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Consumers, Consumption and Markets – Introduction to the Issues

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This final double issue of the London School of Business and Management’s (LSBM) Working Paper Series (WPS) is a culmination of the research activities of LSBM staff, students and other stakeholders (drawn from a pool of personal contact networks in other institutions) in the 2016/2017 academic year.

The papers in this issue have either being part of the research activities at LSBM, presented at internal and/or external conferences. It means, therefore, that all papers have undergone a series of reviews at every turn – covering discussion from a study based on a completed Master’s thesis to another, which was submitted with distinction towards the award of a Bachelor’s degree albeit with additional commentary from the module tutor drawing upon his own experiences; and two additional papers in this issue have also been previously presented at academic conferences.

Starting with the first paper in this issue, with a focus on the growing importance of self-regulated assessment, Sadiq (this issue), explores what he sees as major limitations of the traditional assessment and formative feedback practice in higher education. By interrogating the literature on the effectiveness of self-regulated assessment and formative feedback. It will assist practitioners in empowering students to take responsivity of their learning and to develop the skills in generating self-regulated assessment and formative feedback by comparing their work to a model provided by the teacher.

Moving away from learning, teaching and assessment, the remaining papers explore consumer, consumption and marketing dynamics from an exploration of Britain’s creative industries, through the dynamics of the informal sector, to how emarkplaces have impacted upon marketing and entrepreneurial activities.

In the second paper for instance, Madichie and Zaman reflect upon a developmental paper that was presented at the 2017 British Academy of Management conference at the University of Warwick. The authors share what they describe as a scoping study that seeks to interrogate the three components of creativity in the UK with a view to exploring these in a bit more depth. These authors draw upon Mateos-Garcia and Bakhshi (2016) “The Geography of Creativity in the UK: Creative clusters, creative people and creative networks,” to propose a framework worthy of extrapolating to other contexts (notably to the rest of the Commonwealth). Following the initial interrogation of documentary evidence and a presentation to national Government arts bodies at the International Federation of Arts Councils and Culture 7th World Summit on Arts and Culture in Malta in October 2016, the study raises some questions for further exploration – notably what, and where, are Britain’s creative clusters? Who are the creative people in Britain? What are the available networks and how can these be leveraged? Overall, the paper highlights some implications (policy, managerial and theoretical) for Britain’s engagement with the Commonwealth in a post-Brexit era.

Nabbosa, in the third paper, reflects on her Master’s dissertation, which depicts the informal economy participants as representatives of a dark, hidden element of entrepreneurship practiced as a means of survival. She also provides an alternative view from the literature which perceives entrepreneurs as virtuous superheroes. Drawing extensively on Williams (2011), this study provides a list of entrepreneurial features corroborates the former, by listing characteristics which are not associated with a type of person or their possession of resources, such as a registered business. Accordingly, semi-structured interviews were carried out with black and minority ethnic (BME) informal economy participants, as they are most commonly associated with the informal economy in literature. The findings suggest that while informal entrepreneurs may possess the characteristics in the list of entrepreneurial features, they are not always representative of formal entrepreneurship, i.e. the
superhero label. Rather, they portray entrepreneurship as a mindset, which is motivated by the pursuit of independence and achievement.

In the fourth paper, Rambe, Matema, and Madichie, explore the significance of social media as e-marketplaces for advancing e-commerce for small scale, micro and medium enterprises (SMMEs) in South Africa and Zimbabwe. Evidence from the examination of extant literature and our personal observations reveal that when properly harnessed as e-marketplaces, social media platforms, especially those that are compatible with mobile devices (i.e. smart mobile phones, tablets and notebooks), have tremendous e-commerce potential to enhance brand awareness, market growth, and market share for firms, thereby augmenting and expediting the management of customer relationships and brand loyalty. These benefits have the potential to trigger innovative marketing, brand positioning and creativity for SMMEs in South Africa and Zimbabwe. The main theoretical contribution of this study is the development of a conceptual model of social media that promotes SMME growth especially considering the large percentage of youth with a large appetite for new technology. Therefore, active engagement on social media could breach (the current) location silos, by tapping into the diaspora market.

Brian Jones, a recent LSBM graduate is the author of the fifth paper in this issue. Drawing upon his business research project, he debates whether Uber’s model is genuinely disruptive or merely a means of making an already existing system in the Taxi sector much more efficient. The Uber model, according to him, has been extremely successful at making the process of using a taxi service much simpler, and smoother and has truncated the taxi service into a single seamless transaction. Despite this innovation, however, Uber remains primarily what it is – a taxi service. He sums up that the fundamental reason for booking the service, and what the service actually does, hasn’t been disrupted by Uber, but just made more accessible. The message is clear – think cautiously when discussing Uber as a disruptive innovation.

In the final paper, Dr Nobumi, a friend of the London School of Business and Management, articulates a paper she presented to Consumer Behaviour students at LSBM in December 2017, which examined how the meaning attached to luxury brands changes according to different factors presented in specific socio-cultural, political and economic contexts. Using two case illustrations (i.e. Burberry and Muji), she highlights relevant factors that have made or marred the expansion of luxury brand consumption historically. She relies on the historical relational method to drive her point home along two interesting dimensions. On the one hand, the rebranding of Burberry has shown the difficulty of vertical extension of a luxury brand as part of a rebranding strategy, precisely because it invites a different category of consumers into the equation. In the case of the Japanese retail brand MUJI, on the other hand, she highlights how different cultural setting affects the understanding of luxury brands and their consumption. Drawing on a series of interviews she conducted in 2009, she posits that Japanese consumers' understanding of luxury differs significantly from most others: they do not expect luxury to be exclusive. She also highlights MUJI's difficulty in establishing its identity as a mass-market brand in the UK where quality seems to be associated with exclusivity. Accordingly, it has explored how it has become almost like a “masstige” (a cross between mass and prestige) brand in the UK with appeal to a smaller audience.
Self-regulated formative assessment and student performance: A Conceptual development

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Abstract

This paper seeks to achieve three main objectives – first, to evaluate the effectiveness of traditional formative assessment and feedback. Second, it analyses the limitations of traditional formative assessment and feedback drawing upon Nicol and MacFarlane-Dick (2006). Third, and finally, it assesses the effectiveness of self-regulated formative assessment and feedback as an alternative means of ensuring congruency with teaching, learning and assessment in British higher education.

Keywords: Self-regulated formative assessment and feedback, higher order thinking, independent judgement.

Introduction

It is widely recognised that formative assessment and feedback is a powerful instructional tool in higher education. The objective of formative assessment and feedback is to enhance the quality of student learning experiences and this is evidenced by the UK Professional Standards in teaching in Higher Education as one of the core knowledge areas. Several studies have convincingly demonstrated that traditional formative feedback has serious limitations. Because of widespread students’ dissatisfaction with traditional formative assessment and feedback, self-regulated formative assessment and feedback is gaining currency in Higher Education.

The central argument of formative assessment is to generate performance feedback upon which students can act upon to accelerate and improve their learning (Sadler, 1998). Due to heavy workload with teaching & research commitments teachers are constrained in the provision of comprehensive formative feedback. Traditional formative feedback which is a passive transmission of messages from a teacher to students has recently been contested (York, 2003 and Bourd, 2000) due of its limitations. Moreover, Nicol and Macfarlane-Dick (2006) argue that with growth in student’s numbers teachers’ workload increases thus rendering passive transmission of feedback ineffective if not impossible. Several studies have demonstrated that students are unable to understand feedback given by teachers (Chanok, 2000; Hyland, 2000) to make positive improvements as expected. Several scholars argue that the effectiveness of feedback depends largely on dialogical feedback between teachers and students (Laurillard, 2002). Dialogical feedback promotes understanding of learning goals, expectations & standards and eliminates misunderstanding. Teachers make assumptions that students would understand and act upon the feedback. Studies have shown that traditional formative feedback is ineffective. They are not timely, supportive and are less than adequate. Studies have also shown that students cannot interpret formative feedback comments correctly.

Consequently, the main research question, therefore, is whether self-regulated formative assessment and feedback generate more positive learning outcomes and experiences than the traditional formative feedback? The aim of this research is to evaluate the impact of self-regulated formative assessment and feedback on student learning experience and academic performance. Consequently, this study seeks to achieve three main objectives – notably to, (i) evaluate the effectiveness of traditional formative assessment and feedback; (ii) analyse the limitations of traditional formative assessment and feedback; and (iii) assess the effectiveness of self-regulated formative assessment and feedback.
**Literature review**

Self-regulated formative assessment and feedback is increasingly gaining popularity among both scholars and practitioners in higher education. According to Pintrich and Zusho (2003) self-regulated learning refers to the extent to which students can regulate their own thinking, motivation and behaviour during a learning process. The purpose of such feedback is to stimulate a re-thinking on the practice of formative assessment and feedback in Higher Education. This model provides an opportunity for students to actively engage with the formative feedback process. Traditionally, formative assessment and feedback has been exclusively the domain of teachers. By contrast, the self-regulated formative assessment and feedback is largely the responsibility of students. In other words, it means that students evaluate their own work and provide feedback to the teacher by comparing their work with a model provided by the teacher. The model would enable students to discover higher order learning outcomes as advocated by Blooms Taxonomy (analytical skills, critical thinking and independent judgement supported by reasoned arguments).

**Table 1. Reviewed Literature**

<table>
<thead>
<tr>
<th>Authors</th>
<th>Year</th>
<th>Title</th>
<th>Main highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadbent, Panadero, and Boud</td>
<td>2017</td>
<td>Implementing summative assessment with a formative flavour: a case study in a large class</td>
<td>The case study is about how formative practices components can be used as part of summative assessment in a large cohort learning in different modes (on- and off-campus), with several markers, and under the time and cost constraints. Design features implemented include the use of exemplars, rubrics and audio feedback.</td>
</tr>
<tr>
<td>Ali, Ross and Ahmed</td>
<td>2017</td>
<td>Identifying predictors of students' perception of and engagement with assessment feedback</td>
<td>The paper highlights students’ perception of and engagement with the feedback students receive from academics has gained increasing attention in the literature to identify areas which require teachers’ attention.</td>
</tr>
<tr>
<td>Das et al</td>
<td>2017</td>
<td>Impact of formative assessment on the outcome of summative assessment.</td>
<td>The authors highlight the significance of formative assessment as mean to discover the learning gaps in students work.</td>
</tr>
<tr>
<td>William</td>
<td>2014</td>
<td>Formative assessment is contingency in the regulation of learning processes. Towards a theory of classroom assessment as the regulation of learning</td>
<td>The study is about the relationship between teachers’ instruction and what is learned by the students. Even when the instruction is well planned and structured in a way to enhance students’ motivation and engagement.</td>
</tr>
<tr>
<td>Sadler</td>
<td>2010</td>
<td>Beyond feedback: Developing students' capability in complex appraisal, assessment and evaluation in higher education.</td>
<td>The Author demonstrated that giving detailed feedback to students about their strengths and weaknesses within their coursework, with suggestions for improvements are the most common feedback practice in higher education. Still, for many students’ current feedback practice has little or no impact on their learning, despite the significant amount of time has been dedicated into this exercise.</td>
</tr>
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Table 1. Continued

<table>
<thead>
<tr>
<th>Authors</th>
<th>Year</th>
<th>Title</th>
<th>Main highlights</th>
</tr>
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<tbody>
<tr>
<td>Bose and Rengel</td>
<td>2009</td>
<td>Model of formative assessment strategy to promote student entered self-regulated learning in Higher Education</td>
<td>The study is about a model of formative assessment strategy to promote student-centred self-regulated learning in higher education. The model considers current university teaching practices like large class teaching, peer assessment, self-reflection and teacher’s assessment with specific formative feedback strategies. The proposed model integrates seven principles of good feedback practice that promotes self-regulation by Nicol and Macfarlane-Dick’s.</td>
</tr>
<tr>
<td>Spiller</td>
<td>2009</td>
<td>Assessment: feedback to promote students learning</td>
<td>This study highlights the importance of feedback as part of the learning cycle. Although students express their dissatisfaction about the way feedback is conducted, the study addresses some issues linked with feedback on assessment and reveal areas of effective practice.</td>
</tr>
<tr>
<td>Murtagh and Baker</td>
<td>2009</td>
<td>Feedback to feed forward: students’ response to tutors’ written comments on assignment</td>
<td>The authors of this paper draw on an action research project to discover how students perceive the feedback and its impact on their work. This paper displays an initial review of this work, highlighting the way it has developed the feedback procedures and to promote students’ engagement in self-regulated learning.</td>
</tr>
<tr>
<td>Nicol and Macfarlane-Dick</td>
<td>2006</td>
<td>Formative assessment and self-regulated learning: A model and seven principles of good feedback practice</td>
<td>This research highlights seven principles of good feedback practice to promote self-regulation. The study supports each feedback principle and describes some examples of easy-to-implement feedback strategies.</td>
</tr>
<tr>
<td>Pintrich and Zusho</td>
<td>2002</td>
<td>Student motivation and self-regulated learning in the college classroom</td>
<td>The study focuses on self-regulatory and motivational concepts. The main purpose is to give a synopsis of recent research on college student motivation and self-regulated learning that should provide some insights into these general problems.</td>
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**Effectiveness of traditional formative assessment and feedback**

Several studies have concluded that formative assessment and feedback has a tremendous impact on students learning, for example Hattie and Timperley (2007) claim that formative feedback has a potentially significant impact on students learning and achievement. To be effective they assert that the feedback must be of the right quality and the learning goals must be clearly defined and understood by the students. A recent study by Das et al (2017) has also concluded that formative assessment has a positive impact in facilitating students to fill their learning gap and to improve their summative assessment.

Formative assessment and feedback is still a popular practice in higher education across the world. However, its effectiveness depends largely on several factors as pointed out by Hattie and Timperley (2007) the feedback must be of the right quality. This raises a very serious and pertinent question. What is quality feedback? This question can generate several answers which a teacher has to take into account when providing feedback. The attributes of quality feedback include but not limited to timely, relevant, constructive, supportive, adequate, motivational and specific to learning outcomes and assessment criteria. Such knowledge resonates well among teachers.
Unfortunately, teachers fail to give due consideration to the quality of feedback they provide. This is not intentional but is the result of heavy teaching workload, research commitment, attending conferences and large classroom (Yorke & Longdon, 2004). This suggests that there is seemingly no quick fix solution to the problem. This is because the workload and commitment of teachers cannot be reduced due to the cost implication and professional obligation.

**Limitations of traditional formative assessment and feedback**

Traditional formative assessment and feedback suffers from several drawbacks. One of the main limitations of traditional assessment and formative feedback is that it is exclusively teacher centred and fails to empower students to self-regulate their learning. (Boud, 2000). This is a very serious issue because students are not actively engaged in the process. Moreover, when teachers give formative feedback they assume that students will be able to decode it and to translate into action. Studies by (Higgins, Hartley and Skelton, 2001; Ivanic, Clark and Rimmershaw, 2000) have concluded that feedback messages are complex and students are taken for granted that they will understand the feedback message but in fact they do not. Here are a few examples: “Your work needs to be more analytical, your arguments lack theoretical underpinning, you need to demonstrate critical thinking”. Recently, a study by Ali, Ahmed and Rose (2017) has led to similar conclusion of the limitations of traditional formative assessment and feedback. The study concluded that lack of dialogue between the teacher and the students is a major cause of failure of the practice.

The above arguments provide powerful evidence that formative feedback has serious limitations. To make it a more effective tool in teaching those limitations have to be addressed regardless of a teacher’s time constraint. While this is a desirable expectation, the challenges involved must not be underestimated. The reason is that teachers are committed to improve students’ performance and learning outcomes. The problem is not entirely the teacher domain. Students to have a great share of the problem so it requires both the teacher and the student to work concertedly through a process of dialogical feedback.

**Effectiveness of self-regulated formative assessment and feedback**

There is a huge body of literature on self-regulated formative assessment and feedback (SRFAF). All the studies reviewed have demonstrated that self-regulated formative assessment and feedback is more reflective and leads to significant improvements in the standard of performance of students and the quality of their work. For example, MacDonald and Boud,2003 claim that empirical investigations have concluded that there is a positive and strong correlation between self-assessment, learning and standard of achievement. One of the studies by Taras (2003) demonstrated that students’ self-assessment with teacher feedback support was more effective in improving learning performance. The evidence suggests that teachers feedback must focus on promoting students’ self-assessment skills. A recent study by Broadbent, Panadero and Boud (2017) has also demonstrated that the exemplars are a powerful instructional tool in promoting self-regulated assessment by building the capacity of students to make evaluative judgement of their own learning.

However, the promotion of (SRFAF) is not as simple and straightforward as it may appear. The reason is that teachers must adequately trained in the adoption of strategies to promote this model. Secondly, students should also develop the skills to become self-regulated learners and to adopt (SRFAF). There is no doubt that this innovative model holds a lot of promises in enhancing academic achievement, nevertheless, it may prove to a serious challenge to implement it. Teachers who adapt to the traditional formative feedback may be resistant to its implementation. Because traditional formative feedback has been serving its purpose for several generations moreover, the implementation of (SRFAF) would require a radical change in the culture of educational institution and a culture change does not take place overnight or over a week. Furthermore, the effective implementation of (SRFAF) requires full commitment and support of top management. A compressive training programme must be developed to equip teachers with appropriate skills to promote (SRFAF). Although, theoretical evidence abounds in support of (SRFAF) and the model remains to be tested empirically for its validation. Based on the above evidence it can be argued that traditional formative feedback still has its place in higher education and as such a combination of the two models could prove to be the right strategy to enable students to achieve higher academic performance and learning outcomes. The argument in support of this claim is
that the transition from the traditional model to (SRFAF) could take some time before achieving full effectiveness.

Methodology

For the purpose of this study a critical literature review has been undertaken (see Table 2 for examples of similar studies e.g. William, 2014; Sadler, 2010; Spiller, 2009; Nicol & Macfarlane-Dick, 2006). The papers were accessed through electronic databases. The research papers used for this study were published between the years 2002 to 2017. On the topic of research interest, it is worth pointing out that a key study being interrogated and extended (Nicol & Macfarlane-Dick, 2006: 201) developed “a conceptual model of formative assessment and feedback is presented that centres on the processes inherent in learner self-regulation” (see Figure 1).

Table 2. Selected Studies and Methods

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<thead>
<tr>
<th>Author (Year)</th>
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<tbody>
<tr>
<td>Broadbent, Panadero and Boud (2017)</td>
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<td>Action research</td>
</tr>
<tr>
<td>Pintrich and Zusho (2002)</td>
<td>Student motivation and self-regulated learning in the college classroom</td>
<td>Literature review</td>
</tr>
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As a differentiating factor and/ or contribution, the study claims to put students in a “central and active role in all feedback processes [as] They are always actively involved in monitoring and regulating their own performance, both in relation to desired goals and in terms of the strategies used to reach these goals.” Drawing upon prior research (Black & William, 1998; Ivanic et al., 2000), the study goes on to highlight that the “student also actively constructs his or her own understanding of feedback messages derived from external sources...” (see Nicol & Macfarlane-Dick, 2006: 201).

Other studies (Palinscar, 1998; Lea et al., 2003) have arrived at similar conclusions as to the need for student-centred and social constructivist conceptions of learning.


Self-regulated learning is an active constructive process whereby learners set goals for their learning and monitor, regulate, and control their cognition, motivation, and behaviour, guided and constrained by their goals and the contextual features of the environment.
This definition fits the purpose of this article in that it recognises that self-regulation applies not just to cognition but also to motivational beliefs and overt behaviour of students as far as assessment is concerned (see Gibbs & Simpson, 2004).

**Figure 1. Proposed Model**

![Diagram of Proposed Model]

In the model developed by (Nicol & Macfarlane-Dick, 2006: 203), an academic task set by the teacher in class serves as a trigger to initiate self-regulatory processes in the student. Engagement with the task requires that the student draw upon prior knowledge and motivational beliefs, and construct a personal interpretation of the meaning of the task and its requirements. Based on this internal conception, the student formulates his or her own task goals.

It was also acknowledged that “while there would normally be an overlap between the student’s goals and those of the teacher, the degree of overlap may not be high (e.g. if the student wishes only to pass the assignment).” Following on from this, “the student’s goals might also be fuzzy rather than clear (e.g. 
a vague intention or task orientation).” Nonetheless, these goals would help shape the strategies and tactics that are used by students to generate outcomes, both internally (i.e. changes in cognitive or affective/motivational states that occur during task engagement (e.g. increased understanding, changes in self-perceptions of ability) and externally observable outcomes (i.e. tangible products produced (e.g. essays) and behaviours (e.g. student presentations).

Conclusions and Future Research Directions

The main aim of this working paper is to identify, and highlight, some important purposes of formative assessment and how this may be used to enhance teaching and learning in the classroom environment. In the current higher education climate where students have voiced concerns over assessment setting and grading, it is important to explore as to what extent students may be involved in the process. Evidently self-regulated formative assessment has the capacity to improve students' knowledge, skills, understanding, confidence and motivation. By so doing it enables students to recognise their strengths and weaknesses and to take the necessary actions to eliminate their weaknesses. This study, from the preliminary observations in the context of a London-based alternative provider of higher education, serves to guide students to take relevant actions to meet the assessment criteria and learning outcomes thus improving their learning.

The anticipated contributions of the study include, the identification of major limitations of the traditional assessment and formative feedback practice. It will contribute to existing literature on the effectiveness of self-regulated formative assessment. It will assist practitioners in empowering students to take responsibility of their learning and to develop the skills in generating self-regulated formative assessment and feedback by comparing their work to a model provided by the teacher and/or instructor. Overall, self-regulated formative assessment and feedback is an appropriate solution to address the limitations of traditional formative assessment.

References


Mapping out the Regional landscape of the British creative industry: A CPN Model Development

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Abstract
This is a scoping study that seeks to interrogate the three components of creativity in the UK with a view to exploring these in a bit more depth. Drawing upon Mateos-Garcia and Bakhshi (2016) “The Geography of Creativity in the UK: Creative clusters, creative people and creative networks,” the study develops a framework worthy of extrapolating to other contexts (notably the rest of the Commonwealth). Following the initial interrogation of documentary evidence and a presentation to national Government arts bodies at the International Federation of Arts Councils and Culture 7th World Summit on Arts and Culture in Malta in October 2016, the study raises some questions for further exploration – notably what, and where, are Britain’s creative clusters? Who are the creative people in Britain? What are the available networks and how can these be leveraged? Overall, this is a pioneering attempt to explore creativity and geography beyond the cultural domain as it approaches the issue from a business and management dimension. It also raises some implications for Britain’s engagement with the Commonwealth in a post-Brexit era.

Keywords: CPN (clusters, people, networks), Creative industry, Britain

Introduction
This paper is a scoping component of a much larger study that seeks to explore the future of London’s creative industry post-Brexit (UK exit from the European Union). It thrives on the established notion that London is the UK’s global creative hub with 12 percent of unique members based overseas – linking with the diasporic networks, and potential contributions of these groups (see Madichie, 2016) proposed in this study. The study also highlights the need for re-articulating the notion of creative clusters versus creative cities in the geographic space of Europe, and especially so in the aftermath of the Brexit (Britain exiting the European Union in 2016) referendum era. Before delving into the review of the impact of the latter event, however, it is only appropriate to unpack what exactly the sector means, and highlighting our working definition of the sector, as a starting point.

Literature Review
Our review of the literature also informs our methodological position (i.e. an interrogation of documentary evidence on the sector) where we draw upon a range of resources including policy documents from NESTA (National Endowment for Science, Technology and the Arts), academic sources (Chattalas and Koles, 2016; Ferreira and Ratten, 2016; Silk, 2016; Kosfeld and Titze, 2015; Lobato, 2010; Porter, 2000a, 2000b), and policy documents (Mateos-Garcia and Bakhshi, 2016; Kabanda, 2016). This study re-articulates the seminal NESTA report and supplement this policy paper with a range of academic papers drawing upon seminal articles by world renowned strategist, Michael Porter (see Porter, 2000a, 2000b) and two special issues on the topic. For example, the Special Issue by Ferreira and Ratten (2016) on the “Competitiveness of Locations: The Effects of Regional Innovation and Entrepreneurial Practices,” sets an interesting tone to the subject matter, albeit from a cultural perspective.
A second special issue on the “Globalization and the convergence of creativity, innovation and entrepreneurship,” by Chattalas and Koles (2016) is also an interesting addition to the debate and posturing of this study. Indeed, in this special issue, a contribution by Silk (2016) on the ‘Creativity in cross-domain collaborations,’ underpins our argument for the interconnectedness of Britain’s creative industry. Silk (2016) only recently examined how different disciplines and sectors approach creativity, and how to improve cross-domain collaboration efficiency.

According to that study:

“…creativity is one of the most important factors that hugely contributes to the growth of economy, and the key to the modern organisation’s survival. There are considerable differences between disciplines regarding how they approach creativity since each discipline has a methodology which is designed to develop new ideas. Specialisation of disciplines can create difficulties when they start to interact in collaborations. Differences between sectors (Industry, Academia, Arts and Public) in definition of creativity, creativity measurement, management and collaboration motivators can hinder cross-sector collaboration efficiency.”

From a methodological perspective, Silk (2016) distributed a questionnaire over the Internet, and undertook some statistical tests to establish the existence of any differences between groups how their views of various dimensions of creativity. By analysing various disciplines, the study revealed significant differences between the reward system, the creativity measurement, the required management support and the way how various disciplines solve complex problems (Silk, 2016). Sector analysis revealed significant differences in creativity quantification, personal traits, sensitivity to idea ownership, composition and size of the ideal team, communication and incentives to increase creativity. This is in addition to the observed “misalignment of forces between disciplines causes inefficient cross- and multi-disciplinary collaborations, while inter-sector misalignment results in unproductive inter-disciplinary and trans-disciplinary teamwork. Special emphasis has to be placed on external factor, creativity measurement and collaboration motivator adjustment that were the most misaligned across the analysed groups” (Silk, 2016).

Britain’s Creative Industry

The creative industries are growing more rapidly than other sectors in most parts of the United Kingdom or Britain. In fact, between 2007 and 2014 more than nine in ten of the 228 metropolitan areas (or Travel-to-Work-Area geographies) that make up the UK experienced faster growth in the number of creative businesses than in the whole business population (see Box 1). Over two-thirds of these areas saw faster growth in creative industries employment than in overall employment. Rapid growth has been experienced in all sub-sectors that make up the creative industries, but particularly in services activities like design, software and digital, and advertising. More than half of metropolitan areas observed faster growth in the number of businesses, levels of employment and volume of turnover in these sub-sectors than in other sectors.

A striking feature of this picture is the explosion in entrepreneurial activity, measured by the number of creative businesses that make up the industry/sector – notably heritage (cultural expressions and sites), arts (visual and performing), media (publishing, audio-visual, new media), and functional creations (design and architecture). Performing arts encompasses music (including hip-hop), and audio-visual includes films and/ or movies.

The significance of the creative industries is reflected in the World Bank’s recently developed Cultural Trade Index is designed to shed light on cultural trade and stimulate interest in how this little-known area can contribute to economic diversification, boost shared prosperity, and reduce extreme poverty. As the first index of its kind, the Cultural Trade Index would gather cultural trade data scattered across different sources, place them in one place, and show how countries are performing (see Kosfeld and Titze, 2015). The main objective of this exploratory study is to inform, and advance the debate on cultural trade for development from the UK context in a post-Brexit era. Considering that culture is not restricted to just monetary gains, a Cultural Exchange Index (CEI) could also be leveraged to complement the Cultural Trade Index. The CEI ranking recognises the participation of countries based upon their international cultural exchange initiatives, and by extension, the contributions to cultural trade and development policy. From our general observations of the sector in Britain, we pose three main research questions. First, how do creative conurbations in the UK retain their economic edge in a post-
Brexit environment? Second, what are the hidden connections between the UK’s creative clusters? Third, what are the connections and emerging opportunities between and beyond clusters in Britain.

Theoretical Framework and Methodology

Drawing upon a range of documentary evidence (including policy documents and a review of the literature) such the report by Mateos-Garcia and Bakhshi (2016) entitled “The Geography of Creativity in the UK: Creative clusters, creative people and creative networks,” this study explores the potential of the sector as a source of competitiveness in a post-Brexit era. A theoretical framework/model is developed and proposed for extrapolation to other contexts (notably the rest of the Commonwealth).

