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**A MARKETING MODEL FOR A  
METROPOLITAN LOCAL COUNCIL**

**By**

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## SUMMARY

Marketing has traditionally only been used in the private sector as a process to identify, anticipate and supply customer needs and requirements. However, when marketing is defined as the social and managerial process by which individuals and groups can obtain those services and products that satisfy their needs and wants, the concept could be broadened to also include public sector organizations such as municipalities.

Marketing is a process consisting of a number of steps that has to be completed in order to reach its goal. This includes researching the target markets and environments of the organization where marketing activities are to be undertaken. In this dissertation research was done for the purpose of developing a marketing plan that can be implemented in the Western Metropolitan Local Council (WMLC) to suit the specific needs and requirements of its customers but that will also serve as a framework for other municipalities to develop marketing plans that are driven towards satisfying the needs of their customers. Organizations getting involved in the marketing game should ensure that they do not concentrate solely on external marketing but that they should also invest in marketing to their internal customers (employees). Employees are important internal customers to any organization and to each other. In service delivering organizations such as municipalities, it is the employees of the organizations who deliver the services to the customers and therefore their perceptions, attitudes and actions could have a positive or negative effect on customers' impressions of an organization and the services it delivers.

In an effort to develop a marketing plan for the WMLC attention is paid to the policy documents that affect the structures, powers and functions of municipalities and as such may have an impact on the marketing plan that can be developed for the WMLC. It was also necessary to undertake a survey of the internal and external environments of the WMLC in order to acquire knowledge about all the factors that should be considered in the development of a marketing plan. The questionnaires that were distributed to the three target markets (employees, residents and the business sector) were analyzed to provide the necessary information about the perceptions and attitudes of the customers (internal and external) of the WMLC.

The aim of this research was not only to develop a marketing plan for the WMLC, but also to create a model according to which all other municipalities will be able to develop their marketing plans suited specifically for their target markets and to achieve their marketing and ultimately strategic objectives. The marketing model and marketing plan developed were done so on the basis that municipalities are service-delivering organizations. This means that it was necessary to use the extended marketing mix for the development of the marketing plan. Other municipalities, therefore, only need to use the suggested framework of the WMLC marketing plan and work through the suggested marketing model in order to develop their own marketing plans.

The marketing plan developed for the WMLC is an effort to not only market all the services delivered by the WMLC but also to address the perceptions of the customers in an effort to change negative perceptions moving the attitudes of customers from apathy to active participation and attracting new investments for the local economic development of the area.

## OPSOMMING

Bemarking was tradisioneel slegs gebruik in die privaat sektor as 'n proses om the behoeftes en vereistes van kliënte te identifiseer, antisipeer en bevredig. Nietemin, wanneer bemarking gedefinieer word as die sosiale en bestuursproses waardeur individue en groepe daardie dienste en produkte ontvang wat hul behoeftes kan bevredig, sal die konsep wyd genoeg wees om openbare sektor organisasies soos munisipaliteite in te sluit.

Bemarking is 'n proses wat bestaan uit 'n aantal stappe wat voltooi moet word om die doelwit te bereik. Dit sluit navorsing van die teikenmarkte en die omgewings van die organisasie waarvoor die bemarkingsaktiwiteit onderneem word in. Die navorsing wat gedoen is vir die doel van die verhandeling verskaf inligting wat die Westelike Metropolitaanse Plaaslike Raad in staat sal stel om 'n bemarkingsplan te ontwikkel en in te stel wat die spesifieke behoeftes en vereistes van die kliente sal bevredig. Organisasies wat betrokke raak in die bemarkingspel, behoort seker te maak dat daar nie net op eksterne bemarking gekonsentreer word nie. Daar is 'n tendens dat organisasies nie intern bemarking onderneem nie. Werknemers is belangrike interne kliënte van enige organisasie asook van mekaar. In diensleweringorganisasies, soos munisipaliteite, is dit juis die werknemers van die organisasie wat die dienste aan die kliente lewer en dus kan hulle persepsies, houdings en aksies òf 'n positiewe òf 'n negatiewe effek hê op die indrukke wat kliënte van die organisasie en die dienste wat die organisasie lewer, vorm.

