

**FACTORS INFLUENCING MANAGEMENT KNOWLEDGE
IN THE PRE-OWNED MOTOR VEHICLE ENTERPRISES
OF MATJHABENG.**

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**MAGISTER TECHNOLOGIAE
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Welkom

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DEDICATION

This thesis is dedicated to

GOD ALMIGHTY

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I wish to express my genuine appreciation to:

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LIST OF ABBREVIATIONS

Associated Motor Holding	AMH
America Online Networks	AOL
Chief Executive Officer	CEO
Consumer Price Index	CPI
Central University of Technology	CUT
Economic Motive	EM
Economic Principle	EP
Music Television	MTV
Motor vehicle	MV

List of abbreviations

National Association of Automobile Manufacturers of South Africa	NAAMSA
National Credit Regulator	NCT
Older than Fifteen Years	OFY
page	p
Statistics South Africa	Stats SA
Strength, Weakness, Opportunities and Threats	SWOT
Value Added Tax	VAT
World wide web	www
Younger than Fifteen Years	YFY

CHAPTER 1: INTRODUCTION AND PURPOSE OF STUDY

1.1 INTRODUCTION

The discovery over seventy years ago of a gold reef in the Northern Free State brought about a hive of business activity. This area, known as the Goldfields, includes Welkom, Virginia, Odendaalsrus, Allanridge, and Hennenman (Anon. 2009:1). Most successful businesses in the area are either directly or indirectly associated with the gold-mining industry.

Currently, the Matjhabeng Municipality, which incorporates the city of Welkom and the towns of Odendaalsrus, Virginia, Hennenman, Allanridge and Ventersburg, has a combined population of more than 500 000 (Anon. 2004:3). However, many people have come and gone in the Matjhabeng district as a consequence of mines undergoing restructuring and retrenchment. The municipality and the business sector have also suffered as a result (Anon, 2004:4).

During the past few years in the district, many pre-owned motor vehicle companies were opened and many closed down. This research project seeks to establish why so many companies closed down and particularly whether management or ownership itself contributed to their closure.

Generally speaking, residents of the district have speculated that the National Credit Regulator (NCR) had an influence on business closures, despite the intention of the NCR to protect both businesses and their clients.

"The NCR was established as the regulator under the National Credit Act 34 of 2005 (the Act) and is responsible for the regulation of the South African credit enterprises. It is tasked with carrying out education,

research policy development, registration of enterprises participants, investigation of complaints, and ensuring enforcement of the Act” (Anon, 2009:1).

According to the NCR job losses are caused mainly by the recession and not the NCR itself:

“... recent job losses, linked to the current recession shown in the poorer performance of major industries of the economy, including manufacturing, financial services and retail and wholesale trade, are also affecting credit consumers' ability to meet debt obligations. However, the recent reductions in interest rates - the cuts now amount to a very significant 4.5% - together with increases in remuneration, should help to relieve the pressure on disposable income” (Anon, 2009:4).

Job losses as well as the recession also impacted negatively on the pre-owned motor vehicle enterprises in the district. Hence, the general perceptions and speculation of residents in the Goldfields regarding the influence of the NCR on business closures applied also to pre-owned motor vehicle enterprises.

1.2 SIGNIFICANCE OF THE RESEARCH

This research hopes to benefit the management and/or owners of pre-owned motor vehicle industries in the Matjhabeng area. In the long term, the community as a whole may benefit from this, since fewer industries may close down. The rule of supply and demand is also relevant in this regard: more companies in Welkom, and the rest of Matjhabeng, would result in more

competitive pricing of the product for all prospective clients of pre-owned motor vehicle enterprises.

A pre-study was conducted prior to the main research to observe whether a problem, obstacle or gap occurs within this enterprise. Such a problem, obstacle or gap that might occur could have had an impact on the enterprises of pre-owned motor vehicle companies.

According to the pre-study, many questions were unanswered, suggesting the need for further research.

If a research were not conducted, this could lead to the following crises within the pre-owned motor vehicle companies:

- 🎬 Long-term problems concerning the future of the business;
- 🎬 Difficulties in managing the outcome of current decisions;
- 🎬 Negativity regarding the business and even a possible decline of income (sales);
- 🎬 A negative image being portrayed;
- 🎬 A decline in the market segmentation percentage and
- 🎬 The product and labeling portraying the wrong message to the potential target market.

More details on the pre-study will follow in section 1.3.4, p 6 and also in chapter 2, paragraph 2.4.10, p 63.

1.3 PRELIMINARY SURVEY OF RELEVANT LITERATURE

Literature Review is a survey of published articles and books that communicate theories and past empirical studies on a certain topic (Zikmund, 2003:53). Preliminary Studies could be the method in which a research initiative is purified in order to turn it into a research project. (Saunders, Lewis and Thornhill, 2003:485). More detailed information on Literature Review will follow in Chapter 2, p 27 - 66.

Literature review in this research focused on management knowledge which affected the pre-owned motor vehicle enterprises in the Matjhabeng area. Such a focus could therefore be accurately outlined.

1.3.1 Micro-Environment

The Micro-environment according to Bates (2006:251), includes everything that occurs internally within the business. It is influenced directly or indirectly by managerial decisions, which influence the growth and continued existence of the business. Thus the micro-environment should form part of management knowledge.

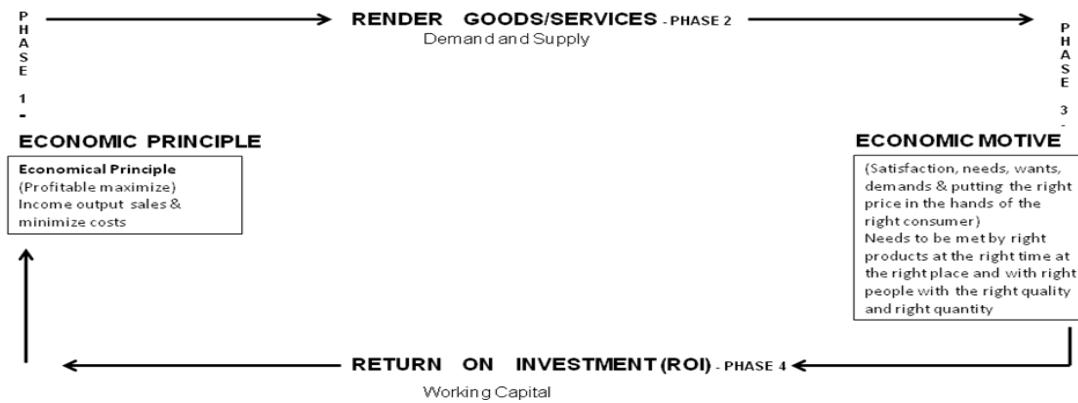
1.3.2 Management Knowledge

Management knowledge can be explained. It is important to know what management is, as noted by Anon (2011:1) in the website thefreedictionary.com:

“The act, manner, or practice of managing; handling, supervision, or control: management of a crisis; management of factory workers.”

The following diagram indicates the various activities of the free market system as an open market within an entrepreneurial environment and their influence on one another.

Figure 1: Free Market System as an Open System



Source: National Entrepreneurial Conference (NEC) and Prestige Research Seminar Presentations (Duvenage, 2010).

According to the diagram above there is a relationship between economic principle, rendering of goods and services, economic motive and return on investment.

1.3.3 Automobile enterprises

The National Association of Automobile Manufacturers of South Africa (NAAMSA), mentioned in July 2009 (Anon, 2009:1) that a huge sales decline in the motor vehicle enterprise would only change when the consumers spent money again after the interest rate had been lowered. It was suggested that this might even have helped the recovery of the global economy. Dramatic decreases in sales in the vehicle enterprise, was reported, to have had an influence on the profitability and viability of businesses. This resulted in many

businesses being closed down (Anon, 2009:1).

1.3.4 Interviews during Pre-Study

Various managers and/or owners within the new and pre-owned vehicle enterprises of Welkom were asked about the background of the pre-owned motor vehicle enterprises of Welkom. A combined summary of their answers is as follows:

During the 1980s, the Welkom area was booming, with the gold price at its highest ever. The mines employed a large part of the population. This injection made the area flourish even more, with the retail and automobile enterprises receiving the most attention. (Venter, Marais, Tober and Groenewalt, 2009:1).

The interviewees of the pre-study confirmed that in the late 1980s and the early 1990s, the boom came to a sudden halt, with the gold price dropping drastically, political instability and increasing crime levels in South Africa, sanctions employed against the country and international oil crises.

The NCR made it more difficult to obtain credit. This was extremely detrimental to the pre-owned motor vehicle enterprise, in that new vehicles were obviously the life blood of the pre-owned motor vehicle enterprise (Venter *et al*, 2009:2).

According to Venter, *et.al* (2009:3) few salespersons in the Welkom area have been able to identify that there is a trend that affects vehicle sales, a trend which re-occurs every eight to ten years. The enterprises encountered such difficulties in 1988 and 1998, when interest rates hiked, and 2008 and 2009 were the most difficult years ever experienced. According to the World Wide Web (www) site of Statistics South Africa (Stats SA), the motor trade sales report for May 2009 details a decrease in the number of vehicle sales as opposed to the same period in 2009 (Anon, 2009:1).

1.4 RESEARCH QUESTIONS

The pre-study identified crises within the management and marketing functions. These crises and functions had not been addressed properly within the pre-owned motor vehicle enterprises. This could have led to restrictions in management development.

The focus point in this study was middle management (micro-environment). Middle management consists of eight functional areas (Finance, Production, Marketing, Purchase, Human Resources, Maintenance, Public Relations, and Administration). All of these areas were not analysed in the study: the focus would be on certain factors within management and the marketing function.

To meet this objective, the communication mix (Elements of the communication mix – personal selling, mass selling, sales promotion, advertising, and publicity) had to be implemented and addressed.

The main focus therefore was management as well as the marketing function. By means of one questionnaire these functions were evaluated with three sub-divisions. The divisions were as follows:

- 🎬 The first division would focus on Managerial knowledge (some basic and additional tasks of a manager).
- 🎬 The second division would concentrate on environmental analysis and the physical appearances of the company itself (to support management and marketing evaluation).
- 🎬 The last division of the questionnaire would give attention to the marketing function in the communication mix.

Results were analysed in order to obtain findings which then could result in recommendations.

The main research problem was thus formulated and three subsidiary research questions were derived from the main research question.

The following main research problem was formulated:

- Which factors influenced management knowledge in the pre-owned motor vehicle enterprises?

The following subsidiary research questions were formulated to address the research problem:

- What effects on management knowledge were caused by restricting factors in the communication mix?
- What were the specific consequences of management knowledge on the marketing function?
- What were the results of management knowledge (Task responsibility of management) on the physical and environmental appearances of the pre-owned motor vehicle companies?

1.5 AIMS AND OBJECTIVES OF RESEARCH

Research objectives were a transparent, detailed record that recognised what the investigator would like to achieve as a result of doing the research (Saunders *et.al*, 2003:488). The aim was to focus on factors influencing management knowledge in the pre-owned motor vehicle enterprises in Matjhabeng, so as to analyse relevant aspects within the managerial and marketing functions. Certain crises had been identified in a pre-study which

showed that specific functional areas had been neglected and did not feature in or contribute to the effective functioning of management knowledge in the pre-owned motor vehicle enterprises.





The researcher identified the following primary objective within the research:

1.5.1 Primary Objective

To establish and analyse the factors that influence management knowledge in the pre-owned motor vehicle enterprises of Matjhabeng.

1.5.2 Secondary Objectives

Contemplation of the primary objective suggested the relevance of further objectives:

-  To identify specific factors that influenced the managerial process. (Focus would be on four basic and seven functional tasks.)
-  To determine specific elements in the marketing function that would have an effect on management knowledge of the pre-owned motor vehicle enterprises in Matjhabeng. (Marketing research would focus on market segmentation; and the marketing function would be analysed as part of the eight functional areas, as well as part of tactical (or medium term) planning.)
-  To analyze specific elements (personal selling, mass selling, sales promotion, advertising, and publicity) within the communication mix. (Promotional Strategy).)
-  To identify specific elements in the physical environment which might influence management knowledge.

- To determine the importance of management as well as the marketing function in the pre-owned motor vehicle enterprises of Matjhabeng.
- To conduct a physical and environmental analysis (Physical appearances of the enterprise itself, such as availability of motor vehicles to test drive, workshop, number of motor vehicles on the floor, etc.) in order to determine the effect of these elements on return of investment (part of economic principle, rendering of goods and services, satisfaction of needs, wants and economic motive as well as return on investment).

1.6 RESEARCH DESIGN AND METHODOLOGY

Research Design can be seen as a master plan specifying the methods and the procedures for the collecting of and analysing needed information. (Zikmund, 2000:59). While exploratory research can be described as a method that the researcher utilizes to produce insights for current and future research studies (Solomon, Marshall and Stuart, 2009:131).

As no research on this topic had ever been conducted, the researcher considered the qualitative and the quantitative research designs and the exploratory research method to be used as the major research method of the study.

1.6.1 Population and sampling

For this research, the population was that of the Free State and the target population being the Lejweleputswa region. The sample was the pre-owned motor vehicle enterprises.

"Sample is the set subject from a larger population" (Zikmund, 2000:64).

Permission to gather this information was given by each manager or owner of a company for both the pre-study and the main research. During both the pre-study and the main study, the researcher promised to maintain the appropriate standards of confidentiality of sample, willingness, and free participation of all respondents involved.

The reason for and the objective of the study were discussed and clarified with respondents.

The sample was then obtained as follows:

- 🎬 A list of all pre-owned motor vehicle companies was sought.
- 🎬 Random sampling technique was employed.
- 🎬 Visits to the selected companies were arranged.
- 🎬 Data cleansing, coding and capturing was done there-after by the statistician and feedback was gathered from the analysis.

The researcher revised the list of all pre-owned motor vehicle companies after six months and nine months, and the names of these companies were then added to or subtracted from the list of current pre-owned motor vehicle companies within Matjhabeng. The researcher highlighted and captured all vehicle companies listed on the "Yellow Pages" both manually and electronically. The researcher contacted the financial departments of all banks which work with pre-owned motor vehicle companies in order to obtain new and updated lists of current businesses. The researcher drove to the small towns of the region to ensure that all companies were included in the study. The researcher contacted the pre-owned motor vehicle companies to enquire about other pre-owned motor vehicle companies, as well as to further define

the list of companies into their number of years in business.

1.6.2 Qualitative Study

"Qualitative Research is the collection, analysis and interpretation of data that cannot be meaningfully quantified, that is summarized in the form of numbers" (Wiid and Diggins, 2009:84).

Qualitative research is also known as exploratory research, which is a tool used to create insights for future studies (Solomon *et al.*, 2009:133). In this study, personal interviews were conducted to gather qualitative data for the pre-study and main research.

1.6.3 Quantitative Study

Quantitative research is seen as the logical way in which data is used and normally involves numerical analysis of data (Partington, 2002:101).

In this study the focus was on a combination of quantitative and qualitative research in order to better optimise results.

1.6.4 Data Collection

For the purposes of this research, the researcher conducted personal interviews within the field study. A personal interview may be defined when:

"The interviewer asks questions for one or more respondents in a face-to-face situation" (Du Plessis and Rousseau, 2003:24).

Information was captured on a tape recorder and by means of the interviewer making notes. Semi-structured, open-ended and closed ended interviews were conducted throughout the research. Random sampling was used and

companies were visited for the interviews. Approximately ten questions formed part of each section of the main study. The time frame of the interview did not exceed thirty minutes. More detail on the questionnaire will follow in section 3.6, p 82.

A questionnaire for data collection was used. Questions for the main research study's questionnaire were structured and the questions were applicable and according to the specific gaps that were identified from the interviews questionnaire in pre-study in July 2009.

1.6.5 Data analysis, reporting and procedures

This is the phase in which the investigator finds various consistent actions to change information into a format that will answer questions (Zikmund, 2003:60).

The study focused on the pre-owned motor vehicle companies. Personal recorded interviews were conducted using a questionnaire that was pre-set. All the companies received the same questions in the questionnaire.

The data received was categorized accordingly and used for the researcher's findings. Interpretation of all data was presented by means of applicable graphs, charts, polygon and circular pie charts, line charts, bar charts, block graphs, horizontal and vertical histograms, and tables. The procedure is also known as descriptive data analysis. See chapter 4, p 91-207.

While the researcher made use of the stratified sampling method, use was also made of the inferential data analysis method in which the researcher could compare the various companies' answers to see whether there was a difference in a company having been in business for more than fifteen years or less than fifteen years. The themes in this data analysis required explanation

as the companies were compared, this being especially true regarding open-ended questions. Within the statistical analyses, percentages, calculations, mean, ratios and indices for expressing the outcome of data, were all used.

1.6.6 Validity

“Validity is the quality of a test doing what it is designed to do.”(Salkind, 2009:117).

The pre-study conducted in July 2009 identified the gap regarding the enterprises and topic. Hence, the validity of the questions for the main research was more effective. In the main research study the questionnaire was part of the triangulation that will be discussed below in section 1.6.8, p 15.

1.6.7 Reliability

Reliability includes the examined achievement and the true reflection of the element within the research (Salkind, 2009: 110). During this study all questions asked were compared and checked with all the companies involved. A smaller research was conducted in a similar area to compare the data and to ensure that the data gathered was reliable and in line with the specific enterprise and area. This research was known as a control group which consisted of 10% of the sample. The control group was completed in Kroonstad, Free State, as it is also a rural town in the vicinity of Welkom, Matjhabeng.

A prescribed answer sheet was written by a statistician for the specific questionnaire of this research. This ensured that the data captured were correct and a reliable comparison of answers could be made. The aim was to ensure the reliability of the research and the validity of the study, throughout both the research project and the pre-study.

1.6.8 Triangulation

Part of triangulation was the Primary and Secondary sources used to conduct the study. These sources had an influence on the study itself. Primary sources are, for example, theses, internet articles and journals. These contain current data on the topic. Secondary sources include books, dictionaries, and encyclopaedias, some of which maybe older than a hundred years. It was decided to make use of data not older than ten years. These two sources are discussed in full below in section 1.7.1, p 16 and 1.7.2, p17.

The pre-study, the main research study and the control group also formed part of the triangulation process. Together, the three data collection tools and the research produce and can be identified as the validity and the reliability.

1.6.9 Pre-Study

As mentioned earlier in section 1.2, p 3, a pre-study was conducted prior to the main research in order to observe whether a gap or problem did occur within the pre-owned motor vehicle enterprises. Many questions arose and unanswered questions were derived from this study. More detail on the Pre-study to be discussed in section 2.4.10, p 61.

1.7 LITERATURE STUDY

The importance of literature study is to ensure that the researcher has investigated all possible areas of previously researched studies within the same or similar field of study. This, in turn, ensured that the study was not a duplication of a previously researched study. The researcher also learned more about the subject of the study and investigated various points of views relating to the research. This assisted the researcher to have more valid

subject material when the specific field of study was completed. A more detailed description of the various sources in literature study follows in chapter 2, p 27-66.

1.7.1 Secondary Sources

Secondary data may also be viewed as historical data that have been collected previously for another project (Zikmund, 2000:58). This view is confirmed by the author of *Statistics for Marketing and Consumer Research*, (Mazzocchi, 2008:28) who says that secondary data is data that is already available and has been used for research in the past. Zikmund mentions in his new book '*Essentials of Marketing Research*', Second Edition that secondary sources can still be seen as historical data, the same view found in 2000 in his book, '*Business Research Methods*'. Peter and Donnelly (2009:32) see secondary data as data researched for another project, but which can be used for any other research project.

In '*Essentials of Entrepreneurship and Small Business Management*' secondary data is defined as data that has been compiled and is available for other uses (Zimmer and Scarborough, 2008:130).

Secondary data are the facts that have been gathered for a certain reason other than the original crises at hand (Solomon *et al.*, 2009:132). It is important that the Secondary sources are not old and/or out dated, since this would affect the validity and reliability of the research. In this study the sources used were not be older than ten years and preferably not older than four years. Data should be relevant to the research itself. In this research secondary data were made use of.

1.7.2 Primary Sources

Primary Data is data collected and used specifically for a research project (Zikmund, 2000:58). Peter and Donnelly Jnr enlighten us that Primary research is the same as stated by Zikmund above, namely that

"Primary research is data that was collected for a specific research problem that was under investigation" (Peter and Donnelly, 2009:32).

Primary data is also explained by Solomon *et al.*, (2009:132) as :

"... data from research conducted to help make a specific decision. While Primary data is described as first and form most there to purposefully solve the problem and data is gathered from the beginning, such as surveys, observation and experiments." (Wiid and Diggins, 2009:71).

Primary Literature is also known as grey literature and is the first incidence of a section of written work (Saunders *et al.*, 2003:51). Examples of Primary sources are internet articles, visits, theses and journals. Since no known literature or sources were available on the specific topic in the specific researched area known as Matjhabeng, the data of this research project was primary data.

1.7.3 Questionnaires

A questionnaire can be defined as a set of questions to create the facts needed to achieve a research project's objectives (Wiid and Diggins, 2009:171). Part of a questionnaire involves closed questions, which is when the respondent is given a list of questions to answer (Saunders *et al.*, 2003:481).

In this study a structured questionnaire was used to gather data on the topic. Minimal open ended questions, together with closed ended questions formed part of the questionnaire. The questionnaire was personally handed over by the researcher to the manager or owner at a specific pre-owned motor vehicle company at a pre-arranged appointment. All the questions and queries on the questionnaire were handled by the researcher self. The pre-study interviews' questionnaires consisted of two sections. The first, section A, requested biographical information from the respondent; the second, section B, focused on the respondents' management skills, with specific focus on the tactical planning, marketing and public relations within the company. The questionnaire (as mentioned above in section 1.6.4, p 13) had a minimum of ten questions and was designed for the main study derived from findings of the pre-study. The time frame of the interview in the pre-study did not exceed thirty minutes of the respondent's time. The official questionnaire consisted of three different sub-divisions that formed part of one main questionnaire. The questionnaire was personally handed over by the researcher to the manager or owner of the enterprise on the specific pre-arranged date. All questions were handled by the researcher self. All managers and owners completed an identical questionnaire. The sub-divisions within the questionnaire were as follows:

- The first division focused on Managerial knowledge (some basic and additional tasks of a manager).
- The second division concentrated on environmental analysis and the physical appearances of the company itself (to support management and marketing evaluation).
- In the last division of the questionnaire, attention was given to the marketing function in the communication mix.

1.7.4 Interviews

Interviewers' administered questions are a data collection technique in which an interviewer reads a set of questions to the respondent in a predetermined order and records the answers (Saunders *et al.*, 2003:480). Open and closed questions were part of the official interview in the pre-owned motor vehicle enterprise study. The interviews in the pre-study were semi-structured, so as to present the continuous flow which would assist comparisons at the end of the study in the triangulation process.

"Personal Interviews are when an interviewer asks questions of one or more respondents in a face-to-face situation" (Du Plessis and Rousseau, 2003:24).

Personal recorded interviews were conducted for the main research project. All interviews were tape-recorded with the permission of the respondent, after which a transcription of the transaction was done by the researcher. Not more than ten companies were interviewed for the pre-study. The main research followed a similar format, except that a more structured questionnaire was completed by the respondent with the assistance of the researcher.

1.7.5 Sampling Methods

According to Solomon *et al.*, (2009:144), sampling is a procedure of selecting respondents for the research. Sampling can also be described as a procedure that uses a small number of items, or a proportion of items, to make a conclusion regarding the whole population. This may be seen as a section of the larger population (Zikmund, 2003:58).

The official manner of obtaining permission from the owners of the companies for this research was as follows. A personal request was made to the owner or manager of the company to obtain the information, by means of

questionnaires, from the manager/sales representative of the various companies.

In the original proposal the researcher intended to have a sample of 10% of the population. As more businesses than expected were eliminated from the list, the researcher found it necessary to increase the percentage of the sample so as to have more companies participating in the main research and not to have less companies participating in the pre-study. The researcher therefore decided to change the sample to 20% in order to maintain the effectiveness of the study. Ten companies were researched in the main study which ensured the reliability and validity of the main research.

1.7.5.1 Purpose of Sampling

In this study the researcher needed to choose between two sampling methods, known as probability sample and non-probability sample. The researcher chose the probability sample because the researcher intend for the target populations to have a fair chance within the research.

Probability methods included the following sampling techniques: simple random sampling, systematic sampling, stratified sampling and cluster sampling.

In this study the researcher made use of the stratified sampling method. The two areas in which the stratified sample fell consisted, firstly, of companies being in business for more than fifteen years and, secondly, companies being in business for less than fifteen years. These two areas allowed for a more equal chance of respondents in both areas being interviewed and resulted in a more reliable and valid contribution to the research.

For the pre-study, the researcher made use of a sample of 10% of the total motor vehicle enterprises of Matjhabeng, which equated to ten companies.

Had the researcher made use of a 10% sample on the main research, the sample would have consisted of only five companies, so the researcher decided to increase the sample to 20% in order to have ten companies researched and hence ensure the reliability and validity of the main research.

Table 1: Example of stratified random sampling within the main research

	Years of pre-owned motor vehicle companies	More than fifteen years	Less than fifteen years
Populations	51	33	18
Sample	10	6	4
Research percentage	20%	20%	20%

Source: Researcher

The sample for this research project was the pre-owned motor vehicle enterprises of Matjhabeng (see section 1.6.1, p 10-12). The companies involved were owned or managed by people of all race groups and by both genders. No favour was given to any particular group – the study was pure research related. The type of pre-owned motor vehicle companies which participated in the research were the companies selling vehicles in all price ranges and not consisting of any particular level of income. The clients of these companies were people who were legally allowed and able to purchase vehicles. All these elements were covered within the research project.

1.7.5.2 Independent Variables

"Independent variable is a variable that is expected to influence a dependable variable." (Zikmund, 2003:50).

In this study the independent variable is the knowledge of management. The micro-environment (see section 1.3, p 4) includes the top management, middle management and lower management of the enterprise.

1.7.5.3 Dependent Variables

Dependent variable is a variable in the form of a measurement that is methodically restricted and is believed to predict or change the independent variable (Wiid and Diggins, 2009:141).

1.8 DEMARCATION OF THE FIELD OF STUDY

In this study the demarcation of the field of study refers to five specific towns in the Matjhabeng region (see section 1.1, p 1) where the study of pre-owned motor vehicle enterprises took place.

Matjhabeng has a population of more than 500 000 (see section 1.1) and there are more than seventy new and old vehicle companies within Welkom alone. See annexure B and C for a map on the fraction of the industries within Welkom, Matjhabeng, that was used as part of the pre-study in July 2009. Annexure D indicates that some of the owners of the pre-owned motor vehicle enterprises have more than two pre-owned motor vehicle enterprises in the same area. The demarcation of the field of study included the surrounding towns of Welkom, which is the remainder of the Matjhabeng area, so as to ensure greater effectiveness of the study.

1.9 LIMITATION OF FIELD OF STUDY

Due to time and financial limitations the study was confined to Matjhabeng area and not to the whole of the Lejweleputswa region. Moreover, unfortunately, the respondents may have considered the information requested by the researcher as confidential to them and the owners. Such information may even have been the specific reason for the specific selected company to still be in business, while other pre-owned motor vehicle companies have failed to survive.

1.10 ETHICAL ISSUES

Ethical issues are explained as:

"Ethical issues relates to the respondent and the general public is if primary concern when researchers conduct qualitative research and then disguises the purpose of the research, the comfort level of the respondent, misusing the research findings, and using deceptive procedures and techniques." (Du Plessis and Rousseau, 2003:31).

Research Ethics is defined as taking an ethical and specific method in carrying out the marketing research that never does any damage to the respondent (Solomon *et al.*, 2009:147).

In this study, ethical considerations included the following. The management of the company had a choice to participate. Each respondent was questioned voluntarily. The respondent's confidentiality was not to be divulged. The respondents had the option to deny participation in the study. All respondents were informed of the purpose of the research. The results of the study would be provided to the company on request of the respondent. No questions were asked in the research project that could reflect negatively on the respondent.

1.11 PROGRAM OF THE STUDY

1.11.1 Chapter Division

CHAPTERS	DESCRIPTION OF CHAPTER
CHAPTER 1	This chapter focuses on the introduction, problem statement, description of the problem, objectives and aims of the research methods, demarcation of the research, definition of terms, and the outlay of the study.
CHAPTER 2	This chapter consists of an overview of literature regarding factors influencing management knowledge in the pre-owned motor vehicle enterprises of Matjhabeng.
CHAPTER 3	This chapter focuses on the research methodology and investigates the problem area as formulated. The nature of the sample and the method of data collection are defined. The actual research resumes and data is collected accordingly.
CHAPTER 4	This chapter provides presentation and analysis of the research results. Data collected is recorded in a meaningful and presentable format.
CHAPTER 5	This chapter presents the findings, conclusions, and recommendations.

1.11.2 Time Frame

ACTIVITIES	TIME SCHEDULE
Literature Chapter	April 2011
Development and evaluation of questionnaires and interview questions	April 2011
Conducting empirical survey	May 2011
Data Capturing	May 2011
Data Analysis	June 2011
Preliminary Presentation of project	June 2011
Final Project presentation	July 2011

1.12 CONCLUSION

During this chapter, the study the interviewer interprets data and draws conclusions to be communicated to decision makers (Zikmund, 2003:61).

Although the pre-study was conducted prior to the main research, it was found that this research could be viable and conductible, namely the factors influencing management knowledge in the pre-owned motor vehicle enterprises of Matjhabeng.

By means of an empirical study, the researcher intended to establish that the research project would have a positive impact on the community and the pre-owned motor vehicle enterprises itself. This study is important as it can assist managers of the specific enterprises to evaluate their company's structures and management and not just consider the external influences on their businesses. In this way, factors of management knowledge could influence the pre-owned motor vehicle enterprises of Matjhabeng.

Since no hypothesis on the title existed, the researcher had to do extensive research on various aspects of the motor vehicle enterprises, nationally and globally. The researcher included all aspects of the title to be researched. This research was linked to information on the motor vehicle industry. More information on the research is found in chapter two.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

In this chapter the researcher gathered together all the research found on the topic and reviewed it in order to establish whether research was done on this specific title. The researcher was aware of the possibility that no research had ever been conducted on the researcher's topic.

The researcher covered all areas regarding the pre-owned motor vehicle enterprise which will be discussed in this chapter. Since no hypothesis was found on the specific title, the researcher studied various areas related and associated to management knowledge and motor vehicle enterprise, nationally and internationally.

The researcher kept the business sector in mind, more specifically the tactical planning in the specific eight functional areas of the pre-owned motor vehicle enterprise, including the marketing aspects and communication mix.

2.2 VARIOUS ASPECTS

The researcher looked into various aspects of the topic, from the origin of pre-owned motor vehicles to behaviour theory of a customer. The researcher studied these different aspects of the topic, to ensure that all information that may have been available could be linked to the title, and was included in the study.

2.2.1 Origin of pre-owned motor vehicles

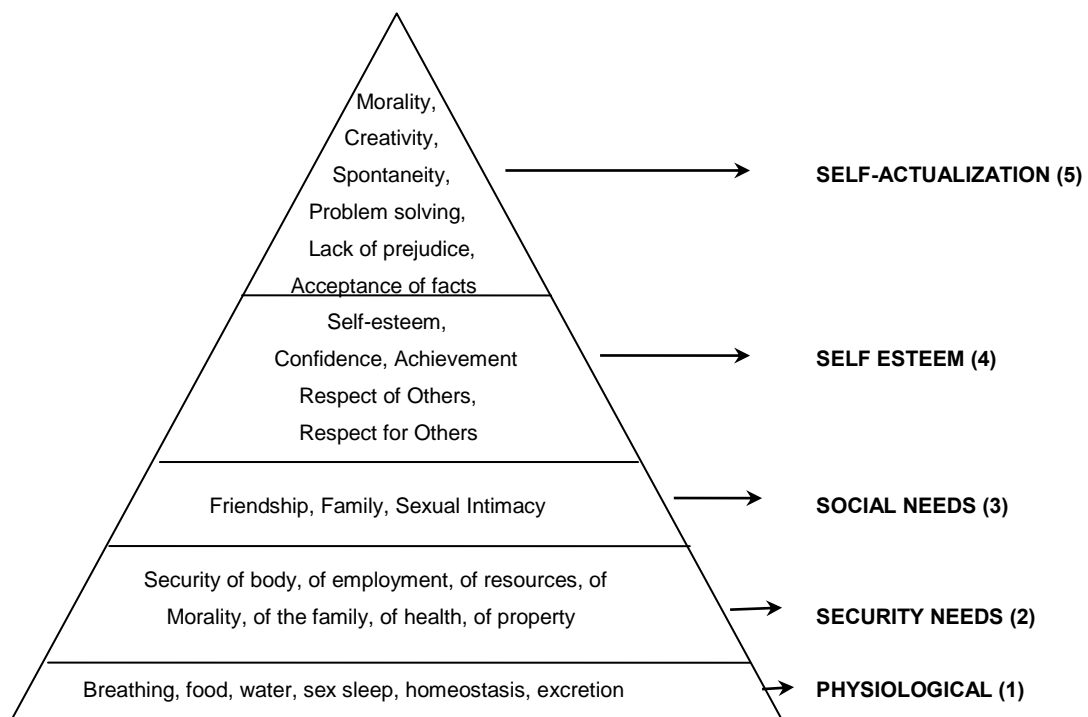
Since 1899, when the first motor vehicle was manufactured by Henry Ford (Anon 2009:1), the ordinary man has desired to have a better and more efficient motor vehicle than his neighbour. To this day, little has changed. Just as the

first buyer of a Ford decided he needed a better and newer model than his original Ford, the practice has continued into the present. Hence, the pre-owned motor vehicle enterprise was launched and sustained. The researcher looked into the reason why this pre-owned motor vehicle enterprise may be successful as a business in the following section of Maslow's theory.

2.2.2 Maslow's Theory

Maslow's Theory of a hierarchy of needs suggests that when the customer wants a product they will act in order to receive this product. Self-esteem needs in Maslow's theory (namely prestige, success and self respect) suggest that the customer needs to trust the dealer and that the customer needs to be assured that after motor vehicle and his or her needs are met and considered by the dealer (Anon 2009: 3).

Figure 2.1: Maslow's Theory



Source: www.information.com/wp-content/uploads/2007/08/200

Hung-Chang Chiu (2004:200) conducted a study on service quality and proposed a service quality measurement based on Maslow's Theory. The results of the study were reliable and valid, thus enabling marketers to make use of this method based on Maslow's Theory in order to measure service quality and service need.

By taking Maslow's theory and Hung-Chang Chiu's information into account the researcher could relate management knowledge and the importance of the target market along with quality service rendered, as factors influencing management knowledge within this study.

2.2.3 Sale of product

When a product is old, faulty or does not meet the customer's needs anymore, the product becomes a liability for the original owner and it may be sold again. This sale will bring in money for the original owner, enabling him to purchase a better, improved, and superior product that does meet his needs. The second owner has purchased a used product. In this research, a motor vehicle is the used product (Anon, 2009:1).

2.2.4 Time changes

As time passes by, life has changed. More than fifty years ago, few people owned a motor vehicle and those who did went driving in a white suit and white gloves! The motor vehicle, too, has changed – it has been improved to be more economical and more suited to today's needs. The number of models varies according to the number of manufacturers that are there, each manufacturer having several different model ranges. (Venter, Marais, Tober and Groenewalt (2009:1-6).

As life and motor vehicles have changed during the last fifty years, business

has also changed. Technological developments and other factors influence the way business is conducted today (Anon, 2009:1). As mentioned in Chapter 1, p 1, new interests rates, the national credit bureau, inflation, and retrenchment during the past seventy years have had an impact not just on the motor vehicle enterprise, but on society as a whole. Managers battle to survive and keep their businesses from closing down (Anon, 2009:1).

Seeing that changes in business function have occurred, impact should take place on marketing and public relations, thus can be seen as latest techniques in securing sales.

2.2.5 Competition

Along with time and business changes as well as the Maslow's theory on satisfying needs and wants, competition will arise. (Venter *et al.*, 2009:2). Thus, the more manufacturers there are, each with different models per motor vehicle, the more competition will arise and business will be influenced accordingly.

2.2.6 Business perception

The concept of business did not change and the product in our research is the pre-owned motor vehicle. Businesses find that customers have certain needs and wants (Economic Motive-to be discussed 2.4.3, p 3) which must be accommodated in order to ensure the transaction of selling the product to the customer. When this sales cycle is completed, all the stakeholders involved can move forward to the next sale.

The manner in which business is conducted is important as business must change to keep up with changes in life and of society (Anon, 2010:1). The needs of the business, as well as the needs of the customer, can change the manner in which business is being conducted.

2.2.7 Human Resources

The management structure of the business is as important as the product itself. A business needs a manager who is a leader. The manager must have a vision that is incorporated into the business plan. The staff of the company must believe in this vision and work towards a certain goal which is set by the manager. Thus levels of reporting are needed to achieve an effective work flow which in order to achieve the same goal (Anon, 2010:1).

2.2.8 Moving forward

A lack of tactical planning in specific functional areas of middle management can affect the pre-owned motor vehicle enterprise in Matjhabeng.

A pre-study that was conducted in July 2009 found that many managers are the owners of the businesses. Most of the owners call themselves “one-man bands”. Being a “one-man band” can create the problem of the manager needing knowledge of various functions of management. The pre-study found that apparently well functioning businesses, when examined carefully, might have managers who did not distinguish between the different aspects of management, but saw administration and managing the administration as one function. This may create long term problems for the business (see Chapter 1, section 1.2, p 2 and pre-study paragraph 1.6.9, p 15 and paragraph 3.11, p 86).

Managers need to have insight into running a business, specifically when their business is situated in a rural area such as Matjhabeng with the closest city 155 km away. A manager’s knowledge of what management entail will benefit the business, economy and community at large, as well as having an impact on the long term growth of the business (Anon, 2010:1). Thus, to ensure the success of his business, a manager needs to implement the functions and to apply the knowledge of top management, middle management and lower management in

his “one-man band” business.

In this study the focus is on tactical planning, most usually an aspect of middle management. During the study the focus moved beyond middle management alone, examining the lack of tactical planning as well as marketing and public relations within a business as a whole.

In the next section the researcher found studies and information already done on various topics within the broad framework of motor vehicle enterprise and management.

2.3 RESEARCH ALREADY DONE

During this research the focus was on the pre-owned motor vehicle enterprise within Matjhabeng, Free State. No previous research was obtained regarding this specific area and enterprise. Literature was then researched on the motor vehicle enterprise itself, better known as the automobile enterprise of South Africa.

2.3.1 Why successful

It is interesting to note that one of the most famous and world renowned motor industry brands shares its success in the words written by Clare (2008:1). Toyota believes that listening to your customers is the best advice they can give. The company believes that listening and reacting appropriately, both in the media and in the manufacture of their motor vehicles, have made Toyota what it is today. Therefore, Clare (2008:1) wrote that businesses need to create an environment of listening to their customers, then following on with a strategy of acting on problem areas and opportunities.

A variety of information on the automobile enterprise was gained. This can be divided into categories such as:

- ✓ Supply chain;
- ✓ Insurance premiums;
- ✓ Economic crisis;
- ✓ Sales figures
- ✓ VAT;
- ✓ Financial assistance;
- ✓ Customers.

All these factors will influence the pre-owned motor vehicle industry in one way or another and are discussed below.

2.3.2 Supply Chain

Schmitz (2009:56) mentions that use of the management tool known as supply chain assists the business to control costs, thereby, in the end, assisting the customer by reducing product price.

A company purchases the vehicles as needed from a stock list and supplies the product to the customers as needed. A negative consequence of this strategy is that this market can be very competitive, while a positive consequence of the strategy is that it allows the business to turn a problem into an opportunity. A further negative consequence is that there are no motor vehicles on the floor.

Naude (2009:113) mentions that the distribution chain to the retailer is expensive and an unnecessary distribution cost that occurs is handled by the manufacturer. Furthermore, Naude (2009:113) also proposed a centralized distribution chain that will assist in reducing the cost to both, the retailer and manufacturer, enhancing freight and goods delivery and ensuring customer satisfaction. Naude (2009:113) calls this chain a hub. A hub includes the catalogue, pricing file, stock data and payment and it is characteristically independent, channel focused and branding orientated. Information on the hub would be available on internet and the deal can processed and finalised over the internet if necessary. This process will influence price and many other

aspects of sales, but is certainly feasible. It will, however, impact on the sales of pre-owned motor vehicle enterprises, since the price of the supply chain products might be so low that customers might choose to purchase a new motor vehicle rather than a pre-owned motor vehicle.

2.3.3 Insurance

According to Anon (2009:1), insurance premiums are likely to rise as a result of the global economic downturn. In order to reduce costs, customers have had to cut back on fleet motor vehicles, hence creating a further problem. This, along with developing technology which is increasing production, means that fewer motor vehicles are being purchased and more motor vehicles are in the hands of the manufacturers. This influences the cost of insurance for the manufacturers and increases premiums. Ultimately, it is the customer who will pay the increased price, for the business needs to make money. This is a problem which requires that the manufacturers find alternative methods to cover these increased costs.

In addition to the manufactured motor vehicles there are the manufacturer approved parts which are manufactured specially for a specific vehicle – these parts stand unsold, taking up space while the cost to the supplier simply increases.

2.3.4 Economic crisis

With the slow down in the economy and fewer motor vehicle sales taking place, motor dealers are facing a number of serious problems mentioned by Pretorius (2008:1). The Chief Executive Officer of Mc Carthey Limited is in agreement with the above statement that the crisis will lead to increased franchise prices and end up passing these on to the customers to pay. The problem of oversupply of stock involves a high funding cost.

2.3.5 Sales figures

In another article in Transport World Africa, Pretorius (2008:1) mentioned that the National Association of Automobile Manufactures (Naamsa) and Associated Motor Holdings (AMH) declared that 2007 sales were 678 097 units, a figure smaller than the previous year's sales. He pointed out that the market was very sensitive and asserted that the National Credit Act instituted in June 2007 had had a negative impact on sales. In the same year Mike Höne, Chief Executive Officer of Trans Union Auto Information Solutions predicted that sales would increase by 15% from 2008. The new motor vehicle market would follow with, another growth of 10% in fleet and rentals in 2010. All these sales, both decreases and increases, have influenced the financial status of the banks, ultimately the country, and the customer. Mike Höne mentioned in the same article that no major changes were expected for 2010 in the number of new models. Along with the decline in sales, the export industry also experienced a decline of 39% in 2009 as a result of the collapse of the global market

2.3.6 VAT (VALUE ADDED TAX)

“A consumption tax which is levied at each stage of production based on the value added to the product at that stage.” (Anon. 2011:1)

In addition to the economic crisis, another problem was VAT complications related to trade-in practices. It was found that the price written up on the purchased product was occasionally different from the price at which the motor vehicles were sold or traded. This was happening especially in the East Rand pre-owned motor vehicle enterprise, stated Krause (2005:1).

2.3.7 Financial Assistance

Vincent (2008:1) from Price Water House Coopers auditing firm, mentioned that limited access to credit and a recession risk are complicating deals, and it

hence becomes more difficult to make a sale that is attractive for all stakeholders involved. Companies need to have competitive cost, quality product and the business needs to be reliable and support each other to have a positive environment.

2.3.8 Customer

The business sector needs to keep in mind that it is of vital importance to keep the customer happy and to ensure that the motor vehicle is up to a standard which meets the needs of the customer. More focus needs to be placed on the customer himself. The business should not be promoting a sale of a motor vehicle which best suits them to sell, but must keep in mind that it is the customer who is paying for the motor vehicle. Although few businesses would disagree with that statement, it was found that many salesmen contradicted it daily in their actual sales practice, particularly when the purchaser was a female. Pre-owned vehicle sales practices often treated females as “brainless bimbos”. Too many people in the motor enterprise are treating the women in South Africa in this way, according to Moerdyk (2006:1). It is a terrible mistake to lose a sale in bad economic times because of men’s egos.

A customer satisfaction survey conducted in 2001 found that customer expectations were met as far as possible in order to ensure a sale. Expectations such as quality, customization, personal requirements and reliability were found to be part of the sale outcome. Another important point, noted by Terblanche (2008:33), was that the customer’s perceived product quality and service quality had to be considered.

It was mentioned that customers are not actually loyal, but demand a commitment to customer satisfaction which includes the manner in which the product is being marketed to the customer (Terblanche, 2008:35). Measurement of customer commitment needs attention according to a questionnaire by Rice and Bennet in the Terblanche (2008:75) article. These measurements need to address need satisfaction, involvement in the category, attitude to alternatives

and intensity of ambivalence.

In the Netherlands a study conducted by Odekerken-Schröder, Owersloot, Lemmink, and Semeijn, (2003:219) showed that:

“Dealership (as opposed to price) represents a very important decision-making variable when buying a car and consumer preferences concerning relations provide useful instruments for segmentation of markets.”

Along with the dealership, the brand must be exposed to the correct segment by means of sufficient advertising and promotion. The advertising should have no effect on the availability of the consumer says Terblanche (2008:80).

All these factors influence the pre-owned motor vehicle enterprise directly or indirectly and will have an impact on availability, supply and demand and on the manner in which a company will run its business. Even advertising will be influenced.

2.4 ADDITIONAL RESEARCH

As no previous research had been found on this particular topic of the pre-owned motor vehicle enterprise, it was decided to search for previous research and literature relating to specific areas included in the title, but focusing on the following:

- ✓ Tactical planning as part of middle management;
- ✓ Marketing, and
- ✓ Public relation functions.

However, no data or research could be found relating to these specific topics within the region of Matjhabeng. Thus the research was addressed directly at

the service enterprise, although still focusing on tactical planning, marketing and public relations.

2.4.1 Failure of tactical planning

Consideration of the failure of tactical planning requires the business sector to understand what tactical planning is in order to know how it has failed. Anon. (2009:1) mentions that technical plan, can be seen as: *“The tactical plan demonstrates how the strategic plan will be executed”* Where as, Lewis, Goodman and Fandt (2004:124) describe strategic planning as: *“The process by which an organization makes decisions and takes action to enhance its long term performances”*

The business then needs to have a medium term plan in place (a plan which is derived from the long term and or strategic plan) to enable it to meet the targets and objectives set by management for the long term.

Various factors can influence this tactical plan, including the managers in the long term plan, as mentioned by Mayer and Louw (2009:9). Also, mentioned by Mayer and Louw (2009:9), research found that there can be conflict regarding managerial values within a company. Managers dealt with situations according to the corporate identity and policies of the industry. However, the employment of a value system which included honesty, respect, and fair mutual treatment varied according to the manager's decisions. This was a managerial problem noted in another research done by Arnolds, Smith and Kruger (2009:1), it was found that the lower and middle management of a certain department had to implement specific strategies for their department which they were not accustomed to implementing. These managers also did not demonstrate the necessary dedication in trying to implement these strategies, nor did they attempt even to sort out the problem of implementation. These actions show a lack of people skills and managerial skills within the business and this can lead to failure of the tactical plan and, in the long run, of the business itself.

2.4.2 Micro-Environment

The micro-environment as discussed in section 1.3.1, p 4, is the area that is directly influenced by management and thus is part of tactical planning. The variables found in the micro-environment are the mission and objectives of the business, the enterprise or organizational functions, the factors of production and the management tasks and strategy of the organization.

2.4.3 Economic Principle (EP) and Economic Motive (EM)

The Economic Principle could be described as profitability and is the primary goal of all business ventures. Without profitability the business will not survive in the long term (Anon, 2009:1). To ensure that the business accomplishes what is expected of it according to the economic principle, the business must ensure that it reacts to the economic motive of the business. Anon described in the website of WikiAnswers.com the term Economic Motive as:

"... an emotion, desire, physiological need, or similar impulse that acts as an incitement to action, which is a direct reason why people start an enterprise/organizations to meet these needs after a niche is identified within a certain segmentation of market you are interested in" (Anon, 2009:1).

According to section 1.1 of the NCR, the National Credit Act 34 of 2005 had a negative impact on the sales/rendering of goods and services of the different industries, including pre-owned motor vehicle sales within Welkom.

The diagram in Chapter 1, p 5, illustrates that the two concepts, namely EP and EM, cannot stand separately from each other. If the one exists the other must be present.

2.4.4 Automobile Enterprise of South Africa

The President and Chief Executive Officer (CEO) of Toyota South Africa (Van Zyl, 2009:1) reported that the interest rate of the previous eighteen months did have an impact on the sales of the vehicles, and that a change in the interest rate might not have led to a quick change, but would have provided relief for the business sector. However, with the financial strain that the economy took, it was said that the vehicle enterprises economy might only recover during 2011 (Anon, 2009:2).

Weimer (2009:10), senior economist at Nedbank, predicted in the Mail and Guardian newspaper that many people might lose their work as a consequence of companies trying different ventures to make money during this difficult economic time – difficulties caused by high costs, an increase of debt, and no increase in sales. Additionally, Tak Hiemstra (2009:1), Executive Director of Strategic Planning, mentioned that Imperial Holdings, one of the major vehicle companies in the world, had to close down 10 % of its dealerships during the previous year. However, Investec noted that South Africa's real inflation rate had been overstated, suggesting that implementation of Stats SA's new Customer Price Index (CPI) calculation system would help inflation fall into the target band by mid 2009 (Roux, 2009:1).

2.4.5 Communication

Conversely, a study by Everson, O'Flaherty, Howard, and Loos, (2006:84) revealed that the people in the enterprise who had undergone an integral coaching session, would be able to assist managers to see past the normal management skills. They could assist the business, and specifically management, to better handle changes within the company from the start, while, at the same time, setting a standard for the employees to follow. However, it was found that a learning assessment centre and organizational transformation session could assist a company in a positive manner, when the potentially destructive impact of transition had to take place within the business (Cook,

Muller and Cutler, 2005:1). Hence it was necessary for company to have its own internal communication strategy in place to ensure that the character, reputation and values of the business were portrayed through out the business and could be seen by all stakeholders involved. On the other hand the communication strategy would play an important role when ever changes occurred and thus have an important impact on the middle management within the company (Meyer and De Wet, 2007: 32).

Swanepoel (2006:2) indicated that

Process does not change companies, but leaders do. Processes are merely toolboxes at the disposal of a leader's willingness, motivation and ability to apply these tools in carious organizations."

Meyer and De Wet (2007:20) agreed that a manager was there to handle crises while leaders were there to handle change and act accordingly. This would have a crucial role in planning, executing and evaluating the communication strategy of the company.

This showed how tactical planning would be influenced and suggested that managers and employers within the business would suffer when there was a lack of tactical planning due to incomplete communication strategy, training and assessment of leaders. Tactical planning would have an impact on the effectiveness of a business.

2.4.6 Necessity of marketing function

Business-wise, marketing means finding a way to meet the customer's need, while Sales-and-Marketing-for-you.com (2010:1) described marketing as "how you create and sell value". Marketing could thus be considered as the way in which we communicate with our customer in the market. While, Thomas (2009:21) mentioned that marketing mix is valued and that it is important for the

right message to be portrayed in an accurate way to the customer and that the product sales will be evidence thereof. While, Sudhir (2001:58) stated that

“Treating other marketing mix instruments as unobserved variables that exogenously affect demand and price”

Therefore, Cinman, (2007:1) wrote that:

“Integrated marketing is not a pipe dream. It represents the coordination of all marketing activities and decisions, processes and work flow, supporting documentation and authorization; the management of supplier and client relationships; the creation, execution and measurement of outbound campaigns; the tracking of management of responses and the ability to embrace new generation media and communication channels, such as email and sms.”

In the Journal of Marketing, Dec/Jan 2007/2008, Anon (2008:1) explained that:

“A Heavy service-orientated business requires an effective and flexible customer relations manager solution that can be used to track sales, integrate with the company’s accounting solution and provide a remote access to representative.”

Furthermore, it was noted that,

“The benefits of integrated marketing are numerous. By using this approach, the customer becomes the primary focus of everyone in the organization. This is the bottom line of integrated marketing. There is no needless duplication of services. The Public relation message combines with advertising, marketing and internal communication. Therefore everything

is congruent and clearer to the customer.” (Mulder,2004: 230).

Jeremy Maggs mentioned (2009:1):

“That marketers should rise above and ride the recession and in future look at growing market share.”

Mulder (2004:231) proposed that:

“In marketing, integrated branding and integrated communication go hand in hand. Integrated branding is an organizational strategy used to drive the company and product direction. Where all actions and messages are based on the value the company brings to its line of business.”

Thomas (2009:2) summarised Al Ries, the world renowned marketing guru, as follows:

“Marketing is a brand in the mind of the prospect. If you can build a powerful brand, you will have a powerful marketing program.”

Thus, the product and the format communicated to the industry are as important as the marketing of the enterprise – they should not be seen as two different parts, but as equals in meeting the needs of the customer.

Cinman noted (2007:1) that:

“The solution is that all your marketing activities should be coordinated through an integrated suite, rather than multiple applications from different vendors, which often overlap and conflict with each other.”

Mulder (2004:235) added that:

“If all communication mix work together, magic could be created.”

Cinman (2007:1) ended his article with:

“The same platform should be used to manage the entire marketing lifecycle, from planning to briefing, from conceptualization to delivery.”

From the above, it can be seen that marketing and communication strategies work hand-in-hand and thus necessity in this research. More detail to follow on the marketing mix in the next section.

2.4.7 Marketing Mix

It is well known that there are four P's that assist in creating a marketing plan. These four P's, known as Product, Place, Price and Promotions are discussed by Anon. (2010:1) in the webpage, Chanimal.com, while learningmarketing.net mentioned service marketing as being comprised of seven P's. These include the first four P's, with the addition of another three P's, namely People, Process and Physical Evidence in the marketing mix for services. The four P's can be described as follows:

➤ Product

Anon (2009:1) described a product:

“Historically, the thinking was: a good product will sell itself. However there are no bad products anymore in today's highly competitive markets. Plus there are many laws giving customers the right to send back products that he perceives as bad.

Therefore the question on product has become: does the organization create what its intended customers want? Define the characteristics of your product or service that meets the needs of your customers. In the product phase the focus can be on: Quality; Appearance; Packaging; Brand; Service; Support; Warranty.”

Thus a product is bundle of necessities for which a market exists or a product can be seen as goods or services that will meet the needs of the customer. As a result, the business must ensure that the product they have is exactly that what the customer needed. With packaging, the format in which the products are made available and attractive for the customer to purchase is as important as the product itself. Complementing this, Unsworth (2006:1) mentioned that packaging was part of the product and possibly just as important. While Mc Coy (2009:1) indicated that:

“Brand promises should evolve accordingly and remain relevant for the times, the markets in which they operate and in keeping with developments within the organization.”

Unsworth (2006:1) added:

“Consumers usually don’t have time to read the product details. Often, packaging appearance has to clinch the deal.”

Unsworth (2006:1) also highlighted that:

“... packaging is the silent salesperson. It is the face of the brand and the more effective it communicates the personality of the brand the more it captures the consumers attention.”

The above indicate, to just a small degree, the importance of the product and the packaging of the product within the marketing mix.

➤ **Place**

Anon (2011:1) describe place as a certain area in which business are managed. While, place within the marketing mix could expressed in table 2.1 as the following by Mason and Staude (2007: 246):

Table 2.1: Place

PLACE	DESCRIPTION
Changes in the channel	Supply chain should be treated as a single unit. If change is needed, this should be done carefully.
Intermediaries	Use of intermediaries should be reduced. End users should be focused on.
Partnerships/ alliances	These should be used to balance destabilization in other elements. Boundaries and roles are blurred. Staffs work on customer/supplier site. Sharing of information and systems takes place.
Physical Distribution	Quick delivery is required to reduce need for inventory – often same-day delivery.
Stock Levels	Inventory load should be shared throughout supply chain. Quick response and integrated computer systems are required.
Stock replenishments	Short term, reactive management is preferred – inventory should be based on end user, rather than intermediate customer demand.
Importance	Importance but “given”. Total channel system copes with environmental turbulence.

Source: Mason and Staude (2007:247)

➤ **Price**

The price of a product explained by Anon (2011:1) as the money worth for product sold. Whereas, Anon (2009:1) described price as follows:

“How much are the intended customers willing to pay? Here we decide on a pricing strategy - do not let it just happen! Even if you decide not to ask (enough) money for a product or service, you must realize that this is a conscious decision and forms part of the pricing strategy. Although competing on price is as old as mankind, the consumer is often still sensitive for price discounts and special offers. Price has also an irrational side: something that is expensive must be good. Permanently competing on price is for many companies not a very sensible approach. Ways to think of include List Price; Discounts; Financing; Leasing Options; Allowances.”

Therefore, the business must ensure that the finance department and all of management are agreed on the price settlement, so as to ensure that the price and/or discount will not have a detrimental effect either on the customer or the business.

➤ **Promotions**

Promotions within the marketing mix can be explained as the certain methods to create awareness for the product within the community or customer. Anon (2011:1). Whereas, Ramsay (2008:1) mentioned that Bob Pittman, a former Chief Executive officer of Music Television (MTV) and America Online (AOL) networks, emphasised that, “ ... only marketing can save the global economy.”

This is a profound statement, and indeed the truth of it is that when advertising

is used correctly, global economic recovery can be accomplished.

TAXtalk (2009:1) cautioned that the company must ensure that promotional gifts are given to an appropriate individual who actually does have influence within the recipient business. Appearance is important and the product selected must be appropriately branded to complete the marketing mix. Such action can draw the customer closer to the company.

