

BUSINESS STUDIES: PAPER II

MARKING GUIDELINES

Time: 2 hours

100 marks

These marking guidelines are prepared for use by examiners and sub-examiners, all of whom are required to attend a standardisation meeting to ensure that the guidelines are consistently interpreted and applied in the marking of candidates' scripts.

The IEB will not enter into any discussions or correspondence about any marking guidelines. It is acknowledged that there may be different views about some matters of emphasis or detail in the guidelines. It is also recognised that, without the benefit of attendance at a standardisation meeting, there may be different interpretations of the application of the marking guidelines.

The following aspects will be considered when marks are allocated in this paper:

- Format:
 - The CORRECT format for each question must be used, i.e. Business report.
 - Where applicable, include an introduction and conclusion.
 - Use headings and sub-headings where appropriate.
- Terminology: Correct business terminology should be used
- Content: Must be sufficient to cover all aspects of the question.
- Substantiation: Justification for statements made.
- Application to case study/context/theme.
- Creative problem solving rather than just giving theoretical facts.
- Synthesis and sequencing.

QUESTION 1

Fact marks are allocated as per the rubric for:

- **Naming**
- **Explaining/justifying/motivating**
- **Examples**

Quality Performance

In order to solve problems in a business context, sometimes one needs to be creative and not only "think out of the box", but "think as if there is no box"! In other words, to solve **new problems**, it is not good enough to bring old solutions to the table.

Creative thinking in this context can be defined as "identifying a problem the consumer is not even aware of yet and finding a way to solve that problem".

The aim of finding creative solutions to business related problems is to create and maintain a competitive advantage for the business. However, in today's fast changing world, product life cycles are often becoming shorter and therefore the business must constantly adapt to ensure customer needs are satisfied.

Different creative thinking and problem solving techniques that can be used to develop strategies for improving the performance of the business:

Pros and Cons chart

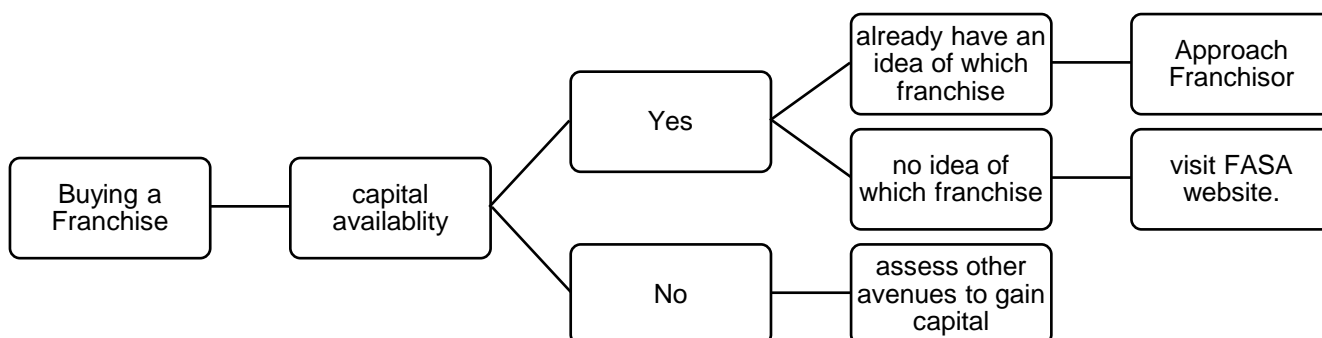
This technique helps the manager to make a decision based on the advantages and disadvantages of a specific option, for example:

| Introducing a new burger at Steers | |
|--|---|
| PROs | CONs |
| <ul style="list-style-type: none"> • Product Differentiation • New target market | <ul style="list-style-type: none"> • Greater amount of differentiation |

When the advantages and disadvantages are carefully considered or weighed up a decision can be made, based on what is best for the option at that stage. The decision made may change, if circumstances at a later stage change.

Decision Tree

A decision tree is a visual representation (almost like a flow chart) of different outcomes to a single event. It helps the decision maker to look at different options and the consequences of each.



Value Chain Analysis

In a business environment, the concept of adding value for the customer should be the aim, because a business needs satisfied customers to be successful.

In a manufacturing environment, it is easy to see how and when value is added. Just follow the process of raw material (input) being transformed into a valuable product (output). In other instances, however, it may be more difficult to "see" the value added when a service is rendered, i.e. people's use of time, knowledge and systems (input) to create services (intangible output) for the customer.

If one keeps in mind that there are internal customers (co-workers or the boss) and external customers, it is important to look at the entire business process to decide where value is added in a cost-effective manner to enhance the quality of the product or service rendered.

It has been recognised that if a business is involved in something that is not its core-business strength, that particular activity will probably not add value to the business process. In a case like this, it may be better to outsource the service.

SWOT analysis (Strengths, Weaknesses, Opportunities, Threats)

A SWOT analysis is a useful tool to look at the internal AND external environments.

The S (strengths) and W (weaknesses) refer to INTERNAL issues, i.e. the eight business functions and the efficiency/strength of coordination between them to make the business successful.

The O (opportunities) and T (threats) refer to issues in the macro and/or market environments. For example, if a competitor (market environment) has a superior marketing strategy it will threaten the business, as customers may be lost to the competition. Alternatively, if the exchange rate (macro environment) deteriorates, imported raw materials may become more expensive and as such it is a threat to the profitability of the business.

The Delphi technique

This technique is used as a method to obtain the opinions of experts on a particular topic, without necessarily engaging with them face to face. Not considering the option of consulting experts is often incorrectly regarded to be a cost saving measure.

The real reason why experts are consulted in a situation where they interact, **but remain anonymous**, is to prevent a situation where subjectivity and personal opinions prevent members of the group from expressing their opinions/recommendations critically. Consider for example that Famous Brands would like to get the opinions of several housewives about a new fast food option. In the first round, information will be collected from a panel (comprising the housewives) about their **expectations** of the fast food outlet. This information is analysed and relayed to the panel for a second round of discussions. The panel then gets an opportunity to revise its conclusions based on the feedback given by all the panel members except that, each panellist's contribution remains strictly anonymous. This helps to prevent a situation where the panellists are influenced by the presence or input of each other, or where they simply agree (with the rest of the panel) to avoid the appearance of being "stupid" (group think).

RIMS (Rational Interaction for Moral Sensitivity) strategy

Although this section is aimed at finding creative solutions to problems in the business world, one must not lose sight of the importance to find ethical solutions to problems. The RIMS strategy argues that the solution should be beneficial to society, instead of the focus primarily being on "how do I benefit from this solution?"

In order to achieve this, it is suggested that all participants discussing the problem should be seen as equals, thus affording each person fair opportunities to state his/her case. Only facts may be stated; personal opinions, emotions and positions held in the organisation do not form part of the discussion.

It is debatable whether this is a realistic and practical approach in a business situation. It is understandable that if the manager is to be held accountable for the outcome of the situation, it is unlikely that he/she will allow others to make the final decision. It may, however, be productive to afford each person an opportunity to voice an opinion (on an equal footing), to enable the manager to consider the input given to resolve the problem at hand.

Resource-Based Approach

The Resource-Based Approach to problem solving states that the business should find out which resources are of strategic importance to the business. These are the resources that can assist the business to create a competitive advantage in the market place.