In 'n poging om 'n bemarkingsplan vir die WMPR te ontwikkel, is aandag geskenk aan die beleidsdokumente wat die strukture, magte en funksies van munisipaliteite affekteer en dus 'n effek mag hê op die bemarkingsplan wat ontwikkel kan word vir die WMPR. Dit was ook noodsaaklik om 'n opname te doen van die interne en eksterne omgewings van die WMPR om sodoende die nodige kennis te bekom oor al die faktore wat in ag geneem moet word tydens die ontwikkeling van die bemarkingsplan. Die vraelyste wat aan die drie teikenmarkte (werknemers, inwoners en die besigheidsektor) versprei is, is geanaliseer om die noodsaaklike inligting in verband met die persepsies en houdings van die kliënte (intern en ekstern) van die WMPR, te bekom.

Die doel van die navorsing was nie slegs om 'n bemarkingsplan vir die WMPR te ontwikkel nie, maar ook om 'n model daar te stel wat deur ander munisipaliteite benut kan word in die ontwikkeling van hul eie bemarkingsplanne.

Die bemarkingsplan wat ontwikkel is vir die WMPR is 'n poging om nie net die dienste wat deur die WMPR gelewer word te bemark nie, maar ook om die negatiewe persepsies van die kliente te verander en om die houdings van kliente te verskuif van apaties tot aktiewe deelname. Dit poog ook om nuwe beleggers aan te trek vir die plaaslike ekonomiese ontwikkeling van die munisipale area.

## **KEY WORDS**

Marketing

Municipality

Internal marketing

Social marketing

Services marketing

Multiculturality

Customer

Marketing mix

Citizen participation

Metropolitan

Perception

Attitude

Marketing plan

## **CHAPTER 1: INTRODUCTION**

### **1.1 INTRODUCTION**

The aim of this study is to develop a marketing plan for the Western Metropolitan Local Council (WMLC) of the Greater Johannesburg Metropolitan Council. In doing so, it was necessary to research traditional marketing as used by the private sector in order to have the necessary information on developing marketing plans. The focus of the study was then moved towards municipalities by giving attention to the policy documents that may, through their influence on the structures, powers and functions of municipalities, also affect the marketing plans developed for municipalities. To make the study more practical, the WMLC was used as the municipality that the marketing plan was developed for. This meant that a chapter had to be spent on analyzing the internal and external markets and environments of the WMLC. An effort was made to keep the chapter on the requirements for the marketing plan as generic as possible within the field of municipal management and administration, thereby ensuring that other municipalities would be able to use it as a model on which to base the development of their own marketing plans.

This was a very challenging piece of research since very little sources could be found on the specific topic. It was therefore the task of the researcher to research all the relevant sources, do interviews and send out questionnaires in an effort to acquire the necessary information to make a significant contribution in the fields of both marketing and municipal management and administration.

The WMLC ceased to exist after the 2000 elections with Johannesburg changing its structures from Metropolitan Council to become a Megacity. The old WMLC has now changed into Region 5 of the Megacity with some of its boundaries being moved. These changes were, however, implemented at a stage when the researcher already completed the field study in the WMLC. The geographical boundaries of Region 5 are similar to those of the WMLC therefore the data collected in the WMLC is applicable. Although the WMLC do not exist in the same

format as when the study was undertaken, the marketing plan that was developed for it could serve as a model to develop marketing plans for municipalities in general.

## **1.2 REASON FOR THE STUDY**

Research on marketing in municipalities (see definition of municipality in Chapter 3, p.50) is surprisingly limited and the work that has so far been done, does not provide a solid foundation on which future marketing efforts by and plans for municipalities can be build. The new era of municipal government and management requires a fundamental change in approaches towards the positioning of municipalities as local sphere service providers. A number of factors have resulted in the need for municipalities in the new dispensation to market themselves in an effort to deliver the best possible service to their communities.

The general shortage of sufficient sources of income and the culture of non-payment by the citizens of the municipalities as well as the withdrawal or reduction of subsidies from the other spheres of government place a burden on the capability of municipalities to be sustainable in their task as service providers for the general welfare of the communities under their jurisdiction. It is a growing reality that competition for available resources is one of the greatest challenges that municipalities have to deal with. It does not only require from municipalities to ensure that they have the competitive edge in acquiring government resources, but also to be more innovative in their search for alternative sources of income.

