



A FRAMEWORK FOR THE DEVELOPMENT OF MARKETING STRATEGIES AT GOLDFIELDS CASINO

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for the degree Magister in Business Administration
at the Business School
in the Faculty of Economic and Management Sciences
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Declaration

I, the undersigned, herewith declare that the field study titled *A framework for the development of marketing strategies by Goldfields Casino*, handed in for the degree Magister in Business Administration at the Business School, University of the Free State, is my own independent work and that I have not previously submitted the same work, either as a whole or in part, at another university/faculty/department for examination.

I also hereby cede copyright of this work to the University of the Free State.

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ABSTRACT

The objective of this field study was to investigate the effectiveness of the formulation and implementation of marketing strategy at business and functional level within a given organisation. The work was prompted by a need to assess and address the framework for developing marketing strategy at different tiers of decision making at different levels within one organisation consisting of multiple brands. The investigation further sought to determine whether formulated strategy can influence business more than current environmental challenges.

The work took cognisance of the organisational structure, the line of business, the business and marketing strategies deployed at different levels within the group, and the specific macro environmental factors within which the industry operates.

The qualitative method employed relied on structured interviews, the content of which was utilised to obtain information and analyse the current practice within the organisation against the academic theory.

The overarching findings confirmed the interrelatedness and interdependence of strategy throughout all levels within an organisation. The findings supported the importance of marketing strategy as a major function of overall business strategy. Furthermore, the function linked the business with its environment.

With regard to the specific case study, the findings also suggest that:

- there might be uncertainty and different interpretations within organisations at different levels with regard to responsibilities in the strategy processes;
- there might be a shortfall in information and expertise required to formulate marketing strategy; and
- there might be a partial breakdown in communication between different levels within the organisation's hierarchy which hamper the implementation of strategy and which, in turn, makes the chosen strategies less effective.

Keywords: strategy; corporate strategy; business strategy; functional strategy; marketing strategy; interrelatedness; interdependence; marketing planning; marketing process; casino industry

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION AND BACKGROUND

The casino industry, and gambling in particular, is viewed as part of the sin industry on the presumption of the negative impact that it potentially has on society. Globally, however, the South African casino industry is regarded as one of the world's most well-regulated industries since its inception in the mid-nineties.

The casino industry is an important role player in the South African economy and this is well illustrated by the Casino Association of South Africa (CASASA) in its 2011 annual report. The gross revenue for 2011 was R17, 140 million and the industry contributed no less than R6 million in levies and taxes to the state. CASASA further reported that casinos employed approximately 35 000 personnel and that the industry was rated as a level 2 Broad Based Black Economic Empowerment (BBBEE) contributor (CASASA: 2012).

Conceivably good intentions from regulatory role players sometimes have the unfortunate ability to kill the goose that lays the golden eggs. Mabuza, Chairman of CASASA, states in the 2011 Survey of Casino Entertainment in South Africa (2012:1) that:

as in any regulated jurisdiction, the profitability of the casino industry is intimately dependent on what government allows us to do, requires us to do and forbids us to do.

Recent legislative changes and/or proposals have made it increasingly difficult for casino operations to optimally realise stakeholder goals. The aforementioned include:

- Increased provincial taxes;
- Increased BBBEE requirements as a casino license condition;

- National Treasury intend implementing the withholding of tax on winnings;
- Regulations that affect marketing activities and certification by the Department of Trade and Industry; and
- The Consumer Protection Act, No. 68 of 2008.

Moth (2012) reports that:

the Government needs to take into account the significant contribution the industry already makes to the state coffers, and should approach with caution imposing further taxes and restricting regulations which may threaten the profitability of the industry and may have an impeding effect on job creation.

Casino operators primarily rely on critical mass or footfall to drive revenue. Marketing efforts therefore pertinently focus on attracting people by means of value-added offerings and/or promotions. Geographical location, the precinct size, and the offering therefore greatly determine and assist in the overall marketing effort of a particular casino.

Goldfields Casino (GFC) is one of the smaller operations in the Tsogo Sun stable situated in Welkom in the Free State Province. Other than gambling, GFC offers conferencing, two restaurants, a sports bar, fast food court, a crèche and video amusement centre. Compared to its sister units GFC offers far less amenities in the form of entertainment, experiences, and accommodation. The geographical location of the casino, the catchment area and the local economic environment did not justify the inclusion of these amenities during the initial investment.

The population size of Matjhabeng, which includes Welkom, Virginia, Odendaalsrus, Ventersburg and Hennenman, is relatively small if one considers visitors per annum to the various South African casino properties. The Local Government Handbook (2012) indicates that the population size of this municipality is 406 461 and is growing negatively by -0,04% per annum. The catchment area and population size therefore influence market share dramatically.

In 2011 GFC, had 727 904 visitors whereas the Windmill Casino in Bloemfontein recorded 1 115 000 visits. In comparison, Monte Casino in Johannesburg had 9 509 326 visitors, the Emperors Palace entertained 4 331 764 people, the Suncoast in Durban recorded 8 226 336 visits and Grandwest in Cape Town had 6 122 295.

The demand for casinos or gambling is driven by consumer income (disposable income). Casino operators are reliant on effective operations and, to a great extent, effective marketing.

The objective of marketing techniques, efforts and activities in the casino industry is primarily aimed at attracting and sustaining business. Volumes drive revenue and it is therefore important that marketing efforts attract and drive footfall to the property.

This strategic marketing approach is commonly shared by all casino operators, albeit in different applications based on external and internal assessments. Casino operators therefore have to continuously engage tools such as a Strength, Weakness, Opportunity and Threat analysis (SWOT) or Political, Economic, Social, Technological, Legal and Environmental analysis (PESTLE) to ensure that they understand the challenges that will affect their business.

1.2 PROBLEM STATEMENT

In addition to the deteriorating economic climate in the Free State goldfields, Government is further proposing changes to, and the introduction of, legislation that constrains the gambling industry in South Africa. All these changes will have a negative impact on the effectiveness of individual casinos that can only be countered by the formulation of proper and applicable functional strategies, such as in the field of marketing.

1.3 RESEARCH OBJECTIVES

1.3.1 Primary objective

The primary objective of this study is to propose a framework for the development of marketing strategies by Goldfields Casino.

1.3.2 Secondary objectives

The secondary objectives of this study are to:

- describe the underlying principles regarding the formulation of marketing strategies;
- identify parameters to be used by casinos when formulating marketing strategies;
- describe industry-specific marketing strategies that will allow South African casinos prosperous business continuation; and
- develop guidelines for the formulation of marketing strategies by Goldfields Casino.

1.4 THEORETICAL FRAMEWORK

Marketing is defined by Kotler and Keller as quoted in West, Ford and Ibrahim (2010:44) as:

a social process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging products and services of value with others.

West, Ford and Ibrahim (2010:44) point out that marketing has also been defined by Dobb *et al.* as:

organisational activities that facilitate and expedite satisfying exchange relationships in a dynamic environment through the creation, distribution, promotion and pricing of goods, services and ideas.

According to Venter and Van Rensburg (2011:12), strategic marketing is 'about supporting strategy and identifying opportunities' and, what they call operational marketing which is that 'existing products and services need to be managed and marketed from day to day'.

Singh and Shukla (2009) define marketing strategy as:

a process that can allow organisations to concentrate its limited resources to grab the greatest opportunities to increase sales and achieve a sustainable competitive advantage.

West *et al.* (2010:58) state that strategic thinking:

involves creative and entrepreneurial insights into a company and its environment and that...it is the shaping process in which reflective conversation with a situation takes place in order to reduce the complexity of this situation.

Venter *et al.* (2011:194) state that 'growth is the only option for an organisation to survive and prosper in the fast-changing business environment of today'. Venter *et al.* (2011:194) further contend that an organisation can achieve growth through market penetration, product development, market development, and diversification.

Marketing, in the modern South African casino era, has become much more than offering complimentary rooms, free trips to restaurants, or free entry into draws. Marketing campaigns in casinos have evolved to recognise status in rewards, packages as prizes and rewards for loyalty. Promotional draws have gone through a metamorphosis from traditional manual drawing of entry tickets out of a draw bin to electronic virtual draws. Selective targeting of audiences from customer bases for pre-determined dates and times have become the norm. Market targeting and segmentation are therefore important functions of management to ensure that efforts are aimed at the correct audience. West *et al.* (2010:57,180) define market targeting as:

a strategy that aims to select groups of consumers (or organizations) the management wishes to serve in the product market and market segmentation... [and] the process of identifying appropriate separate subsets of consumers for targeting purposes out of all the consumers in that market.

From a product perspective, the industry has ensured staying abreast of technology. Casino operators in South Africa are already testing and offering server base gaming. In essence, an entire slot operation (games on offer and denomination) can be changed from a server room, as opposed to manual games and denomination conversions, which cannot. Traditional table games, such as American Roulette, Black Jack and Poker, now include side bets to the original game and are also now available in electronic versions.

Casinos offer patrons packages that include an all-round experience to ensure that visitors stay within the perimeters of a precinct. Despite the efforts of operators and suppliers in the industry, however, the onslaught from regulators has a dampening effect on how long these operations will remain feasible.

Viviers and Nel (2012) claim that the Minister of Finance announced in the 2011 Budget Speech that from:

1 April 2012 all gambling winnings above R25, 000, including those from the National Lottery, be subject to a final 15 per cent withholding tax. In the 2012 Budget Speech (2012:16), the Minister proposed that a national tax based on gross gambling should be introduced effective 1 April 2013, as an additional 1 per cent levy on a uniform provincial gambling tax base.

On recommendation of the National Gambling Board, the Minister of Trade and Industry amended the Regulations in the National Gambling Act, No. 7 of 2004 to include restrictions on advertising and promotions. Regulation 3(A) restricts the broadcasting of gambling advertisements between 06h00 and 20h00 daily. Regulation 3(B) (1) places further restrictions on advertising, whilst Regulation 3(B) (2) does the same with regard to promotional material.

The Consumer Protection Act, No. 68 of 2008, affords patrons of a casino operation the chance to 'opt out' of communication from and, more importantly, to choose not to attend promotional events and draws yet still remain eligible for prizes and awards.

The Act:

promotes a fair, accessible and sustainable marketplace for consumer products and services and for that purpose to establish national norms and standards relating to consumer protection, to provide for improved standards of consumer information, to prohibit certain unfair marketing and business practices, to promote responsible consumer behaviour, [and] to promote a consistent legislative and enforcement framework relating to consumer transactions and agreements.

Mabuza (*Business Times of the Sunday Times*, 2011:8) states that:

the Government wants to create additional jobs, stimulate investment activity, increase tax revenues and enhance BBBEE scores – all of which are capital intensive – while simultaneously reducing the ability of casinos to trade.

For GFC, these misgivings that regulators are acting upon by introducing stricter controls and regulations are certainly undermining the sustainability of the operation. It is for this reason that the management of GFC has to assess, identify, and introduce marketing strategies.

The facts discussed in brief suggest that the issues in hand pertain to the macro environment. The researcher will therefore consider the external environment within which GFC operates. Venter *et al.* (2011:14) suggest that 'it is also necessary to adjust the strategy as the environment changes'.

1.5 RESEARCH METHODOLOGY

1.5.1 Research design

The researcher will conduct an explanatory study that relies on qualitative techniques. According to Cooper and Schindler (2011:160), qualitative research:

includes an array of interpretive techniques which seek to describe, decode, translate, and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world.

The population- and sample size of this research will be limited to eight Industry and Marketing Executives from Tsogo Sun Head Office in Johannesburg and senior management at Goldfields Casino.

1.5.2 Sampling

Non-probability sampling, in the form of purposive sampling, will be used for this research. The selection of the participants to be interviewed will be based on their experience and involvement in marketing in the casino industry.

1.5.3 Data gathering

Data will be collected by means of structured interviews, described by Cooper and Schindler (2011:172) as 'an interaction between an individual interviewer and a single participant'.

Questions will be utilised on the principle that the researcher has no preconceived notion of possible outcomes, and will seek to obtain answers on the perspectives, ideas and thoughts of participants on the topic under investigation.

1.5.4 Mode of observation

Interviewees will be contacted and briefed with regard to the research. The brief will take cognisance of ethical considerations (see paragraph 7 below).

1.5.5 Analysis

The answers derived from the interviews will be analysed and recorded to create a profile of possible solutions in terms of the said objectives. The researcher will employ descriptive techniques in order to obtain answers to the what, when, where, who and how questions.

Due to the fact that this is an industry-specific problem, the researcher will utilise content analysis. According to Cooper and Schindler (2011:409), content analysis 'measures the semantic content or the what aspect of a message'.

1.6 DEMARCATION OF THE FIELD OF STUDY

The study to be conducted will be in the field of marketing and, in particular, marketing strategies. The research will primarily be conducted in Welkom in the Free State Province and the data will be gathered by means of structured interviews with industry and marketing executives from Tsogo Sun Head Office, as well as senior management from GFC.

1.7 ETHICAL CONSIDERATIONS

Participant involvement will be formally requested and it will be voluntarily. The objectives of the research, the participants' confidentiality, and the integrity of the data will be communicated.

Ethical issues, according to Leedy and Ormrod (2010:101), 'fall into one of four categories: protection from harm, informal consent, right to privacy, and honesty with professional colleagues'.

Cooper and Schindler (2011:32) state that 'research must be designed so that a participant does not suffer physical harm, discomfort, pain, embarrassment, or loss of privacy'. Cooper and Schindler (2011:32) offer the researcher three guidelines:

- Explain the study benefits;
- Explain participant rights and protections; and
- Obtain informed consent.

Leedy and Ormrod (2010:101) add to the above-mentioned by stating that:

whenever human beings or other creatures with the potential to think, feel, and experience physical or psychological distress are the focus of investigation, we must look closely at the ethical implications of what we are proposing to do.

The researcher will remain unbiased in influencing the outcome and interpretation of the data.

The researcher will request that participants provide written consent that they were informed of the above.

Cooper and Schindler (2011:32) believe that:

in the end, responsible research anticipates ethical dilemmas and attempts to adjust the design, procedures, and protocols during the planning process rather than treating them as an afterthought.

1.8 CHAPTER BREAKDOWN AND LAYOUT

Chapter 1 introduces the background to the study whilst Chapter 2 consists of the literature review. Chapter 3 provides an outline of the research methodology. Chapter 4 represents the discussion of the findings and Chapter 5 concludes the study with recommendations.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

In this chapter, the researcher aims to provide evidence in the form of academic literature on strategy in general. This is followed by a review of where strategy fits in at different levels within an organisation. The third objective is to assess strategy at a functional level. Due to the primary objective of this fieldwork, the researcher will conduct the fieldwork in the marketing function. The researcher will continue to examine marketing strategy development at different levels within the organisation.

Fourthly, the review will address marketing plans and strategy before assessing different options in terms of marketing strategies. Under the heading of marketing strategies, the researcher will specifically discuss strategies in growth markets, as well as in mature and declining markets.

The chapter will conclude with a discussion relating to different marketing strategy options. The researcher has selected segmentation-, targeting-, positioning-, branding-, relationship-, service-, pricing-, and differentiation marketing.

2.2 STRATEGY

From a historical perspective, Horwath (2006) informs that strategy dates back to the Chinese in 400–200 BC and that the ‘unique combination of wisdom, science and craft have made strategy creation and its application a universally sought after skill’.

West *et al.* (2010:36) argue that the concept of strategy was ‘first introduced and defined in ancient military dictionaries’. West *et al.* (2010:36) confirm that the word strategy ‘appeared for the first time in the business literature in 1952 in a book by William Newman’.

Volberda *et al.* (2011:7) define strategy as 'an integrated and coordinated set of commitments and actions designed to develop and exploit core competencies and gain a competitive advantage'. Heckroodt's (2012:4) view is that strategy is 'the juncture between organisational ability and environmental dynamics, as it makes organisations part of the environment' and is supportive of the previous definition, while Baye (2010:352) prefers to describe strategy in game theory terms, stating that it is 'a decision rule that describes the actions a player will take at each decision point'. Baye continues to state that a game includes the players, their possible strategies, 'and the payoffs resulting from alternative strategies'.

