GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

BUSINESS STUDIES

GRADE 11

TERM TWO

CHAPTER SEVEN

BUSINESS VENTURES

CREATIVE THINKING AND PROBLEM SOLVING

TABLE OF CONTENTS

TOPICS	PAGES
Exam guidelines for avenues of acquiring a business	2
Terms and definitions	2
Meaning of creative thinking	3
Differences between routine versus creative thinking	3
Differences between conventional versus non-conventional solutions	3
Ways in which businesses can create an environment that stimulate creative thinking	3-4
Benefits/advantages of creative thinking in the workplace	4
Meaning of problem solving	4
Meaning of and application of the Delphi technique in the workplace	5
Meaning of and application of the force field analysis in the workplace	6
Advantages of working with others to solve problems	6

This chapter consists of 6 pages.

Downloaded from www.mycourses.co.za

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

AVENUES OF ACQUIRING A BUSINESS

Learners must be able to:

- Explain/Elaborate on the meaning of creative thinking.
- Differentiate between routine versus creative thinking.
- Differentiate/Distinguish between conventional versus non-conventional solutions.
- Recommend ways in which businesses can create an environment that stimulate creative thinking.(Recap
- Explain the benefits/advantages of creative thinking in the workplace.
- Define problem solving
- Explain the meaning of a Delphi and Force-Field analysis. (Recap)
- Apply a Delphi and Force-Field analysis from given scenarios/case studies.
- Explain the advantage of working with others to solve problems.
- Interview a business and find out about the following aspects:
    - What are the business problems
    - Create solutions to solve the problems.
    - Assess the solutions against the reality of the business.

TERMS AND DEFINITIONS

TERM	DEFINITION
Delphi technique	A complex problem solving technique that tries to get a group of people to agree on how to solve a complex problem.
Force-field analysis	A problem solving method that looks at two opposing forces that support a problem being solved or a situation changing.
Problem solving	The process of finding solutions to difficult or complex issues.
Business problems	These are current or long term challenges and issues faced by the business.
Creativity	It is an act of turning new ideas into reality.
Competitive	Means as good as or better than others of a comparable nature.
Innovation	Introducing new and original ideas or methods.
Change	Make or become different.
Questionnaires	It is a research instrument consisting of a series of questions for the purpose of gathering information from respondents.
PDCA process/cycle	Plan-Do-Check- Act , this model is used to solve complex business problems

This chapter consists of 6 pages

Downloaded from www.mycourses.co.za

1 Meaning of creative thinking

- Creative thinking refers to thinking differently and looking at something in a new way.
- Creative thinking is about approaching a thought/idea/problem/situation in a new and interesting way.
- It is a process of putting facts/concepts/principles together in new and original ways.
- Businesses need to solve their problems efficiently to find creative solutions to problems.

2 Differences between routine versus creative thinking

ROUTINE THINKING	CREATIVE THINKING
• It refers to ordinary/ every day/conventional thinking	• It refers to looking at an opportunity/ problem in a new and different way.
• It is suitable for work that requires logic, consistency and attention to detail.	• It is invaluable in keeping the business innovative and relevant in a changing market and to solve new problems.
• It does not lead to new ideas or pattern of thought.	• It leads to an idea that is original compared to existing ideas.
• Requires businesses to apply old thinking patterns to new situations.	• Requires businesses to apply new ways of thinking to old situations.

3 Differences between conventional versus non-conventional solutions

CONVENTIONAL SOLUTIONS	NON-CONVENTIONAL SOLUTIONS
• Ordinary and unimaginative solutions	• Different and creative solutions
• They are solutions obtained through logical, analytical problem solving methods.	• They are solutions that are obtained from creative thinking.
• There is often one solution to a problem	• There is often more than one solution to a problem
• Chooses and looks for what is right	• Changes and looks for what is different
• Concentrates on relevance	• Does not mind chance interruptions
• Moves in the most likely directions	• Explores the least likely directions

4 Ways in which businesses can create an environment that stimulate creative thinking

- Businesses must emphasise the importance of creative thinking to ensure that all staff know that their ideas will be heard.
- Encourage staff to come up with new ideas/opinions/solutions.
- Encourage job swops within the organisation/studying how other businesses are doing things.
- Encourage alternative ways of working/doing things.
- Respond enthusiastically to all ideas and never let anyone feel less important.
- Reward creativity with reward schemes for teams/individuals that come up with creative ideas.

Downloaded from www.mycourses.co.za

- Provide a working environment conducive to creativity, free from distractions.
- Make time for brainstorming sessions to generate new ideas, e.g. regular workshops/generate more ideas/build on one another's ideas.
- Place suggestion boxes around the workplace and keep communication channels open for new ideas.
- Train staff in innovative techniques/creative problem solving skills/mind-mapping/lateral thinking.

5 Benefits/Advantages of creative thinking in the workplace

- Complex business problems may be solved.
- Creativity may lead to new inventions which improves the general standard of living.
- Better/Unique/Unconventional ideas/solutions are generated.
- May give businesses a competitive advantage if unusual/unique solutions/ ideas/strategies are implemented.
- Managers/employees have more confidence as they can live up to their full potential.
- Managers will be better leaders as they will be able to handle/manage change(s) positively and creatively.
- Managers/Employees can develop a completely new outlook, which may be applied to any task(s) they may do.
- Leads to more positive attitudes as managers/employees feel that they have contributed towards problem solving/Improves motivation amongst staff members
- Managers/Employees have a feeling of great accomplishment and they will not resist/obstruct once they solved a problem/contributed towards the success of the business.
- Management/Employees can keep up with fast changing technology.
- Stimulates brain function of employees/managers, as they are continuously pushed out of their comfort zone/improving the total well-being of employees.

6 Meaning of problem solving

- It is a clear process to follow whenever a problem needs to be solved.
- A process of finding the correct strategy to respond to a problem.
- Problem solving involves analytical and creative skills.
- Some businesses uses the PDCA process/cycle to solve a problem.
- PDCA stand for Plan-Do-Check-Act.

Downloaded from www.mycourses.co.za

7 The Delphi technique and Force-Field analysis

7.1 Meaning of the Delphi Technique

- It is a technique that is used to solve new and complex problems.
- The Delphi technique is a popular method of gathering information by using a selected expert's panel on a specific topic.
- The group of specialists/expert's panel never meet face to face.
- This technique uses a series of questionnaire to obtain feedback from experts.
- The questionnaires are used to bring about agreement from different views.

