is-ecommerce

Sigauke, J., & Erdis, C. (2018). The Role of The E-Marketplace as a Marketing Channel for Bed and Breakfast Enterprises in South Africa. *African Journal of Hospitality, Tourism and Leisure,* 7(3), 1-19.

Signh, N., Misra, R., & Mahajan, R. (2020). Understanding factors affecting receptivity towards adopting electronic marketplace: A Merchant Perspective. *e-Service Journal,* 12(1), 1-59.

Simon, M. K., & Goes, J. (2013). *Scope, limitations, and delimitations.* Seattle: Dissertation Success LLC.

Singh, B. (2019). *What is the importance of research ethics?* Retrieved September 11, 2020, from https://www.editage.com/insights/importance-of-research-ethics

Soh, C., Markus, L., & Goh, K. H. (2006). Electronic marketplaces and price transparency: strategy, information technology, and success. *MIS Quarterly,* 30(3), 705-723.

Srivastava, S. (2019). *Horizontal Marketplace vs Vertical Marketplace.* Retrieved July 9, 2020, from https://webkul.com/blog/horizontal-marketplace-vs-vertical-marketplace/

Staff Writer. (2021). *Takealot's incredible year.* Cape Town: My Broadband.

Stahl, N., & King, J. (2020). Expanding Approaches for Research: Understanding and Using Trustworthiness in Qualitative Research . *Journal of Developmental Education,* 44(1), 26 - 28.

Standing, C., & Lin, C. (2007). Organizational evaluation of the benefits, constraints, and satisfaction of business-to-business electronic commerce. *International Journal of Electronic Commerce,* 11(3), 107.

Standing, S. (2013). *Creating business value through e-marketplace trading.* Joondalup: Edith Cowan University.

Standing, S., & Standing, C. (2015). Service value exchange in B2B electronic marketplaces. *Journal of Business & Industrial Marketing*, 30(6), 723-732.

Stats SA. (2020). *Business impact survey of the COVID-19 pandemic in South Africa.* Pretoria: Stats SA.

Staykova, K. S., & Damsgaard, J. (2014). *A model of digital payment infrastructure formation and development: The EU regulator's perspective.* Proceedings international conference on Mobile business (ICMB).

Stenfors, T., Kajamaa, A., & Bennett, D. (2020). How to ... assess the quality of qualitative research. *The Clinical Teacher,* 17, 596-599.

Stephens, B., & Saurabh, S. (2021). Fuel Online Growth Through Digital Marketplaces. *The Wall Street Journal.*

Stockdale, R. (2003). Identification and realisation of the benefits of participating in an electronic marketplace: An interpretive evaluation approach. Unpublished Doctoral These: Edith Cowan University.

Stuckey, H. L. (2015). The second step in data analysis: Coding qualitative research data. *Journal of Social Health and Diabetes,* 3(1), 7-10.

Sutarik, S. (2016). *The Open Platform Advantage: How to Get Maximum Value from your Telematics System.* Oakville: Geotab: Management by measurement.

Swanson, R. A. (2013). *Theory building in applied disciplines.* San Francisco: CA: Berret-Koehler.

Syndicode. (2020). *Online marketplace platforms: Horizontal vs. Vertical vs. Global.* Retrieved July 9, 2020, from https://syndicode.com/ruby-on-rails-marketplace-development/online-marketplace-platforms-horizontal-vs-vertical-vs-global/

Takealot. (2020). *Join SA's Best Online Marketplace Platform.* Retrieved June 27, 2020, from https://www.takealot.com/sell

Tan, P. J., Sharma, R. S., & Theng, Y. L. (2009). Effective e-commerce strategies for small online retailers. *International Journal of Electronic Business,* 7(5), 445-472.

Tawii, C. (2019). Eyes on Africa: Understanding retail in Africa. Cape Town: Euromonitor International.

Temple University. (2022). Systematic Reviews & Other Review Types. Philadelphia: Temple University. Retrieved June 23, 2022, from https://guides.temple.edu/c.php?g=78618&p=4178716#:~:text=A%20meta%2Dsynthes%20is%20bringing,a%20hypothesis%20using%20quantitative%20data.

Thanh, N. C., & Thanh, T. L. (2015). The interconnection between interprevitist paradigm and qualitative methods in education. American journal of educational science, 1(2), 24-27.

The Economist. (2019). Academic view: small business should not mean small-minded. Retrieved from https://www.economist.com/whichmba/academic-view-small business-should-not-mean-small-minded

The Office of Research Integrity. (2005). Data Analysis: Responsible conduct in data management. Retrieved February 7, 2022, from https://ori.hhs.gov/education/products/n_illinois_u/datamanagement/datopic.html

The Small Enterprise Development Agency (SEDA). (2019). SMME Quarterly Update 1st Quarter 2019 . Pretoria: The Small Enterprise Development Agency.