Another factor necessitating marketing is the apathy of the citizens towards the municipalities that they live, work and play in. Citizens show a tendency to be involved in all the other facets of their lives to such an extent that there simply is not enough time or money to get involved in municipal activities. In this instance it is essential for municipalities to use marketing to change the attitudes and behavior of citizens from non-participation and apathy to active participation. Even here, municipalities are competing for the time and money of the citizens. Citizens should be moved to broaden their involvement in their businesses, employers, churches, schools and other organizations to include the municipality that they reside in or even give up one of the

others competing for their time and money. To accomplish this, municipalities should be able to market themselves on the same level as the abovementioned organizations.

A further factor that necessitates marketing is the attitudes of the employees working in the municipalities. Employees should have knowledge and an understanding of the marketing plan and promises made to citizens in order to deliver better services. In this Dissertation it will be argued that the development and implementation of a well deliberated marketing plan could be a useful contribution towards the enhancement of the image of a municipality as a service provider.

### **1.3 OBJECTIVES OF THE STUDY**

The main objective of this study is to examine the applicability of private sector marketing techniques and principles in the public sector and then to develop a marketing plan for the Western Metropolitan Local Council of the Greater Johannesburg Metropolitan Council (WMLC) which could serve as a model to be used by other municipalities in developing marketing plans applicable to their situation and needs of their customers.

To reach this objective, attention will be given to the following aspects:

- The marketing principles, approaches and practices used in the private sector.
- The necessity for and the application of these marketing principles, approaches and practices in municipalities.
- The legal framework that will impact on and regulate marketing in municipalities.
- Background research on the WMLC, in order to understand the environment and needs of the municipality, issues of concern and factors that should be taken into account with the development of a marketing plan for the WMLC.
- The analysis of the questionnaires sent out to establish the biographical and demographical characteristics of the target groups and their attitudes and perceptions about the WMLC.
- Marketing plans of private organizations will be studied to search of common ground.

## **1.4 THE CHALLENGE OF THE RESEARCH**

The challenge brought by the research of this topic, is due to the shortage of information in connection with the applicability of marketing in the municipal sphere of government, as well as the views of municipal officials and councilors that the principles, approaches and practices of traditional marketing can not be applicable to the municipal sphere of government. However, due to factors such as a shortage of income, attitudes of apathy by citizens and others discussed in this document, it is becoming imperative to entertain the idea of marketing plans for municipalities.

## **1.5 HYPOTHESIS OF THE STUDY**

The hypothesis that was developed after the preparatory study was conducted is as follows:

*The marketing principles, approaches and practices, traditionally used in private sector organizations can be applied to the local sphere of government and a tailor made marketing plan would enhance the interaction between municipalities and their stakeholders.*

## **1.6 RESEARCH METHODOLOGY**

The research was done through the use of both primary and secondary literature studies. The shortage in information on the use of marketing in the municipal sphere of government moved the research to be acuminated specifically on the WMLC. This municipality was chosen due to the interest of managers and political office bearers in the following aspects:

- The views, attitudes and needs of the citizens.
- The active participation of the citizens rather than apathy and non-participation.
- The possibility of investment by local as well as international investors.
- The expansion of the industrial areas and therefore to encourage businesses and industries to establish or invest in the WMLC.

- Changing the attitude and behavior of employees of the WMLC toward their tasks in order to become more effective and efficient in service delivery.
- An opinion held by prominent decision makers that marketing might be the answer to addressing the above-mentioned issues.

In order to find answers to these questions a field study had to be done supplying information on what citizens, the business and industrial sectors, investors and employees expect from their municipality, what their needs are and what perceptions and attitudes they hold towards the WMLC.

The following research methods were used for the completion of this document:

- A literature study of books, articles and other publications on the principles, approaches and practices of marketing for chapter 2.
- A literature study on the acts, white papers and other policy documents that will directly impact on the development and implementation of a marketing plan in chapter 3.
- A literature study, complemented with interviews with prominent decision makers in the WMLC, to establish the profile of the WMLC and issues of importance in chapter 4.
- Questionnaires were developed and sent out to three target groups to establish the biographical and demographical characteristics of respondents as well as their attitudes and perceptions about the WMLC in chapter 5. These three target groups were:
  - Citizens;
  - Businesses and investors; and
  - Employees of the WMLC.