It is common knowledge that strategy has a long-term orientation, a fact that is captured by Kreitner and Kinicki (2010:77) who state that a strategic plan 'outlines an organization's long-term goals and the actions necessary to achieve these goals'. It is therefore also a logical point of departure that any long-term orientation implicitly refers to the modern complex business and company structures, something that is highlighted by Varadarajan and Jayachandran (2000) as quoted in *West et al.* (2010:37) who postulate that 'strategy exists at multiple levels in an organization: corporate, business unit, and functional levels'.

Two good summarised definitions of strategy are those by Hough *et al.* (2011:5) and Thompson and Martin (2010:11). Hough *et al.* (2011:5) define the term, strategy, as:

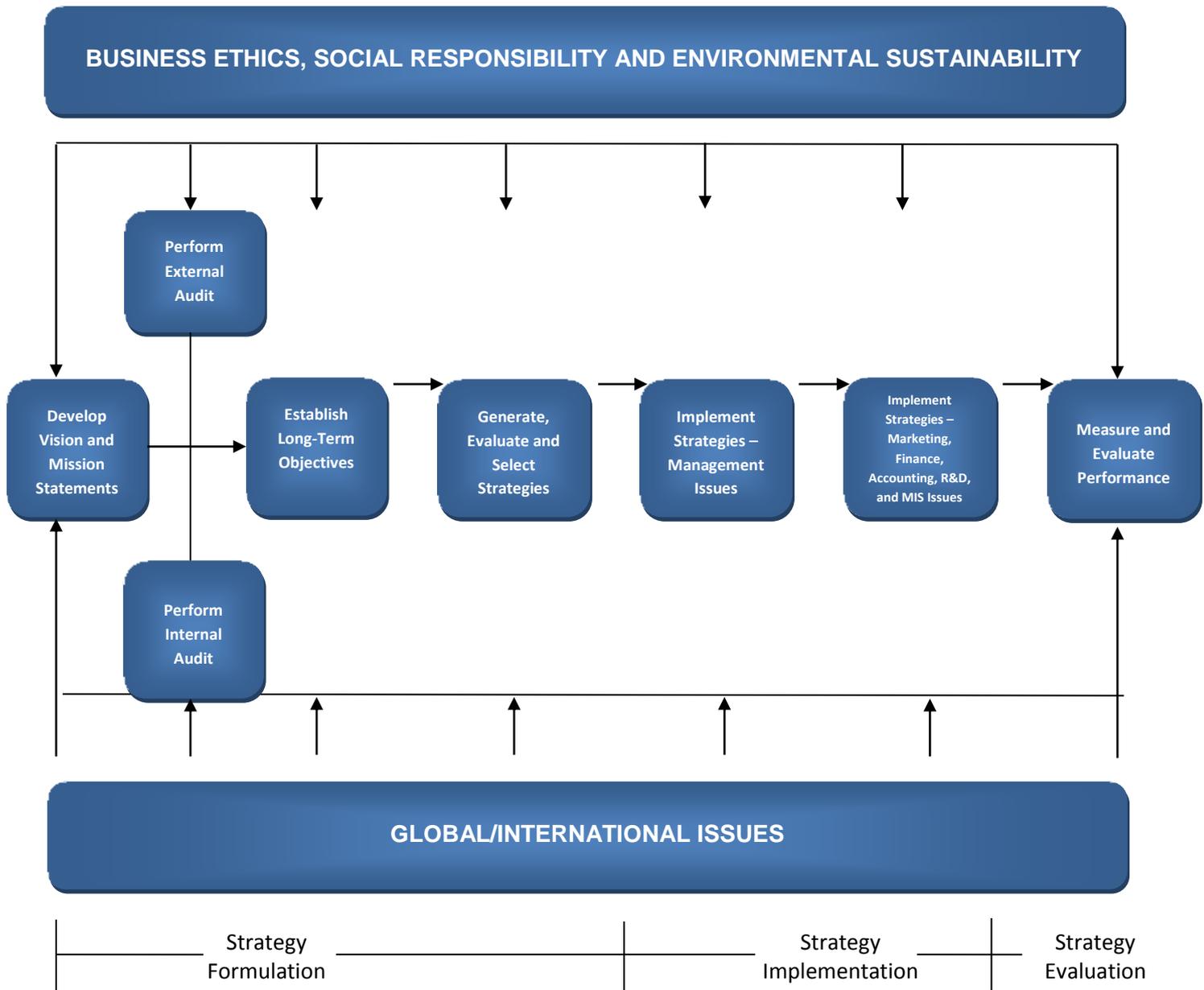
management's action plan for running the business and conducting operations. It consists of ...competitive moves and business approaches that managers are employing to grow the business, attract and please customers, compete successfully, conduct operations, and achieve the targeted levels of organizational performance.

In addition, Thompson *et al.* (2010:11) are of the opinion that strategies are:

means to ends, and these ends concern the purpose and objectives of the organization. They are the things that businesses do, the paths they follow, and the decisions they take, in order to reach certain points and levels of success.

David (2011:285) discusses the different stages of strategy within business from a management perspective as depicted in Figure 1.

Figure 1: Strategic-Management model (David, 2011:286)



It is against this academic background that strategy is defined as developing, formulating and producing plans that will enable management to achieve their objectives and goals by allocating, utilising and employing the resources available to them.

2.3 STRATEGY AT DIFFERENT LEVELS WITHIN AN ORGANISATION

West *et al.* (2010:37) state that 'three types of strategy can be specifically defined in relation to organizational structure'. The three types of strategy that West *et al.* refer to include:

- Corporate strategy
- Business strategy
- Functional strategy

2.3.1 Corporate strategy

In general terms, corporate-level strategy refers to strategic vision at the top level of the organisation, implying decision making on that level, after considering complex economic, social, and geographical, as well as other macro-environmental and industry-related phenomena.

The purpose of corporate-level strategy is mainly to establish plans to ensure profitability and to grow profits (Lazenby, 2014:177). Lazenby further states that profitability can further be ensured through 'a balanced focus on cost efficiency and value adding' and that profit growth requires 'a balance between selling more products and services in existing markets while entering new ones'.

It is in this sense that Coulter (2008:8) concurs that corporate strategies:

are concerned with the broad and more long-term choices of what business(es) we are in or we want to be in, and what we want to do with these businesses.

West *et al.* (2010:37) elaborate and describe corporate strategy as a:

company's overall direction in terms of its general attitude towards growth and the management of its various businesses and product lines to achieve a balanced portfolio of products and services.

The same authors break corporate strategy down into three specific elements as follows:

- a) the pattern of decisions regarding the types of business in which a firm should be involved;
- b) the flow of financial and other resources to and from its divisions; and
- c) the relationship of the corporation to key groups in its environment.

Lazenby (2014:176) purports that corporate strategy is also referred to as a master or grand strategy of organisations.

Tsogo Sun's vision is 'to provide quality hospitality and leisure experiences at every of our destinations' (Tsogo Sun Integrated annual report, 2013:09). The Group structure comprises a gaming division which includes 14 casino and entertainment complexes, as well as a hotel division which consists of 92 hotels which cater for quality budget to luxury product. Their business model is based on:

- operating quality assets;
- geographical location of these assets within key markets;
- investment and development of diverse portfolios to service consumer segments.

The Group strategy focuses on sustainability and growth. In their annual report (Tsogo Sun Integrated annual report, 2013:25), Tsogo Sun promulgate that:

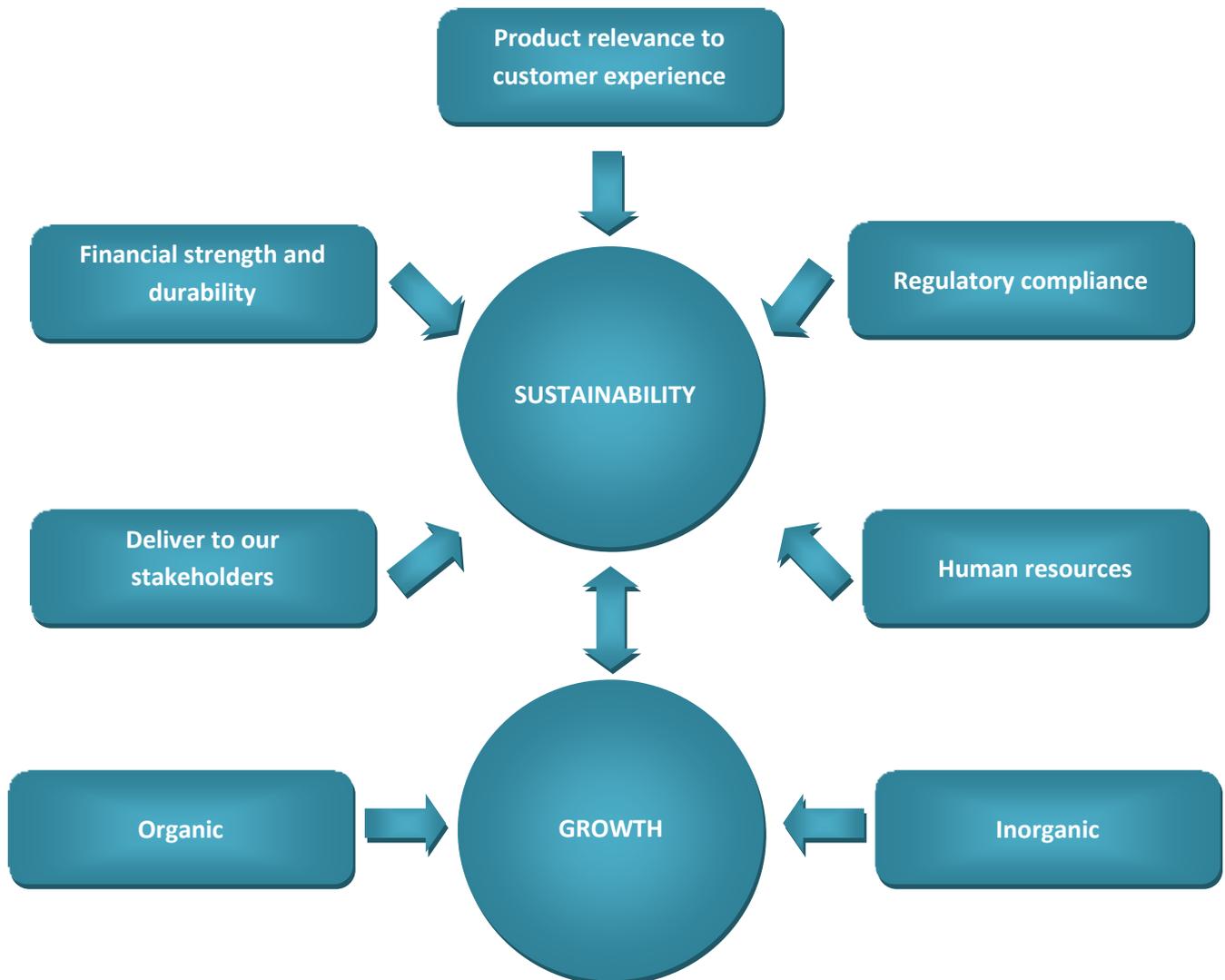
the key pillars of our sustainability include meeting the reasonable requirements of our stakeholders, financial strength and durability, maintained product relevance to customer experience, regulatory compliance and adequate skilled human resources.

The Group summarises the aforementioned by stating that:

a business has to stay in business to be able to take advantage of the commercial opportunities that are presented to it. Good businesses fail when they are fragile, inflexible, unethical and/or poorly managed.

The Group strategy is graphically represented in Figure 2 below.

Figure 2: Tsogo Sun strategy (Tsogo Sun Integrated annual report, 2013:25)



2.3.2 Business strategy

Business strategy, also known as competitive-, or generic strategy, is concerned with the plans that an organisation formulates to conduct its business in a specific industry or market segment (Lazenby, 2014:157).

West *et al.* (2010:38) confirm that a business strategy is sometimes referred to as a competitive strategy and continue to state that a business strategy:

is usually developed at divisional level and emphasizes improvement of the competitive position of a corporation's products or services in the specific industry or market segment served by that division.

Coulter (2008:8) simplifies business strategy in stating that it is 'concerned with how an organisation is going to compete in a specific business or industry'.

Kotler and Keller (2012:59) believe that:

some corporations give their business units freedom to set their own sales and profit goals and strategies, whilst ...others set goals for their business units but let them develop their own strategies.

The same authors add that 'others set the goals and participate in developing individual business unit strategies'.

According to Lazenby (2014:157) the contributions of business level strategy relate to establishing a competitive advantage or to create value.

GFC's vision simply states 'Creating an experience that will keep you coming back for more, and more 'in support of their mission which is based on the notion that GFC is:

committed to provide an entertainment destination of choice in central South Africa. We will ensure an experience with a difference to our guests, every time. Our pursuit for service excellence will drive us to deliver.

GFC's strategic overview professes that it has continuously confirmed how it is focused on assessing its environments to place the business in a favourable position/space and enable management to react to changes if and when required. Its focus has primarily been on using its utilities, creating customer values and managing cost. The results, however, have not been what it anticipated. One of the potential problems in its approach could have been that it focused too much on the negatives/threats as opposed to pursuing innovations to ultimately drive success.

The management of GFC continues to articulate that:

with this in mind, we have re-looked [at] what we believe are the bricks with which one can build a solid strategy on. The strategy that follows is firmly set on efficiency, quality, innovation and responsiveness. You will note that the entire proposed strategy talks to the different environments that surround our business. The strategy portrays both our financial, as well as our strategic objectives.

In their process, the management of GFC conducted PEST-, geographical-, environmental-, and market analyses. Following the aforementioned, the management assessed their database to assist all functions to contribute towards business activators in order to conclude a final strategy.

2.3.3 Functional strategy

A functional strategy is concerned with the way in which a department maximises its resources to ensure better productivity (West *et al.*, 2010:38). Each department will therefore have its own aims and objectives that collectively, with the aims and objectives of other departments, contribute to the business strategy. These departments within organisations include, but are not limited to, finance, marketing, research and development, information technology, administration, sales, human resources, and sales.

Thompson *et al.* (2010:29) further add that 'functional strategies must fit a defined, clear competitive strategic position and complement each other to achieve internal synergy'.

It is imperative that strategy, at the three different levels within an organisation, supports and supplements the overall business aims and objectives upwards, from functional to business to corporate. In order to create a competitive advantage, such a strategy needs to be coordinated and supportive within the three levels of strategy. This 'reflects the fact that an organization is a system with interrelated and interdependent parts' (Coulter, 2008:151). It aligns with the view by Thompson and Martin (2010:28) that 'synergy is a critical aspect of both

corporate and competitive strategies' and the authors further confirm that 'it is important that the functions and businesses within an organization work collectively and support each other to improve effectiveness and outcomes'.

West *et al.* (2010:48) distinguish between corporate and business unit strategy, and marketing strategy. The authors believe that the first-mentioned strategy refers primarily to a competitive strategy, whereas a marketing strategy 'is arguably seen as a functional strategy that is limited to the actions of specific functions within an organization'. Table 1 below illustrates the aforementioned differences. The differences between corporate and business strategy on the one hand, and marketing (functional) strategy on the other hand, are based on the need for an overall perspective, decision, strategic focus, and information.

The most distinct difference noted in the above comparison is that the corporate and business unit's strategy concerns itself with the overall management of the entity on particular levels whereas the marketing strategy specifically addresses the functions, plans and activities of the department within one of these levels. The strategy effort, however, starts at corporate level and is then cascaded down until it reaches functional level. By contrast, the action plans and effort support the overall corporate effort in obtaining its mission (goals and objectives).