Mason and Staude (2007: 247) express promotions in Table 2.2 p 49, as a success in a complex or turbulent environment:

Table 2.2: Promotion

PROMOTIONS	DESCRIPTION
Media Advertising	Pulsed, pioneering, competitive or product orientated. Comparative advertisements disrupt consumers' beliefs concerning competitors. Creative campaigns create controversy, shift perceptions and change 'rules of the game'.
Personal Selling	Although needed, this is seen as less important in a turbulent market.
Public Relations	Less important, but small Public Relations activities can nudge system towards destabilization.
Sale Promotions	If used in combination with price, these can be effective or destabilizing. Minor, but unusual, promotions/ changes lead to major impacts. More effective than advertisements in turbulent market.
Word of mouth	Very important – 'influenced the influencer' promotions. Spread information re new, amazing aspects of product. Use should be made of multiplier channels like internet, discussion groups
Aggressive use of promotions	Aggressive use enables trends to be nudged and advantage to be taken of turbulence
Importance	Important to manage via nudge effect, but less effective for major changes

Source: Mason and Staude (2007:247)

Www.12manage.com explained promotions as:

“How are the chosen target groups informed or educated about the organization and its products? This includes all the weapons in the marketing armoury - advertising, selling, sales

promotions, Direct Marketing, Public Relations, etc. While the other three P's have lost much of their meanings in today's markets, Promotion has become the most important P to focus on. During Promotion stage the company should look at Advertising; Public Relations; Message; Direct Sales; Sales; Media; Budget.”

Consequently, shortcomings in this area will have a major impact on the potential and life cycle of the product.

Within the hotel industry Nel *et al.*, (2009:23) mentioned that:

“Intense and successive promotional activities exist within the hotel industry, such as advertising, therefore increasing brand awareness through promotional communications strategies is essential when hotels attempts to differentiate themselves from the competitor.”

This should be applicable within the pre-owned motor vehicle enterprise, as both industries (the hotel business and the pre owned motor vehicle enterprise) are service orientated.

While keeping the above in mind, it is necessary to discuss the last three P's of service marketing. This is explained by Learningmarketing.net as follows:

➤ **People**

Anon (2009:1) says:

“An essential ingredient to any service provision is the use of appropriate staff and people. Recruiting the right staff and training them appropriately in the delivery of their service is essential if

the organisation wants to obtain a form of competitive advantage. Consumers make judgments and deliver perceptions of the service based on the employees they interact with. Staff should have the appropriate interpersonal skills, attitude, and service knowledge to provide the service that consumers are paying for. Many British organizations aim to apply for the Investors In People accreditation, which tells consumers that staff are taken care off by the company and they are trained to certain standards.”.

Thomas commented that public relation's most critical function in the marketing mix is to have customers, staff and competitors speak well of the product and promote the brand. Thus to have the right people in the enterprise is as important as the product. Richard (2008:1) referred to Pretorius commenting that each dealership should ensure that staff is up to standard and aware of the problems and the necessity of excellent service for every customer. Bad service is not negotiable.

➤ **Process**

Anon (2011:1) mentioned that the process used within the marketing mix allows the company to market the product in a certain manner. While, Cinman (2008:1) mentioned that Digital marketing can have a major effect on the marketing process. The information shared with and communicated to the customers should be of the same quality as the product itself. The business will benefit from blogging and e-mail campaigns communicating with the customer which can resolve any problems and eliminate negative publicity. Digital marketing can stimulate this activity and achieve excellent results.

Another research (Herbst, 2003:21) mentioned that product life cycle has an influence on the marketing mix and that companies should broaden their view and potential as a strategic tool for future marketing strategies within the

marketing mix. This process will influence the organization as whole and the life span of the product (Herbst, 2003:21).

Anon (2009:1) says:

“Refers to the systems used to assist the organisation in delivering the service. Imagine you walk into Burger King and you order a Whopper Meal and you get it delivered within 2 minutes. What was the process that allowed you to obtain an efficient service delivery? Banks that send out Credit Cards automatically when their customers old one has expired again require an efficient process to identify expiry dates and renewal. An efficient service that replaces old credit cards will foster consumer loyalty and confidence in the company.”

To ensure that effective process is in place with the product, it is necessary to ensure that the customer is serviced in the best possible way and is not being required to behave in a manner which suits the business.

➤ **Physical Evidence**

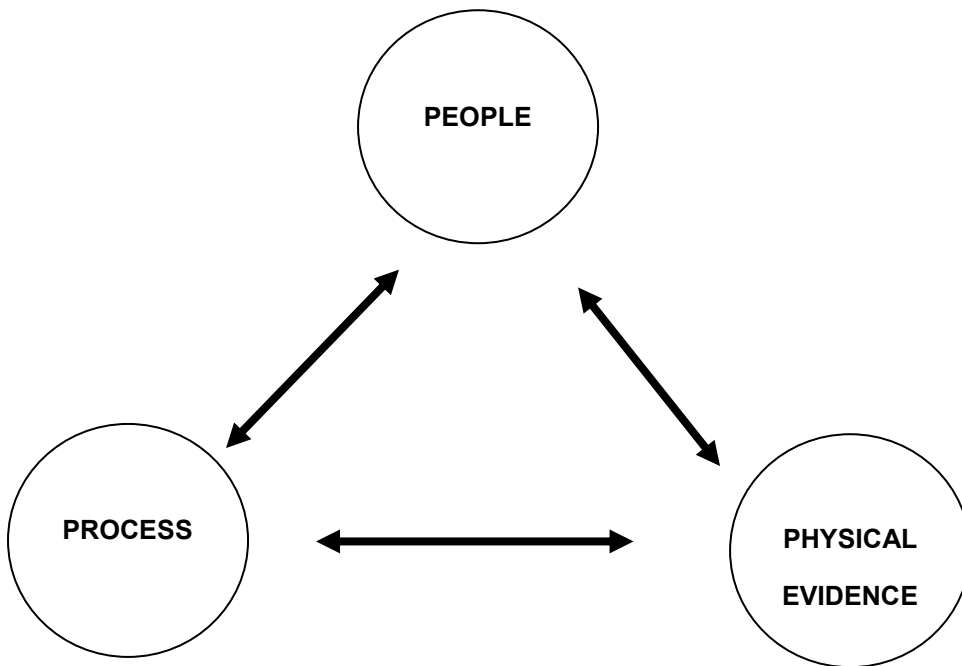
According to an internet article, Sales-and-Marketing-for-you.com (Anon. 2009:1):

“... Physical Evidence is the element of the service mix which allows the consumer again to make judgments on the organisation. If you walk into a restaurant your expectations are of a clean, friendly environment. On an aircraft if you travel first class you expect enough room to be able to lay down! Physical evidence is an essential ingredient of the service mix, consumers will make perceptions based on their sight of the service provision which will have an impact on the organisations perceptual plan of the service.”

A business cannot serve a customer without examining and understanding the impact that physical evidence, process and people have on one another. Therefore the business must ensure that these three P's are all working together, rather than working against one another.

A study on the impact of relationship on sale volume pointed out that a stronger relationship can be built when the customer has insufficient knowledge to make a decision and the sales representative hence plays a bigger role in influencing the customer's decision (Herbst and Forrest, 2008:1).

Figure 2.2: Three Services P's in Marketing Mix



Source: www.learnmarketing.net

The diagram highlights the practical impact that the last three P's have on one another and the Marketing mix itself, hence the importance of the business ensuring that these three elements work together.

Along with marketing, the communication mix (namely the process in which the product is communicated to the customer) is of vital importance. The communication mix consists of Personal Selling, Sales Promotions and Mass

Selling. Mass Selling can be separated further into advertising and publicity, according to an internet article, Sales-and-Marketing-for-you.com (Anon. 2010:1).

➤ **Personal Selling**

Personal selling is as the word says, to sell a product or service personally. Anon (2011:1). This method in the communication mix is the most feared method and also the most expensive method, since it is so time consuming. Used in a small industry, it can build close relationships with the customer. It can also be the most rewarding method, both personally and professionally. Its importance lies in its being centred on the customer. In personal selling, the attitude of the sales person is crucial.

Msweli-Mbanga (2004:1) mentioned in a research article called - Predicting turnover behaviour of direct sales people, that,

“The best predictor of the turnover behaviour of distributors, and perceptions of the marketing mix the best predictor of job satisfaction. Of these organizational commitment has the strongest power.”

However, Holmes and Srivastava’s study (2002:421) on salespersons’ job perceptions and job behaviours within the United States of America suggested that working hard is linked to job involvement, but not necessarily to working effectively, while challenges in the working environment will result in working hard as well as working effectively. While, in Japan, Matsuo and Kusumi (2002:840) collected information showing that an expert in sales needs to be customer oriented and have sales knowledge to ensure high sales performances.

Thus personal selling involves focus on customer orientation and knowledge on customers behaviour, needs and wants to sell a product.

➤ **Sales Promotions**

Sales promotions simply refer to purchase incentives that are provided to the customer to motivate a purchase. Various forms of sales promotions can be free goods and services, coupons, vouchers, gifts and prizes. This method is normally short lived and used in a company's push strategy.

➤ **Mass Selling**

Part of mass selling is advertising and publicity. These two components are described as follows:

- ❖ **Advertising:** Advertising is a mass media method in which the company publicises the product in the largest area by means of the most appropriate medium. The medium in which the audience is counted, are per head within the industry and includes television, radio, on-line advertisement, newspapers, posters, the yellow pages, bill boards, pole-ads, signs on buses, public restrooms, etc. The aim of the medium should be to target the customer at the best angle possible.
- ❖ **Publicity:** According to Sales-and-Marketing-for-you.com the marketing communication mix should cover all official communication within the industry and messaging should be relevant, timely, focussed and concise. The message must be systematic and the company must ensure that it knows its customer to ensure that the correct type of message is portrayed.

Thomas (2009:21) explained that marketing is ignored in many different ways and incorrectly identified. For example, marketing is perceived to consist only of advertisements and its full impact on the business when managed correctly is not realised. As indicated by Scriven (2002:39):

“Marketing public relations can be seen as part of an organization’s promotional or marketing communication mix and, will

increasingly play a part to gain a competitive advantage in terms of creditable communication, better customer services, long term relations with customers and trust.”

The implications of the above mentioned statement is that having considered the necessity of marketing and marketing mix, as well as the communication mix, the business will realize the existence of an overlap of activity between marketing mix and communication mix. The business must therefore decide before hand what its approach is and respond accordingly, especially with regard to publicity and public relations. This response is discussed in more detail later in the study.

2.4.8 Necessity and application of public relations function

Consideration of the importance of the public relations function first requires a clear understanding of what public relations is. Public relations is often confused with advertising and promotions – that is something newsworthy that one wants to communicate to the public.

2.4.8.1 Technology

Verwey (2000:53) mentioned that globalization and technology constantly change and that this influences competition in many ways. Technology changes the market in such a way that it becomes more complex and limits information flows. Thomas (2009:21) suggested that public relations in countries such as the United States of America is just publicity, whereas, in South Africa, an awareness change is causing more companies to make use of public relations departments or public relations companies to as a part of their business enterprise. While, Oksiutycz's view (2006:36) agreed with the above opinions on on public relations can be viewed as the power held by the public relations manager in using the internet as a tool to communicate with all the necessary people and to build a brand for the company. Whereas, Verwey (2000:55)

admitted that changes in technology that have taken place are creating a gap in meeting socially, in which the customer has a more accessible opportunity to air his views regarding a certain topic or enterprise. This could also, though, have a negative effect on the enterprise.

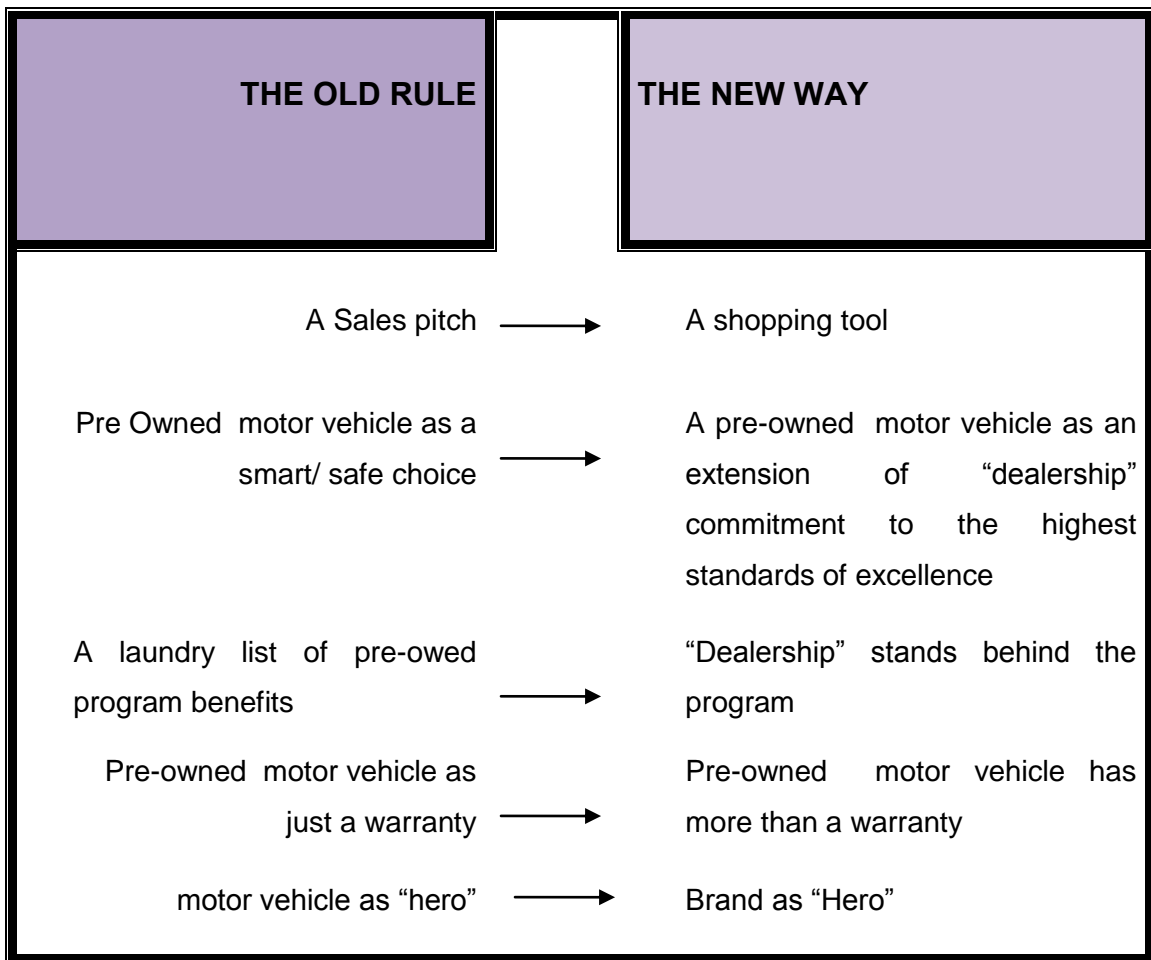
The increasing need for information and data for the enterprise is assisted by technology and making use of this technology helps the business sector set up a new product or company more quickly. This allows the work of the public relations practitioner both to be easier, and yet to be more complex, as the new company needs to stand out and be seen as better than its predecessors. Public relations, it is believed, can include everything from communicating with the employees, to the customers, and to any other stakeholders.

The internet makes it easier to apply public relations and this will influence the business process, as mentioned by Verwey (2000:53).

➤ **Strategy**

Thomas (2009:21) suggests that there is no situation that cannot be improved by means of an appropriate public relations strategy, and that a lack of a public relations strategy can lead to disaster. It was in this context that Pettit (2008:590) mentioned that making use of and comparing the motor vehicle with all the statistics against other motor vehicles including new motor vehicles, with a special warranty for the pre-owned motor vehicle from the manufacturer allows a dealership to have a 30% increase in sales on pre-owned motor vehicles in comparison to the previous years sales. See Figure 2.3, p58, for changes of rules.

Figure 2.3: Old and new way



Learning from Winners: How research drove a new model for the Automotive industry (Pettit, 2008:590).

2.4.8.2 Communication

Verwey (2000:56) asserted that communicating quickly and efficiently is both more important and more difficult. On the one hand, technology makes it more difficult for the public relations practitioner to execute the correct strategy. On the other hand, the business sector understands the need to see the important stakeholders as partners in communication.

Public relations practitioners thus need to present the highest standards for the

business, including clear visions and missions. Thomas (2009:21) agreed when commenting that the public relations function applies to all areas of business and cannot be omitted from any department. Therefore, all employees should know their own work, as well as how the company works, in order to best assist customers, thereby playing a fundamental role in public relations. Whereas, Naude (2002:1) mentioned that a business can use its social responsibility and development as a form of public relations, and interactions can be built by means of the internet. This process will assist in building an image of the business in which relationships with all stakeholders can be incorporated. At the same time all policies and procedures can be made available to all, a process which will assist the business in the future.

Verwey stated (2000:56) that the public relations practitioner needs to understand how public relations and communications work within the company in order to ensure that he/she can plan appropriately – achieving a correct strategy and hence the correct response from the target audiences. While, Steyn and Everett (2009:1) asserted that a public relations manager's role involves the macro environment and that the operational public relations manager's role forms part of middle management.

Verwey (2000:59) described public relations as the strategic handling of stakeholders by means of formulating questions, introducing values and solving problems. Therefore, Thomas mentioned (2009:21) that public relations will lead the human resources process in executing the right strategy in meetings. Thus, within the business, the public relations manager needs to understand everything involved in the long term effect before continuing with the strategy. On the other hand Niemann (2002:2) stated that public relations can be practiced in a traditional way, but needs to look at the cross functional planning within operations, the interactivity of stakeholders, and the competency of the stakeholders. The infrastructure needs to be set up to receive both the best feedback and response. Arguably, Trust and control seem to have a mutual part to play in public relations. These would ensure both support from competition, as well as support in another way when embarking on a difficult problem that

needs to be solved. Verwey (2000:59) also stated that, in the past, public relations were based on legalism, but that more in-depth communication is required as time goes by.

2.4.9 Knowledge Management

Knowledge Management was explained by Fatt and Khin as:

“ a tool by which the organization’s core competencies can be focused and developed”

and according to a programme called IMPACT (Fatt and Khin, 2009:256) as:

“ the transformation of knowledge includes assisting decision making, creativity and administrations, fulfilling statutory requirements, informing persuading stake holders, giving competitive edge, yielding profits from sale, underpinning pleasure, satisfaction and enhancing personal power.”

Ichijo and Kohlbacher (2008:183) mentioned that it is more applicable for global businesses and that it can have critical impact on the competitive market, management as a whole, as well as on advertising.

In an Indian Management Study Journal by Banga, Kumar, Goyal and Kaur (2009:96), it was indicated that previous knowledge about the dealer had an impact on the purchase and that the pre-purchase satisfaction level depended on attitude and behaviour of the staff of the enterprise. The fact that the client received the friendliness of staff and felt that he/she could thoroughly inspect the motor vehicle and ask any and all the questions encouraged the client to come back to the dealership in the future.

2.4.10 Interviews from the Pre-Study

The specific enterprise under study is the pre-owned motor vehicle enterprises in Welkom. According to Venter *et al.*, (2009:2), this was, until 2007, an enterprise in which, if a person had the skills of intuition, of “reading” risk, of knowing how to deal with suppliers, of trade skills, he was bound to succeed. Many new entrepreneurial enterprises had opened and existing enterprises had expanded. New vehicle prices were rising, salaries were not, and many people saw a potential “gap” in the market. That was the situation until the worldwide recession, brought about by the indiscipline of American consumers, reached South Africa in mid-2007. During the recession, labour intensive industries, such as the mining industry, suffered most. The mining industry, already operating at well below operating levels suffered greatly. The response of large scale retrenchment worsened matters in the area – the most recent (Anon. 2009:1) being the possible retrenchment of half of Pamodzi Gold’s four thousand work force.

The vehicle enterprise was an example of a salesperson's paradise. People had more money than they could spend. Many were blind to the dangers of rampant spending. According to a sales expert in Welkom, with nineteen years experience in the sales business, the community was not educated in matters of finance and saving – it was a community of "new money" (Venter *et al.*, 2009:1). People did not realise the dangers of the accumulation of credit and increased interest rates, and many families were detrimentally affected. It was a simple case of an economic boom.

The predictions of the economic experts thirty years earlier were ignored, but had come true – the area and its enterprises had become totally dependent on the mining enterprises as their source of income and growth. To this day, the Matjhabeng area is considered to be an extremely risky place to establish a business. Later in the decade, many people left the Goldfields to seek better fortunes in other parts of the country, severely draining the reservoir of manpower in the area. People with vital skills left, and Welkom did not have the

compensating mining enterprises which it had had two decades earlier (Venter *et al.*, 2009:1).

It was mentioned by Venter *et al.*, (2009:3) that the pre-owned motor vehicle enterprises were being threatened both by the significantly lower mark-up they then could place on cost price, as well as procurement of stock. Few enterprises could have foreseen the crisis, with the result that many were still playing "catch-up" to adjust themselves to the situation. The enterprises had gone into survival mode – careful attention was being paid to offering the consumer the basic product and reliability, rather than the luxury vehicles which had the greater mark-up. A new way of thinking was needed, and only those entrepreneurs who made the necessary paradigm shift were able to survive.

Pre-owned motor vehicle dealers strove to know as much of their environment as possible. They regularly conducted their own market research of competitors, sales figures and projections in order to work out their share of the market. The pre-owned motor vehicle dealer became expert in the complexity of the NCR and credit in general, and was often able to offer the best deal through an accredited bank financing house – the best deal for himself, the bank, and the customer. With or without access to the client's previous buying records, the pre-owned motor vehicle dealer learned to understand the prospective client and offer the client a product to satisfy a want that the client may or may not have been aware of. Pre-owned motor vehicle dealers were tightening their belts. On the positive side, the enterprises were slowly being transformed into enterprises in which the service revolved around the customer and his wants and which provided highly personalized services (Venter *et al.*, 2009:3).

Venter *et al.*, (2009:4) claimed that the enterprises were originally built on risk taking, and that, though risks still had to be taken, their possible repercussions needed to be analysed more carefully for their potential to ruin an enterprise.

It was mentioned that normal growth took place in the beginning of the 1980s and that in 1988 a small down-turn for two to three months of the year occurred.

A similar pattern occurred in 2008 towards the end of October of the year. However, the decline did not improve as had happened in the previous cycle, but worsened as a result of the mining enterprises crisis of Pamodzi Gold in Welkom (Venter *et al.*, 2009:4).

According to Briggs (2009:1) of Harmony Mining, Harmony had been in negotiations since April 2009 with the provisional liquidators of Pamodzi Gold Free State (Proprietary) Limited (Pamodzi Gold Free State) regarding the potential acquisition of the assets of Pamodzi Gold Free State. Harmony believed that it had offered a fair price and that the potential acquisition plan, if implemented, would provide a sustainable future for the relevant stakeholders in the Free State. The same pre-owned motor vehicle owners mentioned their belief that this cyclical decline would take place and that they had been expecting it for the last fifteen years. However, the owners did not expect the fall to be 45-50% of vehicle sales per month lasting for nine months. (Venter, Marais, Tober and Groenewalt (2009:1-6).

2.4.10.1 Main shortcomings of the literature study based on recommendations of a SWOT analysis of the pre-study done in July 2009.

As a result of no information being available on this topic, it was decided that a SWOT analysis would be done on the pre-study that was conducted in July 2009 on the pre-owned motor vehicle enterprise within Matjhabeng. SWOT analysis consists of ascertaining the strengths of the enterprise, its weaknesses, its opportunities and the threats to it.

2.4.10.2 Strengths

- ❖ **Experience:** It was found that the majority of the managers within this pre-study had been in this enterprise for more than twenty years, thus having twenty years of experience.

- ❖ **Loyalty:** Most of the customers mentioned that loyalty played a role in customers returning to the enterprise.
- ❖ **Passion:** All managers portrayed a passion for the motor vehicle industry.
- ❖ **Sales:** Many managers believed the way one handled one's customer influenced the sale.
- ❖ **Extras:** All motor vehicle companies had add-ons as part of an extra service for the customer.
- ❖ **Supplier:** Most companies had a trusted supplier whom they purchased products from.
- ❖ **Difficult times:** Many of the managers used previous experiences to survive the economical recession.
- ❖ **Price ranges:** Most of the pre-owned motor vehicle companies were selling motor vehicles in all price ranges.

2.4.10.3 Weaknesses

- ❖ **Targets versus Objectives:** Most of the companies that took part in the pre-study did not know the difference between a target and an objective within the business.
- ❖ **Future Planning:** Most of the companies did not have a medium or long term plan in place, nor were working towards a long term plan.
- ❖ **Marketing:** Many of the companies did not do any marketing of their company.

- ❖ **Public Relations:** Most of the companies did not participate in any activities such as publicity or public relations.
- ❖ **Finance:** Many of the prospective clients were not able to purchase on credit.
- ❖ **Management level:** Most managers perceived their company as a “one-man band” with no other input required.
- ❖ **Customer Need:** Most managers believed they were meeting the needs of the customer. Only 10% of the companies had a measurement system in place to test this.
- ❖ **Research:** Only 10% of the companies did research on their competitors and their products.
- ❖ **Segmentation:** Most of the companies were selling motor vehicles in all price ranges and did not have a specific market.
- ❖ **Communication:** Most companies only made use of newspaper advertisements as a medium to communicate with prospective customers.

2.4.10.4 Opportunities

- ❖ **Finance Crises:** Most of the companies changed their daily activities and schedules to cut costs during the economic crisis.

2.4.10.5 Threats

- ❖ **Recession:** Most companies mentioned that the economic recession had a negative influence on their business.

- ❖ **Finance:** The National Credit Act made it difficult for clients to purchase the desired product.
- ❖ **Sales:** Retrenchments within the region were a negative influence on sales.
- ❖ **Politics:** Political changes had an effect on the enterprise.

2.5 CONCLUSION

In this chapter the researcher researched all areas of pre-owned motor enterprises as well as any motor vehicle industry that could have had an effect on the title, nationally and internationally. The chapter hence proves that the research has been correctly directed.

The literature study in this research confirms that there is a lack of research in this enterprise. The study also confirms through the SWOT analysis of the pre-study that there is a lack of tactical planning, marketing and public relations within the pre owned motor vehicle enterprise. The study focused on the communication mix in marketing and on the effect that this function has on the product.

The information gathered in chapter two confirmed that marketing should be an integral part of the pre owned motor vehicle-enterprise and that the public relation function cannot stand alone. Together the marketing and public relation functions ensure that the communication mix is being conducted towards focussing on the customer.

The next chapter focuses in detail on the methodology of the research. The researcher will also include more detail on pre-study.

CHAPTER 3: RESEARCH DESIGN AND DATA COLLECTION

3.1 INTRODUCTION

In the previous chapter, it was shown that no literature research had ever been completed on this particular topic, although much research had been completed on the motor vehicle enterprise itself. It was established that there are factors which influence the pre-owned motor vehicle enterprise. The pre-study conducted prior to the main research enabled the research conducted in the main study to be more precise, since the various gaps within the enterprise had already been defined. This allowed and assisted the researcher to adopt the correct research method for the main study. In this chapter the researcher analyses the different methods of research design and data collection, and chooses the best method to compile and complete the main study in the context of the pre-owned motor vehicle enterprise of Matjhabeng.

Data was collected by means of specific questions on the questionnaire. These questions received particular attention and technical issues, such as validity and reliability, were considered.

No previous hypothesis had been found prior to this particular study. Hence the researcher decided to make use of the stratified sampling method to ascertain whether management knowledge varied between different age-groups. Stratified sampling was therefore carried out with two groups, that of the enterprises being younger than fifteen years (YFY), and that of companies being older than fifteen years (OFY). Other reasons were to identify the differences between the two groups and to establish whether new enterprises could obtain management knowledge from past enterprises and vice versa.

A more detailed overview on research methodology used in the study follows.

3.2 RESEARCH DESIGN

The main objective of this research is to determine the factors influencing management knowledge in the pre-owned motor vehicle enterprises of Matjhabeng. The research design consists of a qualitative research approach, as well as the quantitative research method, both of which were considered to be effective within the study and would enhance the communication process appropriately. Similarly, in this research, certain organized procedures were pursued and data was collected and analysed. This is discussed in chapter 4 in more detail.

Research Design could be seen as a structure for performing a marketing research project (Arnold, Price and Zinkhan, 2004:226). However, gathering, recording and the analysis of facts regarding a problem, could be seen as the research method (Du Plessis and Rousseau, 2003:21).

"The research design is stated as a plan that specifies what information marketers will collect and what type of study they will do" (Solomon et al., 2009:132).

Research design was seen by Chadwick, Bahr and Albright, (1984:454) as a comprehensive method used to explore certain stages of the research procedure, namely the progression of action needed for the research procedure.

3.2.1 Empirical Study

An empirical study can be derived from an experiment, while Anon. (2011:1) described empirical study on the internet under the web page answers.encyclopedia.com as:

“Empirical study means applying scientific methods to the study of communication; as in the study of behaviour change resulting from exposure to a communication campaign.”

The webpage, ask.reference.com described an empirical study as:

“Empirical research is research that bases its findings on direct or indirect observation as its test of reality.”

3.2.1.1 Dependent and independent variable

Zikmund described the dependent variable as a criterion or variable to be predicted or explained (Zikmund, 2003:50). Regarding the factors influencing management knowledge in the pre-owned motor vehicle enterprises of Matjhabeng, the dependable variable would be management. If the management is the dependent variable, then knowledge of management is the independent variable (see section 1.7.5.2 and 1.7.5.3, p 22). It is for this reason that Cnx.org clarified independent variable as an *“independent variable is that variable which is presumed to affect.”*

3.2.1.2 Qualitative Study

Du Plessis and Rousseau (2003:27) stated that qualitative research is more shapeless, elastic and receives information in an indirect way from respondents. More precisely, qualitative research is more or less the same as an interview in which questions are asked face-to-face to the respondent (Peter and Donnelly, 2009:32). Whereas, Salkind (2009:209) described it as:

“Qualitative research, in the simplest term, is social or behavioural science research that explores the processes that underlie human behaviour using exploratory techniques such as interviews, surveys, etc.”

In this study, personal interviews were conducted to gather qualitative data.

3.2.1.3 Quantitative Study

In Marketing Research by Wiid and Diggins (2009:86) a quantitative study was referred to as a collection of data that involves larger, more representative respondent samples and the numerical calculation of results.

Quantitative research methods according to Peter and Donnelly (2009:32) were similar to an interview in which questions are asked face-to-face to the respondent. The researcher focused more on a quantitative research method than a qualitative research method – planning to perform various interviews and make use of a questionnaire, all of which were part of the primary research format. Whereas, Zikmund (2000:58) mentions that primary data is when data is collected and used for a specific research project.

Descriptive Research is another word for quantitative research according to (Solomon *et al.*, 2009:136). The research is described as a technique that searches for more orderly insight into the dilemma, finally using large numbers for explanation as the foundation of the research. Arguably, "*Quantitative research is tools that are systematic and structured, and aim at obtaining information from respondents in a direct, open manner*" (Du Plessis and Rousseau, 2003:23).

The table, comparisons between quantitative and qualitative research on p 71 by Leedy *et al.*, explains qualitative and quantitative research parallel to each other. It thus becomes clear why the researcher decided to make use of a combination of quantitative and qualitative research methods in order to produce better results.

Table: 3.1 Comparisons between quantitative and qualitative research

Question	Quantitative	Qualitative
What is the purpose of the research?	<ul style="list-style-type: none"> ▣ To explain and predict ▣ To confirm and validate ▣ To test theory 	<ul style="list-style-type: none"> ▣ To describe and explain ▣ To explore and interpret ▣ To build theory
What is the nature of the research process?	<ul style="list-style-type: none"> ▣ Focused ▣ Known variable ▣ Established guidelines ▣ Pre-determent methods ▣ Somewhat context-free ▣ Detached view 	<ul style="list-style-type: none"> ▣ Holistic ▣ Unknown variables ▣ Flexible guidelines ▣ Emergent methods ▣ Context-bound ▣ Personal view
What is the data like?	<ul style="list-style-type: none"> ▣ Numerical data ▣ Representative large sample ▣ Standardized instruments 	<ul style="list-style-type: none"> ▣ Textual and or image based data ▣ Informative, small sample ▣ Loosely structured or non-standardized observations and interviews
How is data analyzed?	<ul style="list-style-type: none"> ▣ Statistical analysis ▣ Stress on objectivity ▣ Deductive reasoning 	<ul style="list-style-type: none"> ▣ Search for themes and categories ▣ Acknowledgement that analysis is subjective and potentially biased ▣ Inductive reasoning
How are findings communicated?	<ul style="list-style-type: none"> ▣ Numbers ▣ Statistical aggregated data ▣ Formal voice scientific style 	<ul style="list-style-type: none"> ▣ Words ▣ Narratives individuals quotes ▣ Personal voice, literary style

Source: Leedy and Ormrod (2010)

It is clear that quantitative data is based on more numerical information, that is statistical orientated, while qualitative data focuses on textual and is more informative and of a small sample which includes reasoning.

3.3 Population and sampling

Population is seen by Salkind *et al.*, (2010:306) as "*The entirety of some group.*" While, Babbie (1999:179) observe it as as, "*a population is the theoretical specified aggregation of study elements.*"

In a research, these can be considered as the group or margins that are used in the study and can refer to certain persons that fall into a specific element used for the study. While the population of the research was derived from the district of Matjhabeng. The sample consisted of pre-owned motor vehicle owners and

managers. Whereas, Salkind *et al.*, (2010:307) saw a sample as a symbolic segment of a population.

3.4 Sampling Methods

Anon (2011:1) mentioned that sampling methods are either probability or non-probability based. Anon (2011:1) described probability as *“In the probability sample the populations has a known non-zero probability of being selected.”*

Anon (2011:1) describe probability sampling, as the error that can be calculated. Probability sampling includes the following methods:

- 🎬 Simple Random Sampling – all respondents have an equal chance to be selected.
- 🎬 Systematic Sampling – the starting point of the sample is random and then a systematic approach is used to gather the rest of the sample.
- 🎬 Stratified Sampling - at least one characteristic is shared between respondents.
- 🎬 Cluster Sampling – a sample area is chosen and within the chosen sample area respondents are chosen.

Non-probability sampling involves a portion being selected from the population in a non-random manner where the components have no chance of being selected for the sample. The degree to which the sample differs from the population remains unknown. Anon (2011:1) describe non-probability methods are as follows:

- 🎬 Convenience Sampling – the sample is gathered from the population that is close at hand.
- 🎬 Judgement Sampling – respondents are selected according to researchers' judgment.
- 🎬 Quota Sampling – the sample is first segmented into specific groups and then samples are gathered.
- 🎬 Snowball sampling – existing study subjects are used.

Anon (2011:1) outlined a detailed summary of methods using a table format with descriptions. This could be used as a guide to allow quicker decisions and much easier sampling.

“Simple random sampling is the ideal, but researchers seldom have the luxury of time or money to access the whole population, so many compromises often have to be made.”

Table 3.2: Probability

Method	Best when
<u>Simple random sampling</u>	Whole population is available.
<u>Stratified sampling</u> (random within target groups)	There are specific sub-groups to investigate (eg. demographic groupings).
<u>Systematic sampling</u> (every nth person)	When a stream of representative people are available (eg. in the street).
<u>Cluster sampling</u> (all in limited groups)	When population groups are separated and access to all is difficult, eg. in many distant cities.

Source: Anon. 2011:1

The significance of the table is the reliability to compare the different methods for when a whole population is available a group or individual representation of people.

Table 3.3: Quota Methods

Method	Best when
<u>Quota sampling</u> (only as many as needed)	There is access to a wide population, including sub-groups
<u>Proportionate quota sampling</u> (in proportion to population sub-groups)	The population distribution across groups is known, and normal sampling may not provide sufficient regarding minority groups
<u>Non-proportionate quota sampling</u> (minimum number from each sub-group)	There is likely to be a wide variation in the studied characteristic within minority groups

Source: Anon. 2011:1

With quota methods, a particular analysis and valid results would be needed, this determines the number of people you need to sample.

In particular when studying a number of groups, and when sub-groups are small, equivalent numbers are needed to enable equivalent analysis and conclusions.

Table 3.4 : Selective Methods

Method	Best when
<u>Purposive sampling</u> (based on intent)	Studying particular groups
<u>Expert sampling</u> (seeking 'experts')	Expert opinion is required
<u>Snowball sampling</u> (ask for recommendations)	Similar subjects are sought (eg. young drinkers)
<u>Model instance sampling</u> (focus on 'typical' people)	Sought after 'typical' opinion may get lost in a wider study, and when identification of the 'typical' group is possible
<u>Diversity sampling</u> (deliberately seeking variation)	Differences are specifically sought, eg. to identify sub-groups or potential conflicts

Source: Anon. 2011:1

When selective methods are used sometimes the study might lead to targeting of particular groups.

Table: 3.5: Convenience Methods

Method	Best when
<u>Snowball sampling</u> (ask for recommendations)	It is ethically and socially possible to ask and seek similar subjects.
<u>Convenience sampling</u> (using who is available)	Subjects cannot proactively be sought out.
<u>Judgment sampling</u> (guess a good-enough sample)	The researcher is an expert and there is no other choice.

Source: Anon. 2011:1

When convenience methods are used, good sampling is time-consuming and expensive. Not all experimenters have the time or funds to use more accurate methods. There is a price, of course, in the potential limited validity of results.

Table 3.6: Ethnographic Methods

Method	Best when
<u>Selective sampling</u> (gut feel)	Focus is needed in particular group, location, subject, etc.
<u>Theoretical sampling</u> (testing a theory)	Theories are emerging and focused sampling may help clarify these.
<u>Convenience sampling</u> (use who's available)	Subjects cannot proactively be sought out.
<u>Judgment sampling</u> (guess a good-enough sample)	The researcher is an expert and there is no other choice.

Source: Anon. 2011:1

When ethnographic methods are used, then when doing field-based observations, it is often impossible to intrude into the lives of people being studied. Samples must thus be surreptitious and may be based more on who is available and willing to participate in any interviews or studies.

Reviewing the above data on the various sampling methods, the researcher gained a more precise idea of what to look for and what to use as the correct method for the study.

The researcher decided that the study required both sides of business life spans to be included. Hence the stratified sampling method was chosen to ensure that both areas of companies were covered. It was believed that this would also assist the researcher in comparing data between the number of years in which the companies have been in business. The researcher wished to determine

whether a discrepancy occurred and whether this would influence communication between owners, managers and customers.

Firstly, a list of the total population of pre-owned car companies within the Matjhabeng area was compiled by the researcher. The researcher made use of a manual telephone directory, "The Yellow Pages", as well as the electronic version of this directory on two occasions, namely at six month and nine month periods. This ensured that possible changes of companies within the pre-owned motor vehicle enterprise were covered. Secondly, the researcher also contacted the various banks and communicated with the financial departments on the list of the various pre-owned car companies within the Matjhabeng area. Thirdly, the researcher physically drove through the streets of the various towns to look for new pre-owned car companies.

After the completion of the population list, each business on the population list was contacted by the researcher. These companies on the population list were asked two questions, firstly whether they sold pre-owned cars and secondly, whether the company was older than fifteen years (OFY) or younger than fifteen years (YFY).

After all the businesses on the population list had been contacted, the companies that were not part of the pre-owned motor vehicle were eliminated. The companies that were not eliminated were split into the two groups mentioned earlier, namely companies which had been in business for more than fifteen years and companies which had been in business for less than fifteen years. This was done on the whole research, with all three divisions.

In the original proposal, the researcher had intended to have a sample of 10% of the population. Since many businesses had closed down and were eliminated from the study, the researcher decided to change the sample to 20% in order to maintain the effectiveness of the study. This approach also applied to the smaller towns. The researcher also gave the assurance that any company

which closed down after the pre-study was done, would be deleted.

Anon (2011:5) explains that stratified sampling as a population that has different types, while Anon (2011:7) mentioned that random sampling is a method in which the respondents receives an equivalent chance. The researcher made use of a combination of random and stratified sampling methods, called stratified random sampling method, to ensure that a wider knowledge would be gained in the research. The researcher divided the sample into the two areas of companies being OFY and companies being YFY, with no reference to the years of experience of the managers or owners. The stratified sampling method allows the researcher to cross-reference between the years of experience of the companies. The researcher decided to keep the sample the same for all three questionnaires, but to cross-reference only on the first questionnaire, which is based on the management knowledge itself as mentioned in the title.

The researcher did not use the population as a whole, but calculated the mean of the split of the population. Six companies OFY were used as a sample, while four businesses with less than fifteen years in business were used as the second sample. Although the samples differed in size, the researcher ensured that the study was converted to percentages in order to ensure that all the sample companies add up to 100%. In this way all the companies had an equal chance to be selected in the study. The researcher commenced both lists on the number four and counted the five means onwards as calculated by using the method of simple random sampling. For more detail see table 1, 21.

Pre-arranged appointments were arranged with the various managers and owners and the research was done.

3.5 Data Collection

Data collection described by Anon (2011:1) is, “a collection of data from surveys, or from independent or networked locations via data capture, data entry, or data logging.” For data collection, several methods could have been used to gather the data for this research. Questionnaires, interviews, observations, assessments, tests, and documentation could all have been appropriate depending on the ‘what’ and the ‘how’ considered by the researcher. During the quantitative research, the interviewer aimed to establish whether there were any factors influencing management knowledge in pre-owned motor vehicle enterprises of Matjhabeng. A questionnaire was used for data collection. Questionnaires and personal face-to-face interviews were factors that influenced the research. The researcher requested permission from the manager or owner to make use of a tape recorder during the personal face-to-face interview with the respondents. Agreement was gained from all respondents.

Before an appointment was scheduled, the researcher enquired from the owners or managers of the pre-owned motor vehicle enterprise whether they were willing to participate in this research. The researcher thus ensured that the managers and/or owners were willing to participate voluntarily in this research. The researcher handed over the questionnaire to the manager or owner of the pre-owned motor vehicle enterprise itself after the pre-arranged meeting had been scheduled. The researcher was available to the respondents for any questions or queries that they and/or the managers or owners may have had. All respondents had a choice to complete the questionnaire and a standard of confidentiality was maintained throughout the study.

The statisticians assisted the researcher with the data cleaning, coding and capturing. The statisticians made use of a formula within the Microsoft program Excel to ensure that the sample for both groups within the stratified sample was ranked according to the ratio per companies on a percentage level. This would allow the researcher to correlate the outcome of the research and also to

determine a trend.

The researcher made use of random sampling method to analyze the divisions two and three of the questionnaire. The researcher made use of two external persons to complete the same research questions on Division 2 of questionnaire Physical and Environment test and Division 3 of questionnaire Advertising. The researcher asked the independent people, a male and a female, to complete the research questionnaire of Division 3 in the newspapers. These two people are in different age groups:

- Twenty years to twenty-five years;
- Thirty years to thirty-five years

These randomly selected people also varied in knowledge of the motor vehicle enterprise, including the number of motor vehicles owned by the enterprise. The randomly selected people had different requirements for a motor vehicle. They could be divided accordingly:

- An administration clerk and interested in a sporty vehicle purchase;
- A Human Resources Officer looking for a second family vehicle purchase.

All these varying elements could provide the researcher with a different idea of the purchase. The two people visited the different enterprises of the sample as prospective clients, observing the elements mentioned in Division 2 of physical and environment appearances of the companies. This assisted the researcher in compiling a detailed and objective view of the different enterprises. These questionnaires of Divisions two and three are the same questionnaires that the managers and owners received. An average between the two findings was taken in order to achieve an unbiased research both in terms of decision and objective.

3.6 Questionnaire

According to Solomon *et.al.*, (2009:138), a marketing questionnaire could be developed from the respondent's answer or be a structured, previously determined questionnaire. Open ended questions were defined as the interviewer asking questions and allowing the respondent to answer in his own way and not in a specific way (Saunders *et. al.*, 2003:483). The questionnaire used was divided into three divisions to ensure that all areas of the company within the motor vehicle enterprise were covered. The researcher felt it important to measure the management knowledge, to rate the physical and environmental area of the management or enterprise itself, and to measure the way in which the enterprise advertised. Hence, the researcher used these three areas as different divisions within the questionnaire itself.

The researcher made use of both open and close ended questions in the questionnaire so as to encourage management or owners of the pre-owned motor vehicle enterprise to be frank about the business and be able to deliberate on issues that were important to them. The researcher ensured that all these questionnaires with the different divisions were presented to all the managers or owners of the pre-owned motor vehicle enterprises of Matjhabeng.

3.7 Interviews procedure

Anon (2011:1) refers to interviews as *“a mutual sight or view; a meeting face to face; usually, a formal or official meeting for consultation”* Anon. (2011:1).

In this study the researcher made use of the interview procedure, the researcher becoming the interviewer in the data collection technique and the interviewer becoming the responded.

3.8 Covering Letter

“Formal letter describing the accompanying documents and/or other items and the reasons for sending them..” Anon. (2011:1).

Part of the questionnaire was a covering letter which explained the purpose of the research to the respondents and promised them that all data gathered would be handled in a confidential manner. The covering letter also explained what to expect of the questions. This approach was used in the pre-study as well as the main research-study.

The following formed part of the covering letter and is important as part of the ethical aspect of the research:











- 🎬 Permission to conduct research at the specific enterprise;
- 🎬 Specific consent of manager and/or owner of enterprise;
- 🎬 Avoidance of dishonesty regarding the topic or the respondents;
- 🎬 Avoidance of violating privacy;
- 🎬 Engagement and capability of researcher;
- 🎬 Discretion;
- 🎬 Notification of respondent regarding outcome;

3.9 Data analysis and reporting

Data reporting is the interpretation of the information and the drawing of conclusions in order to make decisions (Zikmund, 2009:61). All the data from the field interviews was captured. The interpretation of the interviewer's results from the research was highlighted and presented in various forms of graphs and charts.

Data from the questionnaires did not include irregularities or inconsistencies. The research thus reflects valid, reliable research.

The results of the research could be displayed in various different forms of data presentation as mentioned by Anon. (2011:1) in en.wikibooks.org.:

-  Bar Charts
-  Comparative Bar Charts
-  Histograms
-  Scatter Plots
-  Box Plots
-  Pie Charts
-  Comparative Pie Charts
-  Pictograms
-  Line Graphs
-  Frequency Polygons

During the research, the interviewer, the questionnaire and the data gathered, formed a polygon in this study. The result of this triangulation being a reliable and valid research.

3.10 Validity, Reliability and Triangulation

Validity (see chapter 1 section 1.6.6, 1.6.7 and 1.6.8, p 14-15) could be explained by Leedy and Ormrod, J. E. (2010:96) as two different parts. Leedy and Ormrod mentioned that validity could be divided into internal validity and external validity. Internal validity could be further divided into four divisions, namely:

-  Controlled laboratory study – research in a laboratory.

- 🎬 Double-blind experiment – where two or more different interventions are compared.
- 🎬 Unobtrusive measures – respondents observed without knowing it.
- 🎬 Triangulation - numerous data collected to support a theory.

External validity could be divided into:

Real-life setting - research in real-life and results linked to laboratory studies.

- 🎬 Representative sample- using a sample to generalize the entire area.
- 🎬 Replication in a different context – when two different researchers reach the same conclusion from two different contexts.

This information allowed the researcher to make an objective decision in choosing a qualitative or quantitative data approach.

Anon. (2011:1) explained reliability (see section 1.6.7, p 14):

“Reliability is the consistency of your measurement, or the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. In short, it is the repeatability of your measurement.”

Breitmayer (2010:4 of 5) described triangulation as:

“The term triangulation has been used to research process aimed to serve two main aims, confirmation and completeness.”

Anon. (2011:1) saw reliability as a structure unfailingly performing its mission.

Triangulations were seen by Murray (2010:2 of 2) as a method to improve the investigation by making use of validity in the research. The researcher would then combine several procedures within the research to ensure that validity is achieved. Triangulation is basically cross-validation of data received to ensure that the research is a true reflection.

In the control group (see section 1.6.7, p 14) the researcher targeted a town that is similar to Matjhabeng, deciding on Kroonstad which is very similar in size to Welkom. The test-sample had only eleven companies and the researcher determined that three companies would have the opportunity to participate. These test samples allowed the researcher to validate the study and ensured reliability of the studies' outcome.

The pre-study (discussed in more detail further in this chapter), the official study and the test-sample all confirmed triangulation (see section 1.6.8, p 15) took place in the study.

3.11 Pre-Study

In this research, the researcher decided that the life span of a company was important enough to include in the methodology of sampling. The researcher realized during the pre-study that many companies had been in business for longer than fifteen years and were still operating successfully, whilst other smaller companies in the pre-owned motor vehicle had been in business for fewer years were struggling.

During the pre-study the researcher decided to contact all the companies in Welkom to determine how many of the listed numbers in the telephone directory were still open for business. The directory assisted the researcher to obtain a data base of the motor vehicle enterprises in Matjhabeng. The researcher asked all the companies the following two questions. One, whether the company was selling new or pre-owned motor vehicles, and, two, whether the manager or

owner would be available to participate in a research project. All the companies participated in this telephonic request. No scheduled date or time was promised to the managers or owners of the motor vehicle enterprise.

The researcher decided to commence a pre-study on ten motor vehicle enterprises in Welkom. The researcher made use of the availability of the manager or owner of the company to assist with the questionnaire. All the questions in the pre-study were open-ended questions. The open-ended questions allowed the respondent to talk freely and the interviewer to gather possible questions for the main research.

The researcher decided on this method to be able to determine whether a disparity did occur and, if so, in what particular area of the enterprise. The researcher made use of a tape-recorder in the pre-study with permission from the manager or owner. The researcher was able to summarize information and even complete analysis on the pre-study that could have assisted the main study. This analysis was discussed in section 2.4.10, p 61.

All this data was captured on a Microsoft Excel spreadsheet to ensure that a comparative study could be conducted. All companies involved, no matter how old or young, had an equal chance to be selected for this research.

3.12 Limitations of Methodology

The researcher confined the study to the Matjhabeng area for financial reasons, as well as the fact that the mining industry had had a major impact on the economy of this region and thus determined the way businesses were run. As a result of the research completed during the research it was realised that no study such as this had ever been done in the region or in South Africa. Moreover, it was considered more effective to carry out this specific research on this smaller region, before embarking on compiling a research on the rest of South Africa or in a bigger region.

In addition, respondents might have seen their information as their confidential means of having made a success, and thus might not have wanted to share their honest opinions with the researcher.

3.13 Ethical Issues

The importance of the respondent's participation in the research is crucial. When a respondent is not honest in his answers, an incorrect perception about the study is formed and the study may consequently be perceived as untrue, misleading or even forged. Hence, making certain that the respondent understands the importance of the study, allowing the respondent to answer the questions willingly, and ensuring the respondent that the data will be used in a confidential manner allows the researcher to compile a truthful, honest and legitimate study.

The professional ethics of the researcher require objectivity in assessing literature and collecting data. Moreover, the researcher must ensure that all authors and/or publications quoted receive the recognition due to them.

The researcher must have gained permission to perform the research on the premises of the enterprises and must have honest, reliable feedback from the respondents. All unknown statements or theoretical terms must be explained to the respondents to ensure correct answers to the questions.

The report of the research must be clear, definite, and focused on the detail and findings of the study.

The following form part of the ethical issues which directed the researcher during the research and while gathering data from respondents:



Objectivity of the research – to be kept at all times throughout the study.

- 🎬 Integrity – maintaining the promises made to the respondent.
- 🎬 Carefulness – avoiding carelessness and being attentive throughout the research.
- 🎬 Openness – preparedness to be criticised by the supervisor and to use ideas in an objective manner.
- 🎬 Respect for Intellectual Property – respect of the property rights of publications and the respondents' comments as being truthful.
- 🎬 Confidentiality – handle of all data as confidential.
- 🎬 Social Responsibility – using the study to promote the service function of the pre-owned motor vehicle enterprise within Matjhabeng.
- 🎬 Non-Discrimination – avoiding being discriminatory towards any enterprise on any basis.

The importance of ethical issues goes hand in hand with the covering letter to the respondent. See section 3.8, p 83 where the covering letter allowed the respondent to have objections prior to the start of the research process.

3.14 CONCLUSION

The methodology that was used was consistent and effective, thus ensuring that all pre-owned car companies had an equal chance in being selected. Most of the selected respondents were eager to participate in the research. The stratified random sampling method that was chosen by the researcher allowed all the companies to have an equal chance to be selected, even though the

company might have been in business for only three years and still been in a growth stage. This process also helped the researcher to see whether a difference occurred in management decisions, no matter what the age of the company.

Chapter four focuses on the presentation and analysis of the data or can be seen as an outline of the questionnaire, and the different divisions of the research that was conducted during April 2010 by the researcher.

CHAPTER 4: FINDINGS OF QUESTIONNAIRE

4.1 INTRODUCTION

In this chapter the researcher reminds the reader of the purpose of the research study, and focuses separately on each section of the survey-questionnaire that was conducted.

The chapter includes an easily readable and understandable interpretation of the information gathered in the research study.

Each question in the questionnaire is discussed in detail to ensure that each item is clear and concisely expressed.

A combined summary of the ten sample enterprises is as follows:

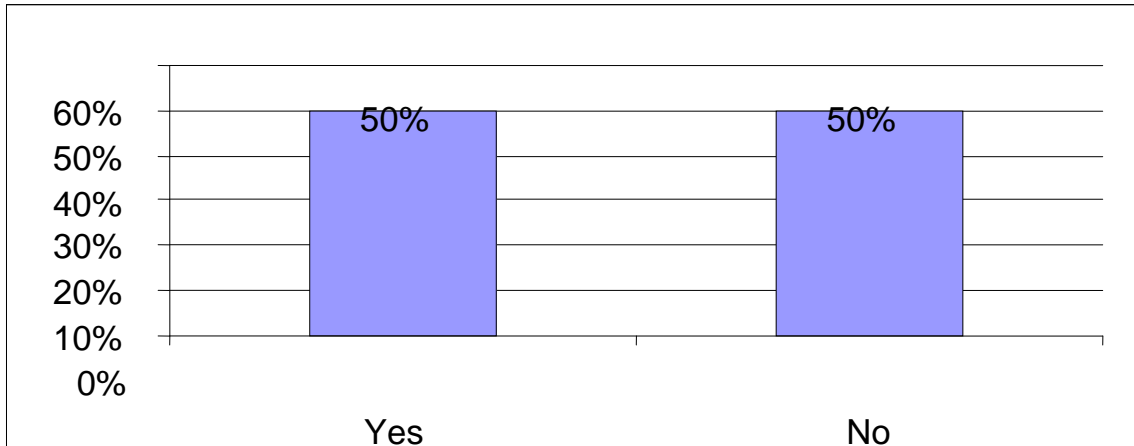
4.2 QUESTIONNAIRE- DIVISION 1: MANAGEMENT KNOWLEDGE

The questionnaire consisted of the following questions:

4.2.1 Question 1: Is the owner the manager of the company?

50 % of the respondents interviewed were the managers and 50 % were the owners of the pre-owned companies.

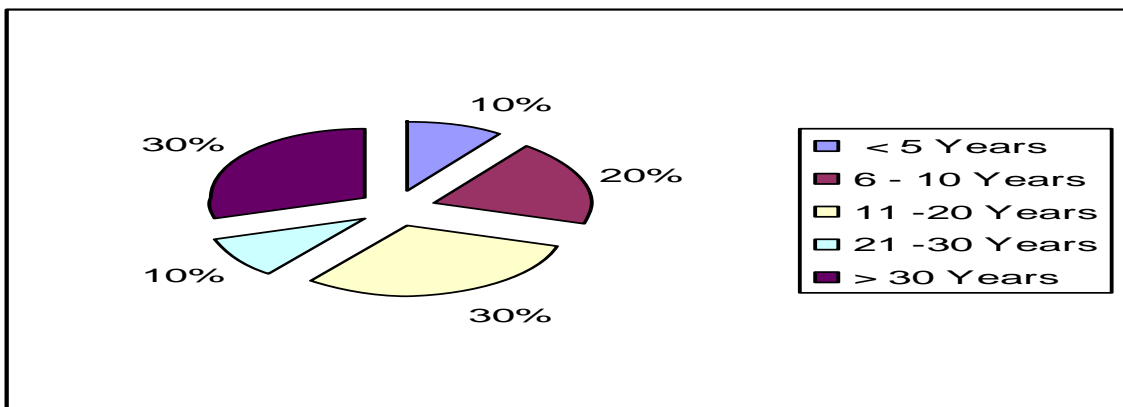
Figure 4.1: Manager of company



4.2.2 Question 2: How many years experience do you have in this industry?

With regard to this question, the respondents had similar years of experience within the industry. 30% of the respondents showed that they had been working in the industry between 11 and 20 years and 30 % of the respondents showed that they had more than 30 years of experience in the pre-owned motor vehicle enterprise. 20% of the respondents had between 6 and 10 years experience, 10% of the respondents had less than 5 years experience and 10% of the respondents had 21 – 30 years experience in the industry.