7.2 Ways in which businesses can apply the Delphi Technique in the workplace

- Businesses must invite a panel of experts to research the complaints from customers.
- Experts do not have to be in one place and will be contacted individually.
- Design a questionnaire consisting of questions on how to improve the quality of their tiles and distribute it to the panel members/experts.
- Request the panel to individually respond to the questionnaire/suggest improvements to the products and return it to businesses.
- Summarise the responses from the experts in a feedback report.
- Send the feedback report and a second set of questions/questionnaire based on the feedback report to the panel members.
- Request panel members to provide further input/ideas on how to improve the quality of their tiles after they have studied the results/documentation.
- Distribute a third questionnaire based on previous feedback from the second round.
- Prepare a final summary/feedback report with all the methods to improve the quality of products.
- Choose the best solution/proposal after reaching consensus.

7.3 Meaning of force field analysis

- Force filed analysis is a method of listing, discussing and analysing the various forces for/advantages and against/disadvantages of a proposed change.
- It is often used for planning and implementing change in a business.
- The analysis involves identifying the advantages and disadvantages of a decision.
- This tool is especially useful to overcome resistance to change.

7.4 Ways in which businesses can apply the force field analysis

- Describe the current situation/problem and the desired situation.
- Identify what is going to happen if there is no action taken.
- List all driving/pros and restraining/cons forces that will support and resist change.
- Discuss the key restraining forces and determine their strengths.
- Discuss the key driving forces and determine their strengths.
- Allocate a score to each force using a numerical scale, where 1 is weak and 5 is strong.
- Weigh up the positives and negatives then decide if the project is viable.
- Analyse the restraining forces and best way of advancing them.

Downloaded from www.mycourses.co.za

- Explore the driving forces and the best way of advancing them
- Choose the force with the highest score as the solution.
- If the project is viable, find ways to increase the forces for change.
- Identify priorities and develop an action plan.

8 Advantages of working with others to solve problems

- The problem can be solved faster and easier.
- Workload decreases if everyone does their share.
- More ideas can be generated increasing the chances of finding the best possible solutions.
- Exposure to other people's thinking patterns and to the way other people approach problems.
- Enables team members to learn from others and accept their points of views.
- Greater results can be achieved.
- Team members have access to a broader bases of knowledge, skills and expertise.
- The problem is viewed from different perspectives.
- There is access to a broad base of knowledge, skills and expertise.
- Problems are analysed in greater detail which lead to better understanding of the problem.
- Promotes creative thinking and idea generation by thinking of as many ideas as possible to solve problems.

Downloaded from www.mycourses.co.za

GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

BUSINESS STUDIES

GRADE 11

TERM TWO

CHAPTER EIGHT

STRESS, CRISIS AND CHANGE MANAGEMENT

TABLE OF CONTENTS

TOPICS	PAGES
Table of contents	1
Exam guidelines on stress and crisis management	2
Terms and definitions	3
Meaning of stress	4
Causes of stress in the business environment	4
Importance of stress management in the workplace	4-5
Ways employees can manage stress in the workplace	5
Definition of crisis	5
Examples of crisis in the workplace	5
Ways businesses can deal with crisis in the workplace	6
Definition of change	6
Internal and external causes of change	6-7
John P. Kotter's 8 steps of leading change	7
Major changes that people and businesses deal with	7-8
Strategies businesses can use to deal with globalisation and affirmative action	8
Ways businesses can deal with/manage change in the workplace	8

This chapter consists of 8 pages

Downloaded from www.mycourses.co.za

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

STRESS AND CRISIS MANAGEMENT

Learners must be able to:

- Explain the meaning of stress.
- Outline/Mention/Explain the causes of stress in the business environment e.g. work overload/long working hours/time pressures and deadlines/incompetent managers etc.
- Discuss/Explain the importance of stress management in the workplace.
- Suggest/Recommend ways employees can manage stress in the workplace.
- Define the term crisis and give typical examples of crisis in the workplace.
- Recommend/Suggest ways businesses can deal with crisis in the workplace.
- Outline/Mention internal/external causes of change.
- Identify the causes of change from given scenarios/case studies etc.
- Outline/Mention/Discuss/Explain John P Kotter's 8 steps of leading change e.g.
    - Establish a sense of agency
    - Create a guiding coalition
    - Develop a vision and a strategy
    - Communicate the vision
    - Empower broad-based action
    - Generate short-term wins
    - Consolidate gains
    - Anchor in the culture
- Apply John P Kotter's theory of change using given scenarios/case studies.
- Discuss/Explain/Describe major changes that people and businesses deal with e.g. unemployment, retrenchment, globalisation and affirmative action.
- Suggest strategies business can use to deal with globalisation and affirmative action.
- Recommend ways businesses can deal with/manage change in the workplace.

Downloaded from www.mycourses.co.za

Terms and Definitions

TERM	DEFINITION
Deadlines	Date by which something should be completed.
Pressures	The use of persuasion to make someone do something.
Incompetence	Inability to do something successful.
Overload	To put many things in or on something or someone.
Vision	The ability to think or plan the future with imagination.
Communication	The imparting or exchanging of information by speaking, writing or using some other medium.
Consolidated gains	To bring together separate parts into a single or unified whole.
Proactive	Controlling a situation rather than just responding to it after it has happened.
Disaster	A sudden accident or a natural catastrophe that causes great damage or loss of life.
Solutions	Solving a problem or dealing with a difficult situation.
Morale	Confidence, enthusiasm and discipline
Turnover	Rate at which something changes

Downloaded from www.mycourses.co.za

1 Meaning of stress

- Stress is defined as a state of emotional or mental strain.
- The strain can affect memory/concentration and lowers the morale of employees.
- Stress refers to the harmful physical/emotional responses that can happen when there is conflict between job demands on the employee and the amount of control an employee has over meeting these demands.
- It is the wear and tear our bodies experience as we adjust to our changing environments

1.1 Causes of stress in the business environment

- Heavy workload/Unrealistic targets
- Long working hours
- Time pressures and deadlines
- Inadequately trained subordinates
- The necessity of attending meetings
- Work demands intruding on family and personal life
- Keeping up to date with new technology
- Conflict with those in the business with different beliefs and values
- Taking work home
- Interpersonal relationships with colleagues
- The amount of travel required by work
- Incompetent bosses
- Bullying or harassment
- Job insecurity
- Lack of accountability
- Lack of participation in decision-making
- Lack of finances, human resources or physical resources
- Poor working conditions
- A lack of power and influence
- Badly designed shift systems
- Changes in job description, management, in technology or in the economy√
- Confrontations and conflicts
- Inadequate training

1.2 Importance of stress management in the workplace

- If stress is not managed effectively, it can get out of control and cause staff health issues.
- Stressed employees are more likely to miss work, both as a way to cope and due to health-related problems.
- Managing stress will curb absenteeism in order to maintain productivity at workplace
- Workers who suffer from stress often display poor judgement in crisis or emergency situations and this can be avoided through managing stress
- Grievances or complaints that lead to staff turnover can be addressed if stress is well-managed.
- Conflict and interpersonal problems can be avoided if stress is managed at the workplace.

