GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

BUSINESS STUDIES

GRADE 11

TERM TWO

CHAPTER ELEVEN

MARKETING ACTIVITIES: COMMUNICATION POLICY & MARKETING IN THE IFORMAL SECTOR

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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.

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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.

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- 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.

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- 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.

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- 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.

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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.

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