

Growth Strategy For Small Business Enterprise In The Wine Industry

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Abstract— The development of growth strategies for small business enterprises is necessary for business survival and growth. The objective of this paper are to: (1) examine the growth strategy for small business development in the wine industry; (2) determine key challenges facing the development of small business in the wine industry; (3) identify the growth opportunities for small business in the wine industry. The strategic management is an important prescription for small businesses to incorporate in their business model for their survival and long-term development in the wine industry. The small business sector is seen as a key to South Africa's growth and alleviation of poverty and unemployment in the country. This paper presents a qualitative single case study that examines the growth strategy for small business development in the wine industry. A face-to-face interview was undertaken with the business owner of Nong Wines (Pty) Ltd, a small business enterprise that is situated in North West province, South Africa. The result will suggest that for small business development and continuous growth in the wine industry, a well-constructed growth strategy should be put in place. The results further suggest that a growth strategy enables small businesses to overcome direct and indirect competition in the market, as it accelerate business survival, growth and long-term success. The sustainable performance of small wine farm enterprises through the development of growth strategies can assist their business to be innovativeness and in turn increase their product market share.

Keywords- *Small business enterprise; wine farm; growth strategy; product development; entrepreneurial traits;*

I. INTRODUCTION

Small business enterprises (SBEs) are recognised globally as important to the economic growth and development of many countries. Gill and Biger (2012) have compiled a number of factors such as lack of finance, lack of management skills, market challenges, barriers to entry and regulatory forms that affect small business growth. Continual business growth is needed for SBEs survival and sustainable development in a highly competitive environment, in particular the wine industry. The wine market is highly intense

and competitive environment that is constantly evolving. The situation in which wine farms operate has become very complex and can be traced to five fundamental factors, as compiled by Cusmano *et al.* (2012) and Mariani *et al.* (2012), but not limited to: (1) diversification of wine markets; (2) ever-increasing industrialisation of wine sector; (3) changing consumer needs, with a highly-differentiated demand; (4) competitive marketing strategies by new entrants into the market; and lastly (5) changes in the legislative framework and, in particular support policies and regulation implemented. Wine producing countries such as South Africa can be found spread over wide rural areas and they significantly contribute to defining the agricultural landscape identity and more importantly creates employment opportunities for communities in rural regions, as explained by Tassinari *et al.* (2013).

Notably the strategic planning and management capabilities of business owners have a significant positive effect on growth of businesses, as provided by Zehir *et al.* (2006). Porter (1979) mentioned that growth strategy cannot be planned and implemented without considering the competitive business environment. As assessed by Majumdar (2008) growth is understood variously by small business owners, and their attitudes will influence the goals and ambitions concerning growth. Product development, as reported by Roger (1997) underpins a growth strategy for small business development and is important because of its direct contribution to the competitiveness of those business but also because of the potential for the small business sector to act as the initiator, catalyst and agents for change in the wine industry.

The objective of this paper is to examine the growth strategy for SBE in the wine industry, to determine key challenges facing the development of small businesses and subsequently contribute to discussions on small business growth within this specific industry. In addition, this paper builds on a growing literature that attempts to gather a comprehensive understanding of the determinants of small business growth, which could assist government to establish

programmes aimed at assisting SBEs in achieving faster rates of growth (Barkham *et al.*, 1996; Hart & Roper, 2004; Dobbs & Hamilton, 2007; Littunen & Niittykangos, 2010; Blackburn *et al.*, 2013). This paper was assembled using a qualitative single case study, to examine the growth strategy developed by the business owner of Nong wines Pty (Ltd) with the objective of growing its business operations, sustainable performance, and establishing a competitive advantage in the wine industry.

II. LITERATURE REVIEW

This article will explore the different variables that are important for small business growth in a wine industry. For small business growth there is an importance to develop and establish a long-term plan. The relative importance of small business survival and growth in developing economies has given more impetus for government to develop programmes and projects that provide business management support to this business sector.