Downloaded from www.mycourses.co.za

- Having stressed and tired employees serving the public may lead to poor service and unhappy customers and this can be corrected through management of stress
- Stressed employees are more likely to cling to the old ways of doing things by resisting change and this can be controlled through proper management of stress.
- Constant stress can cause many problems for a business since it can become an unhealthy environment.
- Too much stress can become a barrier to success and lowers the performance of workers.

1.3 Ways employees can manage stress in the workplace

- Develop self-awareness to recognise the signs of stress and its causes.
- Create a balanced lifestyle and minimise extreme emotions.
- Exercise regularly and keep fit.
- Follow a balanced diet
- Get enough sleep and relaxation
- Replace negative self-talk with positive thoughts
- Apply good time-management skills
- Set personal realistic goals and targets
- Accept things one cannot change and focus on things one can control
- Practise time management

2 Definition of crisis

- Crises is an unforeseen event that can cause major changes in an organisation.
- It refers to the sudden and potentially disastrous events.
- It is time of intense difficulty/ trouble/ danger.
- An event that can harm the business's stakeholders/ its property, finances / its reputation.
- Any situation that threatens people at home or work.
- Unforeseen event that can cause major changes in the organisation.

2.1 Examples of crisis in the workplace

- Loss of property due to fire
- Theft of assets and equipment.
- Breakdown in machinery
- Power outages
- An accident
- Serious illnesses without replacements
- Conflict
- Supply shortage
- A sudden increase in production costs
- Unforeseen drop in revenue
- Lawsuit
- Tight deadline
- Natural disasters, e.g. earthquakes, floods, etc.

Downloaded from www.mycourses.co.za

2.2 Ways businesses can deal with crisis in the workplace

- Businesses should respond appropriately and quickly to lessen the effects of the crisis situation.
- Intervene swiftly and with urgency, but without panicking or overreacting.
- Identify the real nature of the crisis by making a thorough assessment of the situation and seeking expert opinions
- Assess/If the crisis happens, face up to it and quickly find out what has happened without over-reacting.
- Deal with crisis directly and timeously without trying to avoid/minimise the seriousness of the situation
- Plan/Identify and prioritise the actions required
- Inform/Provide accurate and correct information
- Support/Guide others through the situation by providing training and support.
- Attempt to contain the situation to minimise further damage
- Communicate with all stakeholders so that they are properly informed about what has happened, what the impact is and how it is being dealt with.
- Appoint a spokesperson from the management team who will deal with all questions and provide information
- Regain control/Manage the situation in a calm manner until the crisis is over.
- Obtain expert advice if the crisis falls outside the business' scope of expertise.
- Call for help and seek assistance/advice and support from the appropriate agencies and professional
- Arrange debriefing sessions for all those directly involved in the crisis or who have been traumatised by the event.
- Evaluate how effective the emergency plan was throughout the crisis.
- Amend the emergency plan after evaluating what worked and what did not work.

3 Definition of change

- Change is a process that takes people, employees and organisation from the present to a future desired change.
- New ways to get things done.
- A business needs to change in order to meet changing needs of customers, improved technology and international competition.

3.1 Internal and external causes of change

3.1.1 Internal causes of change

- New business objectives or goals
- High employee turnover where many employees have to join the business
- New policies and procedures implemented in the business
- New management
- Restructuring
- Retrenchment
- New equipment

Downloaded from www.mycourses.co.za

3.1.2 External causes of change

- Political factors e.g. change in government policy and international relations
- Social factors e.g. poverty/unemployment/HIV & Aids/etc.
- Legal factors e.g. the passing of new laws
- Economic factors e.g. increase in the interest rate
- Technological factors e.g. advances in production techniques and the information and communication technology (ICT) revolution.
- Market factors e.g. new firms entering the market and introducing new products.

3.2 John P Kotter's 8 steps of leading change

- Establish a sense of urgency by motivating their employees
- Form a powerful coalition/Build the guiding team by bringing together a team of influential people who will convince everyone else that change is needed
- Develop a vision and a strategy, decide what values are central to the change
- Communicate the vision frequently and demonstrate the kind of behaviour that they want from their employees
- Empower broad based action by identifying employees who are resisting change and help them see the need for change.
- Generate/ Create short term wins and make sure their businesses taste success early in the change process
- Consolidate gains/Build on change by analysing what went right and what needs to be improved after each win
- Anchor the changes in corporate culture and this must become part of the core of their business.

3.3 Major changes that people and businesses deal with

3.3.1 Unemployment

- It is when employees lose their jobs because they are fired, or they quit their jobs
- Change can lead to unemployment due to retrenchment.
- A business may close down/sold/merge resulting to unemployment.
- Copying with unemployment is traumatic and can lead to depression.

3.3.2 Retrenchment

- Retrenchment is when a business cuts the number of workers to reduce their wages and salary bill.
- A process whereby the employer reviews its business needs to increase profits or limit losses, which leads to reducing its employees.
- Economic changes may result in many people being retrenched from their jobs.

3.3.3 Globalisation

- It is a trend where businesses are able to trade in different countries.
- Businesses must deal with and adapt to changes that globalisation brings.
- Globalisation means that many local businesses struggle to compete with bigger/stronger/experienced markets abroad.

Downloaded from www.mycourses.co.za

Strategies business can use to deal with globalisation

- Adapt your approach to new operational complexities.
- Businesses should be aware of changes in the related industry
- Keep abreast of new technology/processes and developments that could give your business a competitive edge.
- Investigate overseas markets for their products
- Source overseas manufactures/materials/suppliers etc.
- Build a strategy for connecting with governments.
- Comply with international standards of quality.
- Comply with international trade laws.
- Upgrade the enterprise's information technology (IT) network to enable online purchasing.
- Be creative in making products desirable and unique.

3.3.4 Affirmative action

- Affirmative action is a policy that ensures that qualified people from designated groups have equal opportunities in the workplace.
- The policy aims to ensure that Black South Africans, women and people with disabilities are well represented in businesses.
- Workers can resent affirmative action appointments and people who have been appointed in affirmative action positions.

Strategies business can use to deal with affirmative action

- Inform employees on how affirmative action will be implemented in the business.
- Businesses must have acceptable affirmative action programmes.
- Businesses must indicate in all their job adverts that they are affirmative action employers.
- They should open themselves to new ideas and opportunities instead of sticking to the past.
- Employees need to focus on the job rather than the differences of the people in the team and how they were appointed.

3.3.5 Ways businesses can deal with/manage change in the workplace

- Acknowledging that change is stressful and empowering employees to cope with stress.
- Transparency in the process of change is important in building trust with employees.
- Management need to ensure that it communicates with employees and keeps all informed of decisions and anticipated changes.
- Do not deviate from the original plan.
- Involve employees in the transformation process.
- The business can manage change easily if employees have interpersonal relationships that are characterised by trust, respect and support.
- Employees should increase their skills levels in order to be more competitive for positions and promotion.
- Acknowledge/Respect differences and focus on achieving the goals/objectives.