## **1.7 SCOPE OF THE STUDY**

In this document attention was first given to the broader issues of marketing before it was possible to move towards the specific issues of relevance to the WMLC. This was done to ensure that there is a comprehensive background and understanding of all the relevant information to be in a position to develop a well deliberated marketing plan for the WMLC.

Therefore, in Chapter 2, attention is firstly given to the terms used in marketing and their specific use in this study. This was essential in ensuring that there is only one connotation made to the terms as used in the study. It was also important to establish a background on the development of marketing in the private sector since this could be utilized when developing the marketing plan for the WMLC in Chapter 7. The most significant parts of Chapter 6 are the marketing process and the approaches used in marketing. There needs to be a detailed understanding of the steps used in the marketing process before there can be an attempt to apply the steps to marketing in the public sector. Each of these steps needs to be completed effectively to ensure the success of the marketing plan. When attending to the approaches to marketing, marketers have only recently discovered the significance of internal marketing. By marketing ideas, issues, products or services to the employees of an organization first, greater success can be ensured with the external marketing to the customers.

Before moving onto the specific municipality used in this study, it was important to examine specific policy documents that may impact on the development and implementation of a marketing plan in municipalities. This was done in Chapter 3. Due to the magnitude of policy documents regulating or influencing municipal government and administration, it was only possible to give attention to selected policy documents that will influence the development and implementation of a marketing plan more directly. It is essential to keep in mind that all government bodies are created and regulated by policy and can therefore, not function without taking the relevant policies into account. In this Chapter attention was therefore paid to the Reconstruction and Development Plan which acts as the umbrella policy for all other policy development within the new dispensation, the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), then the white papers of relevance to the municipal sphere of government, other acts of importance and finally to the economic policy document of the country (GEAR) and the Municipal Finance Management Bill, since marketing is also an economic activity.

In Chapter 4 an overview is given of the WMLC. It was crucial to know what the environments of the municipality comprise of to ensure that the marketing plan would be applicable to the specific municipality. The information supplied in this Chapter on the internal and external

environments was of assistance in ensuring that the marketing plan developed is tailor made for the WMLC. It is also, however, necessary to pay attention to the specific issues of concern to this sphere of government. It was found that municipalities all share these issues of concern although some will have greater or lesser concern about each of the issues discussed. These issues will have to be addressed in the marketing plan in an effort to correct or reduce the possible negative impact they have on a municipality. This Chapter supplies the information that was used, together with the identified reasons of the WMLC to be involved in this study, to compile the questionnaires that were sent out to the target groups in the study.

Chapter 5 is an effort to analyze the survey done within the WMLC. It was important to first explain the research methodology used in this study. In order to understand the significance of the findings of the survey it is necessary to know what the population is and which target groups were used, the instruments used and how it was used, the response rate and the margin of error applicable to this survey and finally the problems and constraints that had to be dealt with. The rest of the chapter then gives the analysis of, firstly the biographical and demographical information of the respondents and secondly the perceptual information which then shows the perceptions and attitudes that the respondents have about the WMLC. This is the information that will be used most directly in developing the marketing plan since it will directly indicate the composition of the target groups, the dynamics of these groups as well as those attitudes, perceptions and behavior that needs to be changed through a marketing plan.

Finally, in Chapter 6 it all comes together. All the previous chapters have led to the point where this Chapter supplies the suggested marketing model to be utilized in preparation for a marketing plan. Chapter 7 then supplies the layout of the marketing plan for the WMLC. It is believed that this plan can be adjusted for use by other municipalities, but on the condition that those municipalities must work through the marketing process to ensure that they develop the plan according to their specific needs, target groups and aims.

## **CHAPTER 2: MARKETING PRINCIPLES, APPROACHES AND PRACTICES**

### **2.1 INTRODUCTION**

Marketing is a term that is often misunderstood. It is either seen as business jargon or as being a specific function such as selling, promoting, advertising or public relations. Due to these conceptions about the term it is of utmost importance to establish a proper definition of marketing.

Marketing is a much more elaborate function than just those named above. It could actually be viewed as a philosophy or attitude that an organization should have towards itself and the products and services it delivers. This view of marketing broadens the concept considerably and therefore basically means that all the functions of an organization should be aimed at marketing, in an effort to achieve its objectives successfully.