Our review of the literature, also brings into focus a general observation of the creative industries consisting of wide-ranging sub-sectors, from content industries like film and video games to service industries like advertising and design (Mateos-Garcia and Bakhshi, 2016). According to these authors, the sector makes important economic contributions at the national level. Research has also shown the top 4 creative industry sub-sectors to include design, software, digital and advertising – all of which have witnessed an explosion in entrepreneurial activity. We use the CPN (i.e. clusters, people and networks) framework to provide a scoping study of the sector. Official statistics put their Gross Value Added (GVA) contribution at £81.4 billion or 5.2 percent of the whole economy. A high growth sector, creative industries GVA grew by 8.9 percent between 2013 and 2014, almost twice as fast as the UK as a whole. A systematic mapping of the UK’s creative clusters from NESTA (2016) makes use of data from the official business registry. This paints a more holistic picture of creative clusters using data on indicators including the local supply of talent, the volume of industry-relevant research and the extent of creative networking activity. While it is equally well known that the creative industries are engines of growth in cities like London, Bristol, Manchester, Edinburgh and Cardiff, their importance in other parts of the UK is less widely appreciated.

Clusters

The study by NESTA identifies 47 creative clusters in the UK. This can be mapped against diaspora locations to identify opportunities with potentially greater scope for emerging market linkages from the IOM Diaspora Mapping. The NESTA map confirms that creative clusters have a dominant presence in London and the South-East of England (which together comprise around a third of clusters identified).

However just over one-fifth of clusters are found in the North of England, and Scotland, Wales and Northern Ireland. The map also suggests that there are several creative agglomerations which encompass more than one metropolitan area: for example, around Manchester, Leeds, Bristol and Cardiff. In the South-East of England, there are similar agglomerations long the coast around Brighton, Southampton and Bournemouth too (see Figure 2). We have seen in Hull how cultural investment is contributing to the city’s growing confidence. Having been chosen as the UK City of Culture 2017, it is now on the Rough Guide list of the top 10 world cities to visit. It is no coincidence that Hull is attracting new business and jobs. The award of UK City of Culture is expected to be worth some £60 million to the local economy in 2017.

Historically, we know London’s creative and economic success owes much to the strength of its arts, theatres, heritage and museums; but many other towns and cities, from Margate to Liverpool, also understand the benefits of a strong cultural offer (see The Culture White Paper, p. 30). It is clear that not all creative clusters follow the ‘creative cities’ model.

Creative conurbations like Slough, High Wycombe, Peterborough and Guildford rarely feature in creative cluster mappings. These clusters – specialising in a smaller number of creative sub-sectors with a high technology component – may be less ‘hip’ than creative cities like Brighton, Liverpool and Glasgow, but our research suggests they make significant economic contributions. In particular, they are associated with larger-sized creative businesses, and potentially higher levels of business productivity.

1 See International Organization for Migration (no date) Retrieved from: http://unitedkingdom.iom.int/publications
People
Unlike the contention of a recent special issue call for papers (see Ferreira and Ratten, 2016), which suggests that ‘globalization is not an unstoppable force, and there are costs of maintaining globalization momentum [considering that] society is inertial in accepting the new realities that come with [it],’ we propose that the inertia works the other way round. Consumers and the general world population would require a much greater force to stop and think about the limitations of the globalisation concept. Inertia, in its original conceptualisation, in the laws of motion in physics, postulates that a stationary body requires some force to set it in motion, and once in motion requires some other force to bring it to a halt.
The argument thus follows that the force required to halt or alter the speed and pace of globalisation is not yet as strong as the force that set it off in the first place. As an illustration we use the case of the creative industry, not to mention the endorsement of US presidential candidate for the Democratic part, Hillary Clinton, by the power duo of hip hop, Beyoncé and Jay Z (see Madichie and Gbadamosi, 2017), to support our contention on the growing re-emergence of the creative industry globally.

The Diaspora dividend – An Opportunity in waiting

Diaspora entrepreneurship provides real opportunities in the creative industries. The potential from the creative industries can be amplified, accentuated and accelerated if diasporas can be tapped. The potential contribution that diasporas can make towards the development of their home countries is now fully acknowledged (OECD, 2015). Diasporas play a number of important roles in facilitating trade and investments between their countries of origin (COO) and countries of residence (COR). Members of ethnic diasporas can leverage the trust that they have built with their COR (through education and/or work experience) and their COO (through ethnic ties) to bring about trade-related benefits to both their COO and COR (Chand & Tung, 2011). It is becoming clearer how to engage diasporas as international entrepreneurs in developing countries and the key determinants (Nkongolo-Bakenda and Chrysostome, 2013; Madichie and Zaman, 2017).

Who are the people with diasporic links? The role and potential of diaspora entrepreneurship can only be tapped, however, only if it is better understood. Nkongolo-Bakenda and Chrysostome (2013) developed a theoretical foundation of diaspora entrepreneurship. Their framework identifies the determinants of the diaspora’s international new venture creation in the country of origin based on: the level of altruistic motivation, need of social recognition, entrepreneurial opportunities, friendliness and receptivity of the home country, as well as integration of, and support to, immigrants in the host countries. Chand and Tung (2011) have moreover highlighted the role of the diaspora as boundary-spanners through an investigation of the role of trust in business facilitation. They show that members of ethnic diasporas can leverage the trust that they have built with their countries of residence (COR) (through education and/or work experience) and their countries of origin (COO) (through ethnic ties) to bring about trade-related benefits to both their COO and COR.

Seldom acknowledged in research is the shift in 2nd and 3rd generation diaspora experiences which develops and deepens their knowledge and exposure to their COO. They are now connected to their countries of origin in transformative ways through the troika of changes in TV (ethnic minority channels), telecommunications (smartphones) and travel (lower cost – budget airlines etc. Notable examples include the Asian (notably Indian) and African diaspora. Theresa May in India – trade negotiations. Typhoon tea and Jaguar are Indian brands and India has a role to play as a Commonwealth partner, in the economic development of the UK. However, questions remain over the visa rule concession for Indians coming to the UK (something at the heart of Brexit) – business and student visas being top priority. The Indian diaspora in the UK is huge, and growing in diasporic influence (Madichie, 2010) – with a major influence in film (Bollywood), fashion and the curry house cuisine (Madichie, 2007).

In the case of the most populous country in sub-Saharan Africa – i.e. Nigeria, besides household names such as Chiwetel Ejiofor (of Nigerian Descent), there are other well-established creatives such as Skepta and Tinie Tempah.

Born to Nigerian parents, Joseph Junior Adenuga (aka Skepta) who has been described as “A veteran of the U.K. grime scene, MC, producer, and record-label owner […] influential in its shift from the underground to the pop charts, as well as its creative and commercial resurgence during the mid-2010s.” Skepta moved to Tottenham with his family at the age of three. Inspired by both US and UK hip-hop, he started his music career appearing on the pirate radio circuit and performing at various MC battles. Launching his solo career in 2006 and focusing his attention on his label Boy Better Know, he won the £25,000 award for self-released album Konnichiwa,2 which covers topics including police harassment and his anger at British politics. The record, described by the NME as a “landmark in British street music”, went to number two earlier in the year.3 Another notable example is Patrick

2 See McQuaid, I. (The Guardian, 6 May 2016) 10 things we learned from Skepta’s Konnichiwa. Retrieved from: https://www.theguardian.com/music/2016/may/06/10-things-we-learned-from-skeptas-konnichiwa
Chukwuemeka Okogwu (of Nigerian descent), better known by his stage name Tinie Tempah (born 7 November 1988 in Plumstead, London) is a rapper, singer, songwriter and record producer who has been signed to Parlophone Records since 2009, a subsidiary of Warner Music Group.④

Networks
As far as networks is concerned, there is no better place to start than from the comment of former Australian Prime Minister, Tony Abbott, that "the Commonwealth can act as a network of nations not an [as] an economic bloc [and especially so] as the UK moves away from a protected geographic trade system to a more global approach" (see Cleverly and Hewish, 2017). To reiterate this point, the “meetup” data on which the NESTA report was based upon, highlights the international connectivity of the UK’s creative clusters (see Kabanda, 2016). The policy document also reports that around 10 percent of the members of creative meetups in the UK were actually based outside of the country with about 41 percent of these overseas members based in other EU countries. What this means is that balance of 59 percent were actually outside the EU (see Table 1 for some insight into hubs and clusters). On a slightly separate level, it has been reported that creative cities tended to display higher levels of international networking thus making it pertinent that ensuring that these international connections are maintained in the face of the EU referendum outcome will be a high priority going forward (see Cleverly and Hewish, 2017). Using data from online events platform Meetup.com, NESTA paralleled the growth in creative businesses across the UK and found an explosion of meetup activity in the creative industries with topics like ‘freelance work’, ‘user experience’, digital marketing’ and ‘data analytics’ trending particularly strongly (Kabanda, 2016). This raises the question of whether more developed levels of networking will be needed to help these creative conurbations retain their economic edge in the future.

Table 1. The Creative Economy Initiative

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Project</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hubs and Communities</td>
<td><em>Bocas Literature festival</em></td>
<td>Trinidad</td>
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<tr>
<td></td>
<td><em>Unbox Caravan</em></td>
<td>India</td>
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<tr>
<td>Creative Economy</td>
<td><em>Creative Enterprise for Growth</em></td>
<td>Kenya</td>
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<tr>
<td>Creative Technology</td>
<td><em>Playable City</em></td>
<td>Nigeria</td>
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The meetup data is also instructive in revealing the ‘hidden’ connections between the creative clusters, based on meetup co-membership patterns of different individuals. It points to some examples of strong connections between clusters, including Bristol, Bath and Cardiff in the West; Edinburgh and Glasgow in Scotland; and Manchester, Leeds, Sheffield, Liverpool, Chester and Wigan in the North. (i.e. three distinct creative clusters – see Figure 2).

Discussion and Conclusions
There have been at least five recent policy papers on the subject matter, but most of these have been rather fragmented thus necessitating a need for consolidation on the one hand, and re-articulation for academic discourse on the other. Some the key, and pertinent policy papers are highlighted in Box 1. India has always had much less trade and investment with the UK than with the European Union (Banga 2016). Nevertheless, trade and investments between India and UK have been rising steadily since 2005. This paper estimates that a free trade agreement between India and the UK will increase India–UK trade by 26% per annum. The UK’s exports to India will increase by 33% yearly, while the UK’s imports from India will increase by 12% per annum (see Madichie and Zaman, 2017). A plausible reason for there being a higher increase in the number of exports from the UK to India than the number of imports to the UK from India is that India imposes higher tariffs than the UK does.

Box 1. Selected Policy Papers (2016/2017)

<table>
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<tr>
<th>Paper</th>
<th>Source</th>
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<tbody>
<tr>
<td>Overseas Development Institute, Impact of the UK’s post-Brexit trade policy on development, September 2016</td>
<td>Source: Madichie and Zaman (2017).</td>
</tr>
<tr>
<td>Commonwealth Secretariat, Emerging Issues Briefing Paper: Brexit – Opportunities for India, September 2016</td>
<td></td>
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<tr>
<td>Peter Marshall, Brexit in its Worldwide Aspect: An Opportunity to be Grasped, The Round Table, 105, November 2016</td>
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As Banga (2016: 1) pointed out, “India has been negotiating the EU–India broad-based trade and investment agreement (BTIA) since 2007 but the agreement is still not concluded.” Indeed, India’s concerns about the BTIA includes having limited market access to the “EU agricultural products like dairy products and services with respect to Mode 1, which covers information-technology-enabled services, business process outsourcing and knowledge process outsourcing, and Mode 4, which covers movement of skilled professionals.”

Overall this is a pioneering attempt to explore creativity and geography beyond the cultural domain as it approaches the issue from a business and management angle. It also raises some implications for Britain’s engagement with the Commonwealth in a post-Brexit era. In the next steps from this scoping study, our CPN (clusters, people, networks) framework would be a useful tool in implementing and/or developing the Creative industry in Britain in order to ensure readiness in a post-Brexit era. This builds on established evidence that the creative industries have the capacity to contribute to the economic growth and development of countries (ITC, 2013). Indeed, the case of the recent UK trade policy can be made more development-friendly by going beyond tariffs to include new provisions on services (ODI, 2016).

It was only recently in January 2017 that the British Government’s new industrial strategy highlighted the need to help small businesses get better access to funding, build clusters of industry across the country and move key institutions to those clusters. It calls for ‘driving growth across the whole country’ to ‘create a framework to build on the particular strengths of different places and address factors that hold places back.’ In this regard, the creative industries – a diverse group of businesses spanning content like film, music, design, publishing and advertising (as NESTA’s research) – are the ones that will thrive in an automated future where creativity and imagination are more highly prized, projected and permanent.

References

Department for Culture, Media & Sport, The Culture White Paper, p. 30


Overseas Development Institute, impact of the UK’s post-Brexit trade policy on development, September 2016


Black and Minority Ethnic (BME) respondents in this research. A relationship between the informal economy and entrepreneurship

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Abstract
Literature depicts informal economy participants as representatives of a dark, hidden element of entrepreneurship, which is practiced as a means of survival. On the contrary, some entrepreneurship literature focuses on virtuous superhero beings (Cannon, 1991; Burns, 2001; Williams, 2011), while other entrepreneurship literature focuses on an opportunistic mindset which can potentially manifest anywhere. Williams’ (2011) list of entrepreneurial features corroborates the latter, by listing characteristics which are not associated with a type of person or their possession of resources, such as a registered business. Accordingly, semi-structured interviews were carried out with black and minority ethnic (BME) informal economy participants, as they are most commonly associated with the informal economy in literature. By comparing their behaviours and motivations to Williams’ (2011) list of entrepreneurial features, this research sought to explore the extent to which entrepreneurial characteristics exist in the informal economy. The findings suggest that informal entrepreneurs may possess the characteristics in Williams (2011) list of entrepreneurial features, but they are not representative of the description of formal entrepreneurship, i.e. the superhero ideal. Instead, they portray entrepreneurship as a mindset, which is motivated by the pursuit of independence and achievement. It is also made apparent that formal entrepreneurs may be subjected to an ideal which overlooks the challenges that they regularly overcome to achieve success. There are limitations to the applicability of the research findings, but they indicate that a renaissance of entrepreneurship as we know it – albeit subject to further in-depth research. This could result in a more inclusive understanding of entrepreneurship, while accentuating an invaluable mindset.

Keywords: black and minority ethnic (BME) entrepreneurship; the informal economy; semi-structured interviews

Introduction
The late nineties saw UK government policy make efforts to incentivise disadvantaged communities by supporting the development of business start-ups (Williams, 2014; Williams and Huggins, 2013; Devins, 2009). Initiatives such as New Labour’s Social Exclusion Unit were formed to regenerate local communities and entrepreneurship was highlighted as a fundamental element in achieving this outcome (Southern, 2011; Devins, 2009). The focus on entrepreneurship was influenced by the realisation that an entrepreneurial culture exists within underprivileged neighbourhoods and it contributes significantly to economic growth (Bureau and Fendt, 2011; Gurtoo and Williams, 2009).

This entrepreneurial culture, widely identified as the “informal economy” (Williams and Nadin, 2010:363), is defined in literature as “the paid production and sale of goods and services which are unregistered by, or hidden from, the state for tax and/or benefit purposes but which are legal in all other respects” (Williams and Nadin, 2011; Williams et al., 2009; Evans et al., 2006; Katungi et al., 2006; Williams and Windebank, 1998; Thomas, 1992).

Although this definition differentiates the informal economy from the illegal economy, it implies a degree of deviance by relating it to legality and tax evasion, while omitting any association with entrepreneurship. Conversely, the rise of qualitative research into entrepreneurship offers a narrative where a richer, darker form of entrepreneurship (Williams and Martinez, 2014; Smith, 2007) exists among the necessity-driven entrepreneurs of the informal economy (Miller and Miller, 2017; Williams, 2014). The idea that informal economy participants are forced to engage in hidden activities as a
means of survival however (Williams and Huggins, 2013; Williams, 2011; Morris and Pitt, 1995), illustrates a stark contrast between said participants and the ‘formal’ entrepreneurs, who literature identifies as opportunity-driven superheroes (Williams, 2014; Williams, 2011; Gurtoo and Williams, 2009; Burns, 2001; Cannon, 1991). However, Blackburn and Ram’s (2006) finding that “situations of adversity can provide opportunities for individuals to respond in an entrepreneurial fashion, for example by starting a business to cater for local needs” (p.77), implies that entrepreneurs in informal economies can in fact be driven by opportunity and not just necessity.

To determine whether informal economy participants represent a renaissance of entrepreneurship as we know it, this dissertation seeks to clarify whether there are any distinguishing factors between the two ‘types’ of entrepreneur, other than the economy in which they operate. To do so, the key features of an entrepreneur, as identified by Williams (2011), will guide the research, as there is no widely accepted definition of entrepreneurship. These features are as follows (Williams, 2011):

- Pursuing independence
- Pursuing achievement
- Internal locus of control
- Ability to live with uncertainty and take measured risks
- Opportunistic
- Innovative
- Self-confident
- Proactive and decisive with higher energy
- Self-motivated
- Vision and flair

This list indicates that entrepreneurship may be defined by behaviours and motivations which can be manifest anywhere (Dees, 1998). To explore this implication, it is important to develop an understanding of the lived practices of entrepreneurs (Gurtoo and Williams, 2009). In doing so, there is potential for conventional interpretations of entrepreneurship to be unpacked, which could influence a new approach to establishing a conclusive definition of entrepreneurship.

The research will focus on BME participants because they are most commonly associated with the informal sector in literature, as are inner-city areas (Llanes and Barbour, 2007; Ram et al., 2003). For these reasons, the study will be conducted in disadvantaged neighbourhoods across London, UK. The key respondents of the research will be informal entrepreneurs (i.e. those who trade off-the-books full time), employees (i.e. those who are in formal employment but operating in the informal economy part-time) and micro-entrepreneurs (i.e. those who have graduated from informal to formal entrepreneurship).

**Research Aims and Objectives**

The overall aims of this research are to contribute to the theory that opportunity-driven entrepreneurship exists in the informal economy (akin to the conventional understanding of entrepreneurship), as well as to contribute to literature which calls for a more inclusive definition of entrepreneurship. To achieve these aims, the research objectives are:

1. To critically review the literature regarding the relationship between entrepreneurship and the informal economy
2. To investigate the lived practices of informal economy participants, in order to establish whether there is any difference between their behaviours and motivations and those which are used to define formal entrepreneurs in literature
3. To conduct semi-structured interviews, from which anonymised data will be gathered from BME informal economy participants in deprived UK neighbourhoods
4. To consider whether the traditional understanding of entrepreneurship is outdated

The research questions, which have been designed to achieve the objectives, are as follows:

1. **What is the relationship between the informal economy and entrepreneurship?**
   Answering this question will assist in the achievement of objectives 2, 3, 4 and 5. Literature will be reviewed to establish the link between the informal economy and entrepreneurship and semi-structured interviews will be carried out to compare the behaviours and motivations which are associated with both concepts.

2. **Is it appropriate to segregate ‘formal’ and ‘informal’ entrepreneurship?**
This question will help to achieve outcomes 1, 2, 3, 4 and 5. By comparing the behaviours and motivations of the interviewees with the list of entrepreneurial features, an understanding of the relationship between the two concepts will be developed and if there are overwhelming similarities, this could call for a more inclusive description of entrepreneurship.

3. Is informal entrepreneurship solely a necessity-driven means of survival? Answering this question will address objectives 3 and 4. Semi-structured interviews will include questions regarding motivations. The desired outcome of this is for it to be made apparent whether interviewees are only driven by necessity, or if they can be driven by opportunity, which is an entrepreneurial feature (Williams, 2001).

4. Is the superhero narrative of entrepreneurship still a suitable description of entrepreneurship, or is it in need of a more inclusive definition? This question will address objective 6. Findings from the analysis of the interviews will indicate whether entrepreneurial features can be associated with ‘regular’ people who may be involved in informal work.

Following this opening section, the next section presents a literature review, which commences with a focus on defining the term “informal economy”, before identifying the participants who are associated with this sector in research. The relationship between the informal economy and entrepreneurship is then reviewed in the literature, leading to the delivery of a research question which is guided by the findings.

This is closely followed by the research methodology in section 3, which takes a qualitative research approach and adopts an interpretivist philosophical stance. Details are provided regarding the selection of a semi-structured interview method with a critical incident technique, leading to ethical considerations regarding the researcher and the respondents, along with clarification of the steps taken to mitigate any issues. Limitations of the research, are then highlighted, along with a statement of the moderations that will be applied accordingly. In section 4 the research findings from the data gathered, are presented through thematic and conceptual coding of the interview responses, in comparison to Williams’ (2011) list of entrepreneurial features. The data findings present the pursuit of independence and the pursuit of achievement, as the potential foundation from which entrepreneurial features may develop, indicating a likeness between formal and informal entrepreneurship. Discussions are also undertaken to evidence links between entrepreneurship and the informal economy, which lead to the suggestion that further research could lead to a renaissance of the understanding of both entrepreneurship and the informal economy.

The paper concludes in section 5 where the research aims, objectives and questions are revisited. In this final section also, some key contributions made to the gaps in literature which defines the informal economy and entrepreneurship are outlined. The practical limitations of the research are revisited, before recommendations for future research are proposed.

**Literature Review**

This chapter commences with a focus on defining the term “informal economy” to develop an understanding of the characteristics associated with this sector and its importance as an area of study. Following this is the identification of informal economy participants as found in literature, evidencing the suitability of a focus on Black and Minority Ethnic (BME) respondents in this research. A relationship between the informal economy and entrepreneurship is then established by highlighting literature which links the two areas of study, before the chapter culminates with a research question, guided by the findings presented in the literature.

The informal economy exhibits many titles, including “shadow” “grey” and “hidden” economy (Williams and Nadin, 2010:363), which collectively describe “monetary transactions not declared to the state for tax and/or benefit purposes when they should be declared but which are legal in all other respects” (Williams and Nadin, 2011; Williams et al., 2009; Evans et al., 2006; Katungi et al., 2006; Williams and Windebank, 1998; Thomas, 1992). This title achieves a distinction between the informal economy and the illegal economy, where transactions may be considered unlawful. This is important for policy because it enables the UK Department for Work and Pension’s, who segregate informality and illegality, to incentivise informal economy participants to transfer prospective financial, social and
human resources to the formal economy without fear of being penalised (Llanes and Barbour, 2007), other than through possible taxation.

Similarly, literature indicates an agenda to distinguish the formal economy from informal work, with Williams and Nadin (2013) finding that the former implies “progress”, “advancement” and “development”, while literature regarding the informal economy carries connotations of “under-development” and “backwardness” (p.556). Williams (2011) suggests that this segregation occurs because those operating in the informal economy are presumed to be excluded from formal employment and reliant on survival strategies as a result. If such a suggestion is accurate, the implication is that over half of the world’s working population is forced to survive in an under-developed economy; as the OECD reports that 1.8 billion people out of a global working population of 3 billion operate in the informal economy (Jütting and Laiglesia, 2009).

Conversely, this same group is alternatively described as heroes who cast off the shackles of an over-burdensome government (Williams, 2013: 264) to respond to societal needs (Sauvy, 1984). This suggests that participation in the informal economy may be a choice, rather than a necessity. This observation is supported by a description of the informal economy as a “mechanism through which enterprise culture can express itself” (Sauvy,1984:274) and by declaring that the sector represents a rebirth of the free market, acting as a political force with the ability to deliver true democracy and a competitive market economy (Williams, 2011).

Williams (2011) finds that this neo-liberal narrative has long been expressed in the developing world, where Keith Hart first coined the term “informal economy”, following a study of urban labour in Africa during the seventies (Hart, 1973). The developed world however, has only recently become receptive to the idea that the informal economy is an asset to be acknowledged in entrepreneurship dialogue (Williams, 2011). Despite the obvious difficulties in assessing an economy which operates in the shadows, Bureau and Fendt (2011) estimate a contribution of 10-20% gross domestic product in developed countries and 12% in the UK specifically, which indicates significant economic growth, resulting from a strong entrepreneurial dynamism within the sector.

Who and Where are Informal Economy Participants?

Following a study of entrepreneurship within the UK’s BME community, Blackburn and Ram (2006) found that a large proportion of this group participate in the informal economy, possibly because they are disproportionately susceptible to social exclusion (Llanes and Barbour, 2007). According to Llanes and Barbour (2007), there is also a geographical element to social exclusion, with such groups likely to be concentrated in inner cities and rural areas. This discovery validates Williams (2011) suggestion that there is a proportion of the global working population who are excluded from formal employment and left to manoeuvre the informal economy. Indeed, informal entrepreneurship is repeatedly equated to “survival”, with the motivation to trade resonating from a need to generate employment or income, rather than profit (Morris and Pitt, 1995). This is also deemed true for those in low-income formal employment, who may choose to trade informally to mitigate low wages and limited welfare benefits (Llanes and Barbour (2007).

Michael Porter, who declared disadvantaged neighbourhoods the prospective hubs for entrepreneurship (Porter,1995), influenced the New Labour Social Exclusion Units attempts to promote successful business start-ups from the late nineties onwards to regenerate disadvantaged communities (Southern, 2011). Initiatives such as the Phoenix Fund, the Community Development Venture Fund and the Local Enterprise Growth Initiative, which targeted disadvantaged neighbourhoods (Blackburn and Ram, 2006), were apparently welcomed largely by BME groups (Ram et al, 2003; Bates and Robb, 2011).

However, Figure 1 implies that this could simply be because the areas that were targeted, i.e. deprived neighbourhoods, are most likely to be inhabited by BME residents (Jivraj and Khan, 2013). In fact, the government acknowledged a target on ethnic minority entrepreneurship (Williams et al, 2017), specifying a focus on under-represented communities and deprived neighbourhoods in the ‘Ethnic Minorities and the Labour Market’ report of 2003 (Cabinet Office, 2003; Blackburn and Ram, 2006). Influenced by the assumption that entrepreneurship could in fact be a survival mechanism, fostered from dire circumstances or a lack of alternatives (Williams and Huggins, 2013), UK policy declared a
need to harness entrepreneurship in disadvantaged neighbourhoods to achieve economic development, increased productivity and social inclusion (Williams and Huggins, 2013).

Figure 1: Ethnic minority groups living in deprived neighbourhoods (2001, 2011)

![Graph showing percentage of each ethnic group in deprived neighbourhoods](image)

Note: the figure shows the percentage of each ethnic group in the 2001 and 2011 Censuses that lived in an LSOA in the 10% most deprived on the Index of Multiple Deprivation (the 2004 IMD for the 2001 Census, and the 2010 IMD for the 2011 Census).

Source: Jivraj and Khan (2013)

Attempts to incorporate the poor and financially excluded into the market economy were a response to a growing cynicism regarding the ability of the public and private sectors to provide full employment at liveable wages (Williams, 2011). So, when the state reported a business start-up rate in the 20 most deprived local authority areas as half the rate in the 20 most prosperous areas (Williams and Huggins, 2013) the insinuation was that informal businesses were generally failing to cease opportunities to register as start-ups.

However, lessons could be learned from the informal economy of the developing world, where Chinguta et al (2005) call for an understanding of micro-entrepreneurship as a means of fostering independent livelihoods. The literature indicates that an entrepreneur could be a regular person who exploits opportunities to better their circumstances by addressing needs. The opportunity to receive payments for addressing needs may initially be more desirable than registering as a business and pursuing profit (Morris and Pitt, 1995). Indeed, the challenges associated with living in a disadvantaged neighbourhood could motivate one’s desire to address local needs (Blackburn and Ram, 2006) and influence the development of characteristics which deliver outcomes, including work discipline, risk tolerance, social and network skills, and creativity (Miller and Miller, 2017:7).

Once it becomes fruitful to address needs, undeclared activities may then fulfil a secondary priority of acting as a stepping stone to the formal economy (Williams, 2011).
Linking the Informal Economy to Entrepreneurship

Considering the aforementioned policy attempts to harness the informal economy, Williams (2011) advises that greater understanding of the relationship between the sector and entrepreneurship is required in western economies. However, the lack of an entrepreneurship paradigm presents a barrier to achieving such understanding. The term was first coined in the 17th century French economics, where an entrepreneur was an innovator who powered the creative-destructive process of capitalism through innovation (Dees, 1998). In the 20th Century, key author Schumpeter’s (1934) entrepreneurs were change agents who innovate ways to serve new markets or produce in new ways (Dees, 1998).