Downloaded from www.mycourses.co.za

GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

BUSINESS STUDIES

GRADE 11

TERM TWO

CHAPTER NINE

BUSINESS OPERATIONS

MARKETING ACTIVITIES AND CONCEPTS: PRODUCT POLICY

TABLE OF CONTENTS

TOPICS	PAGES
Exam guidelines for	2
Terms and definitions	3
Definition of marketing	3
The role of marketing the marketing function	3
Marketing activities	3-4
Introduction to the components of the marketing mix	4
Meaning of the product policy	4
Types of products	4
Types/Kinds of consumer goods/products	5
The importance of product development	6
The steps/stages of product design	6
The purpose of packaging	6
Types/kinds of packaging	6-7
Meaning of trademarks	7
Importance of trademarks to businesses and consumers	7-8
The requirements of a good trademark	8

This chapter consists of 8 pages.

Downloaded from www.mycourses.co.za

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

MARKETING

Learners must be able to:

- Define marketing
- Briefly explain the role of marketing.
- Outline/Mention/Discuss/Explain the following marketing activities:
  - Standardisation and grading
  - Storage
  - Transport
  - Financing
  - Risk-bearing and
  - Buying & selling

MARKETING CONCEPTS

PRODUCT POLICY

- Outline/Mention/ Explain /Discuss the product policy with specific reference to types of product, product development, trademarks and packaging.
- Outline/Mention/Discuss categories of consumer goods/products.
- Explain/Discuss the importance of product development
- Outline/Mention/Discuss/Explain the steps/stages of product design.
- Mention/Explain/Discuss the purpose of packaging
- Outline/Mention/Discuss/Describe/Classify types/kinds of packaging.
- Elaborate on the meaning of trademarks
- Discuss/Explain/Describe the importance of trademarks to businesses and consumers.
- Outline/Mention/Explain the requirements of a good trade mark.

Terms and Definitions

TERM	DEFINITION
Idea generation	The process of creating, developing, and communicating ideas which are abstract, concrete, or visual.
Testing	Finding out how well something works.
Business analysis	A research discipline identifying business needs and determining solutions to business problems.
Brand name	A name given by a producer to a product.
Reputation	Belief or opinions that are generally held about someone or something.
Ingredients	Things that are used to make something.
Preference	A greater liking for one alternative over another or others.
Target market	A particular group of consumers at which a product or service is aimed at.

Downloaded from www.mycourses.co.za

1.1 Definition of marketing

- Marketing is used to deliver value to the customers and satisfying their needs.
- The aim is to link the business products and services with the customer needs and wants.
- Marketing also aims to get the right product or service to the right customer at the right place and at the right time.
- Businesses also establish a target market or maintain market share of a current product and locate the most appropriate customers through marketing activities

1.2 The role of the marketing function

- Support the overall objectives of a business, which is to maximise profits
- The marketing team needs to work closely with staff members from other business functions.
- Gather information about customer needs, preferences and buying behaviour and share information with other departments.
- Assist the development of the marketing strategy in collaboration with senior management from other business functions.
- Develop a marketing plan using elements of the marketing mix.
- Develop sales forecasts and projections and provide this information to other business functions.
- Decide which products or services the business will sell and how the products will be distributed.
- Determine what prices (cash or credit) they are going to sell.

1.3 Marketing activities

1.3.1 Standardisation and grading

- Standardisation is the process of developing a uniform set of criteria to ensure the production of quality goods.
- Standardisation also refers to taking steps to ensure that goods produced meet the required standards.
- Grading is the process of sorting individual units of a product into specified classes or grades of quality.
- Standardisation lays down the standards or grade of quality.
- Grading is the process of classifying agricultural products into categories according to their quality.

1.3.2 Storage

- Refers to the storage of goods after have been produced, until it is consumed or dispatched to intermediaries, wholesalers or retailers.
- The storage facility will be influenced by the type of goods that must be stored.
- Storage is needed as goods must be often in the warehouse until the final consumer need the goods.
- When goods are stores, they must be insured against fire/theft/damage etc.

1.3.3 Transport

- Products must be transported from storage facilities to intermediaries, wholesalers or retailers.
- The method of transport will be influenced by the type of products that must be transported.
- Transport ensures that products are moved from the producer to the consumer.

Downloaded from www.mycourses.co.za

1.3.4 Financing

- Capital is used to meet the financial needs of businesses involved in the various marketing activities.
- Finance is required to achieve the marketing objectives e.g. the marketing function must take into account the cost of advertising.
- Financing in the form of cash, credit or loans is needed to bridge the gap from when the product is completed to when the customer pays for it.

1.3.5 Risk-bearing

- The business enterprise carries the risks involved with owning the goods.
- There is a possibility that products can be damaged /stolen/outdated which may result in financial losses.
- The factory or the warehouse can, for example, catch fire, goods can be stolen or goods can perish.

1.3.6 Buying and selling

- Buying and selling are concerned with the exchange process.
- The buying function deals with searching for customers.
- The selling function deals with promoting the product.
- Some businesses need to buy raw materials in order to manufacture the final products, while some businesses buy and sell goods and services.

2 The components of the marketing mix

- The are four components of the marketing mix namely;
  - Product policy
  - Pricing policy
  - Distribution policy
  - Communication policy

2.1 The product policy

2.1.1 Meaning of the product policy

- The product policy is the first component of the marketing function.
- The product is the main component of the marketing mix e.g. when there is no product, there is no business.
- This policy explains how a business is going to develop a new product, design and package.
- The product policy deals with the features, appearance and the benefits of the product itself.

Downloaded from www.mycourses.co.za

2.2 Types of products

Industrial goods

- Industrial goods are used in the manufacturing process to produce other goods e.g. spare parts/equipment/machinery etc.

Consumer goods

- These are goods that satisfy the needs of consumers.

2.2 Categories of consumer goods/products

2.2.1 Convenience goods

- These are low priced goods purchased by consumers without much thought.
- Consumers are not willing to spend much effort on buying convenience goods because they differ very little in terms of price, quality and the satisfaction it provides to consumers.
- Example of convenience goods: bread, milk, soft drink, etc.

2.2.2 Shopping goods

- These goods are more expensive than convenience goods.
- Consumers do not buy them very regularly.
- They are prepared to spend a considerable amount of time and energy going to various shops until they are sure that they are getting the best value for their money.
- Examples of shopping goods; television, motor vehicles, clothing, etc.

2.2.3 Speciality goods

- These goods usually have specific brand names.
- Consumers know exactly what they want and are willing to search until they find exactly what they are looking for.
- Examples of speciality good; jewellery, branded clothing, etc.

2.2.4 Services

- Services are not tangible.
- Services are rendered by service providers to consumers.
- Example of services, garden service, etc.

2.2.4 Unsought goods

- Goods that consumers do not know think of until the need of such products appear.