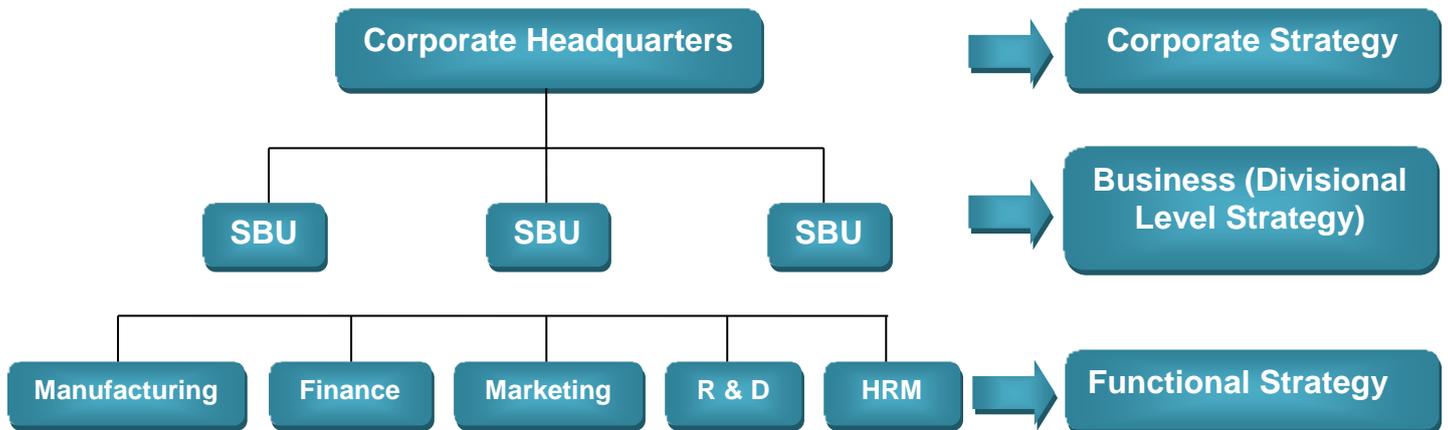
It can further be deduced that there is interdependence and interrelatedness from corporate level down, and from functional level up in as far as strategy formulation and implementation are concerned. The level of involvement and reliance depend on other factors such as corporate culture, business outlook and industry specifics.

Table 1: Illustrative comparison of business and marketing strategies Cravens (1994) in West *et al.* (2009:49)

	CORPORATE AND BUSINESS UNITS STRATEGY	MARKETING STRATEGY
PERSPECTIVE	<ul style="list-style-type: none"> • Organisational and/or competitive focus, often with a heavy industry orientation 	<ul style="list-style-type: none"> • Customer and/or product focus, often with a heavy end-user orientation
DECISIONS	<ul style="list-style-type: none"> • Mission determination • Allocation of business resources to business units • Acquisition/diversification • Elimination of business units • Product development and management • Selection and implementation of SBU strategies 	<ul style="list-style-type: none"> • Identification of market opportunities • Choice of target market(s) • Marketing programme positioning strategy • Product, distribution, price, and promotion strategies
STRATEGIC FOCUS	<ul style="list-style-type: none"> • How to gain and keep strategic advantage • How to determine business strategies • How to organise the business for planning/control 	<ul style="list-style-type: none"> • How to divide products/markets into segments • What segment(s) to serve • How to position for each segment
INFORMATION NEEDS	<ul style="list-style-type: none"> • Financial performance • Business opportunity assessment • Market performance and forecasts • Competitors' strategies and performance 	<ul style="list-style-type: none"> • Financial performance by market target and product type • Customer/prospect description and requirements • Market position and forecasts • Competitors' marketing strategies and performance

It is important to be cognisant of, and to understand, that the comparison in Table 1 does not indicate or suggest distinct separation of responsibility and duty in as far as the strategic processes are concerned. Figure 3 below depicts the hierarchy of strategies and West *et al.* (2010:38) further remind us that 'strategic management may be initiated at any or all of these hierarchical levels of an organisation'.

Figure 3: Hierarchy of strategy (West *et al.*, 2010:38)



Thompson *et al.* (2010:10) state that 'to succeed long term, companies must compete effectively and outperform their rivals in a dynamic, and often turbulent environment' and that 'to accomplish this they must find suitable ways to creating and adding value for their customers'. It is for this reason that Thompson *et al.* believe that 'a culture of internal co-operation and customer orientation, together with a willingness to learn, adapt and change is ideal'.

In assessing the abovementioned views of authors on strategy at different levels within organisations, it appears that from a functional perspective, (marketing) strategy relates more to tactics and operational plans. To clarify this observation, the researcher engaged the discipline of marketing.

2.4 MARKETING STRATEGY

It was established that corporate strategy primarily focuses on sustainability and growth, i.e. formulated plans to promote profitability and growth (Lazenby, 2014:177). Lazenby also believes that the function of marketing directly contributes to these objectives. Lazenby (2014:454) suggests that marketing strategy:

refers to the activities of selecting and describing one or more target markets and developing and maintaining a marketing mix that will produce mutually satisfying exchanges with target markets based on the firm's competitive advantage and proposed positioning.

Marketing, according to Kotler *et al.* (2012:27), is 'about identifying and meeting human and social needs' and the authors believe in its shortest form means 'meeting needs profitably'.

Mostert and Lotz (2010:5) define marketing as:

the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for consumers, clients, partners, and society at large.

Mostert *et al.* (2010:6) and Lamb *et al.* (2010:5) suggest that marketing includes two processes. Firstly, it is a philosophy geared at consumer satisfaction and, secondly, it is a function of business utilising processes to implement this philosophy.

Varadarajan and Jayachandran (2000) in West *et al.* (2010:44) purport that:

the 'marketing' function in organizations, besides being responsible for the content, process, and implementation of marketing strategy at the product-market level, plays a significant role in the strategy development process and the determination of strategy content at the business and corporate levels.

Accordingly, West *et al.* (2010:44) believe that 'marketing has an important role to play in strategy development and corporate success not only at the functional level, but also at the business and corporate levels'.

The management of marketing, according to Kotler *et al.* (2012:27) is 'the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value'.

Parise, Guinan and Weinberg (2008), as quoted in David (2008:287), share the following 'new' principles of what they believe marketing should be in this century:

Don't just talk at consumers – work with them throughout the marketing process, give consumers a reason to participate, listen to – and join – the conversation outside your company's Web site, resist the temptation to sell, sell, sell. Instead attract, attract, attract, don't control online conversation, let it flow freely, find a 'marketing technologist', a person

who has three excellent skill sets (marketing, technology, and social interaction), embrace instant messaging and chatting.

Marketing, therefore, concerns itself with the assessment of the needs and wants of current and potential customers, designing and creating offerings for the customers, communicating with current and potential customers, delivering value to the customers, and monitoring the entire process continuously (Lamb *et al.*, 2010:32).

Value, according to Kotler *et al.* (2012:32), is 'primarily a combination of quality, service, and price (qsp)' and it is called 'the customer value triad'. The authors further state that 'the buyer chooses the offerings he or she perceives to deliver the most value, the sum of the tangible and intangible benefits and costs to her'. From a holistic perspective, it entails the successful integration of value, exploration, creation, and delivery of activities Kotler *et al.* (2012:58).

The literature reviewed on marketing illustrates that the said function is prevalent at all levels within an organisation (corporate, business and functional). To what extent marketing and, in particular, marketing strategy is considered, and at what levels of business these are discussed and finalised, require further exploration.

2.4.1 Marketing at different levels of strategy development

Venter *et al.* (2009:4) are of the opinion that marketing is definitely involved at each level of strategy development as indicated in Figure 4. The same authors state that 'in support of corporate-level strategy, corporate-level marketing involves issues such as corporate identity, branding, communications and strategy. On the business level, Venter *et al.* (2009:6) believe that 'the focus is on competing successfully in a chosen industry and achieving competitive advantage 'and that marketing strategy is 'typically expressed as a strategic marketing plan that explains the segmentation, targeting, and positioning strategies of a business or business unit'.

Figure 4: How levels of marketing align with levels of strategy in an organisation (Venter et al., 2009: 3)



The Group (Tsogo Sun) identified the following marketing priorities and focus areas for the 2014/15 financial year. There are four main line headings:

- Customer Relationship Management (CRM);
- Gaming promotions;
- Brand Management; and
- Footfall drivers.

The main purpose of Customer Relationship Management is to drive gaming revenues by creating and maintaining mutual relationships with patrons. The objectives include database hygiene, which entails acquiring data, activating and engaging customers, rewarding loyalty, and reactivating lapsed customers with the brand. The strategy further aims to ensure synergy between the gaming data base and that of entertainment to ensure transition onto the gaming floors.

The aim of gaming promotions is to stimulate participation as well as to develop and offer from a Group perspective that will involve all units and will add better value (the ultimate prize is much bigger than that which individual units can offer). The drive specifically aims to position gaming as a fun and acceptable form of entertainment. The purpose of the initiative is to encourage regular footfall by encouraging participation.

Under the heading 'Brand Management', Tsogo Sun wishes to achieve a strict and consistent application of the brand guidelines to ensure consistency and high quality creative execution. The purpose is to ensure that brands remain relevant to their target markets through consistent positioning and value offerings. To illustrate the aforementioned, see the Tsogo Sun and GFC brand logos below.

The last of the priorities involves footfall drivers. Efforts include the marketing of gaming, events and entertainment, mind and mood, digital platforms, public relations, and hotel integration. The purposes of this strategy are to ensure that gaming is positioned as a form of entertainment, that casinos are viewed as entertainment destinations, to ensure that experiences that are orchestrated to create 'wow' moments are developed, and to enhance exposure of the properties in both traditional and social media.

Tactical and operational marketing, according to Venter *et al.* (2009:8), 'supports the marketing strategy through the marketing mix, expressed in marketing plans'.

West *et al.* (2010: 5) state that a competitive market strategy is:

a market-oriented approach that establishes a profitable competitive position for the organisation against all forces that determine competition by continuously creating and developing a sustainable competitive advantage from the potential sources that exist in a firm's value chain.

The key elements deduced from the definition of a competitive market strategy (West *et al.*, 2010: 5-6) are that it:

- a) is market oriented (The strategies of the company must be based on the needs and wants of the particular market place.);
- b) establishes a profitable position (The company needs to strategize with the goal in mind. The desired position which the company wants to attain must be clearly defined in terms of the strategy.);
- c) is the force that poses competition (West et al. [2010: 5] are of the opinion that ‘these are all the complex mix of ingredients that create the marketing “whirlwind”, such as government regulation, global competition, or the extent of buyers’ knowledge and understanding of a particular market.);
- d) sustains competitive advantage (The strategy cannot be a once-off happening. In modern business change is a continuous event which, by implication, implies that goal posts are not stagnant and thus also change continuously.); and
- e) is an existing source in a value chain (Companies need to ensure that all the available resources are optimally utilised in order to reach the identified audience.).

Volberda *et al.* (2011:7) state that strategic competitiveness ‘is achieved when a firm successfully formulates and implements a value-creating strategy’. The authors are of the opinion that one of the primary criteria for a competitive advantage is that the company’s competition should not be able to duplicate or find it too costly to imitate.

At Unit level, GFC’s marketing strategy not only contributes to the Unit strategy, but further supports the Group marketing strategy. This functional strategy includes a market analysis of the specific target market, aligning GFC’s loyalty club benefit with the Group loyalty programme, utilising data prepared and provided via business activator tools from Business Intelligence at Head Office, events (shows, functions and productions), large - and small-scale promotions, and mind and mood initiatives.

The above-mentioned processes that culminate in plans and strategy follow a general sequence before they are finalised. The researcher has investigated the same in order to establish and clarify 1) who is responsible for, and 2) what process management follows to conclude a marketing strategy.

2.4.2 Marketing plans and strategy

In a changing business environment, the ability to change speedily and effectively is one of the biggest challenges facing marketing. A specific skill needed to enable this is the ability to analyse the changes in the environment and markets, and to think critically and strategically about it (West *et al*, 2010:35).

Kotler *et al.* (2012: 58) assert that '[a] marketing plan is the central instrument for directing and coordinating the marketing effort 'and that 'it operates at two levels: strategic and tactical. The difference between the strategic and tactical levels, according to the same authors, is that a strategic marketing plan 'lays out the target markets and the firm's value proposition, based on an analysis of the best market opportunities', whereas a tactical marketing plan 'specifies the marketing tactics, including product features, promotion, merchandising, pricing, sales channels, and service'.

Venter *et al.* (2009:251) are of the belief that planning is important as it 'provides focus, co-ordinates activities, and structures the implementation and execution of strategic and operational activities'. The same authors propose the following plan structure as per Table 2 below. The plan commences with the executive summary but, in essence, this is usually concluded once the other sections have been completed. Marketers need to ensure that their plans are comprehensive, allow for flexibility, are consistent in that it should form part of the greater strategy, and should flow logically.

The process in terms of the plan outlined in Table 2 illustrates how the different environments should be analysed before stating the marketing objectives. After the marketing objectives have been set, strategies can be formulated to pursue the identified goals. At this stage, marketers can establish how they will target each segment of the market and formulate action plans accordingly. The aforementioned will take cognisance of required and approved budget. The process can only be concluded by agreeing on measurable to ensure control.

Table 2: Marketing plan structure (Venter *et al.*, 2009:270)

SECTION	DESCRIPTION
Executive summary	Briefly reviews the plan's highlights and objectives, linking the marketing effort to higher-level strategies and goals.
Current marketing situation	Summarises the environmental trends, including customer analysis, market demand analysis, internal analysis, competitor analysis, and macro environmental analysis.
SWOT	Strengths Weaknesses Opportunities Threats Cross-impact analysis
Opportunity analysis	Explains segmentation, targeting, and positioning decisions. Discusses the segments to be targeted, with an overview of customers' and prospects' needs, wants, behaviour, attitudes, loyalty, and purchasing patterns.
Marketing objectives	Outlines the specific marketing plan objectives.
Marketing strategies	Shows the overall strategy to be used in achieving the marketing plan objectives by creating, communicating, and delivering value to the target market. Indicates areas of competitive advantage.
Marketing programmes	Lays out the marketing mix elements per target market segment, supporting the marketing strategy, including specific activities, schedules, and responsibility for product, price, place, promotion, service, internal marketing, facilities, and other applicable marketing mix elements.
Budgets	Details expected revenues, budgets, and profits based on the marketing programmes in the plan.
Implementation controls	Indicates how the plan will be implemented, including metrics for measuring performance. Shows how adjustments will be made to keep programmes on track toward attaining objectives. Includes contingency plans as needed.

According to Mostert and Lotz (2010:23):

marketing involves the challenging task of ensuring the survival and continuous growth of businesses in a highly competitive market. A business can only survive, grow, and be profitable if management is aware of the dynamic and continuous changes within the marketing environment.

The same authors further define a marketing environment as 'all the factors and forces inside and outside the business that influence marketing management's ability to develop successful strategies for its target market'.

Kotler *et al.* (2012:33) believe that the marketing environment is made up of the task- and broad environment. In the task environment, production, distribution and promotion take place. The broad environment is made up of six components: 'demographic environment, economic environment, social-cultural environment, natural environment, technological environment, and political-legal environment' (Kotler *et al.*, 2012: 33). The authors further purport that, in order to be successful, business needs to monitor and pay attention to the aforementioned trends and developments to ensure that they can adjust if and when necessary.

In order to make informed strategic marketing decisions, it is important to gather and analyse information. Moreover, a thorough understanding of the environment is a prerequisite for deciding on marketing strategy (Venter *et al.*, 2009:4). The same authors (2009:13) further believe that strategic marketing is:

driven by vision, strategic objectives and corporate strategy, driven by customer needs and heterogeneous markets, focuses on segments where you can compete successfully, is everybody's responsibility [and is]dynamic.

West *et al.* (2010:54) are of the opinion that the:

concept of strategic market management emerged as an extension of the term strategic management to emphasize that strategy development should be informed by the market environment rather than being internally orientated

and defined the same as 'a system designed to help management in developing, evaluating, implementing, and changing business strategies'. Table 3 shows the content of this system. The authors believe that the market environment should guide the development process and that this should not be internally orientated. The system allows management to analyse the environments and the business internally, and allows for the evaluation of generic strategic options from which strategies can be formulated (West *et al.*, 2010:55).