When a business is faced with a problem, it has to determine which resources are needed to solve the problem such as the availability and costs of obtaining the resources. If a scarce resource is needed and the business has this resource available, it may give the business a competitive advantage. For example: Two entrepreneurs aim to establish a chicken fast food business in a particular area. The one owns a Nando's franchise while the other does not. This scarce resource (knowledge, expertise, and support from the franchisor, established brand) will give the Nando's franchisee the competitive edge.

Resources may include tangible and intangible elements. Tangible resources could include scarce raw materials, financial resources, land and buildings (good location), equipment, etc., while intangible assets may be patents, an established brand, skills and a workforce with a good morale, and a reputation of superior customer service, etc.

Depending on available resources and/or the cost to obtain them, different approaches to solving the problem may be considered.

Balanced Scorecard (BSC)

The traditional BSC approach was developed by Kaplan and Norton. The reason for developing the Balanced Scorecard is to describe the key outcomes that the business would like to "measure" (evaluate) in order to improve these outcomes.

The BSC forces management to focus on issues that are important because they create value in and for the business. Plans and strategies may then be developed to create/maintain/improve the competitive advantage of the business.

The elements of the (traditional) BSC that are used are finance, customer, internal business perspective, and a learning and growth standpoint. Attempts are made to identify and describe how each of these plays a critical role in the business.

- The financial perspective focuses on maximum utilisation of assets and minimising costs in order to create shareholder value.
- The customer perspective focuses on how customers see the business and what their expectations might be.
- The internal business perspective is focused on innovative products and services, the management of operations and social investments to improve the business.
- The learning and growth perspective looks at how employees in the business can continue to improve and create value. This is done through intangible assets of the business such as information capital (intellectual property) which is developed by the human capital (employees). Leadership, accountability, culture and teamwork are important components when developing a culture of lifelong learning and development.

In order to formulate a strategy to respond to changes in the business environment, it is important that management keeps a close eye on events in both the internal and external business environment. Remember:

- Internal environment: Eight Business functions/departments are evaluated by means of (inter alia) SWOT (Strengths, Weaknesses), the Resource-Based Approach, the Value Chain Analysis and Balanced Scorecard (BSC).
- External environment: Market environment (Porter's five forces) and macro environment (elements of PE²STLE), as well as O & T in both the market and macro environments.

Strategic management can be defined as:

- Top management analyses events that take place in the business environment. Some of the events may be something that develops over time (a trend), while other events may come as a surprise (crisis) to the business
- The decisions and actions that are taken in response to the analysis. These decisions and actions then form the strategies of the business.

In order to formulate and implement a successful strategic plan of action, management will ask the question: "How can we create a competitive advantage in the market?" In order to answer this question, the first step is to have a clear understanding of:

- What is the vision and mission of the business? The vision is a statement about what your organisation wants to become, while your mission statement is a description of what an organisation does or the purpose of the business.
- Once the vision and mission are formulated, the business will outline the long-term and short-term objectives. When formulating the objectives, the future is the starting point. The business cannot afford to react to future events only once they take place, but should "force the future/create its own future". This is done by aligning the present situation with what is desired in the future. This may mean this business has to change immediately to "meet the future before it happens" by changing things proactively. This pre-emptive approach means the business does not wait for the change to happen, but initiates the change when it is seen as an opportunity for growth and development. Strategic management enables the manager to make things happen, rather than to watch things happen or to realise the bigger picture has been missed.
- Once the objectives have been formulated, strategies are designed and implemented to achieve the objectives. Although there are a variety of "formal strategies" (as discussed in the section that follows), a strategy can be defined as *any plan of action to achieve the desired outcome*.

Generic strategies:**Low cost strategy**

The competitive advantage created by a *low cost strategy* is based on having the lowest cost in the industry. In order to achieve this, the workforce has to be committed to saving costs. This can be achieved if:

- The business has access to cheap raw materials (i.e. low input costs)
- Costs can be reduced through efficiency, using mass production, technology, and re-engineering activities (i.e. low cost manufacturing)

Activities that do not offer cost benefits must be discontinued or outsourced to save costs. This strategy works best if there is a big market share which results in high turnover volumes and therefore high revenue.

Focus (niche market)

Using a focus strategy to develop a competitive advantage means all efforts are aimed at a specific market segment based on geography, culture, age, hobbies or any other criteria that created a unique group of customers in the market. This unique group will have different needs than the rest of the target market. Customers must have distinct preferences that are catered for. This niche market becomes the focus and presents opportunities for the business, because it is often overlooked by competitors or viewed as not being "worthwhile". The niche must be big enough or have growth potential to make it valuable.

To achieve the successful implementation of a focus strategy, the business must have expert knowledge of the niche market and the ability to develop the products for this market segment.

Differentiation

All efforts are aimed at providing a unique product/service which will ensure customer loyalty, as this may give the business the opportunity to charge a premium price. The uniqueness may be based on factors such as:

- quality (real or perceived per brand name, image)
- after-sales
- product features
- distribution or marketing efforts

In order to base the business' competitive advantage on a differentiation strategy, it must be difficult for competitors to copy. The key to a successful differentiation strategy is the continuous redevelopment of products and/or services to stay abreast of changes in the environment.

Corporate strategies:**Corporate combination**

There are different options when a corporate combination strategy is implemented:

- A Joint venture takes place where two or more businesses enter into an agreement to combine resources in order to improve the functioning of both businesses. For example, Engen garages enter into an agreement with Woolworths Food to allow Woolworths space in the Engen shop to sell Woolworths' products. This way when people fill up with petrol and want to buy lunch, they may decide to stop at Engen, because it affords them a choice to do both activities simultaneously, in ONE place. The same applies to Engen and Wimpy sharing the premises, both businesses benefit from sharing resources (premises).

- When two or more businesses merge or when a takeover occurs, the individual businesses no longer exist separately; the different businesses combine to form one new business. The Competition Board has to approve a merger/takeover in order to ensure fair competition continues in the industry after the merger/takeover.

Decline/Defensive strategies

When a business decides to scale down or reduce its operations or some of the products, it follows a defensive or decline strategy.

- If a business decides to follow a Retrenchment strategy, it reduces the size of the business or reduces the diversity of products/service sold. This is done in order to reduce expenses and thereby improve the financial position of the business. Divestiture is part of a retrenchment strategy and involves the business selling off some its operations because assets used in these operations are under-utilised and it hampers the financial performance of the business. Assuming Nestlé decided to sell all their chocolate brands to Famous Brands, it would be an example of divestiture (please note this is NOT happening, but just an example!)
- If a business is bankrupt, it results in Liquidation. This means all assets are sold to pay for the debt of the business and the business ceases to exist.

Growth

When a growth strategy is implemented, the aim is to grow the business' turnover and sales volume.

| | | | |
|--------|----------|--|--|
| MARKET | Existing | <p>Market penetration: The existing market and existing products are used to expand. A business may use different tactics to achieve this. Offering lower pricing or more intensive distribution may convince existing consumers of an existing product to switch business. If Taste Holdings wants to "steal" some of Famous Brands' clients, they have to convince potential customers with offers of better prices or better quality for the same price.</p> | <p>Product development: This involves taking a new product and offering it to an existing market. This is for example, when Wakkaberry started, there was already a market for frozen yoghurt. But offering the product, with all the complimentary add-ons is seen as product development.</p> |
| | New | <p>Market development: When Famous Brands decided to expand to other countries in Africa where the concept of fast food was not yet established, an existing product (fast food outlets) was taken into a new market.</p> | <p>Diversification: The business enters a new market with a new product. It does not mean the market or product does not exist at all, merely that this business has never sold this product to this market before, and is doing this now to grow the business, and by doing so they have grown the business.</p> |
| | | Existing | New |
| | | PRODUCT | |

There are numerous options for a business when it comes to growing the business, but the four most common options as discussed above are known as Intensive strategies or Ansoff's growth matrix.