Small business enterprise – Small businesses, as reviewed by Van Vuuren and Groenwald (2007), can play a vital role in stimulating economic activity, job creation, poverty alleviation and the general upliftment of living standards has been recognised both internationally and in South Africa. Owing to the low economic growth, high unemployment and an ever-growing unequal society in South Africa, as derived from STATSSA (2018), entrepreneurship becomes a critical solution for the starting and developing of SBEs. Wine farms is of great social and economic importance to the South African economic sector, more so in the agriculture and tourism sector, as it provides job opportunities and creates sustainable economic activities for SBEs, as analysed by Donia and Testa (2014). The development of SBEs in wine farms can significantly contribute to the socio-economic development and result in the improvement of living conditions for a large number of South African, specifically in rural regions. The rural region development through wine production will encourage the communities to remain in rural areas and not migrate to urban areas to pursue economic activities. Kharaishuli (2016) explains starting a wine farm is a feasible prospect for emerging farmers as they can diversify their farms from production of wheats, and other agricultural products to the production of wine which effectively uses natural, economic, traditional resources.

Wine farm – Wine production in rural communities still represents an intangible heritage of ideas and values on which rural communities can base their cultural identity (Goulet & Morlat, 2011). In this areas, rich in history and wine-producing traditions, wine sector- along with other sectors, represents the basis on which farms can base its relaunch process and rural activities (Belletti *et al.*, 2003). In areas where viticulture is the basis of agricultural production, on the one hand contributes to the preservation and the increase in value of agricultural ecosystems, ensuring the covering of the land with vegetation and the protection of territory against rural depopulation (Tassinari *et al.*, 2010). On the other hand, through the wine production contributes to the creation of job opportunities and satisfactory incomes not only in agriculture,

but also in related activities and in other sectors such as crafts and tourism (Hall, 2003; Idda *et al.*, 2007; Mancino & Lo Presti, 2012).

The tasting and purchasing of wine have been identified as motivation for visiting a particular region (Bruwer, 2003). It is the difference of place (Bruwer, 2003) that draws tourists to wine farms and signifies the escapist realm in which visitors are engrossed in a different time or place. Wine farms can assist in the stimulation of a region's economy by contributing to the Gross domestic product through the production of wines, generating employment and business opportunities for the local community, and serve as a stimulus for sectors such as agriculture and tourism. Wine farms are synonymous with tourism, according to Kharaishuli (2016), as is one of the few national industries that are genuinely located in rural areas and play a crucial role in regional development.

Wine plays an important economic role in the agro-food industry of the Sicilian region in Italy, about 10% of cultivate is vineyard (D'Asaro & Grillone, 2012; Grillone *et al.*, 2012). Sicily, in fact, in 2011 with 106,092 hectares and a production of 700,581 tons, is the first Italian region in terms of wine grape area (16.5% of the national wine grapes area) and the fourth for harvested production (11.6% of the Italian wine grapes production), as analysed by Tudisca *et al.* (2014). In Kentucky, United States of America, the emergence of entrepreneurial small wineries is part of ongoing initiatives to diversify the agricultural sector from tobacco to alternative crop and livestock income-earning opportunities. Wine production has become one of the key enterprises that are expected to grow in the future globally (Futamura, 2007; Maumbe & Brown, 2013). Historically, as reviewed by Jordan *et al.* (2007) wine production has been dominated by European countries such as France, Italy, Spain and Germany. However, there has recent growth in production of wine in other countries globally such as the US, Argentina, Australia, Chile and South Africa, as a result this has reconfigured the market place making the industry highly competitive (Hussain *et al.*, 2007). The emergence of South Africa as a key global player, as shown in Table 1. South Africa was listed amongst top ten wine producers in the world in 2010-2014, as indicated by Festa *et al.* (2017). Regarding the production in terms of quantity, South Africa is one of the most important wine producers in the world. The Western Cape grape production, as analysed by Araujo *et al.* (2016) contributes more than 50% of the gross domestic product (GDP) generated by wine industry in South Africa and provides more than 8% of employment in the Western Cape province, South Africa. The South African wine industry, as established by Bruwer (2003) and Hands and Hughes (1997), is one of the oldest outside Europe with some of the first vineyards have been planted and wine produced in the mid-seventeenth century. The first South African wine route, namely Stellenbosch wine route was established in 1971, according to Preston-Whyte (2000) and Nowers *et al.* (2002). The South African wine industry, according to Bruwer (2003) was largely spatially fixed in a radius between 100 to 200 km from Cape Town. In 2004, the South African wine industry was considered to be more regionally concentrated than most

