A STUDY OF THE MARKET FEASIBILITY OF AN ALTERNATIVE FILING SYSTEM

AJITH MADAREE
201509376

Submitted in partial fulfillment of the requirements for the degree of

MASTERS IN BUSINESS ADMINISTRATION

Graduate School of Business, Faculty of Management
University of Natal, Durban

SUPERVISOR: PROFESSOR ELZA THOMSON

SEPTEMBER 2003

I

CONFIDENTIALITY CLAUSE

22 September 2003

TO WHOM IT MAY CONCERN

RE: CONFIDENTIALITY CLAUSE

Due to the strategic importance of this research it would be appreciated if the contents remain confidential and not be circulated for a period of five years.

Sincerely,
A. Madaree

DECLARATION

This research has not been previously accepted for any degree for and is not being currently submitted in candidature for any degree.

Signed.................................

Date..................................

This dissertation represents the original work of the author and has not been submitted to this or any other university. Wherever use was made of work of others, it was duly acknowledged in the text.

ACKNOWLEDGMENTS

The 'Eagle has landed' – a highly pointed phrase, so fitting in this MBA destination, the pathway of which was torturous and an acid test of one's patience and endurance. No words, no matter how eloquent, can describe the appreciation for the constant support and inspiration I received from the following people:

First and foremost, a huge vote of thanks to Anisha Narainan, my secretary who recently joined my organisation about six months ago. Had it not been for her personal commitment and dedication to duty, I would still have been pondering over my completion of this MBA course. Anisha, your contribution has been exemplary!

I would like to thank the members of my study group for their assistance over the duration of this course. We have also forged sincere friendships and engendered networking opportunities.

To my son Sanjeev, special thanks for being there whenever the need arose. In particular, your Information Technology knowledge helped tremendously to bring issues up to speed. To Arisha, my youngest daughter in her third year Bachelor of Business Science at Natal University, the interactive discussions between us of our studies, was truly symbiotic and enjoyable. Thanks for assisting whenever you did.

To Niresh Seetal, a close friend, relative and colleague in MBA studies, thanks for walking me through many complex issues and simplifying them so effectively.

A big thank you to working colleagues, Kasthori Padayachee, Zaid Kader and Imraan Suleman, your efforts are really appreciated. To Raj Mahabeer, your mature views on various matters are commendable. To Mahendra Singh, your input in the field survey was tremendous!

To my family, thanks for understanding the pains inherited in this achievement – your sacrifices of this nature cannot be quantified.

To Elza Thomson, my lecturer and mentor – your wisdom, philosophy and simplified guidance in complexities has really spurred me on to complete this dissertation. Elza's assuring and ever-ready attitude to assist was instrumental in planning the way forward.

Elza, you are a great architect, your ability to supervise individually so many dissertations is remarkable, and you are truly a tower of strength to many, many students.

EXECUTIVE SUMMARY

Regency, a manufacturer of stationery and paper related products, invented a novel file, designed with many (from two to seven) internal leaves or segments. This created an effect of having many files within a file -or "files within a file" concept.

A patent was secured to protect the design and a trademark called "PIGGYBACK FILES" was registered.

To determine the potential business opportunities, in terms of market share and profit that could be realised, Regency conducted a marketing survey with respondents from different industries and was encouraged by the findings, in that the inventive Piggyback file was well liked and found to be innovative, with highly functional features.

It was now up to Regency to expedite and develop a marketing strategy to exploit the business opportunities.

TABLE OF CONTENTS	PAGE

CHAPTER 3- RESEARCH METHODOLOGY

CHAPTER 4- FINDINGS

CHAPTER 5 – RESEARCH RECOMMENDATIONS AND CONCLUSIONS

BIBLIOGRAPHY

APPENDIX

LIST OF TABLES		**PAGE**

	LIST OF FIGURES	**PAGE**

XIV

CHAPTER 1- INTRODUCTION

1.1 Introduction

Filing abounds, as a field, with controversy and different point of views. As Mark Twain said "A man with a new idea is considered a crank until the idea succeeds". This dissertation encompasses useful and practical ideas and approaches to filing (of information) in order to develop good application systems in terms of storage, containment and easy access to the retrieval of physically stored information.

"KISS is an old acronym that stands for "Keep It Simple Stupid". The following is an expanded and updated definition of the elements that make up the KISS principle:

1] If you are fortunate to have a simple solution to a problem – keep it that way. Sometimes it is human nature to take a simple solution to a problem and complicate it. Quite often, today's complicated solutions create tomorrow's problems.

2] If the only solution to a problem is a complicated one, then the solution should be divided

into simple and workable parts that interface with each other. The complicated solution should be like putting the pieces of a puzzle neatly together.

3] Once you have defined your solution, there will be many levels of approaches in planning, designing, and implementing your system. The difficult part is to choose the overall approach and the many underlying approaches that are available". (Smith 1983)

1.1.1 Background To The Invention
This invention is related to a segment to be used synonymously and interchangeably with a file. The segmented folder of the invention finds particular application as a stationery folder within which loose documentation may be secured neatly and in segmented categories, if required.

1.1.2   Summary Of The Invention

According to this invention, a segmented folder comprises a plurality of dividers bound to one another along at least one of their edges, each divider including a pocket extending along at least one unbound edge of the divider. In this specification, the term "divider" is used to denote the pocketed dividers referred to above.

In addition to the dividers, the segmented folder may include sheets bound therein to constitute folder pages, folder separators, index tabs or any one or more of the numerous sheets and pages that are regularly used in binders, folders and filing systems.

The segmented folder may be bound within a cover or covers.

The pocket on all or some of the dividers may conveniently be constituted by a folded flap-type pocket extending along at least two of the unbound edges of such dividers.

The pockets in the dividers may conveniently be adapted to accommodate one or several documents. To this end, all or some of the dividers may be individualised or differentiated from one another, for instance by way of colour or size differentiation. This will facilitate indexing of documents retained within the dividers.

The segmented folder may include a large number of dividers, but in one form of the invention, a total of seven dividers are preferred. This will facilitate indexing of documents into a seven-day week arrangement.

The segmented folder may conveniently be formed with punch holes to permit filing of the folder within a ring binder filing system.

1.1.3 Brief Description Of The Drawings

The invention will be described with reference to the accompanying drawing, which is a diagrammatic isometric view of a segmented folder according to the invention.

1.1.3.1 Description Of Embodiments Of The Invention

The segmented folder 10 illustrated in the drawing comprises a cover 12 with a plurality of dividers 14, 16 bound to the cover 12 along a bound edge 18. In a unitary folder, the bound edge 18 may be constituted simply by a folded edge.

The folder 10 may have additional pages 20 bound into the folder 10 in addition to the dividers 14,16.The dividers 14, 16 each include a pocket 14.1, 16.1 along two of the unbound edges of the dividers 14, 16. The pockets 14.1, 16.1 are constituted by simple folded flaps that, together with the sheet of the divider 14, 16, serve to define a retaining pocket for loose documents 22 that may be stored or filed within each divider 14, 16. The drawing illustrates a segmented folder 10 with two dividers 14,16. It will be appreciated, however, that the invention is not limited to such a number of dividers. On the contrary, it is anticipated that a seven-divider folder will constitute a convenient folder since this allows the creation of a folder with a divider for each day of the week.

In the segmented folder 10 illustrated in the drawing, the divider 14, 16 are differentiated from one another by size, the divider 16 being larger than the divider 14. While size differentiation is a convenient means of differentiating between the dividers, alternative forms of differentiation are conceivable. To this end, the dividers 14, 16 may, in addition or instead of simple size differentiation, also be colour-coded.

In each case, the dividers 14, 16 are differentiated to facilitate indexing of documents 22 within the dividers 14, 16.

The folder of the invention has the advantage of ease of mobility and portability while still allowing a convenient document indexing mechanism that will find a multiplicity of uses.
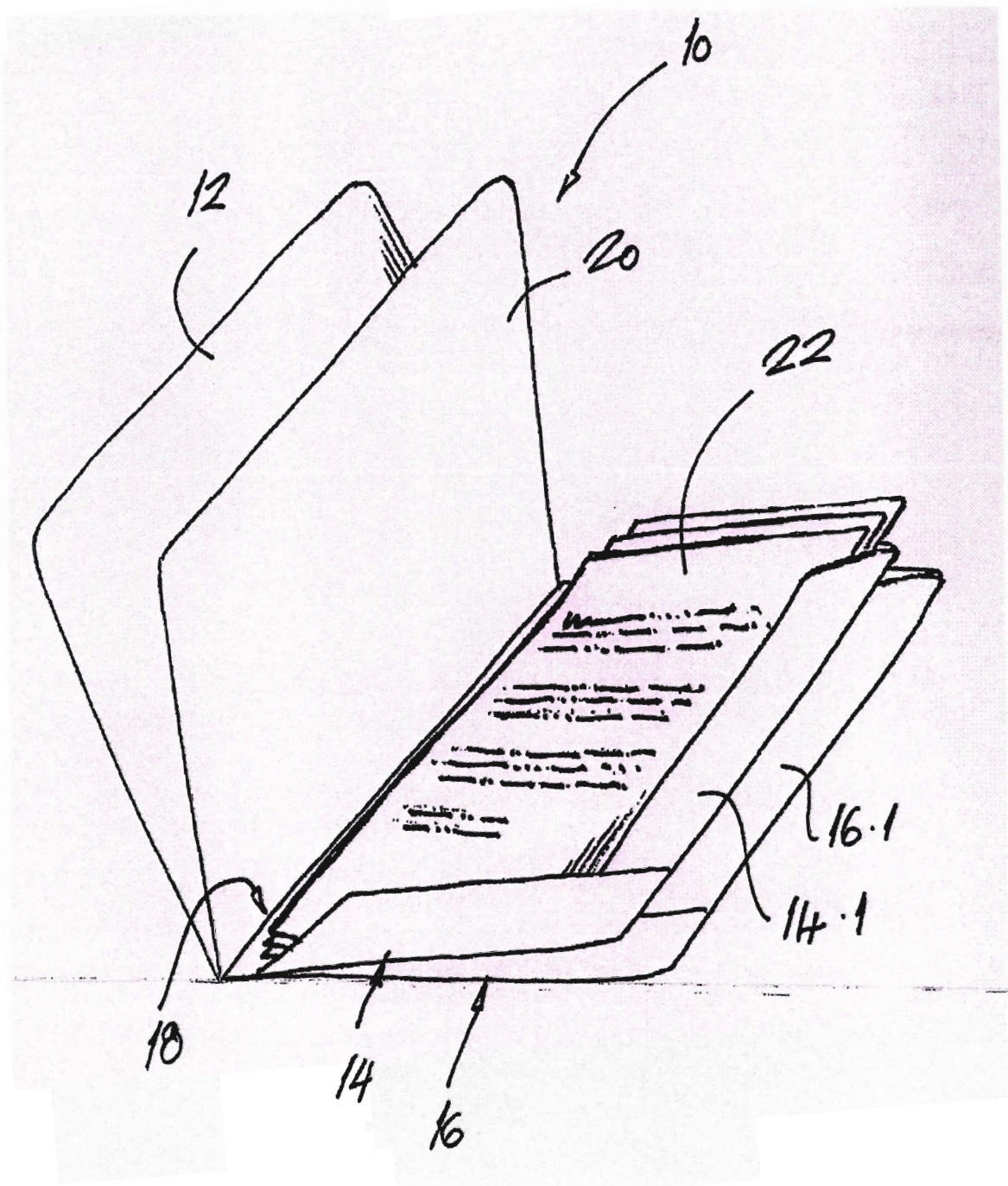
FIGURE 1.1 PIGGYBACK FILE

1.2 Background Of The Research

Information handling and processing problems is present all around us in a variety of forms and in various degrees of complexity. We are generating more information and more paperwork; we are working with files of information that did not exist or were insignificantly small in 1900. Furthermore, we demand easier access to previously recorded information.

The result is a storm of paper, and fortunes in money and manpower spent solely on processing, storing and retrieving information.

There is a need for methods or techniques to improve all aspects of this documentation problem of commerce, technology and other institutionalised entities, and society at large. The size of the mass of documentation, as well as the increasing dependence on documents, makes it necessary to find ways to reduce or maintain documentation costs, to increase transmission of information, and to maintain or reduce the amount of manual and clerical effort involved. In addition, new techniques are sought that could increase the productivity of the labour force.

The magnitude of the problem of storage and retrieval of various documents [including scientific and technical literature] is frightening. The magnitude of the problem is unlikely to decrease. The amount of periodical and non-periodical literature [such as government reports, industrial research reports, and conference proceedings] has never been determined.

A hospital patient's medical record may consist of handwritten notes, typewritten reports, inked graphs, strip-chart recordings, and correspondence. Hospitals generally keep the records of all their patients.

1.3 Filing: Problems Of Choice And Evaluation

The factor affecting the choice of a filing system will include:

A] Those relating to the nature of the document collection, such as the number of documents, their degree of specificity, and the growth rate of the collection;

B] Those relating to the needs of the users, such as the degree of specificity of the information requests; and

C] Those relating to the filing system operators, such as the degree of skill available.

1.4 Some Fundamental File Problems

Certain fundamental problems occur at varying degree in handling nearly every file, and especially in handling the large files, regardless of the type of material in the file or the method of file organisation.

Definition of:

"file item"- a smallest module or package of information to be handled as a unit.

"file"- a homogenous collection of a single type of file item.

"system"- [may be interpreted in a rather general way] as a 'collection of objects arranged in an ordered form, which is in some sense, purpose or goal directed.

1] Variances in Indexing

Few cataloging or indexing techniques avoid the possibility that the same document or file item may be indexed different indexers

2] Indexing discontinuities caused by personnel changes

The organisation of a particular file cannot but be influenced by the background and interests of the individual or group who established it.

3] Loss of material

Material gets lost or misplaced in any organised file, regardless of its size. As the file gets larger, however, it becomes more and more difficult to replace lost items. In such applications as legal records and vital statistics, it is often necessary to maintain absolute integrity of the file; in such applications as advertising, mailing lists, integrity is not as important.

4] File purging or file weeding

A programme of systematic review must be adopted in nearly all situations to prevent a file from becoming cluttered with useless or outdated records that hinder efficient use of

the file and waste space and equipment. Files of any type or size must usually undergo some systematic weeding or thinning in order to maintain the effectiveness to the user.

5] Auxiliary or snag files

Large files can seldom grow without developing some small auxiliary or snag files to represent the items that will not fit in the organisation of the main file. Snag files may also develop when the file system must perform a function not in original design.

1.5 The Organisation Of Information

One of the first considerations in the design of a large file system is the way in which the information is to be organised and assembled. The methods of file organisation are extremely important to the proper functioning and performance of any retrieval system. After choosing the method of organisation, a secondary question is how the individual file items are to be encoded for subsequent storage and processing.

1.6 Motivation for the research

Regency, a popular branded entity in South Africa, manufactures and distributes paper and various stationery products in South Africa and neighbouring countries. The management personnel at Regency realised that existing paperboard [commonly referred to as cardboard] files were limited in efficient and effective functionality. A segmented multi-leaf file (branded Piggy Back files) was conceptualised and thereafter a limited production was executed of different colours, both vibrant and pastel. The number of leaves [or segments] varied from two up to a maximum of seven.

The management of Regency wanted to find out whether these Piggyback files would be acceptable in the market. Random and ad hoc pilot market testing revealed a success strike rate of almost 100 %. The excited Regency management crew knew they had a winner and decided to conduct a market survey to determine the acceptability and desirability of these files. To protect their invention a patent was secured.

7

Environmental scanning of competitors' files revealed highly deficient characteristics of appeal, with low levels of functionality and wide prevalence of poor quality especially in terms of endurance.

1.7 Problem Statement

The management of Regency wanted to establish whether the Piggyback filing system is acceptable in the market?

The acceptability in the market would be dependent on the following factors:

1.) Is the price charged to the end user competitive and affordable?

2.) Is the quality satisfactory?

3.) Is the segmentation (i.e. multi leaves) seen as an innovation?

4.) Is the variety of colours of the files appealing?

5.) Is the "pockets" of the leaves important?

6.) Would a plastic version of this paperboard file be required?

7.) Where do consumers generally purchase their stationery?

1.8 Objectives Of The Research

To determine whether Regency would be successful in producing and marketing Piggyback files by evaluating research findings to establish market suitability and acceptability of the files and to establish likely distributive network for these files.

1.9 Research Methodology

This research design would be a survey administered by personal interviews with questionnaires. These interviews will be conducted by the marketing staff of Regency. A sample of one Piggyback file would be given to each respondent for inspection, evaluation and thereafter the respondent will complete a questionnaire. The questionnaire would comprise of two pages and be relatively easy to comprehend. The questionnaire would have both investigative and measurement questions. The interviewer would then

collect the completed questionnaire. The interviewer would be instructed not to lead the respondents in any way and be abundantly informed of the importance of an honest, unbiased survey. The interviewer would implore and impress upon the respondents to fill in the questionnaires as honestly as well.

1.10 Sampling

To add integrity to the survey, a stratified sampling of the population would be taken as follows:

1) Academic- Students at Natal University would be chosen at random.
2) Legal-at lawyers and Advocates offices at Salmon Grove Chambers and Durdoc Centre, both at Smith Street, Durban.
3) Medical- at Medical Towers, Isipingo and
4) Industrial, Commercial- at offices of SA Breweries, GUD Filters, Toyota and Wayne Rubber, or of Prospecton, South of Durban.

Approximately twenty-four respondents of each sampling stratum would be chosen at random. The above is a descriptive study with a cross sectional time dimension and an ex-post facto design.

1.11 Limitations

1] As the interviews were conducted in Durban only, these findings cannot be inferred upon the greater population of South Africa.

2] Due to cost and time constraints, the sampling population was small and the results may not be truly representative of the population.

3] The interviews were conducted by in house sales staff of Regency. These were not trained staff and they conducted these interviews for the first time. This further limits our accuracy of the findings. It is conceivable that if an independent qualified marketing research firm was commissioned, different findings could result.

1.12 Conclusion

Chapter 1 - Introduction

This chapter summarises the contents of the research; a background of the concept of filing generally and with specific reference to our filing system is described in detail to illustrate the key factors of the patent of this invention of Piggyback files.

A brief description of customers needs and satisfaction is highlighted.

Chapter 2 - Literature Review

This chapter is a review of the theory pertaining to files. A review of consumer behaviour forms the basis of our discussion together with brief comments on strategic management.

Chapter 3 - Research Methodology

The research design includes a discussion of a stratified sampling. A survey of approximately eighty respondents in the Durban area with questionnaires and a sample of the Piggyback file form the basis of our responses from the market. Interviewers were the marketing staff of Regency.

Chapter 4 - Findings

Data was extracted from the questionnaires and analysed and evaluated. All four sampling strata were independently analysed and evaluated. A combined presentation of all four strata responses is also considered.

Chapter 5 - Recommendations and Conclusions

Recommendations are suggested on how these positive findings should be considered cautiously with long term objectives in mind. Recommendations are made about plastic files as an alternative to paperboard files.

CHAPTER 2- LITERATURE REVIEW

2.1 Introduction

"In the history of man's cultural development, the communication of ideas ranks as one his most significant achievements. Only when man learned to pass on knowledge that he had accumulated did he become distinguished from the lower animals. Even more significant than the ability to communicate knowledge by means of signs and sounds was the development of a means of preserving knowledge through written records". (D. Johnson) 1960)

This book presents the story of the gradual development of writing, of books and of libraries. The trail from coloured pebbles to microcards is long and involved, but it is direct and meaningful. Each step leads logically to the next so that the ladder of man's achievements in communicating with his neighbours is clear and substantially continuous.

Communication was set to proliferate exponentially and logically and it can be deduced that a semblance of order, ranking or filing of the communicated information or knowledge was truly inevitable.

More interestingly, the "coloured pebbles" can be interpreted as a very early and basic form of segmenting some form of information or knowledge, either for easy reference or for recall of memory. This segmentation then, can be argued as being essentially [or perhaps crudely] a basic tenet of conceptual filing. Hence, this segmentation graduated to microcards and other present day filing systems and mechanisms that we all know of.

2.2. Files: The Subject Of Systems

"We are all aware of ourselves as beings in a world, and we are aware also of a very complex world outside of ourselves, of which we are a part. Perhaps the most surprising thing about this mysterious world in which we find ourselves is that it is in fact

intelligible. The world shows regularities and continuities upon which we may rely. We may not be able to prove in advance that the sun will rise tomorrow, or that the inverse square of the law of magnetism will continue to hold, but coherent life on this planet is possible for us because the world outside ourselves does appear to be regular, not capricious. What is more, the process of evolution has provided our species with a brain mechanism with which can comprehend the regularities of the world we inhabit. We can observe the world, and think about our observations, and so gain knowledge of the world. Western civilisation, in particular, has in the last 300 years provided thinking about it, and acquiring well tested knowledge of its regularities: the method of science.

This narrative is about *systems thinking,* and about the use of a particular set of ideas, system ideas, in trying to understand the world's complexity. The central concept "system" embodies the idea of a set of elements connected together, which form a whole, this showing properties, which are properties of the whole, rather than the properties of the parts. [The taste of water, for example, is a property of the substance water, not of the hydrogen and oxygen, which combine to form it.]

Systems thinking, then, makes conscious use of the particular concept of wholeness captured in the word "system", to order our thoughts." Systems practice" then implies using the product of this thinking to initiate and guide actions we take in this world.

As can be seen from the above chapter files are an absolutely integral cog in the development of systems. Inferentially, then, we can conclude by stating that files promulgates "systems practice"... to order our thoughts and resultantly guide our actions".

(Systems Thinking, Systems Practice by Petercheckland)

2.3 Files & Information Mobility, Divisibility & Compartmentalisation

The crucial problem which science faces is its ability to cope with complexity. Descarte's second rule for "properly conducting one's reason", i.e. divide up the problems being examined into separate parts- the principle most central to scientific practice- assumes that this division will not distort the phenomenon being studied.

2.3.1 Problems For Science: Complexity

Cursory inspection of the world suggests that it is a giant complex with dense connections between its parts. We cannot cope with it in the form and are forced to reduce it to some separate areas, which we can examine separately

The above narrative hones in, quite crisply, the intrinsic and practical application of files, to guide us methodically and expeditiously, as we navigate our lives, so filled with inescapable complexities. But given that our knowledge has to be arranged in this way – and it is inevitable given our limited ability to take in the whole – then it is useful in the interests of coherence to arrange the classification of knowledge according to some rational principle embodying filing, thereby embracing fundamentally the principal of compartmentalisation.

2.4 Are Files [Or Filing] Wholly Dependent On The Future Of Paper?

"On a busy day, a typical air-traffic controller might be in charge of as many as twenty-five airplanes at a time--some ascending, some descending, each at a different altitude and travelling at a different speed. His peers at large, monochromatic radar console, tracking the movement of tiny-tagged blips moving slowly across the screen. He talks to the sector where a plane is headed, and talks to the pilots passing through his sector, and talks to the other controllers about any new traffic on the horizon. And, as a controller juggles all those planes overhead, he scribbles notes on little pieces of paper, moving them around on his desk as he does. Air-traffic control depends on computers and radar. It also depends, heavily, on paper and ink.

When people talk about the need to modernise the American air-traffic-control system, this is, in large part, what they are referring to. Whenever a plane takes off, the basic data about the flight -- the type of plane, the radar I.D. number, the requested altitude, the destination -- are printed out on a stiff piece of paper, perhaps one and a half by six and a half inches, known as a flight strip. And as the plane passes through each sector of the airspace the controller jots down, using a kind of shorthand, everything new that is

happening to the plane -- its speed, say, and where it's heading, clearances from ground control, holding instructions, comments on the pilot. It's a method that dates back to the days before radar, and it drives critics of the air-traffic-control system crazy. Why, in this day and age, are planes being handled like breakfast orders in a roadside diner?

This is one of the great puzzles of the modern workplace. Computer technology was supposed to replace paper. But that hasn't happened. Every country in the Western world uses more paper today, on a per-capita basis, than it did ten years ago. The consumption of uncoated free-sheet paper, for instance -- the most common kind of office paper -- rose almost fifteen per cent in the United States between 1995 and 2000. This is generally taken as evidence of how hard it is to eradicate old, wasteful habits and of how stubbornly resistant we are to the efficiencies offered by computerisation. A number of cognitive psychologists and ergonomics experts, however, don't agree. Paper has persisted, they argue, for very good reasons: when it comes to performing certain kinds of cognitive tasks, paper has many advantages over computers. The dismay people feel at the sight of a messy desk -- or the spectacle of air-traffic controllers tracking flights through notes scribbled on paper strips -- arises from a fundamental confusion about the role that paper plays in our lives.

The case for paper is made most eloquently in "The Myth of the Paperless Office" (M.I.T.; $24.95), by two social scientists, Abigail Sellen and Richard Harper. They begin their book with an account of a study they conducted at the International Monetary Fund, in Washington, D.C. Economists at the I.M.F. spend most of their time writing reports on complicated economic questions, work that would seem to be perfectly suited to sitting in front of a computer. Nonetheless, the I.M.F. is awash in paper, and Sellen and Harper wanted to find out why. Their answer is that the business of writing reports -- at least at the I.M.F -- is an intensely collaborative process, involving the professional judgments and contributions of many people. The economists bring drafts of reports to conference rooms, spread out the relevant pages, and negotiate changes with one other. They go back to their offices and jot down comments in the margin, taking advantage of the freedom offered by the informality of the handwritten note. Then they deliver the annotated draft

to the author in person, taking him, page by page, through the suggested changes. At the end of the process, the author spreads out all the pages with comments on his desk and starts to enter them on the computer -- moving the pages around as he works, organising and reorganising, saving and discarding.

Without paper, this kind of collaborative, literature work process would be much more difficult. According to Sellen and Harper, paper has a unique set of "affordances" -- that is, qualities that permit specific kinds of uses. Paper is tangible: we can pick up a document, flip through it, read little bits here and there, and quickly get a sense of it. (In another study on reading habits, Sellen and Harper observed that in the workplace, people almost never read a document sequentially, from beginning to end, the way they would read a novel.) Paper is spatially flexible, meaning that we can spread it out and arrange it in the way that suits us best. And it's tailorable: we can easily annotate it, and scribble on it as we read, without altering the original text. Digital documents, of course, have their own affordances. They can be easily searched, shared, stored, accessed remotely, and linked to other relevant material. But they lack the affordances that really matter to a group of people working together on a report. Sellen and Harper write:

Because paper is a physical embodiment of information, actions performed in relation to paper are, to a large extent, made visible to one's colleagues. Reviewers sitting around a desk could tell whether a colleague was turning toward or away from a report; whether she was flicking through it or setting it aside. Contrast this with watching someone across a desk looking at a document on a laptop. What are they looking at? Where in the document are they? Are they really reading their e-mail? Knowing these things is important because they help a group coördinate its discussions and reach a shared understanding of what is being discussed.