Drucker (2007) corroborated the implication that one would not necessarily own a registered business with his description of entrepreneurs as persons who possess the mindset to exploit opportunities that arise from change (Dees, 1998). As described by Stevenson (1983), this mindset allows entrepreneurs to capitalise on the resources available to them, rather than being deterred by a lack thereof. Research efforts to define entrepreneurship have so far resulted in: first, a realisation that new venture creation does not require “the adoption of a moral stance or ethical choice” (Atherton, 2004:124), and second, a variety of traits, qualities and characteristics assigned to the term ‘entrepreneur’ (Southern, 2011).

Adopting findings from key entrepreneurship scholars, Williams (2011) offers key features of an entrepreneur:

- Pursuing independence
- Pursuing achievement
- Internal locus of control
- Ability to live with uncertainty and take measured risks
- Opportunistic
- Innovative
- Self-confident
- Proactive and decisive with higher energy
- Self-motivated
- Vision and flair

This literature review makes social capital an addition to the list, as it is described as the motor which drives entrepreneurship (Williams et al., 2017; Jones and Ram, 2011; Collins, 2011). Rae (2004) finds that this skill is needed to develop social capital and influence stakeholders to display behaviours which are conducive to the entrepreneur’s desired outcomes. Social capital is another term which lacks a definition, but researchers are in agreement that it is associated with entrepreneurship, which is an intrinsically socialised practice, founded on social networks which provide valuable resources (Williams et al., 2017).

Bourdieu describes such social networks as exclusionary, defining social capital as “the sum of the resources, actual or virtual, that accrue to an individual or a group by possessing a durable network of more or less institutionalised relationships of mutual acquaintance and recognition” (Bourdieu, 1992: 119). He highlights the harsh realities of social capital, where nepotism aligns wealthy, white (typically) men, with elite education and careers (Bourdieu, 1992; Gauntlett, 2011).

While this contention is not disputed, Williams et al (2017) argue that research into the nature and extent of social capital resources in deprived areas is limited, so Bourdieu may not appreciate the extent to which access to resources depends on location, rather than class. Coleman (1988) highlights the ability of a shared environment to develop trust and shared values within a community and Putnam (2001) argues that these factors are pivotal to social capital, as seen in his definition of social capital, which refers to “connections among individuals…social networks and the norms of reciprocity and trustworthiness that arise from them… a society of many virtuous but isolated individuals is not necessarily rich in social capital” (Putnam, 2001).

Trust seems to be an imperative when applying social capital to entrepreneurship and Williams et al (2017) find that it can be developed in local areas through familiarity from past experiences, repeated transactions and face-to-face contact (p.3). Putnam (2000) argues that the social bond developed from such interactions establishes social networks, creating economic outcomes which are particularly important in deprived areas amongst micro-entrepreneurs.
The observed literature develops the stance that the informal economy is a potential vessel of economic development for participants, as well as the societies in which they operate. It is for this reason, that a comprehensive understanding of the sector is vital to scholars and states alike. Academics are generally receptive of the theory that entrepreneurial behaviours are functioning in the informal economy, but use of the term “informal entrepreneur” suggests that said behaviours are used for a richer, darker form of entrepreneurship (Williams and Martinez, 2014; Smith, 2007). This description may be interpreted by likening entrepreneurship to an iceberg; with the ideal presented on the surface, while there is more to entrepreneurship than meets the eye.

The literature characterises participants of this “hidden” entrepreneurship as either absolute informal entrepreneurs (Williams, 2011; Sauvy, 1984), formal employees who operate in the informal economy part-time (Llanes and Barbour, 2007) or micro-entrepreneurs (Chinguta et al, 2005), so these are the roles that the research will focus on. The literature also highlights deprived populations across the world as hubs for entrepreneurship, with BME communities salient in such dialogue, so the respondents will be BME persons living in deprived areas.

This paper will attempt to discover whether BME informal economy participants are representative of Williams’ (2011) list of entrepreneurial features. If so, this could suggest that formal entrepreneurs could be characterised as regular people exploiting opportunities to improve their circumstances by addressing needs. It is therefore logical to state the interpretations of the terms “informal economy” and “entrepreneurship” that will be used to guide this research. The aforementioned definition of the informal economy as “monetary transactions not declared to the state for tax and/or benefit purposes when they should be declared but which are legal in all other respects” (Williams and Nadin, 2011; Williams et al, 2009; Evans et al., 2006; Katungi et al., 2006; Williams and Windebank, 1998; Thomas, 1992) will be used because it is the widely accepted definition which covers a multitude of activities without crossing ethical boundaries by including those operations which may be deemed unlawful. Williams’ (2011) descriptive list of entrepreneurial features will be used to identify entrepreneurial behaviours and motivations because it provides a modern summary of those traits that have been most notable in literature to date. Having interpreted from the literature that the informal economy could mirror the features of entrepreneurship, the following question has been developed:

**Methodology**

This chapter presents the research methodology, which takes a qualitative approach and adopts an interpretivist philosophical stance. The selection of a semi-structured interview method is discussed, which guides the implementation of a critical incident interviewing technique. Ethical considerations are then outlined, with reflection on the protection of the researcher and the respondents, along with clarification of the steps that have been taken to moderate any concerns. Limitations of the research, including sample size, are then highlighted, along with a statement of the mitigation strategies that have been applied accordingly.

Entrepreneurship has historically been studied using positivist methodologies (McElwee and Atherton, 2005), which have produced findings likening the concept to “stuff of legends…held in high esteem” (Burns, 2001:1). This has inherently created a barrier to the exploration of the dynamic nature of entrepreneurship (McElwee, 2006), using “superhero” and “survival” narratives to contrast the concept to the informal economy (Williams and Huggins, 2013). The UK government policies which sought to promote business start-up development in disadvantaged neighbourhoods (Williams and Huggins, 2013) seemed to be influenced by the “survivor” informal entrepreneur dialogue, and as a result may have missed opportunities to recognise the ventures that were set up as a means to earn an income from addressing needs, before pursuing profit from business ownership (Williams, 2011; Blackburn and Ram, 2006; Morris and Pitt, 1995). This is an example of potential oversights in entrepreneurship literature, which influenced interpretivist researchers to shed light on the way that entrepreneurs “create, modify and interpret the world” (Burrell and Morgan, 1979:3) through the study of motivations, challenges and experiences of entrepreneurial individuals (see Frith and McElwee, 2007).

This research took an interpretivist research approach and applied qualitative methods to address the research question in an inductive manner, with the aims of contributing to theory regarding the existence of opportunity-driven entrepreneurship in the informal economy (Blackburn and Ram,
2006:77) and supporting recommendations for a more inclusive definition of entrepreneurship. (Williams, 2009).

Research Philosophy
Adopting a philosophical approach allows for context to be applied to research (Crotty, 1998). However, the abundance of positivist approaches to entrepreneurship research has resulted in static findings (McElwee and Atherton, 2005) which generally paint entrepreneurs with the same “super-hero” brush (Williams, 2014; Williams, 2011; Gurtoo and Williams, 2009; Burns, 2001; Cannon, 1991). This is because the reach of positivist methods is wide but not deep, with validity and reliability being prioritised, (Bryman and Bell, 2015), as opposed to pursuing knowledge of the social context of the subject matter.

In seeking to acknowledge the individuality of people and their social contexts as essential factors in the search for understanding of the lived experiences of informal entrepreneurs, an interpretivist philosophical approach was adopted, as it enabled the pursuit of knowledge regarding the distinctiveness of humans (Bryman and Bell, 2015). Applying this stance allowed for a more holistic insight into the perceptions and understandings of informal economy participants; offering indications as to the ways they related to the informal economy and the extent to which they considered their behaviours as a means to thrive or just to survive.

Taking an inductive approach allowed for the research to be conducted freely, with the aim of feeding the findings back into existing theory. This differs from a deductive approach, which would have taken a narrow approach, guided by theory to test a hypothesis through experiential or scientific investigation (Bryman and Bell, 2015).

Research Strategy
A research strategy establishes the methods which will be used to link research to theory, either from a quantitative or qualitative stance (Bryman, 2015). As entrepreneurship is practiced in different contexts by a variety of actors (Leitch et al., 2009:68), the use of an interpretivist philosophy offers qualitative research strategies which seek to replace erklären (the explanation of human behaviour through causal relationships between variables), with verstehen (the understanding of human behaviour through meanings and interpretations, which respondents attribute to phenomena to describe and explain their behaviour) (Leitch et al., 2009).

The qualitative strategies which were considered for this research, were case studies and interviews. A case study approach was considered because it would provide a platform for understanding the dynamics present within a single setting (Eisenhardt, 1989:534). This could allow for an insight into the lived experiences of informal economy participants, from which inferences to their behaviours and motivations could be made. However, the use of a qualitative semi-structured interview technique provided a “voice” for the respondents by allowing them to structure their narrative around critical events without constraining their response (Silverman, 2016; Frith and McElwee, 2007), so they were naturally able to express their behaviours and motivations.

Research Method
Informal economy participants are marginalised in entrepreneurship dialogue, so it was preferable to utilise a research method which would evidence their perspectives as respondents who have direct experience of the phenomenon of interest (Leitch et al., 2009:73). Therefore, a critical incident technique was applied to the semi-structured interviews, to allow respondents to narrate their entrepreneurial experiences (Leitch et al., 2009; Frith and McElwee, 2007; Rae, 2000). Frith and McElwee’s (2007) use of a semi-structured critical incident interview was the initial choice of adaptation for this research. However, this research was concerned with providing a voice to a diverse sample of respondents to strengthen the argument and deepen understanding of the relationship, or lack thereof, between entrepreneurship and the informal economy. So, the research by Leitch et al, who carried out entrepreneurship interviews with a numerous women, who also represent an under-researched group in entrepreneurship literature (Leitch et al., 2009), was adapted for this research.

The semi-structured interview method allowed participants to develop their responses according to specific events, which is an outcome that may also have been fostered through focus groups. This research method was considered because focus groups can achieve richer responses due to people
bouncing ideas off one another (Kamberelis and Dimitriadis, 2011). However, the nature of informal work as “hidden” activities inherently carried the risk of making participants uncomfortable about discussing their actions in a public setting. For this reason, anonymity considerations outweighed the potential benefit of richer responses.

The interview responses unearthed a great deal of buzzwords and key phrases, some of which owed to prompts which had been prepared in the interview schedule. The prompts were used to encourage deeper reflection on the feelings and actions of the respondents, with regards to the critical incidents which they discussed. These pivotal responses were highlighted for comparison to Williams (2001) list of entrepreneurial features, once coded into thematic (for motivations) and conceptual (for behaviours) categories.

Research Design

The critical incident interviewing technique which was incorporated into the semi-structured interviews, took guidance from the works of Rae (2000), Frith and McElwee (2007) and Leitch et al (2009). This directed the generation of eight main questions, which were developed from Williams’ (2001) list of entrepreneurial features, while omitting the specific terms, to allow for genuine responses, which were not coerced by leading language (Bryman, 2015). Five general introductory and conclusive questions were also developed to ease respondents into the interviews at the beginning and to get any additional information out of them at the end.

The questions, which were designed to be broad to avoid leading language, were asked surrounding experiences that led to entry into and behaviours within the informal economy. For example, question 3 enquired about the time that interviewees first decided to start their venture. In discussing this experience, they instinctively addressed features from Williams’ (2001) list, including opportunism, innovation, pro-activity, vision and the pursuit of achievement and independence.

The participants were accessed for consent to partake in the study via telephone, which was confirmed in writing when they attended the interviews. All interviews, except for one, took place in a private room at a community centre in London, to accommodate a neutral location while ensuring confidentiality, during the period from 10th – 20th July 2017. One interview was conducted in a micro-entrepreneur’s shop at his request, for reasons of convenience. The interviews were carried out according to the availability of the participants, which was typically in the mornings or evenings. Most of the interviews with those in the informal entrepreneur and employee categories were subject to rescheduling, as their working schedules were generally longer or more exhausting than they planned for.

All participants were black Britons from either an African or Caribbean origin and they were all residents of South London boroughs. Purposive sampling was used to enable the selection of interviewees with the desired characteristics, namely BME residents of disadvantaged London neighbourhoods (Ram et al., 2003; Williams, 2011; Porter,1995; Southern, 2011) who were or had been participants of the informal economy. Age and gender were not deciding factors in the choice of sampling, although it can be confirmed that the participants were five men and three women, typically in their mid-twenties, with two participants in the 45-54 age group. The challenge created by this non-probability sampling method was that the findings could not be generalised because the sample was not random, so could not be representative of a population (Bryman, 2008). However, this barrier was mitigated by the pivotal benefit of generating a sample which was relevant to the study.

Data Analysis

Once the respondents were informed about the purpose of the interviews and they confirmed their consent in writing, an iPhone voice recording application was used to record the interviews and to enable accurate transcription once they were complete. Once the data was recorded in writing, the analysis commenced, with the aim of identifying any correlations between subjective accounts of the lived experiences of informal economy participants and Williams’ (2011) list of entrepreneurial features. Conceptual coding was used to identify explanatory data e.g. entrepreneurial behaviours, while thematic coding was used to highlight descriptive data e.g. the feelings and motivations of entrepreneurs (Layder, 2013; Leitch et al., 2009; Rae, 2000; Frith and McElwee, 2007). The data was manually coded, using coloured felt tip pens assigned to each feature from Williams’ (2011) list, as well as additional common themes that arose, in order to capture any unanticipated findings. The coded data was then transferred to an excel spreadsheet for analysis.
Ethical Considerations
According to Denscombe (2007), issues such as correct representation, obtaining consent and participant protection are pertinent when considering ethical factors in research. To address such issues, Glasgow Caledonian University’s (2015) research ethics guidelines were consulted and an ethical consideration form was completed and submitted to the research supervisor before any interviews took place. Considerations that were addressed included access to participants. It was confirmed that verbal consent to be interviewed had been confirmed and this was partnered with a requirement for interviewees to sign a written consent form prior to the face-to-face interviews.

Participant distress was also considered, with the acknowledgement that interviewees could be concerned about disclosing information regarding off-the-books income for legal and/or welfare benefit purposes. There was also a risk of participants expressing negative emotions if they felt embarrassed or frustrated by the status or outcomes of their work. To mitigate this risk, written information was provided prior to the interviews to ensure that participants were aware of the topics that would be discussed and their rights to withdraw at any point during the interviews. During the interviews, there were three participants who asked for confirmation that the information provided was confidential before answering particular questions, to which their anonymity was confirmed. To further protect anonymity and adhere to the Data Protection Act (1998), the voice recordings were erased after transcription and the written interviews were stored in an encrypted folder on a personal computer and saved by participant numbers, rather than the names of the participants. To avoid researcher bias, interview questions focused on critical incidents to avoid leading language which would ease the analysis process.

Findings
Interviews for this research were carried out with black people from disadvantaged neighbourhoods across London, who are or have been active in the informal economy. This chapter presents the findings from the interviews through thematic and conceptual coding. Each behaviour and motivation that appears in Williams’ (2011) list of entrepreneurial features is explored by comparing the findings from literature to the responses of the respondents. This data analysis method is used to seek examples in the research of the theory that opportunity-driven entrepreneurship exists in the informal economy (Blackburn and Ram, 2006). The additional aim in using this method is to measure the extent to which the interview responses contribute to the development of an understanding of entrepreneurship as a means of fostering independent livelihoods (Chinguta et al, 2005).

The literature reviewed in this research suggests that the informal economy is commonly populated with BME residents of inner city and rural areas (Ram et al, 2003; Llanes and Barbour, 2007). These findings directed the sampling of interview respondents from the top 10 deprived London boroughs (Table 1), according to factors including income, health, education, crime, employment, housing and living/environmental standards (Department for Communities and Local Government, 2015). The participants, all black and of working age, were categorised according to their role in the informal economy (Table 2). Literature suggests that these categories are namely absolute informal entrepreneurs (Williams, 2011; Sauvy 1984), formal employees (Llanes and Barbour, 2007) and micro-entrepreneurs (Chinguta et al, 2005). Demographics such as age and gender were not relevant to the aims and objectives of this research, so they have not been considered in the descriptive profiles of interview participants. The pivotal factors in this research were the behaviours and motivations of the participants, which are explored in the following sections.

Behaviours and Motivations of Interview Participants
Entrepreneurship literature includes the description of a mentality which enables one to exploit the opportunities that arise from change (Stevenson, 1983; Drucker, 2007). The indication that this mindset and the accompanying behaviours can be manifest anywhere (Dees, 1998), is corroborated by Williams’ (2011) list of entrepreneurial features, which uses behaviours and motivations to define entrepreneurship. Accordingly, this section dissects the list, comparing a selection of features to the responses of the research participants, to explore the extent to which entrepreneurial characteristics exist in the research sample.
Table 1 – Indices of Multiple Deprivation in London, 2015 Ranking

<table>
<thead>
<tr>
<th>Local Authority District name (2015)</th>
<th>IMD - Average score</th>
<th>IMD - Rank of average score</th>
<th>2015 Ranking In London</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tower Hamlets</td>
<td>35.657</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>Hackney</td>
<td>35.28</td>
<td>11</td>
<td>2</td>
</tr>
<tr>
<td>Barking and Dagenham</td>
<td>34.635</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Newham</td>
<td>32.939</td>
<td>23</td>
<td>4</td>
</tr>
<tr>
<td>Islington</td>
<td>32.534</td>
<td>24</td>
<td>5</td>
</tr>
<tr>
<td>Haringey</td>
<td>31.043</td>
<td>30</td>
<td>6</td>
</tr>
<tr>
<td>Waltham Forest</td>
<td>30.19</td>
<td>35</td>
<td>7</td>
</tr>
<tr>
<td>Southwark</td>
<td>29.489</td>
<td>40</td>
<td>8</td>
</tr>
<tr>
<td>Lambeth</td>
<td>28.913</td>
<td>44</td>
<td>9</td>
</tr>
<tr>
<td>Lewisham</td>
<td>28.591</td>
<td>48</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Department for Communities and Local Government, (2015)

Table 2 – Informal Economy Participant Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Participant Number</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro-entrepreneur</td>
<td>P2, P4</td>
<td>Hair and beauty, Social network innovation</td>
</tr>
<tr>
<td>Employee</td>
<td>P1, P6, P8</td>
<td>Procurement, Innovation, Decorative services</td>
</tr>
<tr>
<td>Informal entrepreneur</td>
<td>P3, P5, P7</td>
<td>Motor trade, Merchandise, Social network</td>
</tr>
</tbody>
</table>

Innovation and Social Capital

A narrative of “innovation” echoes stridently in entrepreneurship literature (Williams and Nadin, 2010; Bureay and Fendt, 2011; Frith and McElwee, 2007; Dees, 1998; Schumpeter, 1934). Williams (2011) finds that innovation is one of the most important distinguishing factors of entrepreneurship, describing it as a creative process of doing, rather than owning. This correlates with the suggestion that informal entrepreneurs may initially prioritise being paid to address needs, over registering as a business and pursuing profit (Morris and Pitt, 1995).

Conversely, key author Schumpeter (1934), who defines innovation as the ability to drive a creative-destructive process, also argues that it is an integral characteristic. However, he argues that this is because it enables entrepreneurs to use their abilities to deliver new and improved economic outcomes.

This finding can be challenged by the interview responses, which illustrate innovation as the product of a need or desire to gain personal benefit in alternative ways that are not necessarily financial. For Participant 1 (P1 hereafter), this simply means finding “ways of cutting costs” while P4, P6 and P7 felt the need to create products and services which cater to their needs. For P6, this need was to find a solution to his frustration with a product that he owned, to better protect its longevity. For P4 however, his need was to find a solution to his racial frustrations. P4 felt that his career aspirations were inhibited because:

\[ \text{In acting I was always getting the same role, same thing. I wanted to branch out and show what I could do as an actor for my development. So, I felt I needed to create a good opportunity...Just knowing that I have a network, how can I put this together to create a way that we can come together collaboratively to create solutions to a problem. Because we can scream and shout to the institutions but they don't care. It's all about the people power and what we can do.} \]
P4’s creation of a social networking platform in response to his frustrations, demonstrates a mindset which enables one to use the resources available to them, i.e. social capital, to find opportunities to respond to challenges (Stevenson, 1983; Drucker, 2007). Social capital, although highlighted in literature in Chapter 2, is not apparent in Williams’ (2011) list because it focuses on formal entrepreneurship. His previous research on informal entrepreneurship however, finds that the informal economy is comprised of friends, neighbours and acquaintances who engage in paid favours, not for financial gain, but to help one another (Williams, 2011:2). This is another finding which links to the suggestion that purpose trumps profit for informal entrepreneurs (Blackburn and Ram, 2006; Morris and Pitt, 1995).

P4 finds purpose in developing people power, which indicates the potential to develop a creative-destructive process. This can also be linked to Schumpeter’s (1934) definition of entrepreneurship. Conversely, P4 indicates that his motives and desired outcomes are for social development, as opposed to economic growth. Regardless of the intentions and outcomes of innovation however, it is a skill which would inherently involve risk-taking and a willingness to live with uncertainty, since processes and/or outcomes would be delivered in a new way. The ability to manage risk and uncertainty is shown in the interviews to stem from confidence in oneself, which is developed through confidence in one’s venture. These capabilities, namely risk tolerance and self-confidence, are explored further in the next section.

Risk Tolerance and Self-Confidence

Williams (2011) finds that the ability to manage uncertainty, particularly with regards to income, is not a common characteristic amongst the general, risk averse population, but it is an ability which is associated with entrepreneurs. The interview respondents show familiarity with risk and uncertainty in a variety of contexts. It is apparent that daily routines have been developed, with respondents “setting a list of targets and achieving those targets” to ensure the achievement of “wins every day”. However, some experience uncertainty in their routines, which test their confidence. The uncertainty highlighted by P5, relates to supply and demand. He gives the following example:

There was a period, I would say of like a month, where I would say I didn’t make any money. But that’s because that stock had changed, I couldn’t get certain things and I had to change what I wanted to get. To be honest, it was a good thing because I ended up making more money, [but] there was a gap within that time.

As the literature indicates, necessity is the mother of invention (Blackburn and Ram, 2006; Miller and Miller, 2017). P5 could have waited for his usual stock to become available again, but he took the initiative to source new stock, which generated customer demand. He took the risk of making an investment which could have resulted in him losing money during a period when he was already uncertain about when he would next receive income.

Indeed, the risk of investment resonates amongst most of the participants, bar P1, who admits that she has “no concerns because I am not using my own income”, and as such, feels comfortable taking risks with sourcing products which are not necessarily those requested by her clients. This case is interesting because P1 is the only respondent who does not invest her own money into her venture. Her business partner provides the funds, while she administers them. This delegation of responsibility may influence her to take the initiative to source cheaper products to those which are ordered. The risk she takes in doing so is usually measured; either she finds discounted products or researches alternative brands to ensure that they are in likeness to those originally ordered. The outcomes from this procedure have generally been positive, which could be the cause of her growth in confidence in taking the financial risk of potentially procuring unsuitable products. However, she has experienced loss from taking this risk on an occasion, where she explains that “maybe I was getting complacent…So because I knew that I had not sent the brand that I said I would, I offered to use my money to buy and send the right brand”. By taking accountability in this situation, P1 indicates that, similarly to the other respondents, she perceives her actions as a gamble, for which she is prepared to lose personal finances, should she experience undesired outcomes.

P3, P4 and P6 also liken their investments to “a gamble” (P3), explaining that “you pay for everything” (P6) with “personal money” (P3, P4 and P6) and while they experience “anxiety” (P3, P4 and P6) regarding a “return on investment” (P4), they embrace the risk because “you have to invest in yourself
whether it be time, money or dedication, you have to invest in yourself” (P6). This mentality is echoed by P7, whose “biggest risk was quitting my job and just going for it. It paid well but you just have to sometimes take a leap and follow what you believe in.” The literature argues that the development of risk tolerance stems from a desire to address local needs (Blackburn and Ram, 2006; Miller and Miller, 2017). However, the responses from the interviews suggest that the ability to live with uncertainty may not always be motivated by others.

Risk tolerance could also be motivated by confidence of self and in the work that one is doing. Williams (2011) finds that it is self-confidence in one’s judgement and their venture, which enables them to take opportunities and innovate. P1 expressed pride in her venture, explaining that “I do talk about it because I find it interesting and it somehow gives me more, it excites me more than my normal job…I think I am successful especially, I repeat this, as I am not trained”. This is a feeling that may arise because, as explained by P4, “It feels really good because you’ve proved to yourself you can do it and you’ve proved to yourself you have diversity which is key to running a business, and learning how to manage diversity.” This sense of fulfilment from one’s work resonated throughout the interviews, with P3 expressing that “it’s something that I tell everyone about because I’m not hiding it… It helps with self-confidence for yourself. It helps with everything about yourself to appreciate yourself and feel good about yourself because you’re doing something”.

The participants insinuate that they identify personally with their work, developing personal confidence through the success of their ventures. This contradicts many titles that have been embedded in the informal economy, including “shadow” and “hidden” economy (Williams and Nadin, 2010:363), which are associated with the illustration of transactions that take place under the radar, undeclared for tax and/or benefit purposes Williams and Nadin, 2011; Williams et al, 2009; Evans et al., 2006; Katungi et al., 2006; Williams and Windebank, 1998; Thomas, 1992).

None of the participants demonstrate concealment of their activities, possibly because they have a clear vision of what they want to achieve and they take advantage of social capital to do so (Williams, 2011) because “you never know how people might help you” (P7). When made aware of the “informal economy” definition in post-interview discussions, all participants vehemently disagreed with it and described a vision of what they felt they needed to achieve in order to register as businesses. Williams (2011), finds that the possession of a vision is what motivates entrepreneurs. This is explored in the next section, along with the sense of opportunism that is demonstrated by the interviewees.

**Vision and Opportunism**

Although all of the respondents show confidence in their ventures, they present a clear-cut vision of what their ventures must look like before registering as businesses. A common theme in the reasons for not registering is the infancy of the ventures and the instability of income. These issues are perceived as steps to be achieved before business registration, as opposed to reasons for avoiding registration altogether. P1 argues that:

*A business has to have a business plan. It includes you financing it, and you borrowing money for it and you getting business advice and I have not done any of these things. It’s not a planned thing, I have not borrowed money for it and I haven’t been advised about it. So, it is a venture like you going on holiday or you selling things in a car boot sale*

This corroborates P7’s view that:

*There are loads of other factors that contribute to it. Like I had to leave work then go back to work because you need money to invest in things. If funding is not gonna[sic] do it for you, then you have to fund yourself. If I had that money I’d be able to push it miles ahead but I’m not rich so I can’t do that. If I’m not getting the money, I’m not gonna pay to register. It doesn’t necessarily mean we’re doing anything dodgy, we’re just not yet in a position where it makes sense to register. But when we are, then that’s no problem.*

The respondents do identify as entrepreneurs because they feel that the concept does not necessitate a registered business. Their perceptions of what it means to be an entrepreneur are summarised by P4 in the following way:
It's not a thing it's not a criterion, it's a mentality. You've either got it or you don't. You either lead or you don't. To be an entrepreneur is to be a problem solver, that's all it is, there's no darkness to it. If you're saying someone's a dark entrepreneur, so that person is solving something in a dark area, that's the whole reason they created the dark web, because there are lots of people who want to buy guns and drugs and what-not so someone came along and created that solution. So, entrepreneurship is someone having that mentality to go and do that. Therefore, I would never say there is a split between entrepreneurship, it's all one thing, it just depends what avenue you decide to go into, it doesn't make you bad for doing it, you're just solving a problem...So entrepreneurship is a mindset as opposed to this thing of what a person is or what the person does.

Interestingly, this argument reflects the theory that entrepreneurship is a mindset which allows entrepreneurs to capitalise on the resources available to them, without adoption of a moral stance or ethical choice (Stevenson, 1983; Atherton, 2004). Collectively with the previous interview responses, it suggests that opportunity-driven entrepreneurship exists in the informal economy, which is an outcome that supports the recommendation of a more inclusive definition of entrepreneurship.