Thierry, I., & Lescop, D. (2009). Open innovation within business ecosystems: a tale from Amazon. com. Communications & stratégies, 74.

Thitimajshima, W., Esichaikul, V., & Krairit, D. (2015). Developing a Conceptual Framework to Evaluate Public B2B E-Marketplaces. Pathum Thani: Pacific Asia Conference on Information Systems (PACIS).

Tian, L., Vakharia, A. J., Tan, Y., & Xu, Y. (2018). Marketplace, reseller, or hybrid: Strategic analysis of an emerging e-commerce model. Production and operations management society, 27(8), 1595-1610.

Tong, A., & Gong, R. (2020). The impact of Covid-19 on SME digitalisation in Malaysia. The London School of Economic and Political Science.

Tongco, D.C. (2007). Purposive sampling as a tool for Informant selection. *Journal of plants, people, and applied research,* 147-158.

Turban, E., King, D., & Veihland, D. (2006). *Electronic commerce 2006: a managerial perspective.* New Jersey: Pearson Prentice Hall.

Turban, E., Outland, J., King, D., Lee, J.K., Liang, T.P., & Turban, D.C. (2018). *Electronic Commerce 2018: A managerial and social networks perspective* (9th ed.). Cham: Springer International Publishing.

United Nations. (2020). *Covid-19 and e-commerce impact on business and policy responses.* New York: United Nations (UNCTAD).

van Aswegen, L. (2010). *Harvard for beginners.* Cape Town: Cape Peninsula University of Technology.

Verhagen, T., Meents, S., & Tan, Y. (2006). Perceived risk and trust associated with purchasing at electronic marketplaces. *European Journal of Information Systems,* 15(1), 542-555.

Vermeulen, J. (2021, November). *Takealot shrinks trading loss to R31 million.* Cape Town: My Broadband.

Veselova, A. (2020). Marketplace vs online shop. Lisbon: 62nd International Scientific Conference on Economic and Social Development.

Vizcarguenaga-Aguirre, I., & López-Robles, J. (2020). Mono, mixed or multiple strategy approach: a descriptive study of the latest published articles in the *International Journal of Project Management.* 3rd International Conference on Research and Education in Project Management – REPM 2020.

Wang, S., Cavusoglu, H., & Deng, Z. (2016). Early mover advantage in e-commerce platforms with low entry barriers: The role of customer relationship management capabilities. *Information & Management,* 53(1), 197-206.

Wani, T. A., & Ali, S. W. (2015). Innovation Diffusion Theory: Review & scope in the study of adoption of smartphones in India. *Journal of General Management*, 3(2), 101-118.

Winter, G. (2000). *A comparative discussion of the notion of validity in qualitative and quantitative research* [Serial].

World Wide Worx. (2019). *Online Retail in South Africa 2019.* Randburg: World Wide Worx.

Yadiati, W., & Meiryani. (2019). The role of information technology in e-commerce. *International Journal of Scientific & Technology Research,* 8(1), 173-176.

Yoo, B., Choudhary, V., & Mukhopadhyay, T. (2007). Electronic B2B marketplaces with different ownership structures. *Management Science,* 53(6), 952-961.

Younus, A.M., Abumandil, M., & Tarazi, R. (2021). An investigation into the factors affecting natural essential oil sales via e-marketplaces to improve the perceived trust of small and medium-sized enterprises (SMEs). *Natural Volatiles & Essential Oils,* 8(15), 6949-6964.

Yu, C.-S. (2007). What drives enterprises to trading via B2B e-marketplaces? *Journal of Electronic Commerce Research*, 8(1), 84-100.

Zhai, C. (2011). B2B e-marketplace adoption in China: From the perspective of innovation diffusion theory and network externalities. *ICSSSM11,* 1-5.

Zhang, C.B., & Li, Y.N. (2019). How social media usage influences B2B customer loyalty: Roles of trust and purchase risk. *Journal of Business and Industrial Marketing,* 34(7), 1420-1433.

Zhang, X., Yu, P., Yan, J., & Spil. (2015). Using diffusion of innovation theory to understand the factors impacting patient acceptance and use of consumer e-health innovations: a case study in a primary care clinic. *BMC Health Services Research,* 15(1), 1-15.

Zhang, Y., Goh, K. Y., & Lin, Z. (2018). *Online product sampling on e-commerce platforms: An empirical analysis of sales spil-lover effects.* Nanjing: Nanjing University.