Paper enables a certain kind of thinking. Picture, for instance, the top of your desk. Chances are that you have a keyboard and a computer screen off to one side, and a clear space roughly eighteen inches square in front of your chair. What covers the rest of the desktop is probably piles -- piles of papers, journals, magazines, binders, postcards,

videotapes, and all the other artifacts of the knowledge economy. The piles look like a mess, but they aren't. When a group at Apple Computer studied piling behaviour several years ago, they found that even the most disorderly piles usually make perfect sense to the piler, and that office workers could hold forth in great detail about the precise history and meaning of their piles. The pile closest to the cleared, eighteen-inch-square working area, for example, generally represents the most urgent business, and within that pile the most important document of all is likely to be at the top. Piles are living, breathing archives. Over time, they get broken down and resorted, sometimes chronologically and sometimes thematically and sometimes chronologically and thematically; clues about certain documents may be physically embedded in the file by, say, stacking a certain piece of paper at an angle or inserting dividers into the stack.

But why do we pile documents instead of filing them? Because piles represent the process of active, ongoing thinking. The psychologist Alison Kidd, whose research Sellen and Harper refer to extensively, argues that "knowledge workers" use the physical space of the desktop to hold "ideas, which they cannot yet categorise or even decide how they might use." The messy desk is not necessarily a sign of disorganisation. It may be a sign of complexity: those who deal with many unresolved ideas simultaneously cannot sort and file the papers on their desks, because they haven't yet sorted and filed the ideas in their head. Kidd writes that many of the people she talked to use the papers on their desks as contextual cues to "recover a complex set of threads without difficulty and delay" when they come in on a Monday morning, or after their work has been interrupted by a phone call. What we see when we look at the piles on our desks is, in a sense, the contents of our brains.

Seller and Harper arrived at similar findings when they did some consulting work with a chocolate manufacturer. The people in the firm they were most interested in were the buyers -- the staff who handled the company's relationships with its vendors, from cocoa and sugar manufacturers to advertisers. The buyers kept folders (containing contracts, correspondence, meeting notes, and so forth) on every supplier had dealings with. The company wanted to move the information in those documents online, to save space and

money, and make it easier for everyone in the firm to have access to it. That sounds like an eminently rational thing to do. But when Sellen and Harper looked at the folders they discovered that they contained all kinds of idiosyncratic material -- advertising paraphernalia, printouts of e-mails, presentation notes, and letters -- much of which had been annotated in the margins with thoughts and amendments and, they write, "perhaps most important, comments about problems and issues with a supplier's performance not intended for the supplier's eyes." The information in each folder was organised -- if it was organised at all -- according to the whims of the particular buyer. Whenever other people wanted to look at a document, they generally had to be walked through it by the buyer who "owned" it, because it simply wouldn't make sense otherwise. The much-advertised advantage of digitising documents -- that they could be made available to anyone, at any time -- was illusory: documents cannot speak for themselves. "All of this emphasised that most of what constituted a buyer's expertise resulted from involvement with the buyer's own suppliers through a long history of phone calls and meetings," Sellen and Harper write:

The correspondence, notes, and other documents of such discussions would form a significant part of the documents buyers kept. These materials therefore *supported* rather than *constituted* the expertise of the buyers. In other words, the knowledge existed not so much in the documents as in the heads of the people who owned them -- in their memories of what the documents were, in their knowledge of the history of that supplier relationship, and in the recollections that were prompted whenever they went through the files.

This idea that paper facilitates a highly specialised cognitive and social process is a far cry from the way we have historically thought about the stuff. Paper first began to proliferate in the workplace in the late nineteenth century as part of the move toward "systematic management." To cope with the complexity of the industrial economy, managers were instituting company-wide policies and demanding monthly, weekly, or even daily updates from their subordinates. Thus was born the monthly sales report, and the office manual and the internal company newsletter. The typewriter took off in the·

eighteen-eighties, making it possible to create documents in a fraction of the time it had previously taken, and that was followed closely by the advent of carbon paper, which meant that a typist could create ten copies of that document simultaneously. If you were, say, a railroad company, then you would now have a secretary at the company headquarters type up a schedule every week, setting out what train was travelling in what direction at what time, because in the mid-nineteenth century collisions were a terrible problem. Then the secretary would make ten carbon copies of that schedule and send them out to the stations along your railway line. Paper was important not to facilitate creative collaboration and thought but as an instrument of control. Perhaps no one embodied this notion more than the turn-of-the-century reformer Melvil Dewey. Dewey has largely been forgotten by history, perhaps because he was such a nasty fellow -- an outspoken racist and anti-Semite -- but in his day he dominated America's thinking about the workplace. He invented the Dewey decimal system, which revolutionised the organisation of libraries. He was an ardent advocate of shorthand and of the metric system, and was so obsessed with timesaving and simplification that he changed his first name from Melville to the more logical Melvil. (He also pushed for the adoption of "catalogue" in place of "catalogue," and of "thruway" to describe major highways, a usage that survives to this day in New York State). Dewey's principal business was something called the Library Bureau, which was essentially the Office Depot of his day, selling card catalogues, cabinets, office chairs and tables, pre-printed business forms, and, most important, filing cabinets.

Previously, businessmen had stored their documents in cumbersome cases, or folded and labelled the pieces of paper and stuck them in the pigeonholes of the secretary desks so common in the Victorian era. What Dewey proposed was essentially an enlarged version of a card catalogue, where paper documents hung vertically in long drawers.
The vertical file was a stunning accomplishment. In those efficiency-obsessed days, it prompted books and articles and debates and ended up winning a gold medal at the 1893 World's Fair, because it so neatly addressed the threat of disorder posed by the proliferation of paper. What good was that railroad schedule, after all, if it was lost on someone's desk? Now a railroad could buy one of Dewey's vertical filing cabinets, and

put the schedule under "S," where everyone could find it. In "Scrolling Forward: Making Sense of Documents in the Digital Age" (Arcade; $24.95), the computer scientist David M. Levy argues that Dewey was the anti-Walt Whitman, and that his vision of regularising and standardising life ended up being just as big a component of the American psyche as Whitman's appeal to embrace the world just as it is. That seems absolutely right. The fact is, the thought of all those memos and reports and manuals made Dewey anxious, and that anxiety has never really gone away, even in the face of evidence that paper is no longer something to be anxious about.

When Thomas Edison invented the phonograph, for example, how did he imagine it would be used? As a dictation device that a businessman could pass around the office in place of a paper memo. In 1945, the computer pioneer Vannevar Bush imagined what he called a "memex" -- a mechanised library and filing cabinet, on which an office worker would store all his relevant information without the need for paper files at all. So, too, with the information-technology wizards who have descended on the workplace in recent years. Instead of a real desktop, they have offered us the computer desktop, where cookie-cutter icons run in orderly rows across a soothing background, implicitly promising to bring order to the chaos of our offices.

Sellen and Harper include in their book a photograph of an office piled high with stacks of paper. The occupant of the office -- a researcher in Xerox's European research facility -- was considered neither ineffective nor inefficient. Quite the contrary: he was, they tell us, legendary in being able to find any document in his office very quickly. But the managers of the laboratory were uncomfortable with his office because of what it said about their laboratory. They were, after all, an organisation looking to develop digital workplace solutions. "They wanted to show that this was a workplace reaching out to the future rather than being trapped in an inefficient past," Sellen and Harper write. "Yet, if this individual's office was anything to go by, the reality was that this workplace of the future was full of paper." Whenever senior colleagues came by the office, then, the man with the messy desk was instructed to put his papers in boxes and hide them under the stairs. The irony is, of course, that it was not the researcher who was trapped in an inefficient past but the managers.

19

They were captives of the nineteenth-century notion that paper was most useful when it was put away. They were channelling Melvil Dewey. But this is a different era. In the tasks that face modern knowledge workers, paper is most useful out in the open, where it can be shuffled and sorted and annotated and spread out. The mark of the contemporary office is not the file. It's the pile.

Air-traffic controllers are quintessential knowledge workers. They perform a rarefied version of the task faced by the economists at the I.M.F. when they sit down at the computer with the comments and drafts of five other people spread around them, or the manager when she gets to her office on Monday morning, looks at the piles of papers on her desk, and tries to make sense of all the things she has to do in the coming week. When an air-traffic controller looks at his radar, he sees a two-dimensional picture of where the planes in his sector are. But what he needs to know is where his planes will be. He has to be able to take the evidence from radar, what he hears from the pilots and other controllers, and what he has written down on the flight strips in front of him, and construct a three-dimensional "picture" of all the planes in his sector. Psychologists call the ability to create that mental picture "situation awareness." "Situation awareness operates on three levels," says Mica Endsley, the president of S.A. Technologies, in Georgia, and perhaps the country's leading expert on the subject. "One is perceiving. Second is understanding what the information means -- analogous to reading comprehension. That's where you or I would have problems. We'd see the blips on the screen, and it wouldn't mean anything to us. The highest level, though, is projection -- the ability to predict which aircraft are coming in and when. You've got to be able to look into the future, probably by as much as five minutes."
Psychologists believe that those so-called flight strips play a major role in helping controllers achieve this situation awareness. Recently, for example, Wendy Mackay, a computer scientist now working in Paris, spent several months at an air-traffic-control facility near Orly Airport, in Paris. The French air-traffic-control system is virtually identical to the American system. One controller, the planning controller, is responsible for the radar. He has a partner, whose job is to alert the radar controller to incoming traffic, and what Mackay observed was how beautifully the strips enable efficient

interaction between these two people. The planning controller, for instance, overhears what his partner is saying on the radio, and watches him annotate strips. If he has a new strip, he might keep it just out of his partner's visual field until it is relevant. "She [the planner] moves it into his peripheral view if the strip should be dealt with soon, but not immediately," Mackay writes. "If the problem is urgent, she will physically move it into his focal view, placing the strip on top of the stripboard or, rarely, inserting it."

Those strips moving in and out of the peripheral view of the controller serve as cognitive cues, which the controller uses to help keep the "picture" of his sector clear in his head. When taking over a control position, controllers touch and rearrange the strips in front of them. When they are given a new strip, they are forced mentally to register a new flight and the new traffic situation. By writing on the strips, they can off-load information, keeping their minds free to attend to other matters. The controller's flight strips are like the piles of paper on a desk: they are the physical manifestations of what goes on inside his head. Is it any wonder that the modernisation of the air-traffic-control system has taken so long? No one wants to do anything that might disrupt that critical mental process.

This is, of course, a difficult conclusion for us to accept. Like the managers of the office-technology lab, we have in our heads the notion that an air-traffic-control center ought to be a pristine and gleaming place, full of the latest electronic gadgetry. We think of all those flight strips as cluttering and confusing the work of the office, and we fret about where all that paper will go. But, as Sellen and Harper point out, we needn't worry. It is only if paper's usefulness is in the information written directly on it that it must be stored. If its usefulness lies in the promotion of ongoing creative thinking, then, once that thinking is finished, the paper becomes superfluous. The solution to our paper problem, they write, is not to use less paper but to *keep* less paper. Why bother filing at all? Everything we know about the workplace suggests that few if any knowledge workers ever refer to documents again once they have filed them away, which should come as no surprise, since paper is a lousy way to archive information. It's too hard to search and it takes up too much space. Besides, we all have the best filing system ever invented, right there on our desks -- the personal computer. That is the irony of the P.C.: the workplace problem that it solves is the nineteenth-century anxiety. It's a better filing cabinet than the

original vertical file, and if Dewey were alive today, he'd no doubt be working very happily in an information-technology department somewhere. The problem that paper solves, by contrast, is the problem that most concerns us today, which is how to support knowledge work. In fretting over paper, we have been tripped up by a historical accident of innovation, confused by the assumption that the most important invention is always the most recent. Had the computer come first -- and paper second -- no one would raise an eyebrow at the flight strips cluttering our air-traffic-control centers.

2.5 Evolution Of File

Despite illusions, apprehensions and conventional methodology, file over the years has evolved.

Documentation is an integral part of every office. From Purchase Orders to Sales Orders, Vouchers, Enquiry forms, Bills, Delivery Chalans to Invoices each and every paper related to the transaction in business is paramount in an office environment. Most offices preserve their documents from the day one of their business. From traditional business suites to home based offices, documentation is something which is done with proper care. All paper documents were kept safe in one thing called the File, which defined the concept called office from the past many years. To put it in the most simple way, a file is a collection of documents on a similar subject or resulting from similar transactions that are held together in some way, usually by a file pin in a folder. File, distinguished the White collars class from the commoners.

2.5.1 The Future: Paper Or Plastic Files?

Files made of paper adorned offices for decades. Be it in an ordinary Panchayath Office or even in the office of the Prime Minister it did a sterling job. It continues to be the same in many offices across the country today. K.V. Muralidharan, ace writer in his book 'Balikallukal' describes a scene which cannot be ignored. It's the story of an old man by name Ramanujan who goes to the Panchayath office for his Birth Certificate. The search for his Certificate begins in the archives of the office where a lot of documents are preserved. ' Dust and fink enveloped that dark room. In the shimmering light of the bulb a different world emerged. BookWorms, Ants, Moths, Earwigs, Ladybirds, Fleas, Larvas

and beetles reigned that part of the world. A repugnant smell filled the archives. History got erased as bookworms began their mission, the mission of eating up records well placed in files. Well placed!! How can they be called well placed as the files had a life span of only 2 months. The creatures' now ate up Ramanujan's history. Though a satirical work Muralidharan has written the fact. Paper Files and Folders used extensively in the offices due to various reasons fall victims to an untimely death.

Nils Montan Victor, the president of International Trademark Organisation in his letter to the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent Trademark office writes that INTA does not object to the development of a plan to remove the paper files from the public search facilities as the time is up for a revival. Nils Victor's suggestion was welcomed and most American offices do not use paper files now.

Then came the era of plastic files. That was the second stage in the evolution of the file. With the standard colours, green, red and blue it remained for many years. Plastic files and folders wore out and people didn't know what to do with it after it transformed its shape to something which, perhaps words cannot describe. Plastic files were not durable and dumping of it became a serious problem as plastic was something which took centuries to undergo the process of decomposition. Ecology, 'a branch of science concerned with the interrelationship of organisms and their environments ' or in other words the feeling of being one with the nature obstructed the use of plastic. The first whiff of rebellion against plastic began there. Cardboard and Plastic files began to fade and that gave birth to a new concept called Polypropylene.

Polypropylene is an economical material that offers a combination of outstanding mechanical, physical, chemical, thermal and electrical properties not found in any other thermoplastic. Polypropylene is both plastic and fibre. It doesn't melt below 160 degree C or 320 degree F and doesn't absorb water. It's even lighter than water. It is resistant to staining, and has a low moisture absorption rate and is a tough, heat-resistant, semi-rigid material, appropriate for the transfer of hot liquids or gases. The enhancement of Polypropylene's physical properties and breadth of suitable applications resulted in a lot of consumer products and one range out of them was the stationery product.

Polypropylene Files and Folders thus came to existence. The most interesting fact about

Polypropylene is that it can be subjected to any kind of design, shape and style. Through what's known as Fire Technology with the help of Ultra Sonic devices Polypropylene can be turned to almost anything.

Most offices in the United States and Europe use Polypropylene products to keep their documents safe. The attractive designs it comes with and its durability has made many to use it and avoid using paper and plastic folders. The idea has slowly got across the Indian subcontinent as well with many corporations and offices using Polypropylene products. 'Neo' was the pioneer in getting Polypropylene to India. Collaborating with HWA-FUH Company they created a revolution in the office stationery industry. After that came companies like 'Corporate Stationery' and 'Yes Stationery' making the presence of PP products vibrant in the Indian stationery scenario.

Polypropylene products are not just limited to files alone now, instead they have grown to as many as hundreds of products like Display books, Clipfiles, Ring-binders, Note Books & Confiles, Presentation Folders, Report Covers, Business Card Holders, Expansion Cases, Portable Cases, Photo Albums etc.

Polypropylene Files and other products define elegance. In hundreds of designs they are available, creating a nexus between man and nature. Durable and smooth they are made to last for long.

2.6 Album File

The Album File consists of published and unpublished volumes and scrapbooks acquired from various sources. Styles of albums vary from manufactured carte-de-visite albums to scrap books made by pasting images and clipping into accounting ledgers, and fine presentation albums with leather or velvet covers and ornate metal clasps. Albums were created to document families, places, or events, or to honour a person's career. Some volumes included in the file are published works documenting well know locations or persons. The materials comprising the albums are primarily photographic including tintypes, albumen prints, silver gelatin prints, platinum prints and cyanotypes, but also

include clippings, engravings and etchings, drawings and other materials. Various photographers, printmakers, and artists are included in the collection.

Most of volumes in the Album File are manufactured albums made specifically to contain photographs: carte-de-visite albums, albums with brittle, black kraft paper pages from the late 19th and early 20th century, and three-hole binders with plastic-covered pages. More expensive albums include tooled leather or velvet covers, and ornate clasps and embellishments. The compilers of some albums were creative in their presentation, embellishing the pages with drawings, poetry and other writing. The photographs in the album are primarily albumen and silver gelatin prints. The albums also include tintypes, cyanotypes, platinum prints, snapshots, clippings, engravings and etchings, drawings, postcards, pamphlets, greeting cards, and other materials.

Albums are filed sequentially by numbers assigned during the creation of the database that provides access to key information about the albums. Every effort was made to bring together albums related by provenance or in some cases categories or subjects. However, the main shelf arrangement is by size so it was not always possible to place related albums together. Reference is made in the note field of the database to albums related by provenance.

2.7 Early Filing Device

The creation of patented files started as early as 1845.

Below are some of the examples of such created.

Binder

Earliest patent 1877

Earliest advertisement 1883
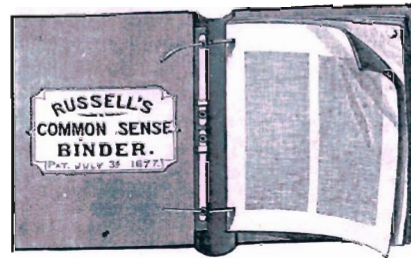
Russell's Common Sense Binder, Asa L.Shipman's Sons. New York, NY, patented 1877, advertised 1883. In 1893, the Common Sense Binder had become a two-ring notebook.

Loose Leaf Filing System (Two-Ring Notebook)

Earliest advertisement 1899

Loose Filing System, ChicagoBinder Co, Chicago, IL, 1899ad and File

Board Clip

Earliest patent 1870-71

Earliest advertisement c.1883, also 1884

Emerson's Clip & File, J.R. Barret & Co., Chicago,

Clague, Schlicht, & Field Rochester, NY,c.1883

Patented 1870-71

Pack & Vanhorn, patented 1875

Shannon' S File

Shannon arch Files were attached to boards and
they were attached inside flat file drawers in
letter filing cabinets. Unattached Shannon Arch
Files do not seem to have been marketed, so the
Unattached ones that one now sees may have
been removed from files drawers.

Standard Arch File, Whiting Stationery Co.,

Buffalo,

NY, Undated, identical to Shannon File, patented
1879

Yawman & Erbe board clip with arch file at topAnd two-hole punch at bottom.

Bill File

Earliest patent 1868

Earliest advertised 1884

L.M. Olmstead's Improved Bill No. 1.L.H. Olmstead, New York, NY, patented 1868

Account File

Earliest patent 1895

National Account File. Fremont, OH, patented 1895
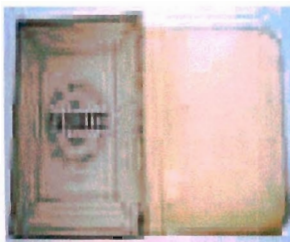
Improved Letter And Invoice File

J.W. & Co.patented 1883Fremont Account File co., Fremont, OH

Box Files

Amberg Self- Indexing File and Binder

"Patented in 1869, a more wooden tray
containing loose sheets indexed from A to Z,
with a pressing bar to hold the contents securely.
When this File became full of letters a mean of
Binding the volume with wires was provided.
A crude device, yet it was much better than any
Method then used."

Patented 1869

Letter File

Earliest patent 1877

Earliest advertisement 1877

Brown's Letter File, Culver, Page,
Hoyne & Co. Chicago, 1L, patented 1877,
advertised 1878.

2.8 Physical Preparation And Care Of The File

"A uniform method of preparation for the file is possible in spite of the many different formats which will appear in the day's accumulation of material The information file is primarily a reference tool. All items should be marked plainly with the source and date. If pamphlets are included in the file, it is advisable to have duplicate folders for the more popular headings. Mark folder No. 1 and No. 2 file only pamphlets in one folder, and the flimsier items in the other, thus giving protection from wear and tear.

Handprint subject headings on the folder, using an art pen and black India ink.

Some clippings contain historical material that is sure to be of subsequent use, and a method worked out for preserving them has proved satisfactory. Trim each clipping closely and paste on a separate sheet of good quality rag paper, being careful to retain source and date. Then place in a heavy press until completely dry, enter subject head, stamp and file". (Miriam Ogden Ball 1917)

As can be seen from the above, filing was of significant importance way back in 1917 AD [just after World War 1!] or before. Albeit very basic then, filing however still conceptually embodied the very same reasons and functionalities of our rather complex post modernist society. And in this complex personal and work lifestyle, filing and filing systems have evolved in highly sophisticated mechanisms and functionalities. Resultant upon this would be the need and desire to rapidly access stored information. Filing procedures would also contain this information and preservation would be a significantly intrinsic feature

2.8.1 Weeding The File

"The usefulness of the information file is largely determined by the speed with which out-of -date material is eliminated.

The most accurate method of weeding is by comparison, that is, by examining the contents of each folder at regular intervals, discarding all but the latest and most useful items. Since this method is feasible only in a small file, some form of automatic weeding

is necessary for the larger collection. The use of a 'weeding date' when subject heading the material, is a simple method, which requires a minimum of effort. It consists of an evaluation of each item for the period of time it will be of use in the file [three months or one year are suggested].

The filer should examine each folder after use, straightening the contents and checking subject headings. Most newspaper clippings may be discarded after one year, in most cases after three months. Reports, statistics, annuals of all sorts are useful only until the next issues arrive and the frequency of publication will govern the weeding date."
(Miriam Ogden Ball 1917)

The above extract clearly demonstrates the procedure practiced in the early days. Attention to detail was just as important then as it is now. Interesting is the practice, when filing, of dispensing of the irrelevant or obsolete information. Perhaps today, we are not patently aware of implementing this 'dispensing' practice timeously.

2.9 Marketing Of Files

The marketing of files consist of various concepts and strategies that needs to be analysed.

2.9.1 The Marketing Concept

There are five concepts according to which these files can be marketed.

2.9.1.1 The Production Concept

The production concept is one of the oldest concepts in business and holds the view that consumers will favour low cost products that are widely available. Managers operating within this philosophy focus on achieving production efficiency and wide scale distribution. The production concept is most common in industries where the products tend to be homogenous or standardised.

The limitation of this production concept is that it ignores changes over time and does not promote or build customer relationships. Effort is spent on improving operating efficiency rather than finding better ways to satisfy customer needs.

2.9.1.2 The Product Concept

The product concept holds the view that consumers will favour those products that have unique features and offer the best quality and performance. Production managers operating under this philosophy focus on product differentiation, product improvement and new product development.

Developing high quality products more quickly and efficiently gives companies a sustainable competitive advantage.

2.9.1.3 The Selling Concept Or Sales Concept

The selling concept holds the view that consumers will not ordinarily buy enough of the organisation's products. The organisation must therefore undertake an aggressive selling effort.

2.9.1.4 The Market Concept

The term market concept is used to emphasise its organisation-wide application, as opposed to it being the task of the marketing department. The market concept as a business philosophy focuses on the customer as the core reason for being. The market concept means that a company aims all its effort at satisfying its customer at a profit. The market concept begins with a well defined target market, followed by an understanding and focus on customer needs, integrating all the activities of an organisation that affect customers.

2.9.1.5 Target Market

No company can be all things to all people. Different market segments exist due to differing needs and wants. Market orientation as a philosophy consists of four core concepts: Customer orientation, Collaboration [integration of effort], Competitive Advantage and company objectives.

2.9.2 Customer Orientation

Assessing and defining the customer from the customer's point of view is not an easy task. Often customers find it difficult to express their needs or they may not be fully conscious of what their needs are. Furthermore, they may have hidden needs. This could be probed during the research process. Consumer needs are not constant, they change over time. Tracking and anticipating consumer's needs for files is therefore a continuous process.

Customers must be satisfied adequately. Customer satisfaction can be defined as the customer's feeling of pleasure or disappointment of the product's perceived performance in relation to expectation.

Customer value is the value a customer places on an organisation's offering after weighing up the benefits. Perceived benefits go beyond product performance, to service quality, company image, sales service and relationships.

Satisfied customers:

- Will remain loyal
- Will purchase other products
- Will talk favourably about the files
- Pay less attention to competitive products
- Are less price sensitive
- May bring in new customers.

Customer acquisition is an expensive activity that must be faced. The cost of acquiring new customers will vary depending on the market segment.

2.9.3 Collaboration [Integration Of Effort]

When all departments of the organisation work harmoniously together to create and serve customer needs for the files, the result is integrated marketing. The customer for these files should form the controlling function and marketing the integrative function. This means that marketing should be well co-ordinated with other departments.

2.9.4 Competitive Advantage

Customers buy from those organisations that they perceive as offering best value. Customers' place value based on quality, price and added value.

The importance of embracing fully the marketing philosophy is demonstrated in the following quote:

"Japan is one of the few foreign countries where the marketing philosophy is well understood, widely accepted, and effectively applied. Japanese marketing management success has been described as a `classic textbook case' of applying the market philosophy – carefully studying consumer wants and needs international markets, developing products incorporating desired features, and putting effective market programmes into place to support them". (Morita A 1983)

2.9.5 The Marketing Concept Mix In Practice

The marketing philosophy could adopt a multi-faceted approach where two or more of these concepts could be applied concomitantly Here focus would be placed on product modifications, less on production and more on changing needs of customers and personal selling to make users aware of the marketing mix benefits.