Downloaded from www.mycourses.co.za

2.3 Importance of product development

- Product design needs to be designed to suit the needs of the customers.
- If the product design does not suit the target market, there will be very little demand for the product.
- Business need to develop new products in order to replace older products in stage 4 when the sale declines.
- Businesses are able to remain competitive because they are always on a lookout for ways to improve their products.
- Products become different from those of the competitors.

2.4 Steps/Stages of product design

- Idea generation/ Design and development of product ideas.
- Selecting and sifting of product ideas/ Idea screening.
- Concept development and testing/Design and testing of the product concept which should happen before a product is developed.
- Analysis of the profitability of the product concept/Business analysis.
- Consumer responses must be tested using a small sample of the Product/Market testing.
- Technical implementation/Systems and processes are put in the production planning and control process.
- Commercialisation/The product is launch and marketing/advertsing campaigns implemented.
- New product pricing/The product is priced and forecasts worked out.

2.5 Purpose of packaging

- Packaging is needed to contain the item or product.
- Protects the product from breakage, gems, moisture or spoilage.
- Promotes the product by indicating the brand and trademark of the company and product.
- Prevent tampering or theft of a product.
- Improves convenience in use or storage of a product.
- Contains information about the product, including uses, any harmful warnings or dosage requirements.
- Make product easier to identify
- Differentiates the product from other competing products.
- Attracts attention to show value of the product as a marketing tool
- Links the product to the promotion strategy used to promote the product.
- Reduces storage costs by minimising breakage.

2.6 Types/Kinds of packaging

2.6.1 Packaging for immediate use/Unit packaging

- Packaging needs to be cheap, because once the product is consumed, the packaging is thrown away.
- Example : packet of chips/chocolate bar wrapper

Downloaded from www.mycourses.co.za

2.6.2 Packaging for double use

- Packaging can be re-used for purpose other than storing the original contents.
- Consumers will thus be reminded of the particular brand after the original contents have been consumed.
- The container can be used for something else once the content is finished.
- Example; ice cream tub

2.6.3 Packaging for resale

- Retailers buy products in bulk from wholesalers or suppliers.
- Retailers unpack the products to sell them separately in smaller quantities.
- Example; big box containing many boxes of washing powder

2.6.4 Kaleidoscopic/Frequently changing packaging

- Some details of the packaging change to advertise an important sporting event/competition
- The container or wrapper are continually changing.
- Example. the advertise a sporting event

2.6.5 Speciality packaging

- Packaging must suit the product.
- Example. packaging for an expensive phone.

2.6.6 Combination packaging

- Various complementary products are packaged together because such products are usually purchased together.
- Example. Soap and a face cloth/shower gel and sponge/matching perfume and hand cream.

2.7 Meaning of trademarks

- A trademark is the name/logo/symbol used by a manufacturer/business to differentiate its products/business from competitors.
- A trademark is officially registered and protected from unauthorised use by law.
- It is a registered mark that a manufacturer puts on its products to distinguish its products from other manufacturers.
- Once a trademark has been registered, it may only be used by the person/business that registered the trademark.

2.8 Importance of trade of trademarks to businesses and consumers

2.8.1 Importance of trademarks to businesses

- A trade mark establishes an identity/reputation
- A registered trademark protects businesses against competitors who sell similar products.
- A well-known trademark helps to make a brand instantly recognisable
- Offers a degree of protection because branded products can be traced back to the manufacturer
- Businesses can use trademarks to market/advertise their products.

Downloaded from www.mycourses.co.za

2.8.2 Importance of trademarks to customers

- Creates a sense of security and consistency for customers.
- Promotes loyalty and creates consistency for customers.
- Consumers are more likely to accept new products that are marketed under a well-known brand/trademark
- It represents a certain standard of quality and price to the consumer.

2.9 The requirements of a good trade mark

- Must be attractive.
- Must suit the product.
- Suitably designed for the target market.
- Must be different from its competitors.
- Must promote the image of the enterprise.
- Suitable for display purpose.
- Must be environmentally friendly.
- Must protect the contents.
- Should be easy to distribute/handle/transport and use.
- Protect and promote the product.
- Link the product to its promotion strategy.
- Draw the attention of consumers.
- Inform customers on how to use the product.
- Prevent spoiling or damage.
- Reduce storing costs by minimising breakage.
- Easy to handle and display on the shelves in the store.
- Indicate the correct mass or volume of the contents of the product.
- Indicate the ingredients of the product, if applicable.
- Indicate the name and contact details of the manufacturer.

Downloaded from www.mycourses.co.za

GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

BUSINESS STUDIES

GRADE 11

TERM TWO

CHAPTER TEN

BUSINESS OPERATIONS

MARKETING ACTIVITIES: PRICING AND DISTRIBUTION POLICY

TABLE OF CONTENTS

TOPICS	PAGES
Exam guidelines for the pricing and distribution policies	2
Terms and definitions	3
The meaning of price	4
The importance of pricing	4
Pricing techniques	4-5
Factors that influence pricing	6
The meaning of distribution & channel of distribution	7
Meaning of intermediaries	7
Different types of intermediaries	7
The role of intermediaries in the distribution process	8
The different types of distribution channels	8
Differences between direct and indirect channel of distribution	9
Reasons why manufacturers may prefer to make use of direct or indirect distribution method	9-10

This chapter consists of 10 pages

Downloaded from www.mycourses.co.za

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

MARKETING ACTIVITIES: PRICING AND DISTRIBUTION POLICIES

Learners must be able to:

PRICING POLICY

- Define/Explain the meaning of price
- Discuss/Explain the importance of pricing.
- Outline/Mention/Explain/Discuss the following pricing techniques e.g.:
  - Cost-based/orientated pricing
  - Mark-up pricing
  - Customer/target based pricing
  - Competition based/orientation pricing
  - Promotional pricing
  - Penetration pricing
  - Psychological pricing
  - Bait pricing
  - Skimming prices
- Identify the above-mentioned pricing techniques from given scenarios/statements. Quote from the scenario to support your answer.
- Outline/Mention/Explain/Discuss factors that influence pricing.
- Identify these factors from given scenarios/
- statements. Quote from the scenario to support your answer.

DISTRIBUTION POLICY

- Define/Explain the meaning of distribution.
- Outline/Discuss/Explain the channels of distribution.
- Differentiate/Distinguish between direct and indirect channel of distribution.
- Explain the meaning of intermediaries
- Outline/Mention different types of intermediaries.
- Explain the role of intermediaries in the distribution process.
- Draw the channel of distribution.
- Briefly explain the reasons why manufactures may prefer to make use of direct or indirect distribution methods.