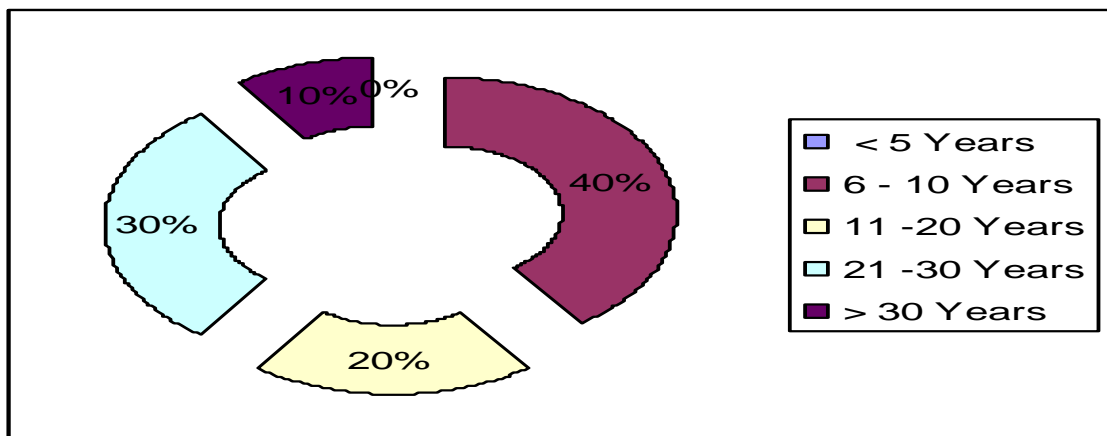
Figure 4.2: Experience



4.2.3 Question 3: How old is this company?

40% of the respondents stated that the companies they were working for were more than 6 to 10 years old and 30% of the respondents answered that the companies they were working for were between 21 and 30 years old. 20% of the respondents worked for a company that was between 11 and 20 years old, while only 10% of the companies worked for were older than 30 years.

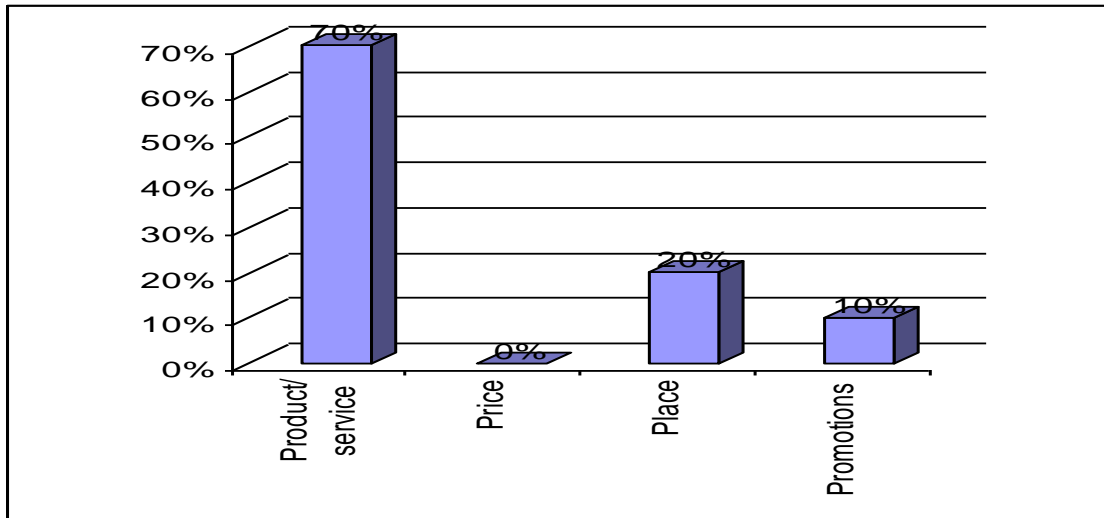
Figure 4.3: Age of company



4.2.4 Question 4: Which marketing tools do you use to market your product?

70 % of the companies stated that the tool they used to market their product was the product itself or service itself. 20% of the respondents stated that they made use of the place as a marketing tool and 10 % of the respondents stated that they based their marketing on promotions. No respondent stated that their marketing tool was focused on price.

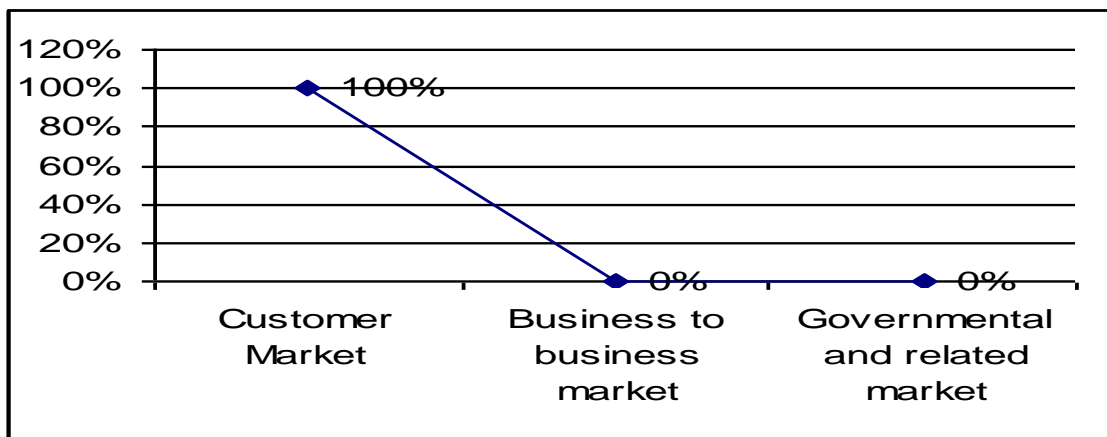
Figure 4.4: Marketing tools



4.2.5 Question 5: What type of market do you serve?

All the respondents stated that the type of market they served was customer based. Other options which received no response, were business to business and governmental and related markets.

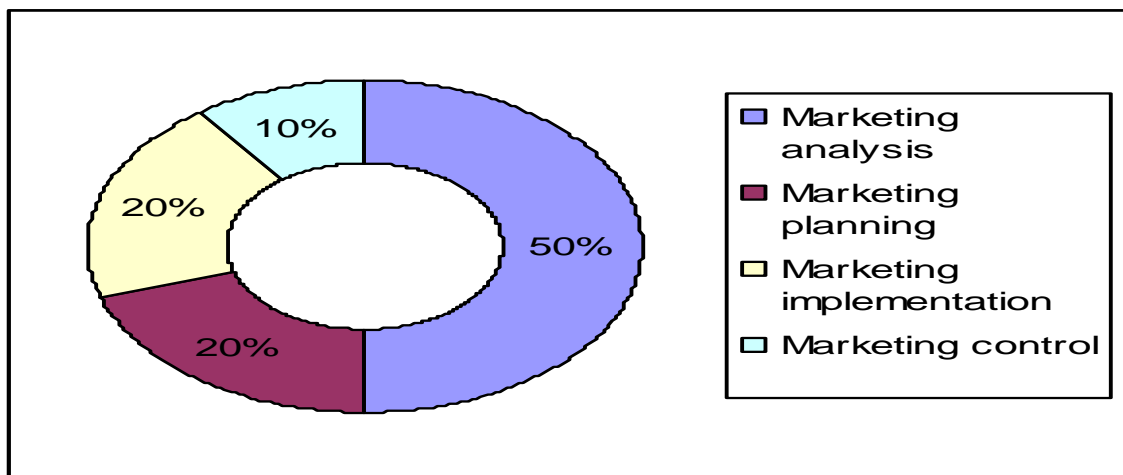
Figure 4.5: Type of market



4.2.6 Question 6: How do you measure / evaluate marketing results within your company?

50 % of the respondents made use of marketing analysis to measure their marketing results. 20% of the respondents made use of marketing implementation, and 20% made use of marketing planning. Only 10% of the respondents indicated that they measured their marketing results by means of marketing control.

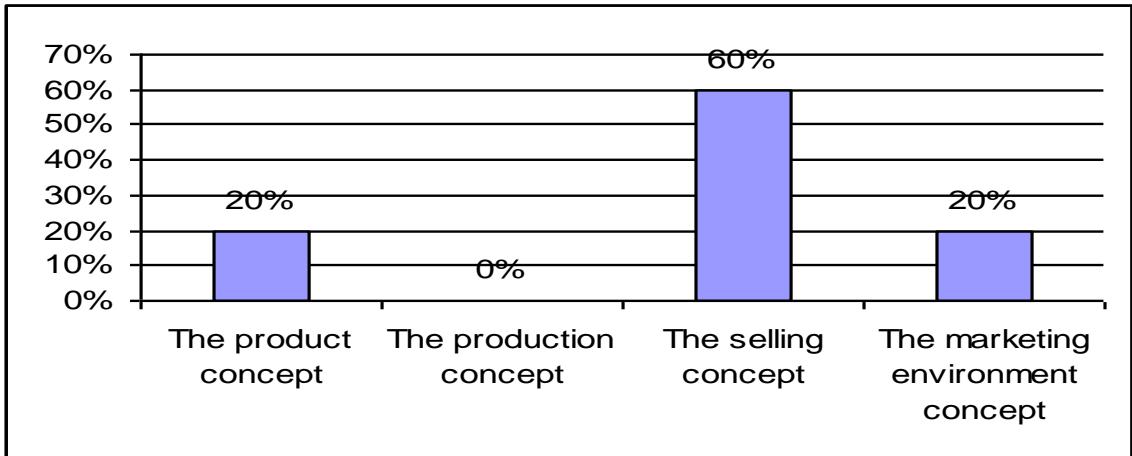
Figure 4.6: Evaluation of marketing results



4.2.7 Question 7: With what do you align your marketing management philosophy?

60% of respondents used the selling concept as a marketing management philosophy. 20% of the respondents aligned their marketing management philosophy with the product concept and 20% with the marketing environment concept. No respondent indicated that they used production as a marketing management philosophy.

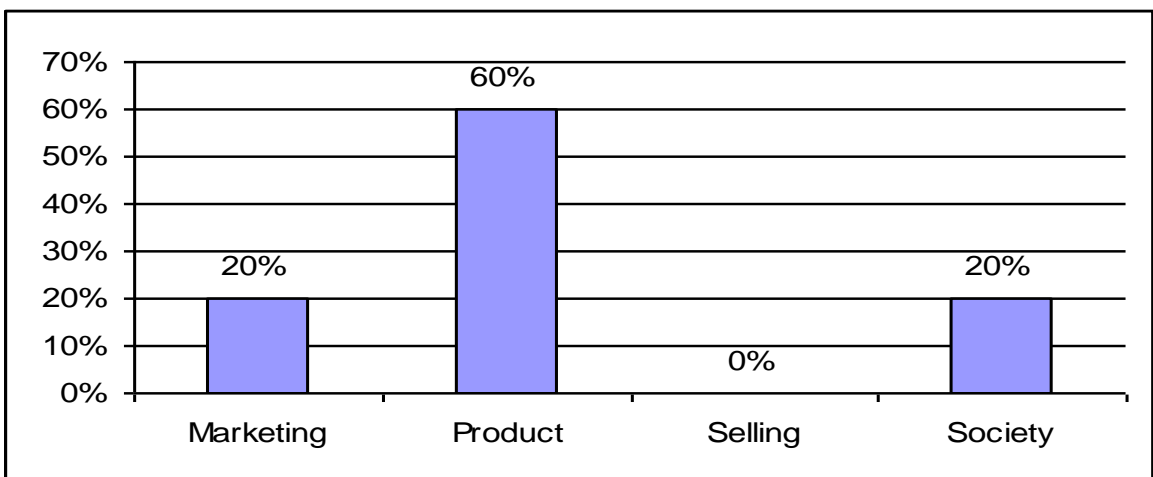
Figure 4.7: Alignment of marketing management



4.2.8 Question 8: What strategy do you use to seek balance between short term customer wants and ensuring long term customer needs?

The respondents were able to choose between four answers for this question: Marketing, Product, Selling and Society. No respondent specified selling. Most respondents (60%) specified their product choice as the main strategy, followed by marketing (20%) and society (20%).

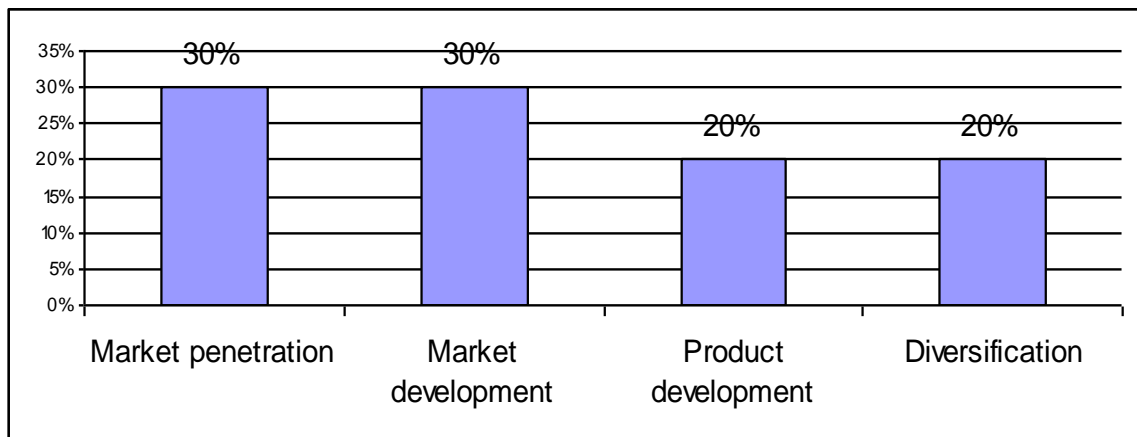
Figure 4.8: Balance between short and long term customer



4.2.9 Question 9: How do you enter new markets?

Answers to this question indicated that how an enterprise enters into new markets, are equivalent to the different business strategies the enterprises use within the pre-owned car industry of Matjhabeng. All options were chosen. 30% of the respondents indicated that they entered new markets by using the market penetration; 30% made use of market development; 20% used product development; and 20% diversification.

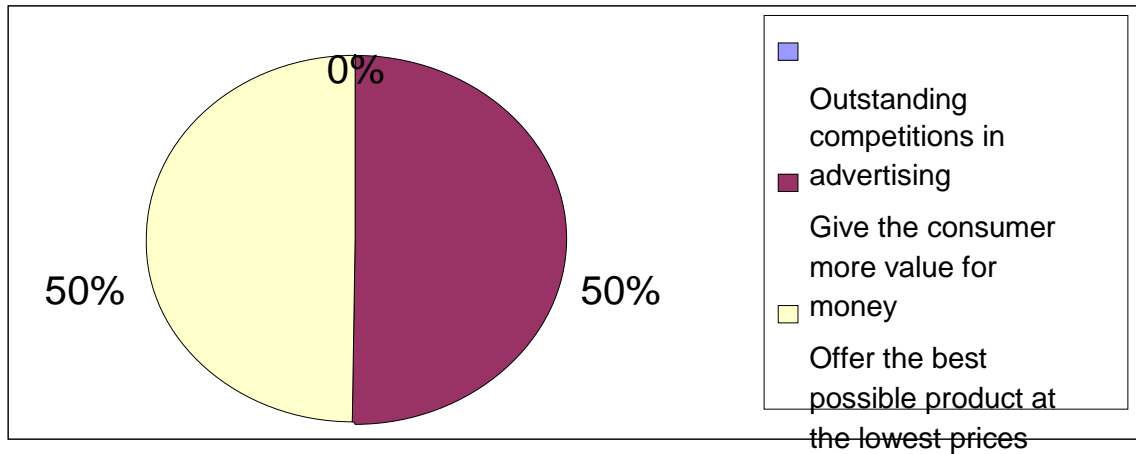
Figure 4.9: New markets



4.2.10 Question 10: How do you create a competitive advantage?

None of the respondents made use of outstanding competitions to create a competitive advantage. 50 % of the respondents made use of more value for money offers for the consumer, and 50% used the best possible product at the lowest price to create a competitive advantage.

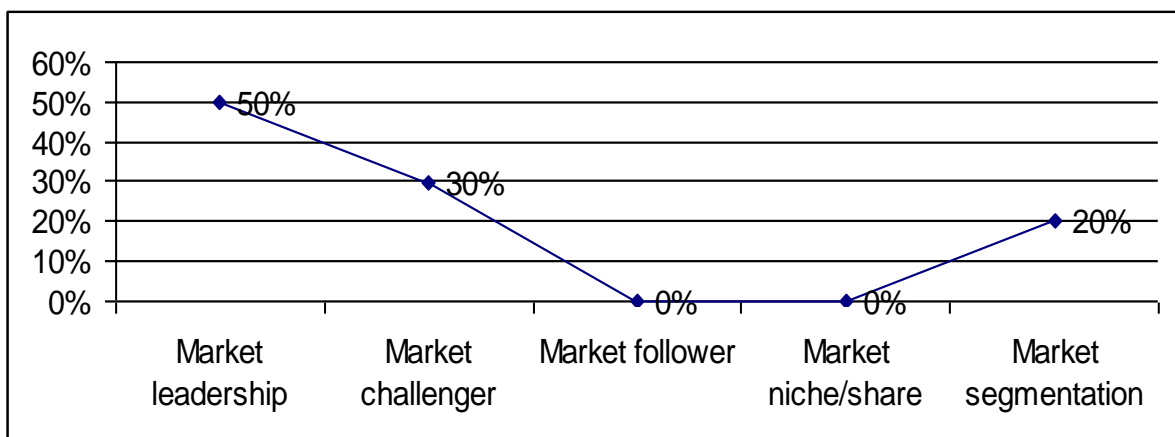
Figure 4.10: Competitive advantage



4.2.11 Question 11: How do you seek to gain a market share?

The majority of the respondents (50%) indicated that they used market leadership to gain market share. 30% of the respondents used a market challenger. 20% of respondents used a market segmentation. No respondent indicated that they used either market follower or market niche/share to gain a market share.

Figure 4.11: Market share



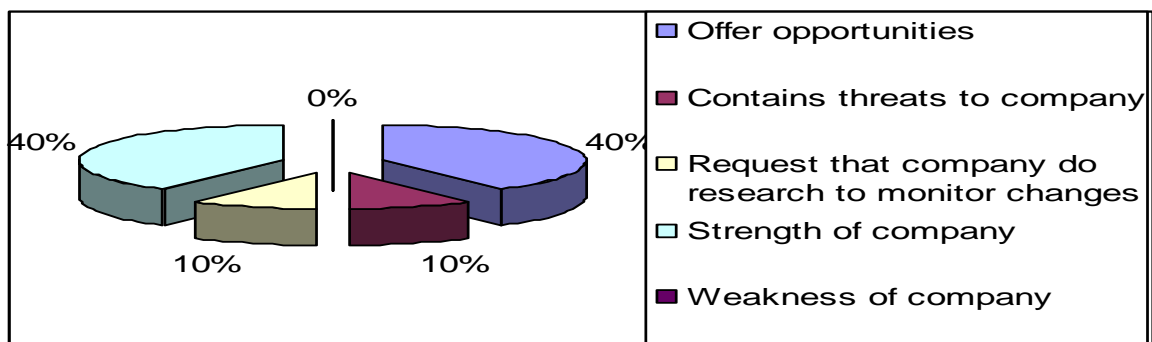
4.2.12 Question 12: How do you check ongoing control of marketing activities?

- 4.2.12.1 Strategic Control (70%)
- 4.2.12.2 Operational Control (20%)
- 4.2.12.3 Functional Control (0%)
- 4.2.12.4 Reactive Control (0%)
- 4.2.12.5 Tactical Control (10%)

4.2.13 Question 13: Which of the following statements about the marketing environment do you focus on?

80% of the respondents identified two areas of focus within the marketing environment. These were the strength of the company (40%) and the fact that the company offered opportunities (40%). Only 10% focused on request for research within the company to monitor changes and 10% of respondents focused on containing threats to a company.

Figure 4.12: Statements of marketing environment



4.2.14 Question 14: Do you make use of record keeping in your business?

If yes, please answer question 15:

- Yes (100%)
- No (0%)

4.2.15 Question 15: How can internal company recordkeeping benefit the company?

All the respondents indicated that they used internal recordkeeping within their business.

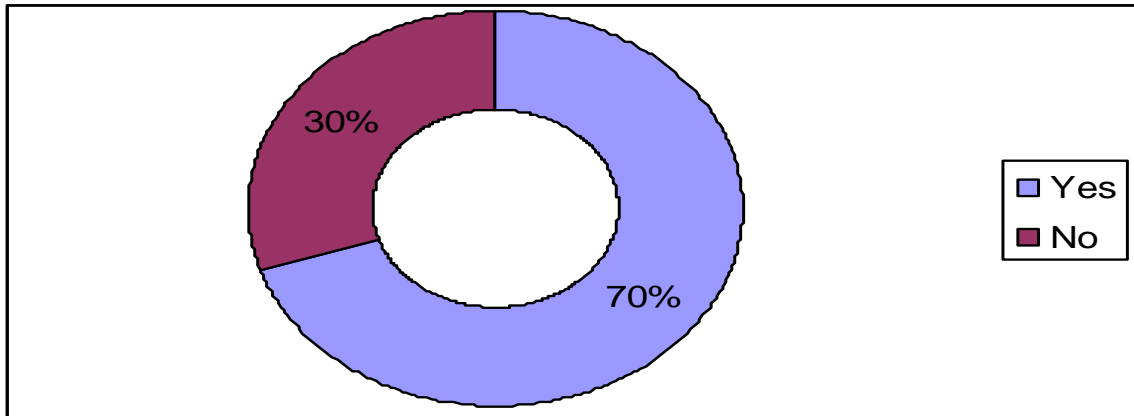
Table 4.1:Recordkeeping

Does it target segmentation of existing customers for special products or services?	50%
Does it provide on the spot answers to the customer's questions?	0%
Does it analyze daily sales' performances?	40%
Does it obtain information on market share?	10%

4.2.16 Question 16: Do you have a marketing information system in your business?

70% of the respondents indicated that they did have a Marketing Information System in their business and 30% of the respondents that they did not have a Marketing Information System within their business.

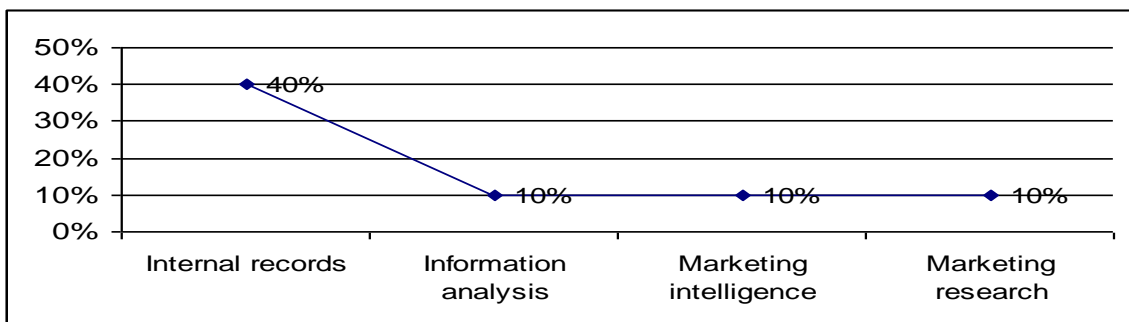
Figure 4.13: Marketing information system



4.2.17 Question 17: Which area of your Marketing Information System can provide you with marketing information?

Of the 70% of the businesses that did have a Marketing Information System, 40% of the respondents made use of their internal records, while the rest of the respondents were equally divided into information analysis (10%), Marketing intelligence (10%) and Marketing research (10%).

Figure 4.14: Marketing information

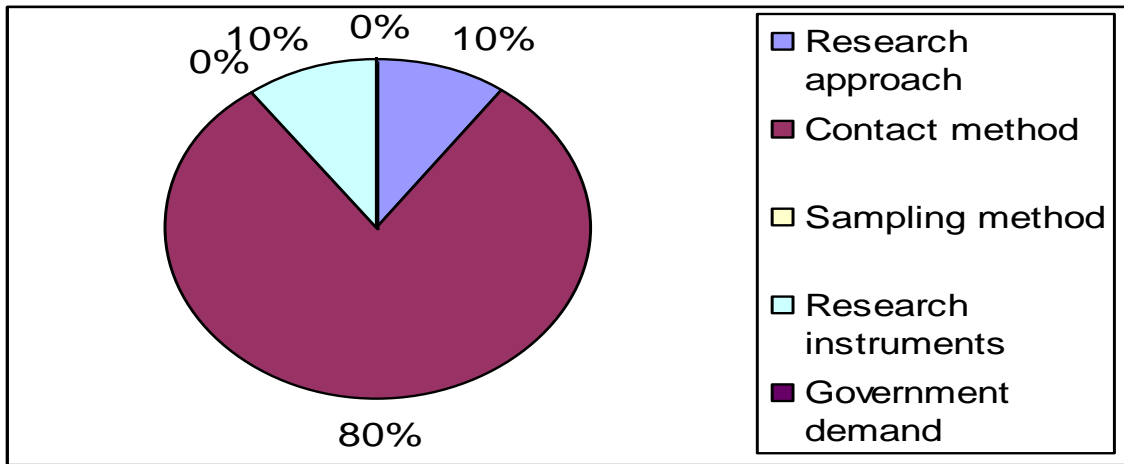


4.2.18 Question 18: How do you collect data from your customers needs?

80% of the businesses in the study collected data from their customers through a contact method, while 10% of the respondents used a research approach

and 10% used research instruments.

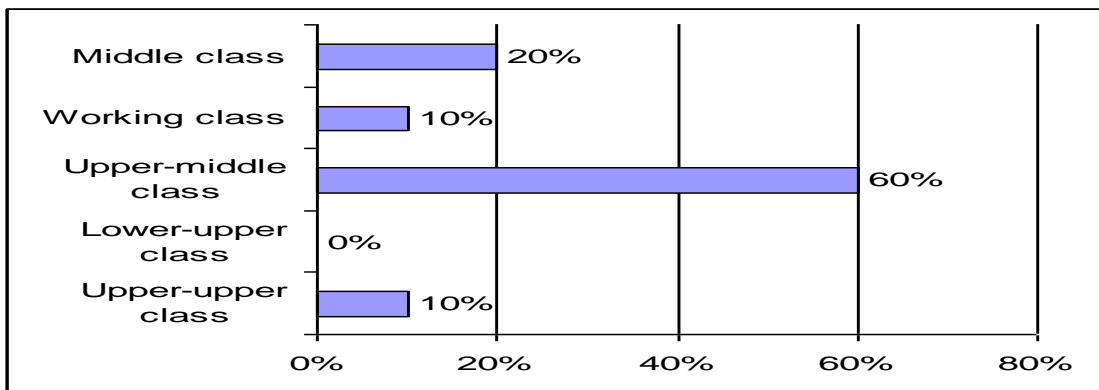
Figure 4.15: Collect data



4.2.19 Question 19: Which social class do you cater for?

60% of the respondents indicated that they catered for the upper-middle class within the pre-owned motor vehicle enterprise of Matjhabeng. 20% catered for the middle class, 10% catered for the working class, 10% of businesses catered for the upper-upper class, and 0% for the lower-upper class.

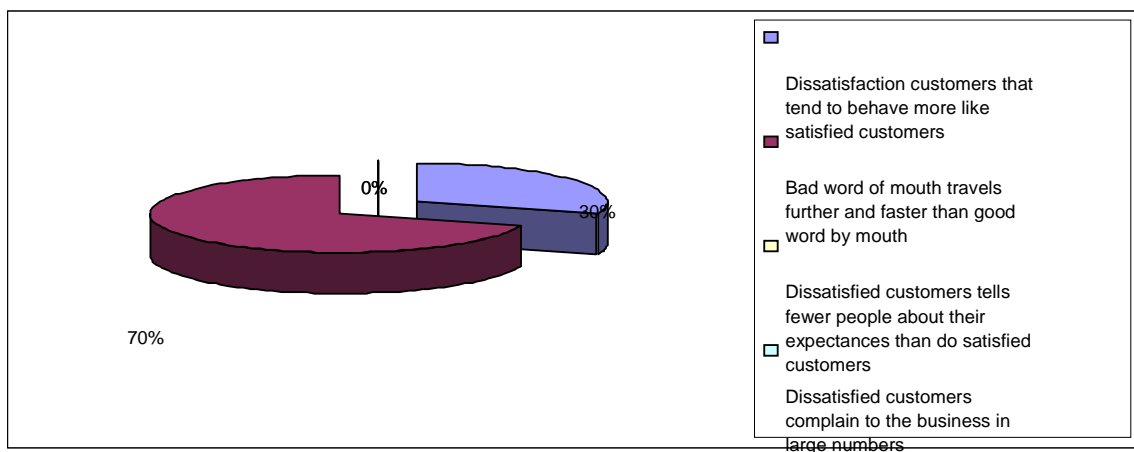
Figure 4.16: Social class



4.2.20 Question 20: Which of the following statements do you focus on?

70% of the respondents indicated that harmful statements by word of mouth advertising travelled further and faster than commendable word of mouth marketing. 30% mentioned that dissatisfied customers tended to behave more like satisfied customers.

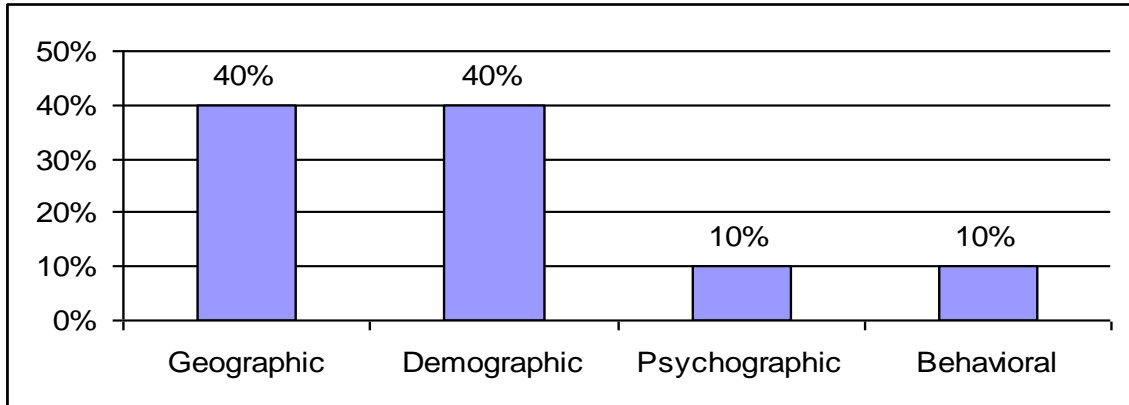
Figure 4.17: Statements



4.2.21 Questions 21: What type of segmentation do you make use of to identify your target market?

80% of the respondents used both geographic (40%) and demographic (40%) segmentation to identify their market. 10% of the respondents mentioned psychographic segmentation and 10% of the respondents indicated that clientele behaviour segmentation was used in order to identify their target market.

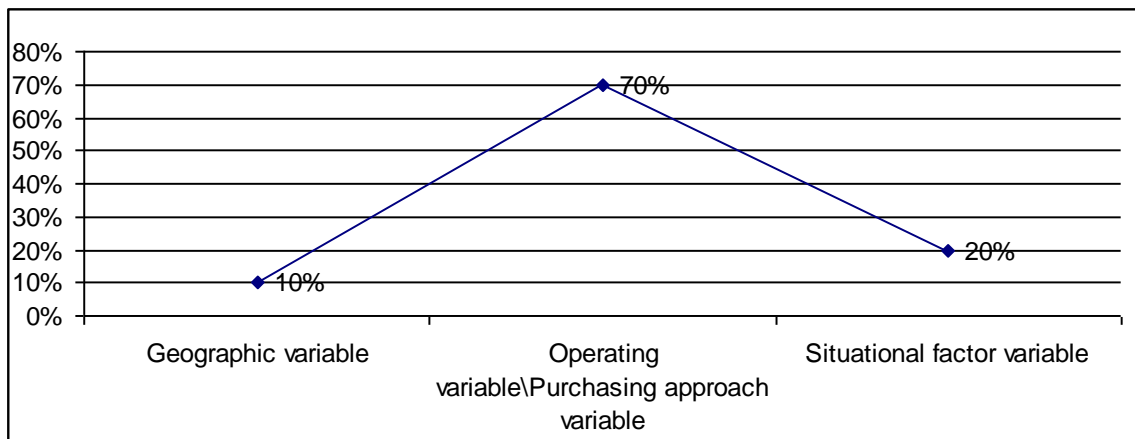
Figure 4.18: Segmentation



4.2.22 Question 22: Which segmentation variable do you make use of in your business?

In response to the question on segmentation and the variable respondents used within the business, 70% of the respondents that participated indicated that they used operating variable or purchasing approach variable. 20% of the respondents indicated that they used situational factor variable and 10% of the respondents mentioned that they made use of geographic variable.

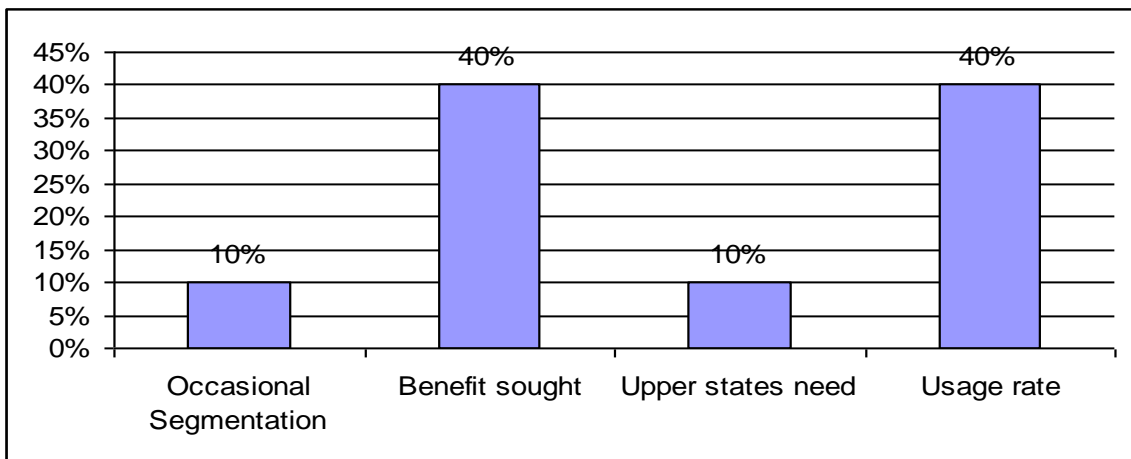
Figure 4.19: Segmentation variable



4.2.23 Question 23: Your customer behavioural segmentation group views are based on?

80 % of the respondents identified that their behaviour segmentation group was based on both benefit sought (40%) and usage rated (40%). 20% of respondents were split into occasional segmentation (10%) and upper states need (10%).

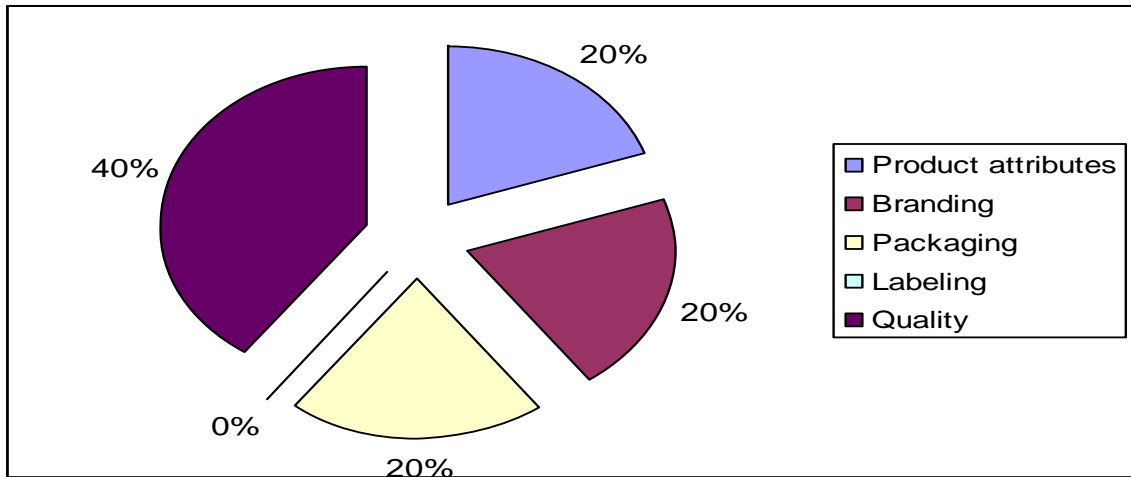
Figure 4.20: Customer behavioural segmentation



4.2.24 Question 24: With what do you relate product quality, features and design?

40% of the respondents related product quality, features and design with quality. The other 60% of the respondents were equally grouped in their response with 20% leaning toward product attributes, 20% towards branding and 20% towards packaging. No respondents felt that labelling could be related to product quality, feature or design.

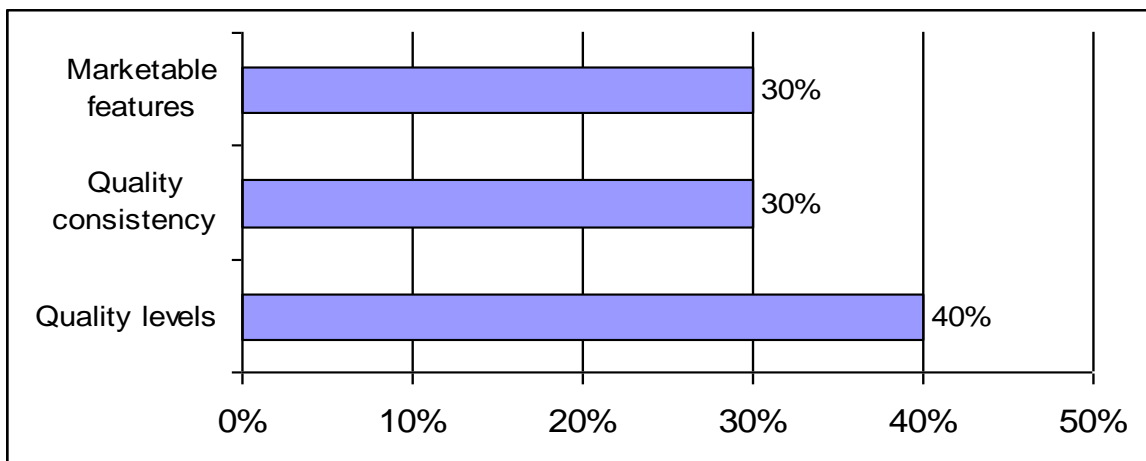
Figure 4.21: Product quality, features and design



4.2.25 Question 25: The absence of the defects variations in your product will have an influence on?

40% of the respondents indicated that quality levels had an influence on the absence of the defects variations in the product. The rest of the respondents indicated that quality consistency (30%) and marketable features (30%) had an influence on the absence of the defects variations in the product.

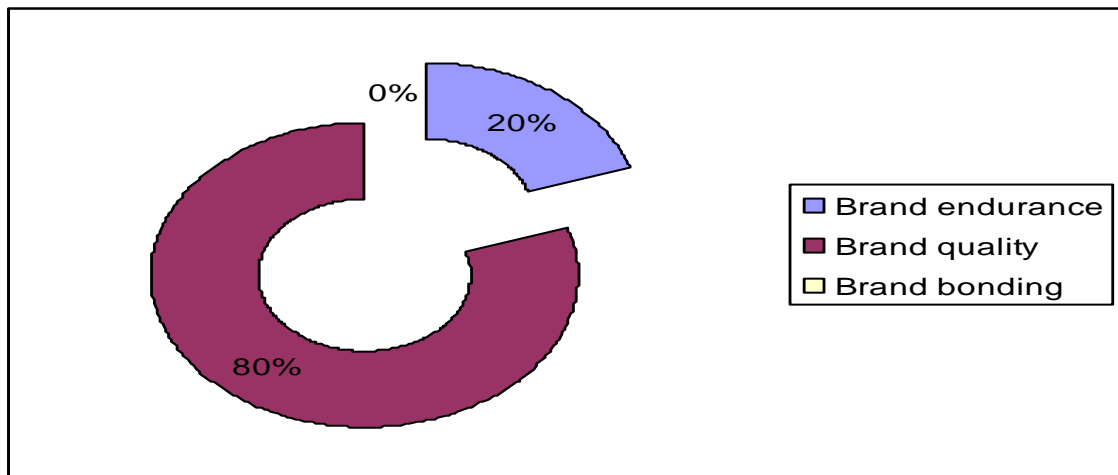
Figure 4.22: Absence of defect variations



4.2.26 Question 26: If your product has achieved an impressive reputation for loyalty, performance and quality. Your product can be said to have?

80% of respondents indicated that their product would have brand quality if it had achieved an impressive reputation for loyalty, performance and quality. 20% of the respondents indicated that brand endurance was important and no respondent believed that brand bonding was needed to have their product achieve an impressive reputation for loyalty, performance and quality.

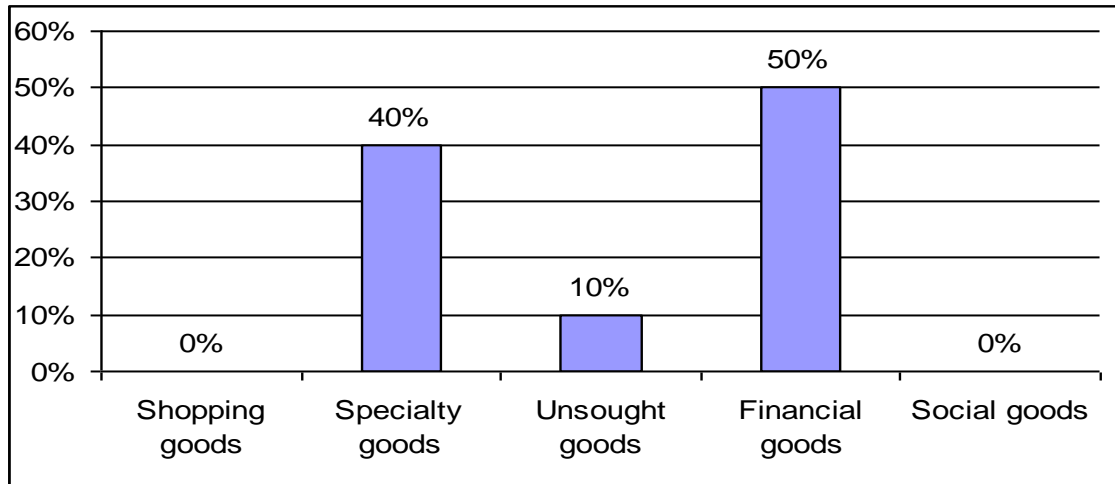
Figure 4.23: Reputation for loyalty, performance and quality



4.2.27 Question 27: On which type of consumer goods does your customer focus on?

In answering the question on which type of consumer goods their customers focus on, 50% of the respondents indicated that financial goods were important for their customers. 40% of the respondents stipulated that specialty goods were important, and 10% that unsought goods were vital to the customers.

Figure 4.24: Consumer goods



4.2.28 Question 28: What percentage is the estimated failure rate for purchasing pre-owned product?

Table 4.2: Estimated failure rate for purchasing pre-owned product

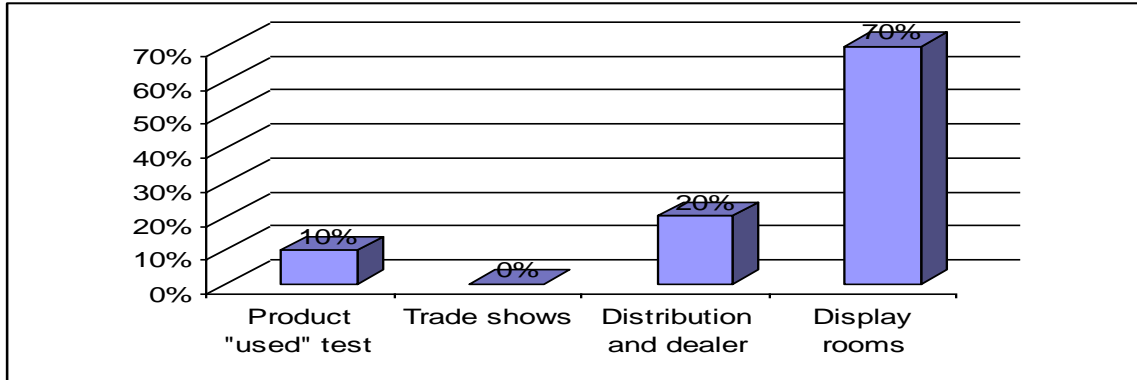
Estimated % for failure rate purchasing a pre-owned product	Respondents % on failure rate
100%	0%
80%	20%
60%	0%
40%	50%
20%	20%
0%	10%

4.2.29 Question 29: Which of the following activities do you use in your business to test for the market products?

70% of the respondents made use of display rooms in their business to test

their product in the market. 20% of the respondents used distribution and dealers, and 10% of the respondents made use of product used test.

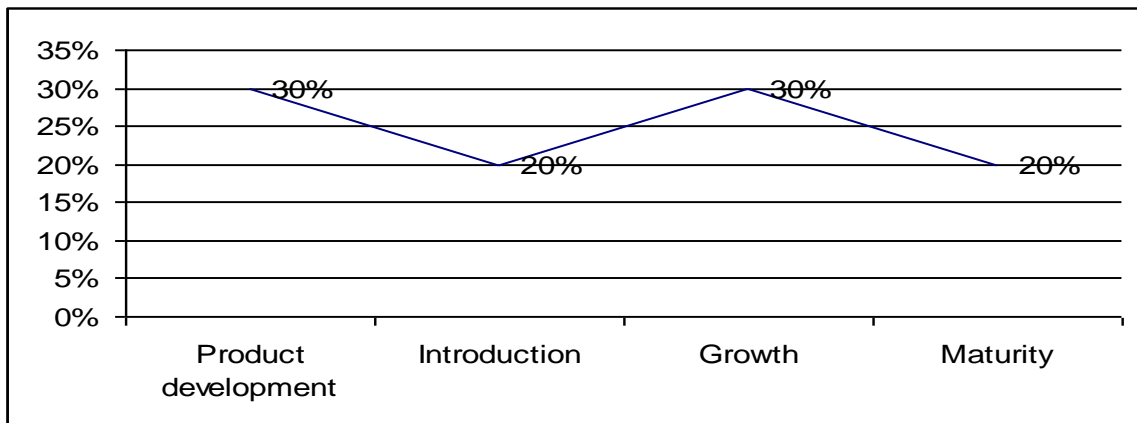
Figure 4.25: Activities to test for the market products



4.2.30 Question 30: At which stage of the product's life cycle would you focus on in extending your market share?

30% of the respondents indicated that they would focus on product development and 30% on growth. The stages of introduction and maturity were each indicated by 20% of the respondents.

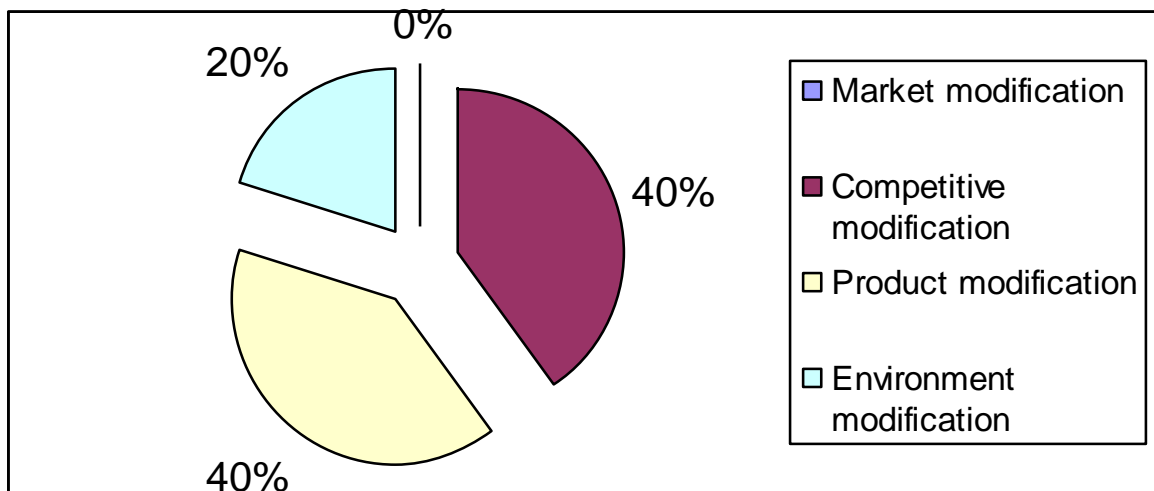
Figure 4.26: Extending your market share



4.2.31 Question 31: What type of market strategy do you use in your business?

80% of the respondents indicated that they used competitive modification (40%) and product modification (40%) as a market strategy within their businesses. The remaining 20% of the businesses used environmental modification as a market strategy.

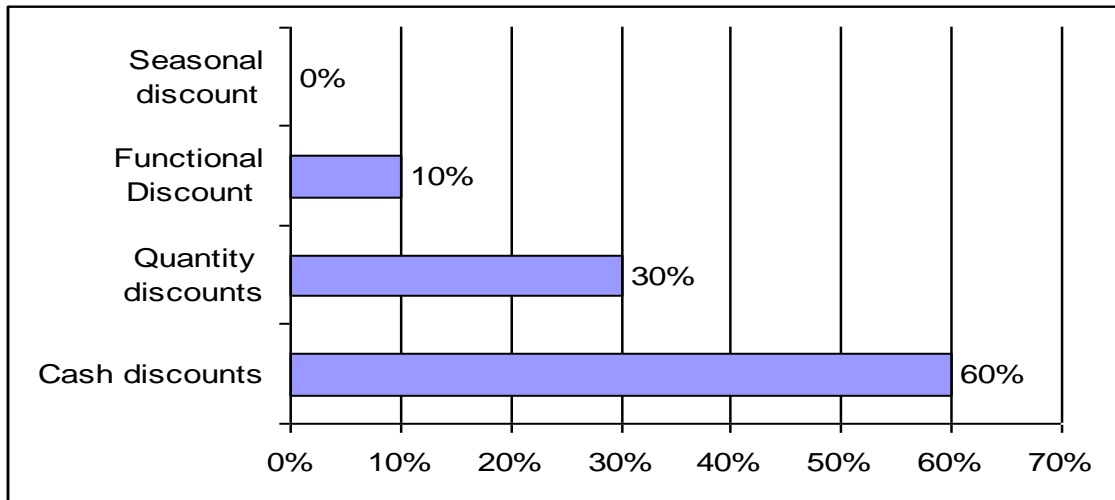
Figure 4.27: Market strategy



4.2.32 Question 32: What type of discounts do you give to customers?

Most respondents (60%) revealed that they gave cash discounts to their customers, while 30% of the respondents gave quantity discounts and 10% of the respondents gave functional discounts. No respondents indicated that they gave seasonal discounts.

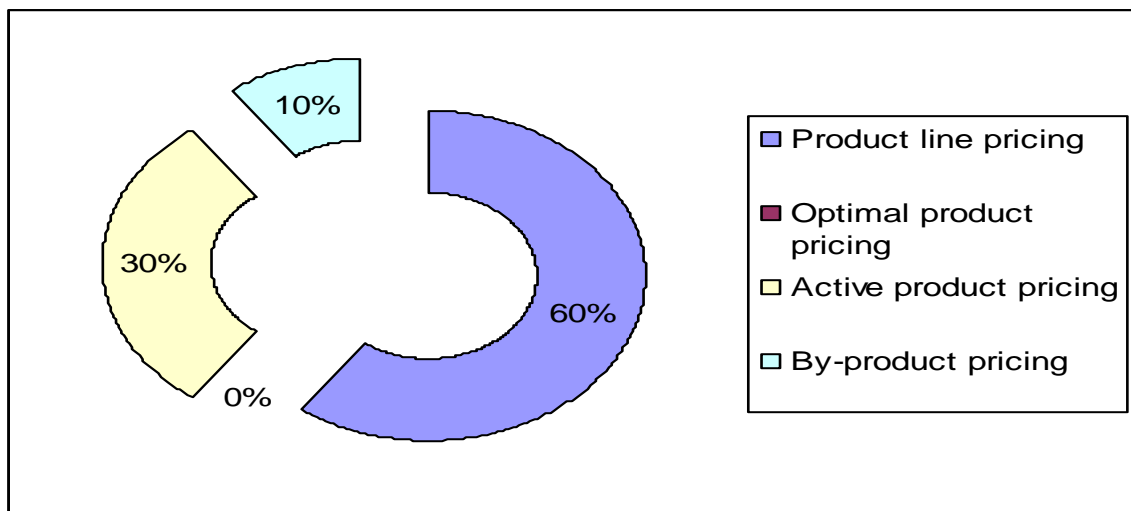
Figure 4.28: Discounts



4.2.33 Question 33: Which pricing strategy do you make use of in your business?

60% of the respondents made use of product line pricing, 30% of the businesses made use of active product pricing and 10% of the respondents by-product pricing as part of the pricing strategy within their businesses.

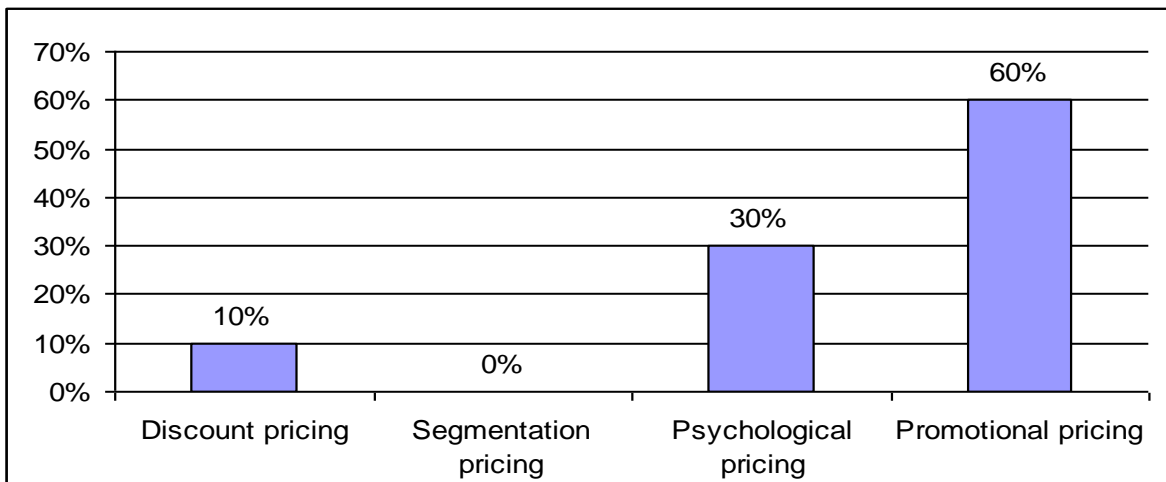
Figure 4.29: Pricing strategy



4.2.34 Question 34: What type of price adjustment strategy do you apply in your business?

Promotional pricing was used by 60% of the respondents as a type of price adjustment strategy within their businesses. Psychological pricing was used by 30% of the respondents approached and 10 % of respondents used discount pricing.

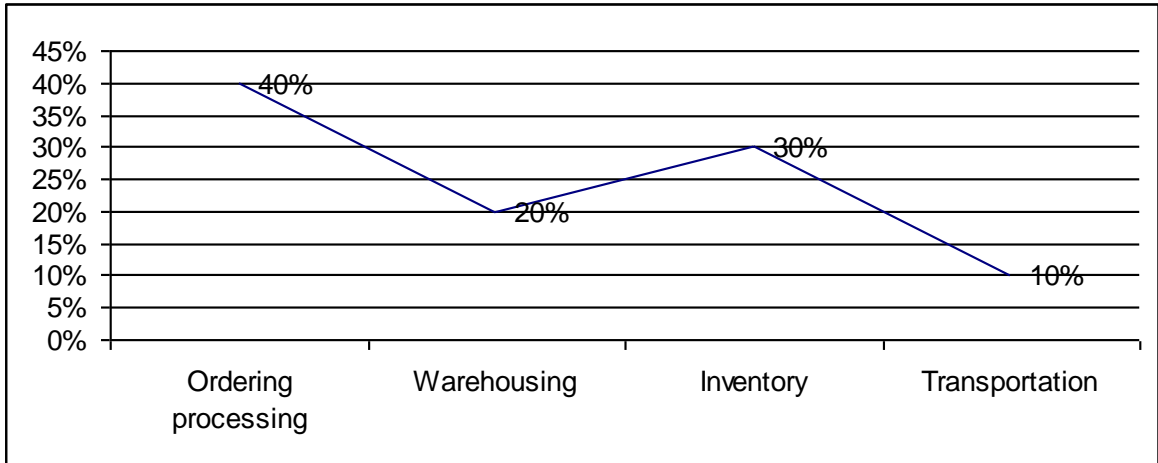
Figure 4.30: Price adjustment strategy



4.2.35 Question 35: Physical distribution begins in which area of physical distribution decision in your business?

According to the respondents, the physical distribution decision in their businesses varied from order in processing (40%), warehousing (20%), inventory (30%) to transportation (10%).