2.9.6 Strategic Marketing

Strategic marketing is a market-driven process of strategy development that takes in to account the ever-changing market environment. Strategic marketing links the organisation with the environment and views marketing as a responsibility of the entire business rather than as a specialised function. It is closely linked to corporate strategy.

Strategic marketing is concerned with long term planning issues that guide the organisation for competitive advantage.

2.9.6.1 The Strategic Marketing Planning Process

Strategic marketing planning process does more than just plan for the future, it creates a future. The future can be influenced and changed by what is done in the present. Organisations would choose a strategic process that suits the organisation and the industry. Some common questions that were asked during the strategic marketing planning process are:

- What are we in terms of our company, customers, competitors, and category/industry sector? [situation analysis]
- What is occurring in the external market environment and what are the opportunities and threats? [environmental scanning]
- What do we want to achieve? [objective]
- What will assist us in getting to the desired position? [process]
- How can we get from the current to the desired position? [strategy]
- What system will we implement to achieve our objectives? [resource allocation, implementation, feedback and control]
- Will we recycle the plan annually, and adapt strategy on a continuous basis? [continuous evaluation]

From these questions, the planning model below has been developed as a guide.

Commitment from top
Management to the
Planning process

Top management should be part
of the participative process

... ...

Selection of the planning
Team

The planning team should be
carefully selected from top
Management and key individuals

... ...

Business Definitions

Definition of the business
Precedes all other strategic
Decisions

... ...

Mission Development

The development of a mission
Statement is an important starting
Point

... ...

Environmental Analysis

This entails analysis of significant
Aspects of the external market
Environment

... ...

Environmental
Opportunities and
Threats

Opportunities and threats are
assessed

... ...

2.9.7 Customer/Market Analysis

Customer analysis leads to profitability. Customer profitability is the ultimate goal. Every organisation has customers whether identified or not. The focus of the marketing strategy would be to satisfy existing customers and thereafter to attract new ones. In other words, the focus is on customer retention and acquisition.

Marketing entry barriers are:

- Marketing scale requirements
- Capturing marketing channels
- Product awareness dissemination to target market.

Non- establishment of any one of the above would result in marketing failure. Current and future customers, market and industry trends, have to be analysed for strategy development to take place.

2.9.7.1 Analysis Of Strengths And Weaknesses

Customer Base/Marketing

- Loyalty of customers
- Changes in usage patterns
- Customer and market share
- Growth or decline of segments served
- Emergence of new segments
- Cost of customer acquisition versus retention
- Customer lifetime value
- Marketing experience and expertise

2.9.8 Marketing Mix Strategies

The four P's of marketing, namely product, price, place [distribution] and promotion will be discussed.. These four P's are commonly known as the 'marketing mix'. It is

particularly important that the four P's are properly integrated with one another. Any change in one of the four P's will affect the other P's of the marketing mix.

Product is often regarded as the key variable in the marketing mix, as the other three factors in the mix, namely place, price, and promotion all have a central focus on the product itself. The success of the marketing exchange depends on the product.

An effective product strategy is vital. Existing products needs to be improved in order to ensure their ongoing marketability. New products will have to be developed in order to satisfy the changing needs in the marketplace, in keeping with both trends, systems and technology.

2.9.8.1 Product Strategy

Product strategy is perhaps the most important function. It must take into account the capabilities that already exist in the organisation. Furthermore, it is essential to evaluate the new and/or potential customer's expectations at the time of delivery, and also to evaluate the competition and predict their probable moves to enter into the same market or duplicate the product.

2.9.8.2 The Anatomy Of A Product

A product may be broken down into the core product, the basic product, the augmented product and the potential product.

The core product represents the essential benefit offered to the customer. The basic product refers to the means whereby the marketer turns the core product into a real product that clearly represents and communicates the offer of the core benefit. An augmented product refers to features that are added on in order to add value to the core product and make it more attractive to the consumer. The potential product refers to future possibilities that the product may hold and enable the marketer to view the product ·in a strategic manner.

2.9.8.3 The Product Mix

The product mix may be defined as the entire range of various kinds of products that are either made and/or marketed by and organisation. Product class refers to a group of products that has some functional coherence. A product line consists of a group of products that are similar to one another. Product depth, on the other hand, refers to the number of different versions of each item within a product line. This is done to capture more consumers with variations in products that are tailored to the customers' particular tastes.

2.10 Branding

Branding means the use of a name, term, symbol, or design – or a combination of these – to identify the product. It includes the use of brand names, trade names/trademarks and practically all other means of product identification. Marketers strive to achieve initial brand recognition for their products, and yet this may not be sufficient to ensure sales for the organisation. A trademark refers to the words, symbols or identifying marks that are legally registered by an organisation. Organisations may use their trademark to distinguish their products from those of competitors.

2.10.1 Branding: Importance To Marketers And Consumers

Branding offers certain advantages to marketers and can give the organisation enhanced sales prospects as shown in figure below. According to Majaro's : "Likely to buy" matrix, a brand represents a unique product, rather than an anonymous, generic, 'me too' product. Other combinations require a higher level of sales activity to achieve a 'buy decision'. As shown here, the 'me too' product from an unknown organisation faces the greatest inbuilt disadvantage of all.

PRODUCT

	Unique	'Me-to'
Well Known	80% buy decision	Depends on Sales effort
Unknown	Depends on Sales effort	80% not buy decision

SUPPLYING COMPANY

Figure 2.1 'Likelihood to buy' matrix (Simon Majero)

Another advantage is that branding a product hampers comparison with other products on the market, and may allow the marketer greater leeway in setting prices in particular. A major advantage of branding for consumers is that branding makes the shopping experience easier.

2.10.2 Different Kinds Of Brand Names

Manufacturer brands are created by manufacturers or producers, and are sometimes referred to as national brands due to their availability throughout the country. Unilever is an example of a firm that adopts a manufacturer brand strategy.

Dealer brands are brands created by middlemen or suppliers, such as retailers and wholesalers. They may also be available nationwide, although sold only at dealer outlets.

2.11 Packaging

Packaging fulfils the dual role of promoting and protecting the product. Good packaging can make the product easy to identify and communicate information about the product and the character of the brand. Packaging may be described as the 'silent salesperson' as it is the first point of physical contact between the buyer and the product.

Packaging sends a clear message to consumers. It can prevent goods from being damaged during transportation and storage, and it can make them easier to handle, which is important to retailers and wholesalers.

2.12 The Eight Stages In The Management Of The New Product Development Process

There are eight stages in the product development process. Each stage may be viewed as a milestone in the process, and is usually accompanied by the commitment of additional money and manpower to the project.

2.12.1 First Stage: Generation Of New Ideas

The organisation may consider when and where and in what product line what feature could be introduced to meet stated or unstated consumer needs. An unstated need is one that even the consumer is aware of, as was the case with inventions such as the microwave ovens and cellular phones. External stakeholders such as purchasers, suppliers and consumers may be consulted. It is particularly difficult to obtain reliable information from consumers. Consumer research may assist marketers in finding out what products need to be modified or specifically tailored to meet the needs of new or existing groups of consumers. Several product decisions may be addressed in this way.

2.12.2 Second Stage: Idea Screening

Usually a large number of ideas will have been generated, so it is necessary to sift out the best ideas, taking into account the probable risk involved, the organisation's budget, and

manufacturing/production capabilities. Each product idea must be critically evaluated in terms of certain qualitative objectives to ensure that it will successfully combat competition and be in keeping with the image of the organisation. The probable rate of return on the investment may be estimated.

According to Kotler, the organisation should revise the product's probability of success throughout the development process by using the formula depicted below.

Overall probability = Probability of   x   Probability of   x   Probability of
of success   technical completion   commercialisation   economic success

Above figure: Overall probability of success formula
Figure 2.2

2.12.3 Third Stage: Concept Development And Testing

Comparing unique product attributes with certain consumer needs and behaviour patterns helps to create the product concept. The product itself needs to be carefully defined, probably by describing it in terms of a core idea to test whether it would appeal to prospective consumers.

Part of the concept development and testing may involve mapping out product and trademark positioning to determine the position of the new product in the market relative to competing products. Other explicit criteria may also be used to select concepts that display the best potential. At this stage, conceptual designs may be created and the level of market attractiveness may be gauged.

2.12.4 Fourth Stage: Marketing Strategy Development

Comprehensive marketing and sales plans are formulated. The marketing strategy plan should incorporate a description of the target market, the planned positioning of the

product and the marketing budget for the first year. It is vital to identify new target markets.

2.12.5 Fifth Stage: Business Analysis

In addition the development of a marketing strategy, production plans, financial projections and the protection of patents has to be carried out. The feasibility of the project has to be carefully determined, because costs will escalate after this stage, when the physical prototype is developed. Variables in the macro- and market environments that could impact on the success of the product need to carefully analysed. The probable impact of the new product on the organisation's existing product mix must be evaluated, as it may reduce the sales of the other products.

2.12.6 Sixth Stage: Prototype Development

A number of different concepts are evaluated, and product designers may create and build the prototypes. Each prototype is then tested, usually through two types of testing processes:

1] functional testing to establish whether the product meets performance, safety and environmental requirements; and

2] consumer testing to see whether marketing elements such as brand identity, packaging, and labelling require any modifications. This may be done through the use of group discussions with customers [focus groups] and customer surveys.

2.12.7 Seventh Stage: Test Marketing

Test marketing entails the trial introduction of the new product, which is sold on a limited basis in selected areas only. This step is only taken if the costs of marketing the product far exceed the cost of developing the new product. There is a risk, however, that competitors will copy the new product. As the product is being launched for the first time, test markets have to be decided upon, promotional material developed, advertising

campaigns created and sales force trained, with all the relevant departments working together.

2.12.8 Eighth Stage: Commercialisation

This is an expensive stage, with heavy promotion and distribution costs. An immediate national launch may take place. Alternatively, new products may be 'rolled out' city by city or region by region, especially if new channels of distribution are being set up.

In South Africa, there is quite a high risk associated with the launching of new products, with about half of all new products being rejected by retailers after coming off the production line.

2.12.9 Concluding Remarks On New Product Development

In conclusion, it must be stated that the organisation ought to carefully evaluate, throughout the product life cycle process, whether to drop the product idea or allow it to pass on to next stage. The organisation should aim to minimise the chance that good ideas will be dropped and that bad ideas will be developed. It is a well-known fact that any innovation takes time to spread through the marketplace. Consumers may decide to adopt the new innovation [i.e. any product that is perceived as new by consumers and that has an effect on existing consumption patterns] at varying rates.

Organisations that have considerable experience in their industry, do under certain circumstances introduce new products without going through the eight stages of new product development in a systematic manner.

2.13 The Product Life Cycle

The product life cycle (PLC) may be defined as the four basic stages that a product goes through, namely introduction, growth, maturity and decline. The PLC concept may be used to analyse a product category (for example shoes), a product form (sports shoes), a product (running shoes) or a brand (Reebok). According to Kotler, there are variances in

the typical PLC for each of these, with product categories experiencing the longer life cycles.

Products may be compared to human beings in that they pass through four distinct phases. During the introduction stage the product is newly available in the marketplace. The product then passes on to the growth stage when sales may start to increase at a gradual/rapid rate depending on the success of the product. The next phase is the maturity stage, when the sales of the product reach a peak. After this point the decline stage is reached, when sales start to decline, until a stage is reached where it is not longer profitable to keep selling the product, and it is withdrawn from the marketplace altogether. There are variances in sales turnover and earnings at each stage. A different marketing approach may be necessary for each stage.

The duration of the entire life cycle may vary widely from product to product. It is therefore important for a business to introduce new products to its product mix from time to time in order to compensate for products that may have entered the decline stage and are incurring losses. Some organisations bring out a constant stream of new products, such as Casio who have turned product innovation into a sustainable competitive advantage (SCA). Casio's products are money-spinners with very short life cycles, and this has been achieved by the integration of design and development function with marketing strategies, so that those closest to the market are given the responsibility for the development of new products and the satisfaction of consumer needs.

Another example is Ericsson, a leader in the field of telephone switching equipment, which has cut product development time dramatically and has been able to achieve 30-40 percent of sales from products that have been launched over the previous two years.

2.13.1 Introductory Stage
Few organisations can expect to make a profit at this stage. Sales are low, and intensive promotion is required in order to inform consumers about the new product and its

benefits. At this stage losses are normally incurred by the organisation, as not only are promotional costs high, but there may also be significant costs associated with product development and distribution channel strategies. The product may be viewed as an investment, which has not yet yielded a return.

The consumer adoption process refers to the rate at which consumer become aware of and buy/use the product. The type of consumers who would be likely to buy the product in its introductory stage are referred to as the innovators, and their buying behaviour is soon copied by consumers who are termed the early adopters.

Marketing implications
In the context of the 4 P's of marketing, the introductory stage has the following implications for marketers.

- Usually the organisation will only launch a single product, or just a few.
- Arrangements regarding place/distribution channels are being put in place, with selective distribution more likely.
- Promotion aims to introduce the product, possibly with sales promotion tactics like free samples, and advertising that aims to inform the consumer about the product.
- The pricing strategy will usually be one of skimming (comparatively high price is charged) or penetration (a comparatively low price is charged). Consider the skimming strategy for cellular phones when they first entered the SA market.

2.13.2 Growth Stage
Sales begin to pick up during this stage, as more and more consumers, who are termed the early majority, begin to purchase the product. However, competing organisations may have also launched similar brands on the market by this stage, and this may cut into the sales of the organisation example: Data projectors are at the growth stage of the product life cycle in South Africa.

The industry as a whole experiences its greatest profits at this time, and the organisation should strive to prolong this stage. However, towards the end of this stage the industry profits start to decline due to competition in the marketplace.

Marketing implications

The marketing implications of the growth stage are as follows.

- ❑ The organisation may try variety of products (for example three different flavours of a new breakfast cereal) in order to find out which product is the most likely to be successful, and will focus strongly on building up the brand name.

- ❑ The organisation will consider switching its place strategy from one of selective distribution to intensive distribution as demand for the product declines and competition intensifies.

- ❑ Promotional efforts will focus on building demand, and will change from being informative to more persuasive.

- ❑ Price-setting will take competitor's pricing strategies into account, and there may be price dealing and price cutting as a result

2.13.3 Maturity Stage

The marketplace has become an extremely competitive at this stage, and only the strongest competing organisations will keep on trading in the product. The total industry profit as a whole is on a decline. However, the organisation should be in a position to recover its investment costs by the end of this phase.

Effective promotion is crucial at this stage, as there are so many competing brands in the marketplace, with minimal variances among them. In South Africa, products such as major appliances, cars and hi-fi equipment have reached the maturity stage. They may remain in this stage for years, until a new product variation comes along to cause them to enter the decline stage. For example, DVD video players are replacing VCR video players.

The late majority in purchasing the product has now joined the early majority of consumers. At this stage of market, saturation may be reached, as profits enter an inevitable decline. The laggard type of consumer may begin purchasing the product towards the end of the maturity stage. The organisation may make an attempt to boost innovations of the product, in order to milk it of all potential sales before it enters the decline stage. For example, minor modifications or improvements may be made to the packaging, formula, colour, etc.

New organisations may still be entering the market for trading in the new product at this stage, thereby skipping the introductory and growth stages. However, they may face difficulties, especially in taking market share away from established organisations with well-known brand names.

Marketing implications

At this stage, marketers must not assume that a product will inevitably enter the decline stage. Every effort must be made to extend the product life cycle through innovations.

The marketing implications of the maturity stage are as follows.

- The <u>product</u> may be viewed as very similar to competing products in the marketplace, and effective targeting and positioning strategies may be required in order to successfully partake in the 'battle of the brands' in the marketplace. New users and/or new uses for the product may have to be found;
- The organisation's <u>place</u> strategy will tend to be one of intensive distribution;
- <u>Promotional</u> efforts will focus on persuading consumers to buy the product, and possibly reminding, if the product is in the later stages of the maturity phase; and
- Price-setting will still have to take competitors' pricing strategies into account, with price dealing and price –cutting possibly taking place.

2.13.4 Decline Stage

At this stage, many competing products may enter price wars, as they are threatened by new product innovations entering the marketplace. Those organisations that succeed in differentiating their products from those competitors may still manage to make profits at this stage. The product is being purchased mainly by laggard consumers at this stage.

Marketing implications

The marketing implications of the decline stage are as follows.

- The product may still be partaking in the battle of the brands, or if losses are being made, may be withdrawn from the market, either gradually or immediately.
- The organisation's place strategy may still be one of intensive distribution, except in the case where the product is to be gradually withdrawn, in which case it may be made available at selected outlets only or supplied in smaller quantities.
- Promotional effects may still focus on persuading and reminding consumers, although promotional support may be withdrawn entirely from products that are performing very poorly in the market place.
- Price-setting may still entail price dealing and price-cutting.

2.13.5 Product Management Over The Product Life Cycle

It is vital that the product be carefully managed at each stage of its life cycle, with the appropriate 'marketing mix' of product, place, promotion and price strategies being implemented at each stage. The sales, profits and losses at each stage of the product should be taken into account, and strategies adjusted accordingly, within the context of overall industry sales, profits and losses.

It should be taken into account that products vary in terms of the total length of their product life cycle, in that they also vary with regard to the duration of each phase of the life cycle. Certain products, especially those which have a sustainable competitive advantage and/or clearly meet consumer needs, will move through the initial stages of the

cycle more quickly, thus making profits relatively early on. Certain products, for example, fashion items, may have very short life cycles that last one season only before being replaced by other fashion items. Products that are true innovations may under go a difficult and prolonged introductory stage, but real rewards may be reaped later on in their life cycle.

According to Dwyer and Tanner, products may have multiple lives. When a product falls out of favour with one market, it may find new life in another. When this occurs, the product may be view as starting a new life, with all the strategy issues that any new product faces.

Due to the rapid pace of technological innovation, product life cycles are getting shorter, which makes the need to manage the product well, in order to stay ahead of the competition even more pressing. The organisation that brought the new innovation out first does have an advantage, and usually makes the most profits, but may be over taken by competing organisations over the long-term.

2.14 New Trends In Products Strategy

The electronic and information revolution of today means that organisations are faced with enormous challenges. Some trends in product management are as follows.

- ❏ Shortened product life cycles may occur with profits sometimes being made in the first year of launch. For example, pharmaceutical organisations such as Eli Lilly are trying to reduce by half the time it takes to test new medicines.
- ❏ The cannibalisation of existing products by new products (i.e. disruptive technologies) may cause the decline of those products making them obsolete. For example, consider technological progress in the electronics industry that may render some computer equipment obsolete within months (rather than years!). The phenomenon of plan obsolescence due to marketing strategy has been heavily

criticised, as products that still function properly are discarded. Consider how it is applied in the fashion industry for example.

❑ Product proliferation and brand extensions may occur, as many organisations choose to bring out brand extensions and new variations on existing brands, in an effort to contain launch costs and the risks of failure. For example, Lamberti's Foods has brought out a wide range of cake products, as brand extensions include Lamberti's Rock 'n Roll mini-swill rolls and Lamberti's Rap-Cakes.

❑ In the fast- moving consumer goods (FMGG) industry, manufacturers may start to lose control to retailers that prefer to promote their own-label products. This is partly due to the aforementioned trends, which have resulted in consumers feeling increasingly swamped by many brands with little differentiation among them. Some brand extension may even be perceived to compromise the quality of the original brand.

❑ Organisations may find themselves in the positions of having to creatively visualise/predict what would benefit the target market, when sometimes the market itself is not even aware of their need for new products/services (often made possible by technological innovations) that would provide valuable benefits. For example, who would have realised five years ago that shopping online would prove to be preferable to real shopping in many instances?

2.14.1 Price

One of the elements of the marketing mix is the ultimate price the customer has to pay for a product or service. It is part of getting the right product at the right price to the right customer at the right place. Price is also referred to by terms such as rent, tuition, salary, honorarium, commission and membership fees. In the modern economy, various factors play a role in the determination of prices. Through modern methods of communications, the consumer is exposed to pricing on all competitive products and services and is able to distinguish the value of products and service. On commodity items such as milk, price of price setting, the factors that influence price and the role the marketing mix plays on price

setting. Price settings is not merely a financial function, it is an important function of the marketing mix.

2.14.2 The Meaning Of Price

The customer and the organisation attach different meanings to price. To the customer, price means a value that they would be prepared to pay for a product or service in exchange for need satisfaction. The consumer will view the price as acceptable if the value is perceived as equal to or more than the amount of money paid for the product or service. To the organisation, price is related to income and profitability. The organisation fixes its prices depending on its brand equity, position in the market and its pricing philosophy. For example, Woolworths enjoys high brand equity and leadership in the food market and hence can lead the market in terms of prices. This is referred to a price leadership. Some organisations, such as Game, have a pricing philosophy of beating any price and therefore engage in price competition. On the other hand, there are organisations that are price-followers. Price –followers are organisations that have no influence over prices and therefore have to follow the market prices set for their products or services. Retail petrol stations or products that are in non-leadership positions can be classified as price-followers.

2.14.3 The Importance Of Price To Marketing

An organisation's price list is an important marketing tool. Price sells products and services. Too low a price may cause a product to be perceived as a " cheap product" and may have a negative impact on product image and cause the product to be positioned as a "low –cost" product sold mainly to those primarily concerned about price. Too high a price may result in only a few buyers, causing the organisation not to recover initial costs. The price charged for a product or service may have an impact on how it is perceived in terms of quality. A product may be perceived as being of high quality, if its price is high and vice versa. Price setting is therefore important and critical to the success or failure of products and services.

Price

	High	Medium	Low
High	Premium Pricing Strategy	High -value Pricing Strategy	Value for money Strategy
Medium	Over - charging Pricing Strategy	Medium - value Pricing Strategy	Affordable Pricing Strategy
Low	Rip-off Strategy	False economy Strategy	Low-cost Pricing Strategy

QUALITY

Figure 2.3 Nine Price - Quality Strategies

(Phillip Kotler -2000)

2.14.4 Factors Influencing Price Determination

There are various factors in the external and internal environment that influence price determination. These factors are:

External factors

- Nature of the market
- Elasticity of demand
- Customers' price behaviour
- Competitive situation

Internal factors

- Cost estimation
- Marketing objectives

55

- Marketing mix strategy
- Organisational factor

2.15 Creating Customer Delivered Value

Customer delivered value

Kotler argues that customers will buy from a firm whose product offering is perceived to be the best value for money. He calls it as customer delivered value, which he defines as the difference between total customer value and total customer cost.

Total customer value comprises: Product value (reliability, durability, and performance), service value (e.g. delivery, training, and maintenance), and personal value (e.g. helpful, knowledgeable), and image value.

Total customer cost comprises: the prices, time cost, energy cost and psychic cost.

This concept is very useful for practical application, because it reminds marketers that it is often not the price that determines a consumer's final decision to buy from a particular dealer. Other variables also play a role.

2.15.1 Value Chain

Michael Porter developed value chain model to, *inter alia*, facilitate creation of more customer value. The model consists o four support activities and five primary activities in a firm.

2.15.2 Support Activities

The support activities consists of:

- Firm infrastructure-management structure, finance, administration,, plant and equipment, warehouse, research facilities, etc.
- Procurement

- Human resources management
- Technology development

These activities provide a foundation for primary activities.

2.15.3 Primary Activities

Primary activities consists of inbound logistics, operations, outbound logistics, marketing and sales, and service.

By examining and improving on each of the nine activities, a firm can improve the product value it offers its consumers and hence, improve customer delivered value.

2.15.4 Distribution Channels

The marketing function depends heavily on the presence of intermediaries between the producer and the consumer. These intermediaries provide convenient access to products for wide range of customers. Often, producers have little or no direct contact with end user customers and must rely almost entirely on intermediaries' in making goods available to target market. These intermediaries constitute a marketing channel or distribution channel. Distribution channels are defined as the services to customers and perform functions that add value to a product. For example bookstores such as Adams and Exclusive Books are distribution channels for publishing organizations such as Butterworths and Prentice Hall.

Participants in the distribution process (for example manufacturers, service providers. Wholesales, retailers, marketing specialists, and/or consumers) are known as channel members.

This chapter discusses the role distribution channels play in facilitating the movement of goods from producers to consumers. It also looks at the different channel functions and flows, especially in overcoming the time, place and possession gaps that separate the goods from consumers. The two key functions of distributions channel types, channel design decisions, channel management decisions and channel dynamics are discussed.

2.15.4.1 Channel For Consumer Goods

Channel for consumer products manage the flow of products to consumers. Figure 2.3 below illustrates examples of direct and indirect channels for consumer goods. Avon, a cosmetic shop situated at the Workshop in Durban, is an example of a direct channel for consumer goods. Avon sells a range of fragrance, colour cosmetics, skin-care and hair – care products directly to customers.

Indirect channels for consumer goods have one or more intermediaries, for example Clover SA receives milk from farmers. After processing and packaging the milk and several other milk products, the products are then distributed to depots located in different regions, and from the depots to retailers who then sell to end consumers.

The channel at the bottom Figure 2.4 is the most indirect. In this case the producer negotiates with an independent agent who agrees to market products to wholesalers who sell the products to retailers, who then sell to consumers. Agents do not take title to the products they market.