**Other possible strategies to improve the *overall performance* of the business:
Revise business mission and/or revise objectives**

Already stated is the mission statement: It is a description of what the business does or the purpose the business serves. If the business produces/supplies merchandise which consumers no longer want, it is time to revise the business mission. A business planning to revise its mission after consumer demand has already changed, has waited too long.

In the fast changing world that we live in, no business can afford to "wait and see" what the future will bring. Management should be proactive in the approach to possible changes in the market place and then align the mission and objectives of the business with what is **desired** in the future. The business will need to revise the mission and objectives **immediately**, to "meet the future before it happens".

Allocate resources differently

Resources in the business refer to employees, money, machines, time, raw materials and even skills. Resources should be allocated where they are most productive, in other words where they create the biggest competitive advantage and generate the most profits.

If the business has decided to revise the mission and objectives, it will have to reconsider how resources are allocated in the business. And, if resources are allocated to a task that does not add value, that task has either to be outsourced or to be terminated, so the resources can be re-allocated to a more productive part of the business' operations.

Total Quality Management (TQM) and Total Customer Satisfaction

No business will survive if it does not keep customers satisfied. TQM is a process where everybody in the business is committed to thinking about how all actions impact on the quality of all tasks and overall customer satisfaction.

It is important to note that customer satisfaction refers to internal customers as well, as the following example illustrates: The training division's customers are all the employees who are trained in the business (i.e. an internal customer). If the training department does not follow the philosophy of TQM, employees will lack the correct knowledge to do their jobs and morale may be low because employees do not feel empowered to do their jobs. This in turn will impact on production, marketing and all other departments of the business where these employees work.

In order to determine the quality of a product or service, inspections can be conducted. Inspections refer to the process of measuring, examining or testing the product or service or one or more components thereof. The results are compared to predetermined specifications in order to assess if the quality is acceptable or not. Inspections can either be carried out by looking at every product/service produced. Sampling is a statistical method of quality control where a certain number of items are tested from the entire production batch. If the tested samples are of a certain quality (acceptable or not), it is assumed that all items will be of the same quality.

Remember the business can only improve quality if there is awareness that something is not right. Thus, it is in the interest of the business to ask customers for feedback and to respond to the feedback to improve the quality of the product and/or the service.

Benchmarking

Benchmarking is when the business looks at what is "best practice" in the industry. This involves measuring the business' current performance with the standard it should be achieving (best practice). If the business is underperforming, steps are implemented to narrow or eliminate this underperformance gap (between how it is being done and how it should be done).

Performance appraisals (360°) and self-evaluation

A Performance appraisal is a tool used to plan, evaluate and improve the performance of employees.

- It is a planning tool because during the performance appraisal the employee and his/her manager discuss and agree on performance targets.
- It is an evaluation tool because at the next appraisal the employee evaluates his/her performance (self-evaluation), while the manager also evaluates the employee's performance. Input may even be requested from other relevant parties that the employee interacts with while performing the job. This may include customers, suppliers, peers and subordinates. This is called a 360° performance appraisal.
- It is a feedback tool because the achievement (or not) of targets is discussed and action plans are developed to solve problems. If applicable, promotion opportunities and career paths are also discussed.

Continuous Skills Development

We are living in an era where knowledge is the most important asset for any business to have. The business should strive to create a culture where employees are constantly growing and learning, because this will lead to continuous improvement in the functioning of the business. Without ongoing development of employees' skills, the business will be in serious trouble. Just think how fast things are changing around us. New technology, changes in legislation, new products from competitors or changes in customer demand, all necessitate the staff acquiring new skills. The business has to provide learning opportunities, but the employee also has to take responsibility for his/her self-development to enable him/her to achieve personal goals.

Teamwork

There are a number of reasons why teamwork is important to the success of the business:

- Teamwork generates new ideas to improve the business.
- Team members may mentor one another or simply provide a sounding board for bouncing off ideas.
- The collective team effort is what may make or break a business. Imagine how upset a customer will be if he/she is told the only person available to assist her is on leave ...
- In a team there are many different types of intelligence and two heads have always been better than one. One person's strength may compensate for another's weakness.
- Teamwork may allow for division of labour, where each person gets to focus on what he/she is good at.

EIGHT different business functions are as follows:**Purchasing function**

- The purchasing function buys goods and services needed by all departments in the business.
- Goods and services will be bought from different suppliers. The most suitable suppliers to supply these goods and services must be found.
- One of the most important goals of the purchasing function is to ensure the best possible return on investment (ROI) or profitability. Capital is invested in the business and in return the business aims to make a profit. The cost price of goods purchased must be kept as low as possible, i.e. negotiate discounts, because the lower the cost, the greater the opportunity to make a profit.
- Orders must be placed and confirmed to ensure the delivery of the correct goods. When delivery occurs, it must be checked to verify the quality of the goods and whether the goods are undamaged.
- One of the most important functions of the purchasing department is to develop a system to control inventory (trading stock) to maintain optimum stock levels. As far as possible, stock shortages must be prevented. If the business runs out of stock, it gives competitors an opportunity to "steal" customers.

Production function

- Production is the combination of the factors of production (natural resources, labour, capital and entrepreneurial skill) in order to provide the right **product** at the right **place** and **time** in the **quantity** demanded and at the **price** the consumer is prepared to pay for the product.
- The production function has as its aim to create utility of form to transform raw materials into a product that can be used to satisfy needs.
- It is important to keep manufacturing cost as low as possible, while maintaining quality and standards.
- Continuous product design is important to satisfy the needs of consumers. The production and marketing departments should combine efforts to design the product and packaging in such a way that it will attract customers to buy the product.
- **Automation** is becoming more and more important in the production process and also in other functions in the business. Automation refers to a situation where activities that were performed by hand are now performed by machines. As with any decision that may impact on the profitability of the business, both the advantages and disadvantages should be considered before a decision is made regarding automation as an option.
- **Quality control** is important during all operations in the business, but especially in the production phase, because management wants to guarantee that a good quality product is supplied to retailers and customers. The quality of the product will be influenced by the standard of the raw materials, the calibre of labour, reliable machines and stable working conditions.

Financial function

- In order to start a business, the business needs capital. Capital is either contributed by the owners or borrowed and used to buy and/or to produce goods and services.
- The figures from these two financial statements will be used to explain the **four main objectives of the financial function**:
 - Maximise profits
 - Increase profitability
 - Ensure liquidity
 - Remain solvent

Human Capital (HC) function/Human Resources (HR) function

- Labour is an important factor of production. The other three factors of production are capital, raw materials and the entrepreneur.
- Management and labour (trade unions) must have a good relationship to ensure the business reaches the goal of maximising profitability.
- Unless workers are happy and motivated, productivity and therefore also profitability will suffer.