Table 1: Top ten wine producers in the world in 2010 – 2014 (millions of hectolitres)

Country	2010	2011	2012	2013	2014
France	44.4	50.8	41.5	42.0	46.7
Italy	48.5	42.8	45.6	54.0	44.7
Spain	35.4	33.4	31.1	45.3	38.2
USA	20.9	19.1	21.7	23.6	22.3
Argentina	16.3	15.5	11.8	15.0	15.2
Australia	11.4	11.2	12.3	12.3	12.0
South Africa	9.3	9.7	10.6	11.0	11.3
China	13.0	13.2	13.5	11.8	11.2
Chile	8.8	10.5	12.6	12.8	10.5
Germany	6.9	9.1	9.0	8.4	9.2

Source: Festa *et al.* (2017)

other global wine tourism destinations with an estimated 95% of South Africa's wine grape vineyards concentrated in the Western Cape Province area, assessed by Tassiopoulos *et al.* (2007). The Western Cape grape production, as analysed by Araujo *et al.* (2016) contributes more than 50% of the gross domestic product (GDP) generated by wine industry in South Africa and provides more than 8% of employment in the Western Cape province, South Africa. In recent years there is been an increase of wine farm developed in other regions of South Africa.

The Northern Cape is both the largest and the most sparsely populated of the South African provinces. It measures an impressive 360 000 square kilometres (making it bigger than the whole of Germany), but is home to only about 800 000 inhabitants. The Northern Cape has a different climate to the Cape Winelands, as it produces a number of wine ranges that boast unique flavours (Lishivha, 2019). There's growing movement of black-owned wine farms such as the Lithathi wine farm in East London, owned by Sheila Hlanjwa, the wine farm has a cellar that attracts tourists for product tasting and exhibition. Achieving a competitive advantage and enhancing business performance, as formulated by Muogbo (2013) is an underlying principle that businesses should develop growth strategy. Growth in business is not important but essential, as without growth, business operations will stagnate and ultimately this will lead to lowered quality of products and services to customers resulting in a higher customer turnover.

Growth strategy - Wine farms encounter challenges such as drought, government licensing requirements, changing

consumer preferences, and growing industry, as mentioned by Maumbe and Brown (2013). Nonetheless small wine farms (SWF) to compete in the global market have to deploy strategies, to improve their economic performance and thus incorporate added value to its internal business operations and clients (Veidal & Korneliussen, 2013; Donia & Testa, 2014). Product development orientation for SWFs enables them to seek competitive advantage, and therefore, operate effectively in the current competitive system (Chan *et al.*, 2004; Frank *et al.*, 2012; Santeramo *et al.*, 2012). The Australian wine industry success is partly attributed to a positive relationship between market orientation (i.e., customer and competitor orientation) and business performance, as indicated by Jordan *et al.* (2007). The Italian wine industry, after significant international treats and pressures, has seen its competitiveness increasing in recent years (Crescimano & Galati, 2014). This success is due to the numerous wineries that have recently implemented modernization processes; paying increased attention to improving marketing practices as well as wider product quality and standards (Galati *et al.*, 2015; Giacomarra *et al.*, 2016).

Increased competition and ever-demanding customers as well as recessionary and globalization pressures, necessitates businesses to focus on improve services and develop new products to enable growth and to be competitive in their respective industry. Thus, approaches to business improvement and growth have evolved over the course of the twentieth century, with an initial focus on large business, as indicated by Sutton (2015). However, the survival and growth of small

business enterprises are not only important for the business owners and its shareholders but to the economic development and prosperity of many countries. For the long term survival, as explains Maumbe and Brown (2013), SBEs operating in the wine farm have to be innovative and entrepreneurial in differentiating their products, developing a niche markets, and adopting consumer orientated supply chains committed to creating superior value for customers. The process of developing a strategy and instigating innovation could represent a way to a cost leadership and improve profit margins of both large and small businesses, in this case more importantly small business enterprises.