The findings in this chapter have been identified by fulfilling the objectives, which include completing a critical review of the literature and using data from the semi-structured interviews to develop an insight into the lived practices of informal economy participants. By developing codes from the information gathered in the interviews, the behaviours and motivations expressed by the respondents has been compared to those features selected in Williams’ (2011) list of entrepreneurial features.

As suggested above, the findings correlate with the theory that the informal economy befits the opportunity-driven dialogue of entrepreneurship, which evidences the literature that calls for a more inclusive definition of the concept. As demonstrated under the sub-headings of this chapter, the informal economy participants share the ability to take opportunities and foster them in innovative ways to achieve a vision, for which they are willing to take risks, even with personal investments such as time and finances. They possess the ability and desire to create useful social networks, which may contribute to the successes of their ventures. Coming full circle, experiencing success in their ventures reflects personal success for the informal entrepreneurs, which develops the self-confidence that drives the ongoing pursuit of their visions. This process reflects Williams’ (2011) list of entrepreneurial features, which demonstrates its likeness to the informal economy. This relationship is further explored in the following chapter, which presents a challenge to the descriptions of entrepreneurship and the informal economy.

Discussion

Entrepreneurs are typically portrayed as superheroes in literature (Williams, 2014; Williams, 2011; Gurtoo and Williams, 2009; Burns, 2001; Cannon, 1991), contrary to the depiction of necessity-driven informal economy participants who trade to survive (Miller and Miller, 2017; Williams, 2014; Williams and Huggins, 2013; Williams, 2011; Morris and Pitt, 1995). Nonetheless, the rise of qualitative entrepreneurship research (Williams and Martinez, 2014; Smith, 2007) has offered literature regarding an entrepreneurial culture, which exists in disadvantaged neighbourhoods and makes significant contributions to economic growth (Bureau and Fendt, 2011; Gurtoo and Williams, 2009). Such findings have contributed to the development of the theory that entrepreneurship is comprised of a mindset and behaviours which can be manifest anywhere (Dees, 1998). Guided by this theory, this research aims to explore the lived practices of informal economy participants, to develop an understanding of the sectors likeness to entrepreneurship, in order to support recommendations for a more inclusive definition of entrepreneurship.

Directed by the literature, the semi-structured interviews for this research sample black people who are living in disadvantaged neighbourhoods and operating in the informal economy, either part-time or full-time, or have used it as a stepping stone into the formal economy. Through conceptual and thematic coding of the interviews, this research has been able to develop a discussion that addresses the research questions which were developed from the objectives. The following sections address each question with a discussion regarding the responses, in comparison to the literature, including Williams’ (2011) list of entrepreneurial features.
What is the relationship between the informal economy and entrepreneurship?

Williams (2011) finds that the informal economies of the western world are yet to be accurately defined in literature, so he makes recommendations for greater understanding to be developed regarding the relationship between this sector and entrepreneurship. Following guidance from his list of entrepreneurial features (Williams, 2011), this study has produced data which indicates that those operating in the informal economy may possess the features associated with formal entrepreneurs, but in ways that challenge the assumptions made in the literature. For example, the interview respondents imply that the ability to live with uncertainty may not always be motivated by a desire to meet the needs of others.

Risk tolerance could also be motivated by confidence of self and in the work that one is doing. For the respondents, confidence increases when they experience resilience in the face of challenges and "prove to yourself that you have diversity, which is key to running a business, and learning how to manage adversity" (P4). This in turn, fuels the unanimous pursuit of independence and achievement.

The analysis of coded interview responses led to the decoding of results into the two categories, pursuit of independence and pursuit of achievement, with behaviours and feelings being found to stem from these motivations. The research participants seem to be in agreement that they "don't want to work for someone else at all" (P8) because they seek the fulfilment of having "something that's yours" (P8). For P6, this desire equates to freedom. He explains that:

I always want to do what I want and to be able to do what I want, I'm gonna [sic] need to be able to be in charge of my time... If I'm working full time five days a week, I'll be earning money which is nice, don't get me wrong, but I won't be free. So if I'm genuinely going to be free, I'm going to need to be in charge of as much of my time as possible. You can always get money but you can't get back time.

The prioritisation of freedom over money supports the literature which insinuates that informal economy participants may desire purpose over profit (Williams, 2011; Blackburn and Ram, 2006; Morris and Pitt, 1995). However, the respondents imply that in order to achieve independent livelihoods by addressing local needs (Sauvy, 1984; Morris and Pitt, 1995; Blackburn and Ram, 2006), they will require some financial success. P5 describes his ultimate goal as:

Financial freedom. All my goals are financial [but] there's not a figure... Basically, I can do what I want with the money. That's all my aim is.

The desire to be in control, be it in control of time or of expenditure etc., is reflected in the ways that the interviewees conduct their work. Many display proactivity in decision-making and in learning about their chosen industry in order to develop expertise. This includes a lot of "self-directed learning" (P7) using various methods. For example, P1’s routine involves:

[listening] to programmes on Radio 4, or on telly [sic], or there is a program called Money Expert. These people who have done economics, or who know things about importing and exporting, give ideas and ways of how to run a business or how to lower your costs, how to source the same product at a cheaper price, so through this and through surfing the net [sic], I am able to get info[sic] on how to lower costs

P6, describes such self-directed learning as an investment in oneself. He explains that "I spent quite a lot of money even on research. Because if you're going to do something, you're going to want to know it thoroughly and in depth, otherwise what's the point." The respondents indicate that through self-directed learning, the ability to take measured risks develops as research is executed before making well-informed decisions. This self-directed learning challenges the theory that informal entrepreneurs do not necessarily possess the ability to trade, but they do so out of necessity (Williams and Huggins, 2013). Instead, the interview responses suggest that the ability to trade is acquired through the attainment of the appropriate knowledge and skills, which is fueled by an aspiration to achieve. This pursuit of achievement has been a common theme throughout the interviews, indicating that it is a root cause of the development of entrepreneurial characteristics. Achievement is typically goal-oriented, as opposed to financial (P1, P3, P4, P7 and P8), although all of the participants acknowledge that finances are a signal of achievement, as explained by P7:

Success isn't all about money, but I think money has a huge part to play on success. To me it's the end result, saying yes, you did this. I think I have been
successful in starting the business and pushing it forward. I think the real success comes when you get a constant stream of income from it and then you can say it is a lucrative business and is standing on its own feet.

This mindset links back to vision, as P7 has illustrated what her venture will look like when it is successful, so she has a goal to work towards. For P3, having something to work towards is a reward in itself, because, “when you’re building towards something you feel good in yourself when you reach your small achievements.” This may be the driver for self-motivation, which is displayed consistently in each of the interviews. Stevenson (1983) and Drucker (2007) define the entrepreneurial mindset as one which finds ways to capitalise on the resources available, rather than being deterred by a lack thereof. This characteristic would inherently require self-motivation to make one capable of resilience when faced with limited resources.

As demonstrated in the interviews, the most challenging resource to capitalise on has often been time. P6 describes an experience when:

\[I \text{ would [collect feedback] after finishing work. I'd be on my feet 8-9 hours and I would be knackered and exhausted, thinking let me just get it done another day. Then I'd think no, let me just get it done… I'd say to myself, you're not leaving here until you get at least 20 [responses].}\]

The commitment to completing smaller tasks which build towards the bigger vision, does not necessarily come easily to the respondents. However, they seem to be motivated by a desire to capitalise on their time, even when it requires working seven days a week to “balance the challenge of working full time and managing a venture” (P8). Indeed, Williams (2011) highlights time as an entrepreneur’s most precious commodity, which the respondents seem to preserve using vision, dedication and self-motivation, which are driven by the desire to achieve.

To address the question regarding the relationship between the informal economy and entrepreneurship, the findings indicate that, while informal entrepreneurs may mirror formal entrepreneurs, they are not representative of the description of formal entrepreneurship. The interview respondents portray themselves as entrepreneurs not because they are extraordinary, but because they possess the mindset to address needs and get paid for doing so. These findings collectively indicate that, similarly to the superhero ideal, the necessity-driven informal entrepreneur narrative may also be in need of a definition which links an entrepreneurial mindset (Stevenson, 1983; Drucker, 2007) to Williams’ (2011) list of entrepreneurial features. This suggestion is explored further in the next section.

**Are informal entrepreneurs necessity-driven, and formal entrepreneurs superheroes?**

The rise in qualitative entrepreneurship research influenced the theory that a richer, darker form of entrepreneurship exists amongst survivors of the informal economy (Williams and Martinez, 2014; Williams and Huggins, 2013; Williams, 2011; Smith, 2007; Morris and Pitt, 1995). Those who live and trade in disadvantaged neighbourhoods are not portrayed specifically as entrepreneurs (Williams and Huggins, 2013), but as individuals who develop the necessary qualities, including risk tolerance, social skills, and creativity, when addressing local needs (Miller and Miller, 2017:7). In contrast, formal entrepreneurs are revolutionary change-agents who exploit any opportunities available to them to create economic outcomes (Atherton, 2004; Dees, 1998).

What is interesting about the two descriptions is that one is laden with negative connotations, while the other illustrates a utopian being. The implication is that both definitions lack a balance between the ideal and the reality. For example, the superhero ideal leaves very little room for the establishment of undesirable outcomes. This is dissimilar from the findings of the research, which suggest that entrepreneurs experience adverse emotions throughout their practices.

Indeed, an unanticipated finding was that multiple references are made to negative feelings, which suggests that an emotional element could be factored into entrepreneurship research. For P3, contingencies which he doesn’t plan for make him feel like “those are the saddest days. I feel down. I feel like why me”. Interestingly, this is a feeling which he says stays with him, even after the issue is resolved. Nonetheless, all the participants do resolve their challenges. They display resilience by expressing that they have no choice but to resolve any issues which may arrive; they see it not only
as an imperative, but as a “lesson learned”, which is a phrase that came up often throughout the interviews.

The perception of setbacks as opportunities for learning, links back to self-motivation in the pursuit of achievement and this exhibition of resilience is likely to be the medium through which negative emotions, such as being “scared”, “worried”, “anxious” and “increasingly stressed” (P1 and P6) are managed. Such emotions typically arise in experiences of setbacks, including loss of investments and being failed by social networks. For P2 and P4, developing trust in social networks has proved to be challenging. P4 explains that:

> My hardest thing is still having to rely on people. If I could do everything I would. But you have to rely on people and one of my biggest problems is having to rely on people and them saying they’ll do something and then not being able to do it on time really irks me. So, I have to work on my patience as well as curbing my enthusiasm and my expectations.

This is interesting because entrepreneurship carries with it the prospective need to employ others if the business develops (Williams, 2011). Having reached this hurdle, P2 has found that:

> Small businesses require an entrepreneurial mindset from managers and employees…Not everyone has that spirit…To work in these environments, you have to have a certain mindset. If not, they should work for Argos, Sainsburys or Tesco, where they have guaranteed customers.

This response is interesting because it highlights an entrepreneurial “mindset” again, but as a characteristic that entrepreneurs and employees must both possess to achieve business success. In his response he mentions integrity, pro-activity and an internal locus of control as features that he looks for in others in order to “entrust them with your business”, which he has admittedly struggled to do. This indicates that social capital necessitates a foundation of trust in order for it to be beneficial to entrepreneurs. Otherwise, social networks could be perceived as burdensome by entrepreneurs, which is a finding that was also unexpected.

Conversely, the interview responses demonstrate a virtuous relationship between opportunism and social capital. For P1, it was through a social network that the opportunity to start her venture arose. She provided a solution to her friends “problem of sourcing products, because most suppliers...did not want to supply to small clinics” and from this she created further opportunities for herself to benefit financially, by building relationships with suppliers. She explained that “because I have now built a rapport with them, they usually give me their own employee discounts, which also is very beneficial to me, because I don’t pass this saving on to my contact”. Although there is some deviance implied in this opportunity, it adheres to the finding that social capital can be developed through repeated transactions (Williams et al, 2017).

By developing social capital, P1 was able to take an opportunity to create economic outcomes for herself (Putnam, 2000). Nonetheless, P1 describes her venture as one that is founded on “loyalty and trust”, which are portrayed as the features which embed social capital into the informal economy (Williams et al., 2017). To address the question of whether informal entrepreneurs are necessity-driven and formal entrepreneurs are superheroes, reference can be made to the unexpected findings from this research. The abundance of routines, self-discipline and references to negative emotions, suggest that informal economy participants are driven by passion for their work, rather than necessity. It is also apparent that formal entrepreneurs may be mere humans, who are subjected to a description which overlooks the struggles and setbacks that they regularly overcome to achieve their desired outcomes.

The discussion thus far, has highlighted a link between the interview responses and Williams’ (2011) list of entrepreneurial features. Unexpectedly, this link primarily seems to stem from an entrepreneurial mindset (Stevenson, 1983; Drucker, 2007) which enables the exploitation of available resources. Another unanticipated outcome is the suggestion that the definition of informal economy is also outdated, as it should be more synonymous with said entrepreneurial mindset and Williams (2011) list of entrepreneurial features, although the assumptions assigned to these features can be challenged.
The size and hegemony of the sample group limit the findings. However, they make implications for future research into the suggestion that informal and formal entrepreneurship could be equal, if not the same. By taking these findings into account, it is likely that a renaissance of entrepreneurship as we know it could indeed occur, subject to further in-depth research. This could result in the humanising of entrepreneurs, while accentuating their invaluable mindsets.

By defining the term “informal economy”, identifying the participants who are associated with the sector and outlining the relationship with entrepreneurship, the literature review presented in this study was used in the analysis of the geographical clustering of the informal economy with reference to BME participants. While the perceived sensitivity of operating a venture in a “hidden” economy also necessitated the anonymisation of data, the study followed Williams (2011) list of entrepreneurial features, which offered a list of entrepreneurial characteristics against which the behaviours and motivations of the interview respondents could be explored. This list was used as the foundation from which the interview questions were developed, using a critical incident interviewing technique to encourage an open and honest narrative from the respondents, from which their lived experiences could be explored and compared to entrepreneurship.

The findings from the research achieve the aims of indicating the likeness between informal and formal entrepreneurship, which in turn indicates that the superhero ideal used to define entrepreneurship does not befit its reality. However, there are a number of unanticipated research findings, which indicate a need for further qualitative research into both formal and informal entrepreneurship, to develop a deeper understanding of the lived practices of entrepreneurs. In response to Question 1 (Q1), it was discovered that informal entrepreneurs may possess the characteristics of a formal entrepreneur, according to Williams (2011) list of entrepreneurial features. In particular, two common themes resound throughout the responses, namely the pursuit of independence and achievement, which are features that Williams (2011) finds to be most commonly associated with entrepreneurs. The indication is that the pursuit of independence and achievement bind informal and formal entrepreneurs, as the foundation from which entrepreneurial characteristics develop. Interestingly, these findings were expected to develop the response to Q2 that no, informal entrepreneurs should not be distinguished from the definition of formal entrepreneurship.

However, the responses indicate that informal entrepreneurs do not represent the description of formal entrepreneurship. For example, the entrepreneurs portray risk tolerance, which is found to stem from a desire to address local needs in literature (Blackburn and Ram, 2006; Miller and Miller, 2017). The interview responses challenge this assumption by indicating that it is their pursuit of independence and achievement which develops self-confidence to take risks. The respondents challenge both informal and formal entrepreneurship literature, portraying themselves as entrepreneurs not because they are extraordinary, but because they possess the mindset to address needs and get paid for doing so.

These findings collectively address Q3, indicating that, similarly to the superhero ideal, the necessity-driven informal entrepreneur narrative may also require a definition which links an entrepreneurial mindset (Stevenson, 1983; Drucker, 2007) to Williams’ (2011) list of entrepreneurial features. Interestingly, multiple references are made to negative feelings, which suggests an implication for theory to fill a gap in the understanding of the emotional element of entrepreneurship. Using such findings to address Q4, it is indicated that the superhero ideal disallows the exploration of the ways in which entrepreneurs use their opportunistic mindsets and pursuit of independence and achievement, to manage negative emotions and exhibit resilience when faced with challenges.

Along with the use of purposive sampling, the application of a qualitative research approach prohibits the generalisation of the results from this research. However, it achieves the purpose of providing in depth data regarding BME informal entrepreneurs. Because of the time restrictions applied to this research, it was not possible to produce a large sample size, so this limitation was addressed by securing three respondents from the three informal entrepreneur categories. Due to availability issues, one respondent was not able to partake in the research, which further reduced the sample size. However, there was a general consistency in the interview results, which strengthened the findings.
Limitations
Unlike quantitative research, which would have prioritised reliability and validity in the research outcomes (Bryman, 2015), the findings from this research were inherently limited in their ability to be applied broadly, because qualitative research inherently prioritises depth over breadth (Silverman, 2016). This limitation was moderated by the prospect of producing in-depth findings, which could develop an understanding of the lived experiences of informal economy participants and deepen the understanding of entrepreneurship.

The timescale of three months did not make it feasible to accrue a larger sample, so the interviews did not produce large in respondent numbers. Furthermore, the original goal of three respondents from the three categories was reduced to two micro-entrepreneurs and three respondents from both the employee and informal entrepreneur categories, because of availability issues. Despite the loss of one respondent however, the information from all of the interviews corresponded, which allowed for a degree of validity, since the small sample demonstrated consistent motivations and behaviours. However, the use of a small, non-probability sample also prohibited the generalisation of findings, as well as presenting a challenge to the validity of the findings (Bryman 2008). To mitigate this, Frith and McElwee suggest that recommendations can be made regarding a potential way of interpreting the informal economy (Frith and McElwee, 2007), to avoid misconstruing the findings as definitive. Therefore, the findings were analysed for indications which could be made for further informal economy and entrepreneurship research. This ensured that the arguments presented would be confined to avoid blanket statements.

The critical incident interviewing technique was applied to allow for good recall amongst the respondents because the events discussed were of importance (Frith and McElwee, 2007). This technique was used to mitigate further validity concerns arising from the use of personal accounts for data gathering, as they were at risk of post hoc rationalisation or skewed memories (Frith and McElwee, 2007). The potential issue of researcher bias was also mitigated because the questions were general and they omitted words and phrases from Williams’ (2011) list of entrepreneurial features. This warranted respondent neutrality (Seale, 2004), as responses could not be influenced using leading language.

Conclusions and Implications
The first aim of this research has been to contribute to the theory that informal entrepreneurs may be driven by opportunities (Blackburn and Ram, 2006), contrary to literature which restricts them to necessity-driven entrepreneurship (Miller and Miller, 2017; Williams, 2014). This aim has been achieved by interviewing BME informal economy participants from disadvantaged areas across London, and comparing their responses to Williams’ (2011) list of entrepreneurial features. This list was chosen because it enlists select behaviours and motivations which have been identified in key entrepreneurship literature and it makes no reference to the resources available to an entrepreneur, or lack thereof.

The comparison between this list and the interview responses found that informal entrepreneurs demonstrate all of the characteristics of an entrepreneur. In addition, the interview responses indicate that the pursuit of independence and achievement may be the foundation from which entrepreneurial characteristics are developed. This suggests that entrepreneurship may be a mindset (Stevenson, 1983; Drucker, 2007), rather than a type of person. This is a finding that has contributed to the achievement of the second aim of this research, which is to support literature which calls for a more inclusive definition of entrepreneurship (Williams, 2009).

The findings indicate that an opportunistic mindset binds informal and formal entrepreneurs. In addition, there is a suggestion that regular battles with negative emotions, which were unexpectedly discovered in this research, are overcome with the use of this mindset, along with the pursuit of achievement and freedom. These are factors which point to a potential renaissance of entrepreneurship as we know it, which could occur if further research is carried out, focussing on BME informal economy participants, as they are most commonly associated with the sector (Blackburn and Ram, 2006).

This research is of importance because entrepreneurship still lacks a conclusive definition. By developing greater understanding of the versatility within the concept through empirical research, a
realistic definition may ultimately be agreed upon, which could reform the superhero ideal (Williams, 2014; Williams, 2011; Gurtoo and Williams, 2009; Burns, 2001; Cannon, 1991). The knock-on effect of this could be that the informal economy may also experience a reformed definition, with emphasis being placed on the entrepreneurial culture that exists within this sector. As this is yet to happen, this research addresses these gaps in research by asking:

- What is the relationship between the informal economy and entrepreneurship?
- Is it appropriate to segregate ‘formal’ and ‘informal’ entrepreneurship?
- Is informal entrepreneurship solely a necessity-driven means of survival?
- Is the superhero narrative of entrepreneurship still a suitable description of entrepreneurship, or is it in need of a more inclusive definition?

This research recommends that the pursuit of independence and achievement be used as the starting point for future research of both formal and informal entrepreneurship. This can be used as the lens through which the exploration of an entrepreneurial mindset can be explored to create an understanding of the ways in which entrepreneurial behaviours and motivations are developed. A mixed methods research approach is also recommended, to achieve some reliability and validity in the findings from research which seeks to gain an insight into the potential complexity of the lived experiences of entrepreneurs. This may be used to highlight any negative experiences faced by entrepreneurs and the ways in which they may use an entrepreneurial mindset to manage such situations.

If such findings are discovered, indications could be made to the resemblance of formal and informal entrepreneurship, the latter of which should also be subjected to further research to clarify whether the definition of the informal economy is in need of an entrepreneurship element. The findings from this research suggest that the understanding of entrepreneurship as a utopian ideal, needs a renaissance to achieve a more realistic definition, to highlight the complexity of entrepreneurship. By seeking to redefine the concept, a more inclusive paradigm may be achieved, which could have the knock-on effect of acknowledging the invaluable mindset that exists amongst formal and informal economies alike. There is infinite power in a label, so by relabelling entrepreneurship and the informal economy, there is great potential to break the glass ceilings surrounding both concepts, which could ultimately contribute to social and economic development for wider society.

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About the Author
Coming from a disadvantaged neighbourhood in South London, United Kingdom, Lynette Nabbosa’s life experiences have developed her interest in exploring how the African Diaspora navigate their social development in their host environments. Having completed her undergraduate degree in Social Policy from University of Birmingham, in 2013, Lynette secured the Mohammed Yunus Scholarship Award to pursue an MSc in Social Business and Microfinance at Glasgow Caledonian University. Lynette has worked with the most disadvantaged and vulnerable people across London and Surrey in the areas of Financial and Social inclusion, and is passionate about how these vulnerable groups maximise their income streams, and available opportunities to better integrate them into the UK society. She has published papers on Responsible Management Education in the era of the UN Sustainable Development Goals, and is recipient of the UN Principles of Responsible Management Education (PRME) writing competition award.
Breaching Location Silos: An Exploration of social media optimisation by SMMEs in Southern Africa

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Abstract

This study explores the significance of social media as e-marketplaces for advancing e-commerce for small scale, micro and medium enterprises (SMMEs) in the southern African sub-region – notably in South Africa and Zimbabwe. Evidence from the examination of extant literature and our personal observations reveal that when properly harnessed as e-marketplaces, social media platforms, especially those that are compatible with mobile devices (i.e. smart mobile phones, tablets and notebooks), have tremendous e-commerce potential to enhance brand awareness, market growth, and market share for firms, thereby augmenting and expediting the management of customer relationships and brand loyalty. These benefits have the potential to trigger innovative marketing, brand positioning and creativity for SMMEs in South Africa and Zimbabwe. The main theoretical contribution of this study is the development of a conceptual model of social media that promotes SMME growth especially considering the large percentage of youth with a large appetite for new technology. Therefore, active engagement on social media could breach (the current) location silos," by tapping into the diaspora market.

Keywords: Southern Africa; e-marketplaces; ecommerce activities; small business management

Introduction

The surging popularity of social media has enabled small scale, micro and medium enterprises (SMMEs) to develop electronic-marketplaces that enhance enterprise-customer interactions founded on content sharing of messages, conversations and mutually-reinforcing dialogues. The capacity of social media platforms to connect SMME brands to potential and existing customers, and enhance active engagement with stakeholders, is already well established in the literature, but little is known about the success of that experience in the context of Southern Africa – especially in Zimbabwe, and to a lesser extent, South Africa.

The emergence of advancement in technology inventions and the web use has brought up sophisticated business practices leading to the development of e-commerce and e-marketplaces (Madichie, Hinson and Salifu, 2009; Giglis, Kleinan and O’Keefe, 1999). Internet developments have bridged business potential gaps and created market opportunities since businesses can enter and compete on the global market from any geographical location (International Trade Centre (ICT), 2015). E-commerce developments have been growing fast because of internet technology and have brought new opportunities that transformed the entrepreneurial business environment, thereby creating more business opportunities (Mwanza, 2016).
Although E-commerce is credited for its affordability to the customer, timeliness and becoming an integral part of the business environment in the developed world, its adoption in developing economies has been slow (Raiei et al., 2011). Having a web presence has thus become an indispensable marketing necessity for SMMEs in the developed world such as France where 87% of consumers use online platforms when making purchase decisions and options (Nakara, Benmoussa and Jaouen, 2012). Social media has transformed business conduct and enhances information and product exchange (Musungwini et al., 2014) as an increasing number of customers’ search for, access and evaluate products through online social media tools and platforms (Nadeem et al., 2015).

Zimbabwe has witnessed the growth in the use of mobile phones and social media platforms and the most popular sites include Facebook, Twitter, LinkedIn, Instagram and Google (Karuri, 2016). The harsh operating economic environment prevailing in Zimbabwe has forced businesses to shift focus from the traditional promotional tools like advertising on the television and radio (Malaba, 2015) to social media platforms to increase their chances of survival. World Wide Worx and Fusewire’s (2016) study on Media Landscape in South Africa revealed that 13 million of South Africans are on Facebook, 7.4 million are on Twitter, 8.28 million are on YouTube and 2.68 are on Instagram and the bulk of these users access these platforms on mobile phones (Snyman, 2016). Consistent with this trend bigger brands in South Africa were found to be using social media platforms and were projected to increase their social media budgets for 2015 (Incite group, 2014).

An interesting dynamic of the electronic revolution is enterprises’ widespread reception, adoption and utilisation of the internet and electronic commerce, creating global markets and leveraging business prospects (Mwanza, 2016). It has also been argued (see He et al. 2015) that social networking sites and tools have changed information sharing mechanisms at the workplace, increased advertising and marketing opportunities as corporate business and logos are posted on these sites. Despite the dominance of small, micro and medium businesses in emerging economies and their contribution to economic growth, social development, employment creation and growth of the social media in advancing business opportunities, the capacity of social media platforms to create e-marketplaces for advancing e-commerce for SMMEs in emerging economies is yet to be fully investigated (Chuka, 2012; El-Gohary and Eid, 2013). The problem is that, despite the fragmented literature that explore the benefits of the internet and social media connectivity on improved business processes (Abed, Dwivedi and Williams, 2015; Ashley and Tute, 2015), it is unclear whether social media platforms may serve as dependable e-marketplaces for conducting durable electronic transactions.

While it is undeniable that internet connectivity has influenced businesses’ information and communication processes and transformed their internal and external operations from the traditional business activities to the contemporary e-commerce and e-marketplaces marketing (Musungwini et al., 2014), the persistence of such business processes remains under-explored due to the serendipitous, spasmodic and once-off orientation of such online transactions.

In their research on Zimbabwe, Zanamwe et al. (2012) revealed that e-commerce is an emerging phenomenon involving limited business transactions restricted largely to communications via company websites rather than social media platforms. This raises critical questions about the role and significance of social media in creating e-market places for enabling persistent transactions between businesses, potential and existing customers. Zhao et al. (2016) argue that apart from the procurement of internet services and accessing hardware devices, the uptake of e-marketplaces and e-commerce remains disappointingly low. In South Africa, only bigger brands such as Woolworths are using social media platforms and have increased their budget for social media marketing (Incite group, 2016). As such, while emerging technologies have taken centre stage in people’s lives and social media platforms are considered to influence customer tastes and accessibility profoundly (Joseph, Letsholo and Hlomani, 2016), there is persistent ambivalence about the capacity of these platforms to serve as ‘rendezvous for credible, enduring online transactions between SMMEs and customers.