Table 3: Overview of strategic market management (David A Aaker in West *et al.*, 2010:55)

EXTERNAL ANALYSIS	SELF-ANALYSIS
<p><u>Customer</u> Segments, motivations, unmet needs</p> <p><u>Competitive analysis</u> Identity, strategic groups, performance, objectives, strategies, culture, cost structure, strengths, weaknesses</p> <p><u>Industry analyses</u> Size, projected growth, industry structure, entry barriers, cost structure, distribution system, trends, key success factors</p> <p><u>Environmental analysis</u> Technological, governmental, economic, cultural, demographic, scenarios, information need areas</p> <p style="text-align: center;">↓</p> <p>Opportunities, threats, and strategic questions</p>	<p><u>Performance analysis</u> Return on assets, market share, product value and performance, relative cost, new product activity, manager development and performance, employee attitude and performance, product portfolio analysis</p> <p><u>Determinants of strategic options</u> Past and current strategy, strategic problems, organisational capabilities and constraints, financial resources and constraints, flexibility, strengths, weaknesses</p> <p style="text-align: center;">↓</p> <p>Strategic strengths, weaknesses, problems, constraints, and questions</p>
<p>Strategy identification and selection</p> <p>Specify the mission</p> <p>Identify strategic alternatives</p> <ul style="list-style-type: none"> • Investment strategies by product market Withdraw, milk, hold or enter/grow • Strategies to gain sustainable competitive advantage Functional area strategies Assets and skills <p>Select strategy</p> <ul style="list-style-type: none"> • Consider strategic questions • Evaluate strategic alternatives <p>Implementation</p> <p>Review strategies</p>	

Marketing strategies main purpose and objective is to provide the means by which organisations can realise their marketing objectives (Venter *et al.*, 2009:259). The focus, according to the same authors (2009:259), is on 'defining the target market and marketing mix to be employed'. Ferrel and Hartline (2008), as quoted in Venter *et al.* (2009:259), state that marketing strategy in its broadest sense 'refers to how a company will manage its relationship with customers in a manner that gives it an advantage over the competition'.

Venter *et al.* (2009:12) emphasise that there is a distinction between strategic- and operational marketing. Strategic marketing, according to the authors, 'is about supporting strategy and identifying opportunities for competitive advantage', whereas operational marketing relates to the day-to-day management and marketing of existing products and services. Table 4 below depicts the differences between the two concepts. Notably, the biggest differences between the two concepts relate to time frames, different marketing approaches and responsibility. From the comparison, strategic marketing appears to be a function of corporate, whereas operational marketing transpires at business and functional level.

Table 4: A comparison between strategic marketing and operational marketing (Venter *et al.*, 2009:13)

	STRATEGIC MARKETING	OPERATIONAL MARKETING
ORIENTATION	Analysis-orientated	Action-orientated
TIME FRAME	Long term	Short term (day-to-day)
PLANNING PERSPECTIVE	Pro-active	Reactive
PURPOSE	Future perspective – new marketing opportunities	Implementation – focus on existing opportunities
ENVIRONMENT	Dynamic	Stable
RESPONSIBILITY	CEO, cross-functional	Marketing Department, e.g. Brand Managers
MARKETING FOCUS	Product-market segments	Marketing mix

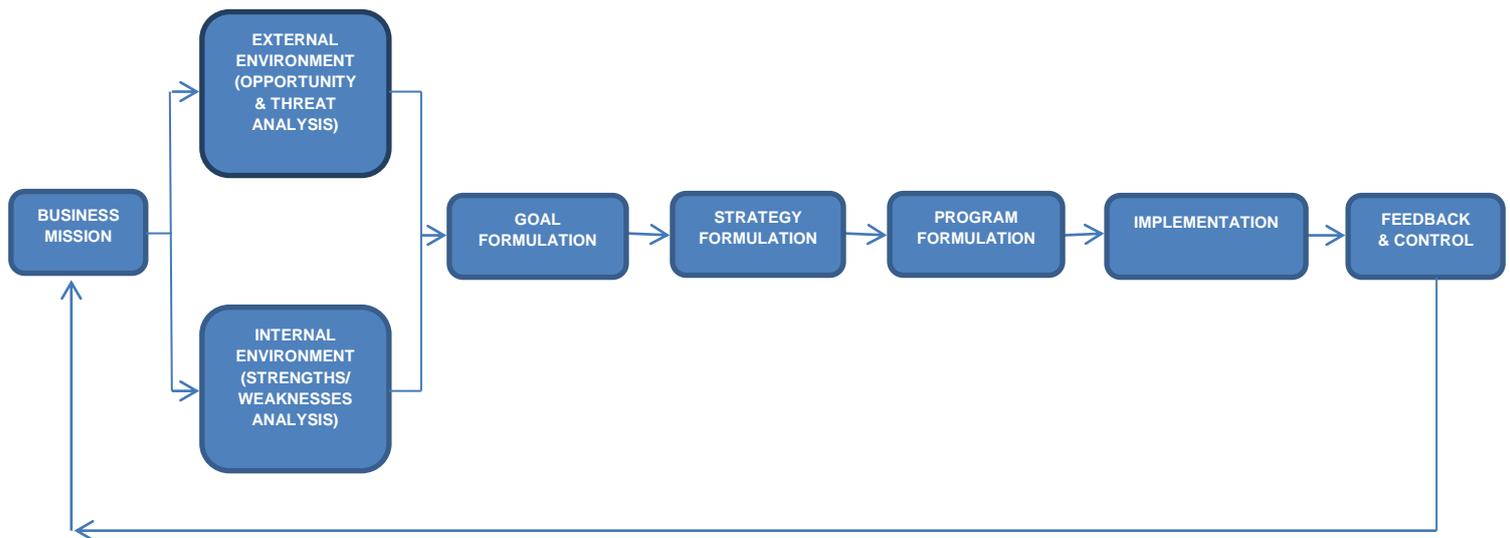
2.4.3 Different marketing strategies

From the above review, it is clear that strategy and the plans to execute it should be formulated based on information gathered and analysed. The aforementioned follows the setting of objectives which should be specific, realistic and measurable, but at the same time, consistent (Lamb *et al.*, 2010:454). West *et al.* (2010:35) iterate that 'clearly-defined and well-developed marketing strategies and plans are a must if the organization is to achieve its objectives in the markets in which it competes'. The authors believe that 'at the centre of the process is the understanding of the marketing environment and competitive space'.

Marketers needs to understand that challenges are not restricted to changes in the environments but also complexities in the markets itself, the changes in demands of customers, technological advancements and new innovation, competition and, changes in the macro environment (Venter *et al.*, 2009:118).

Kotler *et al.* (2012:72) suggest that organisations should formulate a business goal (what the business wants to achieve) by utilising a SWOT analysis, and from the goal should formulate a strategy which 'is the game plan for getting there'. Kotler *et al.* (2012:70) depict the aforementioned process in Figure 5. It is once again very apparent that the process commences with an analysis which is followed by the setting of goals (objectives). Only after these steps have taken place, is strategy considered and formulated, and plans devised and agreed upon. The last-mentioned is then implemented, measured and controlled.

Figure 5: The Business Unit Strategic Planning Process (Kotler *et al.*, 2012: 70)



Cravens (1994), as quoted in West *et al.* (2010:43), proposes ‘a stepwise approach to the development of marketing strategy for different markets and competitive situations’ and this is presented in sequential steps in Table 5. In the interpretation of this table the authors remind that marketing strategy development occur at all three levels within an organisation. Firstly, marketing objectives and plans to achieve them is identified once the corporate strategy is formulated. Secondly, market segments and targets are identified. The marketing department, at functional level, will then formulate their plan and marketing mix to assist in attaining the objectives.

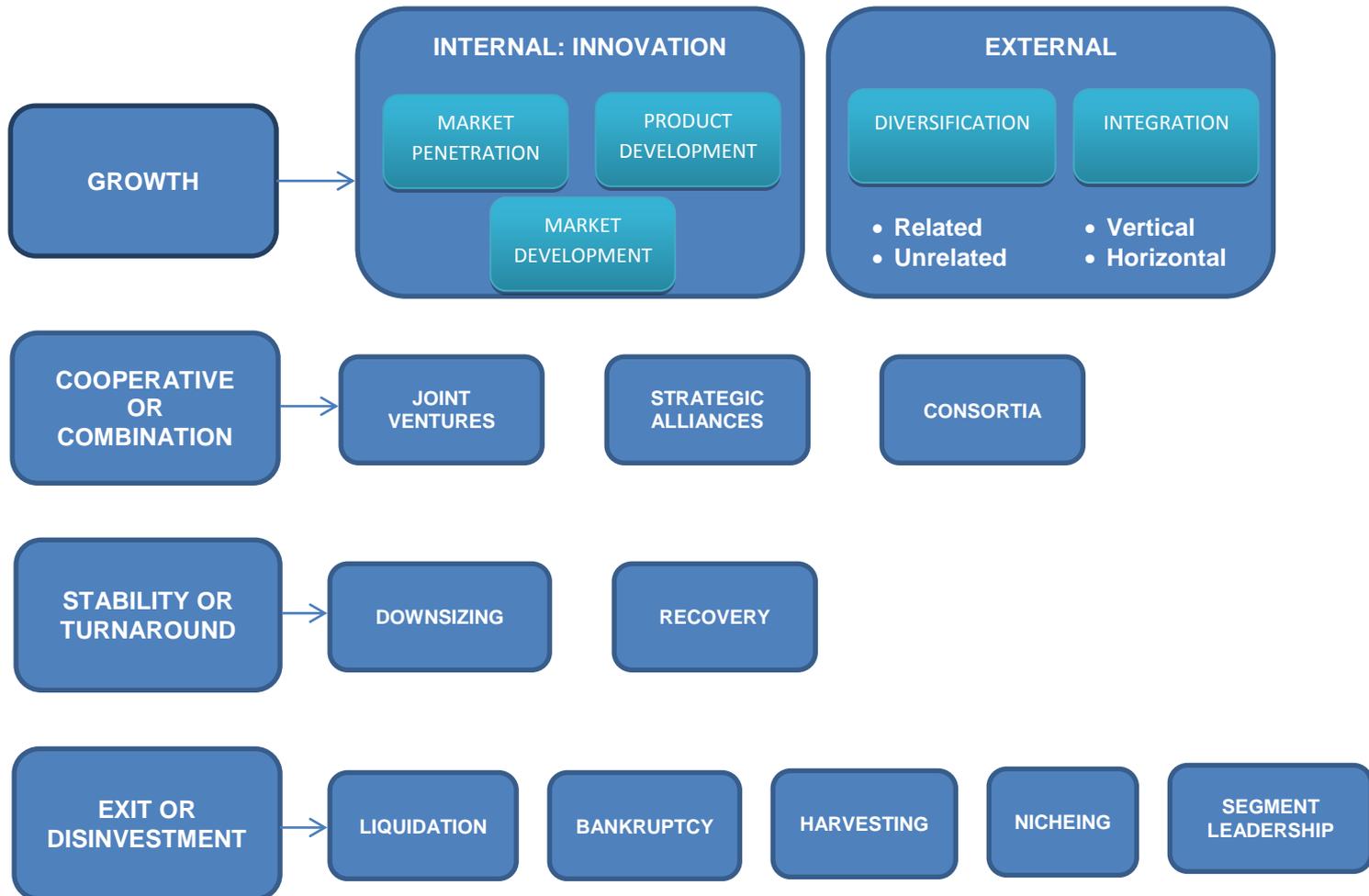
Table 5: Selecting and developing marketing strategies for different market and competitive situations (Cravens in West *et al.*, 2010:43)

	IMPORTANT ISSUES	MAJOR ACTIONS/DECISIONS
PRODUCT-MARKET DEFINITION AND ANALYSIS	<ul style="list-style-type: none"> Evaluating the complexity of the product-market structure Establishing product-market boundaries 	<ul style="list-style-type: none"> Defining product-market structure Customer profiles Industry/distribution/competitor analysis Market size estimation
MARKET SEGMENTATION	<ul style="list-style-type: none"> Deciding which level of the product-market to segment Determining how to segment the market 	<ul style="list-style-type: none"> Selecting the basis of segmentation Forming segments Analysing segments

DEFINE AND ANALYSE INDUSTRY STRUCTURE	<ul style="list-style-type: none"> • Defining the competitive area • Understanding competitive structure • Anticipating changes in industry structure 	<ul style="list-style-type: none"> • Sources of competition • Industry structure • Strategic group analysis
COMPETITIVE ADVANTAGE	<ul style="list-style-type: none"> • Deciding when, where, and how to compete 	<ul style="list-style-type: none"> • Finding opportunity gaps • Cost/differentiation strategy/focus • Good/better/best brand positioning strategy
MARKET TARGETING AND POSITIONING STRATEGIES	<ul style="list-style-type: none"> • Deciding market scope • Good/better/best brand positioning strategy 	<ul style="list-style-type: none"> • Selecting targets • Positioning for each target • Positioning concept • Marketing mix integration

Corporate strategies address and support business in growing markets or, alternatively, in mature and declining markets. Four categories are available for organisations to pursue to ensure profitability and growth (Lazenby, 2014:178). These include, growth-, cooperative- and combination-, stability- or turnaround-, and exit or disinvestment strategies. Figure 6 below depicts the four categories and strategies available within each category. Whilst Figure 6 pertains primarily to corporate strategy options, it is also evident in which of the four categories marketing would play a more prominent role in terms of marketing specific strategy.

Figure 6: Categories of corporate-level strategies (Lazenby, 2014: 179)



2.4.3.1 Growth markets

Growth strategies can be divided into internal and external strategies. Product development, market development and market penetration serve as examples of internal strategies available to organisations. External strategies include vertical and horizontal integration and diversification (Lazenby, 2014:179). It is within this context that Lazenby (2014:178) and Venter *et al.* (2009:194) concur that organisations seek growth in profits and profitability to ensure that they deliver shareholder value.

Notably, the choice in corporate strategy includes more options than for specific marketing. Marketing strategies for growth markets that will enable growth, include market penetration, market development, product development, and diversification (Venter *et al.*, 2009:194). Table 6 below indicates different growth options.

Table 6: Growth strategies (Venter & Jansen van Rensburg, 2009:194)

MARKET PENETRATION	Growth in existing product markets (present product in present market)	<ul style="list-style-type: none"> • Increase market share of the organisation • Increase usage of the product
PRODUCT DEVELOPMENT	Growth through introducing new products (new product in present market)	<ul style="list-style-type: none"> • Add product features, i.e. product refinement • Expand product line • New generation products • Innovative products
MARKET DEVELOPMENT	Growth in new markets (present product in new market)	<ul style="list-style-type: none"> • Expand geographically • Target new segments and target markets
DIVERSIFICATION	Growth through diversification (new products in new markets)	<ul style="list-style-type: none"> • Related diversification • Unrelated diversification

2.4.3.2 Mature and declining markets

In mature and declining markets, Venter *et al.* (2009:201) suggest that business should/can consider one of the following strategies:

- Growth by revitalising the industry or sub-segment of the market;
- Being a profitable survivor;
- Milk or harvest; or
- Exit or liquidate.

At present, the last two options, milk or harvest, and exit or liquidate, will definitely not be considered by GFC. Both of these options relate to the termination of a product and/or service and to making a conscious decision to exit the market. Growing the market by relying on focused strategies would culminate in survival which would, at present, be an option for GFC to exploit.

Specific strategic and tactical options available to marketing management that can assist with the overall functional effort, include segmentation, targeting, positioning, branding, relationship marketing, services marketing, pricing and differentiation.

2.4.3.3 Segmentation, targeting and positioning

Venter *et al.*, (2009:218) contend that:

[t]he building blocks of strategic marketing are the decisions senior managers take regarding the segmentation, targeting, and positioning of brands, products, and services. These critical decisions focus on differentiating an organisation's offerings from those of competitors and crafting a compelling value proposition for the chosen target market segment.

Markets are composed of people who have different needs and wants. A segment in a market implies a group of people who share the same needs and wants because of similar (one or more) characteristics (Lamb *et al.*, 2010:198). Lamb *et al.* are of the opinion that, in today's business milieu, segmentation is of utmost importance as it allows marketing efforts to adopt their marketing mix to cater for specific groups within a market.

Lamb *et al.* (2010:198) promulgate that effective segmentation relies on four criteria namely, the segment in the market must be substantial (profitable); marketers must be able to identify (distinguish) the segment and be able to measure it; marketers must be able to reach the identified segment (communication); and, lastly, there must be a response to the marketing effort from the segment.