APPENDICES

Appendix A: Consent form to participate in this research study

Faculty of Business and Management Sciences
Department of Retail Business Management
Engineering Building, 4th Floor
District Six Campus, Cape Town
021 460 3028

PARTICIPATION IN THIS RESEARCH STUDY IS VOLUNTARY

I,_____ am over the age of 18 and voluntarily agreed to participate in the research study titled "**The effectiveness of e-marketplaces for small and medium retailers in Cape Town".**

To comply with the various Covid-19 regulations (South African Government, 2020) and to safeguard the researcher and participants, a semi-structured interview will be conducted by means of Google-Meet, Zoom, Microsoft Teams, or any digital platform suitable for the participant. Upon the request of the participant, physical meetings can be arranged whilst adhering to strict social distancing protocols.

Statement	Please tick the box
1. I understand the purpose of the research.	☐
2. I understand what the research requires of me.	☐
3. I volunteer to take part in the research.	☐
4. I know that I can withdraw at any time.	☐
5. I understand that there will not be any form of discrimination against me as a result of my participation or non-participation.	☐
6. I understand that the interview will be recorded solely for the researcher to analyse the feedback given.	☐
7. I understand that the information I provide will be used for the sole purpose of the research study and that the information will be anonymised.	☐

Please retain a copy of this consent form for future reference.

Participant's Signature: _____ Date _____

Researcher's Name: **Randall Gilton** Contact: **076 983 8808**

Signature: Date _____

Appendix B: Interview Questions/Guideline for Small and Medium Retailers

Please select the appropriate box

Section A: Company Information (To be completed beforehand, prior to the interview)

1. **How long has your business been trading on an e-marketplace?**

Less than one year	1- 3 years	4-5 years	6-10 years	More than 10 years
☐	☐	☐	☐	☐

2. **Which category best describes the products you are trading via your selected retail electronic marketplace? Multiple options may be selected where applicable.**

General merchandise (non-clothing and footwear)	Clothing and Footwear	Household furniture	Mixture of general merchandise and clothing	Imported non-clothing merchandise	Please specify if other
☐	☐	☐	☐	☐	

3. **Which category best describes the size of your business?**

Small enterprise	Medium enterprise
☐	☐

4. **How did the revenue generated by your own online store and the electronic marketplace compare during the past 12 months?**

Own online store generated more than 50% of revenue	E-marketplace generated more than 50% of revenue	Equal split between online store and e-marketplace	Other
☐	☐	☐	

5. **Describe briefly why you are trading on multiple platforms (online store or multiple e-marketplaces). If not, please disregard this question.**

Core Exploratory Questions – Semi-structured interview guide

Objective 1: The effectiveness of retail e-marketplaces as a trading platform

1. What were the major factors for choosing to trade via an e-marketplace?
2. What are the most important elements that a retail electronic marketplace should possess/offer in order to be effective? Why do you say so?
3. How accessible are e-marketplaces to trade on in Cape Town? Why do you say so?

Objective 2: Online stores (websites) versus electronic marketplaces for SMRs

4. What is more effective for you to sell your products through, your own website (online store) or an e-marketplace? Please elaborate.

Advantages and disadvantages of online stores and e-marketplaces for sellers/SMRs

5. What are some of the notable benefits of selling your products via your own website (online store)?
6. What are some of the significant challenges of selling your products via your own website (online store)?
7. What are some advantages of selling your products on an e-marketplace?
8. What are some of the challenges of selling your products via an e-marketplace?

Objective 3: To determine the impact on the effectiveness of retail electronic marketplaces following the Covid-19 pandemic.

9. What has been the impact of Covid-19 on your business?
   - *What support (if any) have you received from the e-marketplace(s) you trade on, when the national lockdown was initially implemented?*
10. Do you find the electronic marketplace(s) you are trading on effective during the Covid-19 pandemic? Why do you say so?

Conclusion: Future development of retail electronic marketplaces

11. Given your experience of trading on retail e-marketplaces, what enhancements or new developments should e-marketplaces offer to ensure small and medium retailers continuously use these platforms?
12. Do you have any additional information regarding this study that you feel may be beneficial? Please elaborate.
13. Do you have any questions for the interviewer?

Thank you for your participation in this study.