In this perspective, the ability of businesses does not reside exclusively in the internal resources, knowledge and capabilities, but particularly in the identification and exploitation of synergic opportunities with partners (Achrol, 1997; Doz and Hamel, 1997; Sarkar *et al.*, 2001). The evolutionary trajectories taken by such SBEs should therefore be interpreted to the effect that through the construction of vertical (suppliers and customers) and horizontal networks (with competitors), they have benefitted from access to resources not available internally, by getting, at the same time, a critical mass of skills, that are relevant to competitive positioning, and growth, compiled by Lorenzoni (2010). Sharing knowledge, however, can become an incentive for further development and innovation, with significant effects in terms of value generated by the continuity of relationships. Networks are a source of competitive advantage if they assume a strategic (Gilmore *et al.*, 2000; Carson *et al.*, 2004) and proactive (Achrol, 1997; Sarkar *et al.*, 2001) dimension, in particular in the operating environment of small businesses. Richbell *et al.* (2006) study finds that businesses with growth strategies had formalized plans, supporting the argument that businesses, specifically SBEs, need to balance their resources and deploy them strategically in their activities, to obtain growth and competitive advantage (Kemp & Verho even, 2002; Mazzard *et al.*, 2009). Thus customer retention, explained by Chopra and Garg (2012) has become one of the priorities for businesses, especially for SBEs, if they are to survive and grow in the wine industry. This can be achieved by high customer satisfaction which results from delivering products and services that meet customers' needs and expectations.

The market environment, as explained by Patruti-Baltes (2016), is an expression that refers to all the forces outside of a business that can influence its performance and growth. The market environment consists of both the macro-environment and the micro-environment. Macro environment includes the key external and out of control factors that manipulate a business model, and have an effect on its performance and strategies. These factors comprise of the fiscal factors – demographics; legal; political; technological changes; and natural forces. Whereas, micro environment includes factors or essentials in a business's instant area of operations that have an effect on its performance and decision-making autonomy (Hussain *et al.*, 2013; Cacciolatti & Lee, 2016; Olson *et al.* 2018). These factors consist of competitors, customers,

distribution channels, suppliers, and the community. Sohn *et al.* (2003) and Hussain *et al.* (2013) resolve that environmental dynamism, stability and change can have a significant impact upon growth strategies adopted for a business sustainable performance. For example, from macro environment perspective - drought remains a threat for wine farms in South Africa, in particular the production of grapes is affected by drought that is a combination of low rainfalls and high temperature. Equally, from a micro perspective – the effects of social media on consumer purchasing behavior of wine between the millennial and non-millennial generations, as analysed by Sogori *et al.* (2017). The well-known product growth matrix is a method that can assist small wine farm business to grow as it provides four basic alternatives for strategic direction. (1) Market penetration strategy, as explained by Devakumar and Barani (2016) and Bigley (2019) involves focusing on selling the current products or services to your existing market to gain a greater market share. The strategy might involve a slight modification to the existing product – increasing alcohol levels or perhaps intensifying the flavor in wine products to the preference of selected customers and selling wine products at convenience stores closer to the existing market. (2) Market development strategy involves offering existing products to new markets such as new segments, new users, or new geographic market (Johnson *et al.*, 2008; Hussain *et al.* 2013). This strategy can be used by small wine farm businesses to market existing product range in a new market as it is valuable technique for increasing the customer base and subsequently business growth. (3) Product development strategy is when a business delivers a modified or new products to the existing markets and implies a limited extension of organizational scope (Johnson *et al.*, 2008). Product and service change is the primary way in which organisations adapt to changes in the market environment – such as consumer buying patterns, technology and competition, as explained by Draft *et al.* (2020). (4) Product diversification strategy as constructed by Hussain *et al.* (2013) involves creating a new customer base, product which expands the market potential of the original product. Diversification includes brand extensions or new brands and, in sometimes product modification can create a new market by introducing new uses of the product. Small wine farm business can institute wine grapes form the basis of operations, with production of wheat, beef, conservation and tourism spreading risk and ensuring income throughout the year. Growth and sustainable performance for any business is essential, as it improves the brand reputation enabling for business to broaden its supply base, enlarge market share, establish competitive superiority, increase business stability and profits.