Public Relations function

- Public relations involve all the activities that influence the opinions of the public.
- Public relations management is a continuous, long-term interaction between the business and external stakeholders. It can only be successful if conducted honestly, and with integrity.
- The primary aim of the Public Relations Department is to create and maintain a favourable image of the business with all relevant interest groups and stakeholders.
- Issues that may be handled by the Public Relations Department may include:
 - A crisis involving bad publicity.
 - A positive situation, e.g. the launch of a new product or service or a new Corporate Social Responsibility Program.

Administrative function

- The administrative function is responsible for collecting all data in the business and the business environment. The data will then be processed into information. The information is stored and made available to management as and when needed. In short, the administrative function, handles all the paper work and record keeping in the business.
- One of the most important aspects of keeping administrative records up to date is to comply with legislation. For example, SARS requires that tax records and financial information are kept for a period of five years. Ignorance is no excuse in the eyes of the law, so the administration department must ensure they meet all legal requirements in this respect.

General Management function

- The basic tasks of management are:
 - **To Plan** for the future of the business, **organise** to get all staff and materials (resources) needed in the business, **lead** workers to make sure they are working to help the business to make a good profit and to **control** all activities in the business to make sure operations are proceeding according to plan.
- Additional management tasks include:
 - The coordination of the different functions in the business, communication with employees and customers, delegating tasks to subordinates, disciplinary action (if and when required), decision making and motivating workers.

BUSINESS STUDIES PAPER II: LOWER ORDER THINKING RUBRIC (60% WEIGHTING)

| BUSINESS STUDIES PAPER III: LOWER ORDER THINKING SKILLS (50% WEIGHTING) | | | | | | | Question 1 | Question 2 |
|---|---|--|----------------------------------|---|----------------|--|------------|------------|
| CRITERIA | 0 | | 1 | | 2 | | | |
| Format | Not meeting the correct standard | | Partially correct format | | Correct format | | | |
| | 0 | 1 | 2 | 3 | | | | |
| Terminology | No use of business terminology | Isolated/limited use of business terminology | Good use of business terminology | Outstanding use of business terminology | | | | |
| Content (number of relevant facts) | Maximum 50 facts. Divide by 2 to get mark out of 25. Marks are inter alia given for mentioning the fact, explanations of facts or statements, relevant examples; expansion of acronyms. NOTE: Listed facts that are not explained = max 4 marks (8 facts) | | | | | | | |
| Subtotal: (30 marks) | | | | | | | 1A | 2A |

BUSINESS STUDIES PAPER II – HIGHER ORDER THINKING RUBRIC (40% WEIGHTING)

| | | | | | | | | | | | | | | | | |
|--|--|---|---|---|---|--|---|---|---|--|---|---|------------|--|--|--|
| If all SECTIONS have not been completed, the judgment is based on the amount of expected information. E.g. A candidate substantiating one section well, but not answering the other cannot qualify for a "majority of statements" mark. | | | | | | | | | | | | | | | | |
| CRITERIA | | 0 | | 1 | | 2 | | 3 | | 4 | | Question 1 | Question 2 | | | |
| Substantiation (justification for statements made) | | No attempt at Substantiation. | | Very limited Substantiation. | | Less than half of the statements are substantiated. | | The majority of the statements are substantiated. | | The majority of the statements are thoroughly substantiated showing breadth and/or depth of understanding. | | | | | | |
| | | 0 | | 1 | | 2 | | 3 | | 4 | | | | | | |
| Application to context/ industry | | Superficial reference based on the case study/context given (Just keep mentioning the name of the business repeatedly without relevant examples). | | Continuous reference is made to the case study/context given with some applicable examples given. | | Continuous reference is made to the case study/context given with several examples that are fully integrated into the answer. | | Examples are relevant to the case study/context given and fully integrated into the response showing understanding of the issues at hand. Reference is made to current affairs. | | Examples are relevant to the case study/context given and fully integrated into the response showing understanding of the issues at hand. Current affairs is fully integrated into the response. | | | | | | |
| | 0 | | 1 | | 2 | | 3 | | 4 | | 5 | | 6 | | | |
| Creative Problem Solving | No understanding of the problem and no solution given. | Identification of the problem and an incorrect/poor solution suggested. | | Identification of the problem with breadth but no depth (superficial). | | Good insight and understanding of half the problem with solutions offered showing depth of understanding OR less than half in breadth and depth. | | Good insight and understanding of the majority of the problem(s) with solutions offered showing depth of understanding OR half in breadth and depth. | | Good insight and understanding of the holistic problem with solutions offered which are fully discussed, showing understanding on all aspects OR the majority in breadth and depth. | | Good insight and understanding of the holistic problem with solutions offered which are fully discussed, showing breadth and depth of understanding | | | | |

| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | | |
|--|---|---|------------------------------------|--------------------------------------|-------------------------------------|-------------------------------------|--|--------------|-----------|
| Synthesis | None of the criteria as listed below are met. | At least one of the criteria fulfilled. | Any two of the criteria fulfilled. | Any three of the criteria fulfilled. | Any four of the criteria fulfilled. | Any five of the criteria fulfilled. | All six of the criteria are fulfilled. | | |
| 1. Introduction – don't just re-write question, but shows an understanding of the "link" between the topics. | | | | | | | | | |
| 2. Conclusion – this should be a logical affirmation of the points raised. | | | | | | | | | |
| 3. Flow of thought, i.e. paragraphs leading into one another. | | | | | | | | | |
| 4. Integration of topics given in the question. | | | | | | | | | |
| 5. Integration of question with other Business related topics to enhance the quality of the answer. | | | | | | | | | |
| 6. Arguments are developed. | | | | | | | | | |
| Sub-Total: (20 marks) | | | | | | | | 1B | 2B |
| | | | | | | | | TOTAL | |

QUESTION 2

Fact marks are allocated as per the rubric for:

- **Naming**
- **Explaining/justifying/motivating**
- **Examples**

Marketing

Marketing can be defined as the ongoing activities of the business to reach the target market (LSM) and the methods the business utilises to connect and engage with its target market. The purpose of this engagement (with the target market) is to convince the market of the value of the products and/or services (of the business), with the aim of selling these products or services and making a profit.