Paradoxically, while SMMEs’ potential to improve economic and social development is uncontested (Mudavanhu, Mubata and Mudavanhu, 2014), the contribution of social media platforms to develop e-market places that enhance their business practices remain speculative and under-explored in emerging economies such as South Africa and Zimbabwe. This is partly because SMME websites remain the more dominant platforms for online advertising compared to social media, where information security, computer viruses and questionable credibility invoke doubt on the credibility of
social media platforms as e-market places for such businesses. Therefore, despite the phenomenal promises by technology enthusiasts on the capacity of social media platforms to promote low cost communication, trigger viral connectivity of customers through electronic-word-of-mouth, augment the visibility and marketability of brands, there is no guarantee that increased visibility of brands on these platforms increase purchases or creates sustainable e-marketplaces for such brands.

**Literature Review**

Electronic marketplaces are open systems allowing organisations to perform business transactions with suppliers and customers in a virtual market (Ordanini, 2005). Although variations persist in the use of the term, there is convergence of opinion on the enabling role of emerging technologies (e.g. social media platforms, mobile technologies) in the conceptual design and implementation of e-market places. Consistent with this understanding, therefore, El-Gohary (2010) defines Electronic Marketing (E-Marketing) as a new philosophy and a modern business practice involved with the marketing of goods, services, information and ideas via the Internet and other electronic means. The central place of technologies is also acknowledged in Strauss and Frost’s (2001: 454) definition of e-marketing as: “The use of electronic data and applications for planning and executing the conception, distribution and pricing of ideas, goods and services to create exchanges that satisfy individual and organisational goals” (Strauss and Frost, 2001: 454).

E-commerce platforms allow traders to interact and do business online (Zhao, Chang, Wen and Lin, 2016). As a result, physical means of product promotion have decreased significantly because of the upsurge of online platforms as a marketing strategy (Montague, Gazal, Wiedenbeck and Shepherd, 2016). With the increasing ubiquity of phones that all increased access to online information, consumers are now capable of acting and reacting on what businesses offer without depending on traditional channels of information dissemination and media (Dijkmans, Kerkhof and Beukeboom, 2015).

The rapid adoption of e-commerce has enhanced the development of online trading platforms, created more business opportunities and accentuated the growth of e-marketplaces as marketing channels in business (Jahanshahi, Zhang and Bren, 2013; International Trade Centre (ITC), 2015). Thus, e-marketplaces refer to a network of traders who conduct business on virtual markets facilitated by e-commerce (Zhang, Deng, Wei and Deng, 2012). Social media meant for personal online information exchange has been adopted by businesses to reach to a huge market (Duffett and Wakeham, 2016). As a result, social media has become an indispensable tool in business today (Ainin et al., 2015).

Since more social users are utilising Facebook and twitter accounts amongst other accounts to log in the e-commerce platforms, e-commerce has the potential to be conducted on these social networking sites (Zhao, Chang, Wen and Lin, 2016). To date, most studies have focused on the factors that influence SMMEs to use social media with approximately over twenty-eight studies conducted since 2008 (Abed, Dwivedi and Williams, 2015).

Despite researchers’ intriguing interest in conditions that facilitate SMMEs’ appropriation of social media for business purposes, Burgess, Selltito, Cox and Buultjens (2014) argue that most SMMEs have not established themselves on social media platforms for marketing their businesses. It is against this background that this study seeks to establish how SMMEs can use customers’ presence on social media platforms to increase the sales, marketing, raise brand awareness and create loyalty to their brands and products.

**Small scale, micro and medium enterprises (SMMEs)**

The characterisation of SMMEs is a contested subject. The various conceptions of SMMEs revolve around *inter alia*, the number of workers they employ, their capital investment, value of their assets and the income they generate (Buculescu, 2013). The South African government defines an SMME as any enterprise consisting of employees who do not exceed two hundred, a small business as any firm that employs not more than fifty employees while the medium sized enterprise employs between fifty to two hundred employees (see Dlodlo, 2013). The Zimbabwe Revenue Authority (ZIMRA) defines SMMEs as formally registered businesses with between ten to forty employees, an annual turnover of $500 000 and an asset turnover of beween US$5 000 and US$1000 000 (ZIMRA Finance Act ss2b, Ch 23:04).
The economic importance of SMMEs to South Africa and Zimbabwe and the globe at large cannot be underestimated. These small businesses constitute the backbone of economic growth, employment creation, and social development of emerging economies (El-Gohary and Eid, 2013). SMMEs employ about 59.7 million people, generate 40-50% of foreign currency earnings through exports and contribute 40% to the GDP of emerging economies (Prasad, Upadhyaya, and Mohanan, 2012; Cant and Wiid, 2013; Prasad, Upadhyaya, and Mohanan, 2013; Rumumba, 2014).

On the one hand, a study of SMMEs in Zimbabwe revealed that they contribute to more than 50% of GDP, the eradication of poverty, improvements in the standards of living of the entrepreneurs and creation of employment (Zindiye, Chilinya, and Masocha, 2012). On the other hand, SMMEs have been hailed for improving the economy, improving tax inflows and contributing 42% to the nation’s GDP in 2015 (Bureau for Economic Research [BER], 2016). The activities of these businesses, therefore, cannot be ignored especially their uptake of emerging technologies to leverage their growth prospects.

**SMMEs and Emerging technologies**

Emerging technologies (ETs) and communication systems are credited with improving the connectivity of SMMEs to their customer base, enhancing online interactivity and availing latest information about markets, allowing SMMEs to compete successfully (Broekemier, Chau, and Seshandri, 2015). As such, ETs form the staple communication and deliberative platforms for SMMEs striving to extend their geographical reach of customers and breaching the unfamiliarity of their brands to the outside stakeholders (Giovanoli, Pulikal, and Grivas, 2014).

Despite the potential negative consequences associated with online marketing (e.g. cost overruns, negative feedback from customers, computer viruses and information security issues), the SMMEs’ exploitation of ETs may augment their business opportunities through increased business exposure, networked conversations and reaching far-flung communities (Nakara, Benmoussa, and Jaouen, 2012; Cesaroni and Consoli, 2015).

The internet is hailed as a vital business tool that enhances communication, leverages product exchanges and generates global networking opportunities (Janita and Miranda, 2013, Alali, Wishah, Alali, Al-Sukkar, and Abu-Hussein, 2016). In the same vein, emerging technologies have increased the capacity of SMMEs to break geographical barriers to trade and venture into virtual marketplaces that allow new ways of conducting business transactions (Effah, 2014; Jaag, Trinkner, and Yusof, 2014). Collectively, the adoption of the Internet and connectivity via emerging technologies have transformed business systems and enabled e-commerce transactions that can also unfold on e-marketplace platforms, hence, e-marketplaces act as powerful marketing channels for SMMEs (Yan, 2014).

Emerging technologies have improved customers’ access to product information online, increased their opportunities to buy products and share information with others as much as businesses market their goods on e-marketplaces and use them distribution channels (Yadav and Pavlou, 2014; Mola and Russo, 2016; Stahl et al., 2016). Nonetheless, the focus should shift from the numbers of SMMEs that have adopted social media platforms in their business operations to how these firms have capitalised on opportunities that social media platforms created to gain competitive advantage (Cesaroni and Consoli, 2015).

While the over 1 billion Facebook user bases and the protracted duration which potential customers spent on the social media platforms (e.g. on average, individual users spent five and half hours per day on social media globally) are commendable, business opportunities such as viral sharing of brands and products, regular information sharing and the monitoring of consumer reactions should be foregrounded (Nakara, Benmoussa, and Jaouen, 2012). It is for these business reasons that we identify with Rahnama and Beiki’s (2013) claims about the power of technological adoption and improvements to increase the volume of trade opportunities, the internationalisation of business networks, and customer base of SMMEs. Since more corporate firms are adopting ETs, SMMEs cannot afford not to compete with rivals on social platforms (Juru, 2015).

Social media platforms have transformed the marketing and selling of products (Musungwini et al., 2014) allowing businesses to change the social networking information into characteristics, features and functions for product and information exchange (Zhao et al., 2016). In South Africa, established popular brands have adopted social media as a way of engaging with customers (Incite group, 2016).
The significance of social media platforms lies in the opportunities for customers sharing of online content (Joseph et al., 2016).

While Broughton, Foley, Ledermaier and Cox (2013) describe social media as communication through a website or online channel usually meant for social purposes, this characterisation is rapidly changing as SMMEs sprawl the internet to augment their market size and business opportunities. Although research tends to focus on behaviour on social media customers, the capacity of social media to create economic value and social dividends for SMMEs should never be ignored (Yadar, Valck, Hennig, Hoffman and Spam, 2013).

Social media employs public websites and networks to reach people, and allows for lower cost contact between business and clients than any other marketing channel (Leonardi, Huysman and Steinfield, 2013) even though there are many hidden costs such as information security issues and business credibility issues to be overcome. Social media networking thus encompasses the use of social networking sites and media sharing sites to communicate with stakeholders propelled by internet connectivity, development of efficient software tools, and the proliferation of smart computers and mobile devices. Social media helps in managing business reputation, developing client interest in business products, creating customer awareness of business operations and luring new customers (Broekemier et al., 2015; Ashley and Tuten, 2015). On the other hand, more customers now use social media tools to search, evaluate, access and products through these platforms (Nadeem, et al., 2015).

A study conducted on social media use by SMMEs in Nairobi, Kenya, revealed that of the 49% of SMMEs that adopted social media platforms to attract clients, the geographical reach of these customers did not transcend international borders (Jagongo and Kinyua, 2013). In contrast, Ukpere et al. (2014) observed that in Cape Town (South Africa), social media like Twitter and Facebook had facilitated business’s access to potential and current customers, enhanced advertising and increased sales of products/services, thereby eliminating walk-in purchases in shops. Therefore, social media platforms such as blogs, feeds, wikis, Facebook and Twitter create opportunities for SMMEs to enhance interaction with customers, establish brand awareness and create brand loyalty (Nadeem et al., 2015).

**Social media sites as e-marketplace platforms**

An e-marketplace is a virtual online platform where traders can transact from any part of the world (Mola and Russo, 2016). E-marketplace platforms facilitate online business transactions between sellers and buyers as they act as middlemen who allow traders to transact (Giovanoli et al., 2014). In developed countries, e-marketplaces are fast replacing the traditional market spaces as they allow consumers to share experiences, products and information online (Li, Fang, Wang, Lim and Liang, 2015; Alali et al., 2016). They also match buyers and seller’s needs, enhance trade and information exchange while providing support infrastructure for online transactions (Alali et al., 2016; Giovanoli et al., 2014).

Social media platforms allow customers to visit their sites and SMMEs employ them as e-marketplace platforms for posting advertisements, selling products and presenting business profiles, and building relationships with customers on Facebook, LinkedIn, Twitter, Instagram, Google and others (Malaba, 2015). Businesses can therefore, embrace online marketing via social networks and social networking (Kobali, 2015).

Since many e-commerce and e-marketplace platforms allow users to enter their detail on websites, most users can utilise social media tools accounts to log in the e-marketplace platforms, hence, allow traders to interact with customers, suppliers and distributors online (Zhao et al., 2016). Social media platforms enable fast communication and promotion of products thus facilitating mobile payment of transactions, e-marketing, internet banking and mobile money payment (Ukpere et al., 2014). In view of this, Ogunnaike and Kehinde (2013) recommended SMMEs to actively take up ICT and social media platforms to enhance their business prospects. There is consensus that social media has attracted the attention of SMMEs due to its potential to influence online web transactions: selling, availing product information, establishing need recognition, influencing pre-and post-purchase behaviours and the possibility of creating online shopping malls and payment systems (Zegreanu, 2012; Yadar et al., 2013).
However, if brand image is not managed properly on social media platforms, the reputation of SMMEs is destroyed instantly through bad publicity shared via multiple platforms and news can also spread virally since the business has no control of social media activities (Nakara et al., 2012; Musungwini et al., 2014).

In China, for instance, Alibaba uses social media Sina Weibb site for advertising (Zhao et al., 2016). In another study Ogunnaike and Kehindu (2013) revealed that internet adoption has enhanced social networking of businesses and significantly impacted the rate of sales, efficiency, market share growth and development of SMMEs. Similarly, Yasin and Zahari (2011) argue that social media contribute to the creativity and innovation of SMMEs, empowering them to compete for market share successfully. Apart from social media, Internet networks have accentuated new marketing practices and transformed SMME approaches to business. For instance, in France in 2009, web sales increased by 26% and generated 25 billion euros, one-euro investment in internet technology generated two euros and for every one euro expended on web presence, two and half euros were earned (Nakara et al., 2012).

In conjunction with such investments, social media tools have been appropriated to heighten interaction with customers, track their product choices and buying preferences (He et al., 2015) as much as it is fundamental to sharing content, tracking the reactions and feedback from customers (Joseph et al., 2016). As such, social media platforms are instrumental in in customer relationship management, customer service, buyer research, sales promotions, managing business reputations, creating customer awareness and attract new customers (Broekemier et al., 2015). It is no surprise that South Africa popular brands have increased social media budgets in response to the high level of engagement on the platforms (Incite group, 2014).

While the term e-marketplace is infrequently used with reference to online business transactions in both South Africa and Zimbabwe, e-commerce tends to be the popularised term in both countries. One of the studies that have resonance with e-marketing is Makgopa’s (2016) research into car dealerships in Gauteng province which reports South Africa dealerships’ use of online social media tools in their marketing communication strategies and campaigns. The qualitative study revealed some subtle variations in message content when these dealerships used social media platforms.

Another study that approximates e-marketplaces is Snyman and Visser’s (2014) survey which examined the South African dentists’ social media usage behaviour in general everyday life and marketing strategies. Their study revealed that most dentists employed social media especially Facebook and Google plus to stay connected to family and friends and only 13.2% of these professionals used social media as a marketing tool.

Musakwa (2014) appropriated an e-marketplace (i.e. social media platforms) concept to examine how commuters felt about the effectiveness of the Gautrain (a public transit systems) in Johannesburg South Africa, by analysing commuters’ posts on social media before and after completion of construction of the Gautrain system. This e-platform served as an effective communication tool for commuters (Gautrain customers) as they shared their transformed perceptions of the public transit systems, notwithstanding its challenges.

Other forms of documented e-marketplaces include the recently developed internet based application for locating the nearest taxi or shuttle for potential travellers. Taxify, a smartphone-based application, which allows clients (commuters and travellers) to order and board a licensed taxi within their vicinity, free of charge (Taxify, 2015). This e-market place which operates in Johannesburg and Cape Town, South Africa, is a radical transformation from having to wait for a taxi from a dispatcher company to empowering customers to choose between the various options available by type of vehicles, fares, user feedback and the distance to the pick-up point (Taxify, 2015). From a marketing perspective, this business website assists taxi companies to adapt to changes in the technological landscape of their industry – namely competition from new app-based systems (Taxify, 2015).

Much reference to the appropriation of e-marketplaces seems to be embedded in the broad family of electronic commerce transactions. As such, notwithstanding the difference between e-marketplace and e-commerce transactions, the deployment of terms e-commerce and e-marketplaces tend to be used interchangeably in context such as Zimbabwe, where online transactions are an emerging
phenomenon. For this reason, studies that examined e-market and e-commerce will be collectively considered.

Dube, Chitura and Runyowa (2010) examined the electronic commerce benefits and adoption barriers in retail, transport, tourism and leisure SMMEs in Gweru, Zimbabwe. Their findings revealed the infancy of internet-based transactions in the country as SMMEs adopted e-commerce applications predominantly for communication/informative purposes. The most significant benefits derived from e-commerce adoption and usage were improved quality of information and communication with suppliers and customers, even though this technology was deemed to be too expensive and incompatible with the way SMMEs/customers conduct their business.

Chivasa and Hurasha (2016) investigated the adoption and usage of e-commerce by SMMEs in the Matebeleland region in Zimbabwe. Their study revealed that internet cost, ICT infrastructure, management attitude, ICT skills availability and hardware had a direct effect on the adoption and usage of e-commerce while government policy was found to be insignificant. The insignificance of the policy environment can be attributed to the harsh economic climate in the country that impedes the government’s efforts to render ICT infrastructure required by SMMEs and internet services providers.

Gumbo et al. (2014) examined the availability of electronic business tools and the extent to which they are used by SMMEs in Gweru, Zimbabwe. The evidence from their study revealed that most SMMEs in Zimbabwe were in their formative stages of e-business adoption even though there were signs of awareness of the benefits of electronic business tools in SMMEs’ current use of these services.

**Conceptual Framework**

The impetus for investigating SMME adoption of mobile social media as e-marketplaces is underpinned by the perceived advantages of e-marketing. These include opportunities for eliminating the barriers to distance between business and its clients: opportunities for extending trade worldwide without expanding physical network of offices and shops (Formunyyu and Neneh, 2011) and possibilities for diversifying product and services offerings and improved decision-making (European Commission, 2008; Lah, 2005). The use of e-markets is also credited with increasing transaction cost savings for organisations in six main areas: information costs, searching costs, bargaining costs, decision costs, policy costs and enforcement costs (Berthon, Ewing, Leyland and Naude, 2003, Cloete and Tanner, 2009). Therefore, e-markets are deemed to render efficiency in information dissemination by reducing the information asymmetry for various stakeholders and diversifying the range of customers and suppliers. It allows businesses to compete globally through upstream and downstream linkages in the value chain (Pare, 2002), thereby increasing the market size of SMMEs.

Although e-market places are often hailed for their capacity to reduce the cost of business transactions, expand the scale of business networks and improve service levels (Moodley, Morris and Barnes, 2001; Cloete and Tanner, 2009), these platforms have been underutilised by small, micro and medium enterprises (SMMEs) in South Africa. Dlodlo and Dhurup (2010)’s study on barriers to e-marketing adoption among SMMEs in the Vaal Triangle, South Africa, revealed technology incompatibility with target markets, SMME manager/owners’ lack of knowledge, lack of stakeholder technology readiness, technology disorientation and perceptions towards technology as South African SMMEs’ major impediments to the adoption of e-marketing. The lack of e-marketing models that are compatible with the size, scale and scope of business of SMMEs is a further barrier to the enthusiastic embrace of e-marketing by South Africa and Cameroon SMMEs (Formunyyu and Neneh, 2011; Cloete and Tanner, 2009).

Despite some selected South African online retail stores’ huge investments in developing an online presence to sell or promote their products and services, many firms especially SMMEs are still battling to effectively use e-marketplaces due their limited knowledge of business models for e-commerce adoption to deepen their successful e-marketplace participation (Blanken, 2015). For instance, SMMEs especially those rooted in a survivalist orientation, tend to underestimate the value of e-marketplaces due to their small clientele base, a limited number of stakeholders and their discomfort in investing in resources (e.g. technology) whose direct economic gains are unquantifiable and illusive.
While most SMMEs which venture into e-market places such as mobile social media envisage a substantial return on investment, attraction of new customers and more revenue generation with increased social media use, this rarely occurs and the benefits are not as obvious as expected (Chandler, 2013, Khan and Karodia, 2013). A study conducted by Jagongo and Kinyua (2010) on the relationship between Kenyan SMME’s use of e-market places in particular social media platforms to promote entrepreneurship growth revealed that social media’s offerings on product pricing and innovativeness had very little impact on SMMEs’ overall growth.

The heavy concentration of e-market places in large established corporations such as online retail stores and their under-representation in SMMEs can be attributed to lack of technological infrastructure (Vatanaasakdakul et al., 2004), ambivalence about the expected benefits of using e-markets, lack of technical expertise in South African retail sector (Cloete and Tanner, 2009). This is in addition to a drop in confidence in technology following the bursting of the dot.com companies bubble leading to most South African business entities adopting a “wait and see” to technology adoption in order to learn from the successful strategies implemented by first world countries (Cloete and Fourie, 2004; Cloete and Tanner, 2009).

One obvious evidence of weak technology infrastructure in the South African context is that while many South Africans have access to mobile technology in the form of smart phones, not many households have actual internet access in the form of broad brand subscriptions (Khan and Karodia, 2013). Blanken’s (2015) study into the creating of business value through Kalahari e-marketplace participation in South Africa revealed that the high cost of Internet and low Internet usage penetration were among the chief constraints for participating in an e-marketplace for both consumers and other small businesses. The limited investment in ICT adoption is also evident in Cameroon where SMMEs have invested less than 7% of their total investments on ICT infrastructure (Nancy, 2003; Formunyuy and Neneh, 2011).

SMMEs are able to track customers’ opinions, tastes, preferences and choices on the e-marketplace platform while allowing customers to carry out product evaluation and search before making a purchase decision (He et al., 2015). Since social media platforms comprise internet based tool and applications that allows users to interact with the web via smartphones (Malaba, 2015; Musungwini et al., 2014) customers can use their web-connected phones to access product information without relying on the traditional channels and media as illustrated in Figure 1 (Dijkmans et al., 2015).

Businesses can establish plans to exploit e-marketplace platforms by using social media sites accessed on mobile phones and or websites (Burgess et al., 2014). However, social media sites were found to be more effective when accessed from mobile devices (Duffett and Wakeham, 2016).

The conceptual framework is guided by the social network theory that assumes that relationship between players in the network can enhance information exchange. The model suggests that SMMEs as players in business network can create mutually beneficial relationship with customers (another player in the network) through the web-based and mobile-based e-marketplaces thereby influencing customer behaviour and e-commerce outcomes. Figure 1 supports our hypothesis that social media platforms act as web-based and mobile-based e-marketplaces to advance e-commerce for SMMEs.

The adoption of e-market places and its continued use has implications for the augmentation of the market for SMMEs and allows for the effective management of multiple stakeholders comprising suppliers, customers and financiers. Regarding increasing the market size, changes to ancillary services such as logistics have been potential levers of businesses’ competitive advantage in the contemporary aggressive competitive world of business where changes in price, promotion, and product are often quickly imitated by rivals (Mentzer and Williams, 2001; Madichie, 2015). E-market places become the competitive selling point for SMMEs to deliver efficiently on their value chain expectations and to “leverage excellent and superior logistics services, intricately linked with marketing strategy” (Madichie, 2015).

Blanken’s (2015) study examined South African Kalahari e-marketplace which is founded on a B2C platform that enables third-party retailers to sell directly to Kalahari.com’s books and media customers in various categories. The study reported that this platform presented sellers with an additional channel to sell to unimagined customers while customers benefited from having access to a wide product range and competitive pricing.
From a relations perspective, Jagongo and Kinyua (2013) argue that the appropriation of e-marketplaces such as social media platforms is considered to cultivate strategic partnerships and increase their contact with customers and suppliers. They elaborate that apart from the breaching of geographical barriers between the business and its stakeholders, e-marketing platforms enhance speedy and low-cost communication between the SMMEs and its customer base by allowing SMMEs to construct databases for generating business that increase sales for these firms (Jagongo and Kinyua, 2013). Khan and Karodia (2013) present the benefit of e-marketplaces as developing a community around the business' offering to ensure increased access to the business by stakeholders and provide problem solving strategies around its product or service offerings. It also allows the business to position itself in the market through the building of company brands and values.

Methodology

In attempt to add another dimension to the scholarly discourse on the potential of social media platforms to serve as e-marketplaces, a theoretical approach was adopted in this study. According to Wacker (1998) a theoretical paper is built on conceptual definitions, domain limitations and predictions to provide a framework for analysis and facilitation of the efficient development of the field. This study seeks to draw on marketing and social networking concepts drawn from literature, the researchers’ own reflections to develop a conceptual framework for a deeper understanding of the capacity of social media platforms to create durable and persistent e-marketplaces for SMMEs and their customers.

There is a general tendency in mainstream literature to describe theoretical study from the perspective of theory. Campbell defined theory as “a collection of assertions, both verbal and symbolic, that identifies what variables are important and for what reasons, specifies how they are interrelated and why, and identifies the conditions under which they should be related or not related” (1990: 65). At the core of theoretical studies, therefore, is a clear attempt to establish some apparent or subtle relations of association or causality or to predict the nature of relationships between several independent variables and in most cases, one or more dependent variable.
In the current study, the various mobile social media platforms (e.g. those run on smart mobile phones, tablets and notebooks) which serve as e-marketplaces, are the independent variable. The mediating variables may come in the form of increased interactivity between SMMEs and the customers and suppliers, expanded networked presence (see Ou, Davison and Pavlou, 2014), and the creation of a networked community (Khan and Karodia, 2013). The dependent variable can manifest in successful e-market outcomes and enhancements such as increased online sales through repurchases of online products, expanded market share for products/services, improved relationship marketing, internationalisation of brands and the building of global reputation of brands.

The intent of the study was to develop an e-marketing model founded on new identified relationships between mobile social media platforms and expected e-marketing outcomes. One level of theory building involves introducing a new substantive mediator or moderator of an existing relationship or process (Colquitt and Zapata-Phelan, 2007). The process involves adding a new “what” (i.e., a construct or variable) to describe “how” a relationship or process unfolds or “where,” “when,” or “for whom” that relationship or process is likely to be manifested (Whetten, 1989). While the relationship between mobile social media and e-marketing outcomes is often conceived as automatic and unmediated, the study introduced increased interactivity, expanded networked presence, and the creation of a networked community, as potential mediating variables. The theoretical study was informed by a review of concepts such as “e-marketing,” “e-market adoption”, “e-marketplaces”, “e-commerce,” “e-business” enabled by social media and mobile social platforms and applications. While the focus of this study was on e-marketplaces, El-Gohary (2010) considers e-marketing as an unclear concept as many researchers and practitioners tend to identify and confuse it with Internet Marketing, E-Commerce and E-Business, notwithstanding their differences.

In South Africa and Zimbabwe, where e-market places are an emerging phenomenon, both marketing literature and SMMEs and consumers still consider any transactions (e.g. online marketing, online sales and purchases including value addition in the distribution chain) conducted and facilitated by the use of the Internet, World Wide Web, intranet and via web based applications as e-marketing activities. For this reason, our literature search considered all online activities that were facilitated by the social media and mobile social media applications as e-marketing activities. Since the e-marketing is a new concept in emerging economies, the study concentrated on most recent studies for both countries stretching for a decade – between 2006 and 2016.

Discussion

Digital technology has brought up individualised discovery, product customisation and customer interaction. A study conducted by Rahnama and Beiki (2013) revealed that 88% of grown-ups use the mobile phones, 50% of them have unlimited access to the internet and 19% have tablets that render convenient personalised access to products at any time and from anywhere. Zagreanu (2012) further revealed that most people would respond to commercial messages obtained through mobile phones and hence SMMEs may increase the reach of customers if they were to develop communication that induces desire to respond to customised messages. Social media enhances communication speed, and supports the interaction and discussion in communities that is not existent in traditional marketing channel (Dijkmans et al., 2015). In their study of an Arab country with a huge youth population, Makki and Chang (2015) argue that consumer purchase decision-making process is influenced, by their interaction with family and friends on social media and this has enhanced viral marketing.

Social Media Platforms/ Adoption in South Africa

A study of the South African social media landscape conducted in 2015 by Goldstuck (2015) revealed that Facebook had taken the largest space of social media in South Africa, followed by YouTube and Twitter. The study further revealed that 8.8 million South Africans used their mobile phones to access social media platforms and by August 2015 Facebook had 13 million mobile users, YouTube had 8.28 million, Twitter 7.4 million, LinkedIn 3.8 million, and Mxit 4.9 million users. Different stakeholders in South Africa, therefore, should be conscious of the value of these popular social media platforms to SMMEs (Lekhanya, 2013) since these platforms already have a comparatively high internet penetration rate compared to other African countries such as Zimbabwe.

Although there is a high uptake of social media platforms for social networking, they have not been sufficiently exploited for marketing and business purposes. A study conducted in KwaZulu Natal
showed a slow uptake of social media with only 18% of businesses using it to penetrate the market and 7% using it for marketing purposes (Lekhanya, 2013) casting doubt on the extent to which social media platforms can transform the e-marketing agenda.

A website, Bidorbuy.co.za, number nine in South African rankings, is one of the biggest successful online marketplaces in Africa. Established in 2009, it offers a wide range of modern products; and the site displays catalogues of products accompanied by their prices. The site offers buyers and sellers the opportunity to transact on the site and receives over 300 million page visits per month facilitated by the high mobile uptake which creates opportunities for online business transactions (Dar, 2016; Tredgers, 2013). The site also offers flexible payment terms to those who would have concluded deals on the site and most of the payments can be made online, thereby offering convenience to clients (Dar, 2016; Tredgers, 2013) and SMMEs can benefit from targeting such sites. Another platform that has specifically targeted SMMEs in South Africa is MzansiStore.com. The site established in 2012, specifically targets SMMEs that sell South African handcrafted products like jewellery, display and sell such products and allow for online payments. MzansiStore has a wide range of products on display, customers order and buy online, and sellers use the platform to market their products to any network platform of their choice (Shezi, 2014).