Downloaded from www.mycourses.co.za

Terms and Definitions

TERM	DEFINITION
Costs	An amount that must be paid or spent to buy or obtain something.
Mark-up	The amount added to the cost price of goods to cover overheads and profit.
Bait	It is when someone deliberately acts in a way to elicit an emotional response from another person.
Wholesalers	They are large-scale traders who operate as intermediaries between manufacturers and retailers.
Retailers	They are smaller-scale traders that operate as intermediaries between wholesalers and consumers.
Intermediary	A person/business that acts as a link between people and businesses to bring about the sale.
Substitutes	A person or an object acting in place of another.
Websites	A set of related web pages located under a single domain name.
Agents	A person who organises transactions between two parties.
A broker	A person who buys and sells goods for others
Logistics	The activity of organising the movement of goods, equipment, accommodation, etc.
Profit margin	The portion of the selling price that is not allocated to input costs/overheads and contributes to the gross profit margin of the business.
Cash and carry	Wholesaler purchase where payment is made in full by the customer.
Direct distribution	Exchange of products/services between the producer and the consumer
Indirect distribution	A distribution channel with at least one intermediary between the producer and consumer

Downloaded from www.mycourses.co.za

MARKETING ACTIVITIES (PRICING & DISTRIBUTION POLICIES)

1 The pricing policy

1.1 The meaning of price

- The price of a product refers to the amount of money that must be paid by the buyer to experience the benefits of the product.
- The pricing policy specifies what and how the business will work out the pricing of its product.

1.2 The importance of pricing

- The pricing process needs to consider flexibility/discount/territory/life cycle status/allowance.
- Pricing affects the number of products that an enterprise is able to sell, which in turn, affects profitability.
- The price of a product can influence the consumers' attitude towards the product or the brand.
- If the is believed to be too high, fewer consumers may buy the product.
- If the price is too low, consumers may perceive the good as being of poor quality.
- The pricing policy should explain when and to whom discounts will be granted.
- The price of a product must make provision for transport costs.
- The price of a product must make provision for VAT.
- Low sales result in stockpiles of unsold product that have to be stored and not repaying the cost of manufacturing that product.

2.3 Pricing techniques

2.3.1 Cost-based/orientated pricing

- Involves setting the price of a product based directly on its cost.
- The business calculates the cost of producing one unit of the product, called unit cost, and then adds a standard mark-up to obtain the price.
- The costs of production and supply are calculated and a suitable profit margin is added to determine the selling price.

2.3.2 Mark-up pricing

- It is calculated as a percentage.
- This percentage is calculated from the cost per unit.
- Example will include a sandwich-making a business may calculate that the cost of producing a sandwich is R10 and decide on a mark-up of 100%, setting the price at R20.

2.3.3 Customer/target based pricing

- It is when companies set certain targets to achieve.
- Based on what the business believes customers are prepared to pay.
- The perception of the product it wants to create in the customers' mind.

Downloaded from www.mycourses.co.za

2.3.4 Competition based/orientation pricing

- Sets its price based on what competitors are charging customers.
- This approach is also called going rate pricing or competitive pricing.
- The more competition in the market, the lower prices are likely to be.
- If the price is set at a higher level than of competitors, consumers must be convinced that the good is better in terms of quality and usefulness.

2.3.5 Promotional pricing

- Businesses offer sales or special offers to attract customers.
- It is used when the price is lowered for a short period of time.
- At certain times of the year, end of season ranges or old stock may be sold off at discount prices.
- Example include special offers/discounts that are valid for a limited period of time/"Buy one, Get one free" type promotions.

2.3.6 Penetration pricing

- Products are sold at very low prices to attract consumers when the product is introduced to the market.
- The aim is to convince the customers to buy a product.
- As soon as the introductory offer is over, the price is increased.
- It is often used for new products and it is not a profitable long-term marketing strategy.

2.3.7 Psychological pricing

- This strategy is used when the business wants the consumer to respond on emotional basis rather than a rational one.
- It is used to give an impression that an item is cheaper than it really is.
- A CD player is priced at R699 instead of R700.
- Consumer mentally place the item in the R600 rather than the R700 price range.

2.3.8 Bait pricing

- Prices are usually set lower than the items cost price to attract customers.
- It is used to attract customers into a shop to buy the product and other items.

2.3.9 Price skimming

- Prices attached to a new innovative product that is considered unique and prestigious.
- Higher prices are charged to test the demand.
- There are consumers who are prepared to pay higher prices, because such inventions have prestige value.
- As the product gains popularity, the price of the product is gradually reduced.
- Price skimming can be successful and profitable in the short term

Downloaded from www.mycourses.co.za

2.4 Factors that influence pricing

2.4.1 Input costs

- The higher the input costs, the higher the final price. An increase in labour or transportation could increase the final price.

2.4.2 Demand for the product

- The higher the demand, the higher the production volume, the lower the input costs, the lower the final price.

2.4.3 Target market

- Income level of the target market.

2.4.4 Type of product

- Luxury products can be priced higher.

2.4.5 Pricing technique used to determine the price.

- Promotional pricing could be lower than demand oriented pricing.

2.4.6 Competitive and substitute products

- If there are similar products that could replace a product, a high price may result in loss of sales to the substitute.
- If the price and demand of complement good increases, the other product may increase at the same rate.e.g. prices of computers and keyboards may increase at the same time.

2.4.7 The economic climate and availability of goods and services

- When there is a shortage of a certain product, people are prepared to pay more for it.

2.4.8 Forms of markets

- The following forms of markets will affect the price chosen

Perfect competition	• There are many buyers and sellers • Products are similar and there are many substitutes' products. • Example: Shares being traded on the JSE
Monopolistic competition	• There are many suppliers/sellers • Each supplier has his/her own brand of a particular product • Example: Car manufactures/dealers e.g. Toyota/Nissan/Ford etc.
Oligopoly	• Only a few suppliers/sellers control the prices of products. • Product are homogenous/same • Example: MTN, Vodacom /Cell C
Monopoly	• Only one supplier/seller controls prices and products • Profit margins are usually higher because consumers do not have any alternative • Example: Eskom

Downloaded from www.mycourses.co.za

3 THE DISTRIBUTION POLICY

3.1 The meaning of distribution

- Every business needs to have a distribution policy so that it knows how and where products need to be distributed.
- Distribution is about how the business gets its products to its customers.
- Once products have been developed and priced, they need to be made available to consumers at the right place and at the right time.
- Products need to be distributed from the place where they were manufactured to the market place.

3.2 The meaning of channel of distribution

3 Distribution channel is the path which the product is moved from the producer to the consumer.

- It is important that the channel is the most effective and cost efficient for the product and reaches the target market.
- A distribution channel is made up of many businesses that help move the product from the producer to the final user/consumer.
- It starts with the producer and ends with the final consumer.
- The main aim of the distribution function is to ensure that the right product is available at the right time.