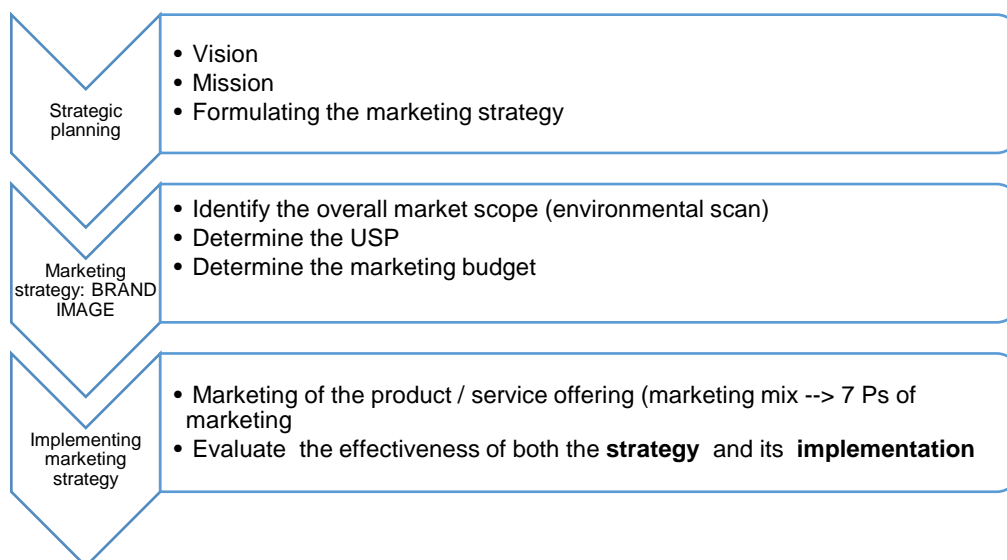
Role of marketing as part of the overall business strategy:

Strategic role of marketing

Before we can understand the strategic role of marketing, it is important to recognise that strategic planning drives the overall performance of the business. Strategic planning involves:

- Formulating a vision for the business.
- Translating this vision (expectations of what the business may become) into a mission statement to describe what needs to be done TODAY, to achieve the vision for the FUTURE. The setting of objectives, strategies and their implementation are set out below:

This strategic role of marketing can be summarised as follows: **creating and supporting a strong and positive brand identity in the market through a well-planned and well-implemented marketing strategy.**



Marketing is of strategic importance as a function of business.

Marketing enables the business to build a brand in the minds of the consumer and then uses this brand continuously to remind the consumers about the business.

Marketing will help to remind consumers about the business' products/services so that when they need to buy that particular product or service, it jumps to mind. In short: marketing is used to gain and retain customers.

One of the most powerful tools of marketing communication is to create a "marketing buzz" around the product/service. This means the business wants consumers to talk about its product/service. The stronger the awareness of the product/service in the mind of the consumer, the more likely it is that the brand name will be used for future reference and hopefully this will translate into more sales.

Engaging with customers via marketing gives the business the opportunity to listen to the customer's feedback (both good and bad) and helps the business to build a stronger brand (product/service).

Formulating the Marketing strategy:

- When planning the marketing strategy, three basic, but different approaches emerge:
 - Some businesses focus all their energy on marketing the overall brand of the business, while spending little time and effort on marketing individual products/services. For example; when Famous Brands markets the company as a complete entity, and not the separate brands it holds.
 - Other businesses may choose to focus their marketing efforts on marketing the product/service offering, while not spending too much time on the overall brand of the business. Famous Brands is a franchiser selling different brands such as Wimpy, Debonairs, Steers and Tashas, to name but a few. How many people are really aware of Famous Brands as a BRAND?
 - A third approach may entail an emphasis on both the business and individual product/service offerings. For example; each brand is marketed separately; however, reference is made to Famous Brands
- In order to formulate a Marketing Strategy, a five-step process has to be followed:
 - Perform an environmental scan
 - Define the target market and Unique Selling Proposition (USP)
 - Determine the marketing budget
 - Implement the marketing mix to achieve the aims of the marketing strategy
 - Evaluate the effectiveness of the process and take corrective measures where necessary

Step 1

The overall market scope is investigated by performing an Environmental scan: The environmental scan involves looking at both the External and Internal environments:

The External analysis

Focuses on the relevant external elements that may affect the overall performance of the business/brand.

- It is important that the business identifies possible opportunities and threats as part of the strategic marketing plan in order to assess the possible impact (positive and negative) that these elements may have on the business.

Industry analysis

This is the assessment or scanning of the sector that the business operates in. The purpose is to identify opportunities and threats by using the PESTLE-elements.

Competitor analysis

- The competitor analysis gives the business an overall picture of all the competitors in the market.
- It is critical that the business evaluates the competitors' strengths and weaknesses in order to determine the effect these could have on the performance of the business and then adapt the marketing efforts accordingly.
- If we consider Porter's Five Forces Model, competitors may include:
 - Level of rivalry in the market
 - Threat of new entrants in the market
 - Substitute products in the market (indirect competition)

Market Mapping

- A market map is a visual representation of market conditions / trends.
- The position that the different competitors hold are plotted on a map to help the business to identify its own position within the market place relative to those of competitors.
- Once the business knows its own position relative to those of competitors, all marketing efforts (the implementation of the 7Ps of the marketing mix) will be strategically geared towards creating, maintaining or gaining a competitive advantage.

Customer analysis

- A business needs to keep in mind the power that the buyer has (remember the discussion of the Porter elements?)
- It is important that the business looks at both current and potential customers to see where their needs are not satisfied.
- Analysing the customer base, will help the business to identify the potential market segmentations (LSM-groupings)

The Internal analysis

The internal analysis applies to those elements which are internal to the business. The business is able to control these factors, which comprise the eight business functions.

- The following tools could be used to help the business understand the internal marketing environment:
 - SWOT analysis
 - Value Chain
 - Resource-based analysis

Step 2

- Once the business has analysed both the external and internal environments in order to identify those factors which may influence the marketing strategy, it is important to consider WHAT the target market (customers) need, and WHY they would buy OUR product/service instead of supporting the competitors.
- The factor(s) that will differentiate the business' product/service is known as the Unique Selling Proposition (USP) and may be based on factors such as:
 - Costs
 - Brand identity
 - Utilisation/incorporation of technology in the use of the product/service
 - Quality

Step 3

- Determine the marketing budget. Too often businesses think of marketing as an expense that should be minimised. The business should rather think of money spent on marketing as an investment in the business that will reap long-term benefits.
- The amount of money spent on marketing will be determined by the methods of marketing communication used. Advertising on TV is far more expensive than internet marketing. An electronic billboard is more expensive than direct mail. It is, however, not only the costs that should be considered, but also the effectiveness of relaying the message to the target market.

Step 4

The aim of all marketing activities is to ensure that the 7 Ps of marketing are directed at the consumer. This means that the marketing strategy is fully implemented.

Traditionally marketing was seen as four Ps, namely a **PRODUCT** that is sold at a specific **PRICE** and **PLACE**. And in order to do so the business has to **PROMOTE** the product to the target market.

As the world economy moved away from a largely "product driven" focus, it became clear to marketers that the marketing of products alone proved inadequate; equally important is to consider how **services** should be marketed.

For this reason an additional three Ps were added to the traditional four Ps. The three Ps that are associated with Service marketing are:

- People (rendering the service)
- Physical evidence (associated with the service)
- Processes (used while the service is rendered and/or consumed)

A service is any action offered by one party to another and although it is essentially intangible, it may be linked to a physical product. Where the service and a physical product are combined, it is known as a hybrid-service offering. For example: Debonairs sells pizza and offers a delivery service to customers.

What **type** of product (or service) is being sold? This may range from:

- **Convenience goods** where customers are usually not very brand-loyal and they want to make the purchase as speedily and easily as possible, for example obtaining bread and milk. When the business sells these products, it will implement different marketing strategies to those of a business selling select or speciality goods, because different factors will influence the consumer's decision to buy. **Fast Food is mainly seen as convenience goods.**
- **Select goods** are usually only purchased after the consumer has considered the price, quality and brand name vs. those of a competitor's products. Examples of select goods may include clothing, shoes and some jewellery items.
- **Customers** wanting to buy **speciality goods** such as cars, household appliances and other expensive technical products will spend a lot of time before a decision to purchase is made. The consumer wants to be certain the item is precisely what he/she wants before this "once-in-a-lifetime" purchase is made. Consumers tend to be more conscious of a specific brand when it comes to speciality products, an important factor for the business to keep in mind in the building of its brand and marketing campaigns.
- **Services** are intangible. When a service is marketed, it could be an individual service that is being sold (e.g. hairdresser, garden service or a doctor) or the service could

form part of the overall product on offer (e.g. Debonairs pizza offering a delivery service to support the sale of pizzas).