Although there is a difference between the private sector and the public sector in that the former exists to make profit and the latter primarily focuses on the delivery of services to the public on a non-profit basis, this Chapter will look at marketing from the traditional business sense in order to provide a scientific overview of what it entails. In the following chapters, the principles of marketing will be analyzed for purposes of application in the public sector.

### **2.2 DEFINITION OF TERMS**

#### **2.2.1 Marketing**

The Chartered Institute of Marketing in the United Kingdom defines marketing as "... the management process which identifies, anticipates and supplies customers' requirements

efficiently and profitably” (Lancaster, 1989:14). The American Marketing Association views marketing as the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals. According to Woodruffe (1995:14), marketing is basically concerned with the identification and satisfaction of the needs and wants of customers through the provision of a market that offers to fulfill those needs and wants through exchange processes with the aim of being profitable. Giles (1994:2) is of the opinion that the marketing concept begins with the customer, in the belief that the most profitable business can only come through identifying, anticipating and satisfying customer needs and desires.

Jobber (1995:4) adds that the traditional viewpoint on the marketing concept of achieving profit by satisfying (even delighting) the customers neglects the fundamental aspect of competition. According to this author the traditional viewpoint is necessary but not sufficient in ensuring the support of the customers. He contends that organizations should go further than mere customer satisfaction and also ensure that their marketing plans are better than those of competitors. He therefore states that the marketing concept should be defined as the achievement of strategic objectives through meeting and exceeding customer needs better than the competition.

Kotler and Armstrong (1993:3) defines marketing as the social and managerial process by which individuals and groups can obtain those things satisfying their needs and wants through the creation and exchange of products with others. Marketing is according to Hutchings (1995:11) a set of processes stimulating and facilitating exchanges between buyers and sellers for the mutual benefit of the organization and the customers.

Kotler (1982:6) defines marketing as the analysis, planning, implementation and control of carefully formulated plans designed to bring about voluntary exchanges of values with target markets for the purpose of achieving organizational objectives.

From the above definitions it could be concluded that:

- Marketing is seen as a managerial process involving the use of management skills such as analysis, planning, implementation and control.
- Marketing can only be successful if it is done through carefully formulated plans.
- Marketing attempts to bring about voluntary exchange between two or more parties and it is done with the main purpose of ensuring the survival of the organizations.
- Marketing aims not only at convincing the customer to buy, but also to supply the services or goods that is needed or desired by the customers.
- Marketing uses a set of tools, the marketing mix, to reach its objectives.

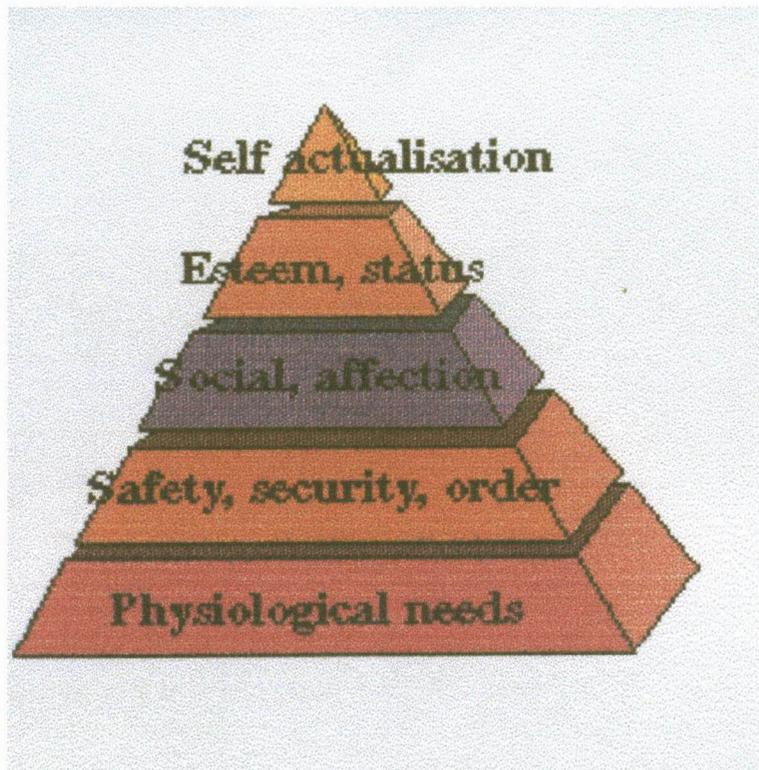
Through these definitions it is possible to identify the importance of needs and wants. Without these there would be no need for marketing. Therefore it is also important to understand each of these terms.