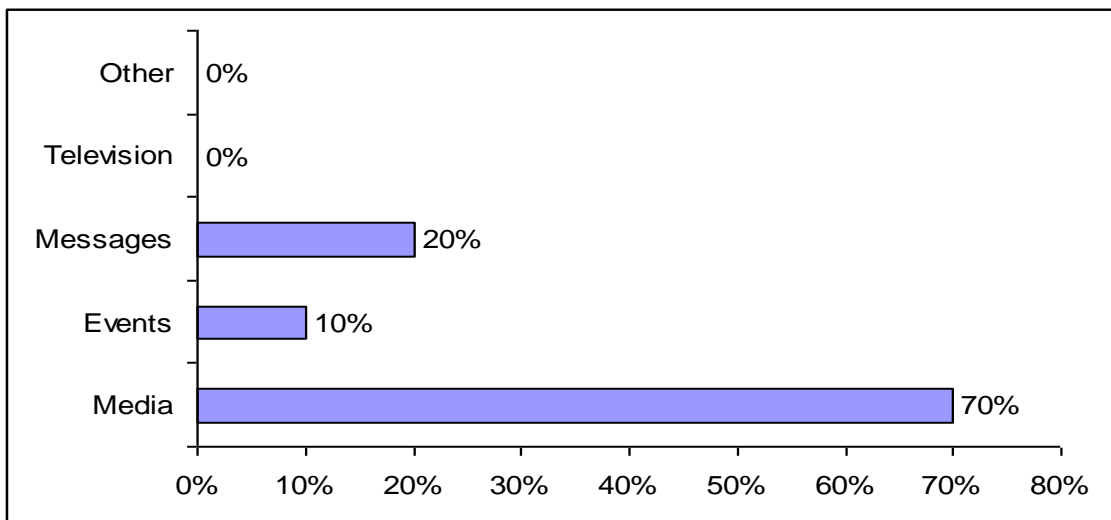
Figure 4.31: Physical distribution decision



4.2.36 Question 36: What medium do you use to communicate your message to achieve your target market?

The most popular medium used by respondents to communicate with their target markets was the media (70%). 20% of the respondents used messages and 10% of the respondents used events to communicate to their target market.

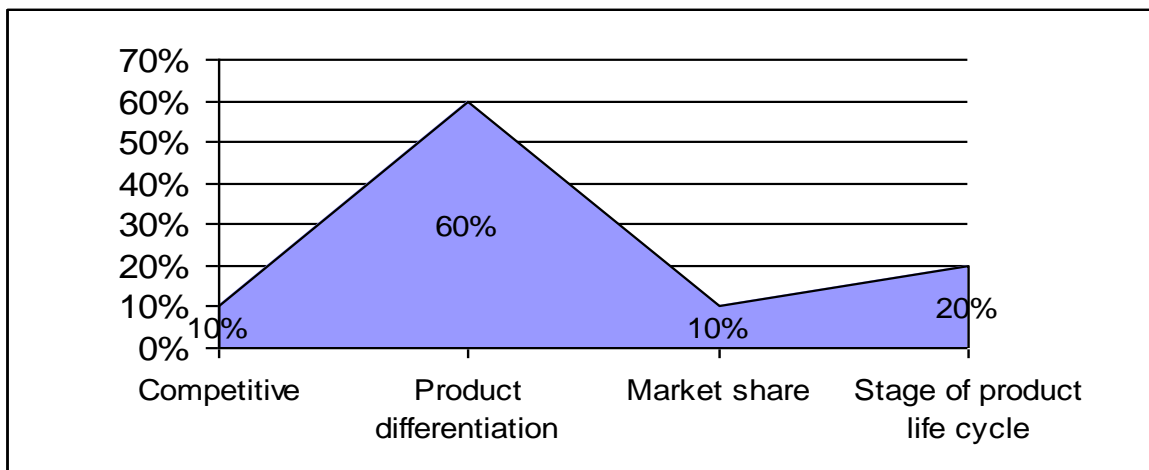
Figure 4.32: Medium used to communicate to achieve target market



4.2.37 Question 37: When setting your advertising budget, on which factors do you concentrate?

Most businesses made use of product differentiation (60%) as factors on which to focus their advertising budget. 20% of the respondents used stages of their product life cycle to plan their advertising budget. 10% of the respondents used competition and another 10% of the respondents used market share as a way on which to focus their advertising budget.

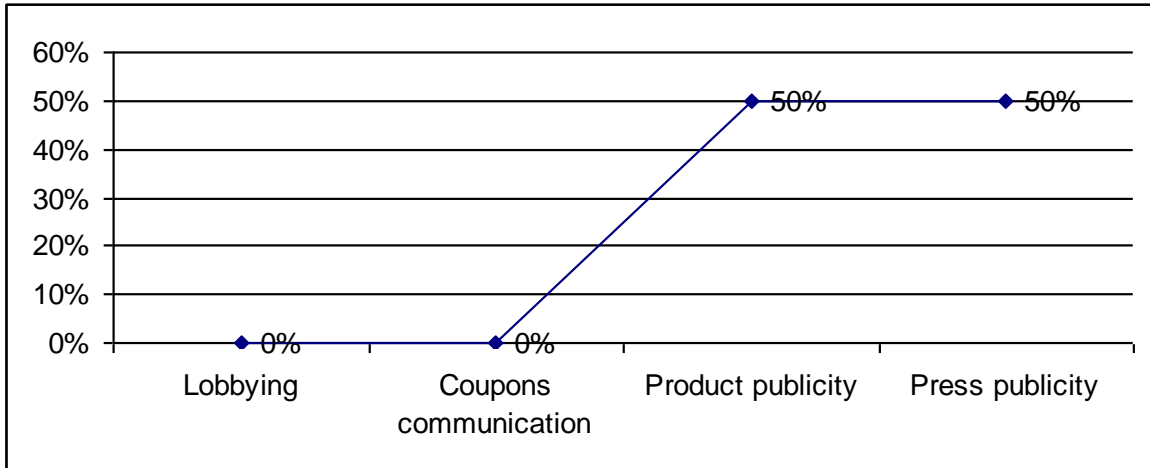
Figure 4.33: Advertising budget



4.2.38 Question 38: What relationship activities do you make use of that involve placing newsworthy information into the news medium to attract attention to a person, product or service?

50% of the respondents made use of product publicity and 50% made use of press publicity as a relationship activity in placing newsworthy information into the news medium to attract attention to a person, product or service.

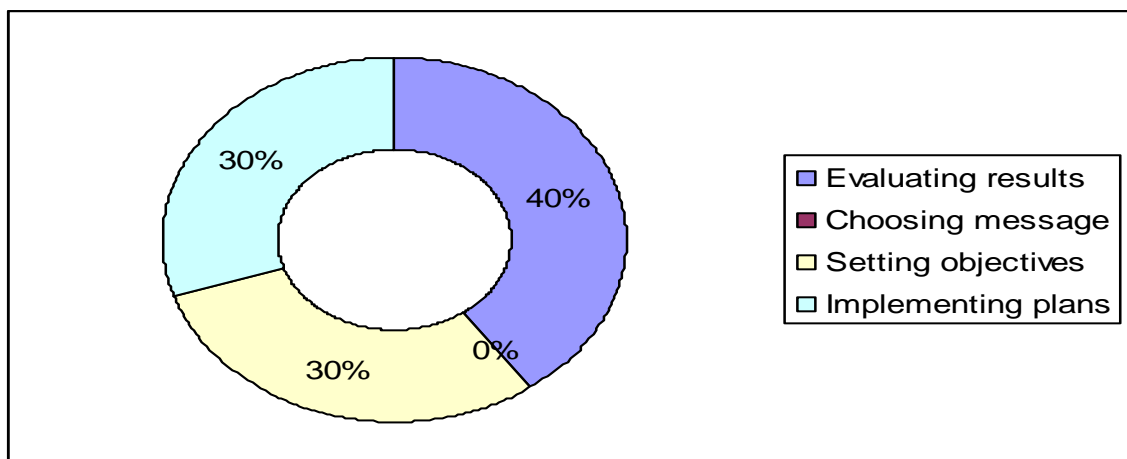
Figure 4.34: Placing newsworthy information into the news medium



4.2.39 Question 39: In terms of major relationship decisions in support of product, which task will you single out?

Evaluating results were singled out by 40% of the respondents as the major relations decision in support of the product. 30% of respondents chose implementing plans and 30% of businesses indicated that setting objectives was a major relationship decision.

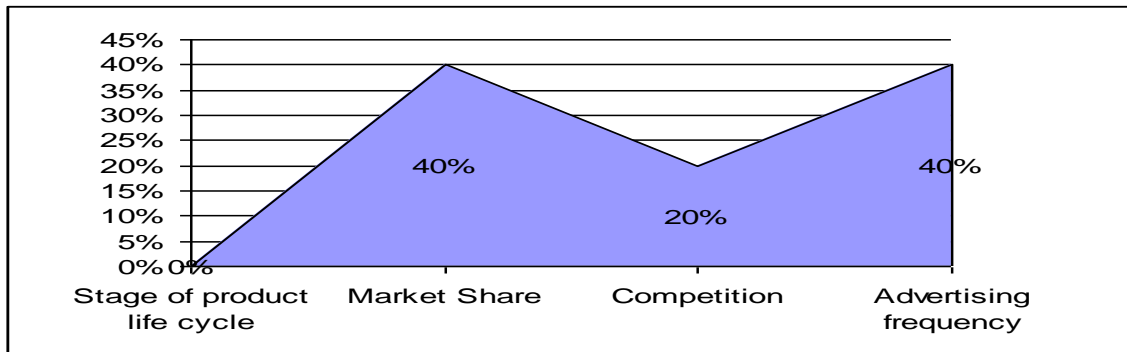
Figure 4.35: Relationship decisions



4.2.40 Question 40: Which factors will you consider when setting an advertisement budget?

Advertising frequency and market share were both named by 40% of respondents as factors to be considered by the business when setting their advertising budget. 20% of respondents focused on competition.

Figure 4.36: Advertisement budget



4.2.41 Question 41: What do you do to let the customer feel that he receives value for money spent? (Social Responsibility)

The following answers were given by the respondents to the above question:

4.2.41.1 The company would like to give something visible to the customer, thereby focusing on the person or customer itself and not the invoice that the company will receive at the end.

4.2.41.2 Client satisfaction.

4.2.41.3 Pricing as well as first time right product. Clean and serviced product.

4.2.41.4 Service. Good service and honesty.

4.2.41.5 Good product.

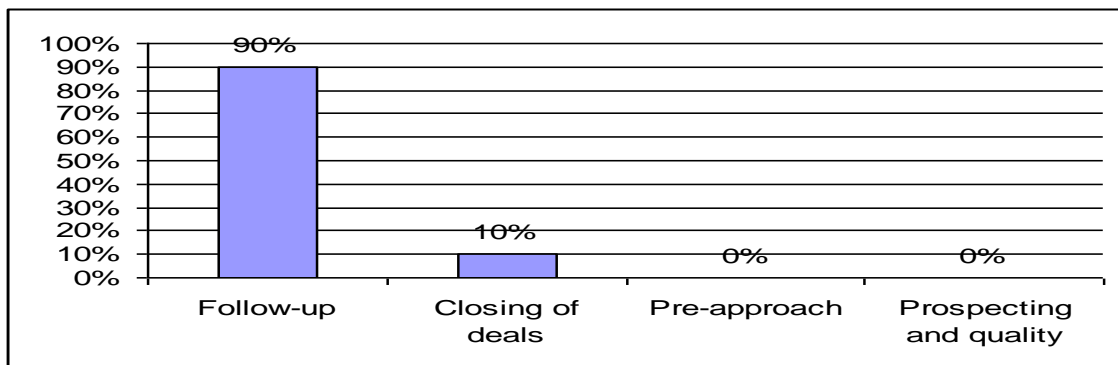
4.2.41.6 Used warranties.

4.2.41.7 Giving customer a good product. Value for money and security with warranties. Service plans.

4.2.42 Question 42: Which step in the selling process is important for the business?

90% of the respondents felt that following-up was the most important part of the selling process. 10% of the respondents indicated that closing the deal was of most importance in the selling process.

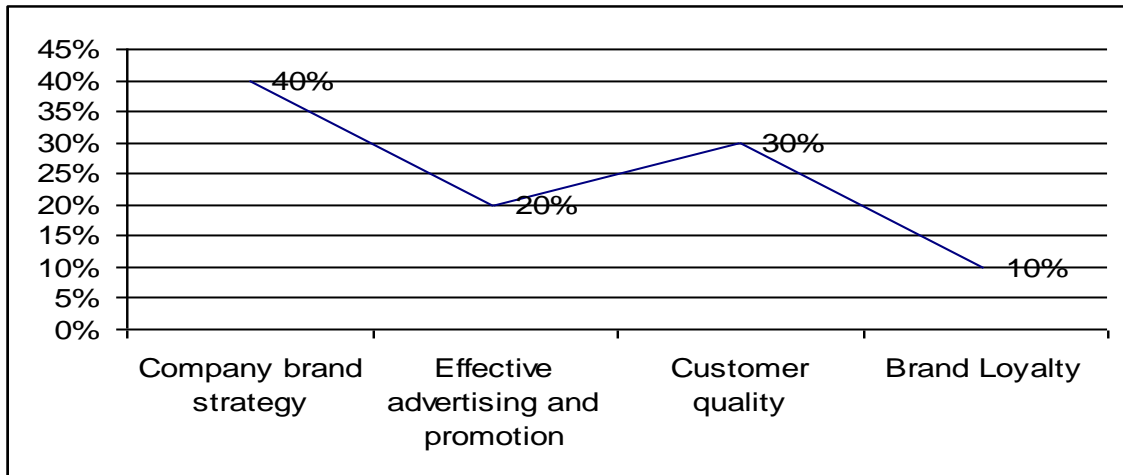
Figure 4.37: Important step in the selling process



4.2.43 Question 43: What do you think is the basic asset underlying brand quality?

The basic asset underlying brand quality, according to 40% of the respondents, was company brand strategy. Customer quality had 30% of the respondents' support. 10% of the businesses considered that brand loyalty was part of the basic asset brand loyalty. 20% of the respondents felt that effective advertising and promotion was the basic asset.

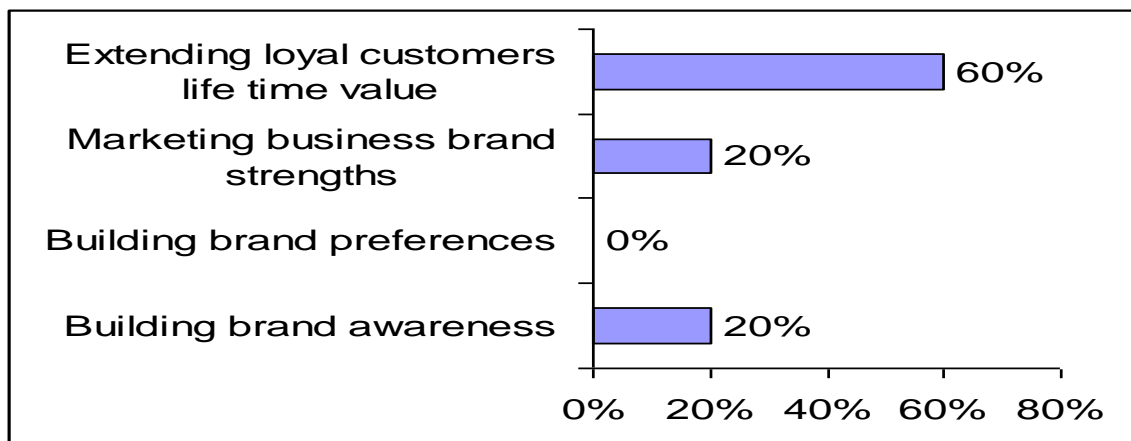
Figure 4.38: Basic asset underlying brand quality



4.2.44 Question 44: In your marketing strategy, on which aspects do you focus?

Within the marketing strategy most business focused on extending loyal customers' life time value (60%), whereas 40% were equally split between marketing business brand strengths (20%) and building brand awareness (20%).

Figure 4.39: Marketing strategy



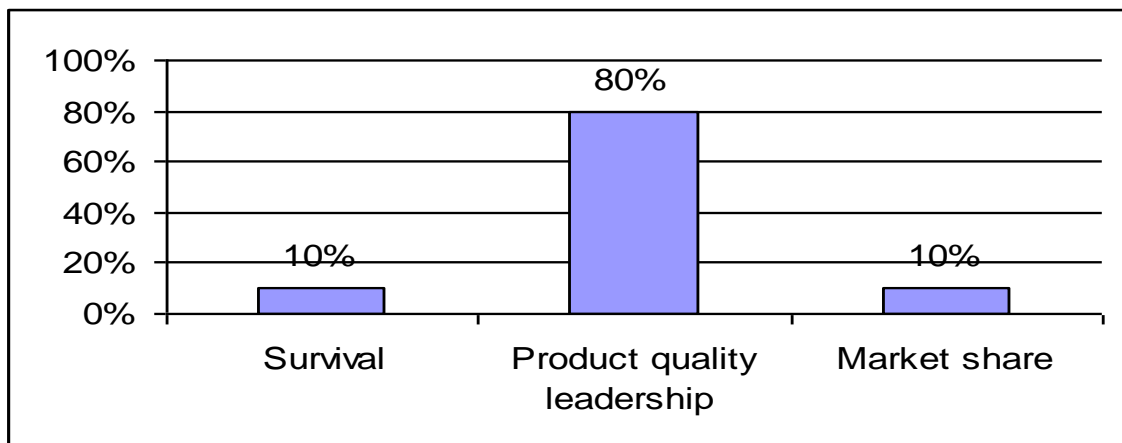
4.2.45 Question 45: Which one of the following common mistakes do businesses make, when it comes to pricing?

- 4.2.45.1 Over pricing
- 4.2.45.2 No discount
- 4.2.45.3 Over price
- 4.2.45.4 No value added to the product
- 4.2.45.5 Pay too much
- 4.2.45.6 No research done and products over priced
- 4.2.45.7 They do not sell their product, they sell discount. Customers will pay more for service, and honesty than taking discount.

4.2.46 Question 46: Which type of strategy would you use to enhance current results?

Most respondents felt that product quality leadership (80%) must be used as a strategy to enhance current results. The remaining 20% of the respondents were separated into equal parts, namely survival (10%) and market share (10%).

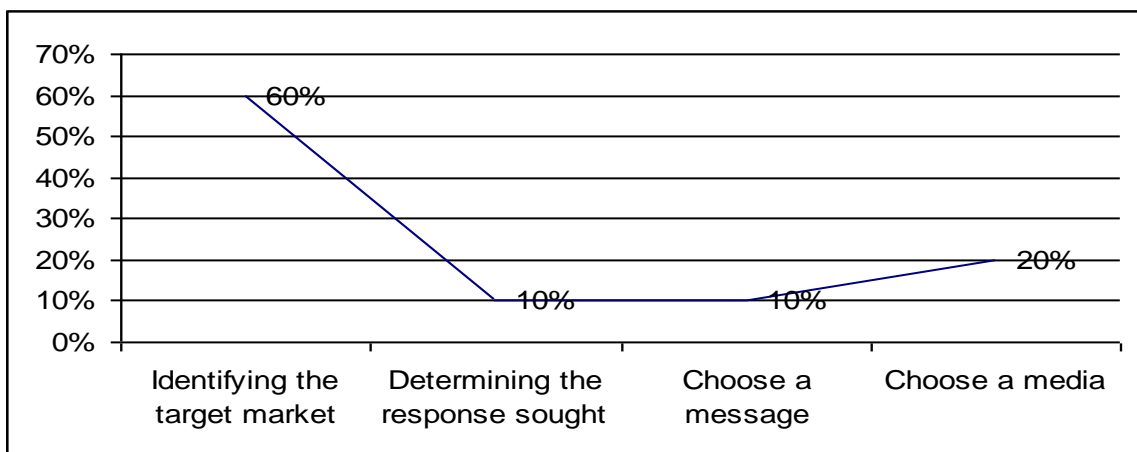
Figure 4.40: Enhancement of current results



4.2.47 Question 47: With which of the following marketing communications decisions areas are you concerned ?

Respondents' answers showed that 60% were concerned with identifying their target market in their marketing communication decisions. The other 40% indicated that it was important to focus on determining the response sought (10%), choosing of the message (10%), and choosing media (20%).

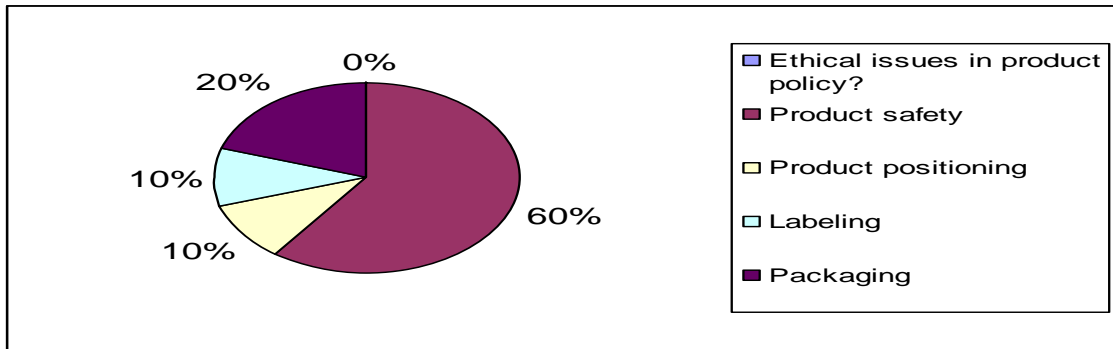
Figure 4.41: Marketing communications decisions areas



4.2.48 Question 48: The level of ethical behaviour has declined in South Africa. Where do you think your business focuses mainly on?

In relation to perceived ethical changes taking place in South Africa, 60% of the respondents considered that they were focusing on product safety. 20% of the respondents indicated a focus on packaging, 10% of the respondents believed that their businesses were focused on labelling, and 10% that they were focused on product positioning.

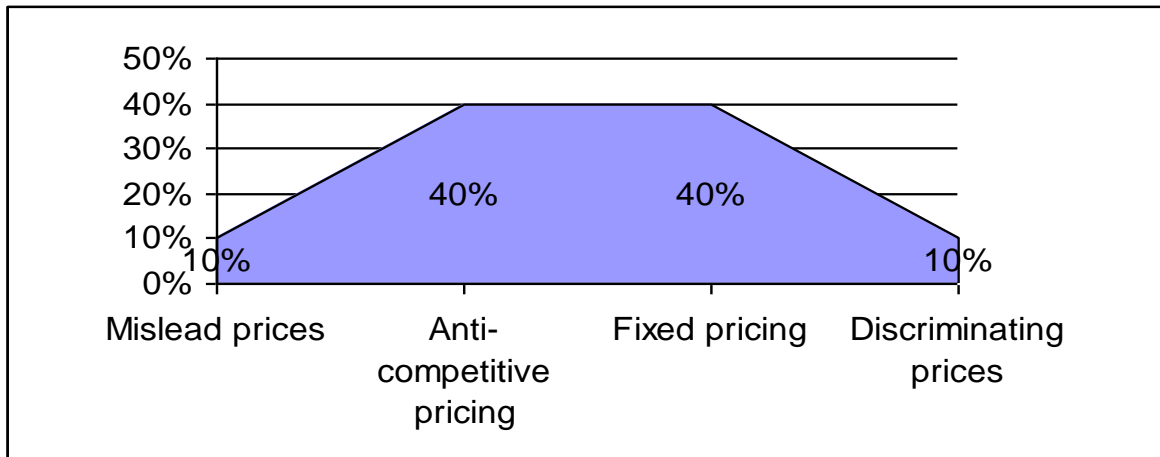
Figure 4.42: Business focuses



4.2.49 Question 49: Ethical issues in price policy?

During this research, 40% of respondents considered anti competitive pricing as part of ethical issues in the price policy. 40% of the respondents in the study believed that fixed pricing was important. 10% of the respondents indicated that prices were misleading and 10% indicated that discriminating prices were part of the pricing policy.

Figure 4.43: Ethical issues in price policy

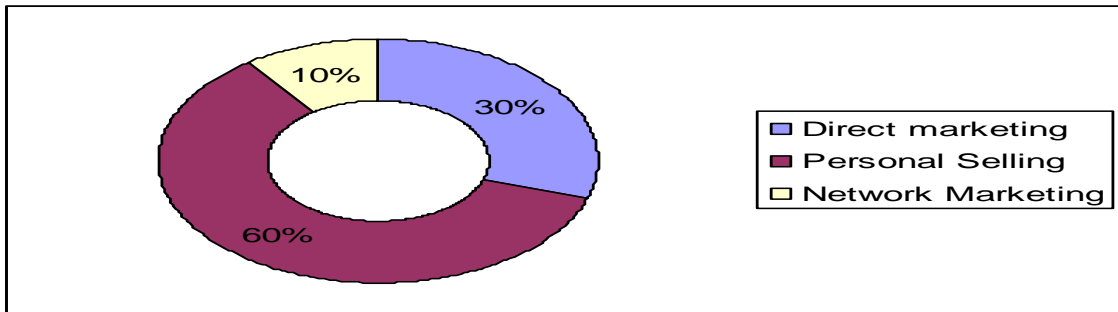


4.2.50 Question 50: Ethical issues in distribution policy?

60% of businesses believed that personal selling had ethical issues in the

distribution policy. 30% of the businesses considered that direct marketing formed part of those issues. 10% of the businesses considered network marketing as part of the ethical issues.

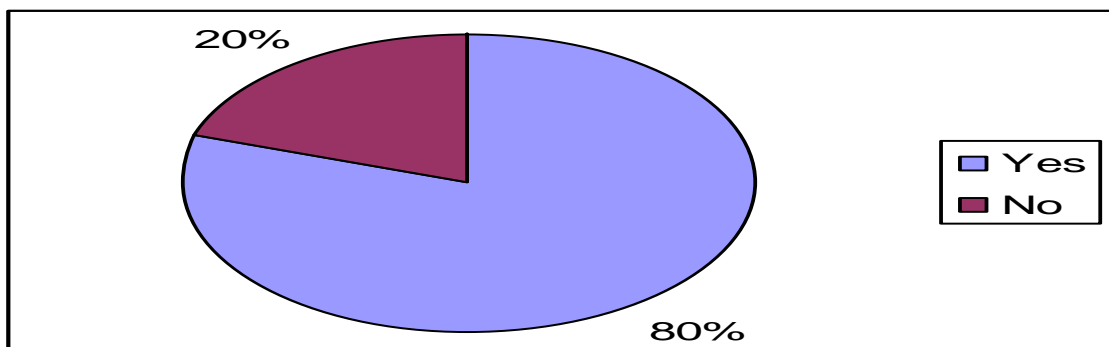
Figure 4.44: Ethical issues in distribution policy



4.2.51 Question 51: Do you make use of an advertisement campaign decision process?

80% of the respondents were making use of an advertising campaign. 20% indicated that they did not have such a campaign.

Figure 4.45: Advertisement campaign decision process

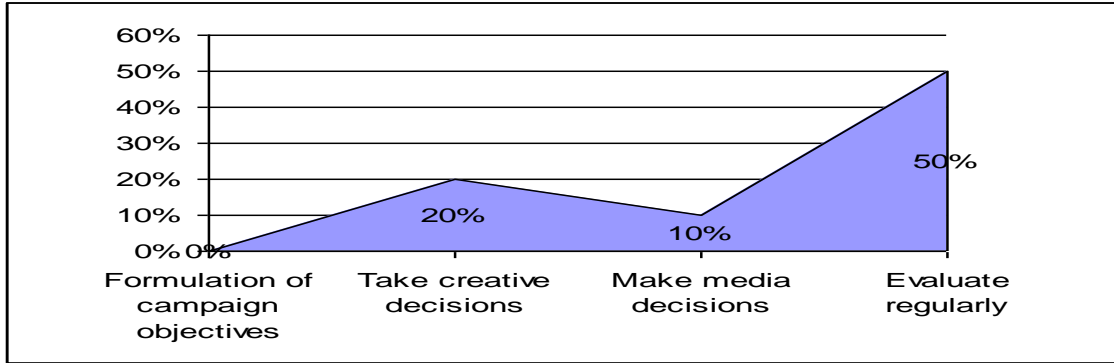


4.2.52 Question 52: If yes, on which activities do you focus?

Of the 80% of the respondents who did make use of an advertising campaign, focus was on the following activities:

- 4.2.52.1 20% on creative decisions
- 4.2.52.2 10% on media decisions
- 4.2.52.3 50% on regular evaluation

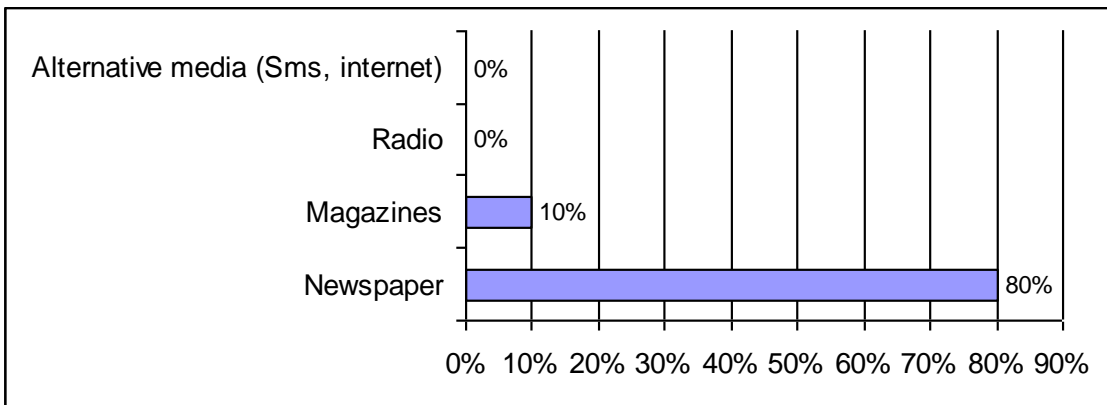
Figure 4.46: Activities



4.2.53 Question 53: What media types do you use to reach the consumer?

80% of the respondents in this study made predominant use of newspapers as a media type; the other 10% made use of magazines. One respondent did not use media to reach his consumer.

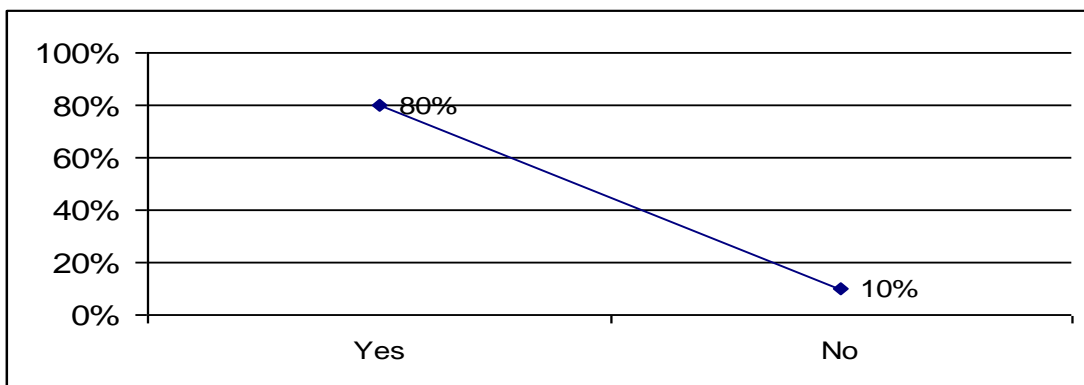
Figure 4.47: Media types



4.2.54 Question 54: Do you make use of media scheduling?

80% of the respondents agreed that they made use of media scheduling. 10% did not make use of media scheduling, but did make use of media to research their consumer. 10% of the respondents were not making use of media to reach their consumers.

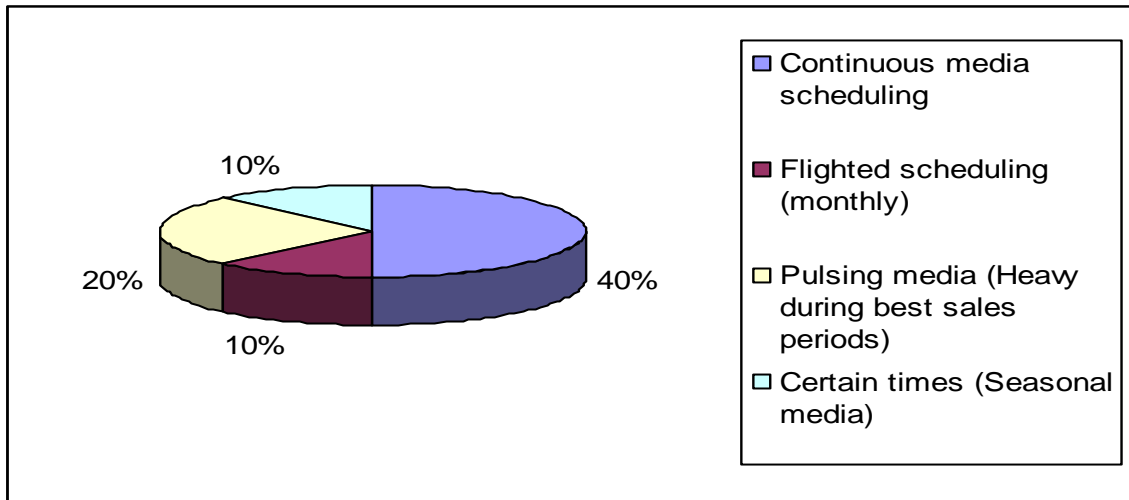
Figure 4.48: Media scheduling



4.2.55 Question 55: If yes, indicate?

Of the 80% of the respondents who made use of media scheduling, 40% used continuous media. 20% of the respondents made use of pulsing media. 10% of the respondents used flight scheduling or monthly media. 10% of the respondents used media only at certain times.

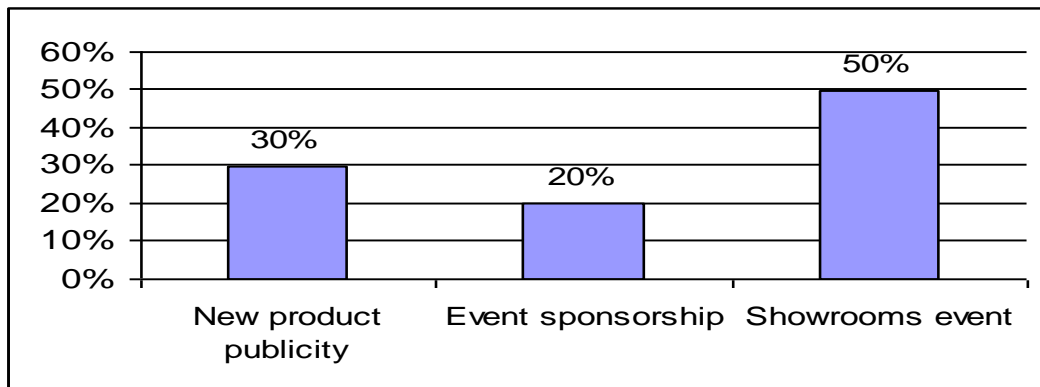
Figure 4.49: Indicate media types



4.2.56 Question 56: Which of the following public relation tools do you use in marketing your product?

To the question on public relations, 50% of the respondents indicated that they made use of showroom events, 30% of the respondents pointed out that they utilized new product strategy and 30% of the respondents used event sponsorships as a public relation tool.

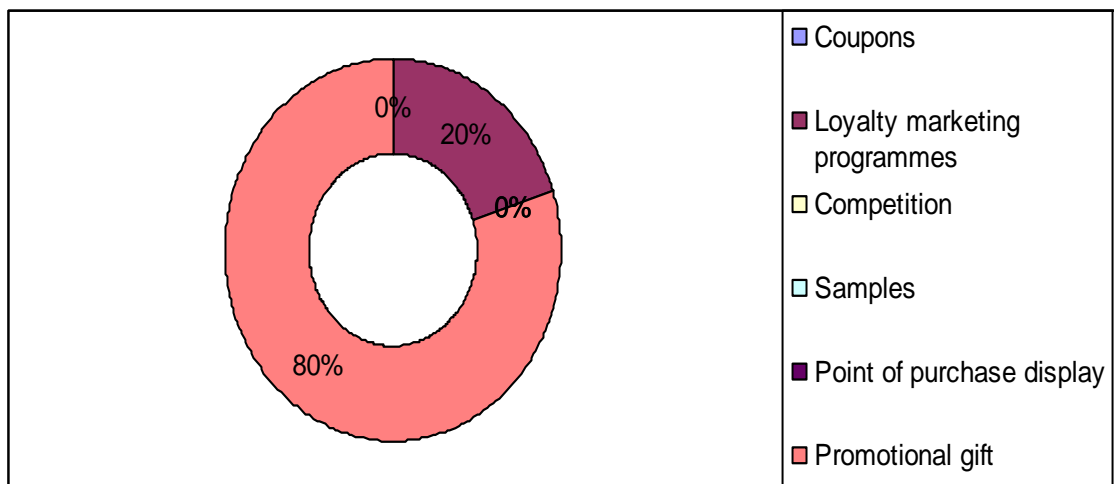
Figure 4.50: Public relations tools



4.2.57 Question 57: Which tools for consumer sale promotion do you make use of to market your product?

80% of the respondents specified that they made use of promotional gifts as a sales promotion to market their product to the consumer. 20% of the respondents indicated that loyal marketing programmes market their product for them.

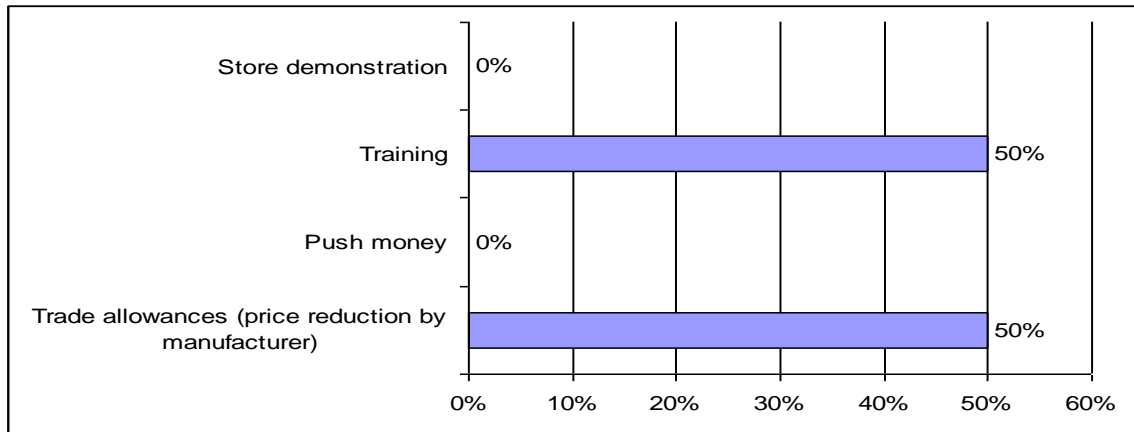
Figure 4.51: Tools for consumer sales promotion



4.2.58 Question 58: Which tools for trade sales promotion do you use?

The respondents were equally divided into two groups when this question was asked. 50% of the respondents mentioned that they used training, while 50% of the respondents used trade allowances (better known as price reduction by the manufacturer).

Figure 4.52: Tools for trade sales promotion



4.5.59 Question 59: How do you serve sales leads (Firms from which customers buy)?

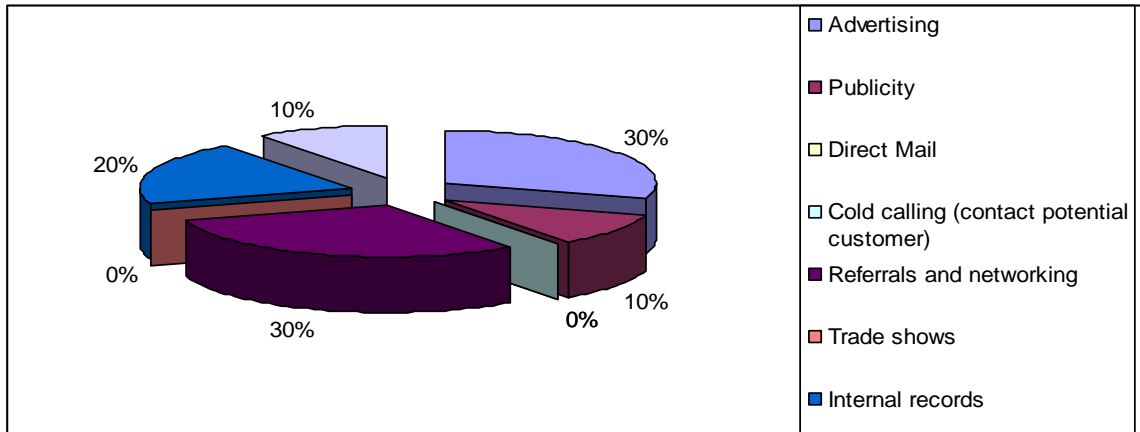
A diversity of answers was given to the question on sales leads. A summary of the answers is as follows:

Table 4.3: Sales leads

Advertising	30%
Publicity	10%
Direct Mail	0%
Cold calling (contact potential customer)	0%
Referrals and networking	30%
Trade shows	0%
Internal records	20%
Others	10%

In pie chart form, the diagram is as follows:

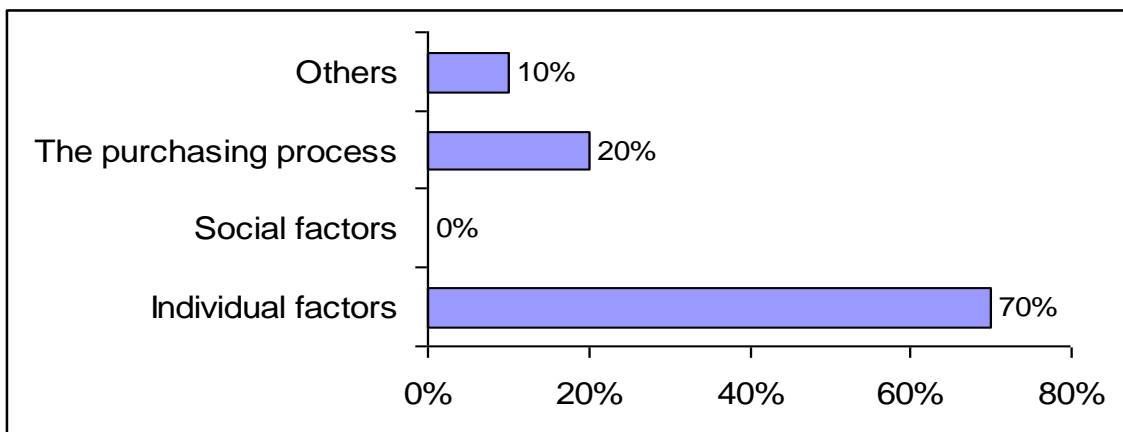
Figure 4.53: Sales leads



4.2.60 Question 60: When you evaluate consumer behaviour on what do you focus?

70% of the respondents indicated that they looked at individual factors when they evaluated the consumer's behaviour. 20% of the respondents focused on the purchasing process and 10% of the respondents focussed on other issues.

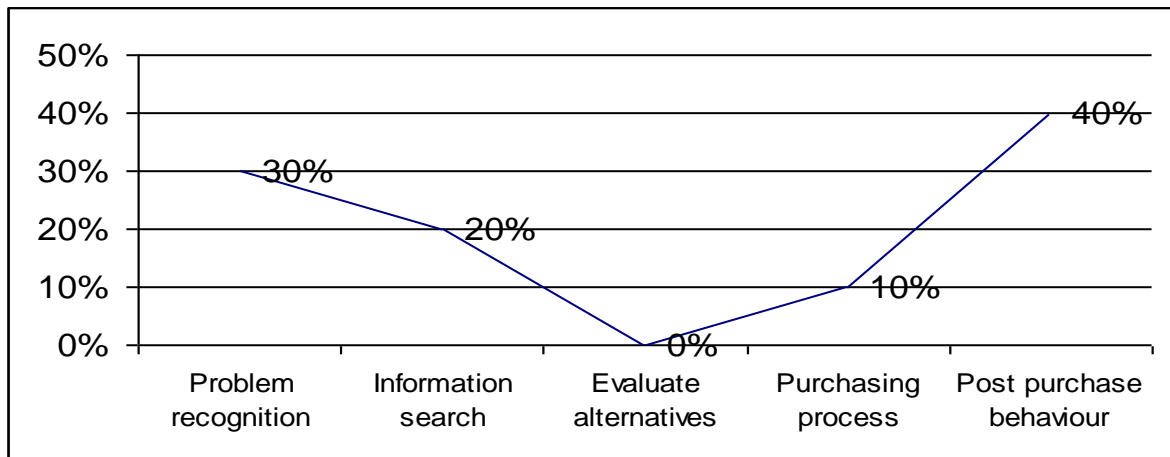
Figure 4.54: Evaluation of consumer behaviour



4.2.61 Question 61: If you analyse the consumer decision-making process, on what do you focus?

Considering the consumer decision-making process, 40% of the respondents focused on post purchase behaviour, 30% on problem recognition, 20% on information search, and 10% of the respondents focused on the purchasing process.

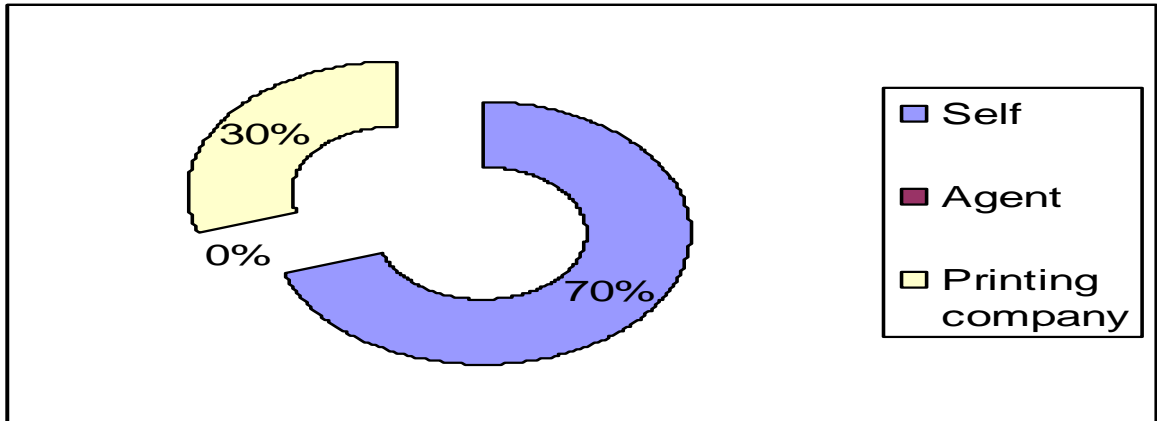
Figure 4.55: Analyse the consumer decision-making process



4.2.62 Question 62: Who designs your advertisements?

70% of the businesses indicated that they designed their advertisements themselves. 30% allowed the printing company to do the designing of advertisements for the business.

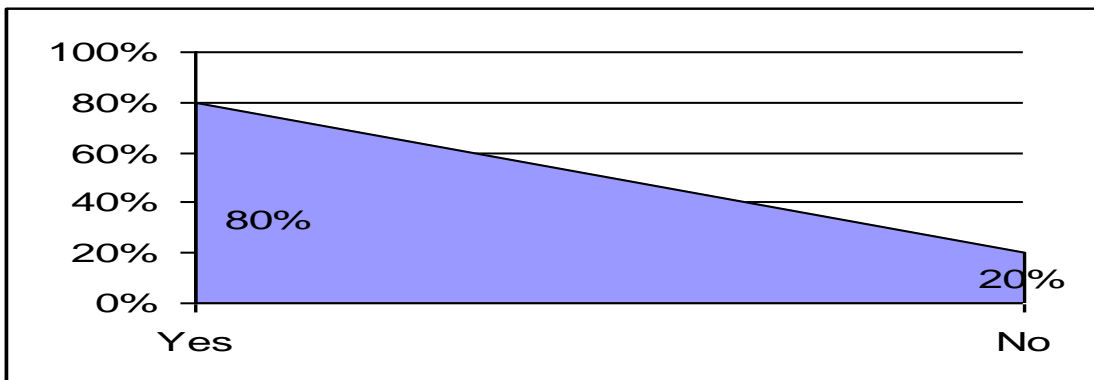
Figure 4.56: Advertisements



4.2.63 Question 63: Did you notice an increase in sales after your advertisement?

80% of the respondents specified that they did see an increase in sales after their advertisements. 20% of the businesses maintained that they did not notice an increase in sales.

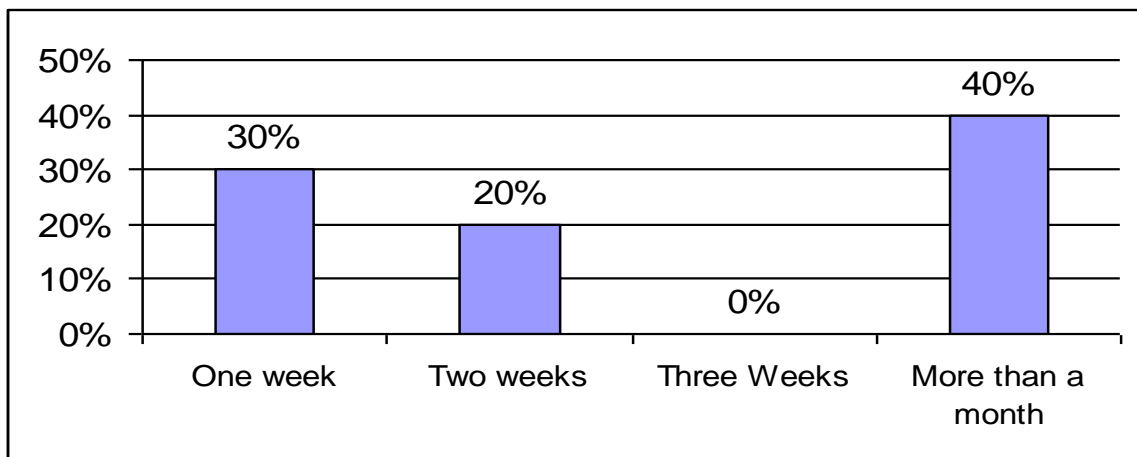
Figure 4.57: Influence of advertisement on sales



4.2.64 Question 64: If yes, for what length of time did you notice an increase in sales?

Of the 80% of the respondents who indicated an increase in sales, 40% indicated more than a month, 30% indicated that it only lasted a week, and 20% stated that it lasted for two weeks after the advertisement had been placed.

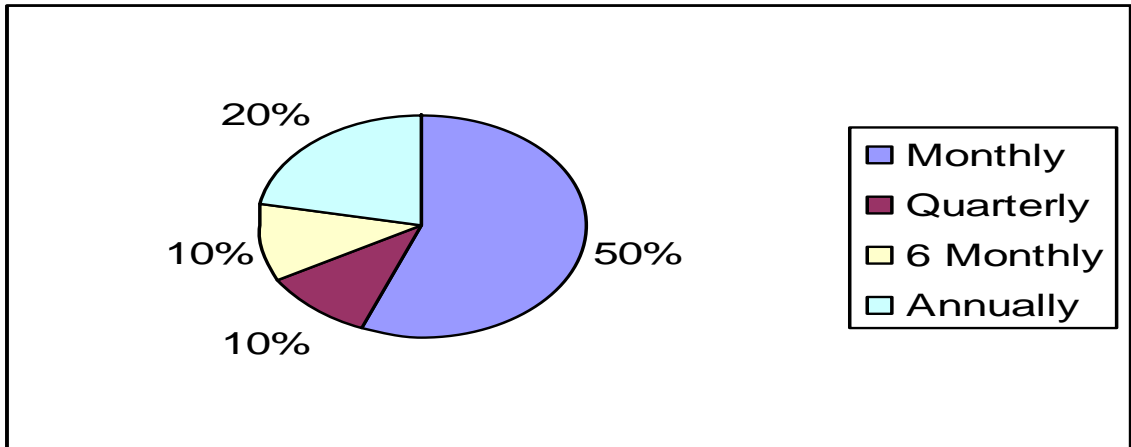
Figure 4.58: For what length of time did you notice an increase in sales?



4.2.65 Question 65: Do you plan promotions?

Respondents were asked whether they planned specific promotions as part of their business plan. The respondents had to indicate a specific percentage. 60% indicated that they planned monthly promotions, 20% of the respondents planned annually, 10% planned 6 monthly, and 10% planned quarterly.

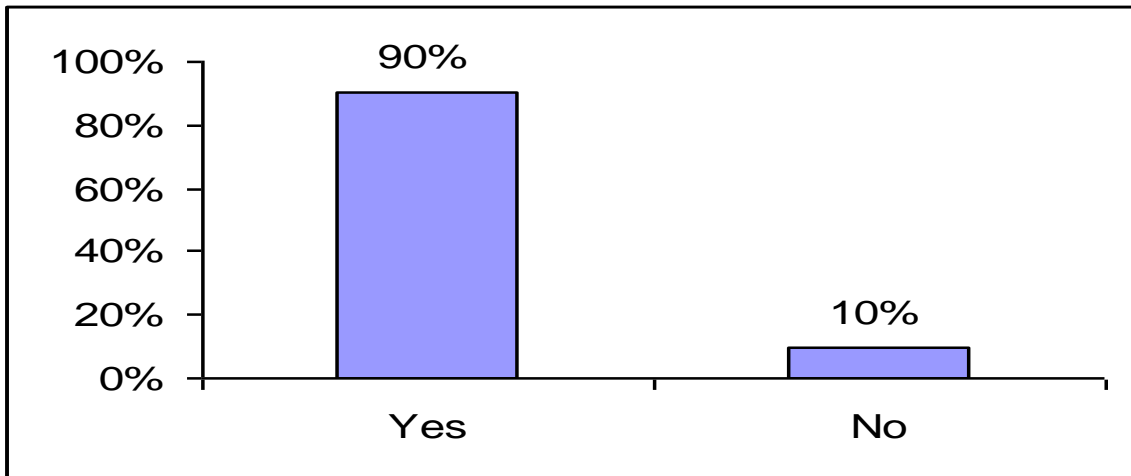
Figure 4.59: Promotions



4.2.66 Question 66: As part of social responsibility do you sponsor public events?

90% of the respondents indicated that they did sponsor public events as part of their social responsibility. 10% specified that they did not sponsor events.

Figure 4.60: Social responsibility



4.2.67 Question 67: If yes, what do you gain from sponsoring public events?

The 90% of the respondents who did sponsor events felt that they gained the following from the sponsorship:

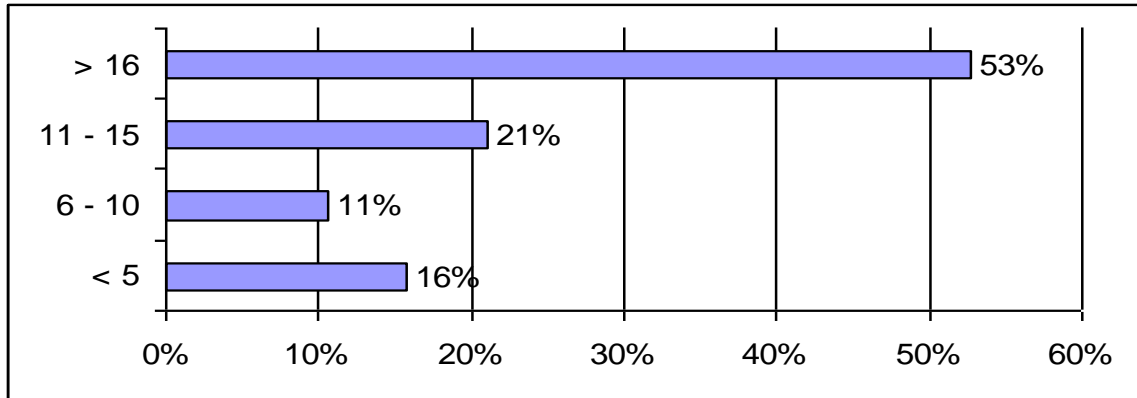
- 4.2.67.1 Customers and sales
- 4.2.67.2 Word of mouth from the sponsorship
- 4.2.67.3 Advertising and awareness of business
- 4.2.67.4 Advertising by word of mouth
- 4.2.67.5 Donations
- 4.2.67.6 Golf days brought in a little more business
- 4.2.67.7 Advertisement
- 4.2.67.8 BEE

4.3 QUESTIONNAIRE- DIVISION 2: PHYSICAL APPEARANCE AND ENVIRONMENTAL ANALYSIS

4.3.1 Question 1: Number of motor vehicles (MV) on the floor?

53% of the respondents interviewed had more than 16 MV on the floor of their businesses. 21% of the respondents had between 11 and 15 MV on their floors. 11% of the respondents had between 6 and 10 MV on the floor. 16% of the respondents had less than 5 MV on the floor.