III. RESEARCH METHOD

For the purpose of this paper, a single qualitative case study was employed to examine growth strategies needed by small business enterprises in the wine industry. In business management research, the interest in the case study as a method for generating testing theory has recently gained strength (Eisenhardt & Graebner, 2007; Lee *et al.*, 2007; Platt, 2007; Siggelkow, 2007; Gibbert *et al.*, 2008). The case study

method facilitates the collection of more extensive amounts of information than other methodologies. This provides for more comprehensive data and a greater understanding of the phenomenon, as explained by Morse and McEvoy (2014). Eisenhardt and Graebner (2007) argue that it is one of the best bridges between rich qualitative evidence and mainstream deductive research. Instead of generalising findings from a large sample of cases to a population of cases represented by a sample, as in the hypothetical-deductive method, a single case or few generalises findings to theory, as debated by Yin (2009). For the purpose of this research paper, the focus is on the single qualitative case study method and theory building is viewed to be limited possibility, since most instances theory building through cases involves multiple cases, not single ones, as analysed by Mariotto *et al.* (2013). Vannoni (2015) argues that multiple cases are favourable when the case studies are compared to each other and the researcher also can provide the literature with an important influence from the contrasts and similarities. Somewhat surprisingly, single case studies can enable creation of more complicated theories than multiple cases, because single case researcher can customise theory exactly to the many details of a particular case. In contrast, multiple case researchers retain only the relationships that are replicated across all of the cases (Eisenhardt & Graebner, 2007). For creating high quality theory, Dyer *et al.* (1991) argue that single case studies are better than multiple cases because single case study produce extra and better theory. Furthermore, Gustafsson (2017) proposes that the undertaking of a single case enables the researcher to question old theoretical relationships and explore new ones because of that a more careful study is conducted. Yin (2009) justified that if a researcher only wants to study one single case (a person from a specific group), a single case study is the best choice. For purpose of this paper, detailed information was obtained from the small farm owner on what mechanism and strategies needed to realise business survival and continuous growth in the wine industry. Furthermore, was to explore the small business owner's perception and viewpoint on product and service innovation as it is critical for the improvement of internal business processes, introduction of new products and services, and remain competitive in the market environment. The interview was conveniently organised at the owner's farm located in Roodepoort farm, Ventersdorp, North West province of South Africa. Venterdorp is located in the fertile vaal river valley and is about 110 kilometres east of Johannesburg the main economic hub of the country. Farming and agriculture are the main economic sector in this region and the first farm established was called Sterkstroom ("strong flowing stream") and with further developments, farming and agriculture still remains the main source of economic activity for the community. The owner of Nong Wines, Mr Jeff Nong, started his farm in 2011 after the acquisition of land. The farm is approximately 10 hectares with over 25000 vine trees. A face-to-face interview was conducted with an interview guide while allowing for a semi-structured interview format, as this allowed the interviewer to have probing questions that assisted in generating new information and ideas on the subject. Conducting a semi-structured interview questions that were

open-ended assisted in the facilitation of the data collection process by allowing for in-depth follow-up question to the opinions of these industry professional regarding the development and management of a wine farm (Yin, 2003).

IV. RESEARCH FINDINGS

The interviewer commenced the session by asking general questions about the profile of business and background information of the owner. This was followed by general questions of the small business owner level of knowledge or understanding concerning farming, in particular wine farming and tourism. In this findings, there were three themes that were identified and data was then classified into the relevant themes. The three themes include (1) the development and management of a wine farm, (2) the business management support, and lastly (3) developing a growth strategy.

(1) Development and management of a wine farm

The session commenced by asking general questions such as "the business owner's educational background, purpose for starting a wine farm, and processed involved in the management of a farm."