Social Media Platforms/ Adoption in Zimbabwe
In terms of internet usage and adoption, Zimbabwe is not part of the top ten African countries, hence the low uptake of e-marketplaces as marketing channel for small businesses (Edwin and Peter, 2014). Mupemhi, Mupemhi and Duve, (2011) observed that internet in Zimbabwe has been largely confined to emails and product displays with very limited e-payments. Although SMMEs in the country have an online presence that creates brand awareness, new business opportunities, and provides a platform for improving business competitive environments, social media uptake in Zimbabwe is still a new phenomenon. However, there is a general view that increased visits on the internet sites may reduce operational expenses drastically and influencing the procurement behaviour of customers (Musungwini et al., 2014).

Econet Wireless Limited successfully launched EcoShopper in 2015, which is an online retailing service supported by the Ecocash service (a mobile money transfer system) capitalising on many Zimbabweans who have access to mobile phones, thereby creating an opportunity for mobile business transactions. EcoShopper has a variety of online shopping options for customers and allows them to select options from its six baskets and pay with Ecocash, or using the Econet MasterCard. The organisation successfully went into partnership with Nat foods, where customers can buy Nat foods products online from various depots in different parts of the country by simply selecting the basket of choice, choice of pick up location and pay with Ecocash.

However, accessing the EcoShopper website is costly to customers in terms of data consumption and there is limited delivery of purchased goods (Gamba, 2015; Nyangari, 2012). Another successful story of e-marketplace in Zimbabwe is that of 10nga.com that is an online shopping website launched in 2013, where entrepreneurs use their online presence on 10nga.com to sell a variety of products ranging from clothing to electrical equipment and make payments using bank transfers, cash on delivery, and Vpayment. 10nga is a marketing website that offers 24/7 toll free customer support, safe shopping and convenience, can also be accessed using smartphones and is available on Twitter and Facebook (Kabweza, 2013).5

Conclusion
Social media platforms have been found to be key drivers of online transactions that have potential to improve SMME growth, improve their market share, enhance customer satisfaction and manage customer relationships. This study presented emerging technologies such as social media and mobile social networks as potential e-marketplaces for the meeting and transacting of SMMEs and customers. The study acknowledges that despite the increasing prominence of social media platforms

5 According to Kabweza (2013), “Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ), has released the December 2012 (4th quarter) mobile phone and fixed telephone subscribers’ statistics. According to statistics that we received from the regulator, Zimbabwe’s mobile penetration is now 97%, up from 85% in June 2012. Econet Wireless, the largest telecoms company had 8,014,055 subscribers for the 3rd quarter of 2012. Telecel, the second largest mobile operator had 2,582,154 subscribers while NetOne, the smallest of the three, had a total 2,017,726 subscribers.”
in Southern Africa, and the social networking enabled by such platforms, their application for advancing online marketing remain an emerging phenomenon. Observably, there has been no profound involvement of SMMEs that under-utilised and under-explored these social media technological developments as business techniques even though they have been extensively appropriated in social arena. This remains the case despite the contention that social networking sites and mobile social networks can serve as platforms for establishing customer tastes, tracking preferences and distributing products, monitoring online business transactions, receiving customer feedback, promoting pre-purchase and post-purchase behaviours, and allowing the customization of product offering (Nadeem et al., 2015).

South African and Zimbabwean SMMEs, therefore, must capitalise on any opportunity to increase their visibility via social media platforms since only 6% are using social media for e-commerce (Cesaroni and Consoli, 2015). Whilst some SMMEs have adopted social media as a marketing strategy, they have not realised much value from it since they have not fully exploited the potential opportunities created by its availability (Zegreanu, 2012; Cesaroni and Consoli, 2015). There is thus a gap between availability and relishing of social media platforms for social purposes, and its use as e-commerce platforms. However, due to the business exposure they bring to the outside world, social media platforms engender social interactions, brand awareness and referrals, increase conversations about brands, potentially increase online business transactions and enable quick payments (Neti, 2011; Stelzner, 2012; Ukpere et al., 2014).

Managerial Implications

Our main argument in this study is that when SMMEs have the option to engage with their customers, they can choose social networking sites and mobile social networking via handheld gadgets-both of which constitute instances of electronic market places or web based platforms. These e-marketplaces shape and influence the customers’ behavioural preferences for brands, purchase intentions and increase general brand awareness. All these intervening variables influence the actual purchase of brands, improve sales which shape the e-market outcomes such as increased product/service sales, improved customer relationship management and improved networks. This paper, therefore, argues that social media platforms (be they social networking sites or mobile social networking via mobile devices) can serve as e-marketplaces for advancing e-commerce for SMMES.

Online presence and constant online interaction among SMMEs may affect customer satisfaction. Since the satisfaction is a direct result of customer appreciation of the transaction process, from the easy availability of information to the performance of the product, the fulfillment of expectations results in customer satisfaction and loyalty (Ainin et al., 2015). SMMEs must be available on social platforms (Juru, 2015) and should embrace online promotions and selling via social network platforms (Kobali, 2015). Social media platforms have the potential to improve customer relationship management, create opportunities which are undeterred by geography such as penetration of new markets, sale of products to distant customers, conduct of market research and collection of customer profiles (Jagongo and Kinyua, 2013). India developed and utilised social media marketing to heighten interaction with customers and facilitate exchange of content, opinions and views by bringing together stakeholders in the community, thereby enhancing product accessibility (Neti, 2011; Musungwini et al., 2014).

Management must, therefore, integrate social media with other marketing strategies to interact and connect with customers to monitor and track customer tastes, improve brand image and create customer loyalty that also promotes viral marketing of products (Kaplan and Haenlein, 2010; Reyneke, Pitt and Berthon, 2011). It is also important for management to appoint online marketing managers to run online business activities and ensure website presence is improved. While such appointments can constrain SMMEs’ budgets given their survivalist orientation, the long-term benefits on clientele and sale growth may offset the immediate financial cost of appointments. Management must also create a social media marketing strategy that facilitates wide networking and creates relationships with customers by identifying and satisfying the customer needs which also enhances profit making. This implies that management must choose the most appropriate social media strategy applicable to their own organisation, one that promotes interaction and grips customers’ interest and enables effective use of feedback obtained on the platforms for strategic decision making. The study provides valuable insight on how social media platforms affect market share and customer
relationship management in SMMEs with implications for South African and Zimbabwean SMMEs’ adoption and use of social media technologies in the management of these businesses.

References


Consumer Behaviour, Disruptive Innovation in the Public Transport, Uber and the Taxi industry

Brian O. Jones

Abstract

This research shows how Uber App has been a leading player in the taxi industry. Over the past couple of years, they made important progress to increase their market share by satisfying consumer’s needs and wants. This is by giving their products substantial attributes. Uber is proving to be technologically better and economically affordable. In view of the feedback through the questionnaires, consumer’s top priority was convenience. This is because of the phone app. The fact that this service does not need cash and consumers can monitor the whole process on their phone. For example, the arrival time of the vehicle which helps consumer to know their waiting time as this was another priority in the research. The name and registration number of driver and vehicle for safety reasons. Consumer’s attitude can be influenced by variety of characteristics like family and friends. These factors result in consumers having positive attitude towards the product. This study shows that consumers are not ready to change their needs and requirement to settle for lesser quality as consumers have a perceived value and purchase intentions. Consumers also like to try new products because of its innovativeness and sometimes because they belong to a group and tend to do what others are doing.

Keywords: Consumer Behaviour, Disruptive Innovation, Taxi Industry, Uber

Introduction

Technological change in the taxi industry has been carefully chosen for this research because of the continuous growth of market share Uber is gaining with its innovation. Central London is known for black cabs (i.e. the Hackney carriage, one key icon of the British capital along with double decker buses which is very iconic and good for tourism. In the past, this market seemed to have barriers of entry because of the strict laws in place to protect this market. A lot has been said by different academics about the rapid changes in this industry. In 2009, Dr Nnamdi and Alli discussed about the rapid growth in the taxi market with about 75,000 taxis and 20,816 taxis in London (Madichie and Alli 2009). The industry consisted of three categories before the emergence of Uber.

1. Hackney Carriage (black cabs), street hailed segment
2. Private Hire Vehicles (mini cabs), phone booking segment
3. Chauffeur cars like limousines, passenger premium hire

There have been different frameworks and theories linked to this topic about its innovation and technological change. There have been admirers about Uber’s model and critics. The aims and objectives of the research is to investigate consumer’s perception about the changes in this industry, to find out whether it is beneficial for them (consumers) in terms of cost, convenience and safety. To determine whether taxi drivers (black cabs) feel hard done by as they spent time to know the city before getting license to work and to analyses Uber drivers whether they see this as an opportunity to work. The question up for discussion within the parameters of the change in the industry is “What are the effects of the application of innovative technology on the taxi industry?” The research will look at the impact the change has to the three different segments stated earlier, consumer behaviour and the political effects in terms of regulations and laws. It can be argued that technology is driving the world forward in the 21st century hence there is a shift in the taxi industry. In addition to undertaking a critical analysis of the literature as it pertains to the industry, primary data will be gathered from users and non-users of Uber taxis to verify competition the industry faces and relative changes. Respondents will be targeted from the social media where Uber app seemed to be running rampant.

The emergence of Uber in London in 2012 brought a new dynamic in the taxi industry with regards to consumer attitude and behaviour. Generally, taxi cabs are firmly controlled due to safety concerns. Uber was not obligated to follow these regulations because they were not breaking any rules and developed their own (Ingham, 2014). Uber being a new entrant in the industry per Porter’s Five Forces analysed the industry, and realised there was a gap in the taxi industry, so they implemented technologic and engineering innovations to gain efficiency and reduce costs. Probably, it can be argued that Uber’s revolution is rooted on technological convergence; meaning that technology will move into one device.
like our smart phones which makes life easier for consumers and excluding some devices along the way (Cameron, Proudman and Redding, 2005).

In London, Hackney carriages and other private hire vehicles were vulnerable because Uber tend to be cheaper and occasionally the easier way to move through London (Bathurst 2014). Uber’s objective is to brand their service more attractive to consumers than their rivals (Tiku 2014). It can be said that for a business to flourish, innovation should be constant and transforming incrementally. Debatably in the industry where Uber functions, technology appear to be the major disruptor and smartphone users makes it easy. The dynamic pricing by Uber is a crucial driver for growth which distinguishes it from competitors as consumers frequently look for rewards.

Uber reportedly charges 30% less than other taxis, which causes to the build up their customer base and use an innovative technique to gain share (Harvard Business Review 2013). Central London is famous for black cabs like the Hackney carriage, a main icon of the British city laterally with double decker buses which is very ideal and for tourism. There were barriers of entry aimed at this market in the past because of the firm laws in place to control the market. Different academics discussed a lot about the frequent changes in this industry. In 2009, Madichie and Alli discussed about the rapid growth in the taxi industry with around 75,000 taxis and 20,816 taxis in central London (Madichie and Alli, 2009). There are four broad categories of public road transport in the United Kingdom. These include the buses; Hackney Carriage commonly known as black cabs that you can flag down on the road; Private Hire Vehicles known as mini cabs under the phone booking section; and the more specialised Chauffeur cars like limousines, passenger first-class hire.

Consumer behaviour in the taxi industry has been precisely picked for this research because statistics have shown the constant growth of market share Uber is acquiring due to its innovation. The research will explore the motive behind consumer attitudes and behaviour to understand what factors are prompting the trend towards Uber. There have been different frameworks and theories linked to this topic about its innovation and technological change. There have been loads of discussion for and against Uber’s model. The objectives of the research are:

- To investigate changes in consumer’s attitude due to technological innovations.
- To identify the reasons behind popularity and success of Uber in London.

The question up for examination within the framework of the transformation in the industry that causes consumer boom is “what are the effects of the application of innovative technology on consumers?” The research will look at the impact change has on consumers. It can be argued that technology is leading the world in the 21st century hence there is transformation in the taxi industry. In addition, a critical analysis review of the literature as it pertains to consumer behaviour will be carried out, primary data will be gathered from users of the taxi industry to verify competition the industry faces and relative changes. Respondents from the social media will be targeted as Uber app seemed to be running rampant in that segment.

**Case Background**

The idea of Uber started in 2008 by Travis Kalanick and Garrett Camp after they struggled to get a taxi in France. They came up with the idea “tap a button and get a ride”. It was founded in March 2009 with its headquarter in San Francisco, California, USA. Uber operates a mobile “app” that allows customers to submit a taxi request through their smartphone (uber.com). Uber is operating in over 60 countries and 500 cities in the world.

In 2012, Uber was launched in London. Traditionally, taxi cabs are strongly regulated because of safety concerns. Uber was not under any obligation to adhere to these regulations because they were not in breach of regulations and adapted their own (Ingham, 2014). Uber as a new entrant in the industry according to Porter’s Five Forces on analysing the industry, realise there was a gap in the taxi industry, so they implemented technological and engineering innovations to gain efficiency and reduce costs (Porter, 1985). Arguably, it can be said that Uber’s innovation is based on technological convergence; i.e. the idea that over time, technological capacities will lean towards a simple device from many other devices and isolating some devices along the way. see (Cameron, Proudman and Redding 2005). In London, black cabs and other taxi companies felt threatened because Uber is cheaper and most times the quicker way to move from one side of London to another (Bathurst 2014).
Uber’s main aim is to make their services more attractive to customers than the competition (Tiku 2014). It can be argued that for a business to thrive, innovation should be ongoing and transforming incrementally. Arguably in the industry where Uber operates, technology can be seen as the biggest disruptor and the use of smart phones by customers makes it very easy. The dynamic pricing by Uber is a key driver for growth which differentiates it from competitors. Uber claims to charge 30% less than other taxis which leads to the build up their customer base and can be seen as an innovative technique to gain share (Harvard Business Review, 2013). Examining what innovation is about, a precise definition is “the successful exploitation of new ideas” (Swann 2009). This represents two main attributes of innovation which are the creation of new ideas and their commercial exploitation. Uber is the combination of two existing apps which GPS function and mobile apps from any typical smart phone from customers, prompting a situation where they can request a car in a short space of time wherever they are (Cohen and Kietzmann, 2014).

The growth of Uber has undoubtedly created way for shared economy based on experiences and preferences above ownership. Researchers and academics spent time critically analysing the industry about the change to see whether it is disruptive technology or just innovation. According to one researcher, he argues that Uber’s model was just upgrading an existing system by making it much more efficient (Christensen, 2013). According to the Doblin Group Framework, there are ten types of innovation. Uber can be pin-pointed specifically to the “process” category of innovation. It can be argued that this “process” is where Uber gained competitive advantage by successfully exploiting existing technology by making it much easier, smoother and into one single seamless transaction for customers (Cramer and Krueger, 2016; Malhotra and Van Alstyne, 2014).

However, Christensen’s idea was opposed by Alex Moazed who is the CEO of Applico, a platform innovation company in San Francisco California. He argues that Christensen’s theory of “disruptive” should either originate from low-end market and move upwards to higher value market or it has to establish a “new market foothold” meaning the creation of new market where none existed (Christensen, 2015). Christensen (2015) claimed that Uber did not achieve any of these.

On his part, Alex Moazed argues that he was wrong on both counts as Uber clearly started from a low-end market foothold (Moazed 2016). Low-end market foothold is when businesses try to provide for their profitable and demanding customers an improved services and products. He further cited some other examples of disruptive innovation by Christensen and said it is unfair to apply these restrictions to get rid of Uber. According to Moazed (2016), Uber was a low-end disruption given the fact that this industry was strictly regulated with special operator licence. Special operator licence in a yellow badge attached to the taxis, which allows drivers to work as “cabbie” (theknowledgetaxi.co.uk). In contrast, Uber allows anyone with a car to drive customers around for money with no certification or knowledge required and there is no restriction to the choice of vehicles. Hence this change in the industry may be considered disruptive.

Further arguments in support of Christensen is that it is still a taxi service. The primary purpose to book the service and what the service does has not been disrupted by Uber. Accessibility and the booking process has been improved by Uber in terms of choice of vehicle and waiting time but not the basic parameters of the industry which is the service rendered. Much has been said about the changes in the industry as to its innovation driven by technology in different reviews i.e. “a case study by Jianwei Dong et al (2014) in Tufts University about Uber driving change in transportation”. However, customer’s perception which can be defined as the way the product is viewed based on customer’s impression and conclusion and can derive from factors like price and experience (themanager.org), can be argued was a key driver for change and this can be identified as a gap in researches because much attention was not given to the area of discussion. This can be highlighted to be very important to this research as it is lacking in other researches.

Consumer perception is very relevant because their behaviour becomes more hybrid. The economic climate causes them to become price sensitive and at the same time wants quality and value money. Nowadays, it is difficult to differentiate product or service by conventional categories like quality and price. Strong relationships between customers and brand could likely demonstrate an outstanding opportunity to gain competitive advantage. The aim behind consumer’s perception is to clarify what satisfies them most in this industry. If a customer is satisfied, it means the service met the expectation (Michelli 2008).
Attitude in Consumer Behaviour

It can be argued that social behaviour is facilitated by consumer attitudes hence the need to examine the functional theories of attitudes (Solomon et al., 2016). Attitude is an enduring general judgement or predisposed state of mind of people (including oneself) about advertisements, objects or issues (see Perloff, 2010). According to Katz (1960), there are four functional theories of attitudes namely:

1. **Utilitarian Function**, which deals with fundamental principle of reward and punishment means we evolve our attitude in the direction of whether it provides pleasure or pain. An example goes for the taxi booking system, you develop a positive attitude towards the system you like. (Solomon et al., 2016)

2. **Value expressive function** convey the consumer’s important value or concepts. Consumers form product attitude not just for product objective but what the product frame them to be as a person. The attitude of Value Expressive is very important for the analysis of lifestyle because it creates a social identity. An example of this type of attitude can be seen on products like deodorant as its function is stressed on reducing the awful and embarrassing consequence of underarm odour.

3. **Ego-defensive function** is created to protect from internal feelings and external threats mostly caused by insecurity. An example of this type of attitude can be seen on products like deodorant as its function is stressed on reducing the awful and embarrassing consequence of underarm odour.

4. **Knowledge function** is formed because of the need causing someone wants to know about a product. Consumers usually forms an attitude when there is a new product. This can be because of curiosity of searching for a better alternative (Solomon et al, 2016).

Researchers believed that attitude is made up of three components namely, attitude, behaviour and cognition (i.e. the ABC model). Affect is about the feeling of the consumer towards an attitude object, behaviour involves the consumer’s intention to act regarding an attitude object whilst cognition is the consumer’s belief towards an attitude object (Solomon et al, 2016). According to Beatty and Kahle (1988: cf. Solomon et al., 2016) this model emphasized that knowing, feeling and doing are interrelated because the attitudes of consumers towards a product cannot be judged simply by identifying their beliefs about the product. Consumers differ in their allegiance to an attitude, and the level of commitment is affiliated to their level of involvement with the attitude product. Consumers have the tendency to consider brands that generates strong positive attitudes (Priester et al., 2004).

A consumer’s general assessment about a product sometimes interpreted the bulk of their attitude towards it. An example to assess customer attitude towards a product can be a simple question like “How do you feel about Uber?”. However, attitudes sometimes can be complex as the service or product can be made up of several attributes or qualities (Solomon et al, 2016). Sometimes consumer’s decision to proceed with their attitude is influenced by other factors like whether buying the product will be approved by friends and family. For this reason, academics developed attitude models that deals with different elements that will hopefully work together to influence consumer’s assessment of products or services.

Multi-attribute attitude model has been very famous amongst marketers. It states that an attitude towards a brand or product can be anticipated by recognising these specific beliefs and joining them to get a measure of the consumer’s overall attitude (Perner, n.d; Veloutsou et al., 2004). There are three elements of the multi-attribute model which are the quality of the product or service that the consumer considers when evaluating, an example in the case of the taxi industry can be the price. Secondly, are the beliefs which are the cognitions about the product or service. This is what the consumer perceived about the brand. An example in the taxi industry can be argued that black cabs are quick because they can use the bus lane and the diverse knowledge about the city. Thirdly, the important weights which are the qualities of the product or service that the consumer prioritise. This will vary between consumers as certain attributes will be important than others.

The attitude of consumers as discussed earlier on can be influenced by different factors for example friends and family approval. Seng and Ping (2016) cited Ajzen and Fishbein (1977) on the Fishbein extended model that examined the theory of reasoned action which means recognizing the potential of other people in the decision-making process. Consumer behaviour can be influenced by social pressure as most of their behaviour are not made in isolation. Sometimes consumers think of what others will like them to do, to be more important than their own preference.
Innovation and Consumer Decision Making

Examining what innovation is about, a precise definition is “the successful exploitation of new ideas” (Swann, 2009). Innovation is based on the findings of new technological evolution or a combination of existing and new technologies or the use of new knowledge gained by the company (Orth et al., 2009). Product innovation deals with the existing market for the products that exists, distinguishing through characteristics and tasks that are not provided (Rainey, 2006).

Knowing the needs and wants of consumers, and designing new product patterns which cannot be found increases loyalty towards the brand product which increases demand for the product. Targeting customer’s needs and wants and providing new opportunities to use the new resources will create the intention to purchase (decide, plan and intend) which is a consumer decision process (Seng and Ping, 2016).

Innovation can be linked to the uniqueness of the product or service. Consumer’s urge for the uniqueness can be defined as the individual’s chase for differentness compared to others that is attained through procurement, utilisation and disposition of consumer goods, for the reasons of development and building up of one’s personal and social identity (Seng and Ping, 2016). There are two main attributes of innovation which are the creation of new ideas and their commercial exploitation. An example of Uber is the combination of two existing apps which GPS function and mobile apps from any typical smart phone from customers, prompting a situation where they can request a car in a short space of time wherever they are (see for example, Cohen and Kietzmann, 2014). Consumers vary greatly in their readiness to try new product or services according to the Innovation Adoption Model in Figure 2. There are early adopters and consumption pioneers. Some consumers adopt new product later.

Early adopters lead by respect especially opinion leaders in their communities as they adopt new ideas carefully. The rate of adoption of product varies, some products catch on almost the day they were produced like the iPhone and others take long to gain acceptance. This can be due to the ongoing cost, risk and uncertainty and social acknowledgement.

**Figure 2. Innovation Adoption Model**

Consumers with adequate knowledge of the technology available and the technological needs of the society should guide the community through the innovation adoption process. (Wenger, White and Smith, 2010). Rayna and Striukova (2009) suggested that the recognized market segment has paramount significance towards crossing the chasm because adoption in this segment can promote adoption in other segments (Rayna and Striukova, 2009).

This leads consumer to a decision-making process which can be defined as a response to problem (Solomon et al, 2016). Consumer needs range from physiological to self-actualisation as per Maslow Hierarchy of Needs Theory (1943). Purchasing decisions vary because some purchases are important than others hence the effort consumers put in will differ as well and this cause consumers to make snap judgements relying on very small information whilst on the contrary, some decision-making process is robust. Amusingly, consumers nowadays face a very big problem by having too many choices, which can be described as consumer hyper-choice. This is a scenario where the increased number of options ready, forces consumers to repeat choices that drains their psychological knowhow and minimise the ability to make smart decisions (Mick et al., 2005).
The decision-making process of consumers have five stages which are need recognition, information search, evaluation of alternatives, purchase decisions and post purchase behaviour. This process starts by the buyer recognising a need which the consumer will then search about the need in terms of product. The different products or services will be evaluated before purchase decision is made. The consumer will determine whether they are satisfied or dissatisfied with the product which is known as post purchase behaviour. There is very similar method in the adoption of new product for consumers. They go through the awareness stage which is becoming aware of the product but lacks information, they become interested which causes them to seek information, they evaluate whether to try the product, then the trial process to improve their estimation of its value before finally chooses whether to utilise the new product (Kotler et al., 2013).

There are four types of buying behaviour which are complex buying behaviour, variety seeking buying behaviour, dissonance reducing buying behaviour and habitual buying behaviour. Complex and Dissonance buying behaviour requires high involvement from the consumer. Consumers may spend weeks or months agonising over an important purchase like buying a house. This can be argued is because of the amount involve and it might be a long-time decision or a perceived risk and on the other hand it is highly self-expressive or there is very little difference between the products (Kotler et al., 2013). Habitual buying behaviour are choices that consumers make with very minimal effort or low consumer involvement. Some purchase decisions come as a routine and consumers only realise when they look at their shopping basket. These shopping is done without any control and is seen more like a habit. Variety seeking buying behaviour has low consumer involvement but great recognizable brand difference. In cases like this, consumer change a lot after consumption as in the case of cookies. Consumers tend to buy and evaluate later.

As far as consumer decision-making processes are concerned, there are three types namely Cognitive, Habitual and Affective. The Cognitive decision process is based on information processing aspect where consumers carefully digest as much viable information with their knowledge about the product, examining all the positives and negatives about each alternative and come to an acceptable decision. This kind of thought is relevant to financial venture that needs attention to detail especially product or services that will impact the consumer’s quality of life (Lynch et al., 2010).

There are other actions that differ from what the rational models predicted like purchase momentum which is the increase of consumer’s initial impulse purchases that causes them to buy more. As much
as it seems like an unconscious effort, research proved it to be efficient in most cases (Gladwell, 2005). Affective decision process is influence by consumer’s emotional response to product and services. A study looked at writing an angry letter to a guesthouse after receiving a poor service which caused pain in paying that bill. It argues that the instant emotion experienced that moment could affect consumer behaviour (Rick et al., 2008). There are two types of affect which are positive for product or services that consumers have good feelings for and negative effect for product and services that consumers have primitive emotion of disgust.

However, one German study, it argues that making a choice under conditions of high product variety, consumers might avoid and evade the choice process by choosing an avoidant option as consumers might be disabled when faced with too many options (Huber et al., 2010). Consumer attitude is very relevant because their behaviour becomes hybrid. They become price sensitive and want value for money as their attitude is relied on trust and perceived benefits (Michelli, 2008).

Trust is very essential to build up relationship with consumer behaviour because behaviour and attitude are incongruent and sometimes contradictory (Young et al., 2014). Attitudes can become favourable or unfavourable valuation as reflected by the customer (Kotler and Armstrong, 2016). Evidence has shown that there are changes in booking of private car hire services in the UK. This can be due to consumer perception which can be defined as the way product is viewed based on the customer’s impression and conclusion which can be influenced by factors like experience and price (Recklies, 2015).

Nonetheless, it can be argued that attitude is self-motivated because it has the tendency to change if the customer’s circumstances changes. There is a possibility that their needs and choices may be affected hence the customer experience is connected to their perception. Customers evaluate the service quality they received against their expectation to compare their intuition (Dodds, 2003). This means if the expected satisfaction is reached, expectations were met but on the other hand, if it is not, it means it lacks efficiency (Alam and Yasmin, 2010). This strength of technology is increasingly boosting the use of smart phones using different applications in which one of them is for booking private hire cars (Graham, 2015). According to the different theories, the quality of products and services influence consumer greatly as value for money is key.

**Methodology**

The study seeks to use both primary and secondary research and a mixed method approach that combines qualitative and quantitative researches. A secondary research will be conducted using journals and books to form a literature review to critically analyses the views of other people. This will be done through internet searches to source out vital information and newspapers will also be available to ensure that there are different dimensions to the analysis.

Qualitative research will be done by interviewing individuals. It does not represent the population to justify the research but however, it will answer specific questions which relates to understanding some aspect of social life with regards to the industry. This method addresses customer’s experience, needs and identify different perspectives. Ethical issues will be considered in the project especially consent and confidentiality. There will be age limit for interviewers as children will not be interviewed. People with sensitive needs like mental health will not contribute to the research process.