Direct Channel

Producer → Consumer

Indirect Channels

Producer → Retailers → Consumer

Producer → Wholesalers → Retailers → Consumer

Producer → Agents → Wholesalers → Retailers → Consumer
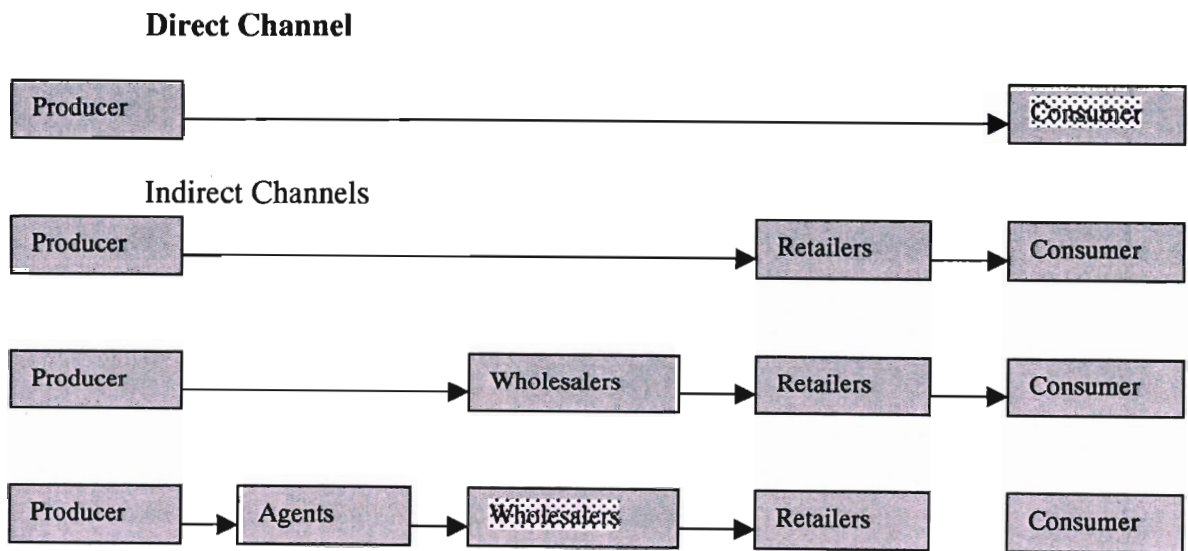
Figure 2.4 Distribution for Consumer Goods

For the marketing channels to perform efficiently, channel members should function in a way that complements the activities of other channel participants. Vertical marketing systems have thus been developed to achieve greater efficiency and market impact. A vertical marketing system is a distribution channel that is central to achieve greater efficiency and better co-ordination. A vertical marketing system may be an administered, corporate, or contractual system.

The manner which distribution channels are managed will influence end-customer preferences for products and channel members' ability to effectively serve end-consumers. Channel selection should be based on characteristics of the target market, product, intermediaries, competitors and the organisation's trading environment. The channel should provide the desired level of market coverage efficiently.

Producers need to evaluate intermediary performance on a regular basis against performance standards such as sales quotas, customer delivery time, market coverage, service quality and inventory levels.

Retailers are an important type of intermediary because they are situated at the point of direct contact with customers. Retailers create value for customers by making products available at convenient times and places, and by providing an assortment of products so that customers can go one-stop shopping. The two major categories of retailing are store retailing and non-store retailing. Store retailers are classified according to the amount of service, width and depth of product line, pricing structure and type of ownership. Non-store retailing includes direct marketing, direct selling, automatic vending and retailing.

Retailers need to develop consistent marketing strategies that combine the right positioning strategy with the right product, placement, promotion and store image to create value for their customers. The marketing strategies should be based on the overall organization objectives such as increased public awareness of the retail store, increased traffic and increased sales.

Wholesaling includes the activities involved in buying and/or handling of goods and services and their resale to organizational users and retailers. Wholesalers create value for producers by having greater ability to reach many customers. They also create value for their customers by providing the merchandise assortment needed by their customers. There are three broad categories of wholesaling: manufacturers/service provider wholesaling, merchant wholesaling and agents/brokers.

The physical distribution function is responsible for movement of raw materials, parts and supplies into and through the organisation; and the movement of the organisation's finished products to customers and end-users. The main objective of physical distribution is to ensure that the product is in the right place, at the right time, and at the right price. The goal of physical distribution is also to ensure that the customer needs are satisfied in the best possible way. There are four stages in the physical distribution process: order processing, inventory management, warehousing and transportation.

2.16 Marketing Strategies And Attainment Of Organisational Objectives

Implementation is the link between the marketing strategies and the attainment of organisational objectives. While both strategy and implementation reflect the performance of the organisation, it is not always possible to tell whether poor performance resulted from poor strategy, poor implementation or both. However, a good marketing strategy is of value if the implementation process consists of four elements:

- Communication of marketing strategy. Communication requires the management of information flow amongst the members of the team responsible for the implementation process. An organisational structure plays an important role in shaping how people communicate within the organisation. An organisational structure also plays a role in breaking up the firm's work into well-defined jobs, and co-ordinates these jobs by defining formal ties between people, function or departments by setting lines of communication.

- The marketing function plays an interdisciplinary role in the implementation of marketing strategies, in an organisation with a decentralised structure. For instance, marketers talk with finance about funding and cash flows and with human resources about staffing and training needs. Marketing managers also talk to external service providers such as advertising agencies to plan advertising campaigns. Marketing managers might need to interact with channel members that distribute their product to the end consumers, as part of the implementation process.

Furthermore, how the people interpret the objectives of the marketing programmes, affects implementation success. Misinterpretation of objectives creates dysfunction or problems that detract from successful implementation.

- Adoption of the marketing strategy. Once the strategy has been interpreted, the staff members understand their roles in the implementation process, especially competitor reaction. This evaluation process also involves identification of the skills and financial resources needed for successful implementation of the strategies. When the above components of the implementation process are in place the marketing strategy can be adopted.
- Enactment of marketing strategy. At this stage, an action programme that identifies the decisions and actions needed to implement the marketing program is drawn up. The action programmes gives a timetable that states what must be done, who will do it and how the different actions will be co-ordinated. If the objective of the company has been to increase market share by introducing new products, the action programme would have to pull all the people from the different functions to co-operate in the implementation process to develop the new products.
- With the help of finance and accounting departments, decisions may be made regarding the casting of the new products and the pricing strategy. The product manager would work with the advertising agency on an advertising campaign for the new products.

- An implementation programme to introduce new product is a complex process that requires day-to day decisions by a number of people to address a number of issues ranging from market segmentation and targeting, branding, packaging, and distribution to promotion.

2.17 Consumer Behaviour

As we enter the twenty-first century, South Africa and the rest of the world are enveloped by the diversity within its population. This diversity is based not only on age, gender, race, nationality, but also on education and occupation, marital status and living arrangements, the consumers interests and activity, their preferences and opinions, taste in music, and television programmes, clothes and food. There is also a vast difference in their political beliefs and religious attitudes. This diversity is growing at a rapid pace due to inter-cultural influences. Apart from the diversity among consumers, there is an enormous diversity among retailers i.e. there is a shift in trend from traditional retailers such as departmental stores, etc, towards shopping malls and complexes (Pavilion, Sandton City, Four-Ways) and mail order marketing i.e. a shift from mass marketing to niche marketing to direct marketing.

The reason why consumers purchase what they purchase and the steps they take to reach that purchase decision is the essence of consumer behaviour and this has intrigued marketers and researchers for years.

This period is an excellent one for assessing consumers and their behaviour patterns. One would be able to observe the tremendous differences that exist between human beings. If one has to stroll through the Pavilion shopping complex on a Saturday, one would find the diversity in fashion and culture astounding. For example, women's shoes made range from high platforms to court shoes to sandals. Men's clothing varies from traditional business suits to sports jackets, from tee shirts to sport shirts to check shirts. Their pants vary from jeans to casual pants to tracksuits pants.

Consumer behaviour is an exciting and informative field of study. By studying consumer behaviour one is able to learn firstly, that consumers react differently with regard to feelings and emotions although they may be exposed to the same stimulus; secondly, one may be able to determine their consumption patterns and thirdly, the manner in which decisions are made and the factors that influence these decisions may be established. South Africa precariously sits between being a first and third world country. Due to the impact of apartheid and the post 1994 elections, understanding consumer behaviour has been a challenge for marketers. The questions of how to position product offerings, to whom and where, is taking on a more critical edge.

Understanding consumer behaviour is not simple because a customer may believe and state his/her needs and desires. However, one may act totally to the contrary to what one believes. Consumers may respond to influences, either internal or external, that determine their decision at the last minute. While needs, demands and preferences of each individual are unique; there are also common or similar behaviour patterns. Consumers follow more or less the same process when making a decision. In decision-making all individuals are influenced to some extent by the actions of others with whom they come into contact. The unique qualities of consumers (individuals factors), the phases in the consumer-decision making process and societal influences are discussed in this chapter. This chapter will flow in a logical sequence i.e.firstly, consumer behaviour is defined, the various reasons for studying consumer behaviour are stipulated, and the factors that influence the consumer are established before proceeding to discuss the decision-making process. Finally, the types of consumer buying decisions and the level of consumer involvement are discussed.

2.17.1 A Model Of Consumer Behaviour

This model identifies the factors that lead to a decision to buy, revealing the process of decision-making. There are various consumer behaviour models namely: the Howard-Sheth model, the Engel-Kollat-Blackwell model, the Nicosia etc. However, the model in Figure 2.5 is given for purposes of discussion only as it has not been empirically proven.

Factors that influenced by three sets of variable:

- Individual factors;
- Social factors; and
- The prevailing buying situation.

Individual Factors	Social Factors
• Perception • Motivation • Learning ability • Values, Beliefs, Attitudes • Personality, Self-concept, Lifestyle	• Culture • Reference • Opinion leaders • Family

The Buying Situation	Decision –Making Process
• Purchase reason • Time • Physical surroundings	• Awareness of a need or problem • Gather information • Evaluation • Action (purchase) • Post-purchase

Decision:
To Buy or Not
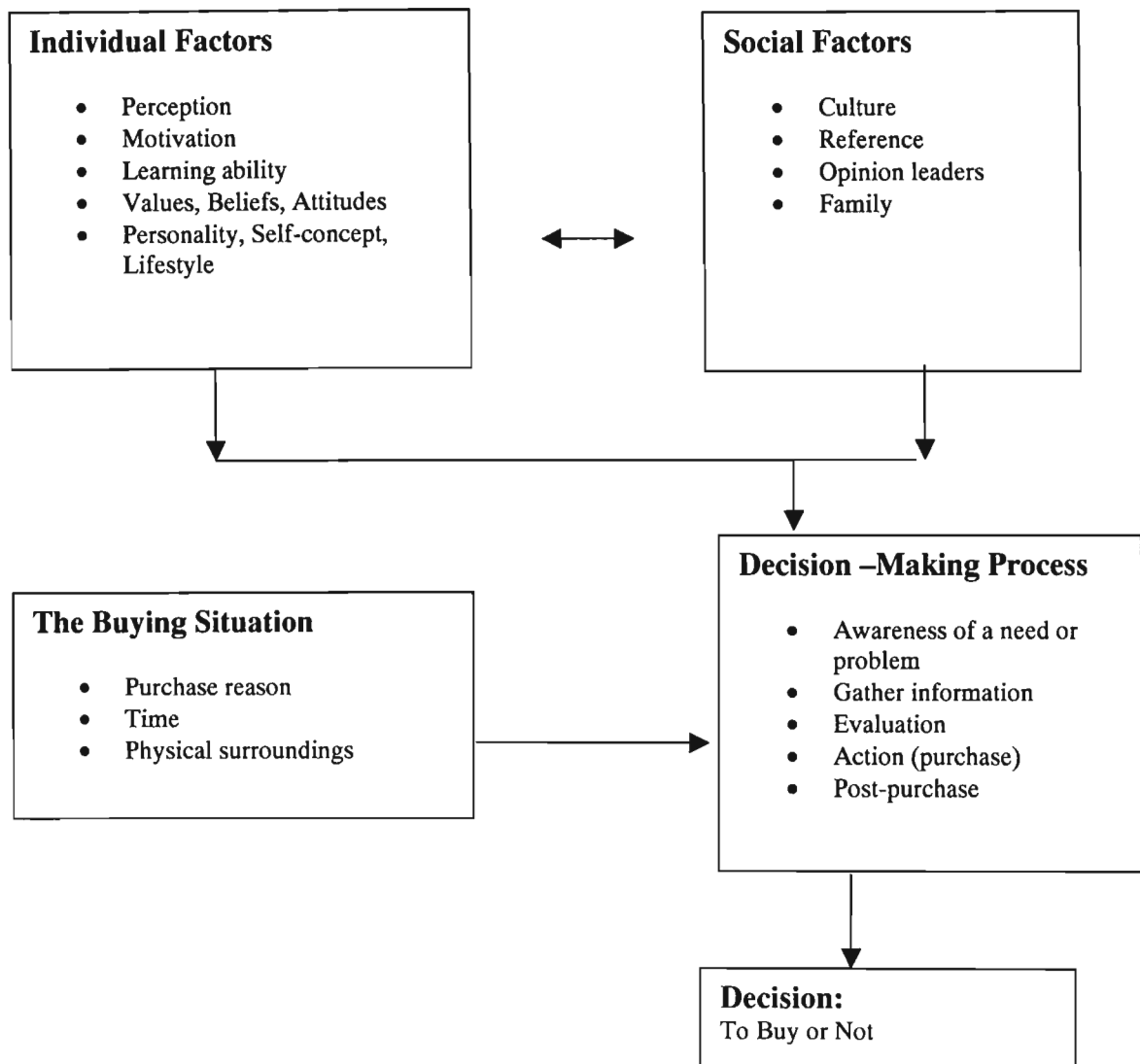
Figure 2.5 A Model of Consumer Behaviour

(Lamb, ET AL. 1998 & Perreault, W.D. & McCarthy, E.J. 1996)

According to Van Der Walt et al, individual factors and group factors influence consumer behaviour in the following ways:

Individual factors influence consumer behaviour in the following ways:

- Motivation: The young girl needs (has a motive) to be pretty and to be loved by her boyfriend. She buys Revlon cosmetics.
- Perception: The young man sees a cinema ad for Camel cigarettes. His interpretation is that smoking demonstrates masculinity. He buys packet of Camel.
- Learning ability: the housewife learns through experience that Cobra floor polish will put a shine on her floors. She remembers to purchase Cobra on her next shopping trip.
- Attitudes: The teetotaller has a negative attitude to liquor. Such a person does not even read the ad for brandy and never considers buying it.

- Personality and lifestyle: The man is ambitious. He buys books, travels overseas frequently, lives in a gracious home, plays golf and reads Financial Mail and other business publications.

Group factors influence consumer behaviour in the following ways:

Social class: People in the highest social class are wealthy. They tend to avoid products such as cheap jewellery.

The family: If the father in the family is the dominant personality, he will make most of the decisions regarding the spending of money.

Cultural group: As a group, Jews tend to avoid eating pork and pork products.

Opinion leaders: The fashionable leader who has just returned from Paris is the opinion leader regarding the newest fashion trends. Her friends look to her for advice on fashion.

Reference group: The teenager is part of a reference group that prescribes what she should wear and what is acceptable. She is unwilling to wear the dress her mother brought for her; is convinced she would appear ridiculous to her friends". (Van Der Walt)

2.17.2 The Importance Of Understanding Consumer Behaviour

For managers to have a thorough knowledge of consumer behaviour, they need to address the dynamic nature of the "consumer", with regard to what one desires, what products one consumes, and service preferences to create an effective and well formulated marketing mix for a specific target market. Therefore, consumer behaviour is defined as being "... how consumers make purchase decisions and how they use and dispose of purchased goods or services. The study of consumer behaviour is also an analysis of factors that influence purchase decisions and product usage." (Marketing Management G.Kolb, P Msweli- Mbanga, S Pramjeeth)

According to Schiffman and Kanuk, the study of consumer behaviour " is the study of how individuals make decisions to spend their available resources (time, money and effort) on consumption related items. It includes the study of what they buy, why they buy it, when they buy it, where they buy it, and how often they use it".

The concept of consumer behaviour is about people and their perceptions and how it influences their decision-making process. By studying consumer behaviour, marketers attempt to understand and foresee the consumer's behavioral patterns, thereby attempting to influence and persuade them to make a particular product or service choice. This study is of utmost importance in managerial decision-making because for a business to succeed and survive the " rat race", they need to market their product and services effectively. Knowing the consumers' needs and wants, desires and interest, preferences, activities, beliefs, age, gender, marital status, occupation, race and nationality is of utmost importance in developing an efficient marketing process. To cater for the

66

"millennium consumer", marketers have to personalize/customize services and most importantly, determine the consumer's needs and satisfy them fully.

By studying consumer behaviour, marketers can ascertain what post-purchase strategies they should incorporate into their promotional campaigns with regard to the disposal of new items i.e. does one store it, throw it away, give it away or recycle it? They can also determine whom they should direct the promotional efforts to (the buyer or user of the product) and determine if the buyer is the user and decision-maker of the household? By understanding consumer behaviour, marketers will be able to predict how consumers are likely to react to various informational, situational and environmental cues, thereby strengthening their marketing strategy.

There are five general reasons for studying consumer behaviour:

1.) Consumer analysis is the foundation of marketing management. It enables managers to:
   - Design the marketing mix
   - Identify market segments
   - Position and differentiate products
   - Develop market research studies
2.) Consumer behaviour may play an important role in the development of public policy.
3.) The study of consumer behaviour may enable one to be a more effective consumer.
4.) Consumer analysis provides knowledge of overall human behaviour.
5.) The study of consumer behaviour provides two types of information:
   *Consumer orientation
   *Theories to guide the thinking process

2.17.3 Factors Affecting Consumer Behaviour

As was pointed out earlier in the model of consumer behaviour (figure 2.4) buyer behaviour is strongly influenced by three sets of variables, namely individual factors, social factors and the prevailing buying situation. These factors have an effect from the

time a consumer perceives a stimulus (such as an advertisement on television) till post-purchase behaviour. The impact of these variables on consumers' buying decisions will now be addressed.

Individual factors influencing consumer buyer decisions

The individual factors that affect consumer behaviour are unique to each individual. These factors include perception, motivation, learning, values and beliefs, attitudes, personality factors, self –concept and lifestyle. These factors are discussed in detail below.

> Perception

Consumers are diverse and complex individuals who see world in their own special way. Each individual in society can perceive or evaluate a common experience very differently from the others. Why is this? For each individual, reality is a totally personal phenomenon, based on the person's needs, wants and desires, values, expectations and personal experience i.e. his/her perception of what is out there in society at large.

An important point for all marketers to remember is that consumers act according to what they perceive to be "right" and not objective reality. Taking note of this, marketers must understand what perception is, and what its contributing factors are so they can effectively determine which factors influence their consumers' decisions to buy.

What is perception? Perception can be defined as how an individual views and makes sense of the world around him/her around him/her by the process of how he or she receives, selects, organizes and interprets stimuli which are detected by one of the 5 senses. These stimuli thereafter formed into a meaningful and coherent picture. Table 2.1 illustrates the five senses and the role they play in purchasing.

The world is a' flaming ball of stimuli' that affects our senses, namely: inter alia, sight, smell, taste, hearing and touch. We cannot perceive each and every stimulus, therefore we use selective exposure to decide which stimuli to take note of and which to ignore, i. e. some people remember details of an advert just 30 seconds after it is displayed, while

others do not. Perception also helps us determine whether we have a consumption problem and attempts to take steps to solve it (the Red Bull ad depicts this clearly).

Sensory Stimuli	Role Played in Purchasing
Seeing	Clothing, Jewellery
Hearing	Music
Feeling	Materials, Vegetables
Tasting	Chocolates, Cakes
Smelling	Air freshener, Perfume

Table 2.1 Sensory Stimuli

(Marketing Management -C. Kolb /P. Msweli-Mbanga /S. Pramjeeth)

A large number of stimuli that are perceived simultaneously may be overwhelming to an individual, who may respond defensively. For example, the average consumer hears over 100 different commercial messages per week. They may ignore or distort the meaning of unwelcome stimuli. Individuals are perceptual defence mechanisms to protect themselves against undesirables and unwanted stimuli from the environment. According to Shiffman and Kanuk, "Interpretation of stimuli is highly subjective and is based on what plausible explanations he or she can envision, on motives and interests at the time of perception and on clarity of the stimulus itself.

> Perceptual mechanisms include the following (see figure 2.6)

Selective exposure takes place when individuals choose to expose themselves to certain stimuli only. For example, customers wanting to purchase new cars actively seek

.   .

information about cars. Two other concepts closely related to selective exposure are selective distortion and selective retention.

Selective distortion occurs when individuals change or disregard information that conflicts with their values and/or beliefs. For example, suppose a consumer buys a Copenhagen lounge suite. After the purchase, if the consumer receives new information about a similar alternative brand such as Tuscany, he or she may distort the information to make it more consistent with a prior view that Copenhagen is better than a Tuscany lounge suite. Taxi commuters may distort or discount information about taxi violence and the incidence of accidents because they have no other mode of transport. Influences that tend to distinguish objective interpretation include physical appearance, stereotypes, halo effects (used to describe situations in which the evaluation of single multiple objects or persons on a dimensions is based on the evaluation of just one or a few dimensions), irrelevant cues, first impressions and the tendency to jump to conclusion.
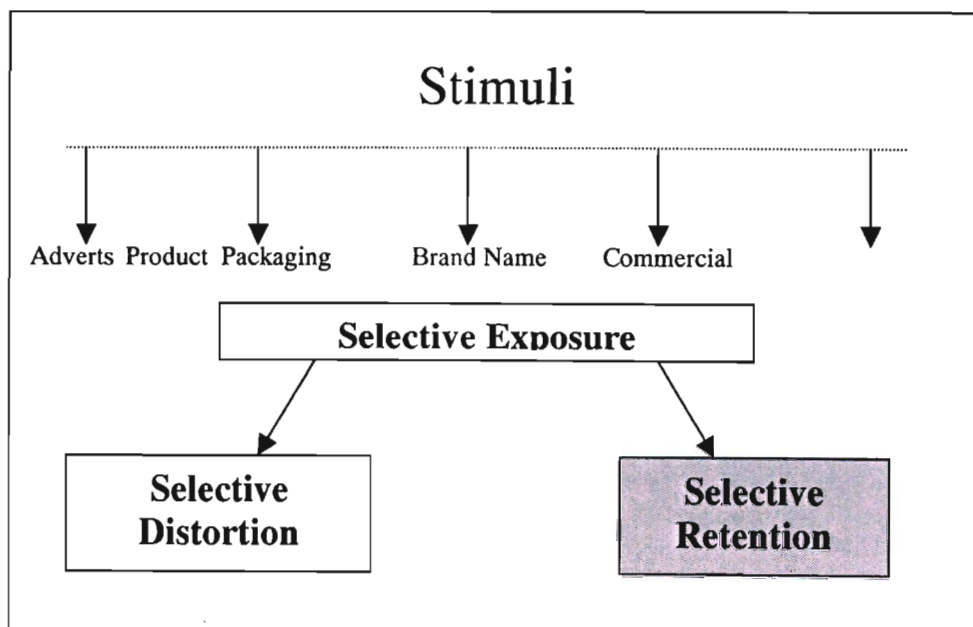
Figure 2.6 Information Processing is Selective
(Marketing Management- C.Kolb/P.Msweli-Mbanga/S. Pramjeeth) ·

Selective retention is "remembering only certain stimuli and information that supports existing personal feelings or beliefs." The consumer forgets all information that may be inconsistent with his/her prior feelings and beliefs and may also forget information that is important. After reading a book that contradicts one's cultural beliefs, the reader may forget many of the points outlined in it because of a desire to remember only certain points.

Consumers often perceive risk in making product selections because of uncertainty as to the consequence of their product decisions. There are various risks that a consumer may perceive, namely:

Psychological risk- the product may hurt his /her self-image and self-esteem.
Functional risk-the product may not perform according to own expectations or those stipulated by the seller.
Financial risk-the product may not be worth the price paid.
Social risk-the product choice may cause social embarrassment if it under performs.
Time risk-the time and energy spent in searching and obtaining the product may be wasted if it does not perform as expected.

An individuals perception of risk varies with product categories, the shopping situation environment and culture. Consumers may attempt to reduce their perceived risk by: Conducting an information search; practicing brand loyalty; buying a well- known brand, buying from a reputable retailer, buying the most expensive brand (the higher the price, the better the perceived quality of the product) and seeking reassurance in the form of money-back guarantees, warranties and pre-purchase trials.

There are various ways a marketer can reduce the perceived risk of consumers such as, introducing the product under an established, high performing brand name, distributing the product via reputable and highly recognised retail outlets, providing sufficient information via advertising in the media and on packaging, offering warranties·and

money-back guarantees for under –performing products and distributing free samples of the product.

The cost and time one perceives in searching for and purchasing a product forms the basis for one to learn and create processes that will eventually minimize the cost originally experienced. However, it is important to note that the perception of time and the cost differs from one individual to another and the benefit received and perceived by the consumer is not consistent because one consumer may focus on economy and practicality while the other may focus on self-esteem needs – ones man's meat is another man's poison.

Consumers use various cues such as familiarity, contact (touch and feel), movement, intensity, size and smell to recognize and define products and brands. The shape of a product's packaging such as Coca Cola's contour bottle, can influence perception because consumers are familiar with its unique shape that differentiates if from its competitors. Consumers tend to perceive the contents of a 250ml container differently i.e. a tall narrow glass is perceived to have more water than a short wide glass, yet despite the width and height, it contains the same amount of water.

Colour is another cue. For example, an Indian woman wearing a plain white sari (the traditional attire of Indians) is perceived to be a widow, while others unfamiliar with the tradition may perceive her to be "pure, innocent and at peace" Since colours influence perception, marketers tend to use them very creatively. For example, consumers buy soap packaged in powder blue and white paper (e.g. Sunlight bath soap) because it signifies mildness, cleanness and coolness. Colours have different meaning in different cultures and countries. Red conveys excitement, sex, love, rage, and even danger. 80% of blacks in Soweto associated red with danger and 69% associate it with death. The colour green conveys coolness, nature and calmness while yellow conveys warmth, novelty and vitality.

Bakeries, restaurants s and take-away use smell to influence consumers' perceptions. In a study on the role colour plays in influencing perceptions, university students were given three different flavours of chocolate pudding, that in reality were all vanilla pudding with tasteless food colouring added to varying degrees. Students rated the dark brown pudding as having the best chocolate taste and the two lighter puddings as being creamier. None of the students indicated tasting a flavour other than chocolate. Therefore, one can conclude that the colour of the pudding was more important than its taste.

Size also plays an important role. Generally, large ads are more attention-grabbing than small print ads. An enhanced image creates surprise and clarity and draws attention to the ad. However, sometimes if an ad or a product is increased in size, it will not produce an equal change in attitude and behaviour. It could receive a negative response instead of a positive one. With regard to products some consumers perceive large products as inconvenient, difficult to manage and unattractive while others favour large items only. The level of volume in a broadcast or store, and the accompanying music affects perception (the advertisement aired on SABC channels by Canon Copiers signifies that since there is no noise in the office when a Cannon copier is in use, it creates the perception that the copier is silent.

Semiotics is highly useful in understanding perception. Different cultures and individuals perceive symbols and signs entirely differently. Semiotics is particularly applicable to brand positioning. The University of Natal is currently working hard to update their old, colonial image. In a variety of advertisements, students are depicted as enjoying themselves, they are free and a sense of unity among black and white students exists, thus creating the perception of a "modern and hip" learning institution. It portrays the idea of a place where "cool" students want to be.