The participant presented a brief description of how the journey started with the acquisition of a wine farm and management principles undertaken. "...the business was initially started in 2008 and was registered in the year 2012 and the process started with establishing a business plan that included the economic feasibility plan of the farm, possible source of funding, and risk management plan, and with specific reference to source of funding, the business was partly funded by the government and contribution from the private businesses." The participant explained his experience with mixed crop farming that ultimately led to viticulture or wine growing through cultivation and harvesting of grapes. "...prior to acquiring a farm I obtained a business and farming certificate at the small business advisory bureau at the North West University (Potchefstroom campus) formerly known as Potchefstroom University and worked for Anglo-gold Ashanti a mining company. He was grateful for Anglo gold Ashanti after receiving scholarship funds when he worked for the organisation in the finance department – he used the scholarship funds to attend a college and enrolled for a business management and entrepreneurship course. Further, he indicated that "with the experience I obtained was the catalyst in establishing my own farm business as I had an inclination of being an entrepreneur by nature, and to be specific was inspired to be community-based entrepreneurship as I consider it as an important instrument to the empower the community in and around Roodepoort farm..."

Response to the discussion point on how many people are employed by the business and clientele profile, the following response were obtained: Currently they had five permanents and eighteen seasonal employees, the latter was employed specifically during harvesting seasons and in the removal of weeds and other similar activities in the plantation. "a student studying for a diploma in agriculture (mixed agriculture) from

the University of Free State was placed at my farm to undergo internships in her final year of the program. The student received training on viticulture that involved monitoring and control pest, monitoring the development of fruits, vine pruning during winter season, when to harvest and many more. The student was taught on horticulture – plant production for six months. As a result, the students obtained a distinction in the module of viticulture and horticulture.” In addition, the year 2020 an estimation of 20 students from the agriculture college in Potchefstroom will undergo practical training in viticulture at the farm. The farm business has partnered with Agricultural Sector Education Training Authority (AgriSETA) in the uplift of the community through apprenticeship programmes which focuses on skills transfer to community members in the NW province.

The discussion point concerning the business clientele profile and its distribution centres, the response was as follows: “...90% of the products are sold to the local and domestic market and the international market was mostly Botswana, South Africa’s neighbouring country.” In the medium to long term plans the business would like to develop a market as part of its growth strategy to sell its existing products to non-buying customers in target markets such as - domestic market (North West Province, South Africa) and international markets (Botswana and Zambia). The product range – red and white wines, both have options of dry and sweet flavours. Dry wine - when all of the grape sugar is converted to alcohol during fermentation and while a sweet wine - still has some residual sugar. The product is bottled and is distributed to retail outlets. Thus wine production today bases its basic marketing strategy on the concept of a diversified produce that has in-built quality elements, which prompt consumers to identify and experience them and appreciating them by paying something more. Probing was used and the following respond resulted “... have participated in marketing and promotion events – Johannesburg, Cape Town, Durban, Gaborone, Lusaka and many more to educate markets of the product range, and furthermore lure in prospective customers, and generate future sales.”

(2) Business management support

The discussion “have your business received any management support from government or private business?”

The strategic partnership formed with private businesses has had a significant impact on the sustainable performance and growth of the small business. Strategic partnership with Totpak & Schoonspruit Distillery business that was established in the year 1989 and has since grown into a unique proudly South African company. The business specialises in huge variety of quality alcohol products that has more than 20 000 retail outlets nationwide. “...with the business vast experience in the field of distilling and bottling of alcohol products, the business has assisted my small business in the process of converting grapes into wines. The process starts with the harvesting of grapes and then they are delivered to Totpak refinement factory for destemmed, which is a winemaking machinery that removes stems from the clusters

and lightly crushed into grapes, then thereafter the following phase – monitoring if the wine has reached its full expression in aging, then the wine is bottled for consumption and distributed to retail stores.” The business has supported and mentored my business that has had impact on market exposure, sustainable performance and overall growth.