Personal information like, culture, background and religion will not be part of interviewing process. The use of quantitative research in the primary research will be done through questionnaire on social media. This is to gather numerical data and generalizing across groups of customers, taxi drivers and Uber drivers to describe a particular incident. This method will help the process to be quicker. There are lots of books detailing key concepts and framework to the related topic. It is vital for the credibility of the research to include library exploration to source out key texts that will fulfil the goal for critical analysis. The research will include some argumentative secondary sources. The idea behind this is to understand different concepts for analysing purposes (underacademy.org). The fundamental building block of the research will be quality sources as this will determine the contents, raised points and the position advocated on the research. Technological change in this industry gained audience in so many newspaper articles hence the views of the journalists covering the events as they unfold will be considered.
This section will explain the chosen method for the research and will justify why this approach is appropriate for the project, and drawing upon the research onion model developed by Saunders et al., (2016). These consist of an outermost layer, which is the research philosophy. Working from outside to the core, the next layer is the research strategy, which positions the study along the deductive vis-à-vis inductive orientation.

**Research Philosophy**

The philosophical position of the research was Positivism. The reasoning behind this stance was because it required working with a perceived social reality to construct legitimate generalisation. Examining the Ontology of Positivism, the assumptions were real, independent and external and this determined the choice for this research project. The Epistemology of Positivism dealt with measurable and observable facts which can be argued gave law-like knowledge. The Axiology was a value free research, where the researcher was separate, unbiased and independent of the purpose of the research (Saunders et al., 2015).

**Research Approach**

The research approach was deductive. Deductive method was the most suitable for this research when considering the logic behind the three methods. In the deductive reasoning, when the premises were true, the end was also true but inductive inference ends with untested conclusions which will not be ideal for this project research. Likewise, abduction inference uses known facts to initiate testable conclusion and this method would not produce the result for this research (Saunders et al., 2016).

Questionnaires were well organised with substantial samples using a simple mixed method of qualitative and quantitative method of analysis and a span of data was analysed for primary data. Quantitative data can be defined as primary and secondary data that can range from simple counts like frequency of occurrences to complex data like test scores and prices whilst Qualitative data is mostly linked with an Interpretivist philosophy because the researchers need to understand the subject and socially constructed meanings conveyed by the respondents around research (Saunders et al., 2016).

There were 53 samples in total that was issued out randomly via social media and answered by consumers. Respondents had a brief explanation about the purpose of the questionnaire. The questions asked were the same to develop a picture of their behaviour. The objectives of the survey were to recognize characteristics of the target market, measuring consumer attitudes and outline consumer purchase pattern.

The questions were of relevance to the research project and were accurate for the project. They had fixed alternatives whilst some of them were open ended questions. The mobile and online/ web questionnaires had a clear timetable and identified the tasks. This is because operating systems vary and can alter images hence questionnaire was designed to work across all media display (Hewson et al., 2003).

The second objective is based on both primary and secondary data collection. The secondary data like academic text books and journals were collected from the library in the relevant area. The aim of the extensive research is to critically analyse the findings of different researchers and academics and combine with the primary data collected to achieve the objective of the project. Internet information like websites and some journals were used. This approach was ideal for this project because these secondary data are verified sources hence legitimise this project.

**Data Collection**

Questionnaires were created through Google Survey to target the social media like WhatsApp and emails were sent through a web link using hyperlink. The research followed the general operating guidelines of netiquette. An example of this guideline is by not using email attachment as they can contain viruses (Hewson et al., 2003). The respondent's questions were patterned using simplified scale, likert scale and numerical scale. The results were then processed through Microsoft excel to create bar charts and pie-charts were also created for effective analysis.

The open-ended questions were tabulated as it is about consumer’s personal experience and it clearly defines their position. The analysis of the data collected was analysed using exploratory data
analysis approach. This approach focuses on the use of graphs to investigate and interpret the data (see Kesslyn, 2006).

There were two main objectives driving this study. The first of these was to deal with the consumers directly which required a primary data. This data was collected in the form of a quantitative research using the survey technique by written questioning. This method is good for this research because it examines consumer's experience. It will provide first-hand information why consumers act in a certain manner.

The questionnaires had no personal or sensitive information. Saunders et al. (2015) cited Burrell and Morgan (1979) about the five philosophies in research methods for Business and Management. Research philosophy relates to a system of opinions and assumptions about the evolution of knowledge. These assumptions were made at every stage of the research both consciously and unconsciously.

There were three types of assumptions, namely, epistemological assumption which was speculation about human knowledge, ontological assumptions which was about facts experienced during the research and axiological assumption that deals with one's own value that impact the research process (see for example, Crotty, 1988). With regards to the generalisability aspect of the research, the deductive method generalised from the general to the specific which is ideal for this research as it deals with specifics but inductive is doing the direct opposite and abductive method generalised from the interactions and this caused Inductive and the ‘abductive,’ not to be the best technique. Considering the use of data, the collection of data was done through deductive method to evaluate hypothesis connected to the existing theory which wouldn’t have been the case for induction method because it uses data to explore a fact, recognize subject matter, patterns and created a conceptual structure.

Findings
The following section shows the results from the questionnaire as well as the analysis and provides evaluation at the end. In total, out of the 53 participants that participated in this survey, 41 responded by giving their age range. The demography of this survey ranges from 18 years to 60 years. It was slightly dominated by the 36 – 45 years of age, followed by the 18 -25 age range, then the 46 – 60 years and finally the 25 – 35 years. The diverse age range samples create a wider view of consumers. Out of 53 participants, there were 51 responses and the result is showing that there was equal ratio between male and female despite 2% abstained from declaring their sex. This is good for the research because it proved that there is equal balance in consumers despite there will be no comparison within the two sexes.

As far as this question is concerned – i.e. do you use private hire vehicles for your commuting purposes, 78% of respondents agreed to be patrons of private hired vehicles compared with 15.7% who did not use that mode of transport. This survey was shared through social media so the opportunity was not there to ask the respondent before it was filled out. However, the percentage of private hire car users was in majority so it will not affect the objective of the questionnaire.

Question 4 was a rather interesting one, considering that it explored the patronage of key players in the private hire vehicles market – such as Addison Lee, Black Cab (or Hackney Carriage), and other Minicab services including the main protagonist in this study – i.e. Uber. For this question on what were the preferred service providers, there were 39 valid responses ranked in order of preference where high to low preferences were ranked on a scale of 1 to 5 respectively (see Figure 4).

According to the study, Uber had the most number of top preference with 13 out of the 21 respondents from a total of 39 respondents despite two respondents rated them as low preference (see Figure 5). Minicabs have top preference with a mix of other preferences whilst Addison Lee having three top preferences out of nine respondents whilst black cab had the lowest number of respondents and lowest number of top preferences which is two.

This statistic clarify that consumers use Uber more than all the other services and was ranked as their number one service. Relating this question to the previous question, the main purpose why consumers choose their service is convenience. Much of 57% which was 27 responses of the 47 in total.
Safety and security was next in consumer’s mind with 34%, then the cost which is 31.9% (see Figure 5). The shows that consumers are specific with what they are looking for and this goes with what suits their needs. In response to booking preferences, there were four booking services for respondents to choose from and the result shows that most 53.2% selected the mobile app and seconded by the telephoning system and very little were interested in flagging down a taxi or online booking system (see Figure 6). This can be due to ease of access. The question on waiting time was also solicited and the results captured in Figure 7 based on 49 responses.

The waiting period is very paramount in the minds of the consumers with 51% on a scale of one to five (see Figure 7). There were few consumers who seemed not to care about waiting time. However, it depends for what purpose the service is used. The Uber Mobile App is known to most respondent as 76% have heard or used the service. The statistic shows how this application has become very famous amongst taxi users. Respondents have also shown their satisfaction with the booking App with 78.6% rating it as excellent or very good (Figure 8). Furthermore, there is no respondent that chooses option 5 which means the app is poor. This survey question was answered by almost 80% of the survey respondents.

When the question on whether the Uber Mobile application had changed the taxi booking system, there were 44 responses, most of which agreed that the mobile app had improved the booking system. As stated by one of the respondent. It creates competition which arguably can be true. There were few undecided respondents and few others that did not believed that the app improved the system. Overall the booking experience of consumers that took part in the survey is positive – with only one respondent that said they will not use Uber again (Figure 9).
Figure 7. Importance of Waiting Time on Patronage

Figure 8. Satisfaction with the Uber App

Figure 9. The Booking experience (N=43)
Discussion and Conclusions

This research shows how Uber App has been a leading player in the taxi industry. Over the past couple of years, they made important progress to increase their market share by satisfying consumer’s needs and wants. This is by giving their products substantial attributes. Uber is proving to be technologically better and economically affordable. In view of the feedback through the questionnaires, consumer’s top priority was convenience. This is because of the phone app. The fact that this service does not need cash and consumers can monitor the whole process on their phone. For example, the arrival time of the vehicle which helps consumer to know their waiting time as this was another priority in the research. The name and registration number of driver and vehicle for safety reasons. Consumer’s attitude can be influenced by variety of characteristics like family and friends. These factors result in consumers having positive attitude towards the product.

This study shows that consumers are not ready to change their needs and requirement to settle for lesser quality as consumers have a perceived value and purchase intentions (Solomon et al., 2016). Consumers also like to try new products because of its innovativeness and sometimes because they belong to a group and tend to do what others are doing.

Based on survey results, it shows that consumer’s needs and wants, need to be fulfilled (Kotler et al., 2013). Question 8 of the survey confirmed that over 70% of the respondents have heard or use the mobile app for taxi booking and question 6 justify that respondents’ choses the mobile app as their preferred choice of booking. The study went on to find out why these choices were made. The three main reasons were (i) convenience, (ii) safety and security, and (iii) cost.

According to Kotler et al. (2013), they discussed about how personal issues like lifestyle, economic situation, self-concept and personality impact consumer’s buying decision. An example can be the economic situation with the cost factor. Uber seem to be the cheapest option compared to the other taxi services. It carries a fixed rate and accept payments by both debit and credit cards which other services were not doing at the time of its launch. In terms of personality and self-concept, it can be argued that security and convenience fall into this bracket.

Referring to the stimulus response model, the marketing stimuli deals with the 4Ps (i.e. product, price, place and promotion). The survey shows how place was highly regarded in question 5 due to its convenience. The other booking service have their shortfalls like black cab is not everywhere in London, consumers will need a telephone number for the area they are to do a telephone booking service and Addison Lee needs online booking system before the consumers get a call back.

The Uber App service is ready anywhere around London through a smart phone hence create high accessibility. Consumers use the buying decision process to evaluate their choices and it shows in their post purchase decision through the questionnaires by the way the app was rated and if they will use it in the future. One consumer gave feedback that he/she has never used the app but family and friends said it is good so he/she might use it in the future. This confirms group influence from the literature review which says other people may influence consumer’s buying decision. The mixed-method approach answered the questions accurately as consumer’s feelings were vital.

The response shows how technological innovations have improved the taxi hire service. It also showed that Uber App service is one of the market leader in this industry. It is very popular amongst consumers and there is also a change of consumer’s attitude in the booking system. There is a correlation between the literature review and the questionnaire. The multi attribute model shows that consumers value different attributes hence react differently. Some consumers were concerned about cost whilst other were about convenience.

The timing of the study was a bit difficult especially with questionnaires as it was difficult to get respondents and financial constraints as some academic journals were not available because some sites wanted financial rewards for access. It is recommended, therefore, that innovation and technology should be applied in the different sectors of the taxi booking service as it meets consumer’s needs and wants hence popularity of Uber service. Loyalty schemes for consumers like discounted price for students might bring attraction to the booking service as Utilitarian function which deals with fundamental principle of reward and punishment means we evolve our attitude in the direction of
whether it provides pleasure or pain. This will cause consumers to develop a positive attitude towards the service (Solomon et al., 2016).

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**About the Author**

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Differing Perceptions of Luxury Brands
Nobumi Kobayashi

“Luxury was a natural and expected element of upper-class life, like belonging to the right clubs or having the right surname. And it was produced in small quantities — often made to order — for an extremely limited and truly elite clientele.”

Dana Thomas, culture and fashion writer for Newsweek (2007)

“Luxury in Japan has never been part of a ‘lifestyle’ in the majority of cases. For the last several decades, it has been middle-class consumers owning luxury handbags. There is totally no concept that, ‘high-class people own these goods, so I am not allowed to own them. Everyone has them...”

Jun Morimoto, former CEO, Richemont Japan (2009)

As the opening quotation by Dana Thomas suggests, in recent years, luxury is considered to have become more accessible (Thomas, 2007; Leadbeater, 2009; Kapferer, 2010), while at the same time, it is also believed to be difficult to define (Kapferer, 2001, 2006, 2015; Chevalier and Mazzalovo, 2008, Atwal and Williams, 2009; Aiello, Donvito and Godey, 2009; Hein, 2012; Brun, 2017). This is extraordinary since the term is clearly defined and found in dictionaries. For example, according to the Oxford English Dictionary, it is defined as “an inessential, desirable item which is expensive or difficult to obtain.” (OED, 2017). The concept of luxury is not new. In fact, according to a recent historical study on the subject, the concept dates back to “prehistoric times” (McNeil and Riello, 2017, p.11). Interestingly, major historical studies, including that by McNeil and Riello (2017), suggest that the concept is contingent (Sekora, 1977; Fraser, 1981; Berry, 1994). This means that the meaning of luxury changes, as it is shaped by available factors in any given setting. If this is the case, why is defining what constitutes luxury considered particularly problematic today?

This paper addresses this question by examining differing perceptions of luxury brands in the contemporary period in which the market of luxury goods has been steadily expanding beyond the mature ones: namely, Europe, the United States and Japan. In doing so, it demonstrates how the brands have significantly shaped the meaning of luxury by presenting two case studies. The first one is on the rebranding of Burberry from the late 1990s to the early 2000s and the other is on the Japanese luxury market and Japanese retail brand MUJI, which was created as antithesis to European luxury brands. Utilising a historical and relational method, the paper examines potential factors influencing our understanding of luxury and luxury brands by situating them in the given contexts. It will begin by investigating the changing perceptions of luxury and luxury brands from the early 1990s, comparing these with the traditional understanding of the concept of luxury. Then, it will explain the particular relational historical approach used to study the two case studies, before presenting these case studies.

Differing Perceptions of Luxury Brands

Charles Leadbeater, a leading authority on innovation and creativity once wrote: “anything you can buy in an airport is not a luxury” (16 April 2009). It seems reasonable to assume that Leadbeater is referring to major luxury brands, which have become considered ubiquitous in recent years. Indeed, sales of luxury brands have been growing steadily for over twenty years (V.V.V. 2014). With the expansion of the market, involving consumers from outside the mature markets, consisting of Europe, the United States and Japan, understanding the meaning of luxury brands has come to be a complex task. This is even more so, since luxury brands have extended their ranges through brand extension strategies, in order to increase profits in part to satiate shareholders’ requirements (Aaker, 1991; Nueno and Quelch, 1998; Shenin, 1998; Kirmani, Sood and Bridges, 1999; Stankeviciute and Hoffmann, 2012). As a result, more affordable ranges of major luxury brands have become available, which is said to have ‘diluted’ the value of these brands (Stankeviciute and Hoffmann, 2012). Indeed, the inclusion of consumers in different demographic categories has helped to add a wider variety of meanings to the luxury brands. It is widely held that the changing perceptions of luxury and luxury brands are a relatively new phenomenon.
In the early 2000s, it was claimed that most of the population have access to previously exclusive consumption activities, leading to the ‘democratisation of taste’ (Warde, 2002:12). Here, Warde may not be discussing exclusively about the consumption of luxury goods; however, there is a growing perception that today, luxury is no longer the preserve of the privileged (Leadbeater, 2006; Thomas, 2007). According to J-N Kapferer, an authority on brands and brand management, historically, luxury was considered to be a symbolic representation of power, and was, therefore, closely related to “social hierarchy” and “stratification” (Kapferer, 2010, p.43). Kapferer further suggests that luxury was the “privilege” of those who had access to “gold, to castles, to royal pleasures and did not work” and it was a “measure of your rank, itself being inherited” (ibid). This means that luxury was understood to be something that was impossible for most of the population to experience. To some, luxury has become too accessible. For example, Leadbeater suggests that luxury should be something that has “oddity” or “not been discovered by others”, which leads him to argue that the concept of luxury “needs to be redefined” (2006).

Notably, this is not the first time in history we have come to perceive luxury as being ubiquitous. For example, in his historical investigation of the meanings and ramifications of the idea of luxury, Berry points out that in the late 1980s, the word luxury would “recur and recur” in print media (Berry, 1994, p.3). Similarly, in his study of the ‘mass market’ revolution between 1850 and 1914, Fraser indicates that in the 19th century, what had been short supply or exclusive, such as exotic fresh fruits from abroad, became commonly available (1981). This is not surprising as it is argued that the meaning of the concept is dependent on specific factors found in the particular setting in which it is being considered (Sekora, 1977; Fraser, 1981; Berry, 1994). As such, it is mutable. That is to say, what is considered luxury today may not be as such in the future. Interestingly, it is suggested that luxury was viewed negatively before the 18th century (Sekora, 1977; Berry, 1994): then, it was deemed “pernicious and harmful” (Berry, 1994, p. 4). There is insufficient space to explore this suggestion; however, in recent years the concept appears to be considered positively.

Certainly, luxury has been gaining popularity: the luxury goods market has been steadily expanding in size as well as its geographical coverage at least since the mid-1990s (see Figure 1). In 1995, the market was estimated to be worth €80 billion, and by 2016 it had grown to €249 billion (Paton, New York Times, 2017). Here by luxury goods, we mean global personal luxury goods, which is according to Bain and Company, a global management and consultancy firm, “the core of the core” of luxury (D’Arpizio, Levato, Zito and de Montgo, 2015).

![Figure 1: The Size of The Luxury Goods Market](source: Bain (no date))

These included leather goods, clothing, watches, jewelry and fragrances. Importantly, these goods may be considered more expensive than non-luxury brands; however, they are not entirely unaffordable and these are probably the kind of goods that can be obtained at an airport, as Leadbeater (2009) suggested earlier. Figure 2 shows the leading 10 luxury brands according to brand value, which “…represents (a brand’s) impact on the short-run and long-run flow of profits that it can generate”
(Aaker, 2016). In other words, brand value indicates the level of profitability of a brand to the company. Notably, all the luxury brands listed in Table 1 can be purchased at Heathrow Airport.

Table 1: The leading global 10 most valuable luxury brands (by brand value, 2016)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Brand</th>
<th>US $billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Louis Vuitton Moet Hennessy</td>
<td>(28.52)</td>
</tr>
<tr>
<td>2.</td>
<td>Hermes</td>
<td>(19.82)</td>
</tr>
<tr>
<td>3.</td>
<td>Gucci</td>
<td>(12.59)</td>
</tr>
<tr>
<td>4.</td>
<td>Chanel</td>
<td>(10.32)</td>
</tr>
<tr>
<td>5.</td>
<td>Rolex</td>
<td>(8.15)</td>
</tr>
<tr>
<td>6.</td>
<td>Cartier</td>
<td>(6.75)</td>
</tr>
<tr>
<td>7.</td>
<td>Burberry</td>
<td>(4.59)</td>
</tr>
<tr>
<td>8.</td>
<td>Prada</td>
<td>(4.41)</td>
</tr>
<tr>
<td>9.</td>
<td>Tiffany &amp; Co</td>
<td>(2.47)</td>
</tr>
<tr>
<td>10.</td>
<td>Christian Dior</td>
<td>(2.07)</td>
</tr>
</tbody>
</table>

Source: ©Statista (2016)

The popularity of luxury brands can be explained by financial liberalisations beginning in the 1970s (Mullineux, 1987; Kaminsky and Schmukler, 2003; Borstelmann, 2012), which will be discussed in more detail later. It is however important to point out that in the early 1990s, the world had welcomed the fall of the Soviet Union, which signified the end of the Cold War or the planned economies. Perhaps the impact of the end of the Cold War took a little while to be digested, since “consumer confidence” only began growing again in the mid-1990s, significantly influencing the luxury brand market. In fact, sales of luxury brands were declining in the early 1990s (1998, p. 61). The end of the planned economy, particularly that of China, is highly significant here as it allowed for wealth creation activities to expand without state intervention in these economies, as well as helping promote free market mechanisms elsewhere, leading Nueno and Quelch to remark: “the rich are getting richer” (1998, p.61). More importantly, affluence has allowed more consumers to consume beyond necessities and even luxuries. Indeed, by the mid-1990s the global economy was operating according to free market mechanisms, spearheaded by deregulation. Notably, the historic change in the system of production/consumption crucially influenced the acceleration of the “bifurcation” of the retail market in the United States, which sums up the expansion of the luxury market there and elsewhere (ibid).

Similarly, the main explanation for the growth of the luxury market in recent years is believed to be prosperity resulted from the growing global economy, particularly in Asia (Kapferer, 2015). Unfortunately, affluence has not reached all however, and as Nueno and Quelch suggested earlier, it has favoured the rich. Accordingly, it is reported that today there are more billionaires in Asia than in the United States (The Independent, 26th October 2017). While the growing income inequality has become a serious global issue, the main point here is the fact that the absolute number of those who consume luxury brands has been increasing worldwide. Indeed, the geographical expansion is described by Kapferer as a horizontal expansion, indicating the growing consumption of luxury products worldwide. Again, this event affected some more than others.

Kapferer compiled a list of notable newcomers, which included the so-called BRIC countries, namely Brazil, Russia, India and China, and the MINT countries: Mexico, Indonesia, Nigeria and Turkey (2015). It is widely supported that the difficulty of defining luxury brands stems from the fact that they can mean different things to different (groups of) people (Kapferer, 2006; Park, Rabolt and Jeon, 2008; Wilcox, Kim and Sen, 2009). Therefore, incorporating consumers from disparate markets, which are shaped by a wide range of differing socio-cultural factors, certainly makes the understanding of the meaning of luxury brands more complex than before.

Accordingly, Table 2 shows how different cultures interpret the meaning of luxury, compiled by Kapferer (2015). Kapferer’s findings are useful for showing national variations in understanding the term luxury. It is important to note, however, there would be a wider range of different meanings associated with the concept even within each group of these nations, by using different data collection methods, for example. At least it is reasonably clear from this study that luxury is often associated with high quality and high prices.

6 See: https://www.heathrow.com/shops-and-restaurants/shops-a-z/
Table 2: Meaning evoked by the word ‘luxury’ for consumers in six countries (n=3,085)

<table>
<thead>
<tr>
<th></th>
<th>France</th>
<th>USA</th>
<th>China</th>
<th>Brazil</th>
<th>Germany</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>high quality</td>
<td>high quality</td>
<td>expensive</td>
<td>high quality</td>
<td>high quality</td>
<td>high quality</td>
</tr>
<tr>
<td>2</td>
<td>prestige</td>
<td>expensive</td>
<td>high quality</td>
<td>pleasure</td>
<td>expensive</td>
<td>prestige</td>
</tr>
<tr>
<td>3</td>
<td>expensive</td>
<td>prestige</td>
<td>fashion</td>
<td>dream</td>
<td>fashion</td>
<td>expensive</td>
</tr>
<tr>
<td>4</td>
<td>pleasure</td>
<td>pleasure</td>
<td>minority</td>
<td>expensive</td>
<td>dream</td>
<td>intemporal</td>
</tr>
</tbody>
</table>

Source: Kapferer (2015, p.11)

The complexity of understanding the luxury market due to the increased cultural diversity in consumers was intensified by what Kapferer (2015) calls “vertical” expansion through brand extension by luxury brands (Aaker, 1991; Nueno and Quelch, 1998; Shenin, 1998; Kirmani, Sood and Bridges, 1999; Stankeviciute and Hoffmann, 2012). In brief, this process incorporated consumers from different demographic categories into the traditional variety as described by Thomas (2007) and Kapferer (2010): the rich with inherited wealth.

Some of the main issues will be dealt with later in this paper through an examination of Burberry’s rebranding from the late 1990s to the early 2000s. However, the main cause of many luxury brands’ need for brand extension is thought to be the increasing power of shareholders. This situation can be explained by the necessity for funding through the stock market (Madden, Fehle and Fournier, 2006; Fox and Lorsch, 2012). What this means is that in order to attract potential investors or shareholders-to-be, the brands have to be profitable with substantial brand equity (Aaker, 1996). According to Fox and Lorsch, shareholders began to gain more power over management in the 1970s (2012). This was mainly due to financial liberalisations, particularly of the stock markets, beginning in the 1970s (Mullineux,1987; Kaminsky and Schmukler, 2003; Borstelmann, 2012). Deregulation of the markets encouraged businesses to turn to stock-financing in the 1980s, in which more stock-financed mergers, more employee stock options and other stock-based compensation, were sought (Fox and Lorsch, 2012). It was around this time when the concept of brand equity was ‘re-discovered’, driving the merger and acquisition boom in North America and Europe.

To be sure, the conceptualisation of various tools in what would later become known as branding in Britain and the United States was already under way from the late nineteenth century. Notably, this included brand equity (Room, 1998; Lury, 2004; Schwarzkopf, 2008)\(^7\). The rise of brand equity was in turn fuelled by, and at the same time helped establish the belief that well-recognised brands could sell more products and services (Kapferer, 1997). It was in this environment that more consideration was given to shareholders, as they were believed to “constitute the central stakeholder group”, stimulating the creation of shareholder value: strong brand equity (Aaker, 1996; Madden, Fehle and Fournier, 2006).

Remarkably, the re-emergence of the concept of brand equity in the 1980s is believed to be closely related to the rise of the brand phenomenon in North America and Europe, which firmly established the brand as an essential tool in business management and marketing (Aaker, 1996; Kapferer, 1997). As indicated above, brand equity was reconfigured within financial markets in the 1980s (Moor and Lury, 2011). Importantly, brand equity indicates the level of consumer loyalty towards brands, inspiring the conceptualisation of the ‘brand’ as an intangible asset to be actively managed, whereas traditionally the value of a company was measured in terms of tangible assets, such as buildings and land (Kapferer, 1997). The main implication of the rise of brand equity or the value of goodwill was that companies began focusing on “building strong brands” and managing them in order to achieve competitive success (Aaker, 1996: 2-7).\(^8\) The core of the concept of brand equity is the consideration of the perspective of potential customers (Aaker, 1996; Kapferer, 1997; Keller, 1998). Thus, according to David Aaker, the essential qualities required for making a good brand included “brand loyalty”, “brand awareness” and “perceived quality” (1996: 6-9).

By the late 1990s, brand equity had become the most valued concept in marketing and management (Keller, 1998), helping to continue the explosion of branding well into the 2000s (Aaker, 2014). The suggestion here is that luxury brands followed this trend and that they developed during the contemporary period, just as the concept of the brand is claimed to have done (Lury, 2004; Arvidsson, Procter & Gamble in the United States had formally institutionalised a managerial technique called ‘brand management’ by 1931(Schwarzkopf, 2008: 26). Also see Dyer et al. (2004)

Aaker uses the success story of Kodak, the manufacturer of photography products, as an example.

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\(^7\) Procter & Gamble in the United States had formally institutionalised a managerial technique called ‘brand management’ by 1931(Schwarzkopf, 2008: 26). Also see Dyer et al. (2004)

\(^8\) Aaker uses the success story of Kodak, the manufacturer of photography products, as an example.
What is relevant here is one of the main characteristics of the brand, which is the difficulty of defining the concept (Olins, 2003; Holt, 2004; Lury, 2004; Arvidsson, 2006; Moor, 2007). To demonstrate what this may mean, below is Lury’s definition of the concept:

The brand is not fixed in time or space in terms of presence or absence… it is a platform for the patterning of activity, a mode of organising activities in time and space. It is not simply either here or somewhere else, but rather is something that emerges in parts… the brand is not a closed object, but is rather open, extending into – or better, implicating – social relations. It is something that is identifiable in its doing… the brand is not a matter of certainty, but is rather an object of possibility. (2004: 1-2)

In this way, if luxury is difficult to pin down, a luxury brand may be just as complex, if it is not even more so. We have, therefore, explored changing and differing perceptions of luxury brands in recent years. While it is widely held that the meaning of luxury brand changes depending on time and place, introducing particular factors in the specific settings in which the brands are being considered, we have also learnt that there are distinct changes which have affected the understanding of the luxury brand in recent years. Firstly, the expansion of the market has meant that consumers from outside Europe and North America now participate in the consumption of luxury brands. Secondly, the changing economic landscape beginning in the 1970s has necessitated luxury brands to seek larger profits, encouraging them to implement brand extension, which provides affordable ranges, resulting in incorporating consumers from wider segments. Closely related to this phenomenon, the rise of the brand from the 1990s onwards intensified the marketing effort of luxury brands which in fact developed alongside the former, ensuring the ubiquity of the latter. What this means is that the diversification of the client base has also diversified the meaning attached to luxury brands. How then are we to understand a wide range of consumers’ perceptions of brands? How do we study luxury brands in order to understand what they mean to consumers?