The position where a product is placed is important. Products that are placed near the centre of the consumer's visual field are more likely to be noticed. Du Plessis argues that the principal of contrast (sudden silence in ads, drastic changes in music etc.), the

principal of motion (portable signboards with sequential lighting, neon lighting, etc.) and novelty are also ways of getting customers' attention.

Consumers judge quality of products and services on various cues: some are intrinsic to the product (e.g. colour, size, flavour, aroma), while others are extrinsic (e.g. price, store image, brand image, service environment). Consumers often perceive price as an indicator of quality. The general perception of consumers is that higher the price, the higher the quality. The image of retail stores (Queens Park, Casanova, etc) influences the perceived quality of the products they carry, as well as the decisions of consumers as to where to shop. However, with regard to items such as sweets, chips, bread, and so forth, price appears to be less important while convenience of the distribution channel is more important.

➢ Motivation

An individual behaves according to the various needs he or she experiencing, thus being motivated to satisfy them. Various theories on needs and motivation provide a better understanding as to why people are driven by particular needs at particular times. According to Miller, marketers adapt their product and their offerings to satisfy different consumer needs, which are due to their different consumption patterns.

The most popular and well explained theory is Maslow's Hierarchy of Needs, shown in Figure 2.7. Maslow's theory arranges needs in ascending order of importance i.e. physiological, safety, social, esteem and self –actualisation needs. As a person satisfies one need (which is of preliminary importance), another higher level of need then takes precedence.
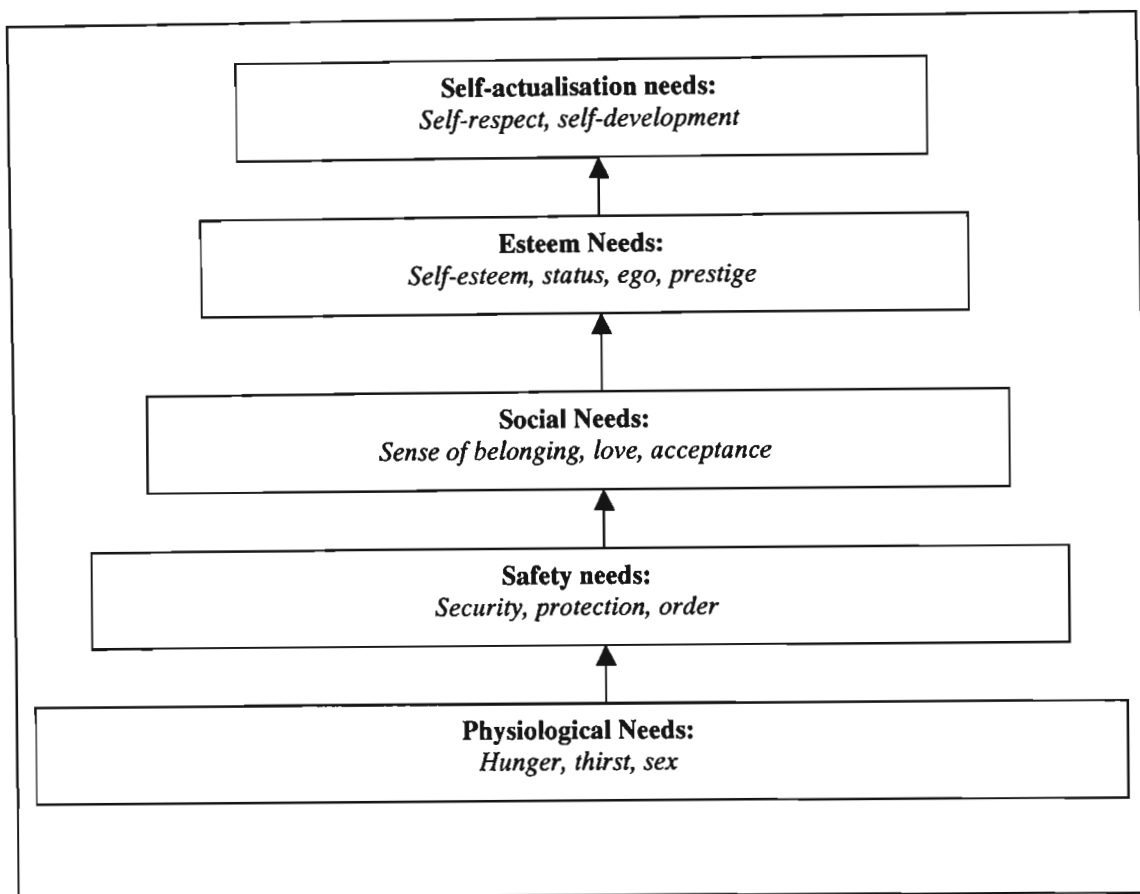
Figure 2.7 Maslow's Hierarchy of Need

(Marketing Management- (C. Kolb / P. Msweli-Mbanga/ S. Pramjeeth)

What is motivation? "Motivation can be described as the driving force within individuals that impels them to action." This driving force is produced by a state of uncomfortable tension, which exists as a result of an unfulfilled need. Schiffman and Kanuk go on further to state that an individual's subconscious mind drives to reduce need-introducing tension and that results in behaviours that one anticipates will satisfy needs and thus bring a more comfortable state.

All individuals have needs (a perceived lack), wants (a specific desire) and desire that must be satisfied. For example, after working out at the gym, you may feel thirsty (need

to quench one's thirst) and may stop at the Engen Quick Shop and to buy mineral water (a want). In other words, you are motivated by thirst to stop and get something to drink.

Needs can be grouped into primary (innate) and secondary (acquired) needs. For example, assume an executive from Unilever in Durban is transferred to Johannesburg. The first need is to find a place to live (primary need-shelter), however, the kind of residence chosen will be the result of secondary needs. One may seek a place where one can entertain large groups of people (fulfil the social needs), and want to live in an upmarket suburb to impress colleagues and family (fulfil the ego needs). According to the marketer of Kellog's, the cereal manufacturer, consumers of today are placing great importance on the relationship between their diet and health, thus indicating a new trend in the needs and wants of consumers.

Motivation is complex and cannot be inferred from behaviour. As wealth and status increase, motivation, political beliefs and behavioural changes take place. An important point that marketers need to take note of is that ones' emotional and dormant motives often override ones' rational and conscious motives.

At times, is easy to identify motives while at other times it is important because they can be irrational and unconscious. Cant et al state that buying motives may be grouped into three different levels, depending on the consumer's awareness of the motive and their willingness to divulge information about them.

1. Conscious level: Consumers are aware of, and recognise their motivation for buying a certain product, and feel confident to talk about them.

2. Preconscious level: consumers are aware of the motives but are not confident enough to reveal or admit them to others.

3. Unconscious need level: these are unconscious or subconscious motives, where the consumer is unaware of his/her motives and cannot explain the real factors motivating his/her actions.

A purchase is often the result of multiple motives and just not one; however, these motives can even conflict with one another thereby complicating the purchase situation further. For example when buying a car, boat or a house, the buyer will search for economy and affordability, but will also seek comfort, status, social acceptance, luxury and family approval. Apart from physiological and emotional influencing consumers, economic motives also influence them to purchase.

The highlight of economic motives as being rational, dealing with the technical functions and performance of a product (efficiency, economy, reliability, durability, convenience and quality), Edward Tauber states that multiple motives such as recreation, self-gratification, sensory stimulation, peer group attraction and status are expressed by shoppers.

Consumers are often motivated by impulse to purchase a product. Consumers may use the shopping experience and resulting impulse buying behaviour to satisfy a number of needs that do not fit into theories of economic utility. Researchers argue that on one hand, this could be a positive behaviour because one is buying something that one has found a need for and will use, and on the other, this could be negative. Rook indicates that " Consumers report that impulse buying satisfies a number of hedonic desires and emotional support needs".

According to various research studies conducted on impulsive buying, it was reported that consumers felt mentally uplifted or energised after a shopping experience. The studies go on further to say that, consumers often purchase products on impulse for various non-economic reasons, such as fun, fantasy, and social or emotional gratification.

The study of motivation helps marketers determine or interpret major forces (be they

internal or external) that influence the consumer's decision to buy or not to buy. By purchasing a product, the consumer satisfies a need and these needs in turn become motives when they are aroused sufficiently. Marketers appeal to the different needs that people have to sell their products. For example, an ad showing a person eating a juicy flame-grilled hamburger at Steers appeals to the physiological need (hunger). Ego deodorant ads evoke sexual needs; Maxi Door ads evoke the safety need (" How safe is your Home?). Products that are related to safety needs are car seat belts, burglar alarms, Medic Alert bracelets, etc. Ads for clothing, holidays, jewellery and cosmetics suggest to consumers that buying the product can bring one love (social need). The popular Castle Lager ads, were friends are socialising appeals to one's social needs. Ads, for example on branded clothing such as Levi and Calvin Klein, evoke esteem needs. The ad for L'Oreal cosmetics aired an television, which says, "... Because I'm worth it", evokes self – actualisation need.

In South Africa, marketers often use local "heroes" (Lucas Radebe, Jonty Rhodes, Sean Pollock, Felicia Mabuza Suttle) or international role models in their ads to appeal to consumers' self-actualisation needs.

2.18 Culture

Culture is dynamic, it is constantly adapting to ever-changing needs (by taking on new traits and discarding old ones to form a new cultural base) in a rapidly evolving environment. Within each cultural group, there are four sub-cultural groups namely: nationality, religion, race and geographical area of residence, which is sub-divided further into smaller subcultures namely: language, age, interests and occupation. Each subculture has its own norms, values and symbols.

What is culture? "Culture is a complex of symbols and artifacts created by a given society and handed down from generation to generation as determinants and regulators of human behaviours." Culture can be defined also as: the values, beliefs, and symbols that a group shares. It is passed on from parents to children, generation after generation to ensure survival and thus facilities adaptation; therefore, culture is subjective and·

arbitrary. An important determinant of culture is the environment in which it exists. For example, Indians in South Africa have assimilated the "White" culture in many respects, such as the mode of dressing, pop music as opposed to traditional music, reading habits and extra-curricular activities. Culture is environmentally orientated; for example, the San tribe of South Africa has developed a culture for the conditions prevailing in the Kalahari Desert.

The two types of cultural values that has been widely researched and validated are the individualistic and collectivist cultures and differ significantly in their self-expression and social relationship, and these differences influence the efficacy of making strategies. According to Hofstede, the members of an individualistic culture value their independence and self-sufficiency and think in terms of 'I', while on the other hand, the collectivist culture behaves in accordance with social norms preset in the group and thinks in terms of 'we'. The members of the collectivist culture feel the need to belong, fit in and engage in actions that will gain the group's approval thus evoking social harmony. Dissatisfied consumers in a collectivist culture (for example, South Korean consumers) are less likely to engage in voice behaviour but are more likely to engage in private behaviour than those in an individualistic culture (for example, US consumers)"

The rapid technological evolution has contributed enormously to cultural change. The Internet is affecting culture in the way consumers shop, expanding their choice options and the voicing of complaints. There is change in the traditional shopping culture. With regard to media, television has changed in the entertainment patterns and increased the public 's awareness of important current and past events. Compared to White, Indians and Coloured people, Black South Africans show less devotion to radio, television, newspaper and magazine media, except for Drum magazine and cinema media offerings. Part of the reason for lack of interest is that these media are not succeeding particularly well in winning the affection of Black buyers –this is despite the fact the trend to niche does go some of the way to satisfying the taste of select interest groups.

2.19 Promotion

Promotion is concerned with how the organisation communicates with its customers and potential customers. Companies need to establish promotion programmes to help achieve their marketing, and therefore corporate, objectives. The basic goals of promotion are to inform, persuade and remind. Potential customers are informed about the firm's marketing offerings, they are persuaded to buy, and are reminded about the benefits of the offerings.

The four elements of promotion that is, advertising, sales promotion, personal selling and public relations are combined in various ways to create a promotional mix for a particular product or service.

The choice of promotional activity used in a given marketing situation will, in the main, depend on factors such as:

- The size of the company
- The target audience's knowledge of the products
- The market in which the products are placed
- Competitive activity
- The stage of the product's life-cycle
- The amount of money available for promotion

Although the exact mix differ based on the factors such as those mentioned above, all the components of promotion discussed in this chapter-sales promotion, personal selling and public relations, together with advertising discussed in the previous chapter, reinforce and support one another.

2.19.1 Promotion Mix Strategy

To a certain extent a decision to use a particular promotion mix depends on whether the manufacturer plans to focus the marketing effort on intermediaries or final consumers. If the focus is on intermediaries, the manufacturers uses push strategy (See Figure 2.8) to

persuade wholesalers and retailers to carry the product range. The push strategy requires a mix of personal selling and sales promotion aimed at the intermediaries.

If the marketing focus is to increase consumer demand, the manufacturer uses pull strategy (figure 2.9) to appeal directly to the ultimate consumer, using a mix of advertising, sales promotion, and public relations.

Although consumer promotions and trade promotions have different targets, most manufacturers design their promotional campaigns in such a way that the promotions work in tandem. Mass media and in-store devices such as merchandising and point-of-sale materials usually distribute consumer promotions, while trade promotions is distributed through direct mail and sales kits delivered by salespeople.

The decision to participate in the manufacturer's promotion is greatly influenced by the value of the trade incentive. The decision to employ push strategy, pull strategy or both promotion objectives. The limitation of the push strategy is availability of shelf space inside retail shops as will be discussed later in the chapter.

Push Strategy

Demand   **Demand**

| Manufacturers | ◄——— | Wholesalers & Retailers | ◄——— | Consumers |

Figure 2.8

Pull Strategy

Demand   Demand

| Manufacturer | ← | Wholesalers & Retailers | ← | Consumer |
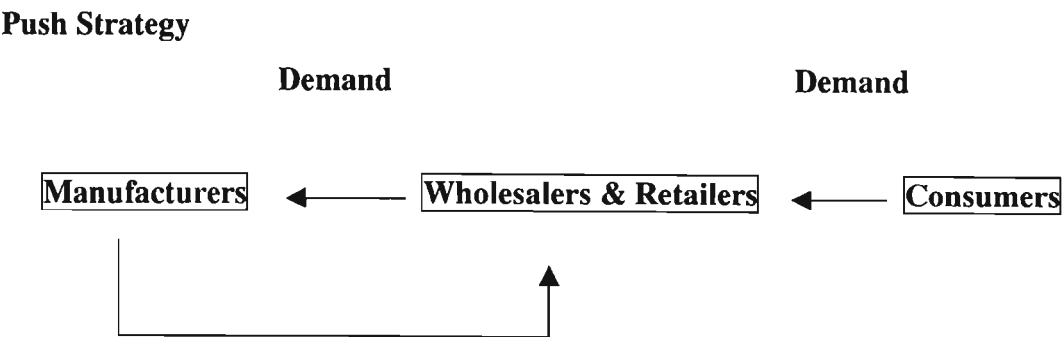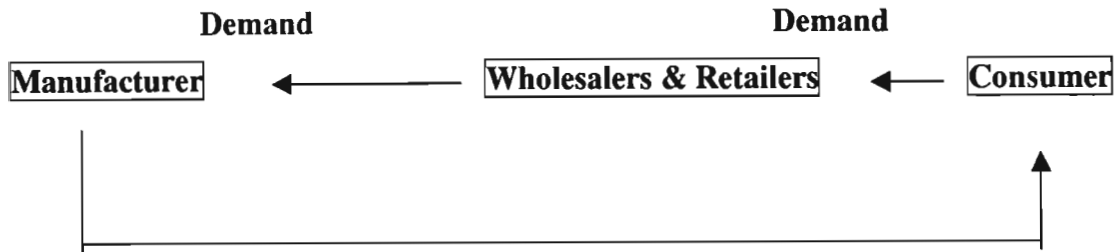
Figure 2.9

Push versus Pull Promotion Strategy

(Marketing Management K.Bhowan/ C. Hosking / P. Msweli-Mbanga/ K. Naidu-2001/002)

2.19.2 Sales Promotion

Advertising creates the psychological environment for selling and provides reasons for customers to buy. In this chapter we explore the sales promotion in giving customers an incentive to buy.

As a communication tool, sales promotion is powerful in gaining the customer's attention through offering short-term incentives that add tangible value to products and at the same time, encouraging them to act immediately. Furthermore, sales promotions have an added advantage to marketers in that they are measurable, with an immediate effect on sales.

Sales promotion is broken down in two different categories:

- Consumer promotion and
- Trade promotions

Consumer promotion is aimed at final users of products, whereas trade promotion is aimed at retailers and wholesalers in the company's channel of distribution.

Sales promotion tools include a wide range of events and activities designed to stimulate interests in a product or service. The activities and events include coupons, contests, free samples, in –store-demonstration and point-of purchase displays. Other promotion efforts include trade shows, exhibitions, special events and sponsorships.

2.19.3 Consumer Promotion Tools

Marketers use a variety of promotional tools to draw the attention of customers. The consumer promotional tools range from sampling, coupons, cash refunds, premiums, specialty advertising, patronage rewards, point-sale- displays and sales contests. Instead of using one particular promotional tool, companies usually use several tools simultaneously. For example Nando's has used sampling, coupons and speciality advertising to promote early trial of their chicken in the UK.

Sampling allows customers to experience the product or service either free or at a reduced price. Although sampling is quite effective, it is one of the most expensive consumer promotion tools. Samplings are usually distributed to customers in miniature packages, in stores, door-to-door or through the mail.

Sampling is an appropriate tool for introducing a new product because its stimulates trial. For example, to launch Liqui- Fruit Active in cans, a promotion plan was designed to achieve a high level of sampling, thereby creating a high level of awareness. To achieve this objective, the agency that developed the Liqui –Fruit active campaign invited large numbers of the public to a number of fun activities at a beach in Cape Town where over 50 000 cans of Liqui- Fruit Active were given away.

Coupons are certificates that offer consumers discounts when they purchase specified products. For example, to stimulate sales of Mentadent P toothpaste, coupons offering

consumers R1, 50 off on the purchase of the product were inserted in Cosmopolitan magazine. Coupons can also be mailed, enclosed or attached to products or inserted in newspapers. They are also given to consumers in retail outlets.

It has been found that the higher the discount, the higher the economic benefit, and the higher the likelihood of purchase. The effect of coupon value has also been demonstrated to be positive in terms of increasing perceived offer value, thus increasing interest in the brand. There is also literature that suggests that coupons may have a negative impact on brand image because consumers attribute their purchase to the discount rather than the brand. However, this contention is not supported by a number of studies that find no effect induced by price reduction on brand evaluation.

2.19.4 Promotion - Summary
Three elements of promotion, namely sales promotion, public relations and personal selling are discussed in this chapter. These elements together with advertising discussed in the previous chapter, form a promotional mix that a firm may decide to use depending on whether it wants to focus its push strategy, and if the marketing focus is to increase consumer demand the firm uses pull strategy. The pull strategy requires a mix of personal selling and sales promotion aimed at intermediaries. A mix of advertising, sales promotion and public relations is used in the pull strategy.

Sales promotion has a greater immediate short-term impact on sales, because it adds a tangible value to a product and provides an incentive to respond immediately. There are two types of sales promotion-distributors and retailers. The primary objective of consumer promotions is to increase demand, stimulate product trial and increase repeat purchase. The other objectives are to attract brand switching, counter competitive offers and stimulate impulse buying. The primary objective of trade promotions is to secure shelf and off-shelf display space, build brand image and brand equity, and finally to build customer loyalty. The most commonly used consumer promotion tools are coupons,

sampling premiums, point-of-sale promotions and speciality advertising. On the other hand the trade promotion tools include trade allowances, trade shows and exhibition.

Marketers use public relations to create positive images and at the same time build relationships with all the firms' publics. The different publics who have a stake in a firm's well being include customers, local communities, employees, shareholders and investors, unions, government officials and the firm's suppliers. One of the advantages of public relations is that it is able to reach audiences that are hard to reach by traditional advertising. Public relations is also much more cost effective than other promotional activities. The tools used for the implementation of public relations programmes include press releases, press conferences, special events, sponsorships, community development, publications and crisis communication.

Personal selling is often the only function that generates sales in industries such as direct selling and industrial goods. Salespeople play various roles depending on the size of the firm, the type of products it sells and the nature of its customer's base. While in some firms salespeople fulfil one or a combination of the role(s) of order getting, order taking and sales support, in other firms they are involved in team selling. A strength of personal selling is in its ability to allow salespeople to build relationships with customers and practice relationship marketing. The seven steps in the selling process are prospecting, pre-approach, approaching the prospect, making the presentation, handling objections, closing the sale and follow-up.

In organising a sales force, a firm must decide on whether to use independent contractors, develop it's own sales force or integrate both methods. The firm must also decide whether to organise it's sales force by territory, product line, market or customer type. Sales force management starts with the recruitment and selection of salespeople, followed by training, compensation, supervising and evaluating them.

2.20 Strategic Management

"The strategic capability of an organisation results from the resources which it owns or can access, the way these resources are deployed to create competencies in specific activities and, crucially, the way in which these separate activities are linked together, both inside and outside the organisation. Together these resources and competencies enable the organisation to create products, which are regarded as good, value-for-money by users.

Organisations that understand their true strengths are better able to compete successfully in a rapidly expanding and competitive world economy. Core competence analysis will help them do this by enabling them to see beyond their end products and served markets to their core technologies and sources of competitive advantage.

2.20.1 Core Competence

The core competence of an organisation lie in the collective learning in the organisation, especially 'how to coordinate diverse production skills and integrate multiple streams of technologies'

The core competence of an organisation is its enabling culture, as opposed to its relationship

culture, where the relationship culture could be likened to its personality and interpersonal skills and the enabling culture to its motivation and applied skills.

The core competence of an organisation is considered essential to corporate survival in the short and long term. They will invariably be unique to the organisation, invisible to the competitors and difficult to imitate even when their existence is understood by competitors.

As a mix of skills, resources and processes they confer a capability which is greater than the competence of an individual or operational unit. As the essence of the organisation they endure over time and contribute directly and indirectly to the development of core products, end products and services.

The core competence approach enables organisations to achieve organic growth by building on their core strengths and unique capabilities.

➢ When is core competence not a core competence?

It is quite easy to mix core competence with sources of competitive advantage, i.e. differentiators that enable organisations to achieve unique market positions. It is also quite easy to mix up core competences with key or main products. Core competences are also often confused with strategic assets such as patent rights or exclusive licences to trade. The core business of an organisation is not necessarily its core competence, but people do often mix these up." (Veronique Ambrosini 1998)

2.21 Understanding And Using Value Chain Analysis

With the expected rapid growth due to the demand, selecting the right partners in the value chain will be of paramount importance to Regency. As businesses become more complex – with broadening product ranges serving an increasingly segmented customer base and indirect 'overhead' costs growing faster than directs – knowing what your value does well is difficult to identify but is most important in the face of rising competition. Value chain analysis is an excellent means of disentangling the complexities to reveal what is really going on between a company and its market.

2.22 Strategic Financial Accounting For Analysing
Performance And Resources

Financial analyses, and financial ratios in particular, are some of the ways for an organisation to compare its performance with other players in the industry. Financial statements can be dissected in such a way that financial data can be turned into valuable information when making strategic decisions.

Strategic financial accounting can reveal major and sometimes stark insights into a company's performance, position and potential. The strategic thinker's arsenal is therefore incomplete without an understanding of financial analysis tools. But we also need to understand the results of financial analysis in a strategic context. By interweaving strategic and financial analysis, we are also in a much better position to determine when,

how and where we use financial analysis tools rather than see them as secondary and peripheral issues only.

2.23 Comparative Analysis: Benchmarking

Organisations must be able to assess their competences against 'best in class' as an important part of sustaining competitive edge. When properly resourced and implemented, benchmarking is a very powerful tool to focus and drive change. It can enable an organisation to take a quantum leap in process and bottom-line performance improvements and outstrip competitors.

Benchmarking can benefit the organisation in three ways:

1] Gap identification and objective setting:

    a) Providing credible and unarguable targets

    b) Proactively targeting improvement

    c) Providing an opportunity to become an industry leader.

2] New insights and improved practices:

    a) Objective evaluation of customer requirements

    b) Providing many options for improvements

    c) Generation of superior performance

3] Overcoming barriers and providing a motivation for change:

    a) Concrete understanding of competitor position

    b) High commitment for change.

2.24 Strengths, Weaknesses, Opportunities And Threats [SWOT] Analysis

SWOT analysis is a popular tool used by managers as an organising framework for intuitive information and as a means of summarising and integrating more formal analyses about the external operating environment and an organisation's current resources and capabilities.

SWOT analysis can be used more effectively than is often the case by demonstrating how it can integrate and enhance other frameworks of strategic analysis, and contribute to the evaluation of strategic options.

The aim of SWOT analysis is to match likely external environmental changes with internal capabilities, to test these out and challenge how an organisation can capitalise on new opportunities, or defend itself against future threats.

2.25 Corporate Strategy

It is imperative that any development is within the ambit of the corporate strategy. Corporate strategy is concerned with an organisation's basic direction for the future: its purpose, its ambitions, its resources and how it interacts with the world in which it operates.

Every aspect of the organisation plays a role in this strategy – its people, its finances, its production methods and its environment [including its customers].

Corporate strategy can be described as an organisation's *sense of purpose* This sense of purpose and its associated actions can be seen in the following definition of corporate strategy:

Corporate strategy is the pattern of major objectives, purposes or goals and essential policies or plans for achieving those goals, stated in such a way as to define what business the company is in or is to be in and the kind of company it is or is to be.

Every organisation has to manage its strategies in three main areas:

1] the organisation's internal *resources;*

2] the external *environment* within which the organisation operates;

3] the organisation's ability to *add value* to what it does.