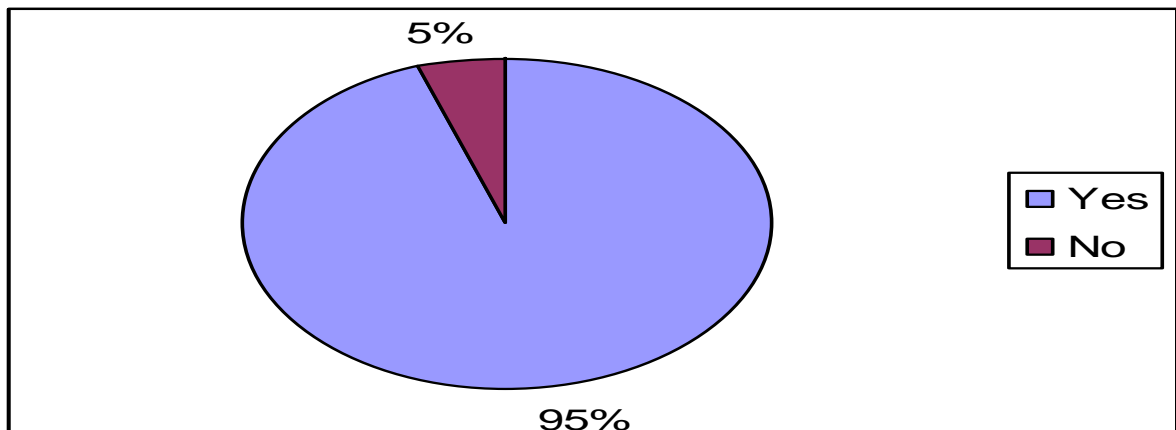
Figure 4.61: Number of cars on the floor



4.3.2 Question 2: Do they have a workshop?

95% of the businesses had a workshop.

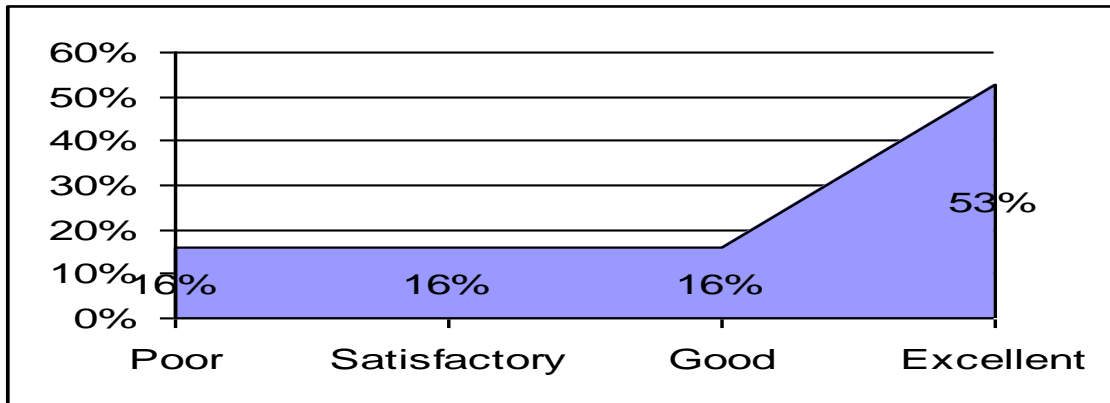
Figure 4.62: Workshop



4.3.3 Question 3: Image portrayed of company from outside?

53% of the respondents believed that their company's image perceived from the outside was excellent. The other respondents' beliefs were equally divided into poor (16%), satisfactory (16%) and good (16%).

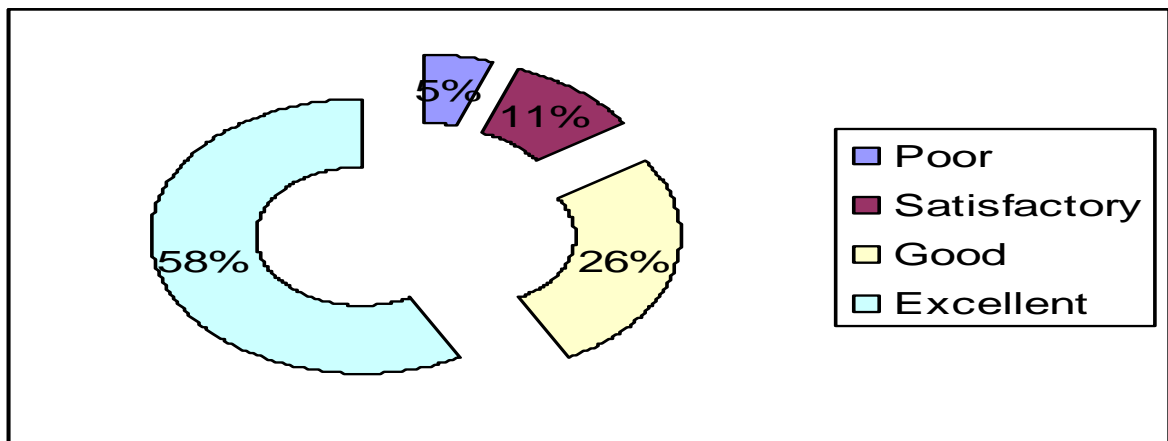
Figure 4.63: Image portrayed of Company



4.3.4 Question 4: Visibility of product from outside windows?

The visibility of the product from outside windows was believed to be excellent by 58% of respondents, good by 26%, satisfactory by 11%, and poor by 5% of the respondents.

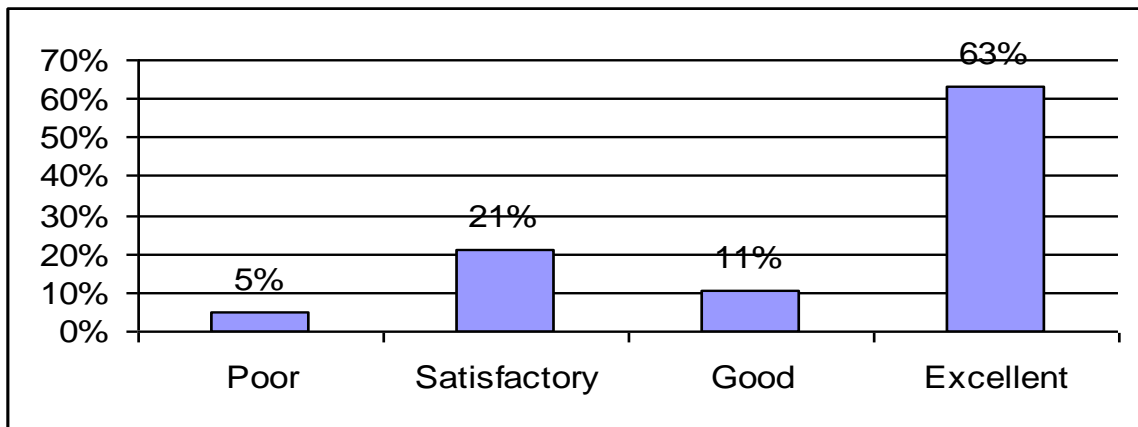
Figure 4.64: Visibility of product from outside windows



4.3.5 Question 5: What is the light situation within the company on a rainy dark day?

63% of the respondents indicated that the light situation was excellent, while 5% of the businesses considered their light situation poor.

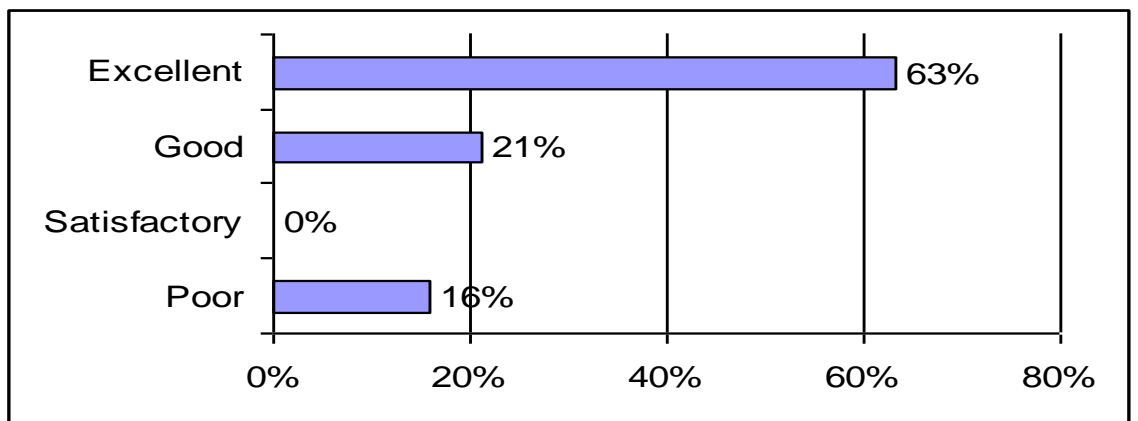
Figure 4.65: Light situation on a rainy dark day



4.3.6 Question 6: Company name notice board image?

63% of the respondents' company name board images were considered excellent, 16% of the company boards were considered poor, and 21% were rated as good.

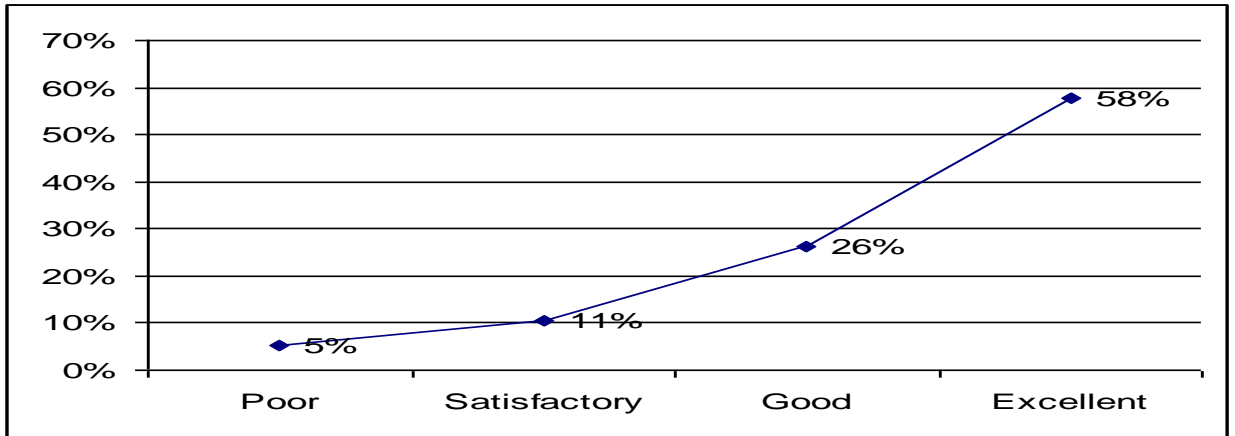
Figure 4.66: Notice board image



4.3.7 Question 7: Kind of motor vehicles in front row of company?

5% of the companies' MVs were rated as poor. 11% were assessed to be satisfactory. 26% of the respondents' MVs were considered good. 58% of the MVs parked in front of the companies were rated as excellent.

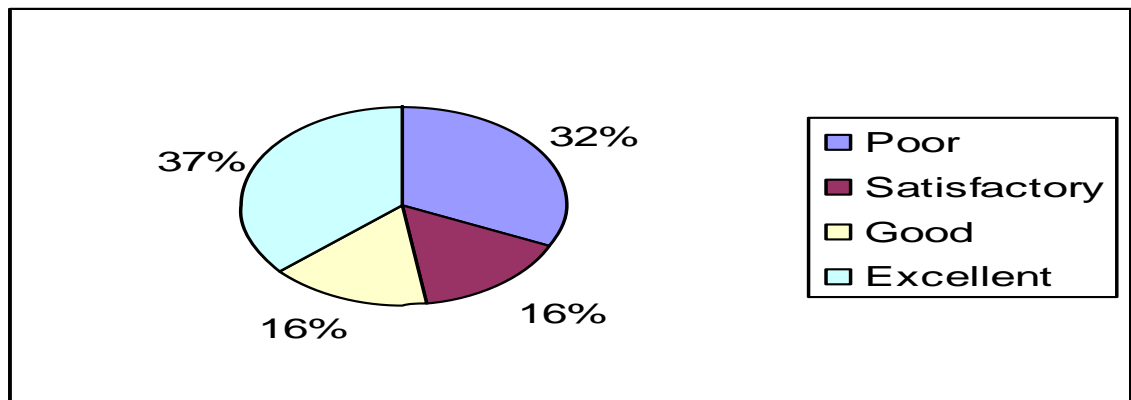
Figure 4.67: Kind of cars



4.3.8 Question 8: Price visibility for customer?

The price visibility of the product for the customer was indicated as follows: 37% excellent, 32% poor, 16% satisfactory, and 16% good.

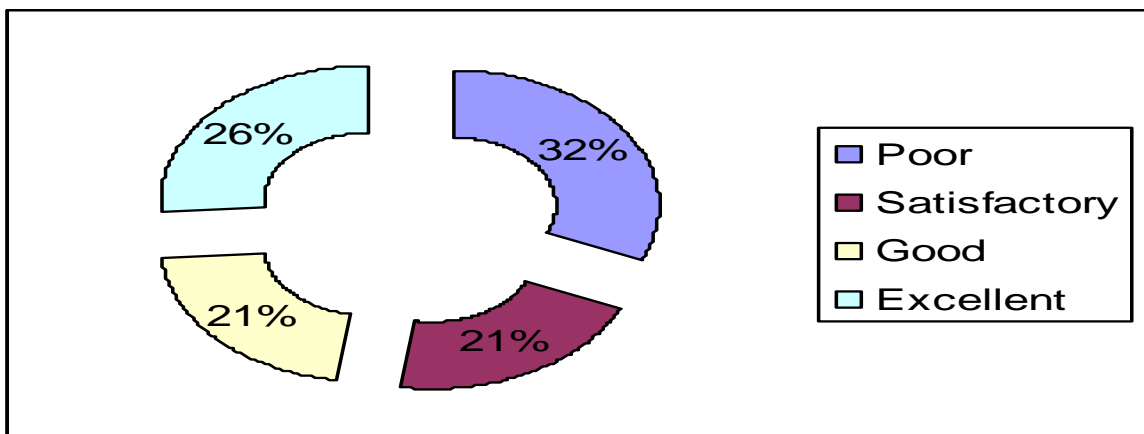
Figure 4.68: Price visibility



4.3.9 Question 9: Product specs visibility for customer?

The researcher wanted to know whether the product specifications were visible to the customer, and how the customer would rate these specifications. In the research study, 32% of the respondents rated visibility of their products' specifications as poor. 21% rated visibility of product specifications as satisfactory. 21% of the respondents rated visibility of product specifications as good. 26% rated product specifications as excellent.

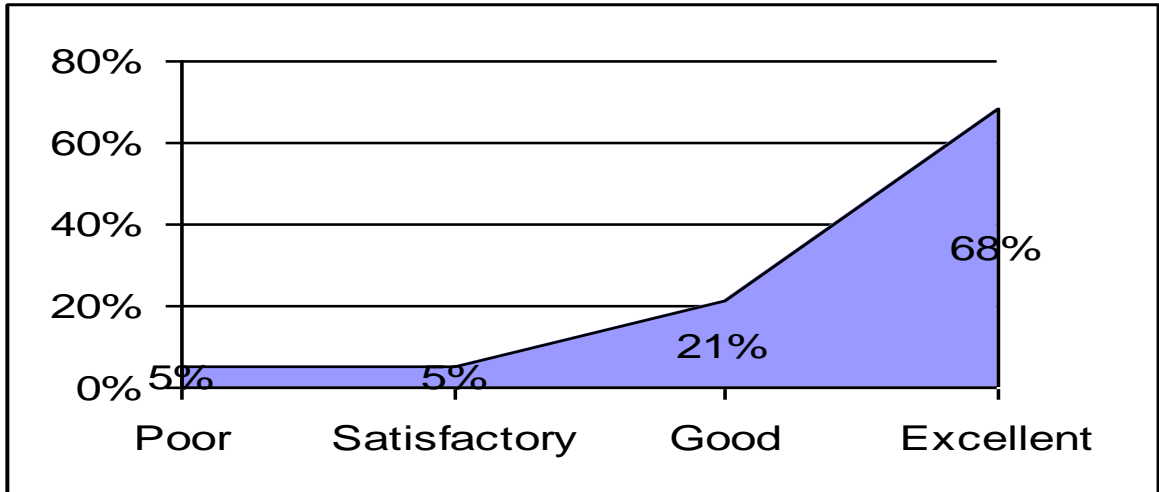
Figure 4.69: Product specs visibility



4.3.10 Question 10: Condition of the motor vehicles on the floors?

The condition of the MVs in the showroom was mostly rated as excellent (68%). 21% of the respondents ranked the condition as good. 10% of the respondents rated the condition as poor (5%). 5% considered the condition satisfactory.

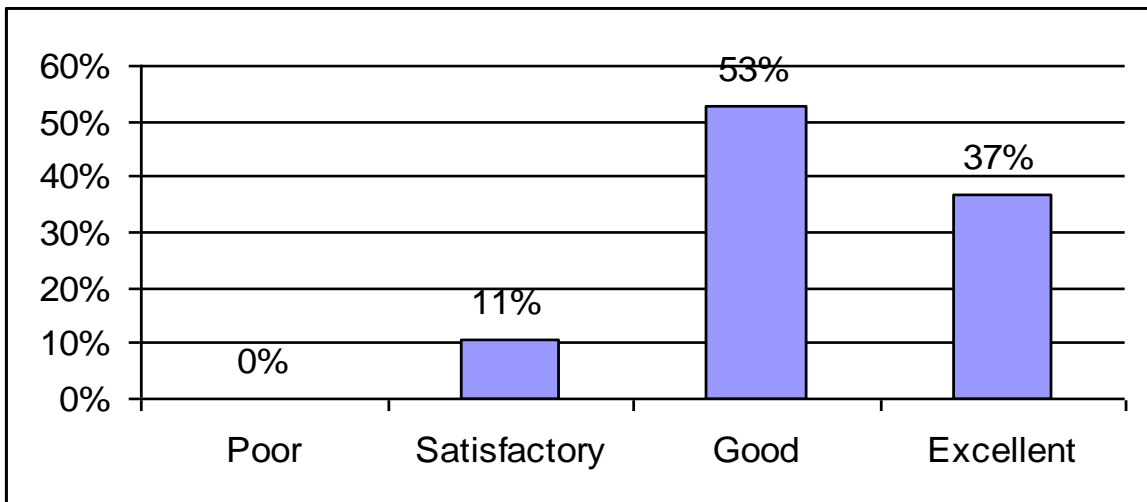
Figure 4.70: Condition of the vehicles



4.3.11 Question 11: Condition of the motor vehicles?

Most of the respondents rated the condition of the MVs as excellent (53%), while 37% of the respondents received a grade of good, only 11% was thought of satisfactory.

Figure 4.71: Condition of the cars



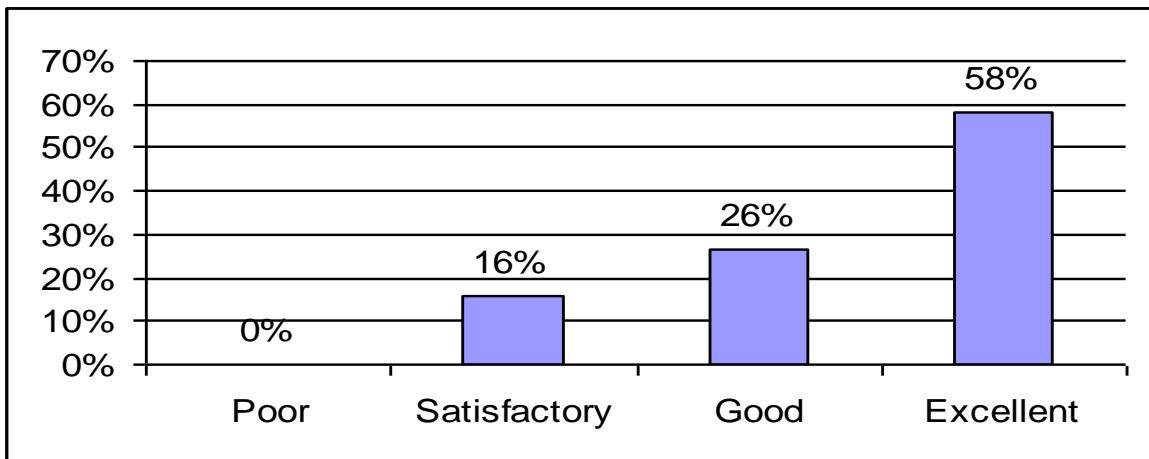
4.3.12 Question 12: Availability to Test Drive the motor vehicles?

95% of the respondents stated that they were available to take the consumer for a test drive.

4.3.13 Question 13: Are staff friendly?

When the respondents graded their staff on friendliness, 58% indicated excellent, 16% indicated that the friendliness of the company was satisfactory, and 26% of the indicated good.

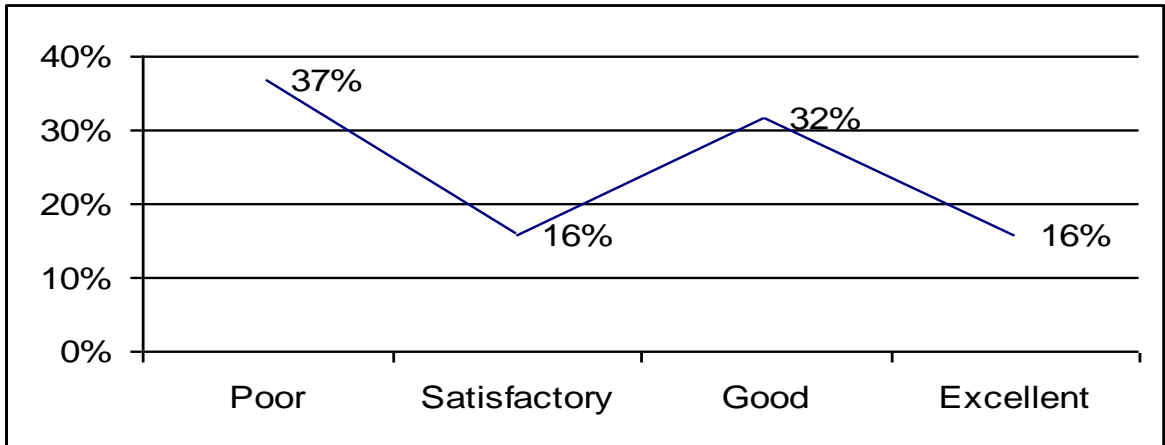
Figure 4.72: Friendliness of staff



4.3.14 Question 14: Recognisability of staff names by the customer?

Respondents indicated that staff name tags were problematic. 37% considered name tags poor, 16% regarded them as satisfactory, 32% considered them good, and 16% considered them excellent.

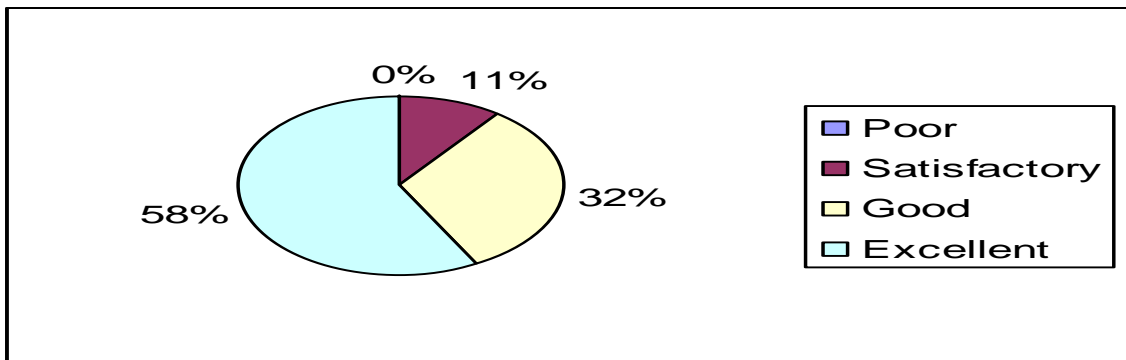
Figure 4.73: Recognisability of staff names



4.3.15 Question 15: Staff friendliness towards the customer?

Concerning the question on friendliness of staff towards the customer, 58% of the respondents rated their staff as excellent and 32% of the respondents rated them as good.

Figure 4.74: Friendliness of consumer

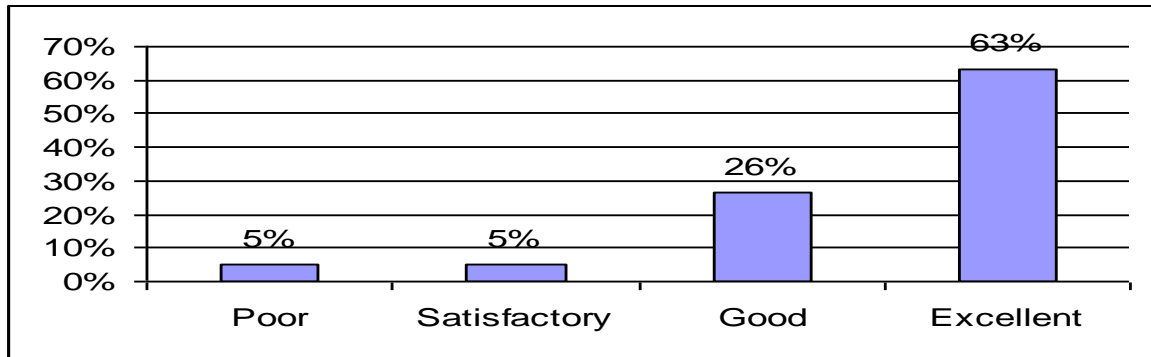


4.3.16 Question 16: Staff body language towards customer?

Respondents rated the body language of their staff higher than their

friendliness. 63% of the respondents indicated that their staff showed excellent body language towards the customer. 26% of the respondents rated their staff's body language as good.

Figure 4.75: Body language

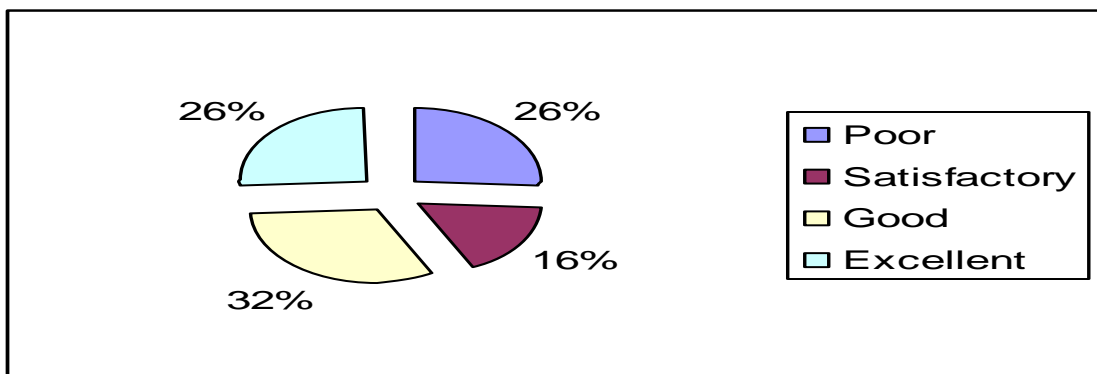


4.3.17 Question 17: Uniforms of staff?

The uniforms of the staff were ranked as follows:

- 32%: Good
- 26%: Excellent
- 26%: Poor
- 16%: Satisfactory

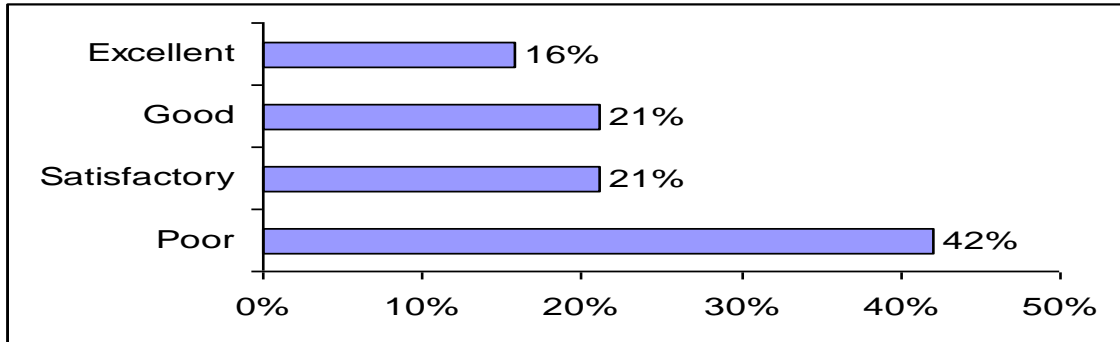
Figure 4.76: Uniforms



4.3.18 Question 18: Name tags of staff?

Most respondents rated name tags of staff as poor (42%). 16% of the respondents gave a rating of excellent.

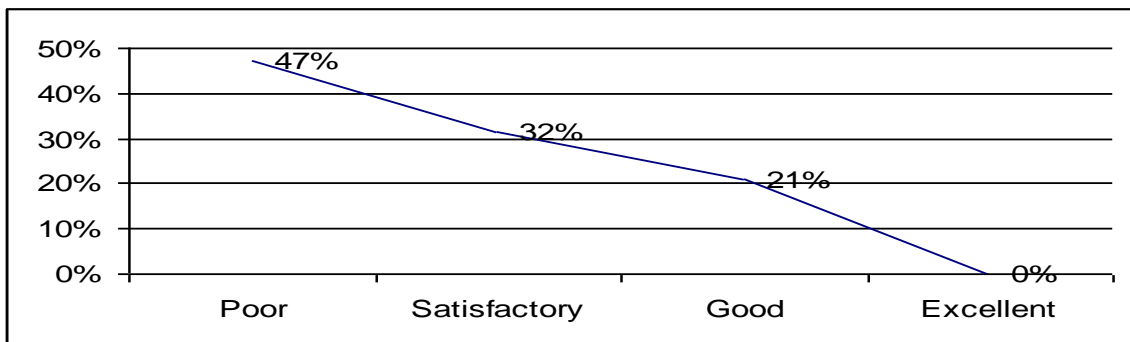
Figure 4.77: Name tags



4.3.19 Question 19: Is the job designation of the staff recognisable to customer?

As seemed the case with name tags, most job designations of staff were not recognizable to the customer. 47% of the respondents rated visibility of staff job designations as poor. 32% of the respondents rated these as satisfactory. 21% of the respondents were rated as good. No respondent was rated job designation visibility as excellent.

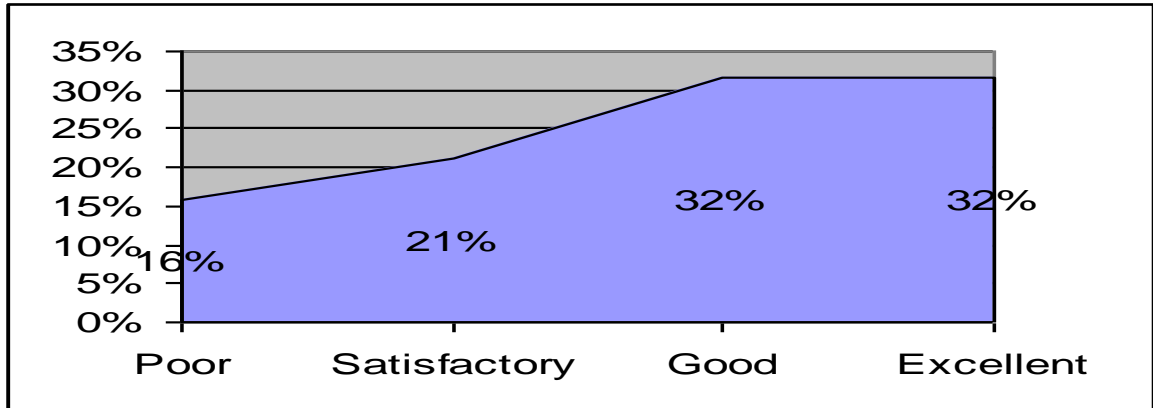
Figure 4.78: Is the job designation of the staff recognisable?



4.3.20 Question 20: Dress ethics?

The dress ethics were more favourably indicated staff names. 32% of the respondents rated dress code as excellent and 32% as good.

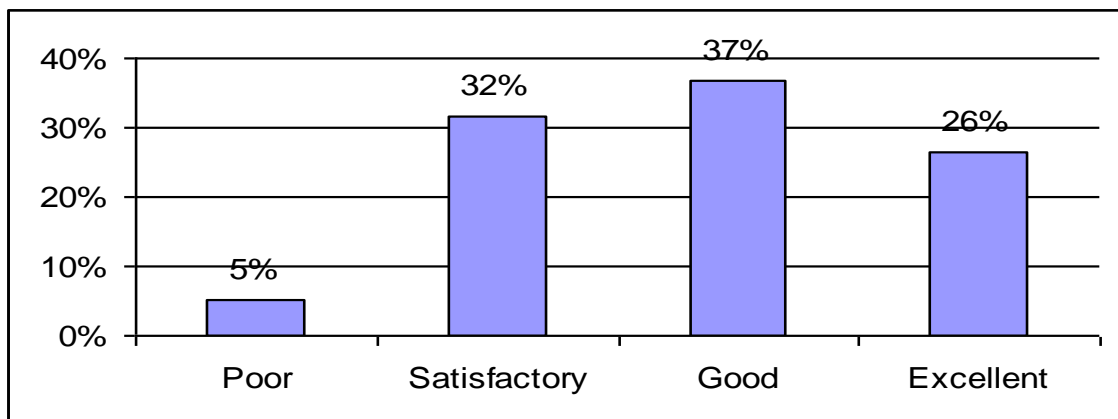
Figure 4.79: Dress ethics



4.3.21 Question 21: Are the staff willing to negotiate a price?

26% of the respondents indicated that they were willing to negotiate a price with the customer. 5% of the respondents were not willing to negotiate a price. 37% of the respondents rated their willingness to negotiate over the price as good.

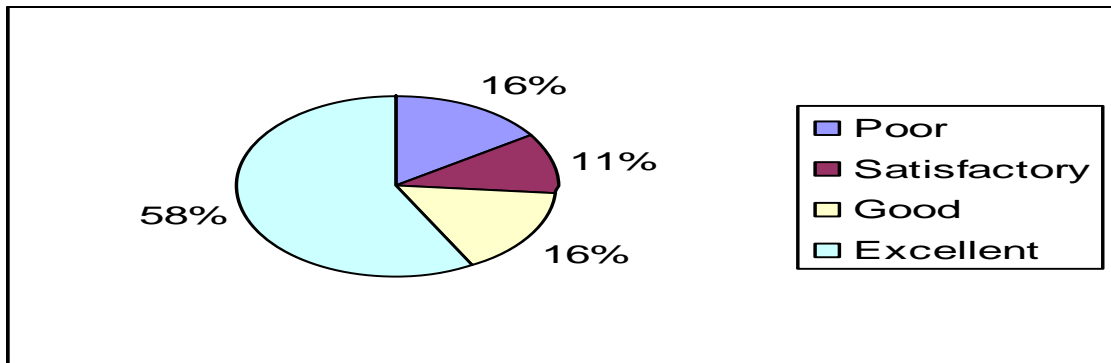
Figure 4.80: Price Negotiation



4.3.22 Question 22: Are the staff offices neat and is all paper work easily accessible?

Most of the respondents (58%) considered their staff offices neat and paperwork easily accessible, rating them excellent. 16% of the respondents rated offices and accessibility as good. 11% of the respondents rated these as satisfactory. 16% rated them as poor.

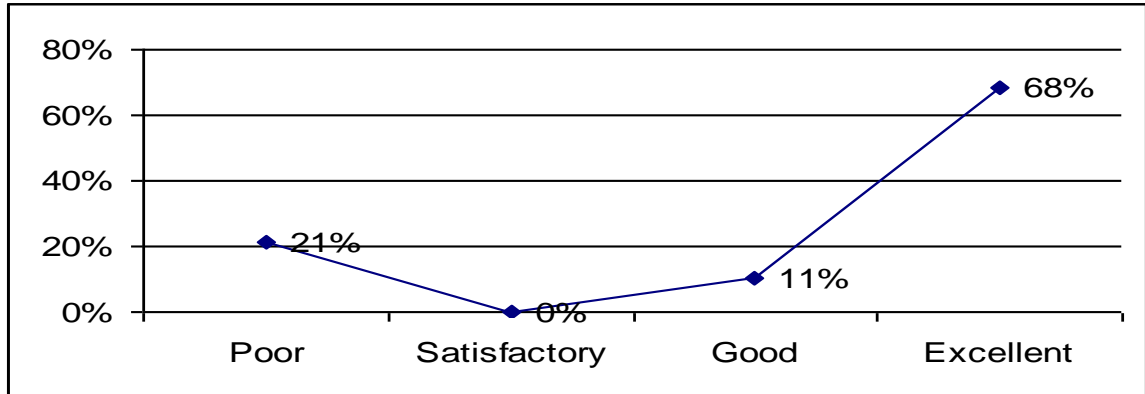
Figure 4.81: Are staff offices neat and is all paper work easily accessible?



4.3.23 Question 23: Interior look of floor where the motor vehicles are parked?

68% of the respondents rated the look of the showroom interior (where the MVs were parked) as excellent. 21% of the respondents rated this as poor. 11% rated this as good.

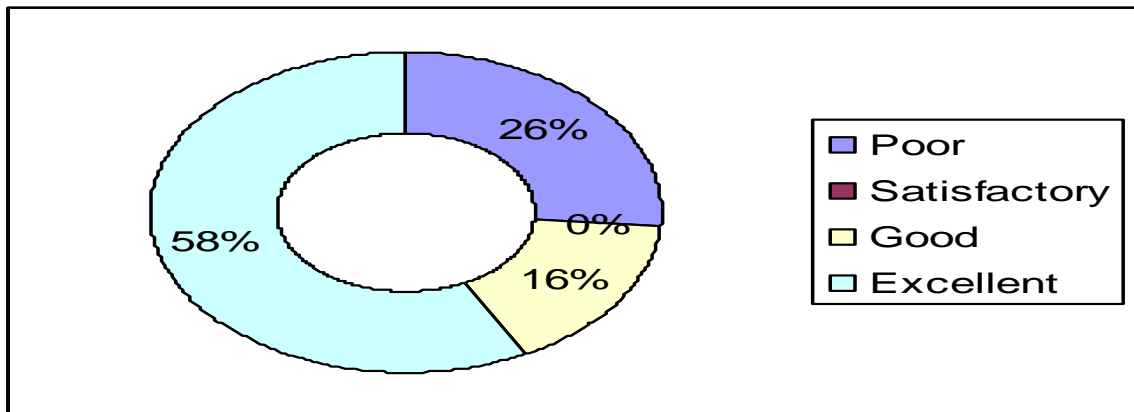
Figure 4.82: Interior look of showroom



4.3.24 Question 24: Interior look of office?

58% of the respondents rated the interior look of offices as excellent. 26% of the respondents rated this as poor. 16% believed that their interior look was good.

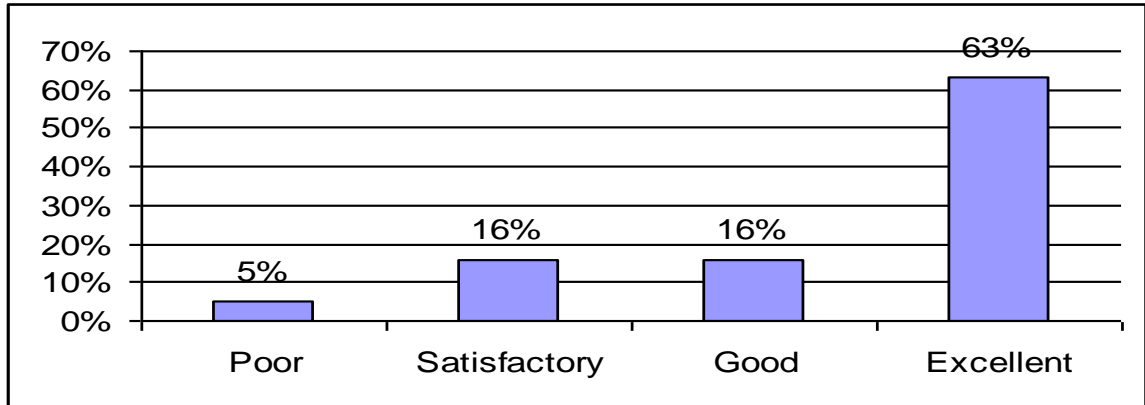
Figure 4.83: Interior look of office



4.3.25 Question 25: Light condition of the company?

Most of the respondents (63%) rated the lighting of their businesses as excellent. 5% of the respondents' rating was poor.

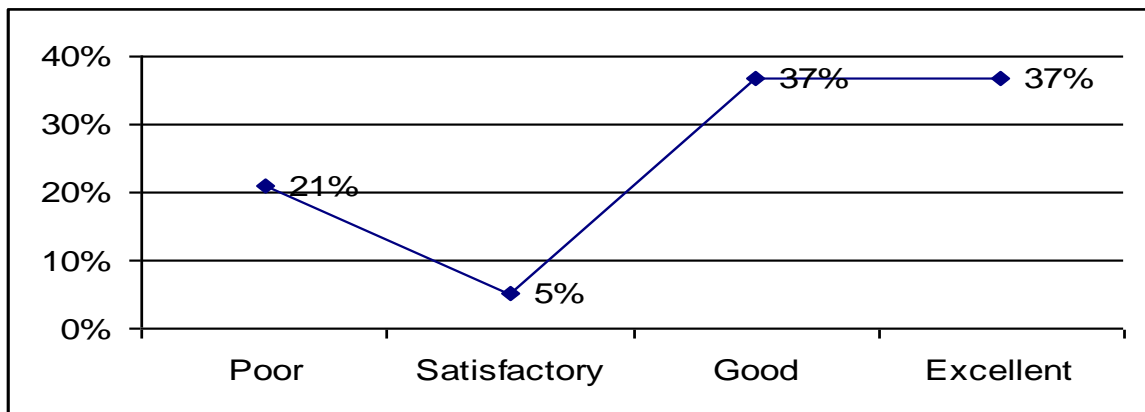
Figure 4.84: Light condition



4.3.26 Question 26: Rate the banks assistance to provide financial assistance?

37% of the respondents rated the financial assistance they provided as excellent. 37% of the respondents rated their financial assistance as good. 21% of the respondents rated this as poor.

Figure 4.85: Banks the company work with to arrange finance

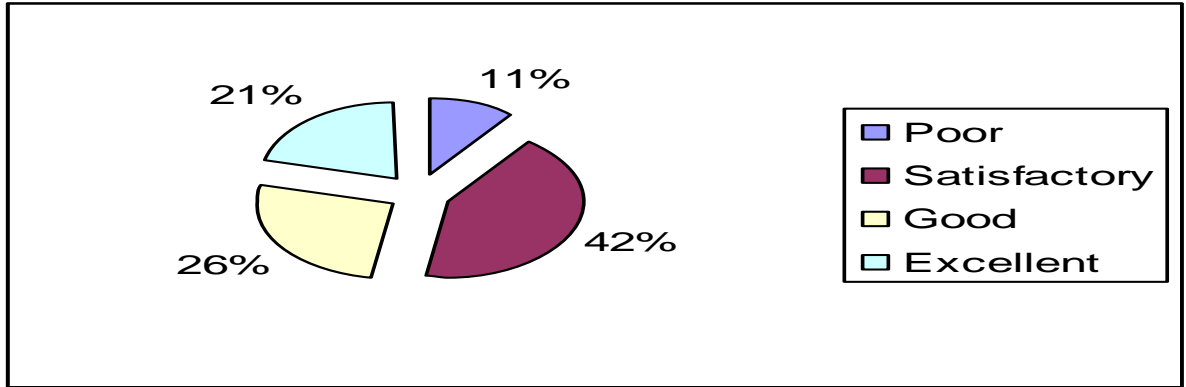


4.3.27 Question 27: Financial assistance of company?

21% of the respondents rated their financial assistance as excellent. 11% of

the respondents rated this as poor. 26% rated it as good. 42% of the respondents rated it as satisfactory.

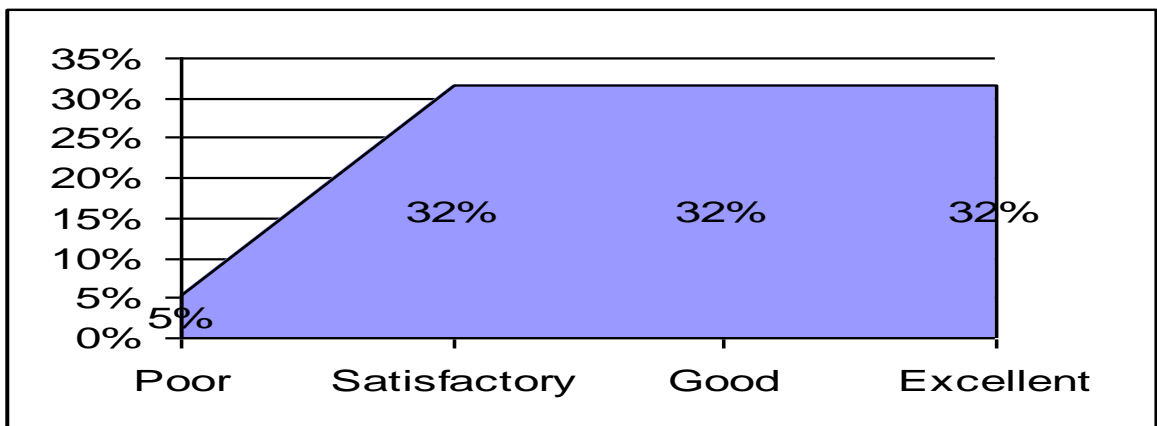
Figure 4.86: Financial assistance of company



4.3.28 Question 28: After service sales?

The respondents rated the after sales service of their businesses as follows: 5% poor, 32% satisfactory, 32% good and 32% excellent.

Figure 4.87: After service sales

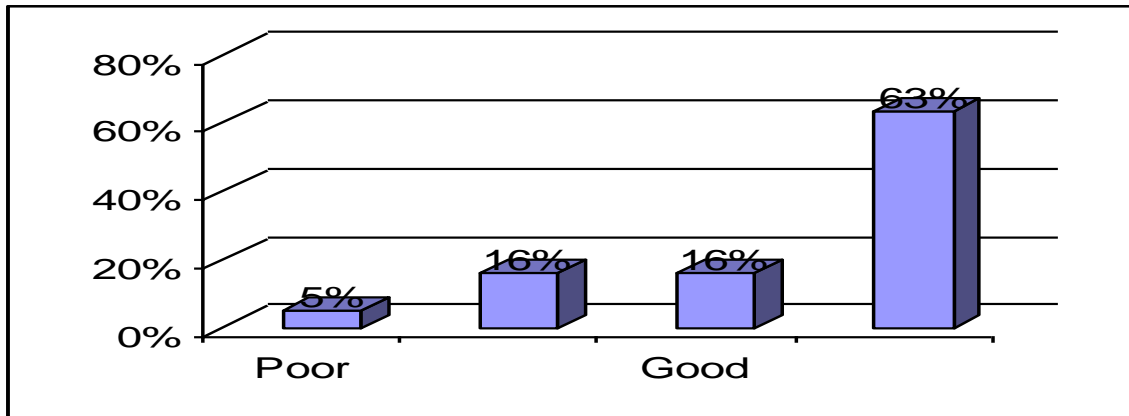


4.3.29 Question 29: Company situated in which area?

63% of the respondents rated their businesses as being excellently situated.

5% rated their situation as poor. The remaining 32% rated their situation as good (16%) and satisfactory (16%).

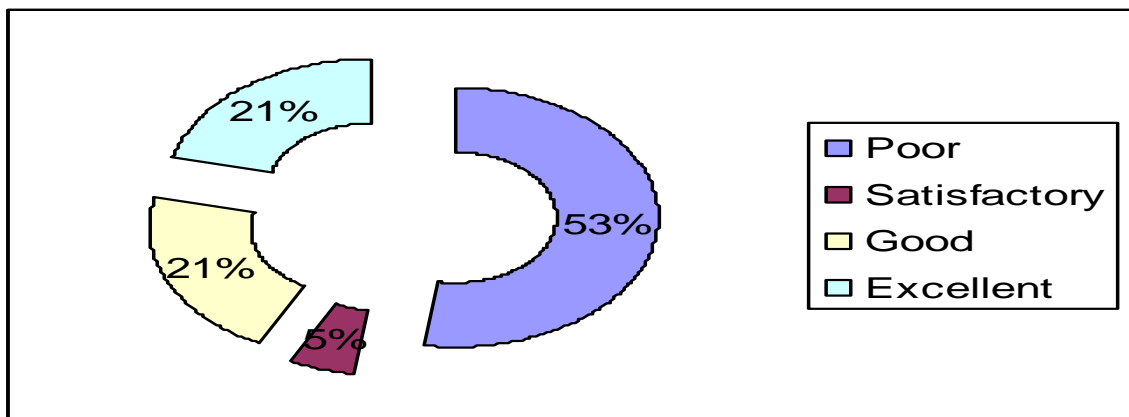
Figure 4.88: Area of company



4.3.30 Question 30: Availability of name boards of departments within the company?

5% of the respondents' companies had name boards (signage) inside the company departments. 53% of the businesses were rated as poor since there were no name boards inside the premises.

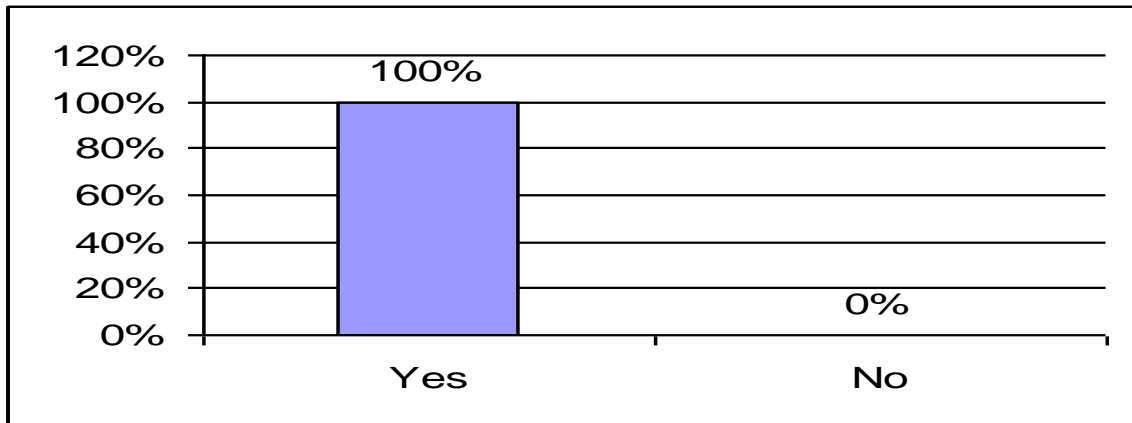
Figure 4.89: Name boards of departments within the company



4.3.31 Question 31: Company Cleanliness?

When asked about the hygienic compliance of the company, all the respondents rated that their companies as clean.

Figure 4.90: Company cleanliness



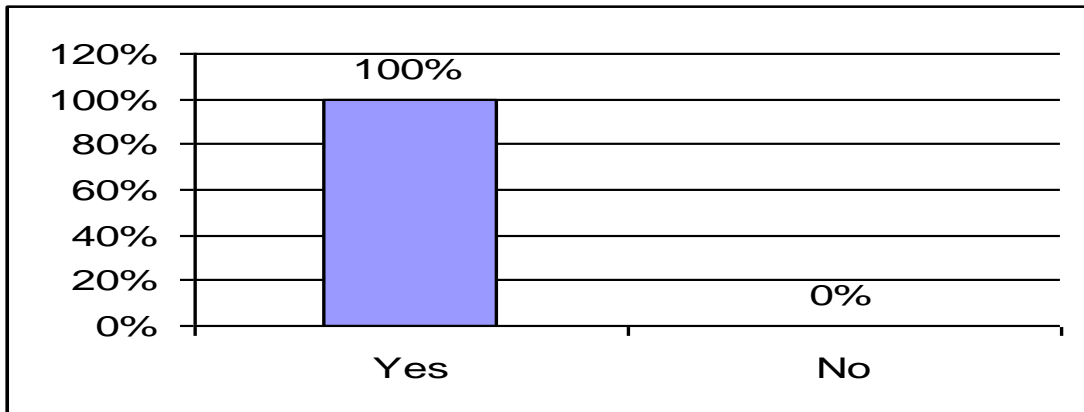
4.4 QUESTIONNAIRE- DIVISION 3: MARKETING FUNCTION IN THE COMMUNICATION MIX

The respondents' advertisements were evaluated by means of 32 questions, as set out below.

4.4.1 Question 1: Is the advertisement filled with visuals?

The advertisements were filled with visuals, since all the respondents indicated a yes rating.

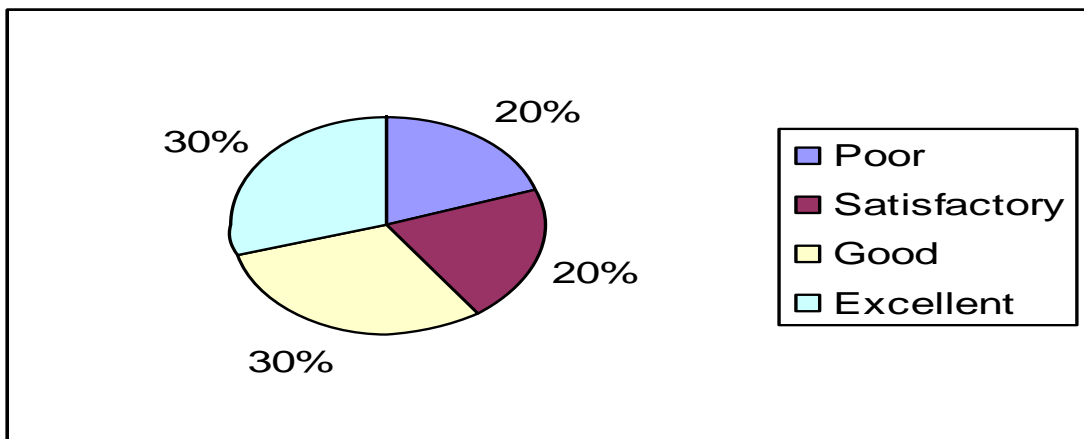
Figure 4.91: Advertisement



4.4.2 Question 2: Details and amount of information in the advertisement?

Detail and amount of information in advertisements was rated by the respondents as excellent (30%), good (30%), satisfactory (20%) and poor (20%).

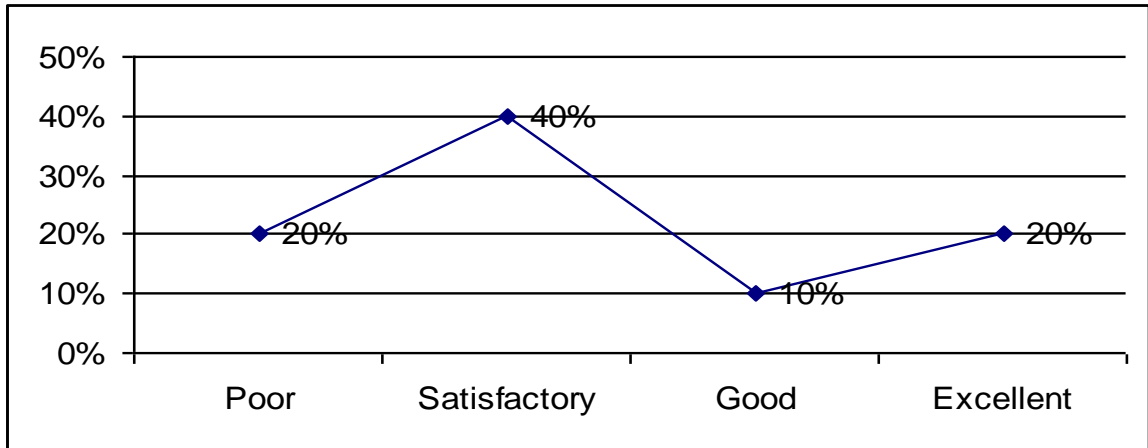
Figure 4.92: Details and information within the advertisement



4.4.3 Question 3: Quality of photo of the product?

The quality of the photograph of the product was rated by 40% of respondents as satisfactory, 20% as excellent, and 10% as good.

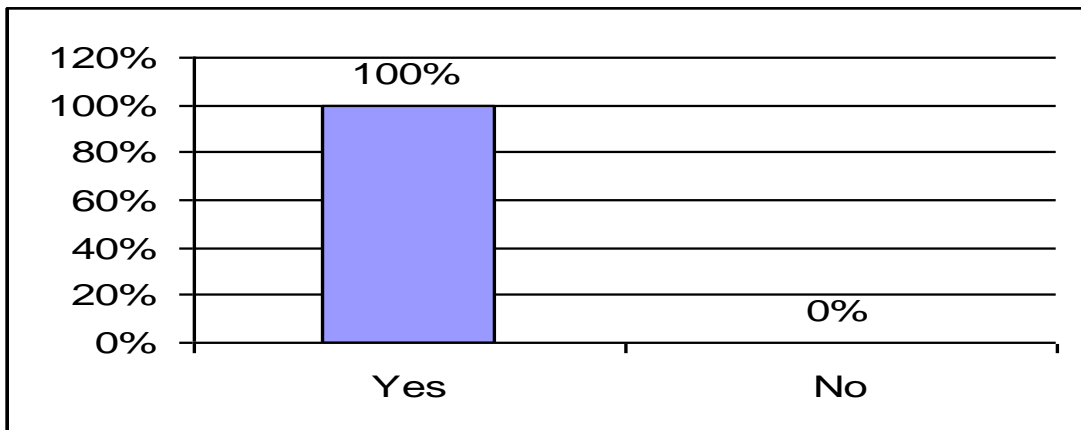
Figure 4.93: Quality of photo of the product



4.4.4 Question 4: Information of product mentioned with photo?

All the advertisements included information on the product as well as the photograph of the product.