Historical Relational Approach

This study utilises a historical relational approach, which is in brief an empirical and historical study of brands, following the growing academic trend in (new) economic sociology. Until the early 2000s, within brand research in marketing, the main focus was on understanding consumers (Elliott and Wattanasuwan, 1998; Fournier, 1998; Muniz Jr., and O’Guinn, 2001). Then, in his seminal work How Brands Become Icons. The Principles of Cultural Branding, Douglas Holt advocates the examination of ‘cultural processes’ in brands’ circulation, including production and consumption (Schroeder and Salzer-Mörling, 2006; Allen, Fournier and Miller, 2008). Accordingly, Holt suggests that in studying brands, specific attention be paid to socio-cultural, political, and historical contexts (Holt, 2004; Schroeder and Salzer-Mörling, 2006; Allen et al., 2008; Cayla and Arnould, 2008; Schroeder, 2009). Holt summarises his idea as follows:

[Brand knowledge] doesn’t come from focus groups or ethnography or trend reports - the marketer’s usual means for “getting close to the customer”. Rather, it comes from a cultural historian’s understanding of ideology as it waxes and wanes, a sociologist’s charting of the topography of contradictions the ideology produces, and a literary critic’s expedition into the culture that engages these contradictions. (Holt, 2003: 49)

Within Sociology there has been an increasing interest in studying markets and related areas, significantly influenced by what is termed a ‘cultural turn’, which is described as a ‘renewed interest’ in the ‘production of meaning’ (During, 1999; du Gay and Pryke, 2002: 1). There is insufficient space here to discuss the development of this new approach to economic and market phenomena in detail; however, it is important to be aware that this was closely affected by the fall of the planned economies (the Cold War). The historic event intensified deregulation of economies and the financial markets, allowing market mechanisms to dominate the management of organisations, including that of business and politics (du Gay and Salaman, 1992; During 1999, du Gay and Pryke, 2002: 1).

The growing perception, suggesting that the sole focus on the economic in almost every aspect of the system of production and consumption, accounts for the increasing interest in the ‘cultural’ rather than
the ‘economic’ in explaining market phenomena. This thinking had largely been influenced by Granovetter’s seminal work ‘Economic Action and Social Structure: The problem of Embeddedness’, which challenges the major assumption held within classical and neoclassical economics, concerning “rational, self-interested behaviour” affected “minimally by social relations” (Granovetter, 1985, p. 481). Granovetter therefore argues that economic action is embedded within the social, invariably influenced by social relations. This paper follows this thinking.

While Granovetter’s work was groundbreaking, there has been a growing research area which was established to complement it, precisely because of his work’s focus on the social. This niche area advocates more attention to be paid to the role of objects, which has significantly influenced studies of economic and market phenomena. It has now become known as the new economic sociology. Michel Callon (1998a) played a prominent role in the establishment of this academic field when he criticised the singular focus on the social in economic sociology, asserting that it would lead to the neglect of the economic. Instead, Callon’s proposal is to pay attention to non-human objects through the use of ANT, in drawing attention to the calculative in economic action. Also known as a ‘semiotics of materiality’ (Law, 1999: 3), ANT was originally developed within the sociology of science and technology.

The concept is particularly important in furthering the sociological study of markets because of its attention to relationality and materiality, as it explains the creation of agency by focusing on the way in which actors, both human and non-human, become associated with each other. According to ANT, these relations are constant, leading to an investigation of how they ‘configure’ and ‘reconfigure’, or ‘assemble’ and ‘reassemble’ themselves over time by empirically ‘following the actors’ (Law, 1999; Latour, 2005). With its highly pragmatic and flexible or ‘fully relativist’ approach (Latour, 2005: 12), ANT’s objective of avoiding the use of preconceived concepts is significant in illuminating the contingency of market action: the approach insists on conducting investigations without relying on any prior knowledge about the object being studied. This paper largely follows this approach in investigating two brands which will be presented later.

There is another approach which has influenced the development of the analytical method utilised in this work, however: Bourdieu’s particular approach to social relations or human actors (subjects) in illuminating the contingency of the market process. Importantly, Bourdieu allows for some preconceived notions in his analysis, most notably that of class, which other prominent relational methods avoid, such as ANT. The rationale behind this is explained by Bourdieu’s interest in regularities in social practice according to the class backgrounds of the actors, which is relevant for studying markets. Bourdieu’s approach stems from his interest in social reproduction, particularly in his belief that economics alone does not explain the perpetuation of class divisions in society (Bourdieu, 1984).

It is widely accepted that focusing on class alone is insufficient in understanding differing consumer choice (Appelbaum, 2005: 48); nonetheless, Bourdieu’s method is useful as it helps draw attention to the two contrasting market categories this paper presents, namely: mass-market and luxury. Following his thinking, judgement of taste is not an innocuous activity, since it is claimed to be shaped by members of the ‘dominant class’, reinforcing the existing power relations in society. According to Bourdieu, therefore, some actors are more influential in this respect than others, which is another differentiating feature from the Callon’s relational approach, as the latter does not favour any one actor over others, including inanimate objects. Bourdieu’s approach is designed to help illustrate the relationship between cultural consumption, such as reading books and visiting museums, and social class.

In order to make sense of how particular forms of cultural consumption occur, he proposed to contextualise the forms of action by drawing attention to relevant people and institutions set within specific socio-cultural, economic, and political settings. For Bourdieu, in cultural production, the symbolic process of determining the worthiness of works for consumption is more important than the actual material production. Moreover, he believes that the collective knowledge validating the product as tasteful is paramount, since the work of production has no value without public recognition (Bourdieu, 1983: 35).

The relevant point about utilising Bourdieu’s field theory is the idea that the market process can be dominated by a particular group of actors (often of the dominant class) (see Beckert and Musselin, 2013). Moreover, this process does not involve the actors’ conscious calculation, but their judgement,
which is determined relationally and historically, involving various forms of action. While this study does not incorporate all of his analytical tools, the paper embraces his attention to history, thus it approaches the brands by following the actors through careful contextualisation.

**The Rebranding of Burberry in the British Market from the late 1990s to the 2000s.**

The main purpose of this case study is to show that the luxury brand in the UK market in this period was understood vastly differently from how the producer intended it to be, highlighting ‘differing perceptions’ of the brand by various market participants. In fact, this situation was brought on by the vertical expansion carried out by the company in order to increase profits after its sales in Asia had plummeted due to the Asian financial crisis in the late 1990s, inviting unwanted associations with lower/under class market participants/consumers.

Before going on any further, let us begin by considering the brand’s history. Burberry was established in 1856 in Basingstoke, Hampshire, England by Thomas Burberry. By the end of the century, the company was known for its ‘quality’ and ‘innovation’, in particular, for its development of ‘gabardine’, the ‘breathable, weatherproof and teaproof’ fabric in 1880. This was found to be useful for military needs and by the early 1900s the company was making British army officers’ raincoats as part of their standard service uniform. The company developed this early type of raincoat into what is now known as a ‘trench coat’ during the First World War. In 1920, the Burberry check was registered as a trademark and this was to be used as a lining for the trench coat in the 1920s. In the 1960s, the trademark check became a fashion item for the first time as it began to be used for ‘umbrellas, scarves and luggage’ instead of just for lining. In 1955, Burberry was awarded a Royal Warrant by HRH Queen Elizabeth II and in 1989, by HRH The Prince of Wales (Burberry, 2017).

Burberry faced a dramatic fall in profit in Asia, due to the Asian financial crisis. In 1997 the company’s total profits slumped from £62 million to £25 million and they came to realise that it had become too reliant on their Asian market: in fact, Japan had been the company’s main market for most of the twentieth century (Moore and Birtwistle, 2004, p. 413). The situation was so urgent that Great Universal Stores (GUS), then the owner of the Burberry business, was even considering the sale of Burberry, when GUS decided to implement drastic change in management: they appointed a new chief executive, Rose Marie Bravo. The priority for the new Burberry management team was the repositioning of the company’s primary asset, the Burberry brand. Here, the main task was to shake off the brand’s image of being for middle-aged men with ‘conservative’ fashion sense and to update it with ‘contemporary and high fashion’. To this end, the company opted for a ‘radically different’ advertising strategy and started to use leading models such as Kate Moss and “reputable” fashion photographers (ibid., p. 414). By the beginning of the 2000s, Burberry’s business performance had improved significantly and the management led by Bravo was hailed for its success in creating a luxury fashion brand (ibid., pp. 412-3).

By the early 2000s, Burberry was swiftly becoming a collection of must-have items for the rich and celebrities; however, the trouble was that they could not choose external (outside the scope of the branding strategy) associations, becoming attached to the brand. Figure 2 shows a photograph featuring former EastEnders actress Daniella Westbrook with her daughter, which appeared in The Sun. This was to become an iconic image for its ostentation. Newspapers, typically tabloids like the Sun, would be ridiculing the idea of a B-list-celebrity mother dressing her toddler with an expensive shirt. It is this trademark check that has come to be firmly identified with Burberry, though importantly, the items with Burberry check represented only 20% of all their products (BBC News, 28 October 2005).

Hooligans are another unwanted association that helped to make Burberry seem ubiquitous, and at the same time notorious. A BBC2 programme called ‘Hooligans’, broadcast in May 2002, has been identified as one of the first media outlets which introduced this idea. In November 2002, Burberry was reported to re-launch its youth brand called ‘Thomas Burberry’ with its emphasis on ‘casual fashion’. Importantly, this was more affordable than other brand levels as items were “priced 30 to 40 percent below Burberry’s core London collection” (WWD, 2003). It is reasonable to suggest that this vertical expansion, which made the brand accessible, may have played a part in turning the brand to become
considered ‘common’. It is important to note here that there were also issues with counterfeit products which are even more accessible than the new range, but extremely difficult for the company to control.

Figure 2. Daniella Westbrook as an icon of ostentation

By the end of 2003, the UK press seems to have decided that Burberry had become ‘too lower class’ and that was the angle through which they would view the company (Fashionunited.co.uk; The Scotsman, 3 December 2003). Then, the trademark check had become associated with ‘football hooligans’, ‘thugs’, ‘yobs’ and ‘chavs’. The latter was more potent as it was a blanket term to describe all those who can be classified as ‘lower classes’ (Hayward and Yar, 2006). The main issue for the brand was that at this precise time in history, anti-social behaviour associated with football hooligans and others who exhibited such behaviour, including ‘intimidation’ and ‘drunkenness’, was becoming a serious social concern (BBC News, 20 March 2002).

In response to this undesirable development, the company made many attempts to contain the unwanted association with anti-social behaviour related elements. According to The Financial Times, Burberry discontinued the symbolic baseball cap in the trademark check some time in 2004 and shifted emphasis to other lines (29 December 2004). In addition, they started to take tough stance on counterfeit products, which proved to be difficult. One of the most publicised instances of this was when a Welsh rap band, Goldie Lock Chain, placed a car painted in the Burberry check pattern (Figure 3) on the online auction site, eBay (The Register, 4 February 2005). However, it was soon reported that Burberry’s lawyers had contacted the seller demanding that the car be destroyed for “infringing their copyright”. At the same time, they reduced the number of products with the trademark check from 20% to 5% of Burberry’s range (BBC News, 28 October 2005).

It was at the beginning of 2005 that Burberry was finally reported to admit to ‘problems’ in the UK, which had ostensibly been caused by the brand’s association with chavs. As it had always been the case,
the UK sales figures were not available and there was no mention of any statistical evidence to support such claims in any of the articles.

**Figure 3. Most publicised case of copyright infringement (Chavmobile: Chavalier)**

Nevertheless, The Financial Times, The Daily Telegraph, The Times and New Statesman mentioned chavs in relation to Burberry’s disappointing sales figures in the UK at the disclosure of their group financial figures for the third quarter of the financial year in January 2005. Interestingly, Stacey Cartwright, Burberry’s chief financial officer stated: ‘They (chavs)’re yesterday’s news… it was mostly counterfeit, and Britain accounts for less than 10% of our sales anyway’ (Guardian, 12 January 2005). While she did admit to chavs’ association had “not been helpful” (Ritson, 2005), they were not the only causal factor for the outcome.

There was also reporting of the warm weather, potentially affecting ‘(Burberry’s) weak sales in the UK over the Christmas season (ibid). This was backed up by the report by the Office for National Statistics stating that UK retail sales fell by 1% in December 2004, making it the worst Christmas sales since 1981 (BBC News, 21 January 2005). Here, the observation made by Mark Ritson, associate professor of marketing at Melbourne Business School, is useful in understanding the saga of chavs dominating their branding effort. Referring to Burberry’s healthy performance, with a pre-tax profit increase of 25% in the previous year, Ritson views the press reporting as “the superficial and inaccurate analyses often found in both broadsheet and tabloid reporting”. Thus, he sums up the chain of events by suggesting that “our friends in the mass media have never let facts or underlying business performance get in the way of a good story’ (2005).

Burberry’s story presented here demonstrates the intricacy of branding, as the company behind brands can never control how they are perceived beyond the branding platforms. In Spring 2007 the media finally announced that Burberry’s association with the chav was over. The Financial Times’ Toby Shelley suggested, with the headline ‘Burberry’s move up pays off’, that Burberry had succeeded in shaking off the image of the brand associated with ‘chav youth’. According to Shelley, this was because of the company’s success in re-establishing its ‘upmarket credentials’ using supermodels, such as Kate Moss, for its advertising campaign, and its range including the ‘£1,000-plus Beaton bag’ named after Cecil Beaton, the photographer (*Financial Times*, 18 April 2007). As mentioned earlier, this was what the company initiated in the 1990s (Moore and Birtwistle, 2004, p. 141).
The Japanese Luxury Market and Brand MUJI

The opening quotation to this paper by Jun Morimoto is a stark contrast to the traditional idea of luxury in the West, described by Dana Thomas (2007). The Japanese market is often described as difficult for foreign businesses, largely because there is still insufficient information about it than there is for many others, probably because of the language barriers (Lark, 2010). Brian Salsberg’s description of the “mass luxury” market in a McKinsey report published in 2009 appears reasonably accurate. Importantly, Japan was then the second biggest luxury brand market in the world, after the United States:

“In Japan, unlike many markets, luxury goods have typically signified a middle- rather than upper-class lifestyle. The most influential Japanese fashion magazines and department stores, which dictated the fashion sense of most members of Japan’s large middle class, touted luxury brands. Middle-class consumers skimped on other expenses, forgoing travel or expensive meals so they could buy designer handbags and apparel.” (Salsberg, 2009)

Salsberg also points out that a significant portion of this market consists of women in their twenties, in employment, who live with their parents. Importantly, for a long time, a large proportion of the population in Japan saw themselves as of the middle class, although this does not mean that they are all middle class (Sugimoto, 2003). Japanese consumers have been enabled to purchase these expensive items; partly because of the appreciation of the Japanese yen after the 1970s. Also, the salary payment system for full time workers with the twice yearly fixed seasonal “bonus” payments is helpful for those in employment to allocate purchases of such expensive items at the time of bonus payments.

The introduction of European luxury brands was earlier – major department stores began importing them in the late 1950s and they became more accessible in 1960 as the import bans were then beginning to be lifted. Since Japanese consumers’ encounter with European luxury brands was their first experience of brands as such, the concept of brand is interpreted differently from how it is perceived in most other markets. Indeed, the Japanese understanding of the term ‘brand’ or ‘burando’ ブランド is more closely associated with luxury (高級; kokyu) and particularly European brands. Notably, Japan was the first non-Western country to become industrialised and this helped them become ‘affluent’. This is important, as affluence allows its citizens to enjoy consumption beyond necessity (Galbraith, 1998). Interestingly, recent sociological work overlooks this potentially important condition in the popularity of brands in the contemporary West.

Another remarkable thing is that luxury brands did become very popular in the early 1970s, which is known as “the first luxury brand boom” (Kilburn, 1996). This was firstly because the Japanese economy grew so fast in the 1960s that it became the number two economy after the United States by the late 1960s, which attracted luxury brands into the newly developed market. Secondly, it was around the time when the Bretton Woods System collapsed. According to the system, the currency exchange rates were fixed against the US dollar. So, by 1973, most major world economies had allowed their currencies to float freely against the dollar. In the case of the Japanese yen, it was fixed at 365 yen to the dollar before the collapse of the system, but it appreciated to 263 yen to the dollar. In this way, imported goods became cheaper, including luxury brands. It was against this background that a Japanese supermarket chain began developing a no frills own label, as a protest against the major European luxury brands which embodied materialism and consumerism, from which Japanese consumers came to suffer. This brand was Mujirushi Ryohin or MUJI. The importance of this brand is in the fact that it was developed as a parody of the concept of luxury brands: offering quality at lower/reasonable prices.

MUJI (Mujirushi Ryohin)

The Epitome of Japanese Consumers

Since its establishment in Tokyo in 1980, Mujirushi has become a household name in Japan, and Ryohin Keikaku, its management company, considers it to be a mass-market brand, reflecting the brand’s ‘no-frills’ origin (Matsui, interview 2009). Many elements of the eclectic mix of its own products,
which had grown to 6,477 items by 2014, from clothing to prefabricated housing, have come to be considered almost essential (Kanai, interview). This was a self-proclaimed ‘social movement’ against Western luxury brands (Koike, interview, 2009). Translated as No (無) Brand (印) Quality (良) Goods (品), this brand was created essentially to be an ‘anti-establishment brand’ (反体制商品 or han-taisei shouhin). In this respect, founder Seiji Tsutsumi’s ideological beliefs are relevant; his involvement in student politics in the early post-war period, which nurtured his affinity towards Communism and anti-Americanism (Tsutsumi, interview, 2009). Tsutsumi owned one of the largest retail conglomerates in Japan, which was very powerful until the late 1990s. Importantly, one of the affiliated retail outlets under Tsutsumi later became one of the largest importers of European designer brands in Japan in the 1960s. This explains why Mujirushi was viewed as ‘antithetic’: it was intended to be a protest, as well as Tsutsumi’s conscience as a businessman (Koike, IV, 2009). It is reasonable to suggest that Mujirushi may have been one of the first masstige brands in the world. As such, it revolutionised consumption and production practice in Japan: Japanese consumers expect good quality from goods, even those found at a pound shop equivalent, and producers do offer good quality (Kobayashi, 2015).

As Salsberg suggested earlier (2009), Japanese consumers do not consider exclusivity as an important element in consuming luxury, but rather quality. Although MUJI is and was produced as no-brand brand, meaning that they do not brand or promote the brand, it was created by some of the top creative talents in Japan, because of their associations with the retail conglomerate. There were many fashionable retailers belonging to the retail empire, and these creative professionals were very successful at branding and marketing (Kobayashi, 2015). Yet, MUJI was their pet project and they worked on the creation of this brand for nominal fees. Relevantly, the brand’s identity as being anti-establishment has helped attract well-established international designers to work for them for a reduced fee, enabling the brand to offer such design at a reasonable price.

**A Niche Brand in the UK Market**

What happens when such an idiosyncratic brand is transported to another market? This case examines its launch into the UK market, where social stratification matters (Savage et al. 2015), at least more than in Japan (Nakane, 1973; Sugimoto, 2003). The former chairman of the company recalls this event:

> We opened our first overseas store in London in 1991, but our business didn’t do well. For example, in 1997, there were only five stores in London. This means we couldn’t open more than one store per year. The brand penetration into a wider audience takes time, despite the fact that a minority of ‘progressive’ people jumped at the idea. (Matsui, IV, 2009).

As could be inferred from Matsui’s comment, MUJI in Britain has been unprofitable; in fact, it is considered to be one of the company’s most unsuccessful overseas ventures (Matsui, IV, 2009). To remind ourselves, this brand was developed to be a mass-market brand; however, because of its emphasis on quality, particularly design, the brand struggled to establish its brand identity ‘correctly’ according to the company. The problem began as it partnered with Liberty the luxury retailer. Liberty’s relationship with MUJI, in turn, originates from its business partnership with Seibu Department Store launched in 1988. This was because Seibu was part of the Saison Group (formerly SDG), which owned MUJI (Mujirushi). In hindsight, it is clear that this partnership did not help the company launch the brand in the image of Mujirushi.

According to Richard Stewart-Liberty, then the merchandising director of Liberty, the timing of MUJI’s entry into the British market was significant, largely because of prevailing economic conditions. With its

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10 According to Toba (2012), Mujirushi had opened a store in Hong Kong earlier, but it had failed, something Oki mentioned, as he had spent some time in Hong Kong; however, officially, the company’s first overseas venture remains London.
11 Liberty was one of the many European luxury brands attempting to take advantage of newly affluent Japanese consumers because of the appreciating Japanese Yen in the period. Here, the Seibu Department Store Group led the initiative in forming licensing agreements with these brands to market them through their own outlets (Hashimoto and Koyama, 1991: 430-35).
12 Although Ryohin Keikaku took over the business in 1989, as it was part of the retail group, Mujirushi also remained part of the group (Hashimoto and Koyama, 1991: 433).
range of products known for their simplicity, MUJI was considered ‘a welcome reaction’ to the consumer excesses of the 1980s (The Independent, 6 July 1991). Moreover, the brand was viewed as a useful antidote to the image of such excesses that Liberty conjured up. For most of the 1980s, Liberty thrived on the back of the ‘heritage industry’ boom just like other traditional British brands, such as Laura Ashley and Crabtree and Evelyn (Woodham, 1997: 217-19). The image of MUJI as one of simplicity was an important element in Liberty’s decision to be part of this brand. Notably, for Liberty as a fashion retailer, MUJI’s ‘trendy’ image was equally significant. For instance, Design Week praised the MUJI venture as the most successful ingredient in the ‘repositioning and restructuring’ of Liberty (6 September 1991). However, for MUJI which intended to launch itself as a mass-market brand, this was not a wise move.

According to some of the former expatriate staff for Ryohin Keikaku in London, the MUJI they experienced in Britain while they were working there was very different from Mujirushi Ryohin in Japan (Ohnishi, IV, 2009; Oki, IV, 2009; Suzuki, IV, 2009). They reached this conclusion after having been involved in various operations, including producing merchandise, managing the stores, and recruiting and training staff between the early 2000s and 2009. Their evaluations therefore reflect their experiences of different situations involving numerous actors who have ‘failed to understand’ the ‘true’ meaning of the brand. The central issues concern the perceived image of MUJI as being a ‘niche’ or exclusive brand and the practical implications of this, chiefly for its profitability. This traps the brand in a vicious cycle, since as the company is unable to implement sufficient price reductions, the brand does not appeal to the masses. As pointed out earlier, the brand’s emphasis on its design as ‘use-oriented’ or ‘no-design’ has been counterproductive. Within the UK, MUJI design as minimalist has become commonly accepted amongst the media and the brand’s customers. For example, Rosie Millard uses the term ‘minimalist’ to depict the kind of contemporary design offered by MUJI, which she describes as ‘the clutter-allergic Japanese outlet’ (The Daily Telegraph, 21 May 2011)\textsuperscript{13}.

The association between the concept of minimalism and the brand is claimed to have been made in the initial stage of its launch. This was because of the background against which the brand was introduced, that is to say, during the recession in the early 1990s. According to Dighton, in this period of austerity, minimalist design was ‘trendy’ (Dighton, IV2). For the company, this term is problematic since it does not agree with their claim of MUJI design as ‘use-oriented’ design or ‘non-design’ (Kanai, IV): it should not be associated with any design concept. Communicating this idea and the fact that MUJI design is not minimalist has been difficult for Ryohin Keikaku. When the brand first entered the British market, the use of words such as ‘plain’ and ‘simple’ was prescribed by the company through press releases to portray its characteristic design (for example, see The Independent, 6 July 1991). However, by the early 2000s, the term ‘minimalism’ had begun to be associated with MUJI design.

The problem for the company in the British context is, however, that different connotations which the term minimalism conjures up, may negatively affect the brand identity. One of the relevant associations here may be the perception of minimalism as ‘elitist’ in the particular British context.\textsuperscript{14} As such, it is considered that only the privileged few can afford to enjoy this type of art in a manner similar to the way in which conceptual art is perceived. This may be unhelpful for MUJI, because of many other ‘elitist’ associations that have already become attached to the brand, which reinforce this image. For example, its former business partner Liberty, the locations of its stores in affluent areas and the involvement of world-renowned designers could be included in this list.

The recognition of MUJI as elitist is not surprising, since Mujirushi was ‘repositioned’ to be ‘stylish’ and ‘upmarket’ in the early years in Japan in order for it to become more profitable, and it was this new image that attracted Liberty in the first place. While having stores in stylish locations or associations with renowned designers do not interfere with its identity as a mass-market brand in the Japanese market, in the UK such associations are automatically equated with exclusivity. These are not helpful associations for the branding of MUJI or its profitability: as a mass-market brand, its survival depends on selling quantities.

\textsuperscript{13}See the following link for the full article: (http://www.telegraph.co.uk/property/interiorsandshopping/8526172/Are-you-a-maximalist-or-a-minimalist.html), accessed on 9 June 2011.\\textsuperscript{14}According to the Tate Museum, one of Britain’s most well-established art institutions, minimalism is viewed as an ‘elitist’ pursuit (http://www.tate.org.uk/archivejourneys/reisehtml/mov_conceptual.htm, accessed 9 June 2011). Entering minimalism and elitism together in Google returns 7.3 million results. However, one of the blogs listed there suggests that minimalism has become more popular in the 2010s: http://www.becomingminimalist.com/how-to-keep-the-minimalist-movement-attractive-to-the-masses/, accessed 9 June 2011.
Conclusions

This paper has thus examined how the meaning attached to luxury brands changes according to different factors presented in specific socio-cultural, political and economic contexts. In recent years, relevant factors helping the expansion of luxury brands consumption have been shown to be growing affluence, enabled by deregulation of economies and financial markets and this in turn empowered shareholders, encouraging vertical expansion of luxury brands. These incorporated consumers from diverse cultural and demographic backgrounds, encouraging different perceptions of luxury brands. The paper has then gone onto demonstrate how the widening of the target audience creates issues for luxury brands as maintaining and communicating the brand identity becomes more complex. This task has been conducted by utilising a historical relational method: following relevant factors by contextualising them in the specific contexts.

The case of rebranding of Burberry has shown the difficulty of vertical extension of a luxury brand as part of a rebranding strategy, precisely because it invites a different category of consumers into the equation. The main aim of this strategy was to increase its profitability and for this, the brand needed to expand its client base: it focused on shedding its old-fashioned image in order to appeal to a younger audience. Since the latter client base was assumed to be on lower incomes than the older client base, Burberry introduced a more affordable range. It was not necessarily because of this new range; however, soon the brand began to be associated with undesirable elements: the chavs or the lower/underclass who may have been consuming counterfeit products (not genuine Burberry items). This was set within a specific period between the late 1990s and the early 2000s in Britain where hooliganism and anti-social behaviour were becoming a serious social concern. Against this background, the media began taking an interest in the brand’s unwanted associations. The main importance of this case has been to demonstrate vertical extension can bring about differing perceptions of a luxury brand within the same market.

The second case concerning the Japanese luxury brand and Japanese retail brand MUJI which represents Japanese consumers who seek high quality even at lower prices. The emphasis here was a different cultural setting affecting the understanding of luxury. The Japanese market offers a very good example because Japanese consumers’ understanding of luxury differs significantly from most others: they do not expect luxury to be exclusive. Since the market has been one of the largest consumers of luxury brands in the past, it is reasonable to suggest that the inclusion of this market has significantly affected the understanding of luxury brands. Evidently, McKinsey has reported of the mass-luxury market to indicate the particularity of this market. The main goal of this case has been to shed light on the development of a retail brand created to protest against European luxury brands by offering quality at lower/reasonable prices. Duly, the paper has investigated MUJI’s difficulty in establishing its identity as a mass-market brand in the UK where quality seems to be associated with exclusivity. Accordingly, it has explored how it has become almost like a masstige brand in the UK with appeal to a smaller audience.

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