West *et al.* (2010:152) are of the view that 'marketing segmentation is vital for company success 'but that 'dividing the market up into reasonable segments is only a starting point'. The next step, according to the same authors, is for the organisation to 'develop a series of strategic goals and strategies for effectively reaching those identified segments'. All of the aforementioned must be done whilst establishing a 'perceptual position in the mind of the consumer'.

West *et al.* (2010:153) concur and state that market segmentation:

involves the analyses of mass markets to identify subgroups of consumers with similar wants and buying requirements[which]allows the firm to identify a profile of its typical desired customer, which in turn would allow the firm to develop a product configuration, pricing scheme, promotional campaign, and distribution coverage plan to best meet the needs of that identified typical consumer.

In order to segment a market, marketers can make use of a single variable or several variables (Lamb *et al.*, 2010:179-188). The bases for segmenting markets include:

- behaviour segmentation, which includes:
 - usage rate,
 - occasions,
 - brand familiarity;
- geographic segmentation;
- demographic segmentation, which includes:
 - age,
 - gender,
 - income,
 - ethnic,
 - family life-cycle;
- psychographic segmentation; and
- benefit segmentation.

The usefulness and success of segmentation rely on whether it is measurable, substantial, accessible, differentiable, and actionable (Kotler *et al.*, 2012:258).

GFC Marketing conducts continuous assessments of their market which include, *inter alia*:

1. Geographic information:
 - Municipal divides within the district to establish catchment area, where patrons reside, and their living standards measure.

2. Database analyses:
 - By age group, average spend, number of visits, interests
 - This information is then further processed into a value segmentation model.
3. Demographic information:
 - The breakdown includes age, race, gender, and income statistics.
4. Demands and needs:
 - Captured data to establish needs and preferences.

Once organisations have completed segmenting their respective markets, a target market/s is/are selected for which a marketing mix is developed (Lamb *et al.*, 2010:454). Targeting, according to West *et al.* (2010:169), 'involves the decision of the number of different segments to select and serve and the best action plans to reach the identified segments'.

To ensure the feasibility of the segment/s identified to target, business should analyse and consider 'size and growth of each segment, market factors and the objectives and resources of the business' (Mostert *et al.*, 2010:89).

Abell in West *et al.* (2010:169) believes that the organisation has the following choices:

single-segment concentration (where one product is geared towards one market segment in a niche strategy), selective specialisation (where the firm aims different product variants at different segments with the idea of one product per segment), product specialisation (where the firm aims a particular product variant to a variety of different segments), market specialisation (where the firm aims a variety of product variants at one particular market segment), and full market coverage (where the firm uses undifferentiated marketing, aiming a variety of product variants across a variety of segments).

There are three strategies available in general for the selection of target markets. These include undifferentiated targeting (single marketing mix for the entire market), concentrated targeting (organisation targets a single segment in the market), or multi-segment targeting (more than one segment in the market) (Lamb *et al.*, 2010:192).

GFC competes in the entertainment and leisure industry and its array of offerings target different segments within the market. GFC's core line of business includes gambling, supported by food and beverage, and entertainment. GFC therefore subscribes to multi-segment targeting but with a strong concentration on gamblers.

Positioning is all about the organisations' offering in the mind of consumers in the market (Lamb *et al.*, 2010:202). The authors believe that the marketing mix must be developed to 'influence customers overall perception of a firm, product, or brand.'

Kotler *et al.* (2012:171) state that positioning:

is the act of designing a company's offering and image to occupy a distinctive place in the minds of the target market.

In order to influence the overall perception of customers about an organisation's brand, product or service marketers have to develop a specific marketing mix (Lamb *et al.*, 2010:197).

As South Africa's leading hotel, gaming and entertainment group, Tsogo Sun Group, of which GFC is part, offers leisure and gaming experiences under one brand logo, albeit with different names for the different destinations. Within the respective business units, the organisation partners and associates with other brands to extent the overall offering within different precincts. The GFC loyalty club provides a platform for association with the brand and from which the management can reward patrons according to the amount the customer has spent or amount value. It is a tiered approach adopted by all units within the Tsogo Sun stable. The reward programme allows for, and facilitates, specific targeting, whilst also satisfying positioning.

2.4.3.4 Branding and positioning

Branding allows for identification, distinctiveness and differentiation. Branding becomes a core component in competing and creating an advantage over competitors (Lamb *et al.*, 2010:250).

According to Mostert *et al.* (2010:114), a brand refers to ‘the name, sign, symbol, term, design or a combination of these elements used to identify a business’ products and distinguish it from those of competitors.’ The authors add that the value attached to the strength of a brand is referred to as brand equity. In terms of assets, branding is exceptionally valuable as it identifies the company (West *et al.*, 2010:190). Kotler *et al.* (2012:263) add to this perspective by stating that a brand allows for the differentiation of product or service between competitors.

The success of branding strategies is measured through brand value and whether customers believe there is a meaningful difference between services and products in the same category (Kotler *et al.*, 2012:265).

Branding has various roles of which quality, loyalty and intellectual property rights are important to Tsogo Sun. GFC operates and manages its brand in strict adherence to the Tsogo Sun Brand Corporate Identity directives and guidelines. Figures 7 and 8 depict the Tsogo Sun brand logo, as well as that of GFC. The Sunburst is the common denominator in all the brand logos within the organisation (casino complexes and hotels).

Figure 7: Tsogo Sun brand logo



Figure 8: GFC logo



2.4.3.5 Relationship marketing

If an organisation is relationship-marketing-orientated, then its philosophy is to create and build long-term relationships with its customers (Lamb *et al.*, 2010:14). Lamb *et al.* believe that these relationships are built through consistently providing value and satisfaction. Targeting and attracting the right customer should be followed by a strategy to retain the same customers. To instil loyalty, organisations can segment their market correctly in order to target and attract the right customers on which they focus in terms of level of satisfaction (Lovelock *et al.*, 2011:353). The authors, however, continue to propose that organisations can form closer relationships with their customers which they refer to as 'bonds', by adopting one of the following strategies: 'deepening the relationship through cross-selling and bundling; creating loyalty rewards; and bundling higher level bonds such as social, customization, and structural bonds.'

Relationship marketing, according to West *et al.* (2010:254), is:

the development of long-term and intimate relationships between buyers and sellers. It involves open communications and the ability to know the customer so well that changes in wants and needs may be anticipated before they become critical.

One of the more successful solutions to ensure that organisations deliver good customer satisfaction is through employing or creating a customer relationship management (CRM) system. Lovelock *et al.* (2011:361) profess that CRM 'actually signifies the whole process by which relations with customers are built and maintained.' The CRM process, therefore, entails the collection of data or information

of what customers need and want that enable organisations to cater for these customers (West *et al.*, 2010:242).

A CRM system, Lovelock *et al.*, (2011:361) believe:

allow the company to better understand, segment, and tier its customer base, better target promotions and cross-selling, and even implement churn alert systems that signal if a customer is in danger of defecting.

GFC's objective is to communicate timeously with its customer on relevant content. The communication strategy is structured with clear, specific targets and time intervals. The aim of this strategy is to constantly reinforce and reposition the perceived benefit and value of the overall rewards programme. To ensure unity, uniqueness and a sense of belonging, all units within Tsogo Sun use the exact same CRM programme. Membership within the loyalty club is distinguished according to different level status cards. Figure 9, below, is a sample of the cards used in all Tsogo Sun properties.

Figure 9: Sample cards in use



In conjunction with the abovementioned, GFC has also introduced a behaviour-based reward (BBR) system and a value segment model (VSM) which makes up elements of the CRM effort. The tools enable management to change, improve, and stretch behaviour. Advanced relationships or bonds are looked after and are serviced by a specialised department which predominantly focuses on relationship management.

2.4.3.6 Service marketing

In the case of service, and as a result of the unique characteristics linked to service, the marketing mix, which traditionally consisted of the 4Ps (product, place, price and promotion), had to be revisited to include elements describing the management of customers. This brought about the addition and inclusion of another 3 Ps, namely process, physical environment and people. The marketing mix for services is therefore now known as the 7 Ps (Lovelock *et al.*, 2011:52).

Lovelock *et al.* (2011: 37) define services as:

economic activities offered by one party to another. Often time-based, performances bring about desired results to recipients, objects, or other assets for which purchasers have responsibility. In exchange for money, time, and effort, service customers expect value from access to goods, labor, professional skills, facilities, networks, and systems, but they do not normally take ownership of any of the physical elements involved.

Service has four distinguishable characteristics according to West *et al.* (2010:298), comprising intangibility, heterogeneity, inseparability, and perishability. Excellent service marketing, however, needs to focus on three areas: externally, internally, and interactively (Kotler *et al.*, 2012:387). The authors describe these three areas as follows:

- 1 External marketing – service to customers;
- 2 Internal marketing – equipping personnel to serve customers well; and
- 3 Interactive marketing – ensuring that technical, as well as functional quality is delivered.

Crous (2013) discusses the power of the customer as vital for business. Crous elaborates, stating that businesses should strive to have a good reputation which necessitates a continuous and conscious effort. This instils trust and requires a variety of elements that must be pursued to achieve this. Some of these elements include offering value for money, delivering according to expectation and being different in that customers need to know what to expect from a particular business.

2.4.3.7 Pricing

The importance of pricing to marketers is based on the notion that price is related to profits, value, flexibility (can be changed and implemented), and can be used in creating a competitive advantage (Mostert *et al.*, 2010:214).

An organisation's pricing strategy begins by establishing pricing objectives which are normally classified as being profit orientated, sales orientated, or status quo (Lamb *et al.*, 2010:436).

Pricing is essentially about creating value. West *et al.* (2010:338) believe that 'successful pricing means that the prices set have to complement the company's overall marketing strategy and the whole process has to be holistic'.

According to Mostert *et al.* (2010:223), the pricing strategy that a business pursues should stem from its pricing objectives. The authors list three pricing strategies, namely:

- cost-oriented pricing (profit will be determined after the cost to provide the service have been established by business) includes two methods:
 - cost-plus pricing, and
 - mark-up pricing;
- competition-oriented pricing (set pricing by comparing it with competitors); and
- consumer-oriented pricing (establishing the average perception of value amongst consumers within specific market).

Mostert *et al.* (2010:226-230) further outline that a business can also rely on tactics with regard to these three pricing strategies. These tactics include discounting, psychological pricing, new-product pricing and, product-mix pricing. Lamb *et al.* (2010:430) add to these tactics and include single-price tactic, flexible pricing, price-lining, leader pricing, bait pricing, odd-even pricing, price bundling, and two-part pricing.

GFC addresses pricing mainly through its product offering. From a gaming perspective, different denomination slot machines and tables with various betting options are available to the patron. From a food and beverage perspective, GFC, whilst very much cost-of-sales orientated, certainly considers consumer and competition when formulating and setting its prices. The precincts' view is that food and beverage, as well as events and entertainment, are footfall drivers in the main and that the focus is on transition into the gaming area.

2.4.3.8 Differentiation

Simply stated, differentiation pertains to being different. Lamb *et al.* (2010:204) state that differentiation 'is the process of identifying something that is different about a firm or its products.' The authors categorically state that differentiation 'is indeed the cornerstone of the positioning strategy.'

Differentiation relates to the way in which an organisation can create a competitive advantage in the market space by being unique. This uniqueness refers to the organisation's offering, which can directly involve its service, product, and the organisation's image (Kotler *et al.*, 2012:316). The authors believe that it has also become important for organisations to create and nurture emotional connects with customers. Means of differentiation include the organisation's employees, the organisation's image, channels of distribution, and service delivery. Lanzenby (2014:165) concurs with the aforementioned when he confirms that a differentiation strategy 'can be physical or psychological.'

Lamb *et al.* (2010:204-207) elaborate on the means of differentiation by sharing the following detail under the core bases for differentiation.

- Product differentiation (distinguish product from competitors):
 - Features (product characteristics),
 - Performance (performance level of product),
 - Durability (expected operating life),
 - Reliability (measured in terms of what the chances are that it will malfunction or fail),

- Reparability (whether the product can be fixed if need be),
- Style (subjective measure on look and feel of product),
- Reseller brands (own brand versus value-for-money brand), and
- Product range (based on consumer needs, wants, and what they can afford);
- Differentiation based on services accompanying the product:
 - Delivery (speed, accuracy and reliability),
 - Installation (make product operational),
 - Customer training (how to use the equipment),
 - Consulting service (advice to customers),
 - Repairs (quality and availability), and
 - Miscellaneous services (additional value);
- Personnel differentiation (competence); and
- Image differentiation (message to establish brand and loyalty).

Thompson *et al.* (2010:196) contend that:

differentiation recognizes that customers are too numerous and widely scattered, and with heterogeneous needs and adequate spending power, for them all to prefer exactly the same product or service.

The authors identify the following sources of differentiation, speed, reliability, service, design, features, technology, corporate personality, and relationships with customers. Thompson *et al.* (2010:197) further state that 'differentiation need not be clearly tangible as long as customers believe it exists'.

According to Lazenby (2014:166), it is best for organisations to pursue a differentiation strategy when brand loyalty exists, when the organisation's products and services appeal to the industry sector on a wide scale, when the customers perceive real value in the service and product of the organisation, when there are only a few competitors that follow the same approach, and when the customers' preferences are diverse and there are various offerings available in the market. Lazenby (2014:232) further draws attention to the fact that a differentiation strategy

can also be deployed in declining industries where the focus would shift to improving quality and introducing innovation.

The above discussion is by no means absolute. Various other types of marketing techniques and strategies are available. Examples of these include:

- organisation marketing;
- concentrated marketing;
- social marketing;
- differential marketing;
- augmented marketing;
- person marketing;
- direct marketing; and
- synchro marketing.

In an attempt to consolidate the academic guiding principles from literature and the practical working knowledge and evidence to which the researcher has been exposed and attained, recent reviews on the topic of strategies for the future were consulted. These views and inputs will be discussed in the following section.

2.5 STRATEGISING FOR THE FUTURE

Rumelt (2011:241) proposes that a good strategy is formulated on 'what works, what doesn't, and why.' The author believes that the strategy is based on functional knowledge, which is generally available to everybody, and can therefore not be decisive. Rumelt (2011:241) iterates that the 'most precious functional knowledge is proprietary', i.e. knowledge only available to individuals within that specific organisation. The process of gathering this proprietary functional knowledge is referred to as scientific empiricism by the author. Rumelt (2011:241) believes that good strategy is building on this knowledge and is 'in the language of science, a hypothesis, and its implementation is an experiment.' This approach will enable leaders to gain insight into what works and what doesn't, which will allow for the change or adjustment of strategy.

Heckroodt (2012:13) is of the opinion that strategy selection should not only be aspirational but also rational. The author bases the aforementioned on the availability of external opportunities identified against the resource abilities of the business. Heckroodt (2013:13) states that 'an appropriate strategy selected and implemented by business managers strikes a balance between opportunity and ability.'

Rumelt (2011:4) believes that 'a good strategy honestly acknowledges the challenges being faced and provides an approach to overcome them'. The author continues to say that a bad strategy, on the other hand, 'ignores the power of choice and focus, trying instead to accommodate a multitude of conflicting demands and interests. According to Rumelt (2011:7), a good strategy:

has an essential logical structure that I call the kernel. The kernel of a strategy contains three elements: a diagnosis, a guiding policy, and coherent action. The guiding policy specifies the approach to dealing with the obstacles called out in the diagnosis. It is like a signpost, marking the direction forward but not defining the details of the trip. Coherent actions are feasible coordinated policies, resource commitments, and actions designed to carry out the guiding policy.

Heckroodt (2012:60) believes that the selection of an appropriate strategy is as a result of the business' structure and ability, as well as the specific business environment in which it conducts business. The author further states that 'businesses craft scenarios of possible futures considering the current status of the scanned environment and significant trends within the specific environment'.

Rumelt (2011:95) lists the following fundamental sources of power used in strategy: 'leverage, proximate objectives, chain-link systems, design, focus, growth, advantage, dynamics, inertia, and entropy'. Rumelt (ibid) explains each of these sources of power as follows:

Using leverage - A good strategy draws power from focusing minds, energy, and action. That focus, channelled at the right moment onto a pivotal objective, can produce a cascade of favorable outcomes.

