



**BUSINESS STUDIES**  
**GRADE 11**  
**TERM TWO**  
**CHAPTER NINE**  
**BUSINESS OPERATIONS**  
**MARKETING ACTIVITIES AND CONCEPTS: PRODUCT POLICY**  
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**This chapter consists of 8 pages.**

## CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

### MARKETING

#### Learners must be able to:

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

### MARKETING CONCEPTS

#### PRODUCT POLICY

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

#### Terms and Definitions

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

## 1.1 Definition of marketing

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

## 1.2 The role of the marketing function

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

## 1.3 Marketing activities

### 1.3.1 Standardisation and grading

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

### 1.3.2 Storage

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

### 1.3.3 Transport

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

### 1.3.4 Financing

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

### 1.3.5 Risk-bearing

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

### 1.3.6 Buying and selling

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

## 2 The components of the marketing mix

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

### 2.1 The product policy

#### 2.1.1 Meaning of the product policy

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

## 2.2 Types of products

### Industrial goods

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

### Consumer goods

- These are goods that satisfy the needs of consumers.

## 2.2 Categories of consumer goods/products

### 2.2.1 Convenience goods

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

### 2.2.2 Shopping goods

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

### 2.2.3 Speciality goods

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

### 2.2.4 Services

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

### 2.2.4 Unsought goods

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

## 2.3 Importance of product development

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

## 2.4 Steps/Stages of product design

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

## 2.5 Purpose of packaging

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

## 2.6 Types/Kinds of packaging

### 2.6.1 Packaging for immediate use/Unit packaging

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

### **2.6.2 Packaging for double use**

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

### **2.6.3 Packaging for resale**

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

### **2.6.4 Kaleidoscopic/Frequently changing packaging**

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

### **2.6.5 Speciality packaging**

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

### **2.6.6 Combination packaging**

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

## **2.7 Meaning of trademarks**

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

## **2.8 Importance of trade of trademarks to businesses and consumers**

### **2.8.1 Importance of trademarks to businesses**

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

### **2.8.2 Importance of trademarks to customers**

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

### **2.9 The requirements of a good trade mark**

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