- The **life cycle** of the product will have an impact on how the product is marketed by the business.

The **Packaging** of the product:

- It helps to protect the product and may make it easier to stack the items on the shelves. Think about the shape of Coke cans and how they fit on top of each other or why beautifully shaped perfume bottles are packed in boxes. It is important that Famous Brands looks at the space to store the packaging, but also how this packaging will appeal to customers.
- It helps to identify the manufacturer by displaying the name, trade mark and brand.
- It gives the consumer valuable information on the ingredients used in the manufacturing of the product.
- It helps to target different segments of the target market. Think how packaging of different sizes is used by Debonairs.

PRICE is the second of the seven Ps:

- Price can be described as the monetary value (Rand value in South Africa or a different currency for another country) of a product or service that the consumer is prepared to pay (opportunity cost). The retailer has to set the price at a certain level to remain competitive in the market.
- When the business decides on the price, the following should be considered:
 - Will the consumer be prepared to pay the price charged? Although we usually assume the consumer wants to pay as little as possible, a "snob-attitude" may influence the consumer to reconsider the product if he/she thinks the price is too low thus the quality cannot be good.
 - How does the price charged compare with prices of similar products offered by competitors?
 - How sensitive are consumers to a change in price? The demand for necessities such as basic food will probably not decrease too much if there is a price increase, because consumers have to keep buying these products regardless of the price. On the other hand, a small price increase in luxury products/services (e.g. Tashas) will probably see a relatively big decrease in the demand.
 - The availability, quality and price of substitute goods (a different product satisfying the same need, NOT a different BRAND), may also affect the price of the product. If there is no substitute product available, it makes it easier for the business to increase prices. Examples of substitute products are burgers vs pizza.
 - The business may consider a variety of pricing strategies as part of the overall marketing strategy.
 - **Market penetration pricing** refers to a situation where the business will be prepared to sell the product at a low price in order to attract new customers to try the product. The business may initially not even make a profit (or very little profit). The price will be increased as soon as the consumer is familiar with or loyal to the new product.
 - **Leader pricing** refers to a situation where the business reduces the price of some products to get customers to come to the shop. For example, Debonairs may decrease the pizza price hoping to convince customers to buy cool drinks and other items for lunch or dinner as well.
 - **Promotional pricing** refers to discounts offered for a special event, such as a special on Pizza, at the release of a new children movie, show your movie ticket and get discount on the pizza.

- **Bulk discount** is offered to a consumer that buys large quantities of a certain product (lower cost per unit). Like Romans Pizza.

PLACE or distribution brings us to the third of the seven Ps:

- There are a number of options for the manufacturer to get the product to the consumer:
 - The manufacturer can sell the product directly to the consumer.
 - The manufacturer can sell to the retailer which in turn sells it to the consumer.
 - The manufacturer can sell to the wholesaler which sells to the retailer to **break the bulk**, and finally sell the product to the consumer.
 - It is also possible to use intermediaries or agents in the process, but these options will not be discussed.
- To ensure the consumer buys the product, it has to be distributed to a venue (outlet/shop) that is conveniently situated. At a Debonairs franchise, special attention should also be paid to aspects such as the availability of parking (or public transport), the location of the store in the shopping mall and displays in windows to attract customers' attention.
- Franchising is also a form of distribution; Famous Brands produces a larger amount of their own products and distributes these through their different branded franchises.

The next P to consider is **PROMOTION** (also known as Marketing communication):

Principles to be kept in mind when developing and evaluating a marketing communication strategy:

- Only products and services that meet set standards of quality may be advertised (promoted) as "good quality". If the business tries to mislead customers, it may backfire, with some customers being reluctant to trust the business in future.
- An in-depth knowledge of the product's features is required before promotional promises are made to consumers in the marketing campaign. Incorrect information must be avoided.
- A unique and memorable design must be central to the marketing campaign to help customers to remember the product and business. This can be achieved by using special advertising themes, slogans and even catchy phrases/jingles.
- The correct advertising medium is very important. The medium is determined by the target market.
- It is illegal in South Africa to criticise or even mention competitors.
- Expenses must be kept within the budget. Money must be spent effectively, thus rather than viewing the promotion of the product or service as an expense, it should be seen as an investment in the future of the business.
- Famous Brands needs to look at its Brands very carefully to decide the ideal target market, and then to target those customers through the relevant marketing communication.

Four elements to the marketing communication mix that are used to reach the consumer:

Advertising:

- Advertising is an impersonal message aimed at a mass audience. There is NOT a reason why the audience has to respond to the message. If the person feels it is a product/service he/she does not want to buy immediately, the message is often ignored.
- The business has to pay to advertise products/services in different media and therefore the business has full control over all elements of the advert, such as the message, the colour, sound and print.

- The message has to be repeated many times before the consumer really pays attention. We live in a world of advert-overload. Consider how many times while reading or talking to friends you may hear an advertisement on the radio, but you are not really aware of or "tuned into" what is being advertised, because it is "background noise".
- While many advertisements win graphic/design awards, it is possible that they fail to deliver on the simple and fundamental principles used to evaluate sound marketing communication. An advertising concept should be evaluated by reviewing the following:
 - Is it **engaging**? Does the advert have the potential to "stop the customer from doing what he/she is busy with and pay attention to the advert's content?" When an advertisement is engaging, the customer's interest may be stirred to respond to what is on offer.
 - Is the advertisement **credible**? Are the claims in the advert at all believable, and can the "facts" be proven?
 - Does the advert create a lasting **Impression**? Does the advert have the potential to be remembered? What is the possibility of the advert being remembered in a future survey?
 - Does the advert prompt the consumer to take **action**?
 - Does the advert promote all the features and benefits of the product or service that are important to the customer? Is there a possibility of making the message more **relevant** to the customer?
 - Is the advert part of a series of advertisements that comprises an advertising campaign? Is there **integration** with other promotional messages which add value to the brand of the business?
 - **Branding**: how well does the advert promote the key brand attributes?

Personal selling:

- There is interaction between the buyer and the sales person. The buyer often feels compelled to listen and respond when the sales person shows a personal interest in the buyer. For example a person selling pizza at Debonairs, explaining a special like double cheese.

Sales Promotion:

- Sampling of products, discount coupons, buy-one-get-one-free offers are examples of sales promotions. The instant appeal often persuades the consumer to make an impulsive (unnecessary?) purchase.
- If the business offers too many sales promotions, the consumer may perceive this as desperation by the business to make a sale, which may cause the consumer to question the quality of the product/service.

Publicity:

- People tend to trust publicity more than advertising (it is believed to have a higher degree of credibility), because the business does not pay for the publicity message. Because the message is not seen by the consumer as "sales talk", consumers seem more willing to listen to this message. Having said this, it is important to bear in mind that the business does not have control over publicity and consequently the message may be positive or negative – the results may not be what the business desired.
- The impression created by the appearance of the buildings, how and where products are displayed and the presence of the staff and the manner in which they talk to customers create a certain image of the business. This is known as *internal publicity*. It does not make sense for the business to spend vast sums on advertising, while internal publicity is neglected.