Appendix C: Interview Questions/Guideline for Retail e-marketplaces

Please select the appropriate box

Section A: Company Information (To be completed beforehand, prior to the interview)

1. **How long has your business been in operation?**

Less than one year	1- 3 years	4-5 years	6-10 years	More than 10 years
☐	☐	☐	☐	☐

2. **Which category best describes the products you allow sellers/small and medium retailers to trade via your electronic marketplace? Multiple options may be selected where applicable.**

General merchandise (non-clothing and footwear)	Clothing and Footwear	Household furniture	Mixture of general merchandise and clothing	Imported non-clothing merchandise	Other (Please, briefly explain below)
☐	☐	☐	☐	☐	

3. **Which category best describes the size of your business?**

Small enterprise	Medium enterprise	Large enterprise	Other
☐	☐	☐	

4. **Over the past 12 months, how was the revenue generated split between the electronic marketplace and your company's own merchandise?**

Own merchandise generated more than 50% of revenue	E-marketplace generated more than 50% of revenue	Equal split between own merchandise and e-marketplace	Other
☐	☐	☐	

5. **How many sellers/small and medium retailers trade via your electronic marketplace platform?**

1-1000	1001- 3000	3001 - 5000	Please provide a more accurate estimate if possible
☐	☐	☐	

Core Exploratory Questions – Semi-structured interview guide

Objective 1: The effectiveness of retail e-marketplaces as a trading platform

1. What were the major factors for choosing to create an e-marketplace?
2. What are the most important elements that a retail electronic marketplace should possess/offer in order to be effective? Why do you say so?
3. Do sellers and SMRs in Cape Town have easy access to retail e-marketplaces? Why do you say so?

Objective 2: Online stores (websites) versus electronic marketplaces for SMRs

4. In terms of the effectiveness of online stores (owner-operated) and an electronic marketplace for sellers/SMRs, what is the most appropriate trading model? Please elaborate.
5. Is it beneficial for sellers and SMRs to trade on multiple platforms? Please elaborate.
6. Describe the policy of your company with respect to sellers/SMRs trading on multiple e-marketplaces or selling via their own online stores.

Objective 3: To determine the impact on the effectiveness of retail electronic marketplaces following the Covid-19 pandemic.

7. How has the Covid-19 pandemic affected sellers/SMRs on your platform?
   - *What support (if any) have you offered to sellers/SMRs when the national lockdown was initially implemented?*
8. During the current Covid-19 pandemic: Have you found your electronic marketplace to be an effective trading platform for your business and the Sellers/SMRs? Why do you say so?

Conclusion: Future development of retail electronic marketplaces

9. In your opinion, what new developments can sellers/SMRs look forward to in the future?
10. Do you have any additional information regarding this study that you feel may be beneficial? Please elaborate.
11. Do you have any question/s for the interviewer?

Thank you for your participation in this study.

Appendix D: Ethical Clearance Certificate

Cape Peninsula University of Technology

P.O. Box 1906 • Bellville 7535 South Africa •Tel: +27 21 4603291 • Email: fbmsethics@cput.ac.za Symphony Road Bellville 7535

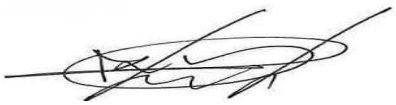
Office of the Chairperson Research Ethics Committee	**FACULTY: BUSINESS AND MANAGEMENT SCIENCES**

The Faculty's Research Ethics Committee (FREC) on **20 October 2020**, ethics **Approval** was granted to **Randall Gilton (212146645)** for a research activity **Master of Retail Business Management** at Cape Peninsula University of Technology.

Title of dissertation/thesis/project:	**The effectiveness of e-marketplaces for Small and Medium Retailers in Cape Town** Lead Supervisor (s): Dr V Mugobo / Mr W Jooste

Comments:

Decision: APPROVED

	**9 November 2020**
Signed: Chairperson: Research Ethics Committee	**Date**

Clearance Certificate No | 2020FOBREC827

Appendix E: Language Editor Certificate

laurakleinhans1@gmail.com
ChickPeaEnglish@gmail.com
ChickPea Proofreading & Editing

49A York Close, Parklands, 7441
Western Cape, South Africa

Certificate of Authenticity

CERTIFICATE: COA310822RG

10 September 2022

To Whom It May Concern

This is to certify that "**THE EFFECTIVENESS OF E-MARKETPLACES FOR SMALL AND MEDIUM RETAILERS IN CAPE TOWN"** by Randall Steve Gilton for the Faculty of Business and Management Science at the Cape Peninsula University of Technology (CPUT), under the supervision of Associate Professor Virimai Victor Mugobo, has been professionally edited by Dr. Laura Budler Kleinhans of ChickPea Proofreading and Editing Services for Students and Professionals.

Job Number	Document title
310822RG	**THE EFFECTIVENESS OF E-MARKETPLACES FOR SMALL AND MEDIUM RETAILERS IN CAPE TOWN**

Dr. Laura Budler Kleinhans
CEO ChickPea Proofreading & Editing