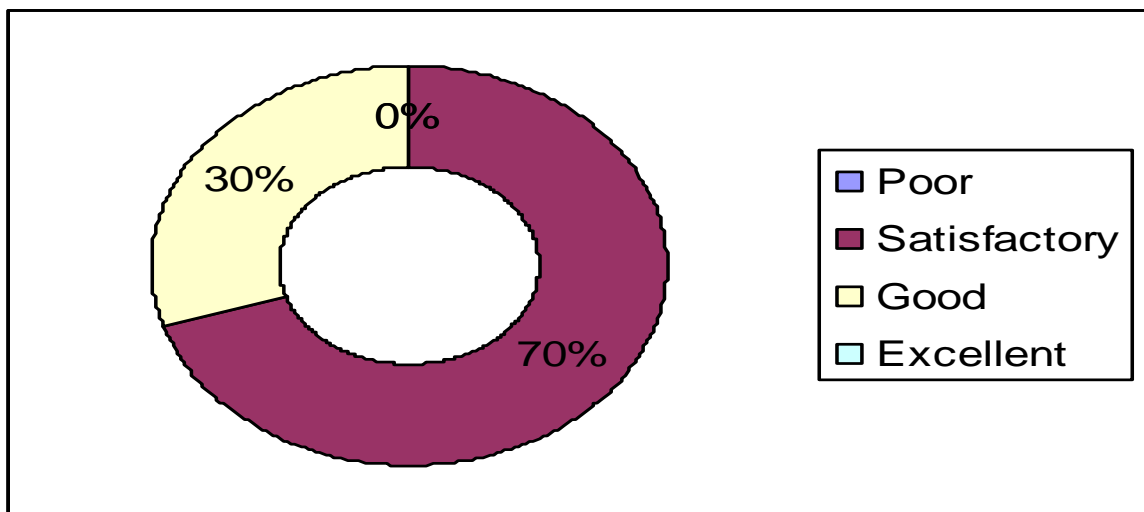
Figure 4.94: Information of product mentioned with photo



4.4.5 Question 5: Photo's Exposure?

70% of the respondents indicated that the exposure of the photograph was satisfactory, while 30% of the respondents considered the exposure good.

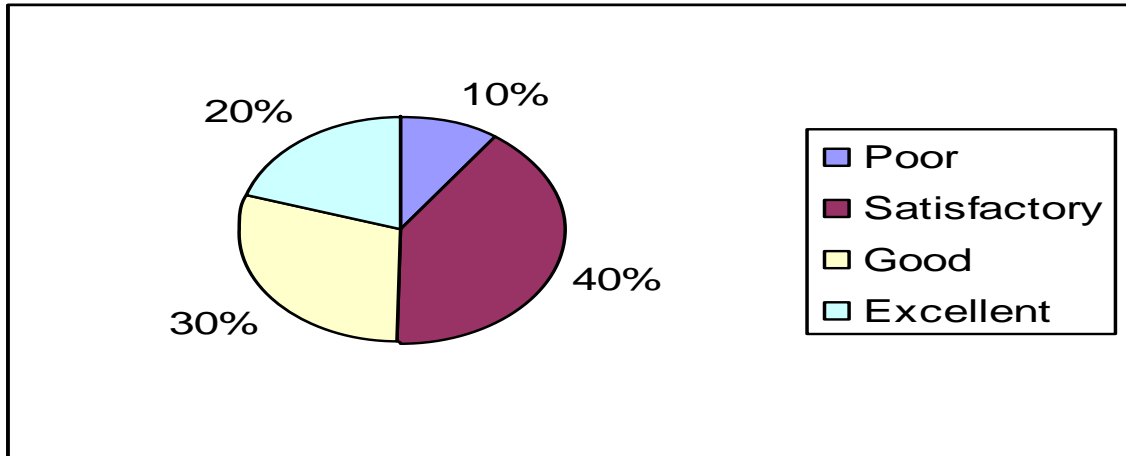
Figure 4.95: Photo's Exposure



4.4.6 Question 6: Contact details?

20% of the respondents indicated that contact details were excellently presented, while 40% of the respondents rated this as satisfactory.

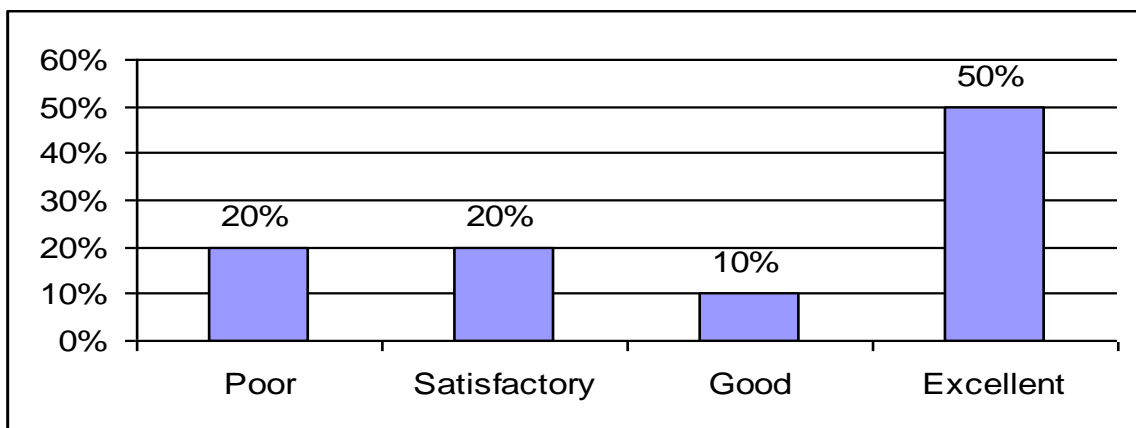
Figure 4.96: Contact details



4.4.7 Question 7: Contact personnel?

50% of the respondents indicated that contact personnel details were given in the advertisements. Just 10% of the respondents considered the presentation of these details as good.

Figure 4.97: Contact personnel

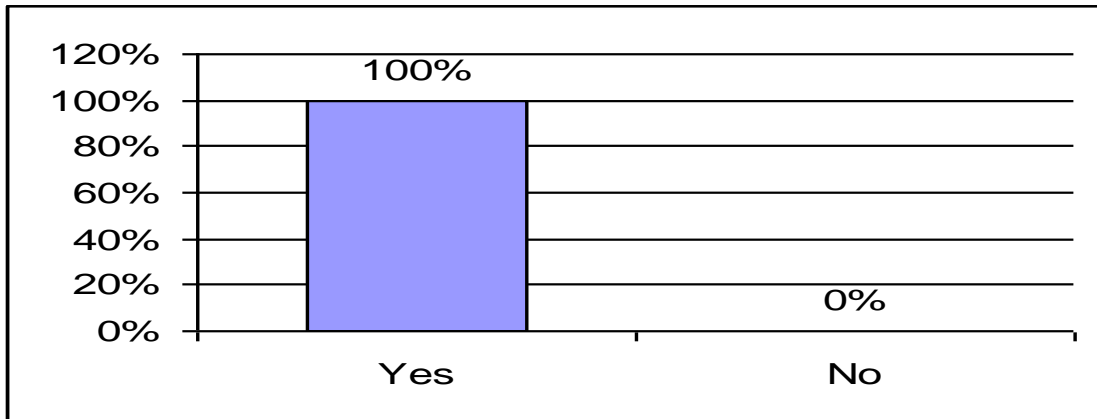


4.4.8 Question 8: Are the prices of the products mentioned?

All the respondents indicated that the price of the products was presented in

the advertisement.

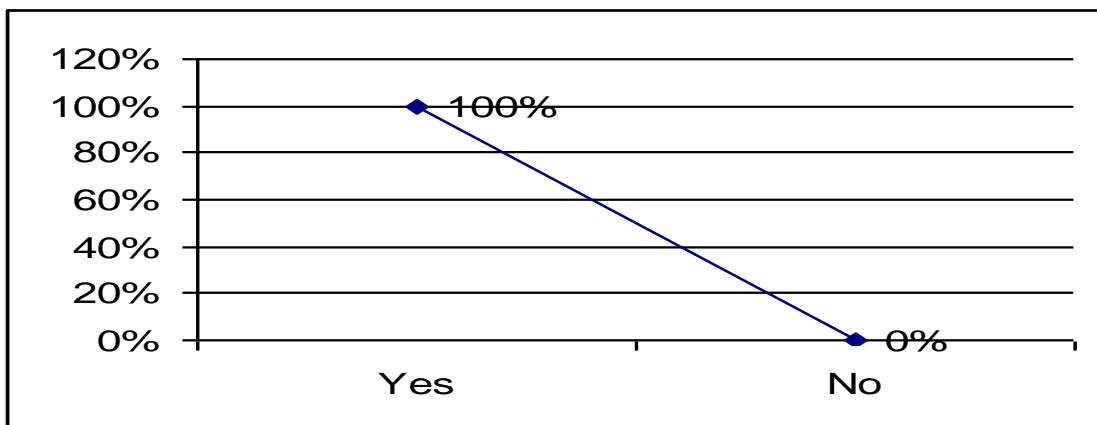
Figure 4.98: Price of the products



4.4.9 Question 9: Are the price ranges of the products mentioned?

All the respondents indicated that the price ranges of the products that they were selling was presented.

Figure 4.99: Are the price ranges of the products mentioned?

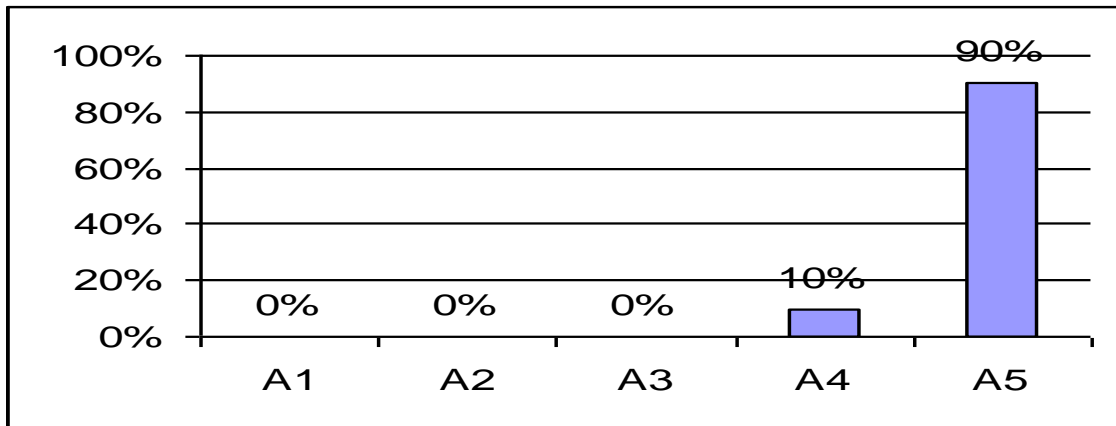


4.4.10 Question 10: Size of advertisement?

Most of the respondents made use of an A5 advertisement. 10% of the

respondents made use of an A4 size advertisement

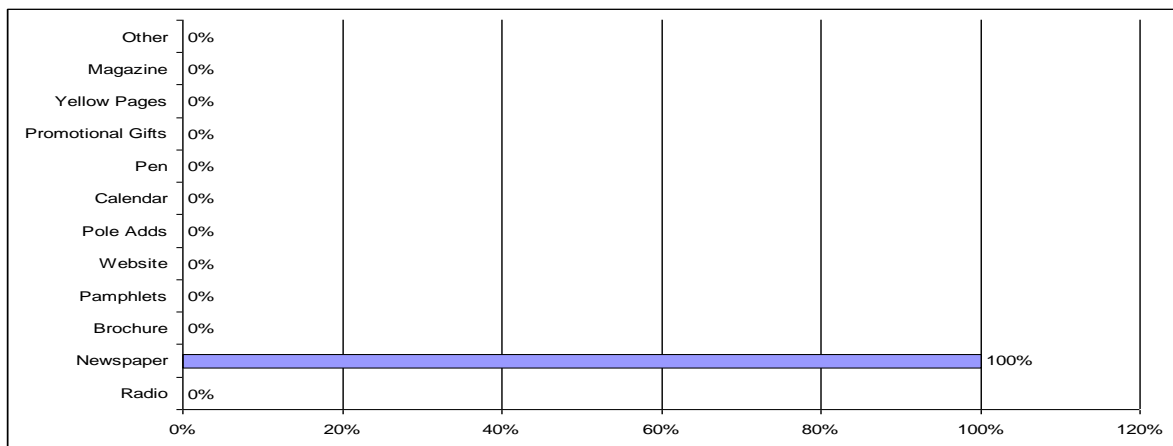
Figure 4.100: Size of advertisement



4.4.11 Question 11: Medium of advertisement?

All the respondents usually made use of a newspaper as a medium in which to advertise.

Figure 4.101: Medium of advertisement

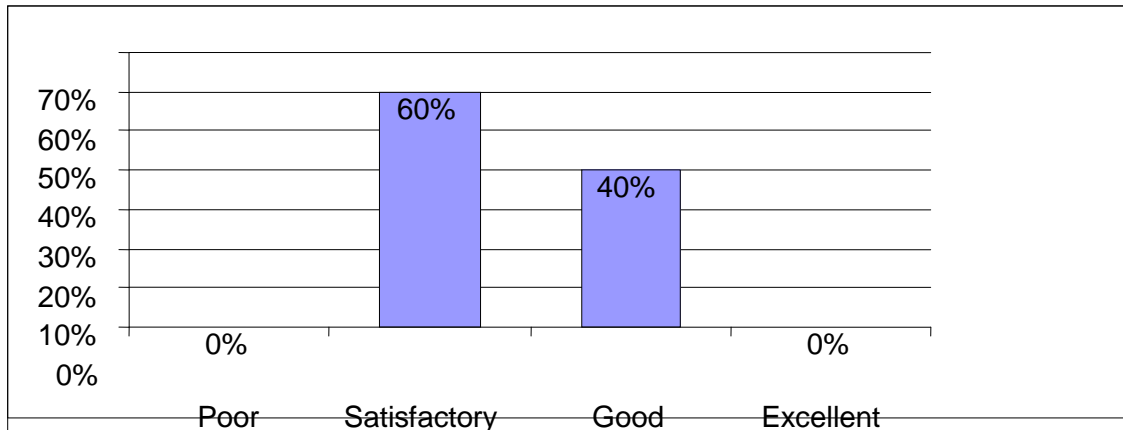


4.4.12 Question 12: Colour of the advertisement?

60% of the respondents rated their advertisements for the colour of the

advertisement as satisfactory, and 40% as good.

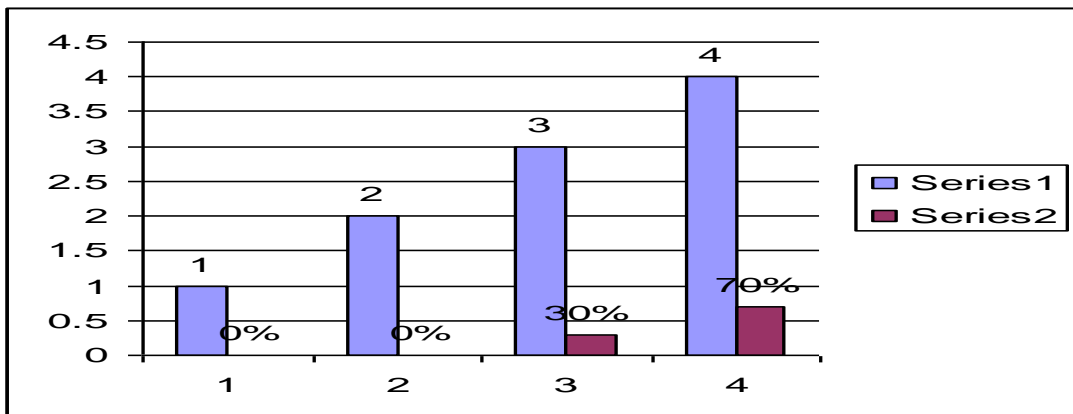
Figure 4.102: Colour of the advertisement



4.4.13 Question 13: Number of colours used within the advertisement?

Most of the advertisements (70%) were partially full colour with four colours being used in the advertisement. 30% of the respondent’s advertisements were three colour advertisements.

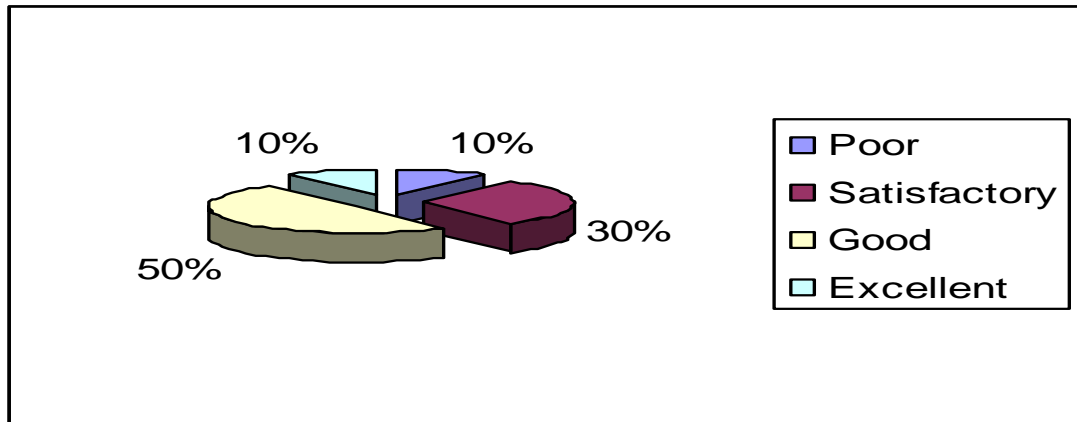
Figure 4.103: Number of colours used within the advertisement



4.4.14 Question 14: The font size of the advertisement?

Respondents rated the font sizes of their advertisements as good (50%), excellent (10%), satisfactory (30%) and poor (10%).

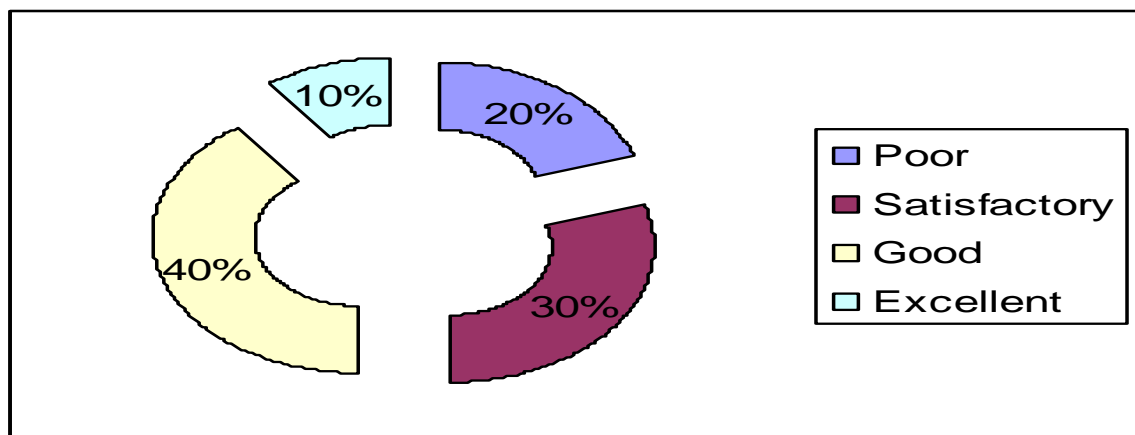
Figure 4.104: Font size of the advertisement



4.4.15 Question 15: The colour of the font?

40% of the respondents made use of a coloured font and was rated this as good. 30% of the respondents rated use of colour fonts as satisfactory.

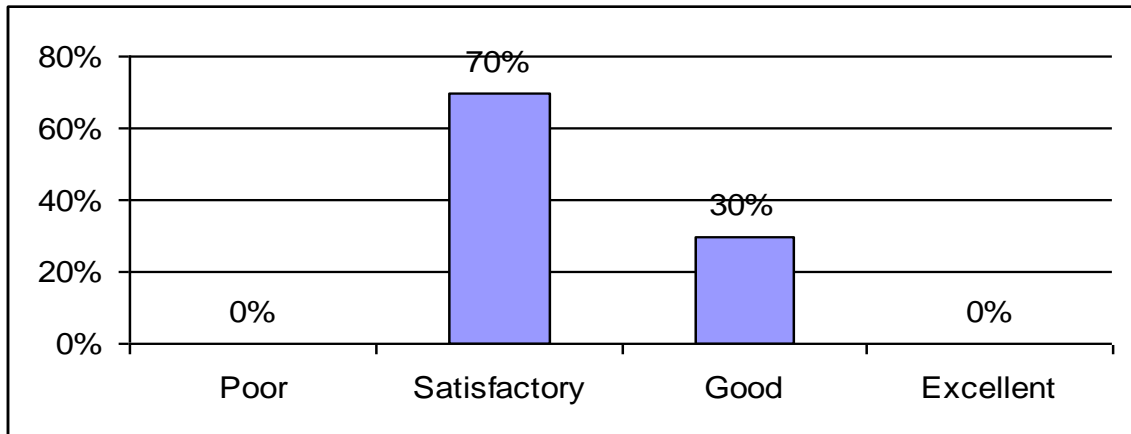
Figure 4.105: Colour of the font



4.4.16 Question 16: Quality of paper used?

The quality of the paper of the advertisements was rated by 70% of respondents as satisfactory and 30% of the respondents as good.

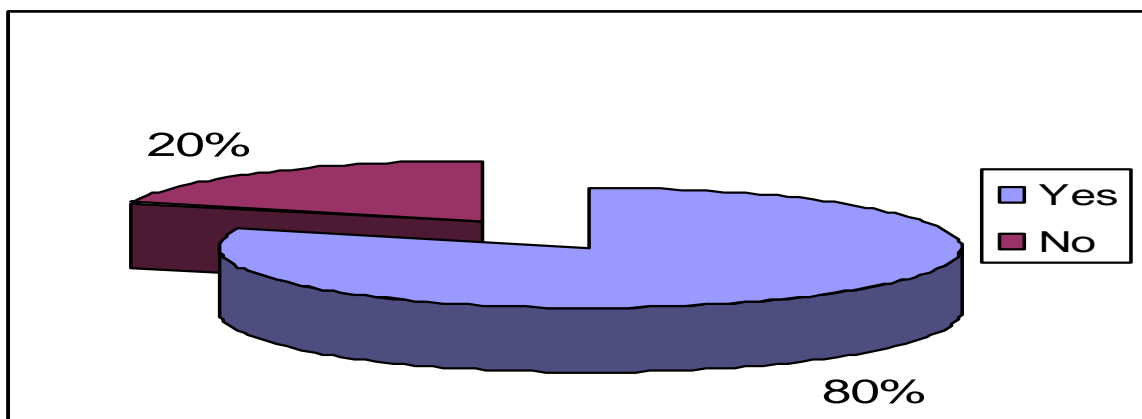
Figure 4.106: Quality of paper used



4.4.17 Question 17: Are photos available of the sales personnel?

80% of the respondents made use of photographs of their sales personnel as part of their advertisements. 20% of the respondents did not make use of photographs of their sales personnel.

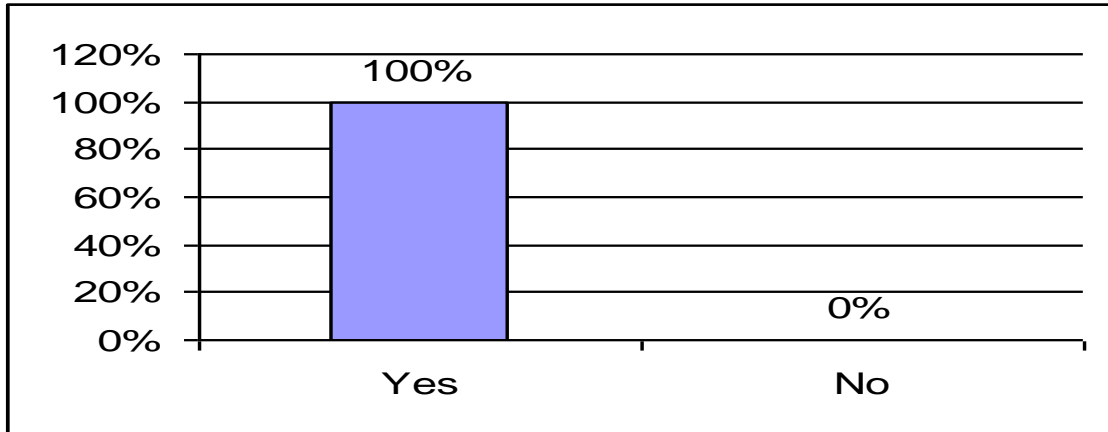
Figure 4.107: Availability of photos of the sales personnel



4.4.18 Question 18: Detailed information available on the product?

All the respondents indicated that information on the product was available in the advertisement.

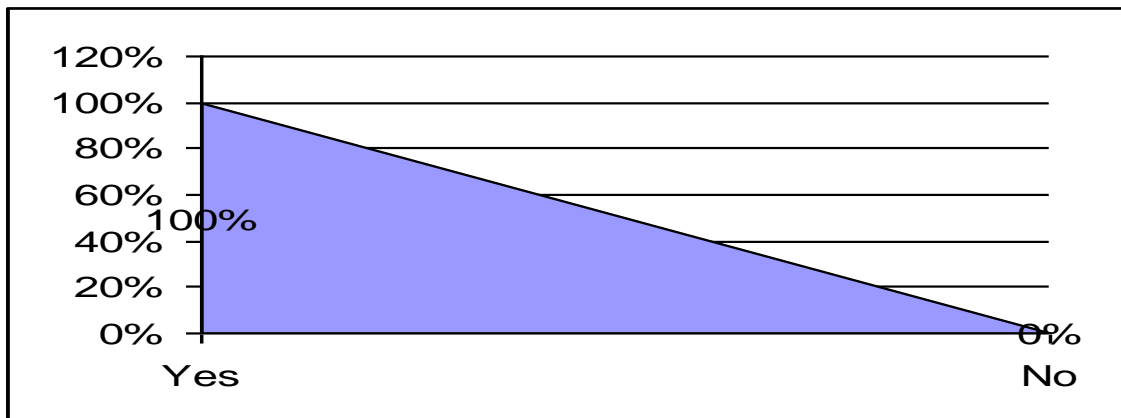
Figure 4.108: Availability of detailed information on the product



4.4.19 Question 19: Is the address available on the advertisement?

100% of the respondents indicated that an address was available in the advertisement.

Figure 4.109: Availability of the address available on the advertisement

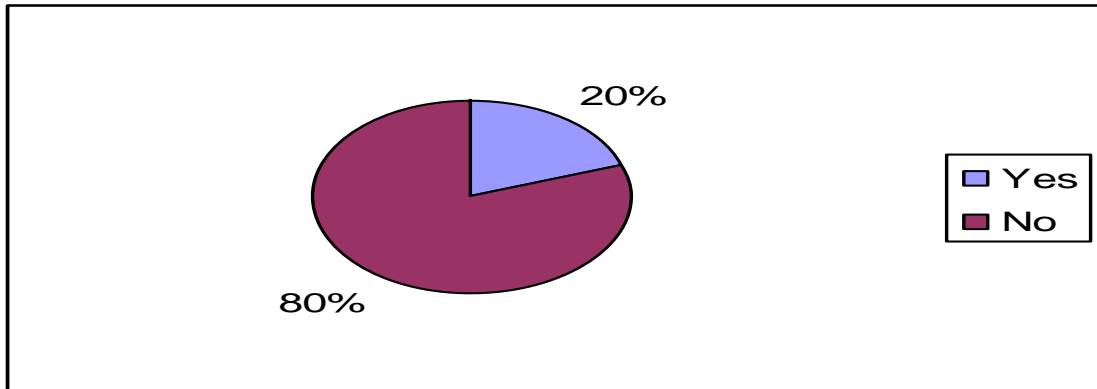


4.4.20 Question 20: Does the company have an internet website?

20% of the respondents' businesses had internet websites. 80% of the

respondents indicated that their businesses did not have internet websites.

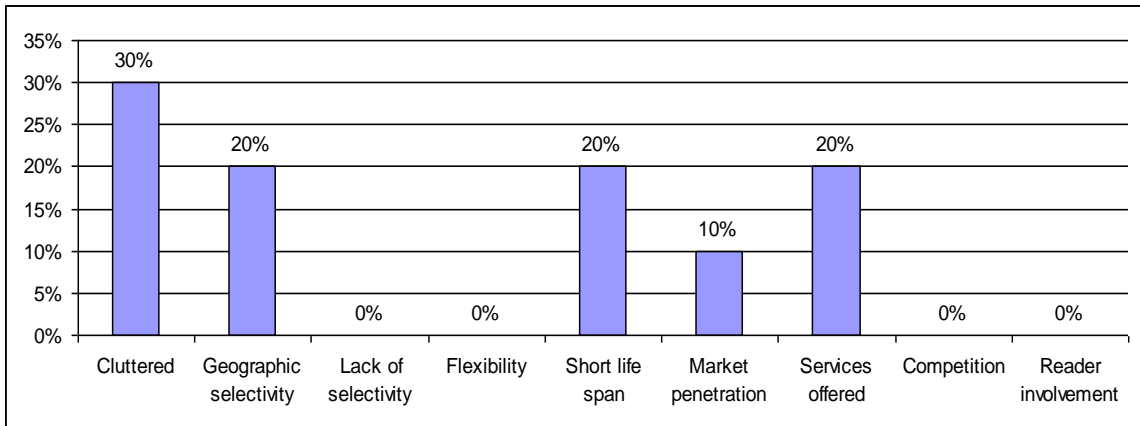
Figure 4.110: Internet website



4.4.21 Question 21: Are the advertisements clear?

The highest percentage of advertisements were rated by the respondents as cluttered (30%), 20% were geographically selected and 20% were of a short life span. 10% of the respondents considered that the advertisements had achieved market penetration, while 20% indicated that the advertisements reflected the service offered.

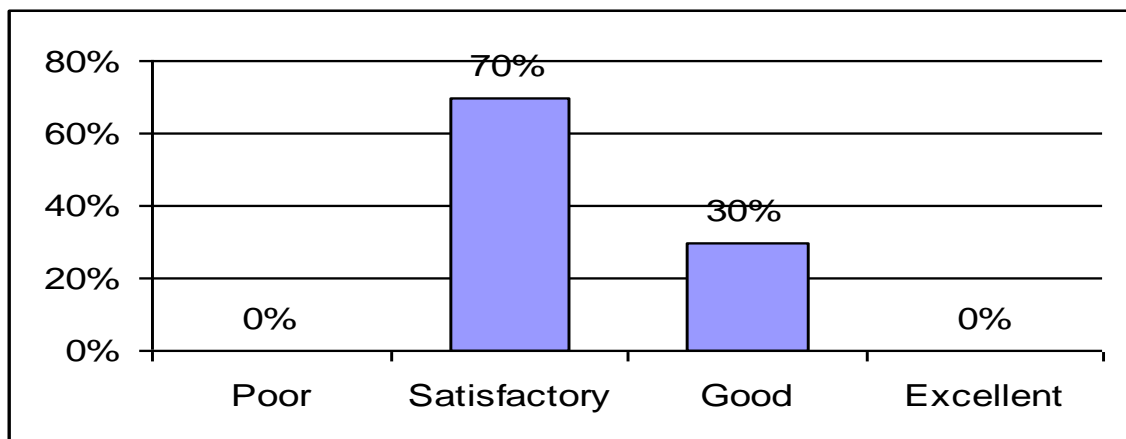
Figure 4.111: Are the advertisements clear?



4.4.22 Question 22: Language used?

70% of respondents rated the language used within the advertisement as satisfactory and 30% rated it as good.

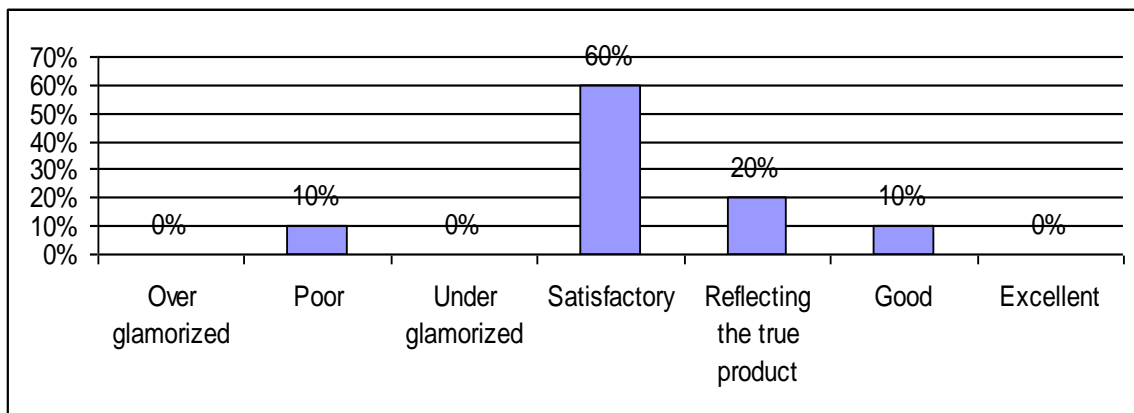
Figure 4.112: Language used



4.2.23 Question 23: Is advertisement realistic?

Most respondents (60%) rated the advertisements in terms of their realism as satisfactory. 10% of the respondents rated the advertisements as poor reflections of the product. 20% of the respondents rated the advertisements as true reflections of the products, but only 20% of the respondents considered the advertisements good.

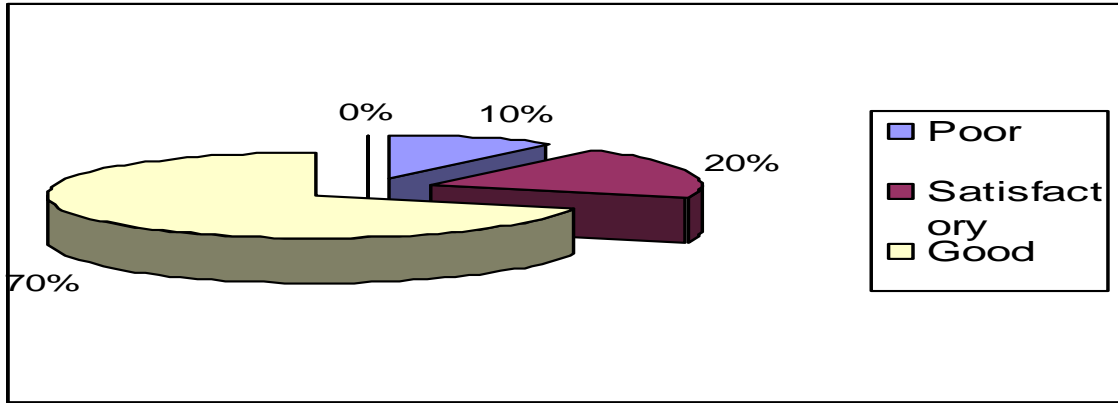
Figure 4.113: Is advertisement realistic?



4.4.24 Question 24: Is the layout of the advertisement appealing?

70% of the respondents rated the layout of the advertisements as good, 20% as satisfactory, and 10% as poor.

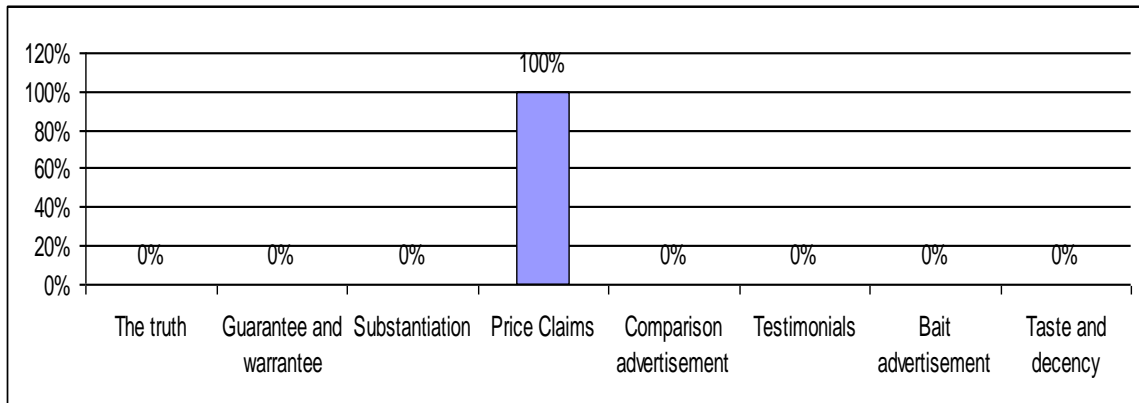
Figure 4.114: Layout of the advertisement



4.4.25 Question 25: Message of the advertisement?

All the respondents indicated that the advertisement messages were based on price claims.

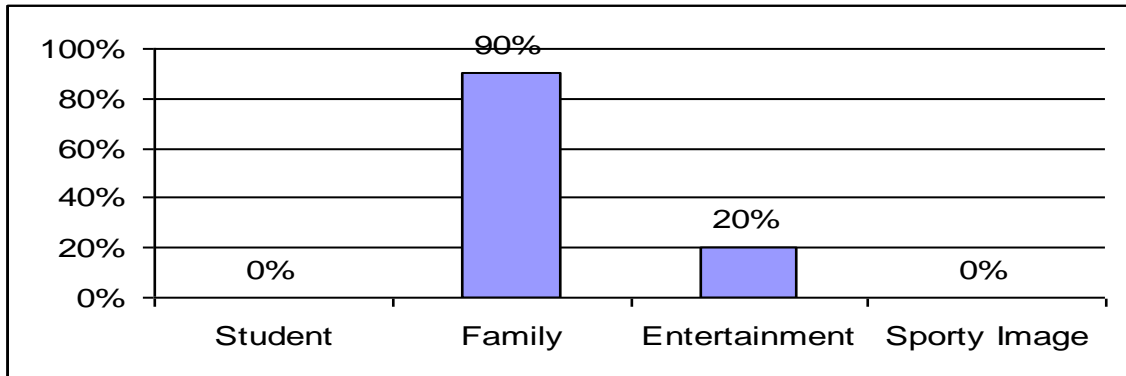
Figure 4.115: Message of the advertisement



4.4.26 Question 26: Focus of value: the advertisement is in newspaper?

90% of the respondents indicated that the advertisements were focused on family values in the newspaper. 20% indicated that the focus was on entertainment.

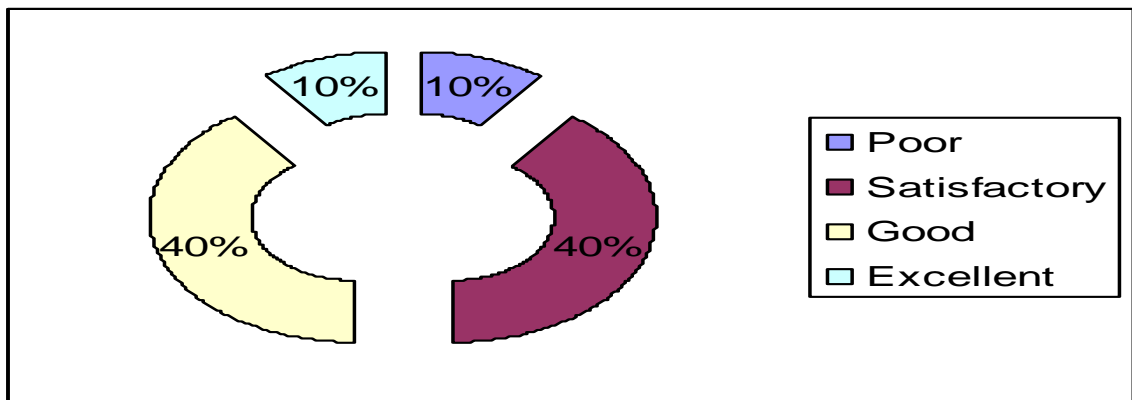
Figure 4.116: Focus of value



4.4.27 Question 27: Is the advertisement positioned maximally?

Position of the advertisement is important. 40% of the respondents rated the advertisements as satisfactory in terms of their position. 40% rated position as good. 10% rated position as excellent. 10% rated positions as poor.

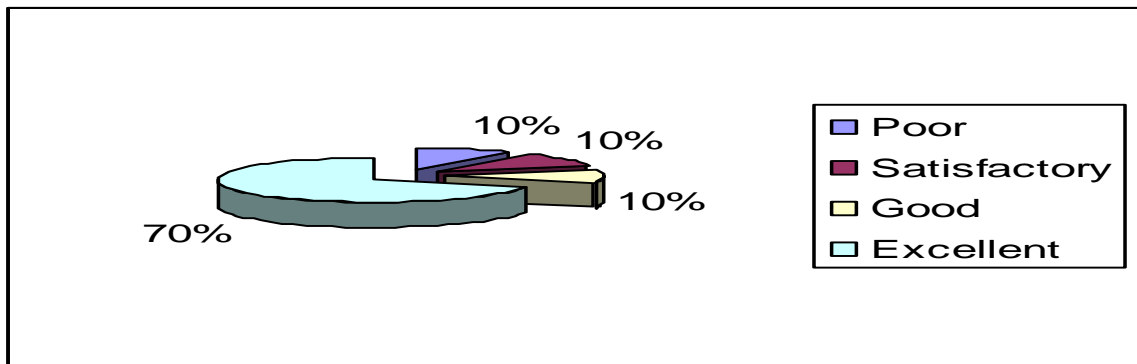
Figure 4.117: Advertisement position



4.4.28 Question 28: Is the company name strategically positioned in the advertisement?

70% of the respondents indicated that the company's name was excellently positioned in the advertisement. The remaining 30% of the respondents rated position of the business name as poor (10%), satisfactory (10%), and good (10%).

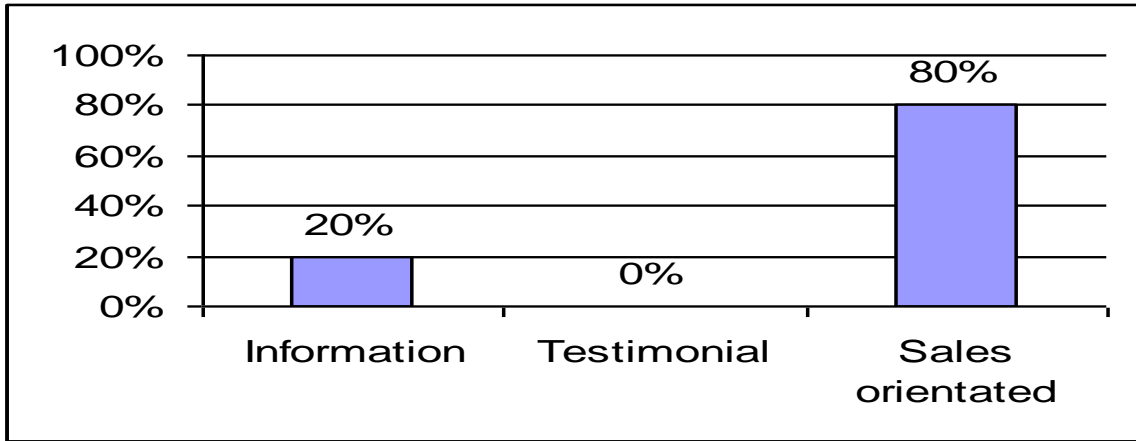
Figure 4.118: : Is the company name strategically positioned



Question 29: Type of advertisement?

According to the respondents, 80% of the advertisements were sales oriented and 20% of the advertisement messages were focused on information.

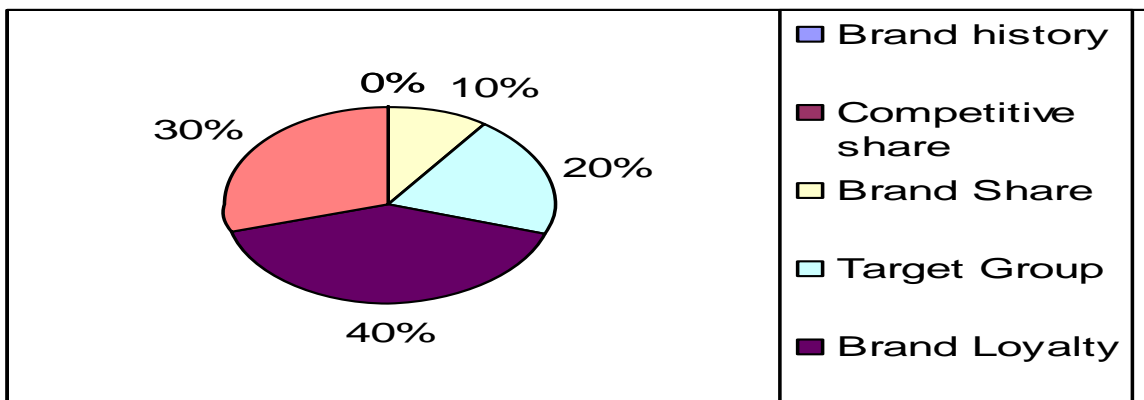
Figure 4.119: Type of advertisement



4.4.30 Question 30: Marketing Factors?

40% of the respondents indicated that the marketing factor in the advertisements was brand loyalty, 30% indicated competitive share, 10% was based on brand share, and the remaining 20% was focused on the target group.

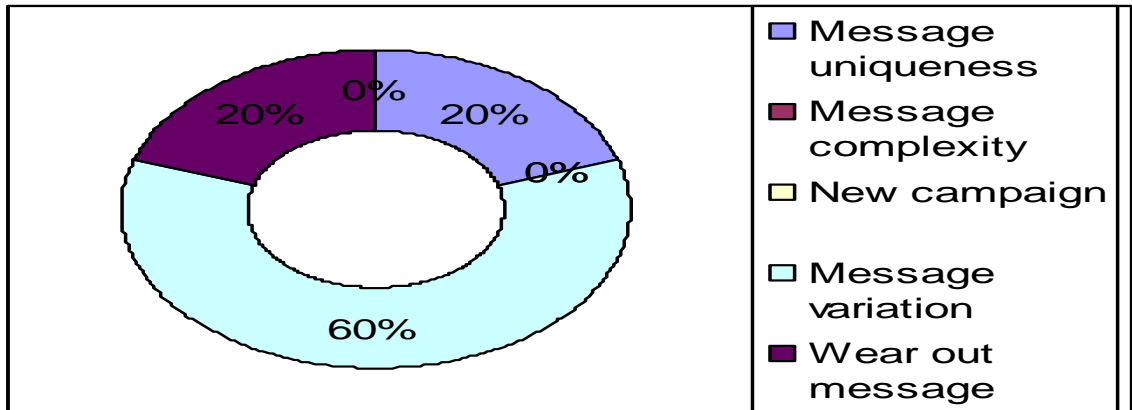
Figure 4.120: Marketing Factors



4.4.31 Question 31: Message information varied

60% of the respondents indicated that message information in the advertisement was focused on message variation.

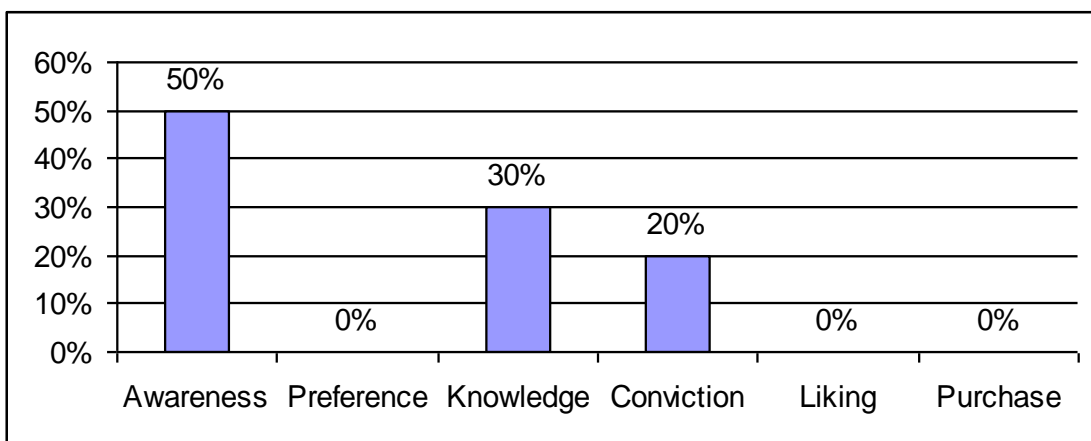
Figure 4.121: Message information varied



4.4.32 Question 32: Focus of the advertisement message?

The respondents indicated that the message of the advertisements was mainly awareness (50%). Knowledge was indicated by 30% of respondents and conviction by 20% of respondents.

Figure 4.122: Focus of the advertisement message



The following section contains the findings of the stratified sampling according to the age group of the enterprises, as mentioned in chapter 3. The companies

in the sample were enterprises younger than fifteen years and enterprises older than fifteen years of age.

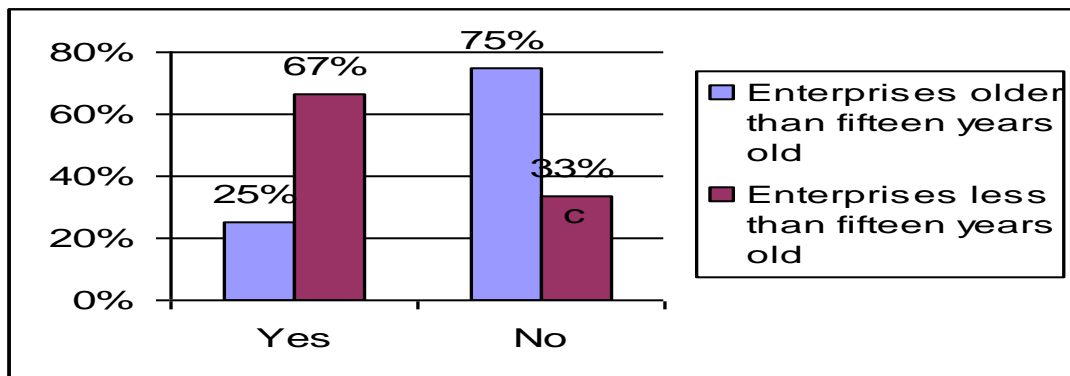
4.5 QUESTIONNAIRE- DIVISION 1: MANAGEMENT KNOWLEDGE

The questionnaire consisted of the following questions:

4.5.1 Question 1: Is the Owner the Manager of the company?

In 67% of the enterprises less than fifteen years old, the owners were the managers of the pre-owned motor vehicle enterprise. In 25% of the enterprises OFY, the owners were the managers of the pre-owned motor vehicle enterprise.

Figure 4.123: Manager of company

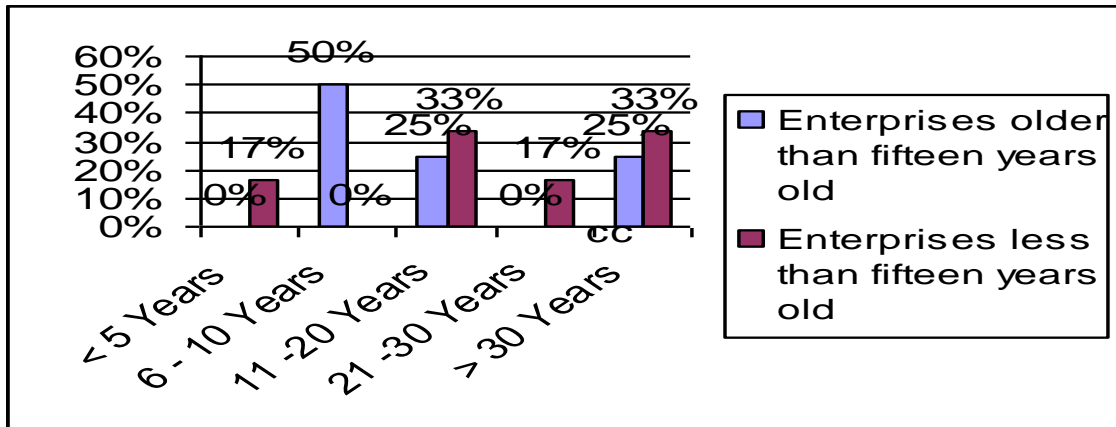


4.5.2 Question 2: How many years experience do you have in this industry?

	Enterprises OFY	Enterprises YFY
< 5 years	0%	17%
6 - 10 years	50%	0%
11– 20 years	25%	33%
21– 30 years	17%	0%

> 30 years	25%	33%
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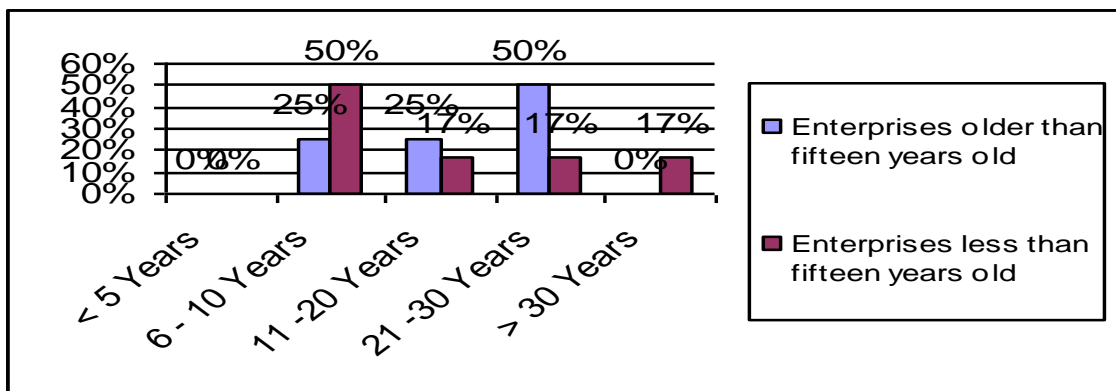
Figure 4.124: Experience



Question 3: How old is this company?

50% of the enterprises OFY had been in business between 21 and 30 years, while 50% of the enterprises less than fifteen years of age had been in business for only 6 to 10 years.

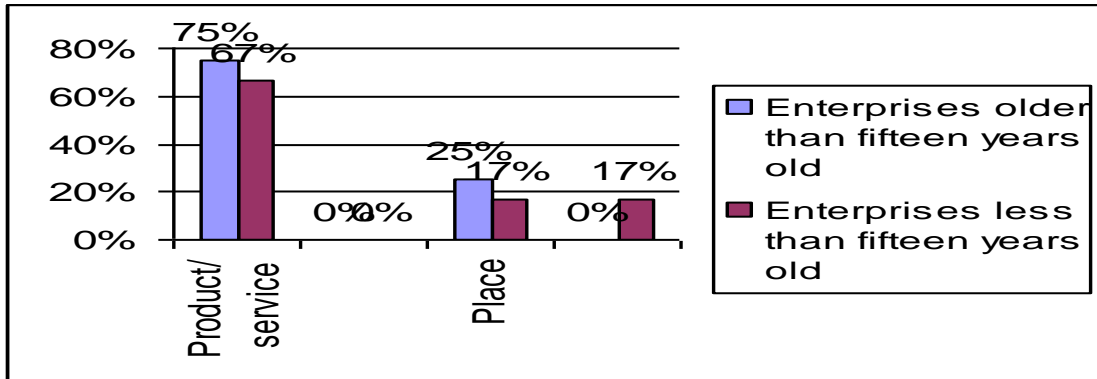
Figure 4.125: Age of company



Question 4: Which marketing tools do you use to market your product?

75% of the enterprises OFY and 67% of the enterprises YFY made use of product service as a marketing tool to market their product.

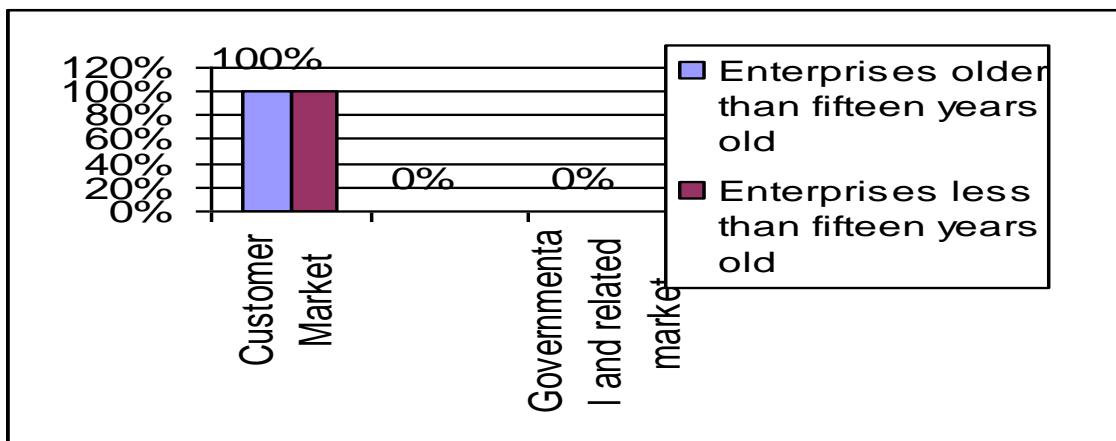
Figure 4.126: Market tools



4.5.5 Question 5: What type of market do you serve?

Both those enterprises OFY (100%) and those YFY (100%) served the customer market.