Proximate objectives - A proximate objective names a target that the organization can reasonably be expected to hit, even overwhelm.

Chain-link systems - A system has a chain-link logic when its performance is limited by its weakest subunit, or 'link'. When there is a weak link, a chain is not made stronger by strengthening the other links.

Design - ...the threats to the company are not specific new products or competitive moves, but changes that undermine the logic of its design.

Focus - ...denotes the coordination of policies that produces extra power through their interacting and overlapping effects, and, it denotes the application of that power to the right target.

Growth - Healthy growth is not engineered. It is the outcome of growing demand for special capabilities or of expanded capabilities. It is the outcome of a firm having superior products and skills. It is the reward for successful innovation, cleverness, efficiency, and creativity. This kind of growth is not just an industry phenomenon. It normally shows up as a gain in market share that is simultaneous with a superior rate of profit.

Advantage - The secret to using advantage is understanding this particularity. You must press where you have advantages and side-step situations in which you do not. You must exploit your rivals' weaknesses and avoid leading with your own.

Dynamics - One way to find fresh defended high ground is by creating it yourself through pure innovation. The other way to grab the high ground ... is to exploit a wave of change.

Inertia and entropy - Inertia – ...resistance to a change in motion. Entropy – ...a physical system's degree of disorder... (Companies who are not managed properly become even less organised and focussed).

In their book, 'Blue Ocean Strategy', Kim and Mauborgne (2005:4) base their theory and discussion on the principle that there are two kinds of oceans – a blue and a red ocean –each of which represents a market space. Industries that are not in existence today are represented by the blue ocean, whilst the red ocean represents the opposite.

Below is a summary of the key differences between Red Ocean and Blue Ocean strategy.

Table 8: Summary of the differences between Red Ocean and Blue Ocean strategy

RED OCEAN STRATEGY	BLUE OCEAN STRATEGY
Compete in existing market space	Create uncontested market space
Beat the competition	Make the competition irrelevant
Exploit existing demand	Create and capture new demand
Make the value-cost trade-off	Break the value-cost trade-off
Align the whole system of a firm's activities with its strategic choice of differentiation or low cost	Align the whole system of a firm's activities in pursuit of differentiation and low cost

The authors elaborate and clarify that 'this is the unknown market space and...untapped market space, demands creation, and the opportunity for highly profitable growth.' In their note, the authors indicate that it is necessary for businesses to free themselves out of the red ocean by 'creating uncontested market space that makes the competition irrelevant.'

Kim *et al.* (2005:4) suggest that 'the only way to beat the competition is to stop trying to beat the competition' and to 'seize new profit and growth opportunities'. The cornerstone of blue ocean strategy lies in value innovation which seeks to, as an end result, drive costs down while at the same time driving value up for customers.

2.6 CONCLUSION

Firstly, this chapter examined the science of strategy. The definitions, views and insight of different authors were encapsulated as the effort from organisations to develop, formulate and produce plans that will enable businesses to achieve their missions and goals. The aforementioned would require businesses to strike a balance between their environment, on the one hand, and their resources and ability, on the other hand.

The focus then shifted to examine strategy at different levels within the hierarchy of organisations. The involvement of marketing strategy, and the way in which it aligns with strategy on the different levels of business within an organisation, were established.

The chapter further concentrated on marketing strategy and plans. The finding indicates that strategic market management includes an analysis of both the external and internal environment before marketing objectives can be identified. Once the objectives have been agreed upon, specific strategies can be considered for implementation. In this section, different marketing strategies available to businesses were discussed. The chapter concluded with a discussion on the views of different authors on strategy for the future.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter addresses the research methodology that was employed in conducting this study.

3.2 RESEARCH DESIGN AND METHODOLOGY

3.2.1 Qualitative research design

Qualitative research, according to Cooper *et al.* (2011:160) includes:

an array of interpretive techniques which seek to describe, decode, translate, and otherwise come to terms with the meaning, not frequency, of certain more or less naturally occurring phenomena in the social world.

According to Salkind (2009:209), qualitative research:

in the simplest terms, is social or behavioral science research that explores the processes that underlie human behaviour using such exploratory techniques as interviews, surveys, case studies, and other relatively personal techniques.

In addition, Leedy and Ormrod (2010:94) believe that qualitative research involves 'looking at the characteristics, or qualities, that cannot easily be reduced to numerical values'.

De Vos *et al.* (2011:31) state that:

for the qualitative researcher, concepts and constructs are meaningful words that can be analysed in their own right to gain a greater depth of understanding of a given concept.

In terms of research, Leedy *et al.* (2010:95) assert that the qualitative process:

is more holistic and 'emergent,' with the specific focus, design, measurement instruments (e.g., interviews), and interpretations, developing and possibly changing along the way.

According to Leedy *et al.* (2010:95), the purpose of qualitative research is to:

seek a better understanding of complex situations [and that the work of researchers] is sometimes (although not always) exploratory in nature, and they may use their observations to build theory from the ground up.

Leedy *et al.* (2010:96) believe that qualitative researchers 'operate under the assumption that reality is not easily divided into discrete, measurable variables'.

The researcher engaged in an explanatory study relying on a qualitative approach. Cooper and Schindler (2011:19) state that explanatory research is grounded in theory which is created 'to answer why and how questions 'and it 'goes beyond description and attempts to explain the reasons for the phenomenon that the descriptive study only observed'.

Cooper *et al.* (2011:63) further explain that 'with explanatory (casual) hypotheses, there is an implication that the existence of or a change in one variable causes or leads to a change in the other variable'.

De Vos *et al.* (2011:96) is also of the opinion that explanatory research:

will normally be conducted when researchers encounter an issue that is already known and has a description to it, but they are prompted to ask why things are the way they are[and that this type of study]attempts to test predictions and hypotheses.

Cooper *et al.* (2011:164) state that the research project includes three distinct processes:

(1) the level of question development in the management-research question hierarchy prior to commencing of qualitative research, (2) the preparation of the participant prior to the research

experience, and (3) the nature and level of data that come from the debriefing of interviewers or observers.

Leedy *et al.* (2010:95) further state that researchers 'enter the setting with open minds, prepared to immerse themselves in the complexity of the situation and interact with their participants'.

The qualitative methodology applied in this particular research was to gather information and data by means of structured interviews. According to Cooper *et al.* (2011:168), the interviewer in qualitative research who is conducting the interviews, needs to gain a deeper understanding of the problem and how the information gained will be of assistance.

Cooper *et al.* (2011:144) state that the interview approach can be adaptable but, in this study, the researcher conducted 'individual depth interviews (usually conversational rather than structured)' and with individuals whom can be classified as 'elite or expert interviewing (for information from influential or well-informed people in an organization or community)'.

3.2.2 Selection of the sample

Unrau, Gabor & Grinnell (2007:279) are of the opinion that:

a sample comprises elements or a subset of the population considered for actual inclusion in the study, or it can be viewed as a subset of measurements drawn from a population in which we are interested.

For purposes of this study a sample group was selected from casino executives and senior management within the Tsogo Sun Group. Eight individuals were selected based on their knowledge and experience within the industry and marketing discipline.

Nonprobability sampling in the form of purposive sampling were used. Cooper *et al.* (2011:167) confirm that qualitative research 'involves nonprobability sampling'. In

purposive sampling, according to Cooper *et al.* (2011:167) contend that, in purposive sampling, 'researchers choose participants arbitrarily for their unique characteristics or their experiences, attitudes, or perceptions'. This form of sampling is also referred to as judgment sampling.

De Vos *et al.* (2011:232) maintain that purposive sampling:

is based entirely on the judgement of the researcher, in that a sample is composed of elements that contain the most characteristic, representative or typical attributes of the population that serve the purpose of the study best.

The same authors is of the opinion that in purposive sampling the sample case should only be identified and chosen after careful and critical consideration have been given to the parameters of the population. Maree (2007:79) in De Vos *et al.* (2011:96) believes that 'clear identification and formulation of pre-selected criteria for the selection of respondents is, therefore, of critical importance'.

Sampling was done purposively as the researcher selected industry and marketing experts within the Tsogo Sun Group (Cooper *et al.*, 2011:385).

3.3 DATA COLLECTION

In this research, a questionnaire was used as a basis for structured interviews. Cooper *et al.* (2011:168) state that 'the interview is the primary data collection technique for gathering data in qualitative methodologies'. In addition to the aforementioned, De Vos *et al.* (2011:323) believe that 'research questions form the backbone of a qualitative design'. Participants were therefore selected both on their knowledge about the problem and/or possible solutions, as well as their direct involvement with these problems and/or solutions.

Leedy *et al.* (2010:96) confirm that qualitative researchers identify and select interviewees whom they believe can better clarify and provide an explanation with regard to the issue or problem under investigation.

Creswell (2007:37-39) in De Vos *et al.* (2011:65) is of the opinion that researchers generally attempt to collect the data for their research at the location where the problem exists or is being experienced. This allows researchers to interpret what they observe, what they hear, and their understanding thereof.

Leedy *et al.* (2010:96) state that both verbal- and non-verbal data can be collected. The authors claim that verbal data includes interview responses, documents, and field notes whereas nonverbal data includes drawings, photographs, and videotapes. In qualitative research, Leedy *et al.* (2010:96) add that, the researchers' 'open-mindedness and creativity' is the only limit to data sources.

DePoy & Gilson (2008:108) in De Vos *et al.* (2011:342) state that researchers get the information they seek by directly involving the person or persons whom they know, or whom they understand knows, or expect to know to have knowledge that they are looking for. De Vos *et al.* (2011:360) advise that interviewing, however, has its limitations due to the fact that it involves personal interaction which, *inter alia*, requires cooperation.

3.4 DATA ANALYSIS

Cooper *et al.* (2011:409) state that 'content analysis measures the semantic content or *the what* aspects of a message'. The authors further inform that content analysis can be used for a specific problem or as a methodology on its own due to its flexibility and because it is wide ranging. Leedy *et al.* (2010:144) concur with the aforementioned and purport that the purpose of the analysis is to enable 'identifying patterns, themes, or bias.' The same authors (2010:96) claim that when qualitative researchers analyse data, they 'make considerable use of inductive reasoning: They make many specific observations and then draw inferences about larger and more general phenomena' and that for qualitative researchers, 'data analysis is more subjective in nature'.

De Vos *et al.* (2011:405) further elaborate by stating that the analysis entails a twofold method. In the first instance, data is analysed during the collection phase in

the field. In the second instance, data that was collected are analysed away from the field.

The process followed to analyse data under normal circumstances involves the reduction of the data into a manageable size, making summaries of the data collected, deliberately seeking to identify any patterns within the data and, finally, applying statistical techniques (Cooper *et al.*, 2011:90).

Leedy *et al.* (2010:97) state that, when reporting findings, qualitative researchers:

construct interpretive narratives from their data and try to capture the complexity of the phenomenon under study. They use a more personal, literary style, and they often include the participants' own language and perspectives.

3.5 CONCLUSION

This chapter presented a brief explanation of the methodology used by the researcher. This particular study is grounded on a qualitative technique that relies on explanatory measure. The characteristics and objectives of qualitative techniques were explored and the use thereof motivated.

The chapter continued to describe and explain why, and from which catchment area, the specific sample was selected, and how data would be collected from the interviewees. Moreover, this section elaborates briefly on the types of data available for research.

Chapter 3 concludes with an explanation of the method used (content analysis) used to analyse the data.

CHAPTER 4

EMPIRICAL RESEARCH

4.1 INTRODUCTION

This chapter commences with a breakdown of the biographical information of the interviewees. This chapter not only sheds light on the method used to obtain information from the interviewees who participated in this study, but also on the way in which the information was analysed. Furthermore, it also discusses the various responses offered by the said interviewees. The questionnaire (*cf.*Annexure A) that was utilised and the responses are shared in Annexure B.

4.2 BIOGRAPHICAL DETAILS OF THE INTERVIEWEES

The biographical details of the interviewees are described under the headings of age, length of service in the industry, length of service on management level, level of management and qualifications.

4.2.1 Age

As can be seen from the information in Table 4.1 below, the number of interviewees in the category age groups is equally divided. In most cases, age can be related to experience and maturity in and out of the workplace, and indirectly to the opportunity for exposure to business interaction.

Table 4.1: Age of participants (2014)

CATEGORY	NUMBER (N)	PERCENTAGE (%)
40 and younger	4	50,00
41 and older	4	50,00
Total	8	100,00

4.2.2 Length of service in the industry

The length of service in the industry of the interviewees is depicted in Table 4.3 below. The information has relevance in that it confirms the level of experience of the individual interviewees in the casino industry, as well as the time that they have been exposed to functional knowledge. This data will be significant when interpreting the results at a later stage.

Table 4.2: Length of service in the industry (2014)

Category	Number (n)	Percentage (%)
1 to 5 years	2	25
6 to 10 years	0	0
11 to 15 years	3	37,5
16 to 20 years	1	12,5
21 years and more	2	25
Total	8	100,00

4.2.3 Length of service on management level

The results in Table 4.3 indicate the length of service in years that the interviewees have been employed at management level. Under normal circumstances, the longer an individual served on management levels, the greater his/her exposure and involvement in management would have been.

Table 4.3: Length of service at management level (2014)

Category	Number (n)	Percentage (%)
1 to 5 years	1	12,5
6 to 10 years	3	37,5
11 to 15 years	2	25
16 to 20 years	0	0
21years and more	2	25
Total	8	100,00

4.2.4 Qualifications

Table 4.4 shows the highest academic qualification that the individual interviewees have obtained to date. The information is a direct indication of the formal tertiary education that the interviewees received individually. Depending on the field of study, it is expected that interviewees with a degree qualification and higher should, as a minimum, have been exposed to management-related development and principles.

Table 4.4: Qualifications (2014)

Category	Number (n)	Percentage (%)
Diploma	3	37,5
Degree	3	37,5
Honours Degree	2	25
Masters Degree	0	0
Total	8	100,00

4.2.5 Level of management

Figure 4.5 quantifies the number of interviewees per level of management held at the time of being interviewed. The information will, in particular, assist in determining whether the understanding of business processes at hierarchical levels within an organisation differ to an extent where it can influence comprehension of decisions on the three business levels (corporate/business/functional).

Table 4.5: Level of management position of interviewees (2014)

Category	Number (n)	Percentage (%)
Middle management	1	12,5
Management	3	37,5
Executive Management	3	37,5
Director	1	12,5
Total	8	100

4.2 CONFIDENTIALITY

For the purposes of confidentiality, analysis, and to enable comparison, a unique identification code was allocated to each participant. The individual responses to the questions from the participants will be identified by the identification, 'R1-8'.

The interviewees were informed of the purpose of the interview and confidentiality was guaranteed in the sense that the interviewer retained the individual responses. The responses, therefore, would be inaccessible to any party other than the interviewer (Cooper *et al.*, 2011:37). In addition, disclosure of the purpose of the study enabled improved cooperation.

4.3 CONTENT ANALYSIS

4.3.1 Observations and deductions (Annexure A)

- a) Interviewees were confronted with a question addressing corporate level strategy as an integrated and coordinated set of commitments and actions designed to develop and exploit core competencies and to gain a competitive advantage at unit level (*cf.* Annexure A and B1).

Six out of the eight interviewees responded positively to the above question. Their responses suggest that a set of designed plans (strategy) should be formulated at corporate level in order to:

- set defined action plans;
- drive development;
- enable leveraging opportunities; and
- guide strategy formulation at unit level.

Although the rest of the interviewees had a similar reaction, a precondition was proposed, namely that this should be the case (1) if done correctly, (2) not guaranteed, and (3) pose a huge challenge. They are of the opinion that there should be involvement and coordination, or at least minimum consultation, between corporate and units when formulating strategy, mainly due to geographical and economical differences in markets.

- b) Corporate level decision-making and proprietary functional knowledge when addressing strategy (*cf.* Annexure A and B2).

Participants reacted with an interesting perspective on the question as to whether they believe that the proprietary functional knowledge of the corporate is a decisive factor when addressing strategy at unit level. Three interviewees reacted positively to the question. From the various reactions, reasons such as the following emerged:

- i. The ability to continuously seek new opportunities (initiatives); and
- ii. It is a function of, or as a result of, increased competition.