4 There are three kinds of participants in a distribution channel :

- The service provider
- Intermediaries
- Customers

3.3 Meaning of intermediaries

- All the people that fall into the distribution process between the producer and the consumer.
- They are middlemen and act as negotiators and mediators between the producer and the consumer.
- Intermediaries can be wholesalers, retailers, agents and brokers.
- They are responsible for the transportation, storage and delivery of the goods and services.
- The organisations involved in the distribution channel are known as intermediaries.

3.3.1 Different types of intermediaries

- Wholesalers primarily sell goods to retailers.
- Retailers market directly to the final consumer.
- Agents sell products on behalf of manufactures for a commission.
- Brokers is a person who buys and sells goods for others.

Downloaded from www.mycourses.co.za

3.3.2 The role of intermediaries in the distribution process.

- Finding and locating buyers on behalf of the producer.
- Help in promoting the product.
- Intermediaries are specialists in selling, so the producer may be able to reach a wider audience.
- They can achieve greater sales by using intermediaries.
- The producer may not have the expertise or resources necessary to sell directly to the public.
- The intermediary may be able to provide more efficient distribution logistics, for e.g. transporting the product to various points of sale.
- Overall distribution costs may be lower using an intermediary than if the business undertook distribution itself, even when the intermediary's commission is taken into account.

3.4 The different types of distribution channels

Manufacturer/Producer-consumer

- This is the shortest channel as the producer sells directly to the consumer.
- It is usually found in the public sector

Manufacturer/Producer→retailer→consumer

- The producer sells goods to the consumer using the retailer.
- This is a single distribution channel and it is aimed at selling to large scale retailers

Manufacturer/Producer→wholesaler→retailer→consumer

- This is called a traditional distribution channel, the consumer buys from the shop, which buys from a wholesaler, which in turn gets its stock in bulk from the manufacturer.
- Consumer products such as maize meal are sold by the producers to the wholesalers, who again sell to retailers then to the consumers.
- This distribution channel is usually used in rural areas.

Manufacturer/Producer→wholesaler→retailer

- This is where the wholesaler buys from the producer and sells directly to retailers.
- The cash and carry wholesaler sells directly to retailers for consumption.

Manufacturer/Producer→agent→wholesaler→ retailer→ consumer

- Agents often connect the manufacturer to the wholesaler or retailer.
- The more intermediaries there are in a distribution channel the more consumers can be reached.
- Especially consumers in the rural areas who will also have access to goods.

Downloaded from www.mycourses.co.za

3.5 Differences between direct and indirect channel of distribution

Direct channel of distribution	Indirect channel of distribution
• Carry all the risks.	• Risks are shifted to intermediaries during the distribution of the product to end user
• Involves the producer and the consumer	• There are middlemen between the producer and the consumer
• The wholesaler and the retailer are cut from the process	• The wholesalers and retailers act as negotiators between the producer and consumer.
• Marketing and selling of products to the customers without involving the middleman.	• Specialised agents deal with customers
• Full control over the product and marketing.	• Very little feedback from customers.
• Better end user price as no intermediaries costs	• Transportation and storage is taken care of by intermediaries.
• Provides immediate feedback	• Manufactures make use of middlemen such as wholesalers/agents/brokers/retailers.
• Needs more specialised employees' who are trained.	• The manufacture is not knowledgeable about the distribution of the product
• Better end user price as no intermediary costs.	• Products may be expensive as costs are intermediary costs are added.

3.6 Reasons why manufacturers may prefer to make use of direct or indirect distribution methods.

3.6.1 Reasons why manufacturers may prefer to make use of the direct distribution method

- Manufacturers have control over the product and marketing.
- They achieve better end-user price as there are no intermediary costs.
- The business does not need to share its profit margin with intermediaries.
- Products become very expensive once all the intermediaries have added their own mark-ups.
- There is direct contact with target market for feedback and improvements.
- Sales staff provide customer information for future market research.
- Selling through the internet allows smaller businesses to market their products all over the world.
- Businesses websites can serve as both a distribution method and a promotion method.
- Well trained sales staff are able to promote products effectively and establish good relationships with customers.
- Suitable intermediaries may not be available/Intermediaries may not be willing to sell the particular product on behalf of the manufacturer.

Downloaded from www.mycourses.co.za

3.6.2 Reasons why manufacturers may prefer to make use of the indirect distribution method

- Specialised agents deal with customers.
- Transportation and storage is taken care of by intermediaries.
- There is no need to hire specialised staff to do sales complains.
- They do not have to deal with customer complaints.
- They enjoy the benefits of bulk orders from wholesalers.
- Better market coverage is achieved.
- Intermediaries understand how the market operates.
- Consumers are often spread across the country, distribution needs to be widespread as well.
- Direct distribution requires a large investment in advertising
- Intermediaries sometimes provide credit to consumers, which will help attract more consumers.

Downloaded from www.mycourses.co.za

GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

BUSINESS STUDIES

GRADE 11

TERM TWO

CHAPTER ELEVEN

MARKETING ACTIVITIES: COMMUNICATION POLICY & MARKETING IN THE IFORMAL SECTOR

TABLE OF CONTENTS

TOPICS	PAGES
Exam guidelines for the marketing communication policy and marketing in the informal sector.	2
Terms and definitions	3
Sales promotion, purpose and examples	3-4
Advertising, purpose and examples	4
Publicity, examples and of the public relations in publicity	5
Personal selling and effectiveness of personal selling in promoting a business product	5-6
Definition of the informal sector	6
Advantages of marketing in the informal sector	6
Reasons why the informal sector prefers to use direct distribution.	6
Ways in which the informal sector uses indirect distribution.	7

This chapter consists of 7 pages

Downloaded from www.mycourses.co.za

CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

MARKETING FUNCTION

Learners must be able to:

COMMUNICATION POLICY

- Define/Explain the meaning of a marketing communication policy.
- Outline/Mention/Explain/Discuss/Describe the following components of the marketing communication policy:
    - Sales promotion
    - Advertising
    - Publicity and
    - Personal selling
- Explain the purpose of sales promotion and give practical examples.
- Explain the purpose of advertising and give examples of advertising medium.
- Elaborate on the meaning of publicity.
- Explain the role of the public relations in publicity.
- Give examples of publicity e.g. press release to the media.
- Explain the meaning of personal selling
- Justify the effectiveness of personal selling in promoting a business product.

MARKETING IN THE INFORMAL SECTOR

- Define the informal sector
- Explain the advantages of marketing in the informal sector
- Justify the reasons why the informal sector prefers to use direct distribution.
- Explain/Discuss how the informal sector uses indirect distribution.