Corporate strategy can be seen as linking process between the management of the organisation's internal resources and its external relationships with its customers, suppliers, competitors and the economic and social environment in which it exists.
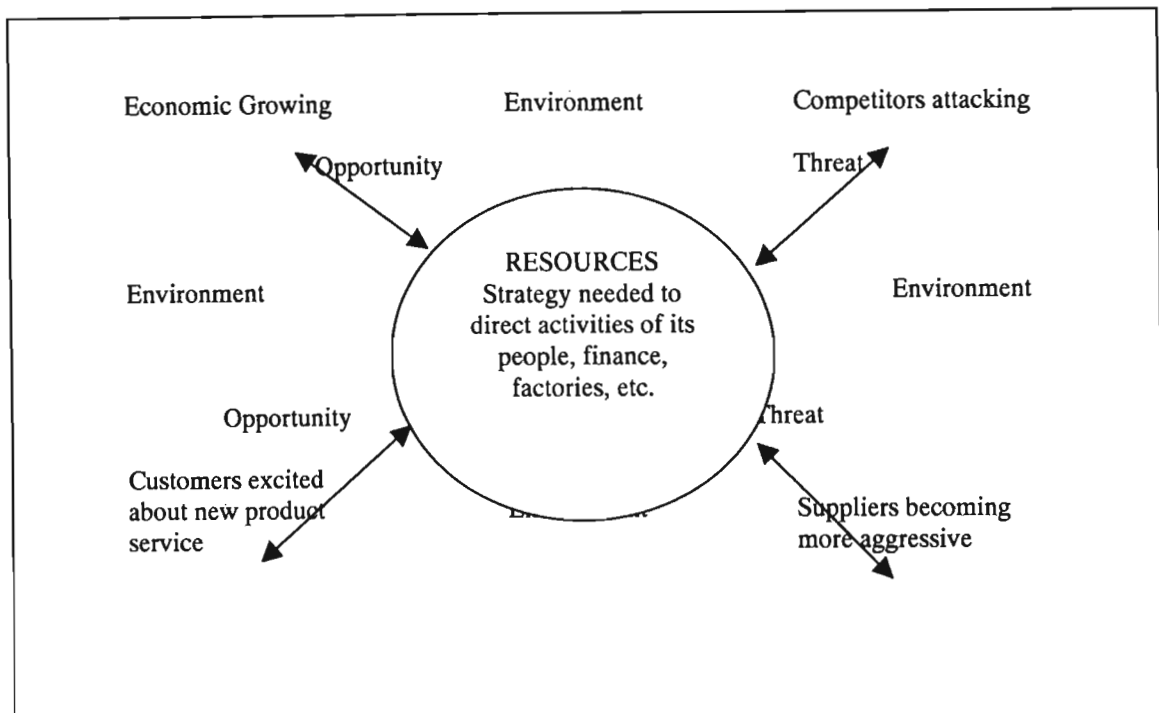
Resources Strategy

Figure 2.10 (Corporate Strategy. Second Edition - Richard Lynch)

2.26 Resources Strategy

The resources of an organisation include its human resource skills, the investment and the capital in every part of the organisation. Organisations need to develop corporate strategies to optimise the use of these resources. In particular, it is essential to investigate the distinctive capabilities that will allow the organisation to survive and prosper against competition.

2.27 Environmental Strategy

In this context *environment* encompasses every aspect external to the organisation itself : not only the economic and political circumstances, which may vary widely around the

world, but also competitors, customers and suppliers, who may vary in being aggressive to a greater or lesser degree. Organisations therefore need to develop corporate strategies that that are best suited to their strengths and weaknesses in relation to the environment in which they operate.

2.28 Adding Value

There is a need to explore further the purpose of corporate strategy beyond the requirements of environmental change and management of its resources. In essence, the need to *add value* to what supplies are brought into the organisation. To ensure its long term survival, an organisation must take the supplies it brings in, add value to these through its operations and then deliver its output to the customer.

The task of corporate strategy is to create a distinctive way ahead for an organisation, using whatever skills and resources it has, against the backdrop of the environment and its constraints. Distinctive means developing some areas that allow the organisation to survive against competition; this is usually called sustainable competitive advantage.

2.29 Key Elements Of Strategic Decision

There are five key elements of strategic decisions that are related primarily to the organisation's ability to add value and compete in the market place

1] *Sustainable*

Decisions that can be maintained over time. For the long term survival of the organisation, it is important that the strategy is sustainable.

2] *Develop processes to deliver the strategy*

Strategy is at least partly about how to develop organisations or allow them to evolve towards their chosen purpose.

3] *Offer competitive advantage*

A sustainable strategy is more likely if the strategy delivers sustainable competitive advantages over its actual or potential competitors. Corporate strategy usually takes place in a competitive environment.

4] *Exploit linkages between the organisation and the environment*

Links that cannot easily be duplicated will contribute to superior performance. The strategy has to exploit the many linkages that exist between the organisation and its environment: suppliers, customers, competitors and often the government itself.

5] *Vision*

The ability to move the organisation forward in a significant way beyond the current environment. This is likely to involve innovative strategies.

In the final analysis, corporate strategy is concerned with delivering long-term added value to the organisation.

- Corporate strategy is important because it deals with the major, fundamental issues that affect the future of organisations. When an organisation makes major errors in corporate strategy, it will suffer the consequences, possibly risking its own survival. When the organisation develops its strategy well, it reaps the benefits.

- There are three core areas of corporate strategy: strategic analysis, strategic development and strategy implementation. Although the three core areas are often presented as being strictly sequential, they will be simultaneous in some circumstances. There are two important qualifications to the three core areas: the use of judgement and values to derive the strategy and the need to make highly speculative assessments about the future.

- In developing corporate strategy, there is a need to distinguish between process, content and context. Process is the method by which the strategies are derived; content is the strategic decisions then made; context is the environment within which the organisation operates and develops its strategies.

- Corporate strategy responds to the environment existing or developing at that time. In the late twentieth century, there were four distinct pressures on corporate strategy: free market competition; the importance of the Asia-Pacific economies; global competition; and the greater knowledge and training of managers and employees. All four elements in the environment have directed the development of corporate strategy.

2.30 Analysis Of The Environment

In analysing the environment surrounding the organisation, seven main factors were identified;

- A general consideration of the nature of the environment and, in particular, the degree of turbulence. When events are particularly uncertain and prone to sudden and significant change, corporate strategy needs to become more flexible and organise its procedures to cope with situation.

- A general analysis of the factors that will affect many industries. This can be undertaken by two procedures; the PEST analysis and scenarios. The PEST analysis explores political, economic, socio-cultural and technological influences on the organisation. In developing scenarios, it should be recognised that they provide a different view of conceivable future events, rather than predict the future.

- Growth characteristics can be explored using the industry life cycle concept. Markets are divided into a series of development stages; introduction, growth, maturity and decline.

- Different stages of the life cycle demand different corporate strategies. The early stages require greater investment in R & D and marketing to develop and explain the product. The later stages should be more profitable on a conventional view of the life cycle.

- The identification of key factors for success. Moving towards an analysis of the environment surrounding the organisation itself, it is useful to establish the key factors for success in the industry [not the organisation]. This requires a consideration of the resources of the organisation.

- A Five Forces analysis. This will involve an examination of buyers, suppliers, new entrants, substitutes and competition in the industry. The aim is to analyse the balance of power between each force and the organisation in the industry.

- A Four Links analysis of the co-operators of the organisation. This will include a study of the complementors, networks and legal links that the organisation has with its environment. The purpose is to analyse the relative strengths of such links and their ability to enhance the competitive advantages of the organisation.

2.31 Analysing Markets And Competitors

- Sustainable competitive advantage has been placed at the centre of the development of corporate strategy. The real benefits of developing this area derive from those aspects of the organisation that cannot easily be imitated and can be sustained over time. Such advantages can take many forms; differentiation, low costs, niche marketing, high performance or technology, quality, service, vertical integration, synergy and the culture, leadership and style of the organisation.

- The role of government can be seen through its involvement in both political and economic issues. Politics has been an important driver of industrial growth.

- Government policies also influence national economic growth and may affect the market growth of particular sectors.

- In exploring the intensity of competition in an industry, it is useful to begin by exploring the degree of concentration in an industry – ranging between the two extremes of perfect competition and pure monopoly.

- Product portfolio analysis plots products or product groups in relation to market characteristics. The BCG matrix relates market growth to relative market share for the organisation's main product or group of products. It identifies four major categories of products; stars, cash cows, dogs, and problem children.
An alternative matrix, the directional policy matrix, plots industry attractiveness against industry competitive position. It attempts to overcome some of the weaknesses of the BCG matrix.

- Another area of investigation is that concerning distributors – that is, those companies that purchases the product and then resells it to small end consumers or small customers. In some markets, distributors are a vital part of the chain of sale and need to be analysed in detail. Service levels, quality, pricing, and discounts and the support from the distributor are subjects for investigation.

- International competition has increased over the last twenty years. This has taken many forms but three areas can be usefully highlighted:
1] Ambition of some companies for global expansion
2] Low cost through careful sourcing of production and

3] Global strategies to integrate worldwide strategy.

2.31.1. Analysing Customers

- Customers are a vital part of corporate strategy development. Ultimately, customers provide the revenue to generate wealth of the organisation. Moreover, part of the corporate strategy process will be to persuade customers of the competitive advantages of choosing the organisation's products rather than those offered by a rival. For these two reasons, strategy analysts needs to explore its customers with the aim of developing customer-driven strategies.

- As a starting point, demand needs to be estimated where possible. A broad view of likely levels of demand may be essential in order to identify possible competitors. However, a narrower definition will lead to identification of the attributes of the product that will persuade customers to chose a specific company rather than a rival.

- An analysis of how and where customers add value to the organisation is important because it identifies which aspects of the organisation's resources assist customer relationships. Five specific elements may contribute to customer added value: differentiating capabilities, channel power, company reputation, brands and customer relationships.

- Customer profiling will provide a basic understanding of the customer that is crucial to strategy development. Specifically, it will demonstrate why customers prefer one product rather than another and thus identify the sustainable competitive advantage possessed by the organisation. It may also clarify the organisation's strengths when faced with customers who wish to switch to rival products. Importantly, customers may provide the breakthrough that will deliver a totally new strategic opportunity to the organisation.

- The customer/competitor matrix links together two important aspects: the extent to which customers have common needs and the possibilities of achieving competitive advantage in the marketplace based on differentiation and economies of scale.

95

- Market segmentation is the identification of specific groups of customers who respond differently from other groups to competitive strategies. They can be important in strategy development because they provide the opportunity to dominate part of the market.

- There are three prescriptive stages in developing market segmentation and positioning:

  1] identify potential close gap segments

  2] evaluate and select segments and

  3] position within segments

  Identification of gaps in segment provision may provide the basis of new strategic opportunities.

- Competitive positioning is the choice of differential advantage that the product will possess against its competitors. Thus the advantages of segmentation in corporate strategy relate to the development of sustainable competitive advantage and to the ability to target products to that segment.

- When considering the implications of customer driven strategy, there are three main areas:

  1] branding and reputation

  2] communicating with customers

  3] pricing strategy

- Branding is a specific name or symbol used to distinguish a product from a functional product. It adds value to the basic functional product and provides sustainable competitive advantage.

- Reputation is the sum of customer knowledge developed about the organisation over time. It will include brands, but may also cover other aspects such as quality and service levels. It also delivers sustainable competitive advantage and adds value to basic customer perceptions of the organisation.

- Organisations communicate with their customers in order to inform and persuade them about the merits of their products. This will assist in establishing the sustainable competitive advantages of the product. Cost effectiveness is the main criterion when assessing communications proposals. Costs are usually relatively

easy to establish but the effects of some promotional areas may be more difficult to assess.

- Different types of customers will need different forms of communication. Each will operate to communicate and secure the competitive advantages of the organisation. Communications policy may need an integrated approach across the organisation in a sense of considering other stakeholders as well as customers. It may be necessary to consider innovative approaches to adopt a fresh approach with customers and develop new areas of advantage.

- In the short term pricing does not usually form the basis of competitive advantage because any price changes can be imitated very quickly by competitors. In the longer term, pricing strategy can be a major factor in competitive advantage, because it will significantly alter the basis on which companies can compete.

- Pricing strategy can have strategic significance at three levels:
    o rapid impact on profitability
    o positioning the product and
    o value for money

- Value for money, which includes quality, branding and other factors, represents the broader elements that will determine and condition pricing for many customers. Target pricing places the main emphasis on competitors' prices and has proved an important element in the success of some companies over the last few years.

- Business is undoubtedly becoming more international. Customer analysis therefore needs to follow this trend. The greater economies of scale from operating internationally will be reflected in lower prices that will overcome any lingering problems over differences in taste.

2.32 Analysis Of Resources

The resources are the means by which the organisation generates value. It is this value that is then distributed to the employees as salaries, to government as taxes, to the shareholders as dividends or retained in the organisation to be invested in the future. Resources are also the means by which one organisation distinguishes itself from another. It is this aspect of resources that delivers and maintains sustainable competitive advantage. There are three primary areas of resources – human, financial and operations.

Analysing the resources of an organisation involves not only exploring the role and contribution of the main resources, but also an understanding of two main issues.
First, it is essential to explore how resources deliver profits in private companies and services in publicly owned companies. Second, it is essential to identify those resources that enable an organisation to compete and survive against competition. In both cases, such an understanding will form the basis of future strategy development.

It is useful to consider the factors that deliver success in an industry as a whole, covering both the resources and the environment – the key factors for success.

Within the context of the industry, each organisation is then different – perhaps in small ways like well - established product range, perhaps in major ways like exceptional leadership or a new, patented technology. These differences are important in strategy development, so they need to be analysed carefully for the individual organisation.

The resource analysis needs to proceed along two parallel and interconnected routes: value added and sustainable competitive advantage. Figure 2.11 identifies the elements involved. The value added route explores how the organisation takes goods from its suppliers and turns them into finished goods and services that are then sold into the environment: how the organisation adds value to the inputs it receives from its suppliers. The competitive advantage route examines the special resources that enable the organisation to compete: how and why some resources deliver sustainable competitive advantage is crucial to strategy development.

Analysing resources

Route 1

Individual organisations resources: make-or-buy

Value added
How?Where?

Value Chain

Value System

Route 2

Concepts of Economic rent

Sustainable Competitive Advantage (SCA)

the seven main concepts of SCA
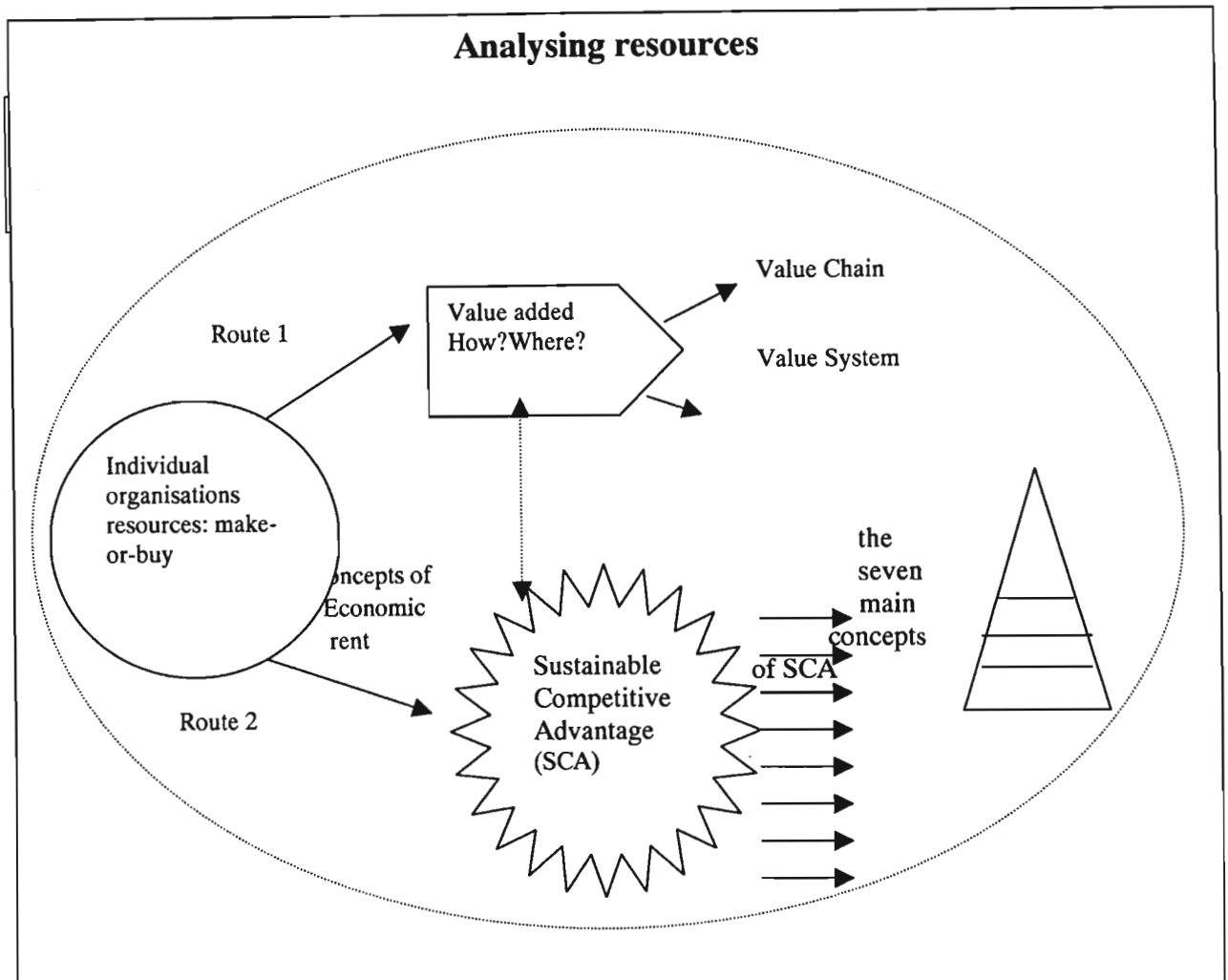
Figure 2.11 (Corporate Strategy. Second Edition- Richard Lynch)

2.33 Key Factors For Success In An Industry

The concept of key factors for success is also consistent with Porter's view that there are factors that determine the relative competitive positions of companies within an industry. Key factors concern not only the resources of organisations in the industry but also the competitive environment in which the organisation operate. There are three principal areas that need to be analysed:

- Customers
- Competition
- Corporation

Identifying key factors for success

> Customers

Who are our customers? Who are our potential customers? Are there any special segments that we can dominate? Why do customers buy from us? And from our competition?

- *Price*. Is the market segmented by high, medium and economy pricing?
- *Service*. Do some customers value service while others simply want to buy the product?
- *Product and service reliability*. Is product performance crucial to the customer or is reliability useful but not really important?
- *Quality*. Some customers will pay higher prices for actual or perceived quality differences.
- *Technical specifications*. In some industrial and financial services, technical details will provide major attractions for some customers.
- *Branding*. How important is branding for the customer?

> Competition

Who are our competitors? What are the main factors in the market place that influence competition? What is necessary to achieve market superiority? What resources do competitors possess that we lack and vice versa?

- *Cost comparison*. Which companies have the lowest cost? Why?
- *Price comparison*. Why companies have high prices?
- *Quality issues*. Which companies have the highest quality? Why? How?
- *Market dominance*. Which companies dominate the market?

- *Service.* Are there companies in the industry that offer superior service levels?

- *Distributors.* Which companies have the best distributive network? Lowest costs? Fastest delivery? Competent distributors that really know the product?

> Corporation

What resources do we have? How do they compare with competitors? What do they deliver to customers? Where are the majority of our costs concentrated?

- *Low cost operations.* Are we low cost operators? How do we compare against competitors?

- *Economies of scale.* Do these exist in the industry? How important are they?

- *Labour costs.* Does our industry rely heavily on low labour costs for competitive operations?

2.34 Conclusion

The future for filing is an absolute certainty. As complexities increase in every day life, in particular exponentially in information technology, consistent generation of documents will be spewed out in millions of sheets of paper.

With the advent of globalisation, communication is set to proliferate indefinitely and here again, generation of documents will be incessant and unavoidable. To cope with this giant mass production of paper work, filing will reduce this dense mass to some separate intelligible areas, which we can examine with effective comprehension.
Filing inculcates within us a "systems thinking and practice" and enables us to maintain regularities and continuities with information.

Filing, ultimately, guides our actions methodically and expeditiously.

CHAPTER 3- RESEARCH METHODOLOGY

3.1 Introduction

The chosen research design constitutes a meaningful blue print for the collection, measurement and analysis of data, highly relevant to the filing industry. The results of this research design will aid Regency in the allocation of it's resources to accurately access it's commercial decisions. The research design expresses both the structure of the research problem and the plan of investigation.

3.2 Sampling Design

- A stratified sampling would be used as follows:

A) Academic	: Students, at the University of Natal would be interviewed at random at the library, in corridors and other exterior places of the university. Further, staff of this university would be interviewed as well.
B) Commercial	: An office block would be selected in down town central Durban and staff in these offices would be interviewed.
C) Industrial	: In Prospecton, an industrial area, two companies i.e. Toyota and S.A. Breweries have been chosen. Their staff in various offices would be interviewed.
D) Medical	: Staff, in offices at St. Augustine Hospital, would be interviewed.

At least 20 responses would be elicited from each stratum, yielding a minimum of 80 responses to draw recommendations and conclusions from.

3.3 Research Design

The marketing team of Regency would conduct personal interviews utilising questionnaires. Thorough training would be given to this team on issues to obtain fair and

honest comments from respondents, especially to avoid bias. A file would be demonstrated to respondents without any leading actions or comments from the interviewers. The questionnaire

(see appendix) would be simple and possess only highly relevant questions.

Approximately twenty interviews would be conducted per stratum of sampling, yielding approximately 80 replies.

3.4 Data Collection

The interviewers, at the end of the interview, would collect data. The assimilation of this data would be done on the completion of each stratum

3.5 Data Analysis

Data would be analysed in percentages, and relative to the different strata of sampling. Data would also be displayed graphically in pie and bar graphs allowing for easier comprehension for the reader.

The data from the questionnaires (the instrument that records the raw data) would be analyzed and interpreted after developing summaries or looking for patterns. The data would then be captured onto a spreadsheet and bar graphs and pie charts would be used for easy reference and interpretation of the data. This research will interpret these findings in light of the research question.

Finally a report will be formalised to transmit the findings and recommendations.

3.6 Conclusion

The above research design is a practical strategy for the study and plan of Regency's strategy determination of it's marketing plan for its Piggyback files.

The compelling reasons for the sampling design includes: low cost, greater accuracy of results, greater speed of data collection and availability of population elements.

CHAPTER 4- FINDINGS

4.1 Introduction

Xerox ignored their adverse research findings and continued developing the process as their patented invention. However, Regency's findings are positive and risk analysis demonstrates that investment in Piggyback business development should yield promising returns.

4.2 Academic Field

The twenty-four respondents found the files to be overall attractive. Pockets as a requirement displayed the same results as the medical field.

However it is surprising to note that the main aspect (the very purpose) of segmentation was found to be average by eleven of the respondents. This certainly is worrying and further urgent research needs to be done to verify these findings.

The academic field (tertiary and secondary education) in South Africa is a major potential market of the Piggyback files and the seriousness of these findings is noted!

4.3 Medical Field

All factors, basically, were important in both ratings and ranking. Surprisingly, pockets were not as highly rated compared to that of the corporate and legal sampling strata.

In fact twelve respondents (out of twenty-three) rated the pockets requirement as average. This outcome is difficult to comprehend; further research needs to be done to demystify this finding.

4.4 Corporate Field

Apart from the "pocket as a requirement" finding, the results overall reveal a consistent trend.

4.5 Legal Field

The results were the most consistent of all the sampling strata.

4.6 Aggregate Findings (Summary)

Price was found to be average by 64% of the respondents while 25% stating it to be high. Regency should investigate measures to either lower price by more efficient productivity, if possible, or by adding extra features (e.g. in advertising) to create a perception of added value.

Demand for plastic files was overwhelming. As Regency is in the paper industry, the manufacture of plastic files should be outsourced (perhaps to India or China). This would enable Regency to stick to their "core" paper industry (this "sticking to the core" so evident in global in trends!). Quality of the files was found to be good.

Regency should focus on and develop deep and intense distribution and other networking relationships with CNA and Waltons. The findings abundantly display this "place" strategy as a marketing mix feature.

4.7 Conclusion

Piggyback files demonstrated a high acceptability from the market surveyed. The findings clearly recommend that Regency, as owners of the brand, should proceed with developing the market and exploit the opportunities.

Distribution and networking would be the most crucial to success and would be the most determining factor as in this area, control would vest in an external intermediarys' command.