The interviewees who did not agree believe that units should play a bigger role in formulating strategy as they have both functional and market knowledge for the specific environment within which they operate.

- c) Deliberate, emergent, or a point in-between corporate strategy (*cf.* Annexure A and B3).

All the interviewees confirmed that changes in the markets are frequent and that business needs to adopt a policy of being prone to change, and be able to react to these changes and conditions when, and if, required.

- d) Considerations when formulating corporate strategy (*cf.* Annexure A and B4).

Seven of the participants agreed that corporate should consider, on a national basis, all their operations when formulating the corporate strategy. The more prominent motivation evident in these responses suggests that corporate should, however, ensure that it formulates these strategies based on accurate information that stems from the different units in their specific environments.

One interviewee was of the opinion that the strategy process on corporate level should be mindful that unit-specific aspects (factors) will not necessarily influence strategy at that level.

- e) Corporate to formulate corporate- and marketing strategy for all units (*cf.* Annexure A and B5).

All the participants agreed that corporate business strategy should also include a corporate marketing strategy (operational). The responses, albeit in different words, suggest that marketing is the driving force which will allow businesses to pursue their strategy.

- f) Generic corporate marketing strategy used for all units nationally (*cf.* Annexure A and B6).

Two of the interviewees alluded to the fact that there would be generic strategic issues which will be identified in the corporate marketing strategies. The responses, however, further elaborated and stressed that the marketing plan should be unit specific (unique to the specific market).

The remaining interviewees believed that the corporate marketing strategy should only guide units in formulating their own marketing strategy.

- g) Interviewees were asked whether they believe that different units within corporate should formulate unit-specific marketing strategies that merely consider and complement corporate strategy (*cf.* Annexure A and B7).

The general responses of the interviewees show agreement with the question that different units within corporate should establish their own marketing strategy. Three of the respondents added that the units have to consider the corporate directive and justified the aforementioned stating that unit strategy should support and complement the overall business strategy.

- h) Influence of national environmental dynamics on different units (*cf.* Annexure A and B8).

The respondents agreed that the environmental dynamics, on a national basis, could influence different units in different ways. The specific motivations from the interviewees pointed to the fact that different market environments exist nationally which are influenced by different factors.

- i) Variations in unit-specific functional action plans with that of corporate (*cf.* Annexure A and B9).

Six of the interviewees indicated affirmatively that management's action plans within a unit for a specific discipline would differ from property to property with that of the corporate/group primarily based on geographical and market differences.

The remaining respondents were of the opinion that the generic corporate strategies should guide units, but that their specific tactics and plans should direct the way(s) in which they would accomplish their respective goals.

- j) Content and consideration of a market-orientated strategy (*cf.* Annexure A and B10).

All of the interviewees agreed that knowledge and understanding of the local markets are the most important. The respondents' individual approaches, methods, and considerations finally culminated in a varied market-orientated strategy.

- k) The influence of the environment, unit business structure, and resource ability in strategy selection (*cf.* Annexure A and B11).

All of the respondents concurred that a unit's environment, as well as its structure and ability, culminate in and lead to the selection of specific strategy. The individual views of the interviewees, however, varied considerably from environmental factors, to ability, and corporate objectives. The majority of the respondents recognised that resource strengths and abilities would influence decisions in formulating strategy.

- l) The interviewees were questioned as to their understanding of which macro-environmental factors they believe most affect GFC's overall strategy (*cf.* Annexure A and B12).

The responses of the interviewees confirm that management at corporate, business, and functional level have a good understanding of the macro-environmental factors that most affect GFC's overall strategy. From the responses, the three factors that were most common include:

1. Economic factors relating to industry (mining);
 2. Legislative impact on industry specific; and
 3. Labour-related challenges.
- m) The interviewees were confronted with questions that seek to establish whether the choice in unit strategy should be influenced by resource abilities and current external opportunities without considering macro-environmental factors (*cf.* Annexure B13).

Seven interviewees believe that GFC has to include and consider macro-environmental factors when formulating and deciding upon specific strategy.

One interviewee, who also agreed, continued to motivate and stated that GFC should venture into partnerships to deliver its value proposition. It is unclear how the aforementioned relate to the question.

- n) Main forces and factors that currently influence GFC's strategy decisions (*cf.* Annexure A and B14).

All the respondents stated that the main factor is the market environment and identify the specific considerations as the prevailing economic condition.

- o) The interviewees were asked whether a good strategy is built on functional knowledge of what works, what doesn't, and why (*cf.* Annexure A and B15.)

The interviewees agreed with the statement. Six of the respondents, however, stressed that strategy is not stagnant and that there should be room for constant evaluation, assessment and new initiative.

4.5 CONCLUSION

This chapter portrays the biographical characteristics of the respondents whom were selected to participate in structured interviews. Secondly, the purpose and means of confidentially were discussed. The chapter concludes with the analysis of the data (responses) of the respective interviewees.

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CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

Strategy is fundamental and indispensable to the management process of any business. The formulation of strategy spans all the hierarchical levels of an organisation. Marketing strategy aligns itself with the formulated strategies on the different levels within an organisation. An effective marketing strategy will not only support, but also assist organisations in attaining their strategic goals.

The primary challenges identified in Chapter 1 with regard to identifying a framework for the development of marketing strategies for GFC were:

- economic factors;
- political factors; and
- legislative factors.

The above environmental factors are classified as macro-environmental factors which are external forces that influence business operations but, noteworthy, over which business has no control. A critical consideration in the fieldwork was to understand whether these environmental factors influence and affect business performance, or whether the choice of strategy could have a more favourable bearing.

5.2 CONCLUSIONS

Tsogo Sun and GFC are going concerns, the former being corporate and the latter the business or unit level. Both, therefore, have existing visions and missions for the immediate which, *inter alia*, translate to future business orientation. Because strategy concerns itself with making plans for the future and committing to goals by identifying deliberate action plans to achieve these goals, it is necessary to gain clarity in terms

of level of responsibility within the organisation as a whole, i.e. differentiating between the different levels as previously indicated. The researcher further identified that the concept of strategy is also hierarchical in organisations. The formulation of strategy occurs on three levels within an organisation like Tsogo Sun, namely at a corporate-, business-, and functional level.

5.2.1 The distinctions between these three levels were confirmed to be present in Tsogo Sun and, in the main, entail the following. Corporate strategy is future- and generally long-term orientated. It provides the scope, purpose and overall direction for the organisation as a whole. The aforementioned necessitates the fact that organisations need to be sure and have a thorough understanding of the business in which the organisation finds itself, as well as the resources available and the effective allocation thereof needed to conduct this business. Corporate strategy results in corporate performance and, in the case of Tsogo Sun, is measured in terms of profitability, growth and sustainability. The researcher believes that strategy on this level seeks to identify and clarify what the organisation wants to achieve.

5.2.2 Business strategy is formulated at business or unit level. The process seeks to identify strategy on how the business or unit will conduct business in the specific industry in the specific market. The focus, therefore, is on the individual division or unit objectives, and its capabilities, resources and environment. The business or unit manager assumes accountability and responsibility for strategy at this level. This is indeed the understanding and process followed by GFC as a strategic business unit of Tsogo Sun. The management team continuously assesses business conditions and formulates strategy based on the means that it can pursue to realise its objective and goal.

5.2.3 In considering functional strategy, the researcher again noted that the process simply gets scaled down to involve a single function within a business unit. The purpose of strategy at this level is to decide upon a management approach for the specific function that will support the

business strategy. On functional level, the focus is on optimising the resources and productivity by means of action plans. Although departmental managers are responsible for this function individually, collective responsibility for the business or unit strategy as a whole is crucial. At GFC, every department manager is responsible for formulating functional strategies before the management team formulates and concludes a business strategy for the business.

5.2.4 The researcher then concentrated on the specific function of marketing in terms of strategy. In the opinion of the researcher, marketing is definitely one of the major functions within an organisation that enables business to achieve its strategy and goals, and for business to support corporate ultimately in realising its objectives. One element that certainly came to the fore is that the development process is certainly market driven. The marketing function is the link between the business and its environment. To the researcher, this function, at business and functional level, is concerned with markets, segments, and value proposition. The marketing department formulates strategies and plans based on information from the market in which it does business. This process is information driven to enable a thorough understanding of the market and environment.

5.2.5 Throughout the fieldwork, the researcher measured and tested the literature against the practical application of the subject matter as applied by Tsogo Sun and GFC. The evidence strongly suggests that the modus operandi broadly followed by the organisation follows what academic literature promulgates. This prompted further research to establish what can be done differently at business level to improve marketing strategy to improve business or, alternatively, what is done incorrectly that leads to bigger impact from macro factors on business than strategy deployed.

5.2.6 The corporate marketing-, unit marketing-, and functional marketing strategies of the organisation (Tsogo Sun) were scrutinised. It is

evident that, on corporate level, the marketing strategy definitely supports the overall strategy of the organisation. The researcher further deduced that there was participation on corporate level when formulating strategy because of the objectives set out by marketing. The marketing objectives identified support growth and sustainability (corporate/group strategy) in that it facilitates or promotes:

- a) driving footfall which translates into quantity and which culminates in revenue;
- b) positioning the industry as an acceptable form of entertainment;
- c) managing the brand and instilling loyalty;
- d) remaining relevant and consistent in communications, advertising, and quality; and
- e) creating experiences and leverage opportunities.

5.2.7 The functional marketing strategy was further submitted and approved by Tsogo Sun Head Office which indicates that corporate supports the corporate marketing strategy.

5.2.8 The data captured in the interviews and content analysis revealed potential obstacles which are worth scrutinising. There appears to be an operational understanding in terms of strategy and its function on the different levels within the organisation. From a corporate or business perspective, management understands the inherent challenges faced not only by the industry, but by GFC in particular.

5.2.9 The concerns that stem from the abovementioned process are threefold.

- a) Firstly, it questions whether all concerned fully comprehend the difference between strategy planners, and who ultimately needs to implement and execute strategy.

- b) Secondly, the researcher questioned whether all the parties understood the interdependence and interrelatedness required during the entire process. The integration of strategy requires input from expertise on all levels. From the literature, it is apparent that management across all hierarchical levels should concern itself with the implementation of strategy but, whether it actually transpires, is questionable.
- c) Finally, the researcher could not establish whether corporate strategy (Tsogo Sun) considers and provides for direction in the short term at business (unit) level, or whether corporate relies on business strategy to bridge the gap.

5.3 RECOMMENDATIONS

After examining all of the above, the researcher believes and proposes the following approach in arriving at an improved framework that will deliver marketing strategy alternatives for GFC.

5.3.1 The management team should conduct an all-inclusive situational analysis in order to understand the current position, planned future position, what is needed to get there, and how to get there.

5.3.2 The following step entails the gathering of information about the existing and foreseen market and customer base in order to facilitate optimal segmenting and targeting. This is a crucial responsibility because, if conducted effectively, a specific product and service can be offered at the right value to the right people. The researcher believes that, at the beginning of this process, management has to ensure alignment between the corporate directive on the one hand and actual work done on the other. This will ensure that the effort by GFC's management at a unit level does not stray from the guidelines received from corporate level.

5.3.3 Concurrent with step 2 in 5.3.2 above, continuous effort should be made to establish the brand as a household name and creatives should therefore span through all media used. Positioning the business and creating loyalty are of

utmost importance, bearing in mind that the corporate identity is a function of corporate level and the efforts at unit level have to strictly adhere to it.

5.3.4 Functional strategies must be continuously considered as the business arena frequently changes at much more regular intervals. Management needs to understand that specific business targets and goals cannot be static and therefore need to allow for flexibility to adopt and enable change rapidly. Whilst strategies and tactics, similar to new innovation, are important, management must not necessarily part with 'what worked in the past'. A combination of the aforementioned is a desirable way forward.

5.3.5 Service and relationship marketing, inclusive of a good value proposition, is vital in ensuring sustainability and growth. This fact holds especially true considering the macro challenges that GFC and the casino industry, as well as South Africa face at large. GFC's mission is to be a destination of choice and its current strategy includes action words such as efficiency, quality, innovation and responsiveness. All of these 'promises' involve a strong service element which require established relationships.

5.3.6 Management must take responsibility and complete the process by making sure that it is implemented effectively and that matrices are set in place to measure effectiveness, relativeness, and success.

5.4 FINAL CONCLUSION

It is clear that strategy exists on all three levels within an organisation, namely different business units, that functional strategies build aggregate business strategy which, in turn, supports and aligns with corporate strategy, but there appears to be a different understanding when it comes to marketing strategy. The fieldwork conducted indicates that, in organisations such as Tsogo Sun, the formulation of marketing strategy is mainly restricted to corporate level.

Organisations, such as Tsogo Sun, need to comprehend the significance of inter-reliance and dependence during the marketing strategy process. The marketing process in its entirety demands interaction due to the vastness and magnitude of information that needs to be disseminated and processed. The current status quo of disengagement between corporate and business level during the formulation of marketing strategy creates room for oversight and error which can be mutually detrimental. Organisations comprising different business units ultimately operate as a whole and it therefore makes perfect business sense that it justifies cooperation from within.

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ANNEXURE A

Field study –Marketing strategy and challenges

Name : Age:

Designation :Period in industry.....

Highest qualification:

1. Do you believe that Corporate/Group strategy is an integrated and coordinated set of commitments and actions designed to develop and exploit core competencies and to gain a competitive advantage at Unit level?

2. Do you believe that the proprietary functional knowledge of the Corporate/Group is a decisive factor when addressing strategy at Unit level?

3. Do you believe the Corporate/Group strategy should be deliberate (precise intentions), emergent (order in absence of intention – consistently over time), or at a point between the two extremes?

4. Do you believe that Corporate/Group should consider, on a national basis, all its operations when it formulates its strategy?

5. Do you believe that Corporate/Group business strategy should also address or include a Corporate/Group marketing strategy (operational)?

6. Do you believe that a generic Corporate/Group marketing strategy can be utilised for Units within the Corporate/Group nationally?

7. Do you believe that different Units within Corporate/Group should establish their own marketing strategy that merely consider and compliment the strategy directive from Corporate/Group?

8. Do you believe that the environmental dynamics on a national basis could influence different properties/Units in different ways?

9. Do you believe that management's action plans within a Unit for a specific discipline, i.e. marketing, will differ from property to property with those of the Corporate/Group?

10. What, do you believe, a market-orientated strategy should include or consider?

11. Do you believe that a Unit's environment, as well as its structure and ability, will culminate and lead to the selection of a specific strategy?

12. Which macro environmental factors do you believe most affect GFC's overall strategy?

13. Do you believe that GFC's specific choice of strategy should be shaped by resource abilities and current external opportunities without taking cognisance of macro environmental factors?

14. What, do you believe, are the main forces or factors that currently influence GFC's strategy decisions?

15. Do you believe that a good strategy is built on functional knowledge of what works and what doesn't? Give reasons for your answer.

Annexure B (1)

Do you believe that Corporate/Group strategy is an integrated and coordinated set of commitments and actions designed to develop and exploit core competencies and to gain a competitive advantage at Unit level?

R1	Yes, strategy is the set of defined actions plans put in place to extract the maximum benefit out of a restricted market which is highly competitive. The competition takes the form of all other forms of entertainment competing for a share of the consumers' disposable income.
R2	Yes, they are designed in line with developing a group brand which ultimately offers the unit and group a competitive advantage in the particular area in which they operate.
R3	Yes, every business relies on its strategies to drive development. The development process contains a lot of steps to ensure that all projects will be done efficiently and successfully, through using a corporate strategy.
R4	Yes, when done right there are leveraging opportunities that can be derived to give units a competitive advantage on the ground.
R5	I do believe that the group strategy is a clearly defined set of commitments. However, there is a huge problem when it comes to a 'coordinated' implementation thereof as it is not communicated clearly to Units. I do not believe the Units benefit with regard to a competitive advantage due to cumbersome processes.
R6	Not necessarily. Units operate within their local economics and the actions and commitments need to stem from unit level as each unit is unique to its economic surrounding.
R7	Yes, I believe Corporate/Group strategy should benefit at unit level and all units should be consulted when formulating a strategy.
R8	Corporate/Group Strategy integrates into a roadmap for the organisation and provides a guideline for the overall focus and direction for a Unit.