Response to the discussion point on how has government provided support to the business, the following response were obtained: At the present time the business has not received any adequate support from government and that is: national, provincial and regional government. Probing was used and resulted in this response “I have used my own funds to upskill myself by affiliating at different colleges to enhance my skills and abilities in managing a productive business and overall not enough is been done by government...” Response to the discussion point on how have government provided support to the business and grow in the wine industry, with regards to business information, management support, training and financial assistance, the following response were obtained: He mentioned that “For his business to grow he needed support from government to warrant business continuity and longevity. I was supposed to receive one million financial assistances from district Dr Kenneth Kaunda District Municipality, an environmental specialist was send to survey the farm and other resources, to verify if the land was favourable for wine farming and all testing (soil and other resources) was conducted, I amended and complied with specifications recommended by the environmentalist and in the end the funds were declined and reasons provided were inadequate and unacceptable...”

(3) Growth strategy

The discussion “if the owner considers strategy development as an important plan for business growth?”

Strategic development in small business is important and serves as a direct contributor to the competitiveness of the establishment but also because of the potential for the small business sector to act as initiator, catalyst and agents of change in the wine farm industry. Strategy can identify the trends and opportunities, have an understanding of the business internal strengths that can be used to take advantage of the opportunities and allow the business to establish competitive advantage over other businesses. He further indicated “...strategy can examine the market in broader sense, government policies, the use of technology devices, monitor consumer buying behaviour and modify business tactics to react to this changes, as it is important for business survival and growth. It is important to business growth as there is constant threats from other wine distributors based in the province – Groot Marico and Potchefstroom, and in other provinces as well. In addition, business have indirect competition from alcoholic products such as beer.

Response to the discussion point on what opportunities that are existing in the wine market, the following response were obtained: develop a market development strategy and target non-buying customers in the province, and key markets such as the Gauteng province. This strategy can target new

customers in new market segments such as traditional beer consumers in the province. A fair amount of consumer research has been conducted and has indicated that there is opportunity to tap into the beer consumption market, this will entail a detailed promotion activity through the use of social media as medium of communication and educate the market of the product attributes. Probing was used and resulted in this response "have wine tasting events at the farm, organise jazz festivals and educational tours to the farm and the distillation centres. Wine tourism, which is growing and developing at a rapid pace in South Africa and globally, is considered widely as a driver of economic and social development in rural areas." The initiative will inspire the entrepreneurial character amongst communities in and around the farm and encourage them to start their own entrepreneurial activities in support or complimentary to the wine farm such as the sale of crafts and cultural products. Market penetration strategy – consumer research has revealed the purchasing patterns of different ethnic groups, and upon analysing the results the Black African male market in the province can be identified as niche market and the aim should be to increase wine consumption amongst this target market. Response to the discussion point the challenges in the wine market that might impede business growth, the following response were obtained: "the crime in the province, intense competition in the industry, effects of climate change, and unwillingness of government support to small business enterprise. Assisting small businesses develop and thrive is a win-win situation for the government. Small businesses support the tax base through businesses taxes and through the salaries provided to employees.

Response to the discussion point on whether product development and product innovation important for business expansion, the following response were obtained: "there is a new product in the market – distilled 5-year-old brandy that is ready for the market, brandy has to be stored in an old barrel for at least 3 years because the longer the brandy is stored in a barrel it increases in quality and as a result increase in monetary value. The product development went through a thorough testing process and needs to be market to the existing market" Product development strategy is developing a new product for the existing market and with the prospects of attracting new markets. This is an important concept for continual growth of business as this increase the satisfaction level of customers with the brand, as this will lead to the retention of customers and increase its market share. Probing question was asked with how the business plans to increase its market share in the province, the response was as follows: "...I am hoping to diversify geographically in other region of the North West Province through acquiring a farm and develop a wine farm. This strategy will reduce the overall risk and improve returns. Furthermore, the business to grow substantially will need a capital investment to purchase more assets such as equipment and land."

V. CONCLUSION

The strategic management is an important prescription for small businesses to incorporate in their business model for their

survival and long-term growth in the wine industry. Achieving a competitive advantage position and enhancing small business performance relative to their direct and indirect competitors are the main objectives that businesses in particular should strive to attain. The small business sector is seen as a key to South Africa's growth and alleviation of poverty and unemployment in the country. Therefore, the promotion and support of such enterprises by government, analysed by Aremu and Adeyemi (2011) is of paramount importance since it brings about a great distribution of income and wealth, economic self-dependence, entrepreneurial development employment and a host of other positive, economic uplifting factors.

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