4.2 Field Study Results : ACADEMIC FIELD

(24 candidates)

A1 - Please rank the following factors of the file to it's importance to you:

	IMPORTANT	NOT IMPORTANT
a. PRICE	18	6
b. QUALITY	24	0
c. PRODUCT INNOVATION	19	5
d. SEGMENTATION	18	6
e. CHOICE OF COLOURS	14	10
f. POCKET REQUIREMENT	13	11

Table 4.2.1
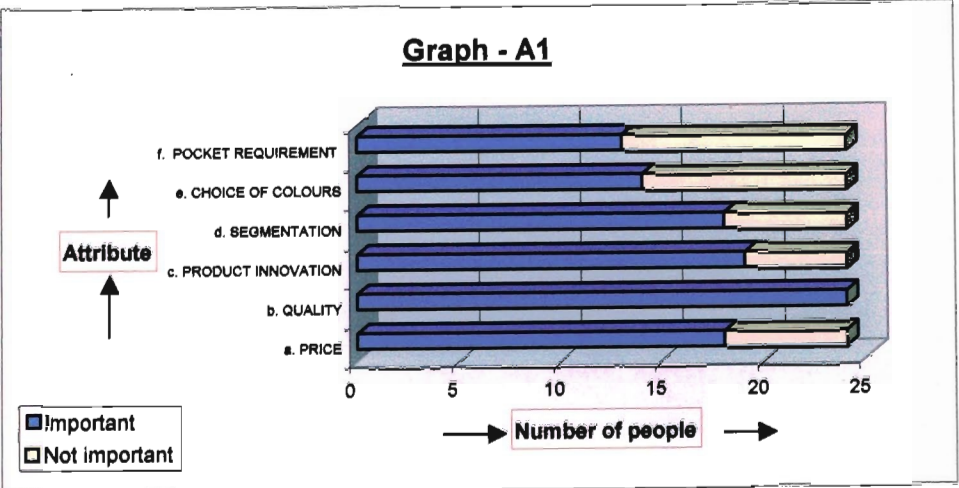
Figure 4.2.1

A2 - Please rate the same factors :

	HIGH	AVERAGE	LOW
a. PRICE	6	16	2
b. QUALITY	19	5	0
c. PRODUCT INNOVATION	12	12	0
d. SEGMENTATION APPEAL	11	11	2
e. COLOURS APPEAL	13	7	4
f. POCKET REQUIREMENT	9	13	2

Table 4.2.2
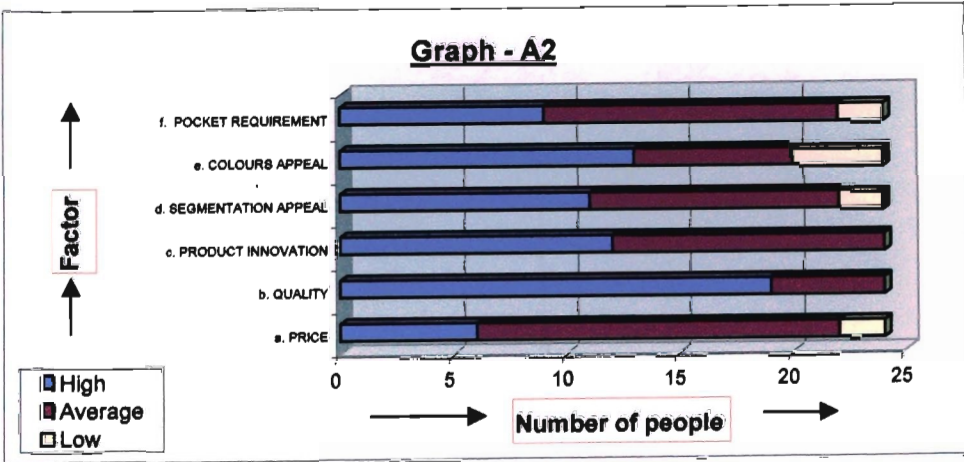
Figure 4.2.2

A3 - What would you prefer PiggyBack files to be made of?

a.PLASTIC			12
b.PAPERBOARD			3
c.BOTH PLASTIC & PAPERBOARD			8
d.CAN BE EITHER - NOT IMPORTANT			0
		Total	23

Table 4.2.3
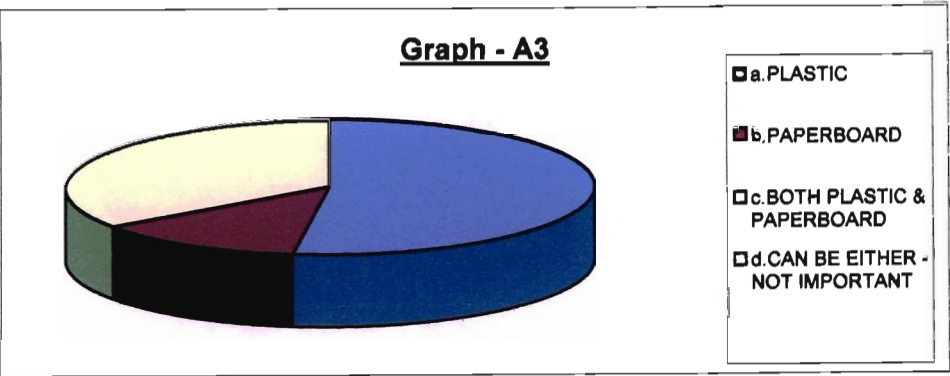
Figure 4.2.3

A4 - Which stores are you likely to purchase from?

C.N.A.	14
PICK 'N PAY	6
ADAMS	9
CLICKS	1
WALTONS	3
GAMES	3
CHECKERS	2

Table 4.2.4

Figure 4.2.4

4.3 Field Study Results : Medical field
(24 candidates)

M1 - Please rank the following factors of the file to it's importance to you:

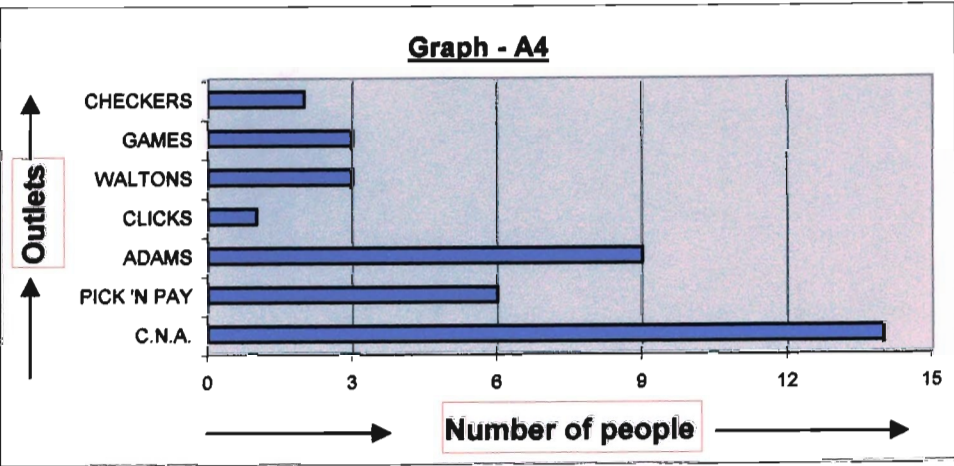|	IMPORTANT	NOT IMPORTANT
a. PRICE	21	3
b. QUALITY	24	0
c. PRODUCT INNOVATION	24	0
d. SEGMENTATION	23	1
e. CHOICE OF COLOURS	19	5
f. POCKET REQUIREMENT	21	3

Table 4.3.1
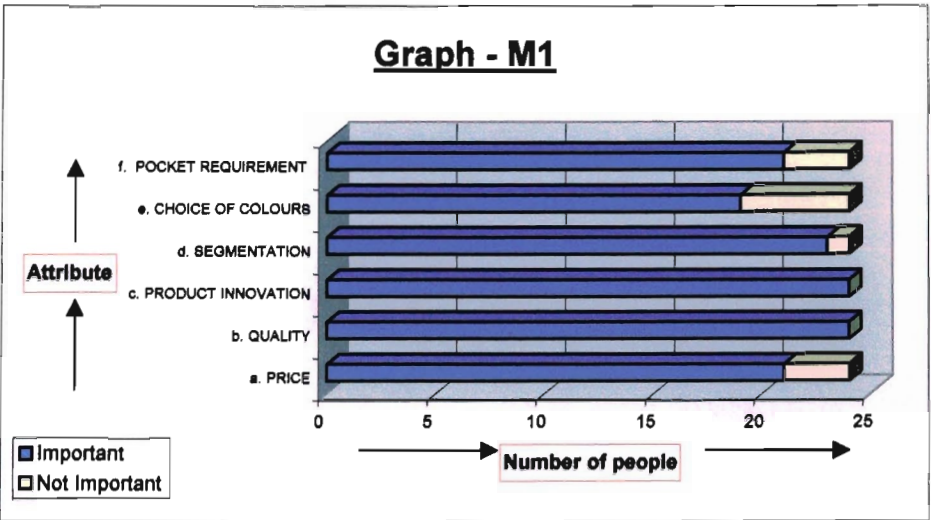
Figure 4.3.1

M2 - Please rate the same factors :

	HIGH	AVERAGE	LOW
a. PRICE	2	19	3
b. QUALITY	16	7	1
c. PRODUCT INNOVATION	17	7	0
d. SEGMENTATION APPEAL	17	7	0
e. COLOURS APPEAL	14	9	1
f. POCKET REQUIREMENT	15	9	0

Table 4.3.2
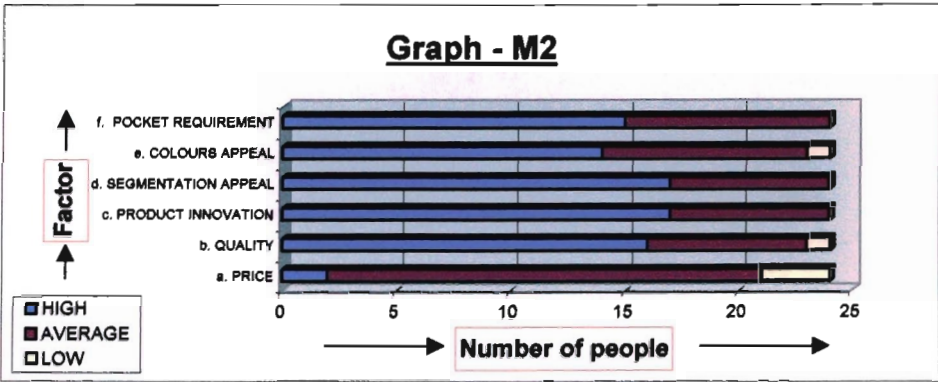
Figure 4.3.2

M3 - What would you prefer PiggyBack files to be made of?

a.PLASTIC			8
b.PAPERBOARD			0
c.BOTH PLASTIC & PAPERBOARD			10
d.CAN BE EITHER - NOT IMPORTANT			2
		Total	20

Table 4.3.3
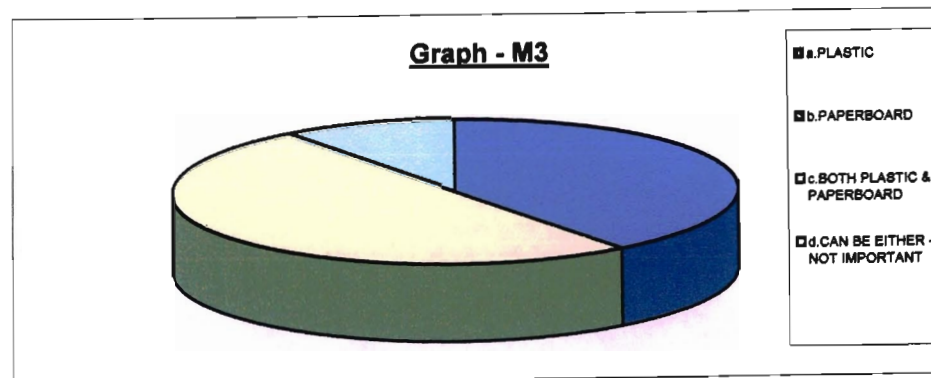
Figure 4.3.3

M4 - Which stores are you likely to purchase from?

C.N.A.	7
PICK 'N PAY	3
HYPERAMA	2
LASER OFFICE SUPPLIES	1
WALTONS	3
GAMES	1
MAKRO	2
STEVENS	2
CARDIES	1
SUPERMARKET	1
PNA	2
CHECKOUT	1
CHECKERS	3

Table 4.3.4
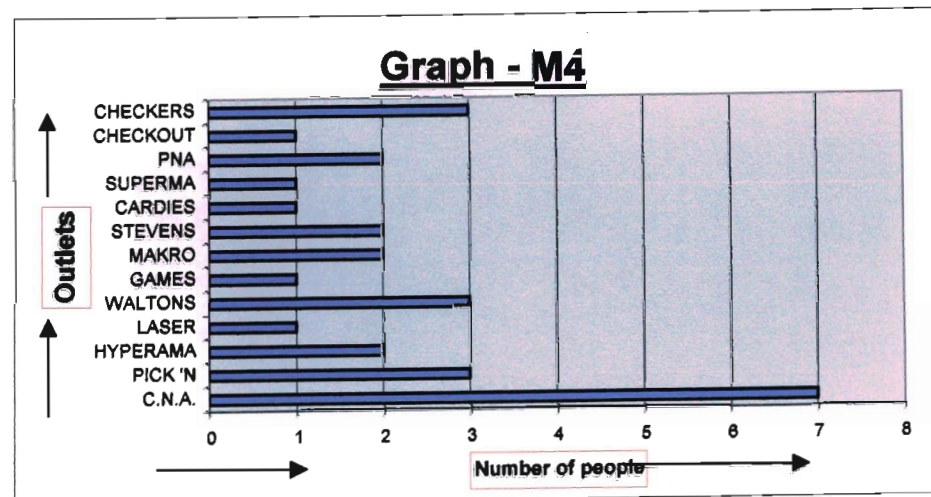
Figure 4.3.4

4.4 Field Study Results : Corporate field
(24 candidates)

C1 - Please rank the following factors of the file to it's importance to you:

	IMPORTANT	NOT IMPORTANT
a. PRICE	21	3
b. QUALITY	22	2
c. PRODUCT INNOVATION	18	5
d. SEGMENTATION	18	5
e. CHOICE OF COLOURS	15	9
f. POCKET REQUIREMENT	16	7

NB: Number of "No Responses" = 3

Table 4.4.1
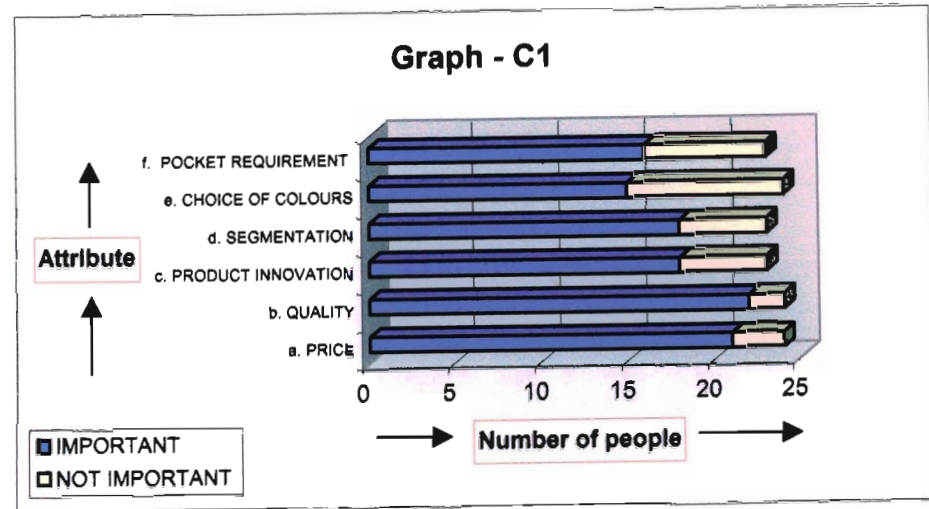
Figure 4.4.1

C2 - Please rate the same factors :

	HIGH	AVERAGE	LOW
a. PRICE	7	16	1
b. QUALITY	18	5	1
c. PRODUCT INNOVATION	14	9	0
d. SEGMENTATION APPEAL	14	9	1
e. COLOURS APPEAL	12	9	3
f. POCKET REQUIREMENT	11	12	1

NB: Number of "No Responses" = 1

Table 4.4.2
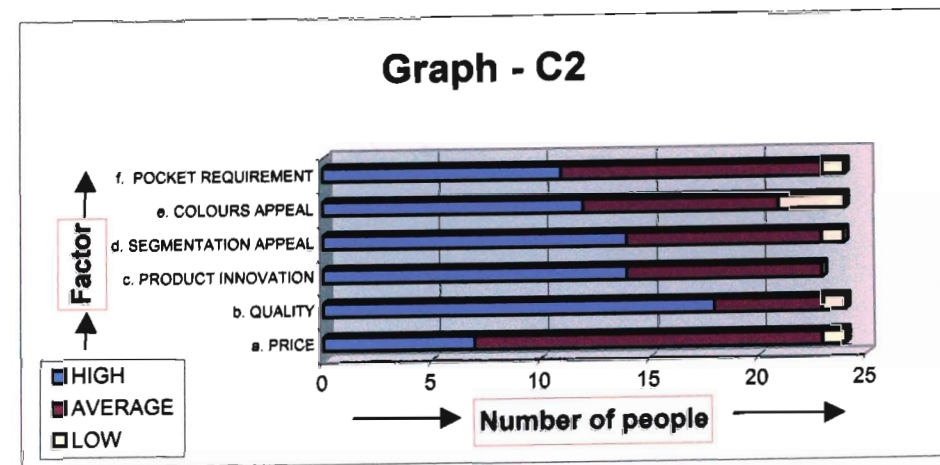
Figure 4.4.2

C3 - What would you prefer PiggyBack files to be made of?

a.PLASTIC			6
b.PAPERBOARD			2
c.BOTH PLASTIC & PAPERBOARD			10
d.CAN BE EITHER - NOT IMPORTANT			6
		Total	24

Table 4.4.3
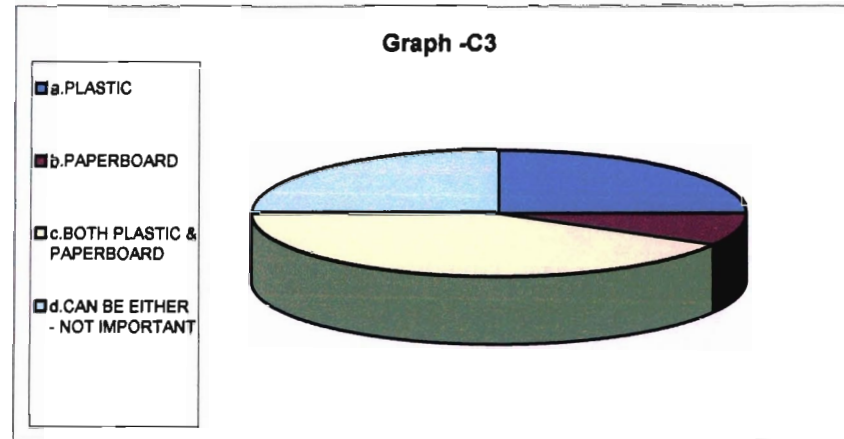
Figure 4.4.3

C4 - Which stores are you likely to purchase from?

TRADE CENTRE	1
WALTONS	11
JOHN WILLIAMS BUYERS	1
PICK AND PAY	1
CHECKERS	1
HYPERAMA	1
FORMS MEDIA INDEPENDENT	3
C.N.A	2

Table 4.4.4
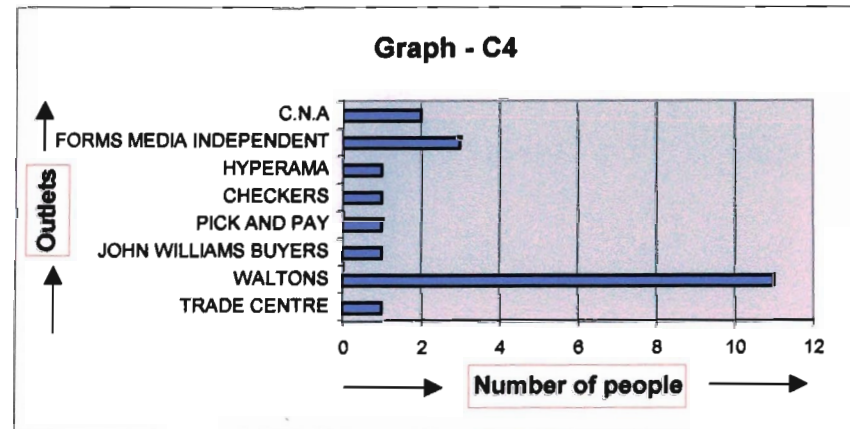
Figure 4.4.4

4.5 Field Study Results : Legal field
(24 candidates)

	IMPORTANT	NOT IMPORTANT
a. PRICE	19	3
b. QUALITY	24	0
c. PRODUCT INNOVATION	19	5
d. SEGMENTATION	19	5
e. CHOICE OF COLOURS	18	6
f. POCKET REQUIREMENT	19	4

NB: Number of "No Responses" = 3

Table 4.5.1
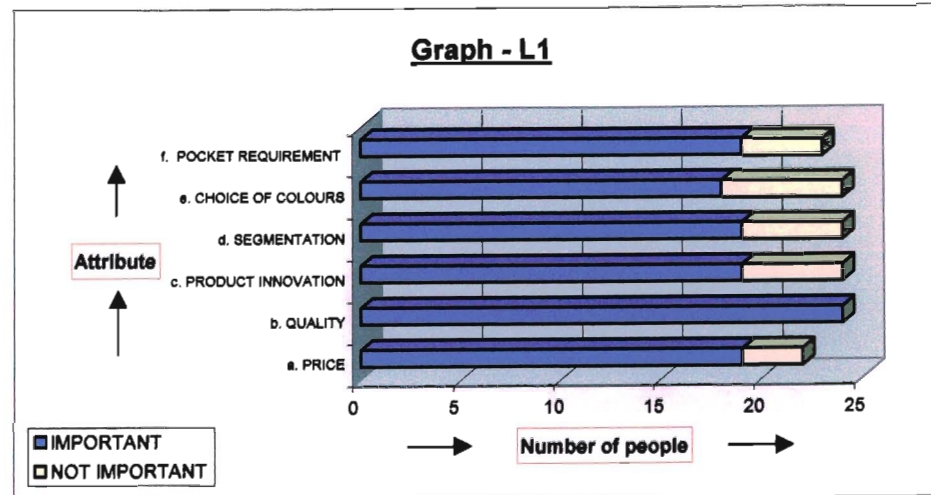
Figure 4.5.1

L2 - Please rate the same factors :

	HIGH	AVERAGE	LOW
a. PRICE	8	10	4
b. QUALITY	16	6	2
c. PRODUCT INNOVATION	13	8	1
d. SEGMENTATION APPEAL	15	8	1
e. COLOURS APPEAL	16	6	2
f. POCKET REQUIREMENT	14	7	2

NB: Number of "No Responses" = 5

Table 4.5.2
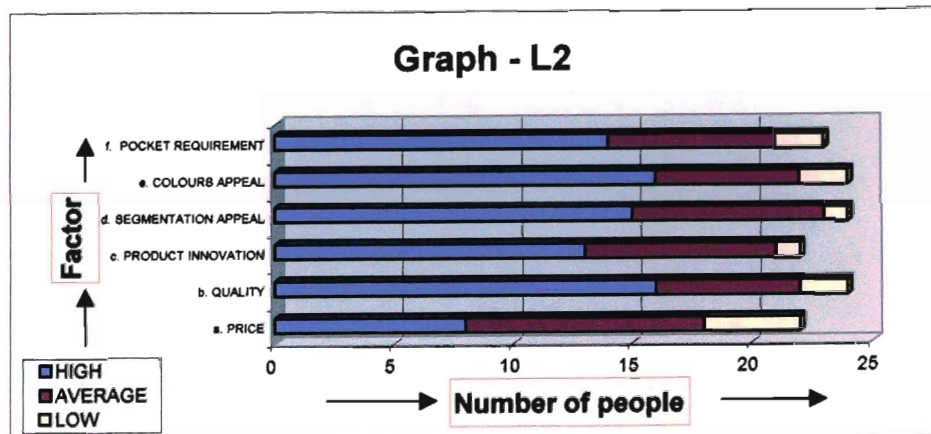
Figure 4.5.2

L3 - What would you prefer PiggyBack files to be made of?

a.PLASTIC			9
b.PAPERBOARD			5
c.BOTH PLASTIC & PAPERBOARD			7
d.CAN BE EITHER - NOT IMPORTANT			0
g. PAPERBOARD-LAMINATED			1
		Total	**24**

Table 4.5.3
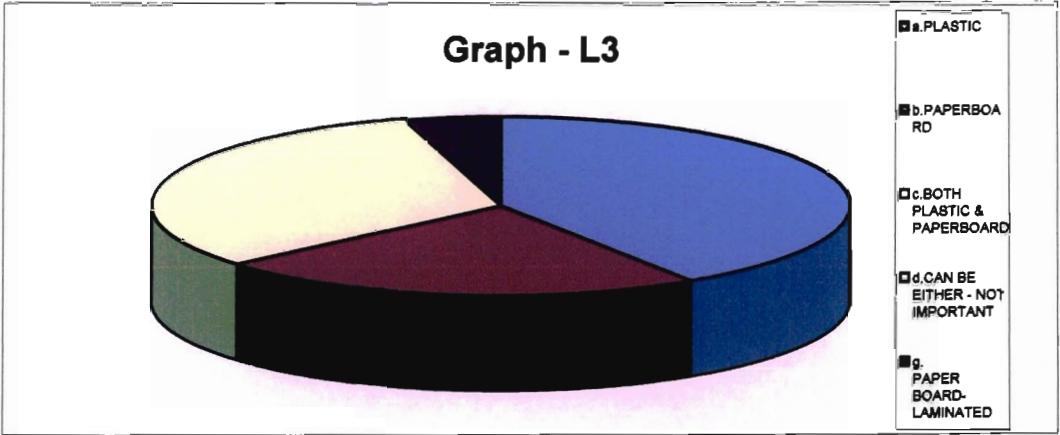
Figure 4.5.3

L4 - Which stores are you likely to purchase from?