PEOPLE – is the fifth of the seven Ps:

- Whether the business renders a specific service or a hybrid service (service combined with a physical product), it is probable that people will always be part of the selling equation. The exception would be a vending machine or similar concept, however we must note that there are already vending machines for pizza in Europe.
- The attitude, behaviour, skill, morale and motivation levels of the employees are just some of the variables that may have a noticeable effect on the service experienced.
- The customer's perception of the quality of service may directly influence the degree of his/her satisfaction and future purchase intentions.
- Because the employee is the face of the business, the business must make certain that there are sufficient control mechanisms (positive rewards or negative punishment) in place, to ensure contact employees will protect and promote the brand and the reputation of the business.
- The quality of the after-sales service is vital to secure customer loyalty to the store/product.

PHYSICAL EVIDENCE associated with the service as the sixth of the seven Ps:

- The physical evidence associated purely with service includes factors such as the store's presentation, and the appearance of the staff members. Also included are other tangible elements such as business cards, brochures, letterheads, signage used on the premises and even the website on the internet.
- The way in which the above mentioned is used to market the business, by relaying a message to the consumer, will depend on the type of business. Consider, for example, how the uniforms and signage used on the premises of a formal restaurant in a five star hotel and a family steakhouse or fast food outlet are vastly different.

PROCESS is the last of the seven Ps:

- When defining the **process** as an element of service delivery, it refers to the operating systems and procedures that must be designed and managed to make the service experience as pleasant as possible for the customer.
- **The process** means that part of the service-offering which the customer experiences. This may include how quickly the customer is greeted, time spent in queues, helpfulness of staff members when the customer has a query, how many times an employee "passes the buck" before the customer is assisted and whether the business follows up to evaluate customer satisfaction.
- In summary, this element of the marketing process means that every employee should know what to do, when to do it and how to do it. If employees have a clear understanding of the service delivery process, it will prevent confusion and help the customer to experience reliable service.

Step 5

- Once the marketing strategy has been implemented, it is important to evaluate and review the process in order to identify performance gaps (i.e. where the marketing aims were not achieved).
- The evaluation and review process will also assist the business to achieve operational targets and if not, that procedures such as TQM are implemented to ensure the business satisfies the needs/wants of consumers.
- In short, it can be said that the marketing activities are geared towards improving the overall business performance and this step is implemented to achieve improved performance.

Interdependence of Marketing with key business functions

- To improve the chances of the business succeeding, the different business functions must operate efficiently and as interdependent contributors to the same goal and not as independent components.
- Recognising the interdependency, means the different business functions cooperate and collaborate to create synergy in the business.
- Financial function makes funds available to employ staff, buy inventory and to run the marketing campaign.
- Production function manufactures products that will be advertised by the marketing function. This will generate profit that can be used to pay salaries and run the business.
- Marketing function promotes the products/services.
- Human Capital function employs and trains staff to ensure the correct skills in the business to perform all tasks and pays them fair salaries.
- Purchasing department buys inventory, ensures the availability of the correct quality and quantity at the time that the production department needs material and the marketing campaign is committed to deliver.

Factors influencing the buying decision: The stimulus-response model of buyer behaviour

Philip Kotler, one of the gurus of marketing, has proposed that the business looks at what he calls "The stimulus-response model of buyer behaviour" when it wants to understand buyer behaviour.

Kotler's original model has been adapted and changed over the years, and the following version will be used to explain the stimulus-response model of buyer-behaviour:

Step1: The buyer receives a stimulus or is influenced by external factors when making the buying decision.

These external stimuli may be coming from the business in the form of marketing messages (Seven P's of marketing as discussed above). Other influences may be added, i.e. stimuli such as economic conditions (an increase or decrease in disposable income), political developments (new legislation) or technological advancements (consumers becoming aware of new products) that were unavailable before.

Step 2: The buyer processes these stimuli by going through different phases:

- Problem recognition, i.e. the buyer becomes aware that he/she has an unfulfilled need or that the product/service that currently meets the need, may soon have to be replenished. The task of the Marketing function is to increase consumer awareness of **desired needs or needs as yet unknown**.
- Search for information – During this phase the consumer may consult with friends, family, acquaintances, sales people, advertisements via mass media, consumer forums or even own knowledge based on previous experiences, to gather information.
- Evaluate different alternatives – When different alternatives are considered, the consumer may consciously or sub-consciously use different criteria such as the features of the product, the benefits of the product or even emotional considerations such as "how green is the product" or the status associated with the product.
- The consumer then makes a purchasing decision regarding what to buy: the product choice, brand choice, retailer choice, when to buy the product and how much he/she will spend.

Step 3: Post-purchase behaviour will be based on the consumer's experience when the product is used. If the consumer's expectations are not satisfied, it may lead to a negative experience and dissatisfaction, and possibly contribute to alternatives being considered instead. If the consumer's expectations are met or exceeded, it may result in future purchases.

Branding:

The concept of "what is a brand" is often difficult to understand. Is a brand the name of the product, the trademark or the image of the business? What exactly is **THE BRAND**?

- The Brand is all of the above and so much more. The brand is also the impression employees make when interacting with customers and the reputation of the business. The brand tells people what is special about a particular business and what sets it apart from competitors.
- A Brand is often said to be the values and beliefs of the business.
- If a business is perceived as a person, the brand will be the appearance as well as the personality of the person. Similarly, just as people work at looking their best and develop positive traits, so a brand should be developed to convey a strong, positive message about the business. Customers need constant reminding of the **essence** of that message. Many businesses have brand managers that ensure that the overall business function is in line with what the brand represents.

Developing a strong brand is part of strategic management and should be driven by Top Management. When a business decides what it is, where it wants to go and how it wants to get there (vision and mission), it also has to formulate a value statement. The value statement describes what the business represents and its core beliefs or philosophy. Employees who "live" or embody the value statement as part of the organisational culture will project a definite message about the business. If this message is aligned with the brand (what the business claims it is about) and consumers hear the same message, they would regard the business as credible.

Before reviewing the concept of branding in more detail, it is important to understand the relationship between the name of the business or product and the trade mark. In short it can be said that the BRAND is the combination of the name and trade mark.

The brand name is the name of the business (or product), while the trade mark may be the name of business, as well as the logo (special mark or picture) that differentiates products.

Branding

When people hear a particular brand name, they associate it with certain impressions. These impressions have been formed in the minds of consumers and can be described as follows: *impressions of the name, logo, image and marketing message of the business.*

Every time a consumer hears the name of the business being discussed by someone, or when he/she walks into a branch of the business, or visits the website or meets an employee of the business; the person's perception of the brand is re-enforced or altered. In order to build a strong brand, all these "interactions with the brand" have to convey the same positive message.