Downloaded from www.mycourses.co.za

Terms and Definitions

TERM	DEFINITION
Promotion	The publicizing of a product, organisation, or venture so as to increase sales or public awareness.
Target market	A particular group of consumers at which a product or service is aimed at.
Credibility	The quality of being trusted and believed in.
Persuade	Cause someone to believe something, especially after sustained effort/ to convince.
Communication	The imparting of information by speaking, writing, or using some other medium.
Endorsements	The act of giving approval or recommendation to something.
Banners	A long strip of cloth bearing a slogan or design/advertisement appearing on a web page.
ASA	The Advertising Standards Authority

MARKETING ACTIVITIES: COMMUNICATION/PROMOTION POLICY

1 The meaning of a marketing communication policy

- The main aims of the communication policy is to increase the sales of a product/services.
- The purpose of the marketing communication policy is to inform existing and potential customers about the product.
- It explains the features and benefits of using the product.

2 Components of the marketing communication policy

2.1 Sales promotion

- Sales promotion is usually a short-term tactic to boost sales.
- It can be used to complement other promotion methods.

2.1.1 The purpose of sales promotion

The purpose of sales promotion is to:

- Inform consumers about the product.
- Persuade potential customers to buy the product now rather than later.
- Remind the target market of the availability of a product.
- Increase the sales of a product or service.
- Introduce new products or to extend the product life cycle.

2.1.2 Examples of sales promotion

- Many shops offer special offers. Buy One, get One Free promotions
- Money-off coupons
- Discounts vouchers
- Free gift vouchers
- Joint promotion to encourage customers to purchase their brands.

Downloaded from www.mycourses.co.za

- Loyalty cards e.g. Pick n Pay offers the smart card and Clicks the Club Card etc.
- Free gifts or accessories when buying a product
- Bonus pack e.g. larger items are sold at the price of the smaller item
- Competitions linked to buying a product
- Charity promotions e.g. donations
- Point of sales displays that show off the product and a free product samples.
- Customer loyalty cards where holders receive special discounts or earn points

2.2 Advertising

- Advertising is used to inform, persuade and remind the consumer about the product or service
- Advertising is a paid and non-personal marketing communication tool.
- It involves communication with many consumers at the same time.

2.2.1 The purpose of advertising

- The purpose of advertising can be explained in terms of AIDA as follows:
  - **Attract**: attract the attention of people
  - **Interest**: arouse their interest in the product
  - **Desire**: create the information needed to persuade the consumer to act and buy the product.
  - **Action**: provide the information needed to persuade the consumer to act and buy the product.

2.2.2 Examples of advertising medium.

- The examples of advertising medium can be classified into the following main FOUR main categories:

Printed media	Broadcast media	Direct Mail	Web-based media
Newspapers Magazines	Radio Television Cinema	Brochures Pamphlets Billboards Directories Posters Leaflets	On-line magazines Websites Search engines Banners Emails and SMS Internet

2.3 Publicity

- Publicity is a free non-personal form of communication that the business and its product can receive through mass media e.g. newspaper and television
- Publicity is unpaid communication in the mass media about a business enterprise, its employees, its goods or services.
- The business has no control of what is said about them.
- It can take form of a news story in a newspaper, a press release or a media statement.
- Endorsements by famous people draw attention to a company's brand and products.

Downloaded from www.mycourses.co.za

- Some companies hand out gifts and samples with company branding on them.
- It is information about a business published by an independent third party such as a newspapers or television station.
- Ensures that the public know about the business, its social programmes, community involvement and fair labour practices etc.
- Publicity can be positive or negative as it is not paid for by the business.

2.3.1 Examples of publicity

- Internal publicity is the display of goods, the appearance of the shop and its employees as well as the staff's behaviour towards customers.
- Many companies create brand exposure for the company by running competitions which provide exposure to the company's products.
- Endorsements by famous people draw attention to a company's brand and products.
- Sports and movie stars are often seen wearing certain brands of clothing which create public awareness for the brand.
- Some companies hand out gifts and samples with company branding on them, e.g. at conferences where delegates receive goodie bags.
- Some companies offer sponsorship to sporting events or community events.

2.3.2 Role of the public relations in publicity

- Public relations aims to present a favourable image of the business and its products or service.
- Many businesses outsource the PR function to an outside agency to take advantage of their specialised knowledge.
- The PR department builds good relationships with representatives of the media and press.
- They keep the media informed of news about product launches and opening of new factories or shops for the attention of the public.
- The PR function supports marketing efforts to establish and build a brand identity.

2.4 Personal selling

- Personal selling involves face-to-face communication between sales people and customers or potential customers to promote the product.
- The business uses sales people who have direct contact with customers.
- Sales people have specialised knowledge to the product and can advise customers on how to use the product.
- The sales person is ready to answer all the questions asked by the consumer.
- Sales people promote the product through their attitude and appearance.
- The message can be individualised to suit the needs of the consumer.

2.4.1 The effectiveness of personal selling in promoting a business product

- Personal selling can be made telephonically but are usually face to face and offer the most flexible means of delivering a promotional message.
- Done by experienced sales people who develop charisma and become skilled in getting people to pay attention to them.

Downloaded from www.mycourses.co.za

- It is very effective especially in the case of expensive industrial goods such as machinery and shopping goods e.g. stoves/fridges/cell phones etc.
- Involves a very personal touch with specific attention giving to customer's needs and requirements.
- Most effective way to build relationships between the sales person and the customer.
- It is also a very good way of maintaining good relationships and ensuring on-going business and sales.
- The sales person can adjust his/her message to be more attractive to the person listening.

3 MARKETING IN THE INFORMAL SECTOR

3.1 Definition of the informal sector

- People in the informal sector do not own registered businesses and they are not registered for tax.
- They are not recorded by the Central Statistics Services.
- The informal sector is also known as the second economy.
- It is impossible to know to what extent the informal sector contributes towards the national income.
- The informal sector is mainly a cash industry.
- The operators in the informal sector perform in the primary, secondary and tertiary sector of the economy.

3.2 Advantages of marketing in the informal sector

- It is easy and inexpensive to enter the informal sector.
- No education needed to enter the informal sector.
- It provides job opportunities for unemployed people
- Gives people the opportunity to be entrepreneurs and learn about business.
- People who are unemployed in the informal sector gain working experience that enables them to qualify for job opportunities in the formal sector.
- There is a great deal of interaction between the formal and the informal sectors.
- There is little competition in the informal sector.
- Provides needed goods and services in proximity to the market.

3.3 Reasons why the informal sector prefers to use direct distribution

- The seller has control over the product.
- Better end user price as no intermediary costs.
- Direct contact with customers for feedback and improvements
- Well trained sales staff are able to promote products effectively and establish good relationships with customers.
- By cutting out the middleman, prices are lower.
- Sales staff provides customer information for future market research.

Downloaded from www.mycourses.co.za

3.4 Ways in which the informal sector uses indirect distribution

- Farmers may deliver their produce to the spaza shops.
- Spaza shops purchase their stock from wholesalers.
- Many informal businesses rely on agents to distribute information or carry out services.
- Retailers in the informal sector may purchase products from the wholesalers in order to sell them in the informal market.

Downloaded from www.mycourses.co.za