C.N.A.	5
WALTONS	9
ALERT	3
CANON	1
ADAMS	2
GAMES	3
SILVERAY	1
HUB	1
SHOP/LIBRARY/1 PRICE	1
HYPERS	1
BEST BOOKS	1
PRIVATE	1
MAKRO	3

Table 4.5.4
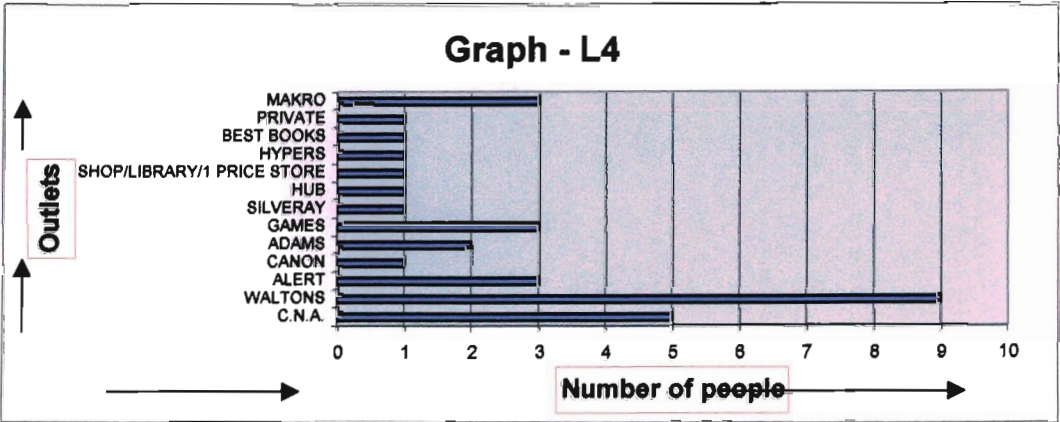
Figure 4.5.4

4.6 Aggregate of all Sectors

AG1-Please rank the following factors of the file according to it's importance to you :

			IMPORTANT	NOT IMPORTANT
PRICE			79	15
QUALITY			94	2
PRODUCT INNOVATION			80	15
SEGMENTATION (ie MULTILEAVES)			78	17
CHOICE OF COLOURS			66	30
AS A REQUIRED FEATURE			69	25

NB: Number of "No Responses" = 6

Table 4.6.1
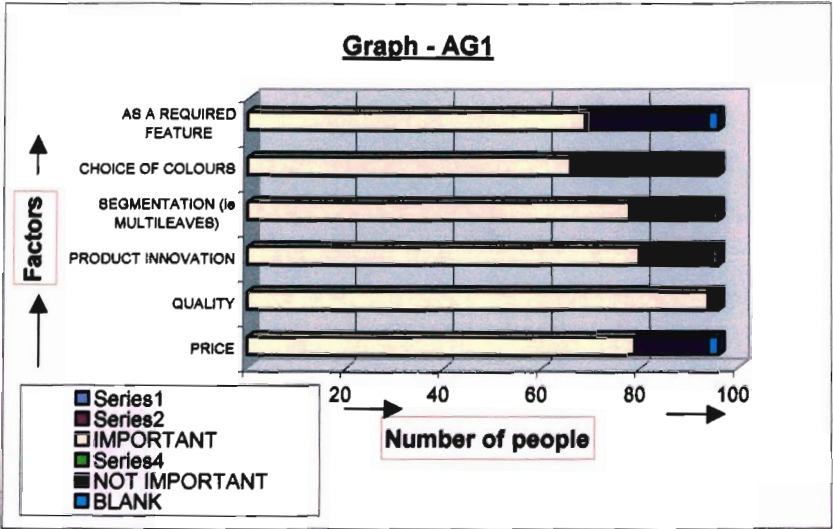
Figure 4.6.1

AG2-Please rate the same factors :

			HIGH	AVERAGE	LOW
PRICE			23	61	10
QUALITY			69	23	4
PRODUCT INNOVATION			56	36	1
SEGMENTATION APPEAL			57	35	4
COLOURS APPEAL			55	31	10
POCKETS AS A REQUIRED FEATURE			49	41	5

NB: Number of "No Responses" = 6

Table 4.6.2
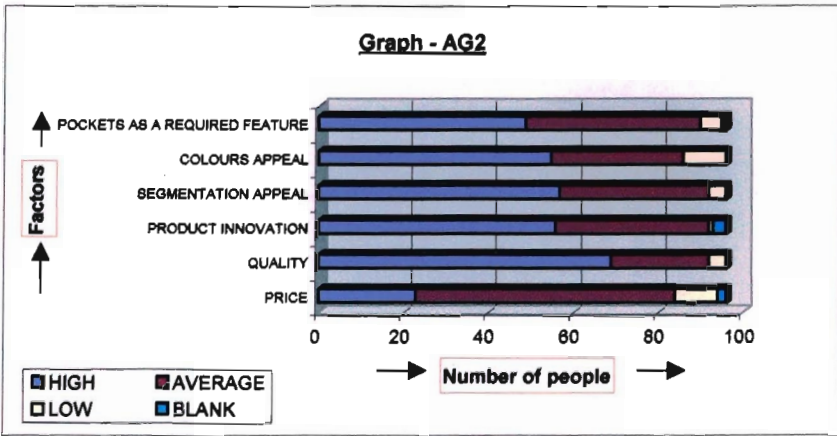
Figure 4.6.2

AG3-Are you likely to purchase Piggyback files now that you have seen it's features?

YES			NO	BLANK	PROBABLY
77			13	3	3

Table 4.6.3

AG4-Your likely place of purchase:

		Number of people
STATIONER		34
CHAINSTORE		21
BOOKSHOP		6
OTHER		14
STATIONER/CHAINSTORE		15
STATIONER/CHAINSTORE/BOOKSHOP		6
CHAINSTORE/BOOKSHOP		2
STATIONER/BOOKSHOP		3
STATIONER/OTHER		0
STATIONER/BOOKSHOP/CHAINSTORE/		2
OTHER		9
BLANK		1

Table 4.6.4

Figure 4.6.4

116
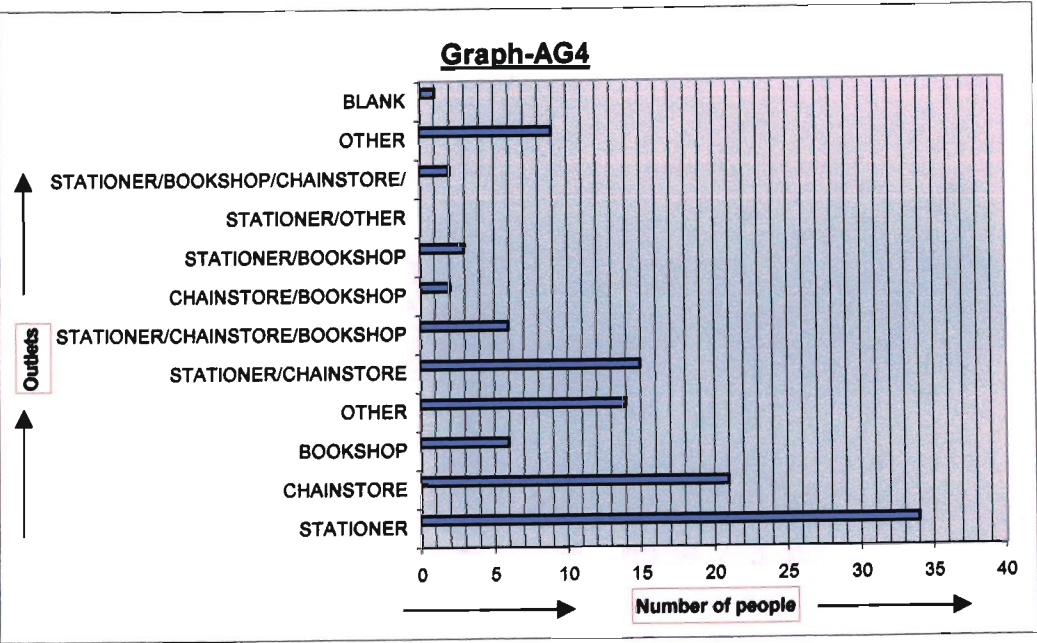
AG5-Would you recommend these files to others?

YES			NO	BLANK
91			4	1

Table 4.6.5

AG6-What would you prefer Piggyback files to be available in?

PLASTIC		35
PAPERBOARD		10
BOTH PLASTIC & PAPERBOARD		35
CAN BE EITHER - NOT IMPORTANT		8
PLASTIC - BOTH PLASTIC AND		6
PAPERBOARD		0
PAPERBOARD - CAN BE EITHER-		1
NOT IMPORTANT		0
PAPERBOARD -LAMINATED		1

Table 4.6.6
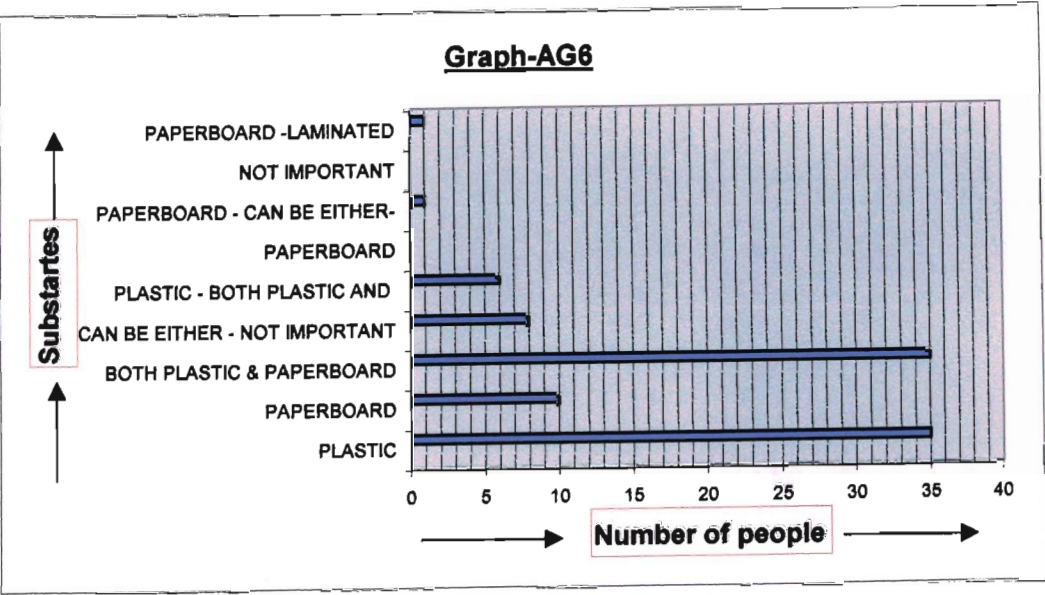
Figure 4.6.6

AG7-Which stores are you likely to purchase from?

C.N.A			28
PICK 'N PAY			10
ADAMS			11
CLICKS			1
WALTONS			26
GAMES			7
CHECKERS			6
LASER OFFICE SUPPLIES			1
HYPERAMA			4
MAKRO			5
STEVENS			2
CARDIES			1
CHECKOUTS			1
SUPERMARKETS			1
PNA			2
ALERT			3
CANNON			1
SILVERAY			1
HUB			1
SHOP/LIBRARY/1 PRICE STORE			1
BEST BOOKS			1
PRIVATE			1
TRADE CENTRE			1
JOHN WILLIAMS BUYERS			1
FORMS MEDIA INDEPENDENT			3

Table 4.6.7
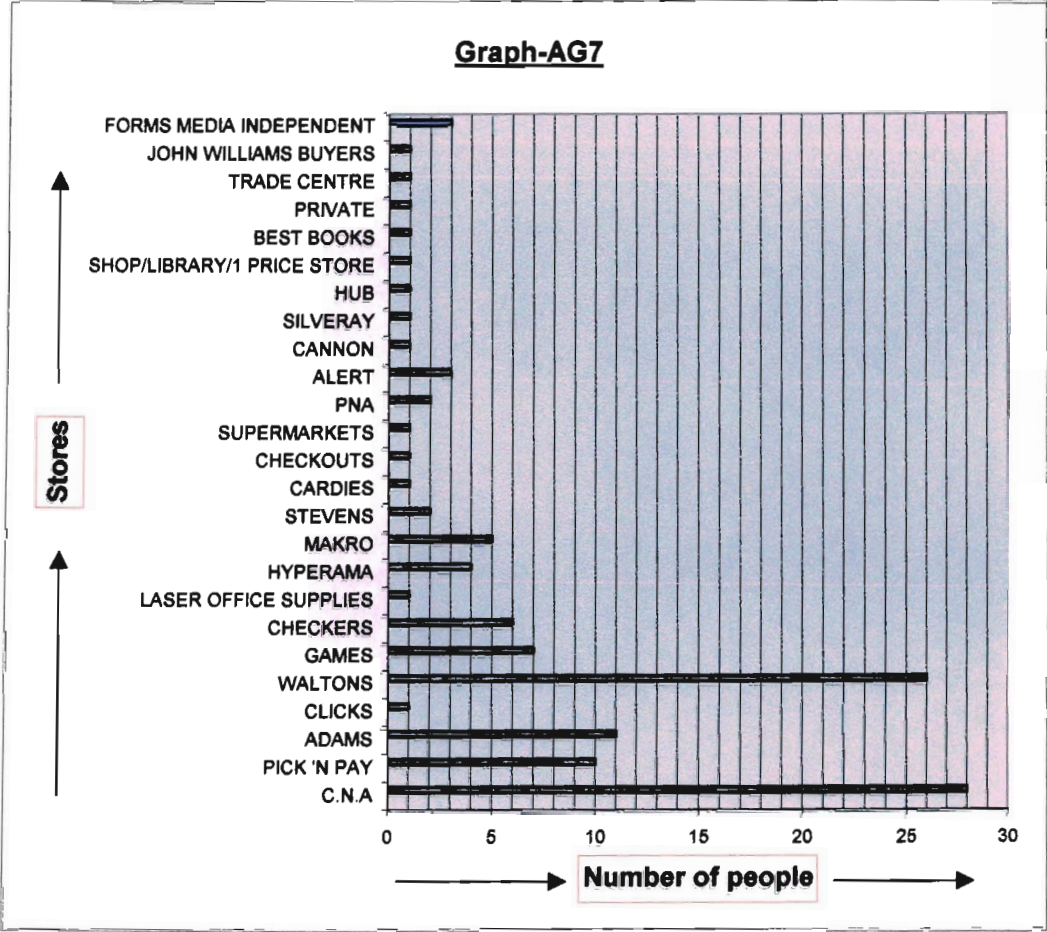
Figure 4.6.7

CHAPTER 5 – RECOMMENDATIONS AND CONCLUSION

5.1 Introduction

As is clearly demonstrable from the findings, Piggyback files are appealing. Demand will rise as the target market awareness increases. However, successful programs are not built on fads, they are built on trends. A fad is a wave in the ocean and a trend is the tide. A fad gets lot of hype and a trend gets very little.

Like a wave, a fad is very visible, but it goes up and down in a big hurry. Like the tide, a trend is almost invisible, but very powerful over the long term.

Regency must forget fads. The best, most profitable thing to ride in the market is a long-term trend.

5.2 Price

Although majority of respondents states that price was not really an issue, Regency should be cautious and maintain competitive prices. Regency should be aware that in recent years price has become an increasingly critical element in a firm's marketing strategy because of the following:

1.) Extended period of inflation.

2.) Slower population growth.

3.) Maturity of many basic industries.

4.) Increased aggressiveness of low-cost global competitors, especially from the East.

5.) Threat of substitute products and advent of piracy and grey goods would weaken or dilute the advantages and benefits of a patent.

6.) Many firms attempt to estimate the demand curves for their products via marketing research, but test market experiments do not reflect the reaction of competitors to prices or price changes.

7.) Difficulty in estimating demand, as Piggyback files have no history. In most cases, there is an inverse relationship between a product's price and the quantity

demand. But if demand is difficult to predict as Piggyback is a novation in the market, it will be difficult to objectively judge the optimum price levels. Factors, which affect customer's sensitivity to price, include the buyers' perception and preferences.

In the commercial, industrial, legal and medical strata, the customers probably would be able to pay a reasonable premium price. However in the academic field one doubts the students' ability to pay higher prices.

➤ Pricing of the files should be moderate, and for annual increases Regency should remember that demand might be inelastic for small price changes, but elastic for a more dramatic change.

➤ Regency should set strategic "pricing" objectives, which can be used to maximise sales growth (this suggests using a competitive pricing strategy, which could be penetration pricing). This pricing strategy is strongly advocated as Piggyback is in a growth phase and capturing of market share is paramount.

➤ Pricing should be uniformed throughout South Africa, as it would be difficult logistically to adapt the price structure to meet the variations in demand and cost across the diverse geography and types of customers prevailing.

5.3 Quality

Other studies have shown that customers are dissatisfied with one out of every four purchases, however less than five percent of dissatisfied customers complain. Complaint levels therefore are not always a good measure of customer satisfaction. Periodic surveys and good research can help to identify gaps and market segments. Close to 100% of respondents replied that quality was important to them and approximately 75% rated

Piggyback's quality as high. Regency should not however become complacent and should preserve and inculcate the organisation with the motto:

"Our aim is to do it and do it right the first time"

It is no secret that generally every human being tries earnestly to preserve their wealth, capital and earnings, making the world a "hard sell" planet. Consumers are weary to part with their hard-earned money and depend on the credibility of the product when purchasing.

Advertising that over-prioritises will lower perception of quality if the performance of files (e.g. life due to endurance of paperboard) fails to reach hyped up expectations.

The drivers of consistency and reliability (as quality dimensions) are:

➤ Well-trained and knowledgeable staff and indoctrination of new staff to get a sense of the company's commitment to all quality dimensions.

➤ Efficient players in all the value chain management transactions.

➤ Measuring performance and rewarding appropriately e.g. employee of the month award.

➤ Under- promising and over-delivering, as opposed to over-promising and under-delivering.

5.3.1 Closing The Gaps On Product Quality At Regency

The potential shortfalls in product quality at Regency are a result of the difference between management's perception of product quality and client's expectation resulting in product quality gap. The recommendations below are ways in which to close these gaps:

➤ Constantly researching customers' expectations. Finding out what customers expect is essential to providing quality.

➤ Using complaints strategically.

> The distributors usually handle customers' complaints remotely and in most situations do not communicate them to Regency's management. It is important that a feedback channel on customer's complaints is developed.

> Research what customers generally want in the industry.

> Researching intermediate customers.

Intermediate customers such as distributors, stationers, or chain stores are people who Regency serves. These customers serve end customers. Management at Regency need to effectively use their intermediaries by providing a service to them such as education and training and feedback forums in order to learn more about their expectations and problems. This will also provide a dual service in understanding some of the problems encountered by end customers as well.

> Conducting key client studies.

Regency could solicit their distributorship with CNA and Waltons, both major players in the South African stationery market. Some of these major clients are large and important enough to study individually and in depth. In essence, sales strategies have to be customised for specialised business units.

5.3.2 Commitment To Quality

Quality of products simply does not happen. Employees and middle management do not improve quality without strong leadership from management. Nobody should ever win an argument with a customer: -

"Customer is king"

5.4 Distributorship

Although Piggyback files are a sure winner in the marketplace, crucial is the decision that needs to be made concerning distribution of the files. There are two interrelated sets of decisions involved. They relate to the following:

a.) Channel design, which is concerned with developing a channel structure, which fits Regency's strategy and the needs of the target market.

b.) Channel management, which is the development of policies and procedures to gain and maintain the co-operation of the various institutions in Regency's distribution channels.

Regency does not have the business structure to deal directly with the end user. The distribution decision recommended is to use all four broad categories of marketing channel institutions.

1. Merchant wholesalers –sell primarily to other resellers e.g. Silveray selling to stationers and others.

2. Agent middle men-who do not take ownership of product but sell to other resellers and work on a commission basis.

3. Retailers-who sells ultimately to the consumer

4. Facilitating agencies that include advertising agencies, marketing research firms and transporters

5.4.1 Key Clients

It is strongly recommended that for key clients, such as Waltons, CNA and other chain stores a customised and vertical, in-depth distribution strategy is developed as these key clients could conform to Pareto's theory that 20% of the customers could result in 80% of the sales of the files!

> The channel objectives recommended are as followers:

1. Product availability, which includes coverage of relevant retailers and coverage and positioning within the store.

2. Obtaining promotional support for the product by channel members. This includes point of purchase promotion.

3. Providing post-sale service including customer training, instore promotions and merchandising.

4. Providing market information
5. Cost effectiveness i.e. obtaining above objectives at the lowest price.

➤ Determining the desired number of retailers. There are three alternative strategies:
1. Intensive (maximum) coverage.
2. Exclusive (single) coverage.
3. Selective (few) coverage.

It is recommended that for the short and medium term, an intensive coverage policy be pursued for effective market penetration. This policy should be reviewed post the medium term depending on the trend analysis of sales.

➤ Determining the physical distribution and number of distribution points. These costs average about 20% of sales.
➤ The objective here is to minimise total costs of distribution to Regency's customers.
➤ As the number of distribution points increases, some costs increase (inventory, storage, and order processing) while others decrease (transportation and stock out).

5.5 Conclusion

Yes, Piggyback files are certainly practical, innovative and highly usable to many people in various segments of the market. A successful roll out marketing campaign nationally would thrust Piggyback into the market. But can Piggyback dominate and maintain it's leadership and high market share over its life cycle on an optimum basis? Surely successful promotional stints is not the end-all and be-all? History has shown that millions of rands have been wasted on marketing programs that couldn't possibly work, no matter how clever or brilliant or how big the budget! When a company makes a mistake today, footprints quickly show on it's back as competition runs off with its

business. To get the business back, the company has to wait for others to make mistakes and then figure out how to exploit the situation, or develop another good business opportunity in that market

So how does Regency avoid making mistakes in the first place?
The easy answer is to make sure the marketing programs are in time and fully in sync with the laws of marketing:

5.5.1 The law of leadership
It is better to be first than it is to be better.
The basic issue in marketing is creating a category you can be first in. It is easier to get into the mind first than to try to convince someone you have a better product than the one that did get there first.

5.5.2 The Law of the Mind
It is better to be first in the mind than to be first in the market place. Yes, Piggyback's novation of a file within a file concept (i.e. the multi leaf segmentation) has to be communicated to the minds of the potential users in the market. This law of the mind is fully congruent with the AIDA model (Awareness, Interest, Desire, and Action) where the first step is Awareness of the market. But is there something wrong with the Law of leadership mentioned in the previous section? No, the law of the mind modifies it. Being first in the market place is important only to the extent that it allows you to get in the mind first.

5.5.3 The Law of Unpredictability
Unless you write your competitor's plans, you can't predict the future. Implicit in most marketing plans is an assumption about the future. Yet marketing plans based on what will happen in the future are usually wrong.

Regency should be aware that failure to forecast competitive reaction (even with substitute products) is a major reason for marketing failures. So what can Regency do? How can Regency (as owners of Piggyback) cope with unpredictability? While you can't predict the future, Regency should get a handle on trends, which is a way to take advantage of change. One good example of a trend is South Africa's growing trend of increasing education budgets. This should augur well for Piggyback in the Academic segment of the market. Or another trend is where business sentiment is currently improving in South Africa- Piggyback could exploit this business segment as well!

While tracking trends can be a useful tool in dealing with the unpredictable future, market research can be more of a problem than help. Research can measure the present market or the past at best. New ideas and concepts are almost impossible to measure.

The classic example is the research conducted before Xerox introduced the plain-paper copier. What came back was the conclusion that no one would pay five cents for a plain paper copy, when they could get a thermofax copy for a cent and a half.
Xerox ignored the findings of the research and the rest is history.
One way that Regency could cope with an unpredictable world is to build an enormous amount of flexibility into the organisation. As change comes sweeping through it's categories, Regency will have to be willing to change and change quickly if it is to survive in the long term.
After this extensive file study and research there is difference between " predicting" the future and "taking a chance" on the future------No one can predict the future with any degree of certainty, nor should marketing plans try to!

5.5.4 The Law of Success
Piggyback is on the highway to success and perhaps sooner than later. But Regency has to remember that success leads to arrogance and arrogance to failure.

Ego is the enemy of successful marketing. Objectivity is what's needed. When people become successful, they tend to become less objective. They often substitute their own judgement for what the market wants.

Actually ego is helpful. It can be an effective driving force in building a product, brand or a business. What hurts is injecting your ego in the marketing process.

Brilliant marketers have the ability to think like the prospect thinks. They put themselves in the shoes of their customers. They don't impose their own view of the world in the situation.

Regency should keep in mind that the world is all perception anyway, and the only thing that counts in marketing is the customer's perception.

5.6 Conclusion

Finally, Regency would have to abide religiously to the above laws if it is to garner meaningful success for its Piggyback files. To abide by these laws is a daunting task... and to face the wrath of competitor's fierce rebellion... and an array of oncoming missiles with countless trajectories!

But Regency should have patience. Respect for the Laws of Marketing will help to achieve success, and success is the best revenge of all-----------.

BIBLIOGRAPHY

" The Kiss Principle, Approaches to Building Reliable Systems" by Ronald B. Smith 1983 Petrocelli; Books, Inc.

Method of Information Handling by Charles P. Bourne, Stanford Research Institute, Menlo Park, California.

Extract from " Communication" by Elmer D. Johnson 1960

Systems Thinking, Systems Practice by Peter Check land of University of Lancaster UK

Morita A. Opening Address "World Marketing Conference"; 25th Anniversary; Japan Marketing Association.

''Communication'' By Elmer.D.Johnson
'Likelihood to buy' matrix
Simon Majero 1993: The Essence of Marketing, First Edition, New York: Prentice Hall P.88

Phillip Kotler (1997) Marketing Management Sixth Edition, Prentice Hall, P316

Extract from " Subject Headings for the Information File" by Miriam Ogden Ball.
Eight Edition published by "The H.W. Wilson Company"
New York first published 1917 P.13 and 14.

Exploring Strategic Management by Veronique Ambrosini, published by Prentice Hall 1998

Corporate Strategy Second Edition

Richard Lynch

Marketing Management

Book 3: Specific Topics in Marketing

C. Kolb P Msweli - Mbanga S Pramjeeth

 Internet 1 - www.gladwell.com/2002/2002_03_25_9_paper.htm

March 25 2002.The Social Life of Paper Looking For Method in the Mees.

Internet 2 - www.giftsnccessories.com/magazine/stationery//.htm

Internet 3 - http://dlib.nyu.edu/affiliates/NYHS/findingdaids/Albumb.html

The New-York Historical Society

Internet 4 - http://officemuseum.com/filing equipment small.htm

Early Filing Device

APPENDIX 1 – QUESTIONNAIRE TO EVALUATE THE MARKET FEASIBILITY OF AN ALTERNATIVE FILING SYSTEM

The following questionnaire is designed to measure various features of Piggyback Files from potential end users. This questionnaire forms part of a MBA research programme. Your assistance in filling out this questionnaire is greatly appreciated.

How to complete this questionnaire:

- Please answer all the questions [it will take 2-3 minutes to complete]
- Respond to each of the questions by ticking the relevant space provided in the different columns.

QUESTIONAIRE

We thank you sincerely for your time and effort in completing this questionnaire. After inspecting your complementary Piggyback file handed to you, kindly proceed with your comments.

1] Please rank the following factors of the file according to its importance to you.

	Important	Not Important
a) Price		
b) Quality		
c) Product Innovation		
d) Segmentation (i.e. Multi-leaves)		
e) Choice of Colours		
f) Pockets as a required feature		

2] Please rate the same factors (As above).

	High	Average	Low
a) Price			
b) Quality			
c) Product innovation			
d) Segmentation appeal			
e) Colours appeal			
f) Pockets as a required feature			

3] Are you likely to purchase Piggyback files?

now that you have seen its features? ... ...Yes/ / No/ /

_____
_____
_____

4] You're likely place of purchase

Stationer ... ... Yes/ / No/ /... Name of stationer ... ...

Chain Store ..... Yes/ / No/ /... Name of Chain Store ... ...

Bookshop ... . Yes/ / No/ /... Name of Bookshop ... ...

Other ... ... Yes/ / No/ /... Name of Other ... ...

5] What improvements, if any, would you recommend to be made to the file?

... ...

... ...

6] Would you recommend these files to others? ... ...Yes/ / No/ /

7] Would you prefer Piggyback files to be available in:

Plastic ... .../ /

Paperboard ... .../ /

Both Plastic and Paperboard ... .../ /

Can be either-not important ... ./ /

8] If you want a copy of this questionnaire or Piggyback's latest updated range mailed to you, kindly supply the following information:

Name ... ...

Address ... ...

Thank you and we trust that Piggyback files

works for you!