- **Clear Identity:** The brand represents something unique (what does the brand stand for?) to the customer. Which, for example, is more important – quality or value for money? Does the brand represent the right message to the correct LSM?
- **Trust:** The customer trusts what the business is saying based on past experience. The Brand must deliver what it represents.
- **Consistency:** The customer experience with the brand should remain consistent over a long time, whether this occurs face-to-face, in stores, through advertisements or through interaction with employees. The brand projects and reminds consumers what the business represents at every possible opportunity.
- **Distinctive Voice:** The brand has strong values – it has a strong opinion, attitude, and persona. It is important to remember that it is not only the external message that informs consumers what the brand stands for, but that the internal marketing message also projects the same brand image. For this to happen, it is important that employees believe in the brand and LIVE the brand.
- **Intimacy with customers:** The customer feels that there is a strong relationship between him/her and the brand.

Brand extension and brand stretching:

- **Brand extension:** An existing brand is used to launch a new product in the same or a related market.
- **Brand stretching** refers to a situation where an existing brand is used as a platform to launch a product into an unrelated market.
- **But a word of warning:** There have been instances where both brand extension and brand stretching have failed.

Franchising: from a marketing point of view

- Franchising is a contract or agreement between the Franchise (supplier/"parent company") and the franchisee (distributor/individually-owned business). The franchisee agrees to distribute the product or service in line with certain pre-determined terms and conditions set out by the franchisor.
- Franchising from a marketing point of view:
 - The franchiser sells a business package which is already successful to the franchisee. The franchisee will then sell the product/service to consumers in a particular area. This helps to increase the market awareness of the original product and therefore every franchise that is sold, markets the overall business in terms of making it more visible and prominent in the mind of the consumer.
 - The formal business agreement between the franchiser and franchisee is known as the Franchise Agreement and allows for the payment of:
 - the original purchasing price of the franchise to the franchiser
 - royalties (between 5%–10% of profits) paid to franchiser

- a monthly advertising fee that the franchiser uses to do marketing/advertising on behalf of all franchisees.
- When the franchiser decides to sell franchises, it is important to allocate a lot of time to train the franchisee. During the initial training, the franchiser will train the franchisee on systems and procedures, but the training has to continue as a form of support to the franchisee, because the success or failure of the brand is determined by the success or failure of all the individual franchisees. If one franchisee experiences problems, it has a direct impact on the franchiser and all other franchisees.
- As is the case with any other business, the franchiser must have a well-defined marketing strategy. This strategy, while focussing on the target market, must keep on reminding the consumer about the brand positioning and the advantage of the product (or service), in order for the franchise to create and maintain a competitive advantage. This is especially important in a market where there are a number of substitute products and/or alternative brands available for the franchised product. This also means that the marketing message itself has to stand out and be different from those of competitors. Think how well Nando's does this in the fast food franchise industry.
- Advantages and disadvantages of franchising from the point of view of the franchiser:
 - On the positive side, the franchiser can expand the original business concept, without having to spend large amounts of capital (in fact the franchiser gains capital when the franchises are sold). The franchiser will also know that franchisees who have invested their own capital when they purchased the franchise will in all probability be motivated to make a success of the business.
 - On the negative side, the franchiser may find the continuous training and support of the franchisees difficult and demanding. In addition, the franchiser does not have direct control over franchisees, yet the success of the franchise depends on the success of the individual franchisees.
- Advantages and disadvantages of franchising from the franchisee's point of view:
 - From a marketing perspective, the franchisee has a good chance of success, because he/she will benefit from the proven success and advice of the franchiser. The franchisee may also find it is easier to borrow capital from the bank if the bank knows the money will be invested in a franchise (an already proven and successful concept).

BUSINESS STUDIES PAPER II: LOWER ORDER THINKING RUBRIC (60% WEIGHTING)

BUSINESS STUDIES PAPER III: LOWER ORDER THINKING RUBRIC (50% WEIGHTING)

| CRITERIA | 0 | | 1 | | 2 | | Question 1 | Question 2 |
|------------------------------------|----------------------------------|--|---|--|---|--|------------|------------|
| Format | Not meeting the correct standard | | Partially correct format | | Correct format | | | |
| | 0 | 1 | 2 | | 3 | | | |
| Terminology | No use of business terminology | Isolated/limited use of business terminology | Good use of business terminology | | Outstanding use of business terminology | | | |
| Content (number of relevant facts) | | | Maximum 50 facts. Divide by 2 to get mark out of 25. Marks are inter alia given for mentioning the fact, explanations of facts or statements, relevant examples; expansion of acronyms. NOTE: Listed facts that are not explained = max 4 marks (8 facts) | | | | | |
| Subtotal: (30 marks) | | | | | | | 1A | 2A |

BUSINESS STUDIES PAPER II – HIGHER ORDER THINKING RUBRIC (40% WEIGHTING)

| If all SECTIONS have not been completed, the judgment is based on the amount of expected information. E.g. A candidate substantiating one section well, but not answering the other cannot qualify for a "majority of statements" mark. | | | | | | | |
|--|---|---|---|---|--|------------|------------|
| CRITERIA | 0 | 1 | 2 | 3 | 4 | Question 1 | Question 2 |
| Substantiation (justification for statements made) | No attempt at Substantiation. | Very limited Substantiation. | Less than half of the statements are substantiated. | The majority of the statements are substantiated. | The majority of the statements are thoroughly substantiated showing breadth and/or depth of understanding. | | |
| | 0 | 1 | 2 | 3 | 4 | | |
| Application to context/industry | Superficial reference based on the case study/context given (Just keep mentioning the name of the business repeatedly without relevant examples). | Continuous reference is made to the case study/context given with some applicable examples given. | Continuous reference is made to the case study/context given with several examples that are fully integrated into the answer. | Examples are relevant to the case study/context given and fully integrated into the response showing understanding of the issues at hand. Reference is made to current affairs. | Examples are relevant to the case study/context given and fully integrated into the response showing understanding of the issues at hand. Current affairs is fully integrated into the response. | | |

| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | | |
|--|--|---|--|--|--|---|--|--------------|-----------|
| Creative Problem Solving | No understanding of the problem and no solution given. | Identification of the problem and an incorrect/poor solution suggested. | Identification of the problem with breadth but no depth (superficial). | Good insight and understanding of half the problem with solutions offered showing depth of understanding OR less than half in breadth and depth. | Good insight and understanding of the majority of the problem(s) with solutions offered showing depth of understanding OR half in breadth and depth. | Good insight and understanding of the holistic problem with solutions offered which are fully discussed, showing understanding on all aspects OR the majority in breadth and depth. | Good insight and understanding of the holistic problem with solutions offered which are fully discussed, showing breadth and depth of understanding. | | |
| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | | |
| Synthesis | None of the criteria as listed below are met. | At least one of the criteria fulfilled. | Any two of the criteria fulfilled. | Any three of the criteria fulfilled. | Any four of the criteria fulfilled. | Any five of the criteria fulfilled. | All six of the criteria are fulfilled. | | |
| 1. Introduction – don't just re-write question, but shows an understanding of the "link" between the topics. | | | | | | | | | |
| 2. Conclusion – this should be a logical affirmation of the points raised. | | | | | | | | | |
| 3. Flow of thought, i.e. paragraphs leading into one another. | | | | | | | | | |
| 4. Integration of topics given in the question. | | | | | | | | | |
| 5. Integration of question with other Business related topics to enhance the quality of the answer. | | | | | | | | | |
| 6. Arguments are developed. | | | | | | | | | |
| Subtotal: (20 marks) | | | | | | | | 1B | 2B |
| | | | | | | | | TOTAL | |