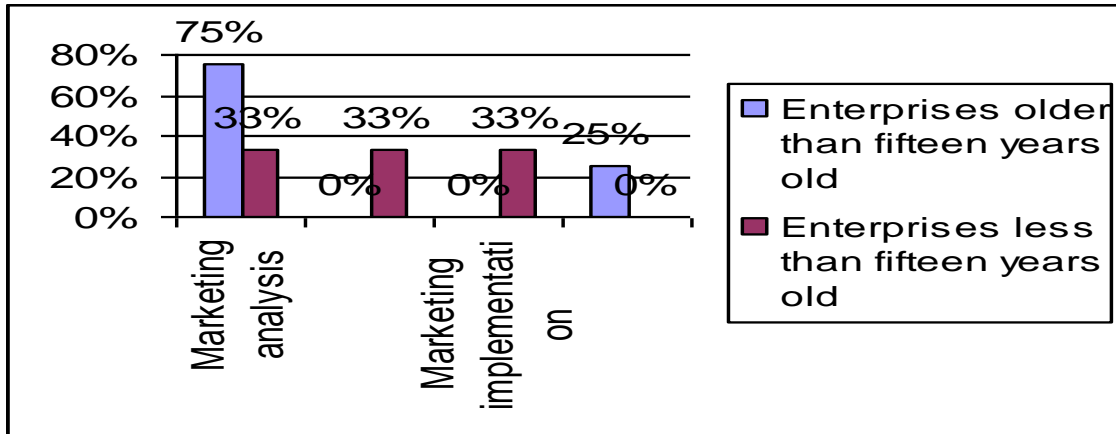
Figure 4.127: Type of market



4.5.6 Question 6: How do you measure / evaluate marketing results within your company?

75 % of enterprises OFY indicated that they make use of marketing analysis to measure their marketing results. Enterprises YFY indicated that they make use of market analysis (33%), market planning (33%) and marketing implementation (33%) to measure their marketing results.

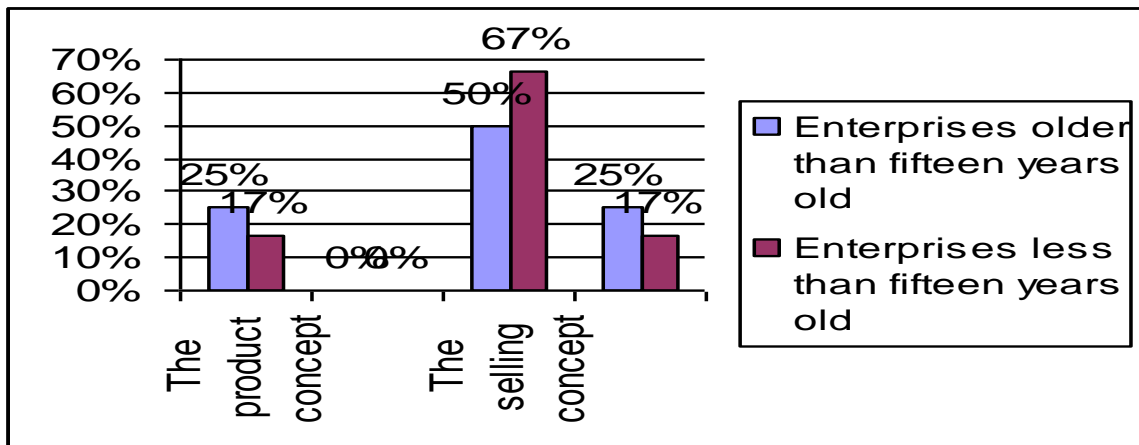
Figure 4.128: Evaluation of marketing results



4.5.7 Question 7: With what do you align your marketing management philosophy?

50% of enterprises OFY and 67% of enterprises YFY used the selling concept as a marketing management philosophy. No respondent indicated that use of production as a marketing management philosophy.

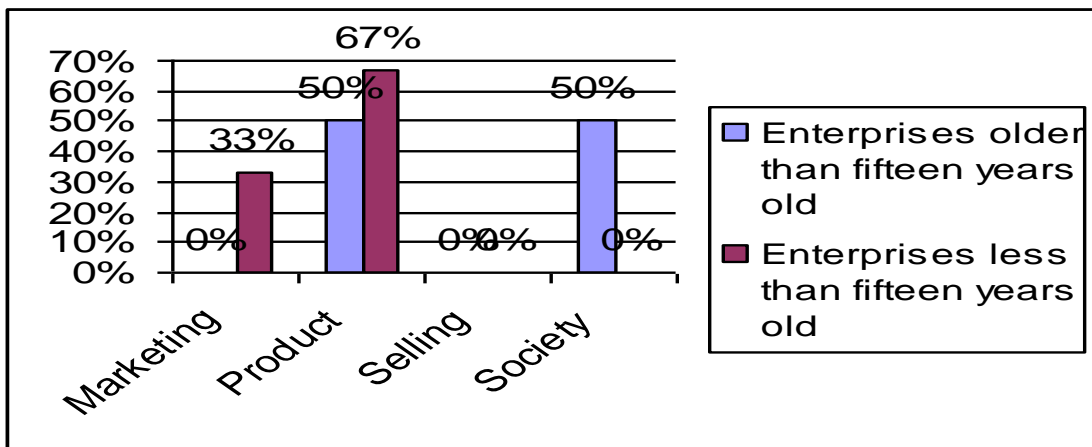
Figure 4.129: Align marketing management



4.5.8 Question 8: What strategy do you use to seek balance between short term customer wants and ensuring long term customer needs?

50% of enterprises OFY indicated both product and society as their strategies to balance short term and long term wants and needs of customers. 67% of enterprises YFY indicated product only as their strategy to balance customers' short and long term wants and needs. No enterprises YFY indicated either society or selling as strategies they used.

Figure 4.130: Balance between short and long term customer

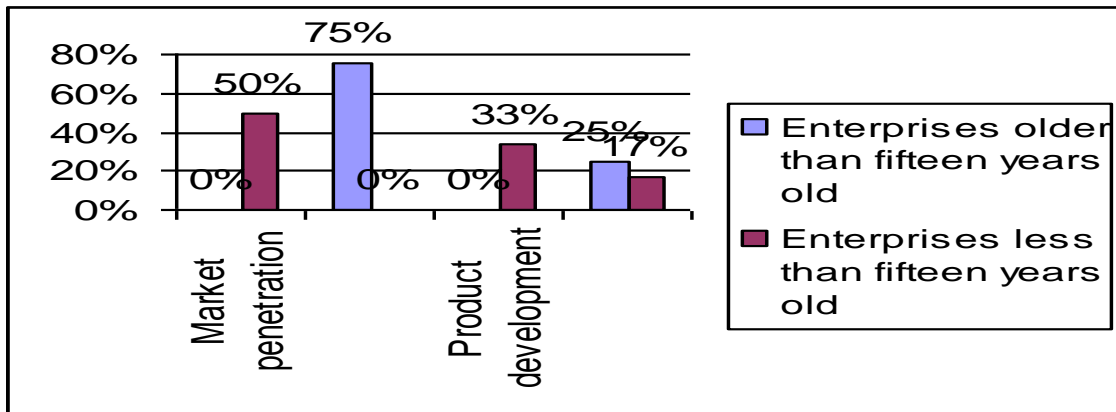


4.5.9 Question 9: How do you enter new markets?

A significant difference between the two groups was noted in the answers to this question. 75% of enterprises OFY indicated that they enter markets using

product development while only 25% made use of diversification. 50% of enterprises YFY make use of market penetration, 33% make use of product development, and 17% make use of diversification.

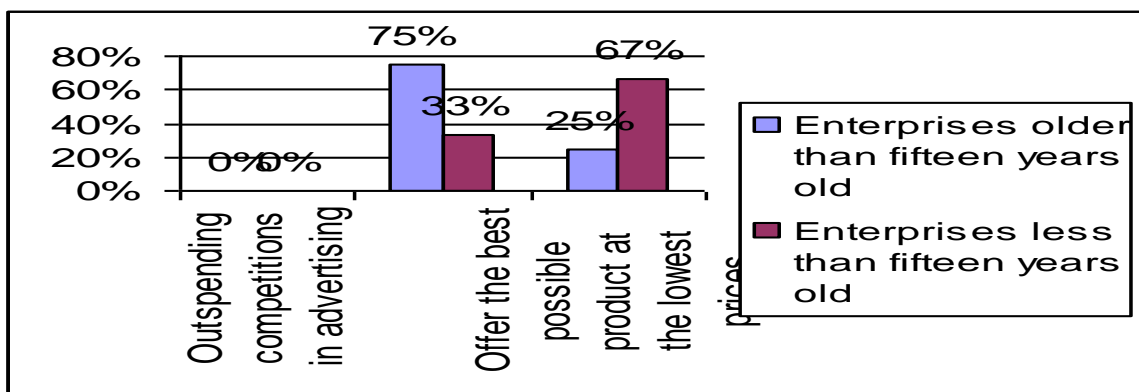
Figure 4.131: New markets



4.5.10 Question 10: How do you create a competitive advantage?

75% of the group of fifteen years and older indicated that they gained a competitive advantage by giving the customer more value for money, while 33% of the fifteen and younger group gained competitive advantage by this means. 67% of the fifteen and younger group, however, focused on the best product at the lowest price in order to create a competitive advantage.

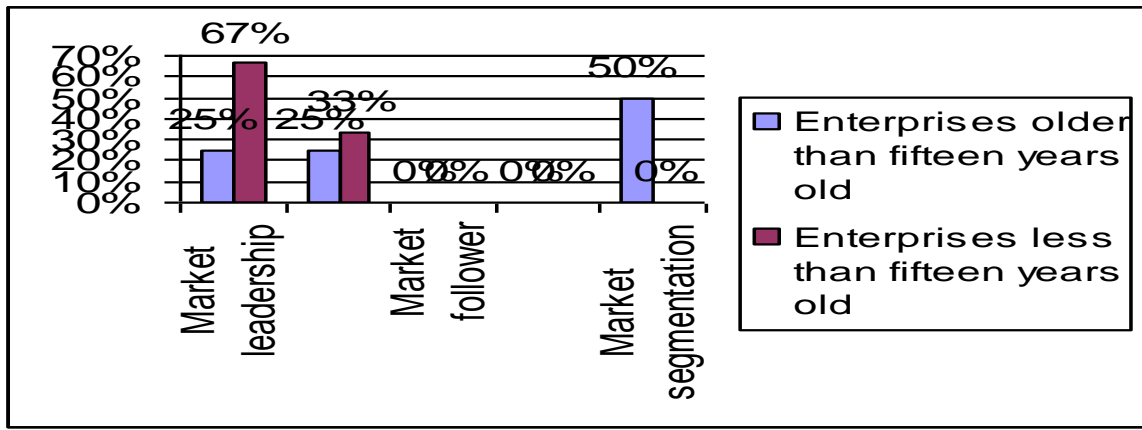
Figure 4.132: Competitive advantage



4.5.11 Question 11: How do you seek to gain a market share?

50% of the enterprises OFY made use of market segmentation, 25% made use of market leader and 25% of market challenger. The enterprises YFY made use of market leader (67%) and market challenger (33%), hence focusing more on being the market leader to gain market share.

Figure 4.133: Market share



4.5.12 Question 12: How do you check ongoing control of marketing activities?

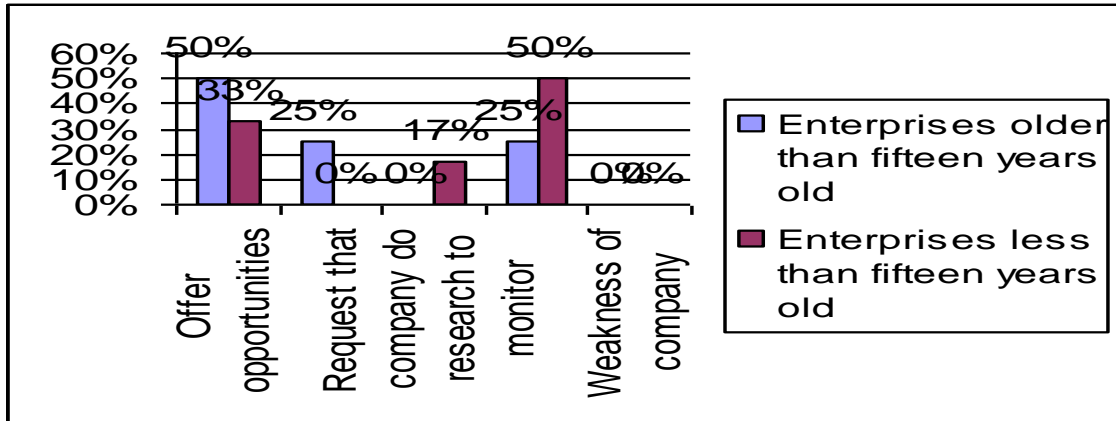
75% of the OFY enterprises made use of Strategic Control, in comparison with 67% for the YFY enterprises which check for ongoing control by means of marketing activities.

4.5.13 Question 13: Which of the following statements about the marketing environment do you focus on?

With regard to marketing environment, the enterprises of fifteen years and older focused mainly on offering opportunities (50%), while 50% of the fifteen and

younger enterprises focused on strength of the companies and 33% on the offering of opportunities.

Figure 4.134: Statements of marketing environment



4.5.14 Question 14: Do you make use of record keeping in your business?

- Yes (100%)
- No (0%)

4.5.15 Question 15: How can internal company recordkeeping benefit the company?

This question followed the previous question in which all the respondents indicated that they used internal recordkeeping within their businesses.

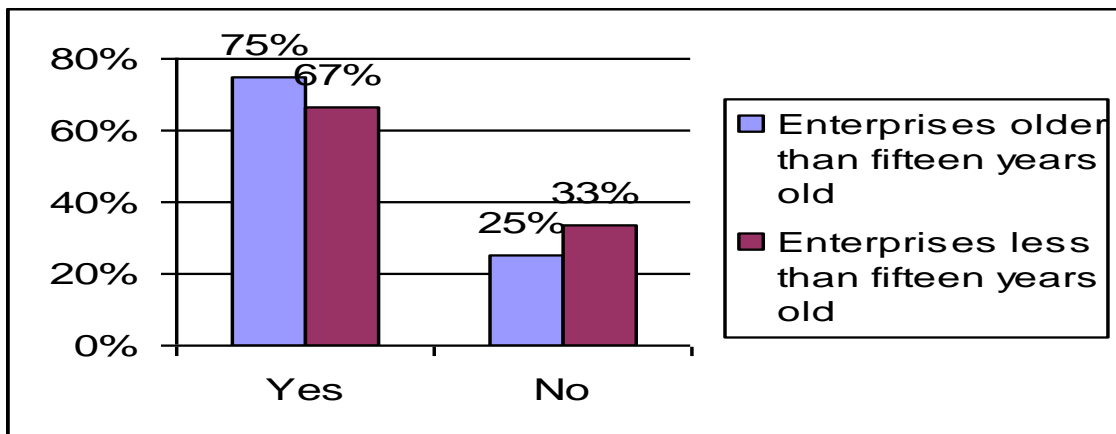
Table 4.4: Recordkeeping

	Enterprises OFY old	Enterprises YFY old
Does it target segmentation of existing customers for special products or services	25%	67%
Does it provide on the spot answers to the customers questions	0%	0%
Does it analyze daily sales performances	75%	17%
Does it obtain information on market share	0%	17%

4.5.16 Question 16: Do you have a marketing information system in your business?

75% of the fifteen years and older enterprises and 67% of the YFY enterprises indicated that they have a marketing information system in their businesses.

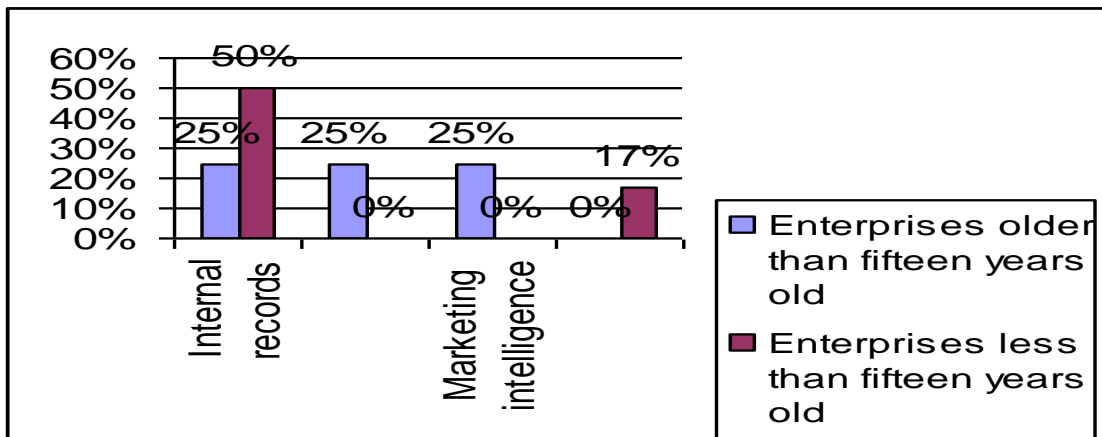
Figure 4.135: Marketing information system



4.5.17 Question 17: Which area of your Marketing Information System can provide you with marketing information?

In answer to the above question of which area of the Marketing Information System can provide the business with marketing information, the enterprises OFY indicated that they had an equal division of 25% for internal records, informational analyses and marketing intelligence. The enterprises YFY indicate 50% for internal records.

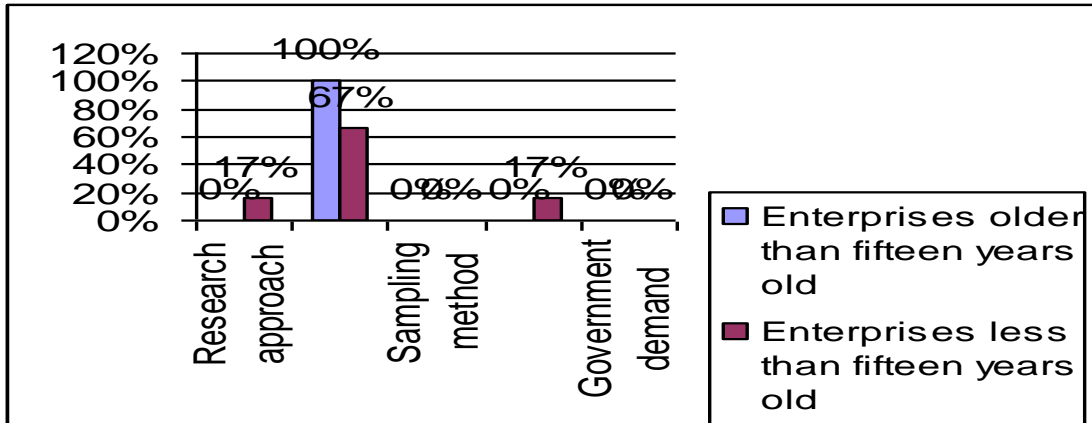
Figure 4.136: Marketing information



4.5.18 Question 18: How do you collect data from your customers needs?

100% of the OFY group agreed that they make use of contact method. 67% of the YFY group make use of the contact method, and 17% of the group make use of both the research approach and research instruments to collect data from the customers.

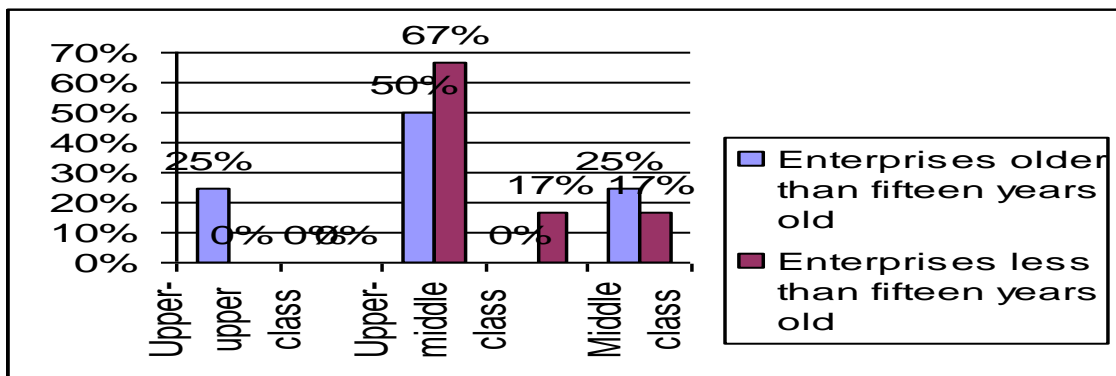
Figure 4.137: Collect data



4.5.19 Question 19: Which social class do you cater for?

With regard to the social class catered for, the OFY group indicated 50% for vehicles for the upper-middle, 25% for the upper-upper class, and 25% for the middle class. The YFY group catered mainly for the upper-middle class (67%), with 17% for the working class and 17% for the middle class.

Figure 4.138: Social class

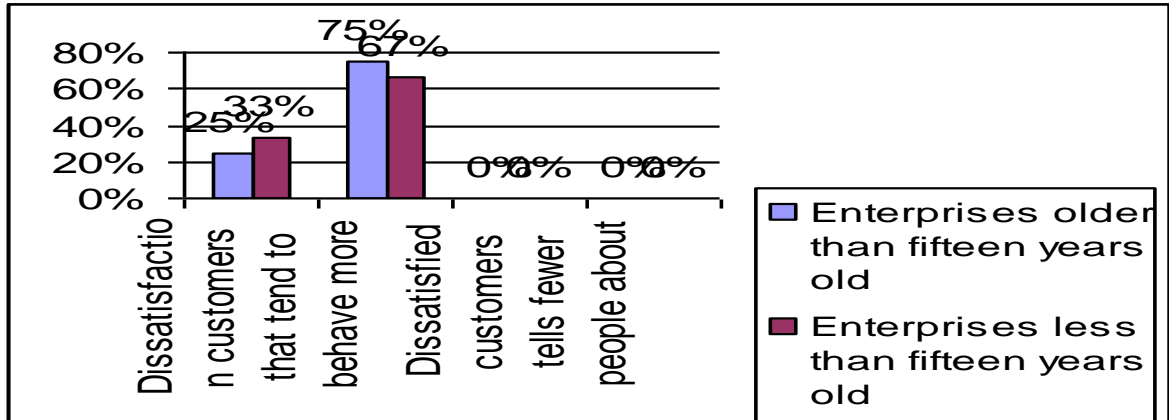


4.5.20 Question 20: Which of the following statements do you focus on?

75 % of the OFY group indicated that it was essential to focus on bad word of mouth travels further and faster than good word of mouth. 67% of the YFY

group indicated a focus on the same statement and 33% focused on dissatisfied customers tend to behave more like satisfied customers.

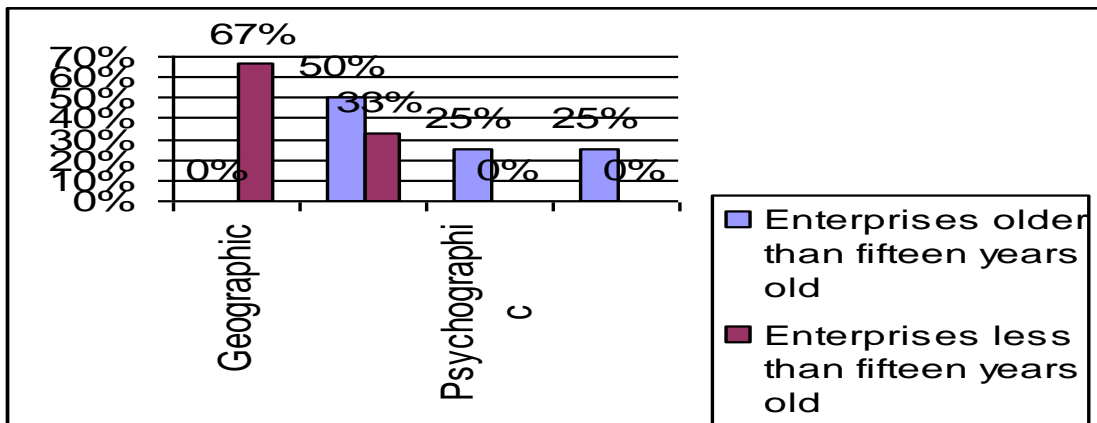
Figure 4.139: Statements



4.5.21 Questions 21: What type of segmentation do you make use of to identify your target market?

50% of the OFY enterprises made use of demographics as a segmentation to identify their target market. 67% of the YFY enterprises concentrated on geographic as a manner to identify a target market.

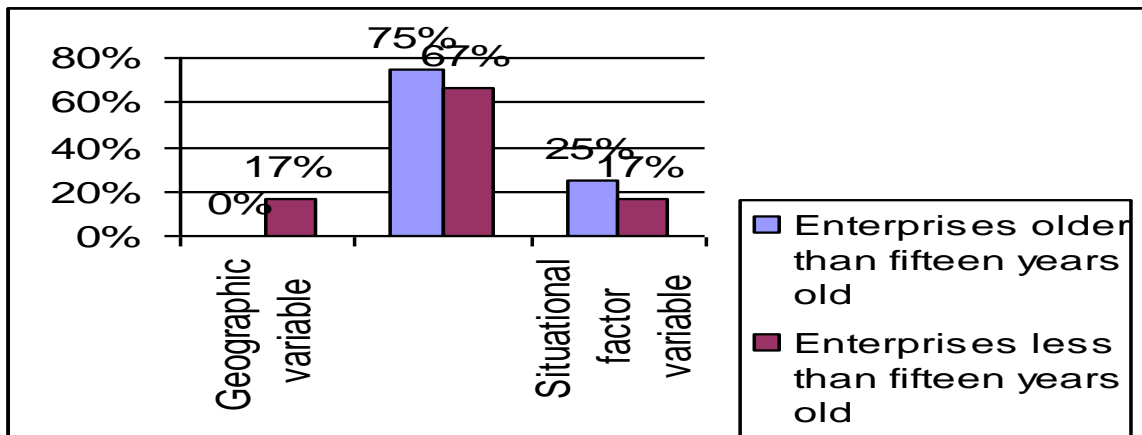
Figure 4.140: Segmentation



4.5.22 Question 22: Which segmentation variable do you make use of in your business?

Both groups (75% of the OFY group and 67% of the YFY group) indicated that operating variable and or purchasing approach variable were used as the segmentation variable.

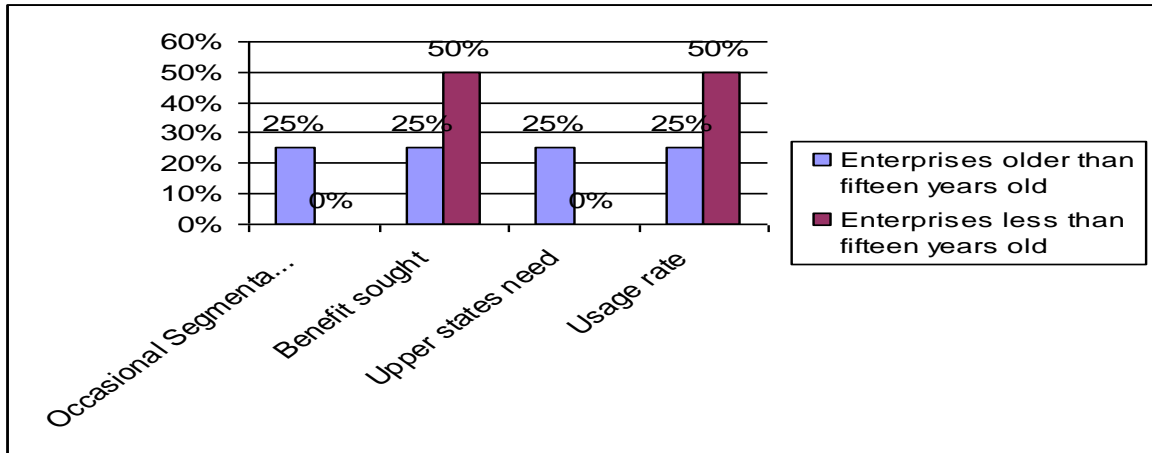
Figure 4.141: Segmentation variable



4.5.23 Question 23: Your customer behavioural segmentation group views are based on?

The fifteen years and older group based its customer behavioural segmentation groups equally (25% each) on all four sections, namely, occasional segmentation, benefit sought, upper states needs and usage rate. The YFY group focused more on benefit sought (50%) and usage rate (50%) for their customer segmentation.

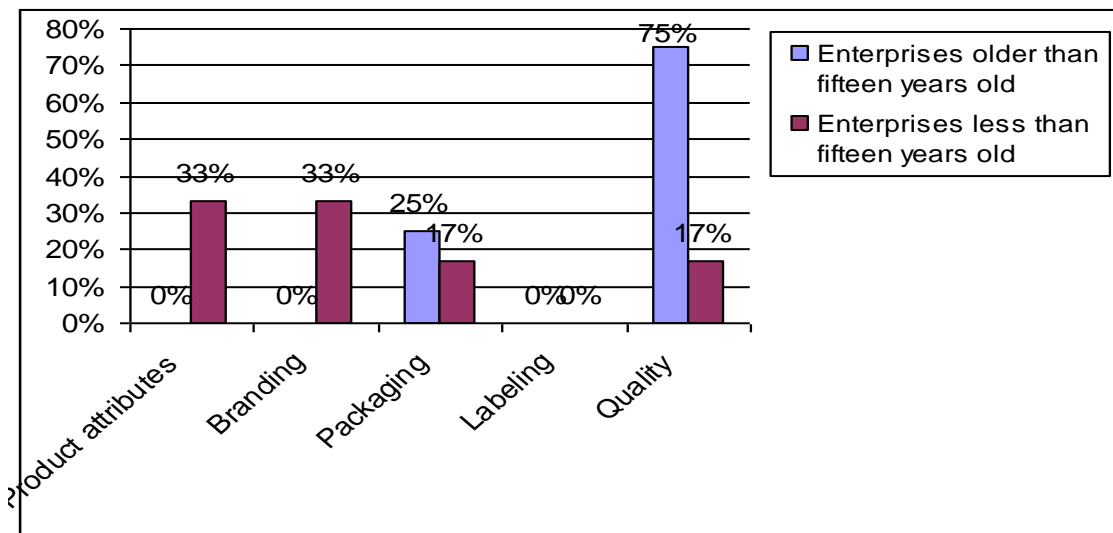
Figure 4.142: Customer behavioural segmentation



4.5.24 Question 24: With what do you relate product quality, features and design?

75% of the OFY enterprises related product quality, features and design to quality. The younger than fifteen year enterprises indicated a split among all categories – product attributes (33%), branding (33%), packaging (17%) and quality (17%).

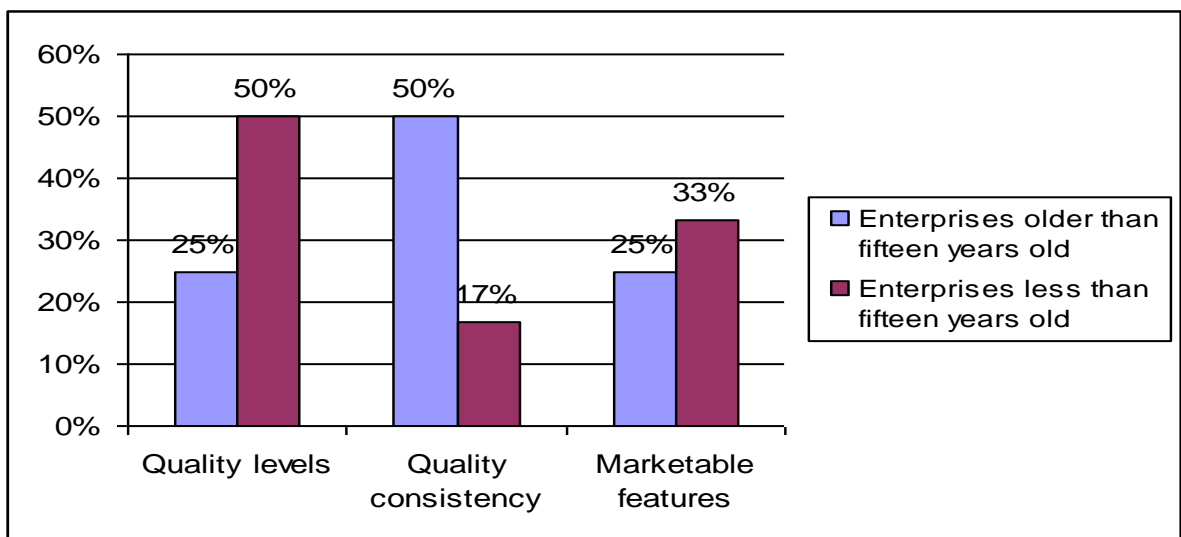
Figure 4.143: Product quality, features and design



4.5.25 Question 25: The absence of the defects variations in your product will have an influence on?

Answers to this question indicated interesting insights into what the priorities of the enterprises were. The enterprises OFY concentrated on quality consistency (50%), quality levels (25%) and marketable features (25%). The enterprises YFY directed their attention to quality levels (50%), marketable features (33%) and quality consistency (17%).

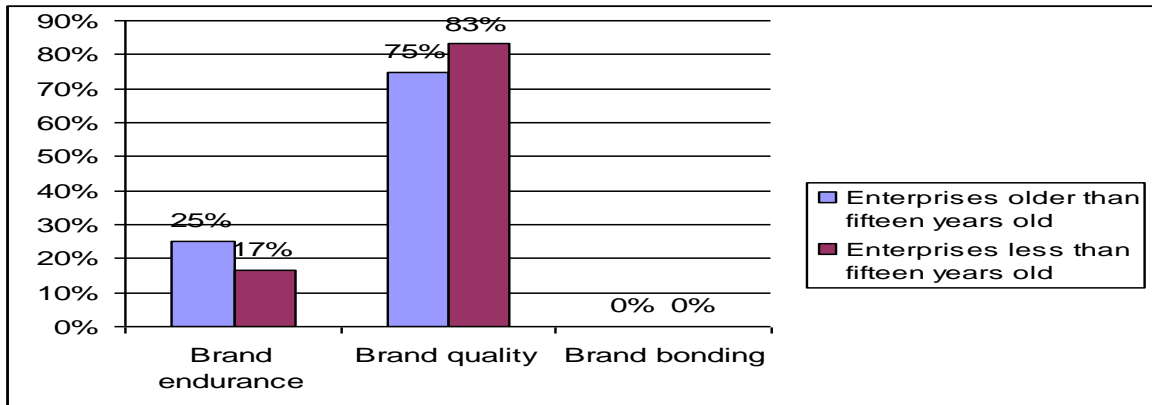
Figure 4.144: Absence of defect variations



4.5.26 Question 26: If your product has achieved an impressive reputation for loyalty, performance and quality. Your product can be said to have?

Brand quality was the most popular answer from both the group OFY and the group YFY. 75% of the enterprises OFY and 83% of the enterprises YFY indicated that their products had a reputation of loyalty, performance and quality.

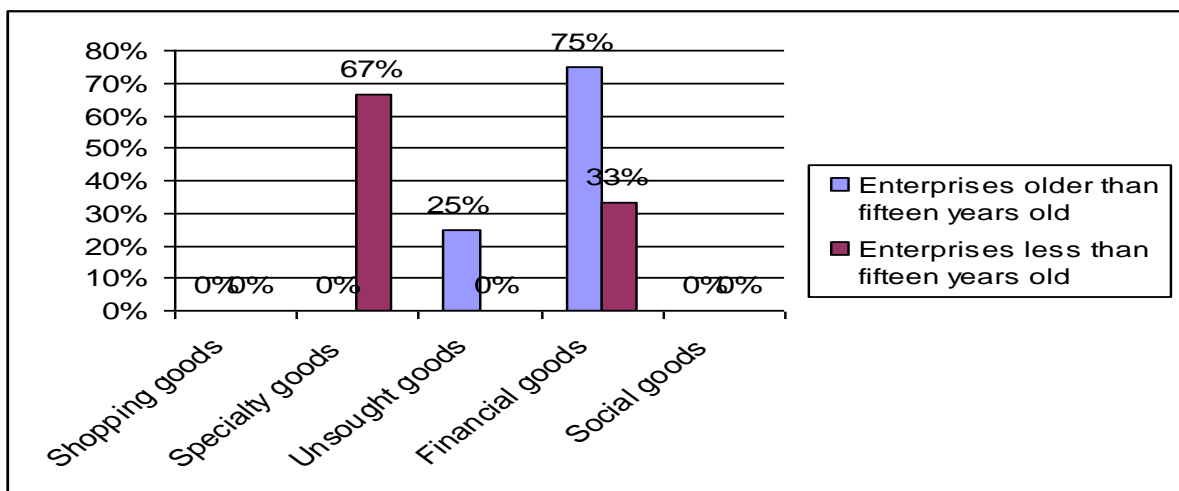
Figure 4.145: Reputation for loyalty, performance and quality



4.5.27 Question 27: On which type of consumer goods does your customer focus on?

Customers of 75% of enterprises OFY focus on financial goods and customers of 25% of these enterprises focus on unsought goods. Customers of 67% of enterprises YFY focus on speciality goods and customers of 33% focus on financial goods.

Figure 4.146: Consumer goods



4.5.28 Question 28: What percentage is the estimated failure rate for purchasing pre-owned product?

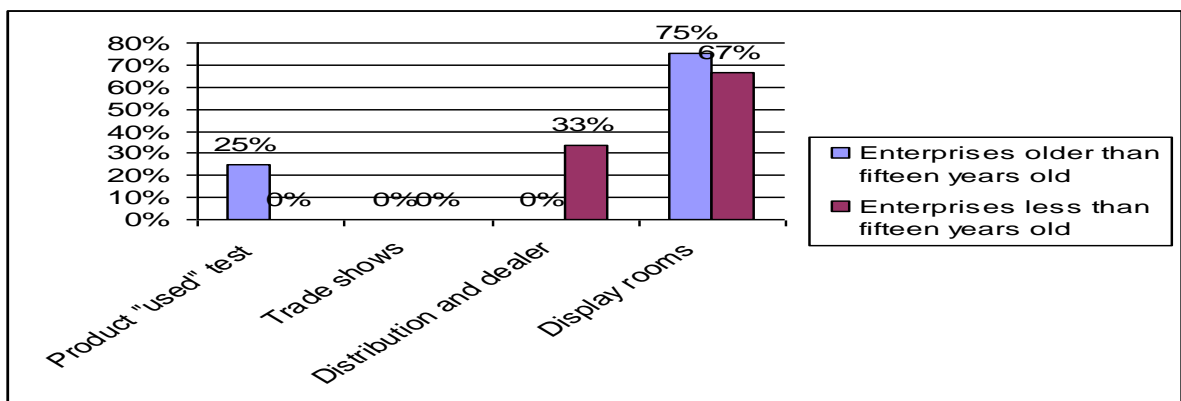
Table 4.5: Estimated failure rate for purchasing pre-owned product

Estimated failure Rate	Enterprises OFY old	Enterprises YFY old
100%	0%	0%
80%	25%	17%
60%	0%	0%
40%	50%	50%
20%	25%	17%
0%	0%	17%

4.5.29 Question 29: Which of the following activities do you use in your business to test for the market products?

75% of the enterprises OFY indicated that they use their display rooms as means to test the market products and 25% employ the product “used” test. 67% of the enterprises YFY also indicated use of display rooms as a means to test their products and 33% employed the distributor and dealer to test the market product.

Figure 4.147: Activities to test for the market products



4.5.30 Question 30: At which stage of the product’s life cycle would you focus on in extending your market share?

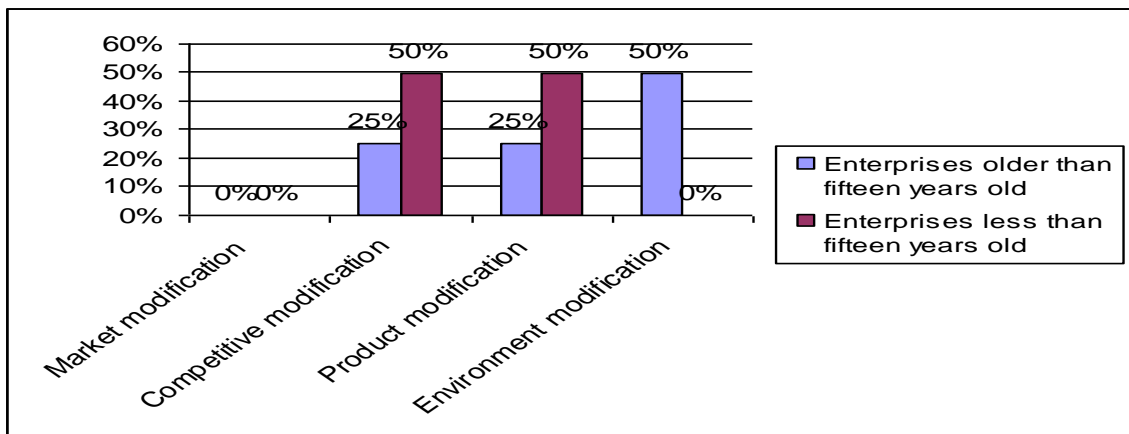
Table 4.6: Extending your market share

Stage of Product Life Cycle for extending the product line	Enterprises OFY old	Enterprises YFY old
Product development	50%	17%
Introduction	25%	17%
Growth	0%	50%
Maturity	25%	17%

4.5.31 Question 31: What type of market strategy do you use in your business?

50% of the enterprises OFY made use of environmental modification, 25% used competitive- and 25% used product modification. By comparison, 50% of enterprises YFY made use of both product and competitive modification.

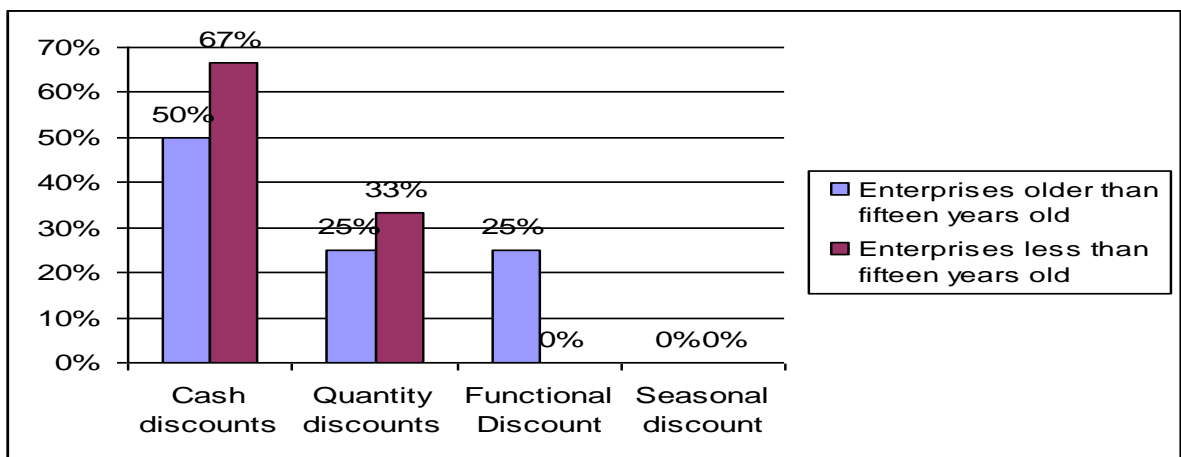
Figure 4.148: Market strategy



4.5.32 Question 32: What type of discounts do you give to customers?

50% of enterprises OFY gave cash discounts to customers and 67% of enterprises YFY gave cash discounts. Neither group gave seasonal discount.

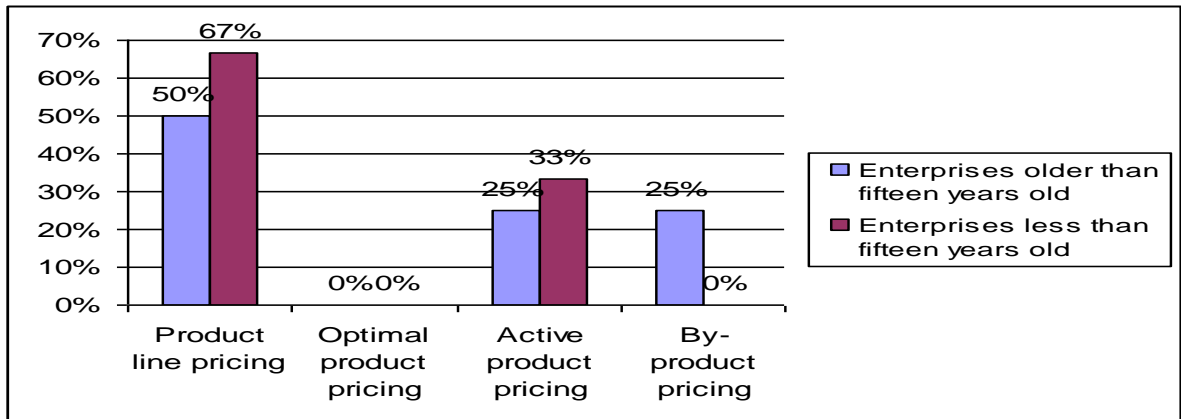
Figure 4.149: Discounts



4.5.33 Question 33: Which pricing strategy do you make use of in your business?

50% of the older than fifteen years enterprises (OFYE) made use of product line pricing strategy. 67% of the younger than fifteen years enterprises (YFYE) also made use of product line pricing strategy. 25% of OFYE and 33% of YFYE made use of active product line pricing. Neither group made use of optimal product pricing.

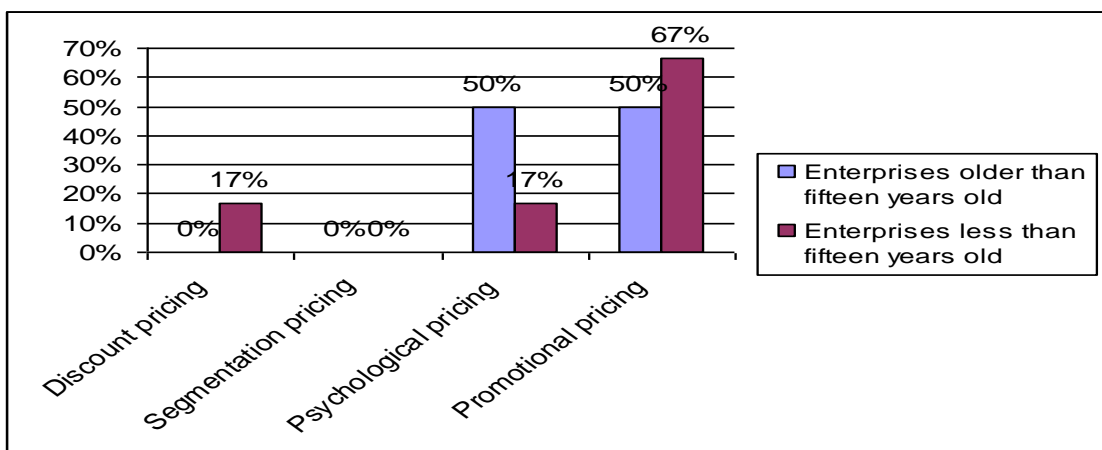
Figure 4.150: Pricing strategy



4.5.34 Question 34: What type of price adjustment strategy do you apply in your business?

The price adjustment strategy differed between the two groups. 50% of the OFYE focused on both the psychological pricing as well as the promotional pricing. 67% of the YFYE focused on the promotional strategy, 17% on discount strategy, and 17% on the psychological pricing as a price adjustment within their enterprises.

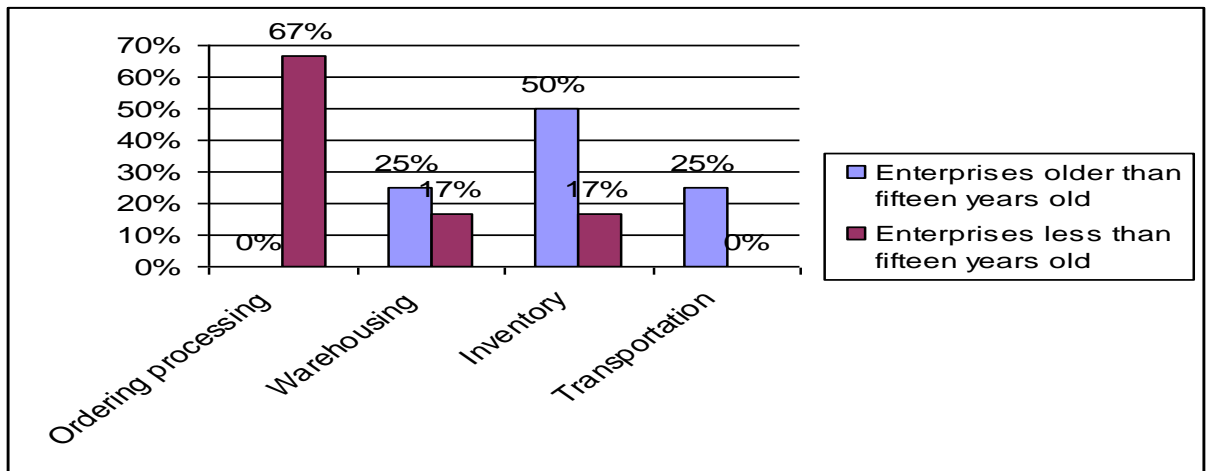
Figure 4.151: Price adjustment strategy



4.5.35 Question 35: Physical distribution begins in which area of physical distribution decision in your business?

50% of the OFYE begin physical distribution at the inventory, 25% at warehousing, and 25% transportation. 67% of the YFYE’s distributions focus on ordering processing, 17% at warehousing and 17% at the inventory.

Figure 4.152: Physical distribution decision



4.5.36 Question 36: What medium do you use to communicate your message to achieve your target market?

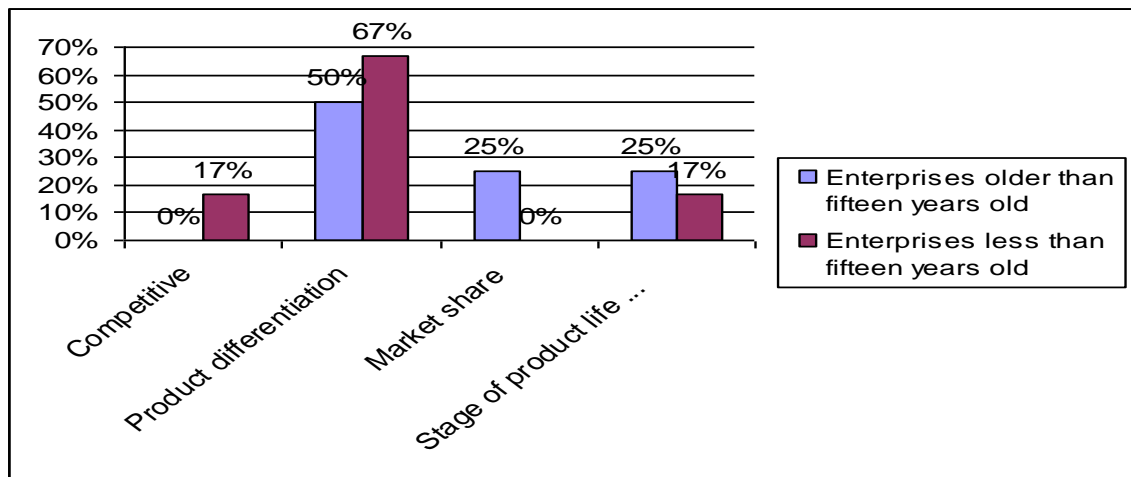
Table 4.7: Medium used to communicate to achieve target market

Medium to communicate with customers	Enterprises OFY old	Enterprises YFY old
Media	50%	83%
Events	25%	0%
Messages	25%	17%
Television	0%	0%
Other	0%	0%

4.5.37 Question 37: When setting your advertising budget, on which factors do you concentrate?

When setting their advertising budgets, 50% of the OFYE focused on product differentiation, while 67% of the YFYE focused on this factor. 25% of the OFYE concentrated on market share, while the YFYE did not rate this factor at all. The competitive factor was not rated by the OFYE and 17% of the YFYE focused on this factor. 25% of the OFYE and 17% of the YFYE focused on the stage of the product life cycle.

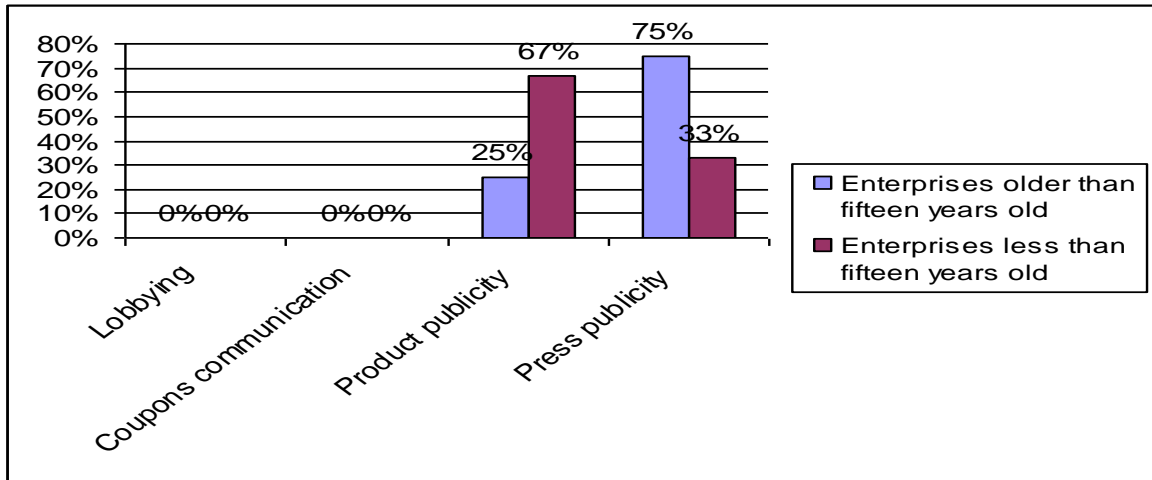
Figure 4.153: Advertising budget



4.5.38 Question 38: What relationship activities do you make use of that involve placing newsworthy information into the news medium to attract attention to a person, product or service?

75% of the OFYE and 33% of the YFYE made use of the relationship activity termed press publicity. 25% of the OFYE and 67% of the YFYE made use of the relationship activity termed product publicity. Lobbying and coupons were not used by either group.

Figure 4.154: Placing newsworthy information into the news medium



4.5.39 Question 39: In terms of major relationship decisions in support of product, which task will you single out?

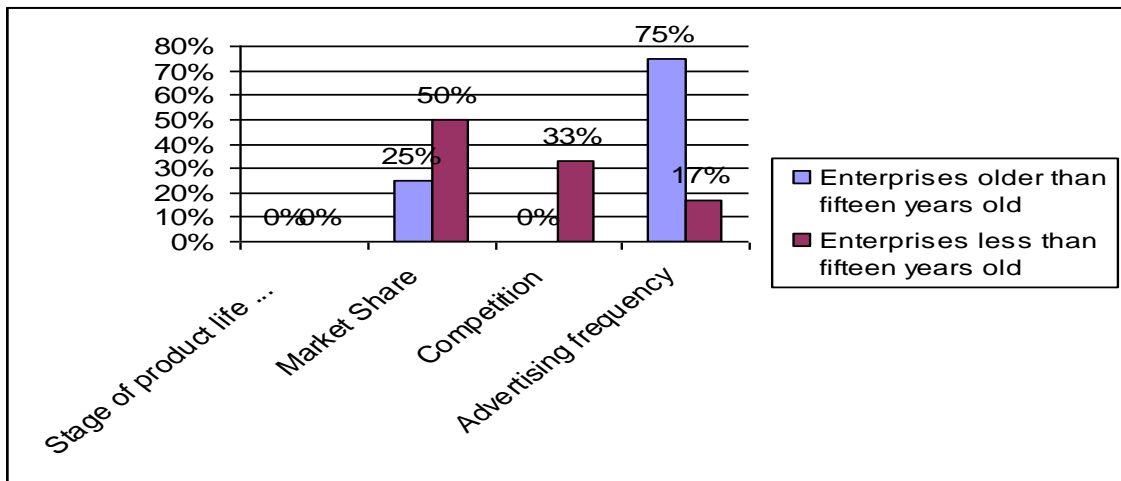
Table 4.8: Relationship decisions

	Enterprises OFY old	Enterprises YFY old
Evaluating results	25%	50%
Choosing message	0%	0%
Setting objectives	50%	17%
Implementing plans	25%	33%

4.5.40 Question 40: Which factors will you consider when setting an advertisement budget?

When setting an advertisement, 75% of the OFYE considered advertising frequency, while only 17% of the YFYE focused on the same factor. 33% of the YFYE and 0% of the OFYE considered the competition factor. 50% of the YFYE and 25% of the OFYE considered the market share factor. The stage of the product life cycle were not considered by either group when setting an advertising budget.

Figure 4.155: Advertisement budget



4.5.41 Question 41: What do you do to let the customer feel that he receives value for money spent? (Social Responsibility)

The following answers were given by the respondents to the above question:

OFYE:

- 🎬 Good product.