Annexure B (2)

Do you believe that the proprietary functional knowledge of the Corporate/Group is a decisive factor when addressing strategy at Unit level?

R1	Yes, but at different levels. Beyond functional knowledge is entrepreneurship which is the key differentiator between average and excellent. The key to driving growth on a consistent basis is the ability of the team to think 'out of the box' and try new initiatives.
R2	Yes, to a degree.
R3	Yes, because we are currently living in an increasingly competitive world, and the ability for every firm to gain competitive advantage and to increase their proprietary functional knowledge, we have to include this as an important factor in our strategies, in order to serve our clients more efficiently.
R4	No.
R5	No, there are improvements in understanding both ways Unit – HQ and HQ to Unit which will greatly improve the way strategy at Unit level is approached. In-depth knowledge is needed to both implement and compile a proper, relevant strategy that is unit specific. Communication will improve this (proper two-way, non-dictative communication).
R6	No, I do not. It should not be a decisive factor, but more a positive influential factor taking into consideration the Unit concerned.
R7	No, I do not believe that knowledge at Group level is necessarily always sufficient relating to specific units.
R8	No, the functional knowledge is driven by the expertise of the unit. The strategy of each unit is determined by the factors within that unit's environment.

Annexure B (3)

Do you believe that the Corporate/Group strategy should be deliberate (precise intentions), emergent (order in absence of intention – consistently over time), or at a point between the two extremes?

R1	There has to be a balance. Strategy is the plan. However, it is critical that the team is able to react to the changing market and this is where the 'out of the box thinking comes into play, particularly when change is needed.
R2	A strategy evolves continuously based on the unit or company's situation so it cannot be 'set in stone'. Should be reviewed quarterly/regularly.
R3	In my opinion, I think that it should be at a point between the two extremes. A corporate strategy should be deliberate, where a firm has precise intentions that are pursued over time, but also emergent, in order to have strategies in place for the unexpected, because unexpected opportunities and challenges could arise and then a firm should have strategies in place to deal with it.
R4	I think the Group strategy should be reviewed from time to time as the environment consistently changes.
R5	Absolutely! At a point in between the two – our business is a very fluid, interactive business where decisions should be quick and adaptable to the ever-changing markets. The strategy, overall, should be clear and precise, but care should be taken to be sure that it is not too rigid to stifle the Unit. Some flexibility is of utmost importance.
R6	I lean more towards emergent. We are in an ever-evolving environment, therefore so should our strategy be constantly evolving.
R7	At a point between the two extremes. I believe Group strategy should guide and direct. However, management at unit level should also have input in strategy.
R8	It is definitely at a point between the two extremes.

Annexure B (4)

Do you believe that Corporate/Group should consider, on a national basis, all its operations when it formulates its strategy?

R1	At a high level, yes, but the regional and local circumstances differ from unit to unit so there is a definite need to 'personalise' each unit. There will always be a place for Group initiatives, but strategy must not lose touch with the local market dynamics.
R2	Definitely, yes. The individual units make up a whole (brand).
R3	Yes, a firm should focus its operations for formulating a strategy on a national basis, but also ensure that enough information is collected about its competitors, customers and markets it is in. We are living in an ever-changing market where customers' demands change and we need to meet their ever-changing demands.
R4	Yes, also the size and region they operate, also the demographics.
R5	Yes, they should! But, then, if units are being taken into consideration do so consistently. Do not only use the more prominent operations. If all is not going to be considered, then rather do a 'generic' strategy and allow operations to implement or adopt it to their needs. Lack of proper knowledge makes it hard for corporate to find a 'one size fits all model'.
R6	Yes and no – different aspects of their strategy may or may not be influenced by individual units nationally.
R7	Yes, as all operations differ and formulating a strategy on only certain units might not work for all units.
R8	Yes, strategy affects all.

Annexure B (5)

Do you believe that Corporate/Group business strategy should also address or include a Corporate/Group marketing strategy (operational)?

R1	In a competitive market and, in particular, when markets are down, marketing is key to successful strategy execution. The marketing plan is the means by which the strategy will be successfully executed.
R2	Absolutely – the marketing strategy will take its lead from the business/Group strategy.
R3	Yes, because the marketing strategy includes all the basic and long-term activities that deal with the analysis of the strategic situation of a company. The marketing strategy also formulates, evaluates and selects market-orientated strategies that contribute to achieve the company's goals and objectives.
R4	Yes.
R5	Yes, but limited to guidelines. Remember, it is almost impossible for Corporate to completely understand intimately each unit's market. Guidelines from Corporate are very important to ensure the integrity of the brand overall is maintained, but units have specialists employed to market the business for operational purposes – allow them to do this!
R6	To some extent, yes, but these should be guidelines in which the Unit can set its own strategy.
R7	Yes, as marketing is so big a part of our business.
R8	Yes. The alignment of business, financial and marketing strategies are key to a successful strategy.

Annexure B (6)

Do you believe that a generic Corporate/Group marketing strategy can be utilised for Units within the Corporate/Group nationally?

R1	Again, there is a place for the generic initiatives, but the local market personality will influence significantly the 'call to action' initiatives which make up the overall marketing campaign.
R2	Yes. The unit strategy will, however, include unique points based on product offering and target market, but the group marketing priorities should be guiding all inclusive strategy for the unit.
R3	No, the basis on which the marketing strategy was formulated can be used to formulate each unit's marketing strategy, because different units will have different target markets, goals and objectives and the way to achieve their specific goals and objectives will differ between units.
R4	No.
R5	No, markets across SA are so diverse, and it should be treated with that in mind. This can only work if the strategy is not very specific, once again, use guidelines and not an entire strategy. (Bargaining power of the group can be used to benefit units nationally – an example of how 'group can benefit unit'.)
R6	Yes and no – same as previous answer – they should be guidelines which the individual units can tailor to local requirements in their strategy.
R7	No, again the Group strategy can guide/direct. However, it also needs to be tailored to specific units, in some instances.
R8	No. There is a corporate strategy which oversees corporate brand and customer focus, and each unit has a specific strategy.

Annexure B (7)

Do you believe that different Units within Corporate/Group should establish their own marketing strategy that merely considers and complements the strategy directive from Corporate/Group?

R1	There is always a bigger picture to consider and units should not lose sight of the long term. Being part of a group means that certain marketing and brand initiatives are non-negotiable but, in the long run, there is space for all activities to benefit the business.
R2	The unit should focus on the marketing strategic priorities of the group for that particular period.
R3	Every unit should establish its own marketing strategy, but there could be a resemblance in strategies. Every unit has a different market to compete in and thus their target markets will differ, because all the units will not be able to meet the needs of their specific customers and target markets, if the strategies are the same, for example, the GFC's target market is people between the ages of 18 and 25 and the Ridge Casino's target market is ages 55+.We can't use the same strategies to meet their needs.
R4	Yes.
R5	Yes! As mentioned in the previous 2 questions, it can only truly complement and move the business forward if it was written and formulated with a specific market, skills, technology etc. in mind.
R6	Yes, strategy should be tailored according to the unit and the surrounding economy based on guidelines from corporate.
R7	Yes, management at unit level has to implement the strategy. I believe it is easier to implement a strategy that you were part of.
R8	Yes.

Annexure B (8)

Do you believe that the environmental dynamics on a national basis could influence different properties/Units in different ways?

R1	Yes, the overall performance of the national market impacts locally at different levels. Generally, the smaller towns are more susceptible to changes in the markets and thus need to respond quicker. Various geographic locations are dependent on the performance of specific industries which further increases risk.
R2	Yes.
R3	Yes, because the dynamic environments we work in differ from property to property. We all live and work in changing surroundings and environments, but it's not to say our environments are changing exactly the same. For example, the economic environment in Gauteng differs from the economic environment in the Free State and that will influence units differently.
R4	Yes, as each part of South Africa is different from an economic output and population demographic.
R5	Yes, I do believe it will influence units differently due to the vast difference in demographics and markets. As properties each have a very unique market mix (i.e. Indian, Afrikaans), the impact of various factors will manifest very differently.
R6	Not necessarily. It would depend on the dynamic we operate with different boards, etc.
R7	Yes, depending on geographical area and not all units function the same and respond the same to certain circumstances.
R8	Yes.

Annexure B (9)

Do you believe that management's action plans within a Unit for a specific discipline, i.e. marketing, will differ from property to property with that of the Corporate/Group?

R1	Marketing plans in different units will differ as a consequence of their xxx circumstances and have nothing to do with Corporate or Group. Group is the summation of unit performance and provides input into unit plans.
R2	It should not – objectives and strategies should remain the same. However, the tactics and actions may change based on the prioritisation of the objectives and strategies within the unit.
R3	Yes, like I have said in the previous questions, it will differ, but the basis will be the same for formulating the plans. For example, Goldfields Casino's target market is age 18–25 and the Ridge casino's target market is age 55+, where the process for evaluating and selecting the target market will be the same, but the actual plans for reaching that specific target market will differ.
R4	No. However, there are or might be a difference in implementation based on strategy sets.
R5	Absolutely! The skills, tools, people and various factors within the unit will determine the approach of the unit. Everyone can work towards the same end results, but the routes they take there will differ, depending on issues above. Because people take a different approach or route, this does not mean it is wrong – not just one way of getting somewhere. The locals will know all the best short cuts!
R6	Yes, not all properties are targeting the same individuals. There are differences like age/demographics/gender that differ in clientele.
R7	Yes, many elements might be the same as Group or other units. However, action plans will never be exactly the same, depending on area, size, etc.
R8	Yes. Location, environment, size all play a role.

Annexure B (10)

What, do you believe, a market-orientated strategy should include or consider?

R1	<p>Marketing analysis and segmentation</p> <p>Market understanding, knowledge and capacity</p> <p>Market definition and location</p>
R2	<p>Situation (covering current situation, SWOT analysis, target audience)</p> <p>Objectives</p> <p>Strategies, actions, tactics and controls</p>
R3	<p>A market-orientated strategy defines the goals and actions based on the specific marketplace. This ultimately means that a business reacts to what its customers want, where they mainly focus on the needs and wants of customers. If a business' customers are happy, the business would succeed and be successful.</p>
R4	<p>Who are you speaking to?</p> <p>What do you want them to do?</p> <p>What are the steps to follow and how do you want him to do it?</p>
R5	<p>Understand the goals (of the unit and the group)</p> <p>Understand your market intimately</p> <p>Tailor make the products to our market.</p>
R6	<p>Local economy</p> <p>Database</p> <p>Unit offering</p> <p>Product availability</p>
R7	<p>The strategy should evaluate your current market. Your strategy should also consider your target market and initiatives on how to reach the target market.</p>
R8	<p>Customer profiling</p> <p>Economic stature</p> <p>Distance</p> <p>Infrastructure</p>

Annexure B (11)

Do you believe that a Unit's environment, as well as its structure and ability, will culminate and lead to the selection of a specific strategy?

R1	A unit's strategy will always lean to where the team's strengths are. The integration of group resources into the strategy helps to provide balance.
R2	To a degree. Each unit will have unique strategy. However, overall objectives would remain in line with the Group's marketing objectives. The unit's environment and structure will dictate the uniqueness of the actions and, perhaps, additional strategies – but all aligned to group objectives.
R3	Yes, because every unit's strengths, weaknesses, goals and objectives will differ. Every unit will have different customers, target markets, different business environments, etc. and all of these factors mentioned will lead to the selection of a specific strategy.
R4	Yes, and the resources to do it will always underpin delivery of their strategy.
R5	Naturally, you can only use what is available to you. To strategise, you need to be realistic of ability, limitations and opportunities. Make what you have work.
R6	Yes, because those are the main aspects of a strategy.
R7	Yes, a strategy has to be realistic. You need to consider your environment and the strategy has to be within the means of the unit for it to be implemented.
R8	Yes.

Annexure B (12)

Which macro environmental factors do you believe most affect GFC's overall strategy?

R1	Decline in the mining industry Negative growth in the Free State population Shrinking disposable income Aging xxx in the population. The young are xxx
R2	Economic conditions, gaming laws and Consumer Protection Act, elections, number of gaming licences.
R3	The factor that definitely influences the GFC's overall strategy will be the economic factors. In my opinion, the economic factors are the factors that influence us the most. The other macro-economic factors also play a role, but the economic factors are mostly influencing us.
R4	Mining, strikes, political unrest, unions Economic outlook of the Free State Regulations around gaming Religious issues
R5	Mining Legislation We have the lowest employment rate in the country (province) Income per household
R6	Economy, once again – this impacts directly on disposable income which, in turn, affects footfall Political – huge impact due to the inefficiency of current ruling party
R7	Economic (inflation, fuel increases) as it influences disposable income.
R8	Jobs Environment Mineral Demand Area Growth

Annexure B (13)

Do you believe that GFC's specific choice of strategy should be shaped by resource abilities and current external opportunities without taking cognisance of macro environmental factors?

R1	It is naive not to consider localised environmental factors. Strategy is not only about the team's ability; it is about the market and what it can deliver.
R2	All units are generally faced with similar macro environmental factors at a certain point in time so GFC's strategy would not be different to the rest of the group. Any strategy must definitely consider their macro situation and plan accordingly.
R3	No, the resource abilities and external opportunities are important to consider but, in my opinion, should the macro-environmental factors also be included, when choosing our strategies, because we have to understand our threats and opportunities, so that our strategy plans will help us to obtain and retain competitive advantage.
R4	Do, but I do believe that there is a desperate need to create partnerships in order to deliver to the value proposition that GFC wants to achieve.
R5	We have to take into consideration our environmental factors. However, we should be positive and use the opportunities (no matter how limited) to guide us.
R6	No, we should take into account the macro factors as they have a huge influence on our strategy.
R7	No, although GFC cannot influence macro economical factors, these have to be considered as well to formulate a realistic and workable strategy.
R8	No, but prioritising of the choices is the primary objective.

Annexure B (14)

What, do you believe, are the main forces or factors that currently influence GFC's strategy decisions?

R1	Shrinking market with pressure on spend capacity which means strategy is about driving xxx of feet to the property on a consistent basis.
R2	The Group's strategy GFC's product offering Current situation (Economic, Political, Social) Its SWOT situation
R3	In my opinion, the factors that influence our strategy decisions are mainly the economic factors, and our customers. Although HQ also has a lot of say in our strategies and the way of doing things, we should focus more on the markets we want to target, as only we would know how to reach our targets most effectively. All the macro- and micro environments should be focussed on.
R4	Resources and revenue
R5	Limitations with regard to technology (Aristocrat)/Skill Economy (local) Threat of new entrants into our 'entertainment sphere'. Opportunities
R6	Economic situation GFC currently facing and has been facing.
R7	Current conditions in local environments, budgets/funds available to realise strategy, competitor offerings.
R8	Growth Environment Economic

Annexure B (15)

Do you believe that a good strategy is built on functional knowledge of what works and what doesn't? Give reasons for your answer.

R1	Working from a platform of 'what works' means one never tries new initiatives. There needs to be balance between the 'tried and tested' and new initiatives which embrace the changing market circumstances.
R2	A strategy is a dynamic action plan so knowledge of what works or doesn't at a certain point in time definitely assists – they should, however, be consistently and regularly assessed because what works at one point in time may not work in the future.
R3	Yes, because when you analyse your micro- and macro environmental factors, you will know what will work and what wouldn't. We should stick to what works and what makes our customers happy and then only we will be successful.
R4	No, the challenge is it might have worked historically and the change in market might not work now.
R5	Yes, specific knowledge is valuable as to allow you to use resources to its maximum. Trying new methods, ideas and processes should still happen, but within reason so as not to jeopardise the overall well being of the operation. Do not limit the business to tried and tested methods, or you could get stuck and become irrelevant. A happy medium between old and new would be preferential.
R6	Yes, but also inquire, trying new ventures and exploring new avenues.
R7	Yes, it is easy to create a strategy that is unrealistic but looks good on paper. However, you have to know or have a very good idea of what will work and what not.
R8	A good strategy is built on the basis of having the functional knowledge that your business has effective operational processes that are in place. The strategy is based on assessing the environment and maximising the

	opportunities and reducing the risk
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