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Factors influencing management knowledge in the pre-owned motor vehicle enterprises of Matjhabeng.

- Client satisfaction.
- Something visible and focus on the person and not the invoice.

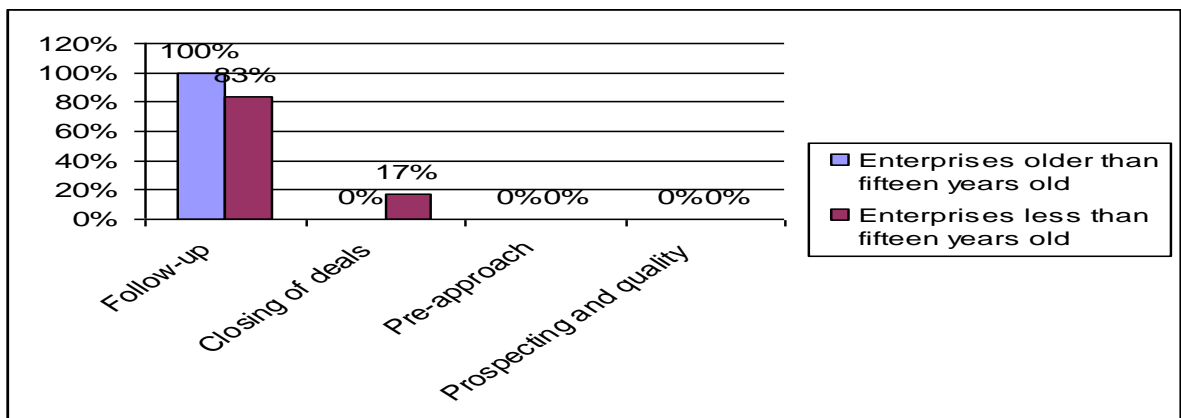
YFYE:

- Giving customer a good product. Value for money and security with warranties. Service plans.
- Used warranties.
- Service. Good service, and honesty.
- Pricing as well as first time right product. Clean and serviced product.
- Good product. Without defects. Good after sales.

4.5.42 Question 42: Which step in the selling process is important for the business?

100% of the OFYE considered follow-up as the most important part of the selling process. 83% of the YFYE considered follow-up as most important and 17% considered closing the deal as important.

Figure 4.156: Important step in the selling process



4.5.43 Question 43: What do you think is the basic asset underlying brand quality?

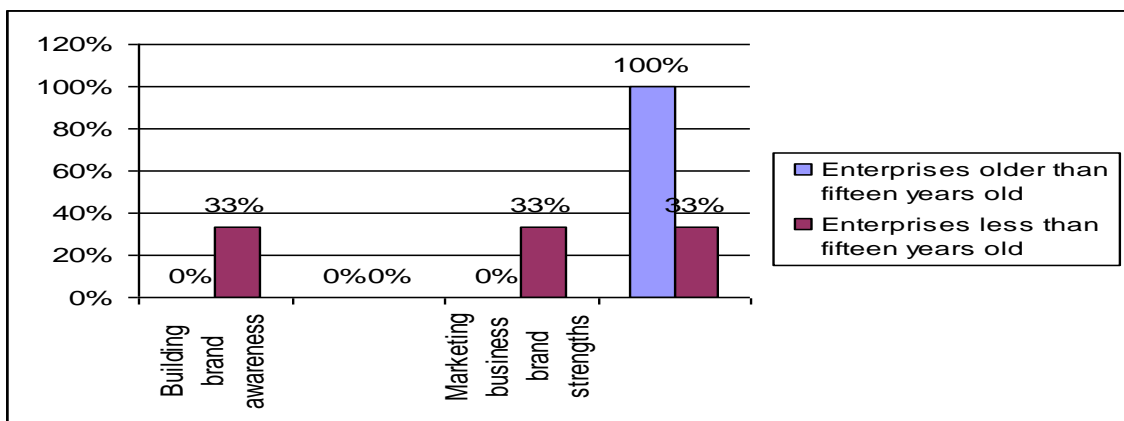
Table 4.9: Basic asset underlying brand quality

Basic asset underlying brand quality	Enterprises OFY old	Enterprises YFY old
Company brand strategy	50%	33%
Effective advertising and promotion	0%	33%
Customer quality	25%	33%
Brand Loyalty	25%	0%

4.5.44 Question 44: In your marketing strategy, on which aspects do you focus?

100% of the OFYE focused on extending loyal customers life time value as a marketing strategy. 33% of the YFYE focused on this aspect. The other 66% of the YFYE were equally focused on building brand awareness and marketing business brand strengths.

Figure 4.157: Marketing strategy



4.5.45 Question 45: Which one of the following common mistakes do businesses make, when it comes to pricing?

OFYE:

- Over pricing.
- Not adding value to product.
- Not researching and over pricing.

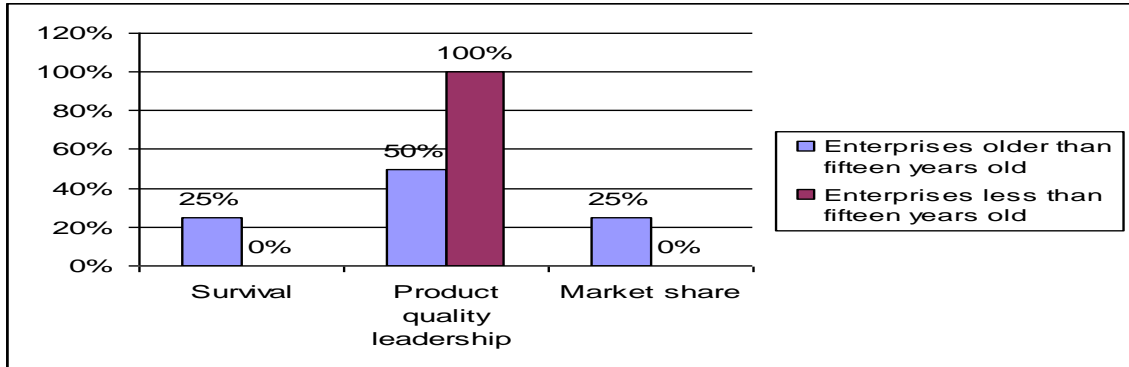
YFYE:

- Over pricing.
- No discounting.
- Paying too much.
- Not selling their product, but selling discount. Customers will pay more for service and honesty than taking a discount.

4.5.46 Question 46: Which type of strategy would you use to enhance current results?

100% of the YFYE would use product leadership to enhance current results, while 50% of the OFYE would use this strategy. 25% of the OFYE would use survival and 25% would use market share as strategies to enhance the current results of enterprises.

Figure 4.158: Enhancement of current results



4.5.47 Question 47: With which of the following marketing communications decisions areas are you concerned ?

Table 4.10: Marketing communications decisions areas

Concerns for marketing communication decisions	Enterprises OFY old	Enterprises YFY old
Identifying the target market	50%	67%
Determining the response sought	0%	17%
Choosing a message	25%	0%
Choosing a media	25%	17%

4.5.48 Question 48: The level of ethical behaviour has declined in South Africa. What do you think your business focuses mainly on?

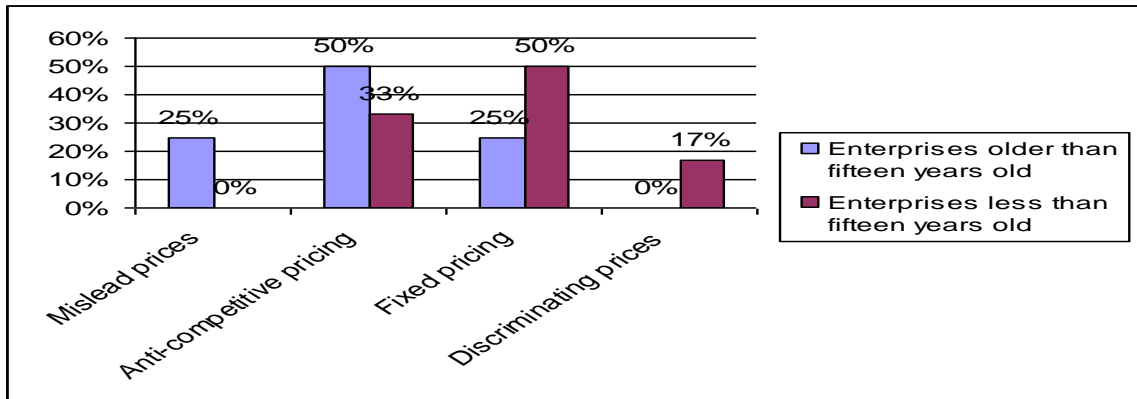
Table 4.11: Business focuses

	Enterprises OFY old	Enterprises YFY old
Ethical issues in product policy	0%	0%
Product safety	25%	83%
Product positioning	25%	0%
Labelling	25%	0%
Packaging	25%	17%

4.5.49 Question 49: Ethical issues in price policy?

50% of the OFYE and 33% of the YFYE considered anti-competitive pricing an ethical issue. Fixed pricing was considered less important by the OFYE (25%) than by the YFYE (50%).

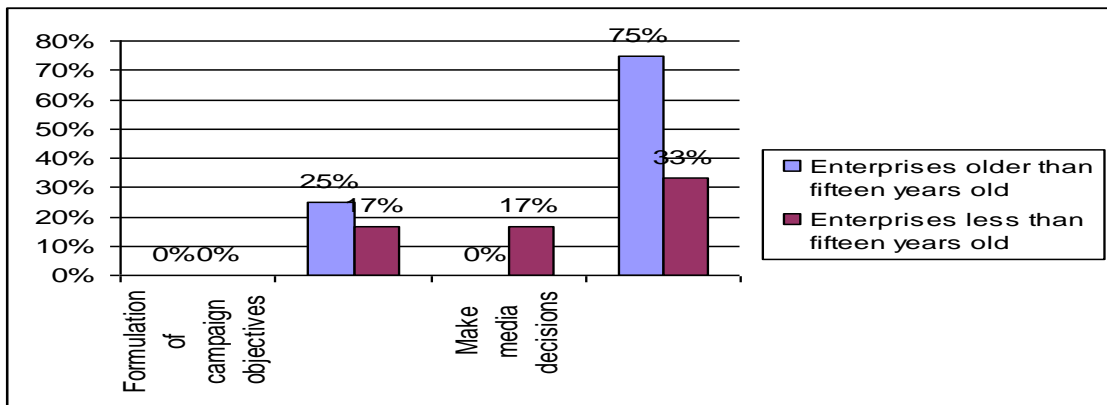
Figure 4.159: Ethical issues in price policy



4.5.50 Question 50: Ethical issues in distribution policy?

The OFYE (75%) and the YFYE (50%) both considered personal selling an ethical issue in distribution policy. 25% of the OFYE and 33% of the YFYE considered direct marketing an ethical issue. 0% of the OFYE and 17% of the YFYE considered network marketing an ethical issue.

Figure 4.160: Ethical issues in distribution policy



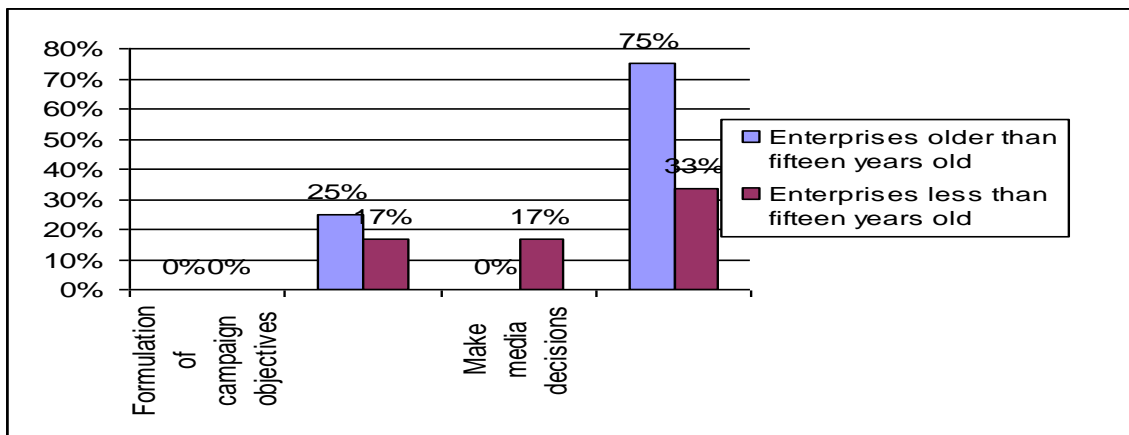
4.5.51 Question 51: Do you make use of an advertisement campaign decision process?

All enterprises (100%) in the OFYE indicated that they made use of an advertisement campaign decision process, while 83% of the YFYE made use of this process.

4.5.52 Question 52: If yes, on which activities do you focus?

75% of the OFYE had an advertisement campaign and regularly evaluated their results, while 33% of the YFYE did so. 25% of the OFYE focused on creative decisions and 17% of the YFYE did so. Formulation of objective for an advertisement campaign was carried out at all.

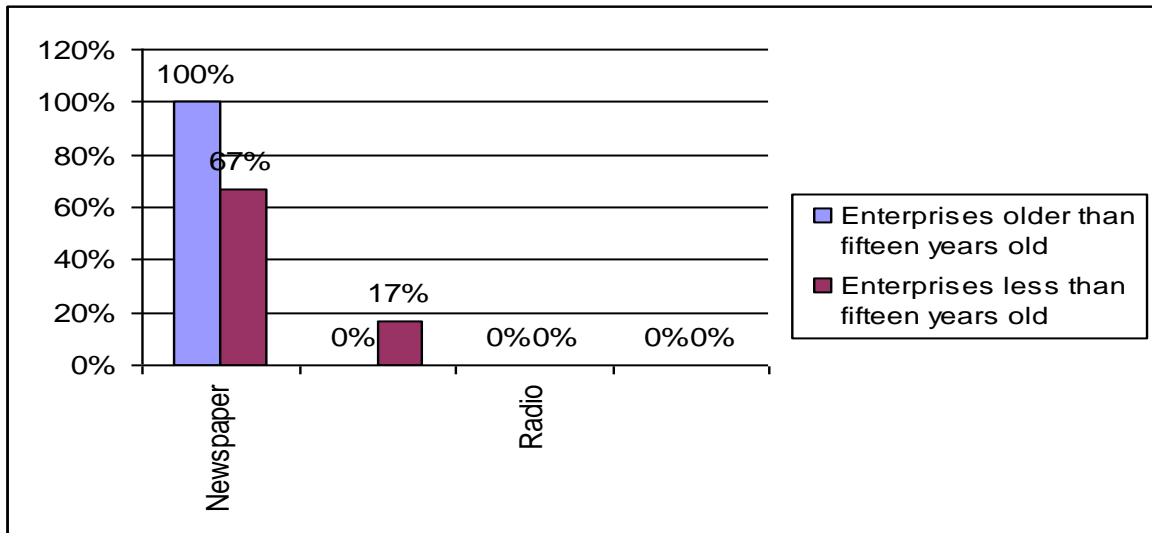
Figure 4.161: Activities



4.5.53 Question 53: What media types do you use to reach the consumer?

All of the OFYE (100%) made use of newspapers as a media type, while 67% of the YFYE made use of newspapers and 17% made use of magazines.

Figure 4.162: Media types



4.5.54 Question 54: Do you make use of media scheduling?

75% of the OFYE and 83% of YFYE made use of media scheduling.

4.5.55 Question 55: If yes, indicate?

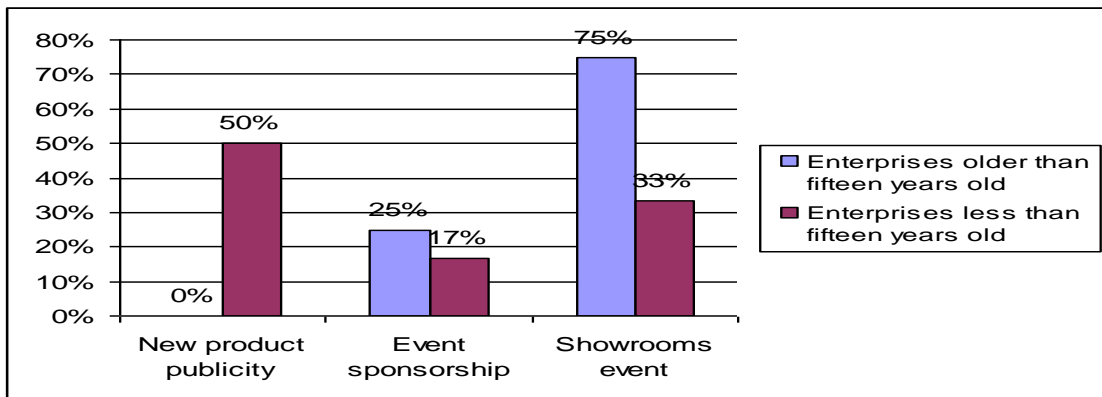
Table 4.12: Indicate media types

	Enterprises OFY old	Enterprises YFY old
Continuous media scheduling	50%	33%
Flighted scheduling (monthly)	0%	17%
Pulsing media (Heavy during best sales periods)	25%	17%
Certain times (Seasonal media)	0%	17%

4.5.56 Question 56: Which of the following public relation tools do you use in marketing your product?

75% of OFYE and 33% of YFYE made use of showrooms as a tool to market the product. 50% of the YFYE made use of new product publicity, while made no use of this tool. 25% of the OFYE and 17% of the YFYE made use of event sponsorship as a tool to market the product.

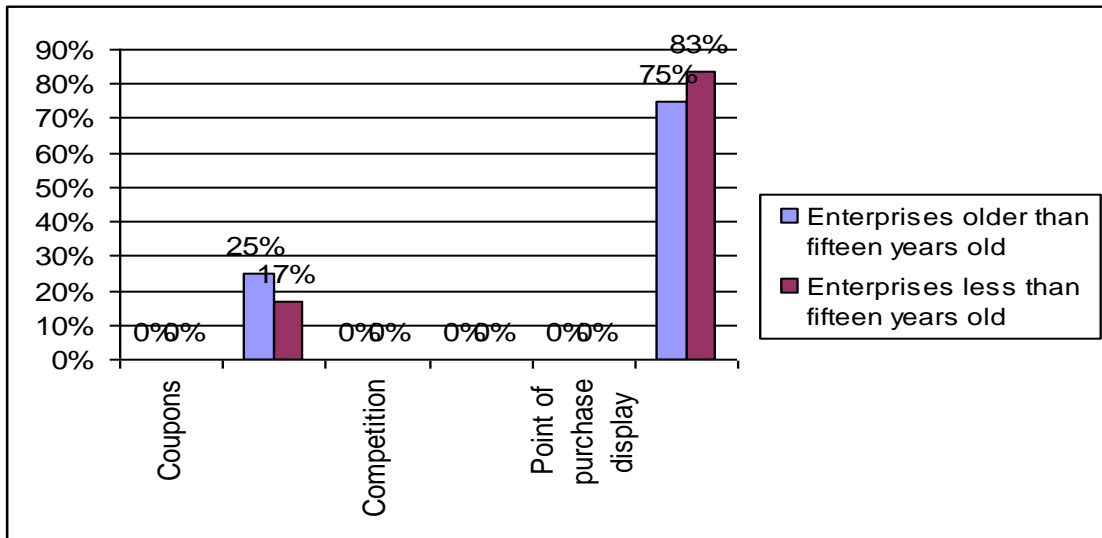
Figure 4.163: Public relations tools



4.5.57 Question 57: Which tools for consumer sales promotion do you make use of to market your product?

75% of OFYE and 83% of YFYE made use of the promotional gift to market the product. 25% of OFYE and 17% of YFYE made use of loyalty marketing programmes to market their product to the customer.

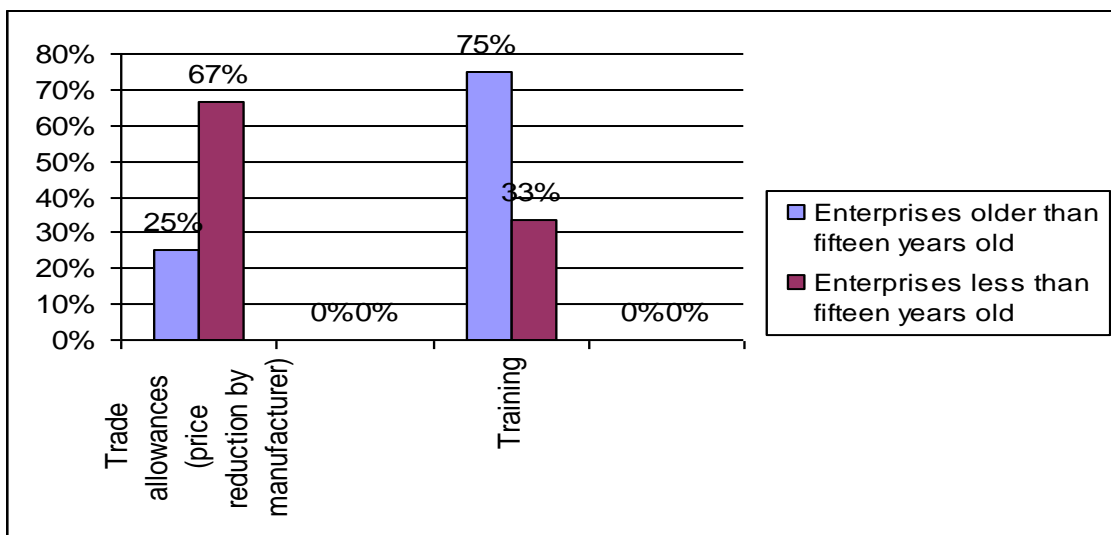
Figure 4.164: Tools for consumer sales promotion



4.5.58 Question 58: Which tools for trade sales promotion do you use?

75% of the OFYE and 33% of the YFYE made use of trade sales promotions. 25% of the OFYE and 67% of the YFYE made use of trade allowances (price reduction by manufacturer).

Figure 4.165: Tools for trade sales promotion



4.5.59 Question 59: How do you serve sales leads (Firms from which customers buy)?

A diversity of answers was given to the question on sales leads. A summary of the respondents' answers follows:

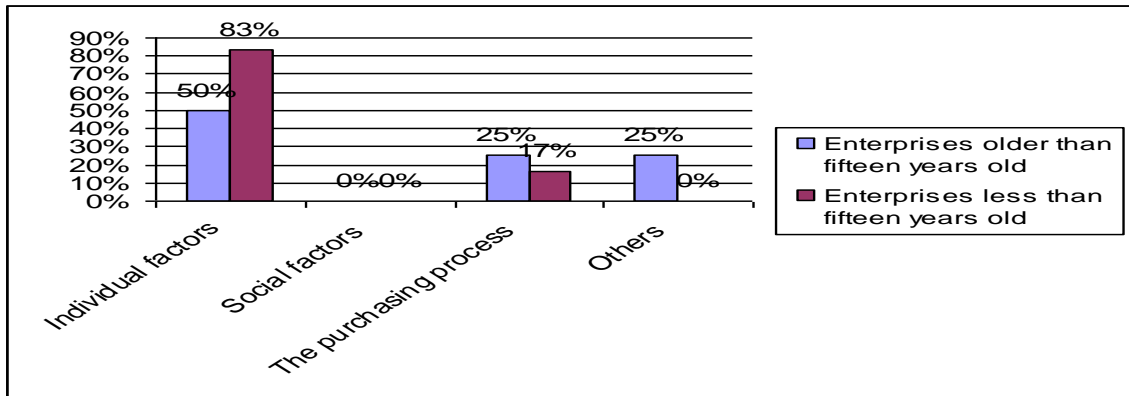
Table 4.13: Sales leads

Advertising	30%
Publicity	10%
Direct Mail	0%
Cold calling (contact potential customer)	0%
Referrals and networking	30%
Trade shows	0%
Internal records	20%
Others	10%

4.5.60 Question 60: When you evaluate consumer behaviour on what do you focus?

50% of the OFYE and 83% of the YFYE focus on the individual factors of the consumers' behaviour. 25% of the OFYE and 17% of the YFYE concentrated on the purchase process of the consumer behaviour. There was no focus on social factors of the consumers' behaviour.

Figure 4.166: Evaluate consumer behaviour



4.5.61 Question 61: If you analyse the consumer decision-making process, on what do you focus?

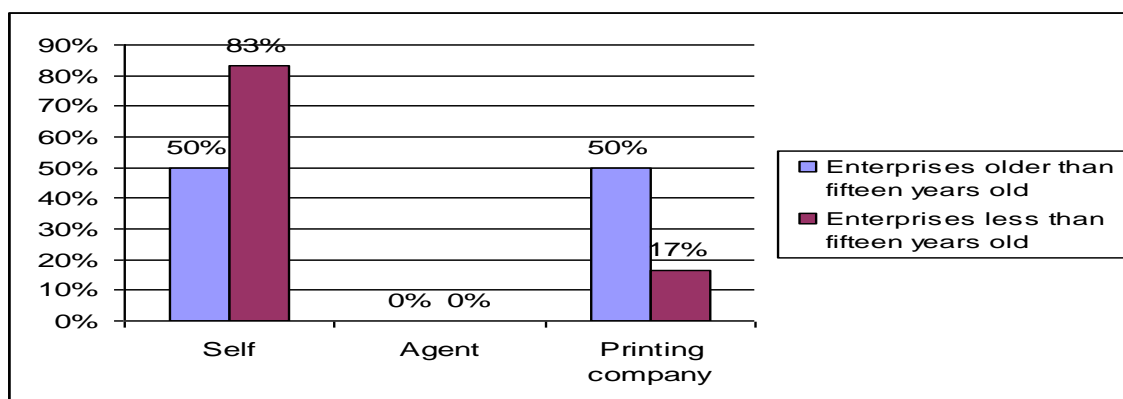
Table 4.14: Analyse the consumer decision-making process

Consumer decision-making process	Enterprises OFY old	Enterprises YFY old
Problem recognition	25%	33%
Information search	25%	17%
Evaluate alternatives	0%	0%
Purchasing process	25%	0%
Post purchase behaviour	25%	50%

4.5.62 Question 62: Who designs your advertisements?

50% of OFYE and 83% of the YFYE designed their own advertisements. 50% of the OFYE and 17% of the YFYE indicated that the printing company designed it for them.

Figure 4.167: Advertisements



4.5.63 Question 63: Did you notice an increase in sales after your advertisement?

All the OFYE (100%) indicated an increase in sales when they had made use of an advertisement, while 83% of the YFYE indicated this.

4.5.64 Question 64: If yes, for what length of time did you notice an increase in sales?

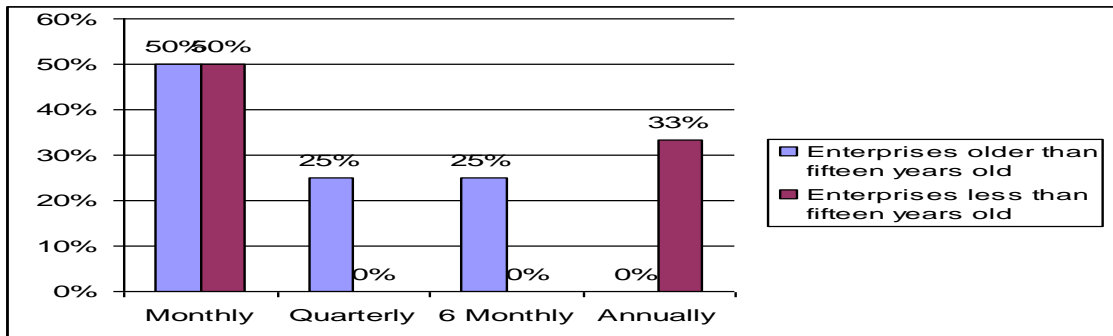
Table 4.15: For what length of time did you notice an increase in sales?

Timeframe of sales increase	Enterprises OFY old	Enterprises YFY old
One week	0%	50%
Two weeks	25%	17%
Three Weeks	0%	0%
More than a month	75%	17%

4.5.65 Question 65: Do you plan promotions?

50% of the OFYE and 50% of the YFYE indicated that they plan monthly promotions.

Figure 4.168: Promotions



4.5.66 Question 66: As part of Social responsibility do you sponsor public events?

75% of OFYE and 100% of YFYE indicated that they sponsor public events as part of social responsibility.

4.5.67 Question 67: If yes, what do you gain from sponsoring public events?

OFYE:

- Receive publicity through word of mouth from the prospective clients at the sponsorship.
- Advertising and awareness of business.

YFYE:

- Customers and sales.
- Advertising by word of mouth.
- Donations.
- Golf days brought in a little more business.
- Advertisement.
- BEE.

4.6 CONCLUSION

A tendency could be seen throughout the research study and the data interpretation. This was illustrated in the various graphs, diagrams, pie charts, etc. The respondents' participation enabled the research study to be successful. The researcher summarised the various themes within the questionnaire to ensure that a clear finding could be derived from the research study.

The following chapter presents the recommendations based on the findings of the current chapter.

CHAPTER 5: FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

In chapter 1, the reasons for undertaking the research study were presented, reasons which were related to problems observed during the pre-study conducted in July 2009.

5.2 FINDINGS

Communication mix and tactical planning was discussed in chapter 2, section 2.4.1, p 38 and section 2.4.5, p 40. Whereas Lamb, Hair, Mc Daniel, Boshoff and Terblanche describe relationship marketing (2004:34) as

“... the name of a strategy that entails forging long-term partnerships with customers.”

Thus all three concepts are intertwined into the business sector and should have an effect on each other. This can be seen in the research that was done on the pre-owned motor vehicle enterprise, where some questions could not be identified as merely tactical planned questions, but as marketing relationship questions.

Combined findings of the questionnaire research conducted in May 2010 will follow in the next section. During June 2010, a test sample was research in Kroonstad, 67km north of Welkom, Matjhabeng. The size of the area is similar to Welkom and the researcher made many comparisons between the main sample and the test sample of the research study.

Findings of each division of the questionnaire will then be discussed in the rest of the chapter.

5.2.1 Division 1 of questionnaire - Management Knowledge

It was found that management in the pre-owned motor vehicle enterprise had a mostly short term vision for their businesses. Most business owners and managers mentioned that they planned promotions for their business on a monthly basis.

It became clear to the researcher that there were managers and owners of the pre-owned motor vehicle companies who did not realize the importance to their business of marketing and promotion. Most businesses confused advertising with marketing.

All the pre-owned motor vehicle companies that were interviewed saw themselves as market leaders in the market, but they tended not to examine the weaknesses of their businesses nor did they carry out their marketing plans. These particular companies did not focus on gaining market shares, market segmentation, labelling of product, or the price and promotion of the product. It was clear that this could have led to the following:

- ❏ Long-term problems concerning the future of the business;
- ❏ Difficulties in managing the outcome of their current decisions;
- ❏ Negativity and even a decline of income (sales);
- ❏ A negative image being portrayed;
- ❏ The market segmentation percentage declining;
- ❏ The product and labeling portraying the wrong message to the potential target market;

- The customer not being able to relate to the price and product that the company offers.

All this was caused by a total lack of knowledge of research and marketing.

All the pre-owned motor vehicle companies mentioned that the other pre-owned motor vehicle companies' prices were too high and should have been lower.

Managers believed that they had identified their target market and thus advertised accordingly. It was however found that no research had been done to confirm the particular target markets identified.

The marketing function could not reach its potential, since short term marketing was not being administered or analysed correctly.

The management or owners were planning, organising, controlling and leading the business with a lack of knowledge in certain areas within the businesses themselves.

With managers and owners that took part in this research study it was found that the number of years of experience of managers or owners could be grouped into those having 11 to 20 years experience and those having more than 30 years experience within the motor vehicle enterprise. The majority of the businesses, however, were 6 to 10 years old. The researcher thus concluded that most of the companies researched were new companies with fewer years of experience, while the older companies were a minority, although still an important factor for the researcher and the research study.

Many questions considered in the research study focused on management areas, including eight functional areas, namely Finance, Production, Marketing, Purchase, Human Resources, Maintenance, Public Relations and Administration (Anon, 2009:1).

Most respondents indicated that they used their product and service as a marketing tool, while they concentrated mainly on the customer market that they served. The majority of respondents used marketing analysis as a measurement to evaluate the marketing results of their companies, while few respondents used marketing planning or marketing implementation. Marketing control was hardly considered.

Most of the respondents or businesses mentioned that they used a selling concept as their marketing management philosophy. The respondents used their product to seek a balance between long term and short term customers.

The researcher found that various marketing strategies were used to enter new markets in the pre-owned motor vehicle enterprise of Matjhabeng. The use of these marketing strategies caused the researcher to believe that there were diverse groups of target markets in the area and that all their market expectations were being met. The strategies used to enter the new markets were Market Penetration, Market Development, Product Development and Diversification.

Although various methods and strategies were being used to enter new markets, the researcher established that the businesses did not use methods such as value for money or the best product for the lowest price, in order to create a competitive advantage above their counterparts.

Many of the respondents felt that they were the market leaders, a belief which would have influenced the way in which they controlled their marketing activities. Most businesses mentioned that they used strategic control as a technique to control their marketing activities.

No respondent focused on the weaknesses of their company, but rather on the strengths and the opportunities that the businesses could offer the customer. This finding confirms an earlier statement in the research study that most respondents were customer orientated and product orientated.

While all the businesses made use of recordkeeping, most companies indicated that they used this information for target segmentation of existing customers for the special products or services that could benefit both the respondents and businesses.

The majority of respondents had a marketing plan in place for the company and used internal records mainly to keep contact with previous customers. This marketing plan was, however, not implemented.

While the pre-owned motor vehicle enterprise offers a range of motor vehicles at a considerable price range, most of the businesses researched in this study indicated that, within the Matjhabeng district and Kroonstad, they focused mainly on the upper-middle class as a target group.

In order to identify a target market, the respondents indicated that they focused on geographical and demographical areas and the segmentation variable within the business itself. They primarily used the purchasing approach or operating variable in which the customers' behaviour is based on benefit sought. A specific usage rate was also used by them.

Business quality is generally considered the most important component of the business, a component that the business can relate to product quality, features and design. Quality levels and brand quality are as important for the reputations of managers of pre-owned motor vehicle companies as they are for the product itself.

Financial goods were the main focal point of the customers researched in this study. Businesses most frequently used display rooms to test their product in the market.

Among the various strategies used to introduce products to new markets, the researcher established that most respondents used product development, introduction, growth and maturity as a phase within the product life cycle. In this way they extended their market by means of competitive modification and product modification.

Although most companies researched stated that they used cash discounts, the majority of businesses also used product line pricing as a price strategy, as well as promotional pricing in order to adjust their prices for the customers.

Although entering new markets was important to the respondents, they also realised the importance of physical distribution. The importance of decisions that needed to be made at this early stage was also realised – this was true whether the decisions involved ordering processing, warehousing or inventory.

Most businesses in the research study indicated that they used media in order to communicate to the customer. However, one company with more than thirty years experience within the pre-owned motor vehicle enterprise of

Matjhabeng and another company with less than fifteen years experience in the test area indicated that it was not essential to communicate by means of the media. Both managers of these companies, however, agreed that efficient service, an excellent product, superior quality and honesty are factors which promote the company by means of word of mouth.

Market share, product differentiation and advertising frequency were the most common strategies used in planning advertising. Both product and press publicity were used to attract attention to a product, person or service.

Although the evaluating of results was considered important, follow-up on customers during the selling process was the most important issue indicated by the respondents of the research study.

Interestingly, when respondents were asked what common mistake companies made concerning pricing, 90% of respondents indicated a belief that other companies over-priced products.

Identifying the target market was considered highly important by respondents of the research study.

According to respondents, product safety, anti-competitive pricing and personal selling were issues that should not be compromised within this enterprise.

Evaluation of regular advertising activities caused the researcher to note that most respondents used newspapers as a medium to advertise their product on a continuous media scheduling. Printing companies designed the

advertisements. Respondents indicated an increase in sales for up to a month after the advertisement had been placed.

The most common public relations tool, used by a large number of respondents, was an event in their showroom focusing on promotional gifts to market their product. According to respondents, each customer was considered an individual who might become a prospective client and excellent after sales, or post purchasing, conduct was maintained

Most respondents used advertising to follow up sales leads. Monthly promotions were planned. Respondents in the research study understood the importance of social responsibility and the necessity of sponsorship, even though the company might not gain immediate profit or acknowledgement.

5.2.2 Division 2 of questionnaire - Physical and Environment test

Most of the responding companies had more than sixteen pre-owned motor vehicles on their floors. Most companies also had their own workshops. Finally, the image of most motor vehicle companies was indicated as excellent from an outsider's point of view.

In the case of all the companies, vehicles were clearly visible from the outside. All companies ensured that the lighting of the motor vehicles from both outside and inside of the businesses was such that it enhanced the image of the vehicles for the customer. The companies' names were clearly visible from the outside of the premises.

The respondents had a good variety of high quality motor vehicles on the floors. Prices varied, but price tags were not always visible for prospective

clients. Product specifications were not visible at most of the companies. The condition of most of the motor vehicles appeared good.

The motor vehicles were easily accessible and the companies were willing to allow prospective clients to test drive them.

Staff at all the companies were extremely friendly, but name tags were not used by most personnel. Staff body language was positive towards clients.

Few companies had uniforms for their employees, but the dress code of staff at all companies was excellent.

Sales people were willing to negotiate prices with prospective clients.

The interior decor of the majority of businesses was above average, close attention being given to detail, even so far as where and how the motor vehicles should be parked on the floor. The managers' or owners' offices were always neat and lighting in the offices was excellent.

Although interior decors were good, prospective clients would have had difficulty in quickly seeing which financial services the companies used. Most companies believed that they gave the best after sale service within the enterprise.

All the companies were well and accessibly located and both the interiors and exteriors of the companies, as well as the motor vehicles, were very clean.

5.2.3 Division 3 of questionnaire-Advertising

Most of the respondents advertised, providing an average amount of information detail in their advertisements. Most advertisements included a well exposed photograph, information on the particular product, and the contact details of the sales personnel.

All respondents considered it important that the price should be presented in the advertisement. The most common size of advertisement in the newspaper medium was smaller than A4. Companies did realise the importance of colour and all used full colour advertisements with easily readable fonts and font sizes. The paper of the advertisements differed from magazine quality to newspaper print. Companies included their addresses in advertisements, and some included website addresses. The advertisements as a whole were not cluttered, appropriate language was used, and the advertisements were well laid out.

The pre-owned motor vehicle enterprise used family values as an advertising focus. The kind of motor vehicles for sale and the name of the business was well positioned in advertisements and easily recognizable.

The advertisements were sales orientated and also indicated the diversity and brand loyalty of the more well known motor vehicle companies.

The messages portrayed were more focussed on awareness and knowledge of the product than on new and complex campaigns.

The next section (Division 1 of the questionnaires – Management Knowledge) involves a comparison between two groups (namely enterprises OFY and

enterprises YFY) in order to determine whether management knowledge differs between them.

5.2.4 Division 1 of questionnaire - Management Knowledge

Both groups indicated that they were customer market orientated, although enterprises OFY measured their marketing results on market analysis. The YFY group, however, equally used market analysis, market planning and market implementation.

Entering of new markets also differed according to the two groups. Enterprises OFY focused on market development, whereas the YFY group used market penetration.

Creating of competitive advantage showed that enterprises OFY used value-for-money method and the YFY group used the best product and right price method. Each strategy received good feedback from prospective clients.

Regarding the question “How do you seek to gain market share?”, enterprises OFY used market segmentation, while the enterprises YFY made use of market leadership.

Enterprises OFY preferred to focus on an analysis of daily sales regarding their target market of the upper-middle class. YFY enterprises, however, made use of the strength of enterprises and target segmentation in order to target their market (which was also the upper-middle class).

While focusing on financial goods of their customer and company seeing itself as product development in the product life cycle. The OFY enterprises still

believed in advertising and frequent placing of adverts, as well as staff training. This group of enterprises may still be in business for a long time to come. On the other hand, the YFY group described its customers as speciality purchasing, considered itself as a growing enterprise and believed in market share and price reduction.

The researcher derived the following recommendations from the research study.

5.3 RECOMMENDATIONS

5.3.1 Division 1 of questionnaire - Management Knowledge

Half of the respondents were owners of pre-owned motor vehicle companies within Matjhabeng, and the other half were managers of such companies. This research study was divided into two parts, namely companies OFY and companies YFY. No company was younger than five years. Only 10% of the respondents younger than fifteen years had less than five years' experience. Indications were thus clear that the managers and owners of these enterprises had the required knowledge and insight to manage a pre-owned motor vehicle company.

The entire respondent group realised that they could not use price as a tool to market their product in this enterprise, but that their product needed to market itself. The respondents were all customer orientated, this being an excellent characteristic in any company. The research gathered, however, indicated a discrepancy in the market of business-to-business as well as the government related market.

Even though businesses evaluated their marketing results, only 10% of the respondents controlled their marketing plan, which created a gap in their marketing process or plan. Since businesses analysed their marketing plans and implemented them, but did not follow up on the marketing plans, the following could be seen as factors which increased the problem: the marketing plan had unrealistic marketing objectives; poor implementation of the marketing plan; and inappropriate marketing strategies or changes that occurred within the market which influenced the marketing objectives.

If the businesses had evaluated their plans accordingly, they would have realised their shortcomings and could therefore have made the necessary changes. The companies could have approached a marketing company to draw up a particular marketing strategy for them. This would have been an expense in the preliminary stages, but would have led to a profit in the longer term. Marketing plans would have been drawn up in positive manner and would have been followed up by experts in the field of marketing.

This research shows that the management philosophy is based on the selling concept which, in turn, includes the need for strong sales techniques to sell the product. Production concepts were not identified as part of the managerial philosophy, which resulted in a lack of focus on the internal aspects of the business. Although businesses were looking at the needs and requirements of customers, this study indicates that managements were not considering the micro environment of the company as an additional means to market the company. The big picture could be recommended for implementation into the businesses. This could also ensure that all phases of the business are covered and that the management utilises their time, effort along with the money on a possible long term project that could be beneficial for the

company. This was noticed during the environmental study, which will be discussed next.

5.3.2 Division 2 of questionnaire-Physical and Environment test

Although most companies have a workshop on their premises, the workshop was not advertised in its own right. If the workshop were advertised, the company could use this already existing product as an extended means to attract new customers and hence generate a greater income for the company. Clients making use of the workshop would observe other motor vehicles and might well enquire about more recent models on the floor, thereby creating opportunities for possible sales in the future.

Alternatively, businesses could use the workshop as another way of attracting current customers back for servicing of their vehicles. On the other hand pre-owned vehicle companies need to add this additional service to the product sold. A certain percentage of customers might return and purchase a later model pre-owned motor vehicle. The workshop and pre-owned motor vehicle company need to feed off each other. Such a mutually beneficial relationship would enhance the company's reputation and image and ensure a stable income even during times of recession.

Not all companies had prices available or the product specifications visible for the customer to ponder. This may have caused a negative response from prospective customers, perhaps leading them to believe that information was being hidden from them. The customer may also have left the premises assuming that the pre-owned motor vehicle was outside their considered price range. Thus ensuring that the product and price specifications are visible can be beneficial to the company and assist with the communication method to the

possible customer. By letting your customers know that the prices are open for discussion and possible negotiations will create a positive outlook from the customers.

Many of the pre-owned motor vehicles on the floor were not complemented by the interior décor of the showrooms. These interiors were usually clean and neat, but the influence of colour, for example, had never been considered. What, for example, what would the reaction of the customer be to a light pastel shade painted on the showroom walls? Would this influence the buyer's decision? This could be recommended, although it was not tested. This and other questions remained unanswered.

Matjhabeng is a small municipal area in which people tend to know one another. However, the researcher became aware that prospective clients from neighbouring towns did not know whom they were dealing with as most pre-owned motor vehicle companies did not make use of name-tags and/or job designations indicated on name tags. When a prospective client from a nearby town entered the company premises, there was a need for a sense of security and a certainty in knowing whom to communicate and do business with. It was clear that staff members of the pre-owned vehicle company were not immediately relating to the prospective client in their capacity of sales person, for example and were not wearing an informative name tag which could so easily have put the client more at ease. By authorizing personnel to wear their nametags can be beneficial to your company and this might be a small change but might influence the enterprise on the long term.

The majority of the companies did not have a brand image. This, too, indicated a lack in their full use of name tags. The only way in which the company's name was portrayed was the name board at the entrance of the

premises and a possible advertisement in the local news paper. By placing the logo of the company on to the name tags, the image of the company would have been enhanced at minimal cost. As well as having their logo on name tags, companies should be portraying their unique image through a dress code. In this way, a unified image brand would be established throughout the company. The prospective client would recognize the image, would begin to ask questions of the appropriate staff member, and would receive answers appropriate to their needs. This would all serve as positive and free publicity for the company.

Lack of direction boards for departments at the pre-owned motor vehicle companies may well have been causing uncertainty among prospective clients about where to go to inquire about a product. The prospective client may well have left the business querying the business's commitment to the customer. Recommending directional boards for all departments to be erected and these boards being easy readable. This can assist the customer to communicate to the correct people immediately and not customers will not feel that they are lost in this enterprise.

Most pre-owned motor vehicle companies did not have advertising boards indicating the banks and/or other financial institutions which could assist a prospective client in purchasing his dream vehicle. This could have led the prospective client to believe that his bank of choice did not do business with that particular company. The presence of such advertising boards is crucial in a pre-owned motor vehicle company.

Most of the pre-owned motor vehicle companies were well situated. In order to have a competitive edge, however it is recommended that the staff need to

portray a strong, positive image to the prospective client on the street in other ways than simply having a name board at the entrance.

5.3.3 Division 3 of questionnaire -Advertisement

Most of the advertisements of pre-owned motor vehicles were placed in newspapers and included the detailed information necessary for the client.

By having advertisements designed by professional graphic designers, businesses would have had an advantage over companies which made use of the same mediocre advertisements year after year. These pre-owned motor vehicle companies and their prospective clients would recognise and remember such professionally designed advertisements.

A further recommendation would be to have full page advertisements, rather than small ones. The researcher would recommend a full page advertisement, with sepia background, using a single photograph, in colour, of a product the business believed would be of particular interest to prospective customers.

Other possibly effective changes could be to use wild-west type fonts for 4x4 vehicles, or use of the colour pink to attract female customers. A unique advertisement which involved fewer photographs and reduced detail and clutter would speak for itself: less-is-more would most definitely be applicable here. It would be advisable to place the advertisement on the same page every time the company advertises. This would cause the company's product, image and name to become more familiar and recognisable. See annexure F for current and suggested newspaper advertisements.

Adding a sales person's photograph to the advertisement would have a positive or negative effect depending on what the company wishes to focus on. Each company needs to be sure whether it wishes to focus on the service delivery of personnel or on the product itself, and this will influence both the type of advertisement chosen by the company and the medium of the advertisement.

When making use of photographs in its advertisements, the pre-owned vehicle company should understand how colour and quality differ between media, and the influence of this on the advertisement as a whole.

As more people become computer literate and begin to use the internet to search for products, including motor vehicles, it becomes vital for pre-owned motor vehicle companies to have website addresses. Websites should include details of current products on the floor, should ensure that there is sufficient information on the products and should ensure that the companies' contact details also appear on the website. It is also important that the price range appears on the website. The company may also add a banner to the website stating its willingness to negotiate the price and/or trade-in the prospective buyer's current motor vehicle for a more recent model.

5.4 Practical recommendations for the pre-owned motor vehicle enterprises

Although various media are available to advertise a product such as a pre-owned motor vehicle, it was found that many managers consider advertisements more likely to sell new vehicles than pre-owned motor ones. This researcher does not subscribe to such an opinion – the facts are that a product is available and a market exists which needs to be catered for.

For example, people love competitions. Whether a company advertises by means of radio or newspapers or sms-ing, a competition is an attraction which could bring prospective clients to the company. Whether the competition is based on discount for the next motor vehicle, a promotional gift, a dinner, or even a motor vehicle, people will be attracted to the company. Effective advertising is being carried out and, simultaneously, a good image of the company is established. It is therefore recommended that the enterprises uses different kinds of competition as part of a push strategy to have more customers coming to the enterprise.

Many pre-owned motor vehicle companies use only showrooms or display rooms to market their product. They tend not to use the same strategies that new motor vehicle companies do – displaying their vehicles at events such as matric farewells or sports matches or other sponsored functions. Transportation in a motor vehicle sponsored by a pre-owned company could be an effective means of advertising. This medium is used by new motor vehicle enterprises, so why should it not be used to equal effect by pre-owned motor vehicle companies?

The researcher found that little research was being carried out by pre-owned motor vehicle companies on the enterprise and their customers. It is recommended that enterprises does more detail research on their customers needs and wants and competitors. The main focus of the enterprises were generally the brand of car and model which the enterprise was selling, which is only the product and not the customer that will come back for another sale in a years time.

The researcher recommends that the manager and owner should fully inform their staff on all the various motor vehicles sold by the enterprise. At the same time, this would increase the knowledge of sales representatives and make the customer much more comfortable with the sales representative's sales talk.

Suggestion and recommendation boxes and mini-questionnaires should be provided for clients, both in the pre-purchase and post purchase situations. Information received from such questionnaires would differ from client to client, but a more generalised knowledge of customers' preferences would be obtained which could facilitate marketing strategies. Such questionnaires could include the request for a contact number or e-mail address and thus the pre-owned vehicle enterprise could keep customers informed about their products, new arrivals and so forth. On the other hand, staff should be trained to be multi-functional. This could be of significant assistance when a staff member is on leave or reports ill. Such multi-functionality could also bring innovations to the awareness of everyone in the company and thus make implementation more likely.

Furthermore, pre-owned motor vehicle enterprises could hold promotions on a seasonal basis, culminating marketing and advertising efforts just before the holiday season, for example. The researcher recommends that managers and owners put together a package regarding their company which differs from the other pre-owned motor vehicle enterprises. As part of this package, the company might include different add-ons to their after-sales service, such as car washes or services after a certain number of kilometres. Furthermore, discount on products such as tyres at a particular company could aid the company in building relationships with other companies within the motor vehicle enterprise. Additional, golf day competitions or raising funds for charity

could provide advertising for a pre-owned vehicle company and its products. The pre-owned company could even sponsor potential customers such as students and other target market individuals. Such sponsorship would not only be good publicity for the company, but business friends might be attracted to the purchasing of a vehicle. Such sponsorship could be an annual occurrence in the same town as the company or in a surrounding town. All the above mentioned could be utilised in gaining maximum media coverage, and should certainly be placed on the website as well.

Post-event advertising is as important as pre-event advertising. The business owner could hold the prize giving as a special event at a shopping mall on a Saturday morning, and perhaps also include an exhibition of the company's products. The press, as well as the community, would become aware of the companies' generosity and integrity. In this manner, business relationships with the community and an awareness of the company in the community can both be built.

The researcher realised that the motor vehicle enterprise tends to be a male-oriented enterprise chapter 2, paragraph 2.3.8, p 36. However, it is the researcher's belief that a pre-owned motor vehicle company could gain considerable publicity by holding workshops specifically for ladies – to inform them about what they need to know when buying a new motor vehicle and, in particular, the problems they need to look out for. These workshops could be presented in the form of a "tea", but would include a Power Point presentation by a professionally dressed and well spoken motor mechanic, followed by a practical presentation, and need only take 15 to 30 minutes. It is this researcher's conviction that the ladies would ensure that such a tea would become the talk of the town and the company would receive excellent publicity.

The pre-owned motor vehicle enterprises could target particular companies such as banks or hospitals, or particular charity groups for ladies, or even church groups. Such targeting could help to attract women to the enterprise in the longer term. Consequently, selected pre-owned motor vehicles could be displayed at the tea and test drives could be available for the ladies. The pre-owned motor vehicle enterprise could even present vouchers to the ladies for discount car-washes on certain days of the week. The enterprise can do various event advertising such as sponsoring some form of charity work where ladies are involved. Resulting from the approach the image of the enterprise could thus easily become more female friendly, example a baby change room and children's corner could be implemented on the premises. This could be a successful innovation with a new launch within the company and a different approach, which could benefit a family orientated target market.

The pre-owned motor vehicle enterprise could sponsor a child's education or run a company vehicle with a logo on it such as "vehicle to educate". Although these might appear insignificant marketing strategies, they would make a great difference to the child concerned and would positively influence the business in the long term. Ensuring that the enterprise is part of a charity fund raising project, will assist to bring in a different and new customers to your enterprise on the long term. Thus, building the business is as important as having customers walk in and out. A long-term vision is a requisite for every pre-owned motor vehicle enterprise.

The researcher realised that figure 1, p 5 on the Free Market System as an Open System in chapter 1, paragraph 1.3.2, p 4, indicated a particular way of doing business in which a certain relationship takes place. The researcher then considered how this relationship could be utilised by management to

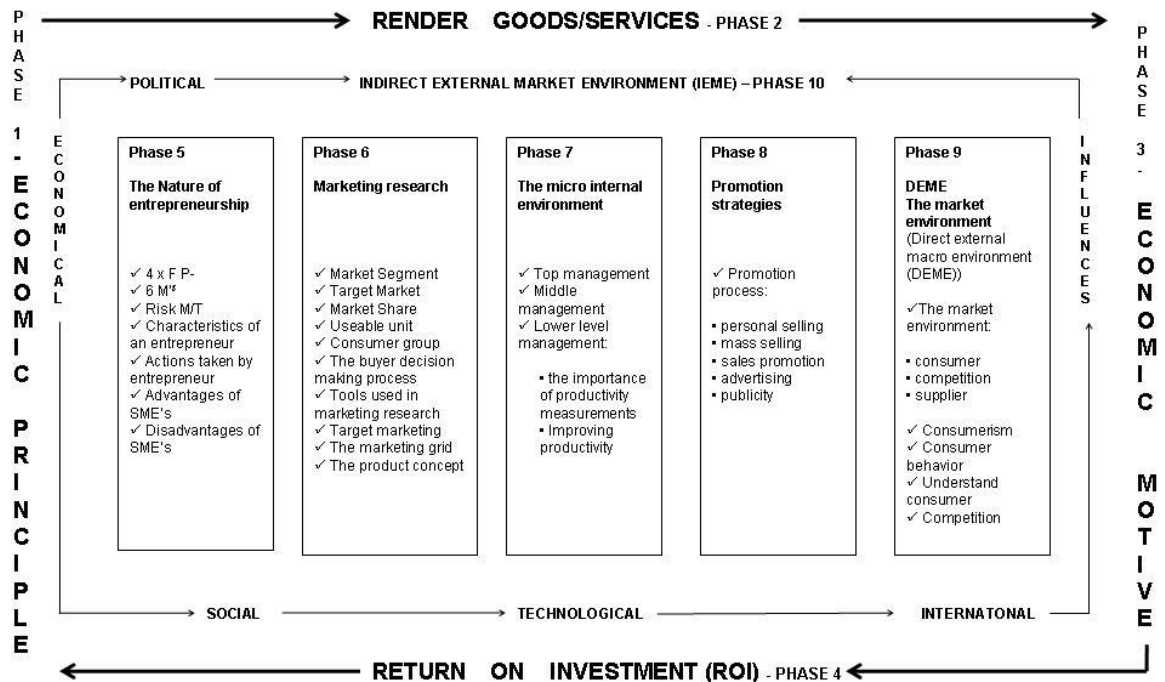
optimise the influence of the relationship on the enterprise and on the way in which business could be done. There are phases of priority, they are as follows:

- 🎬 Nature of entrepreneurship,
- 🎬 Marketing research,
- 🎬 Micro-environment,
- 🎬 Promotion strategies,
- 🎬 Direct external macro environment,
- 🎬 Indirect external market environment.

After an entrepreneur had studied details of these stages, he/she could identify a gap, problem or obstacle. The entrepreneur could then structure a plan of action to make the necessary changes within the enterprise.

This figure called the big picture as mentioned earlier is on p 231. With this outline of the figure, it is the same method used by the researcher to construct the questions for the pre-study in 2009. The problems and gaps identified in the pre-study were evidence that the figure could be used to assist enterprises such as pre-owned motor vehicle enterprises that include service delivery as part of their sales method.

Figure 5: The Big Picture



Source : National Entrepreneurial Conference (NEC) and Prestige Research Seminar Presentations (Duvenage, 2010).

By making use of the big picture, the management of the enterprise will gain knowledge in all areas of business. The big picture will benefit the management and the enterprise on the long term. By using the big picture as a guide in doing business and managing the business itself, the above could assist the management in changing their approach toward business. This will however be done with an open mind, knowing which factors and phases influence each other. The big picture will assist management with future decisions, since the focus is placed on all the areas of the business and not

just on income and expenditure. With management focusing on the short term and long term goals of the enterprise the owner and manager will be more aware of implication affecting the business internally and externally. The manager and owner will focus on the target market as well as the promotional aspect of a business. The big picture will assure that the manager and owner are more alert and focused on what affects business. Whether decisions from managers are focusing on marketing a new product, management levels or doing intense market research, each phase will assist the management and be a guideline to have a successful enterprise. Thus the big picture is a model that can enhance manager, owner and enterprise.

5.5 CONCLUSION

A valid cross reference could be drawn from the various answers to the questionnaire which ensured the validity of the research study. The test sample conducted in Kroonstad produced the same answers as those received in the official research study. This proved that the research study was conducted with honesty and integrity, and thereby ensured its validity and reliability.

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