### **2.2.2 Needs**

Human needs are the most basic concept underlying marketing. In the context of human needs, a need can be defined as “a state of felt deprivation or shortcoming” and are usually involuntary (Kotler & Armstrong, 1993:3). Butler (1996:4) defines needs as the influences that drive human behavior. These needs can be classified into biological needs necessary for physical survival or psychological needs which include the needs for security, gratification, prestige and status.

Human needs are general to all people although different people may be on different levels of the need hierarchy as developed by Maslow. According to Maslow’s theory of human motivation, there is an ever present hierarchy of needs with all human beings. As long as the more basic needs in this hierarchy are not satisfied, the higher needs will not act to motivate that person.

## MASLOW'S HIERARCHY OF NEEDS



- ❑ **Physiological needs** are needs such as thirst, hunger and breathable air that a human being needs to survive. These are in other words the fundamental needs to ensure life.
- ❑ **Safety needs** emerges when the physiological needs have been relatively well gratified. These include needs such as security, stability, dependency, protection, freedom from fear or anxiety, need for structure, law and order. According to Maslow (1943:370) people in whom the safety needs remain unsatisfied it cripples the higher needs to come into operation.
- ❑ **Belonging and love needs** will emerge if both the physiological and safety needs have been fairly well gratified. These needs involve giving and receiving affection, having relationships with friends, family and co-workers and having a place in a group (Peters & Waterman, 1982:54).
- ❑ **Esteem needs** come to the foreground when a person, having satisfied all the abovementioned needs, now has a need for self-respect and for the esteem of

others. These needs will differ according to personalities but generally include the desire for strength, achievement, adequacy, competence, confidence, prestige, status, fame and glory, dominance, recognition, importance, dignity or appreciation.

- **Self-actualization needs** usually develop when all of the other needs have been satisfied. All individuals do not reach this level of needs since they may struggle along the way to first satisfy some of the other needs. Other individuals may satisfy all their needs up to the esteem level and will then be content with their lives. A handful of individuals will however, become restless after the satisfying of all the other needs and will then want to pursue and inner talent, be creative and seek for fulfillment in their lives (Wahba & Bridgewell, 1976:234).

The needs of customers, as well as the level of needs that customers are at should not be ignored. It is not possible to develop a marketing plan without having knowledge about the needs of the customers of the organization. If customer needs are being ignored or misunderstood, the organization will deliver products and services that are irrelevant and will not sell.

### **2.2.3 Wants**

Human wants is the second basic concept in marketing. Kotler & Armstrong (1993:3) defines this concept as "...the form that human needs take when it is shaped by culture and individual personality". Butler (1996:4) contends that wants could be associated with specific needs-satisfiers. This brings in the complexity of cultural influences in markets that cater for more than one cultural grouping.

As shown in the definition thirst will be a need, the individual then changes the need into a want by deciding what will quench this thirst and deciding whether he/she wants either water, tea, coffee or a cold drink to satisfy the need. So whereas the need is usually involuntary, the want is a conscious decision taken by the individual or group.

#### **2.2.4 Demands**

Demands are human wants that are dependent on and backed by buying power (Kotler & Armstrong, 1993:3). People have unlimited needs and wants but the resources are limited. This leads to them choosing the product/service which will best satisfy their needs and wants and which they have the ability to pay for. They will then spend their resources (money or time or both) and therefore create a demand.

Butler (1996:4) defines demands as human wants for specific needs-satisfiers, which are supported by the ability and willingness to purchase them. In other words the moment that an individual has identified a want, and they have the money or time to spend on it, it becomes a demand.

#### **2.2.5 Customer**

According to Hannagan (1998: 93) a customer is, in simple terms, the person who pays for or receives a product or service. This definition can be broadened by stating that if the customer then consumes (uses) the product or service the customer actually becomes a customer. One finds a tendency of the private sector using the term customer, which could be seen as they are usually only concerned in the people buying their products rather than that of the competitors and they mostly do not supply scarce goods or services. The only issue to the customer would be their need and buying power for acquiring such goods or services.

In the public sector the tendency is towards the term customer. Here goods or services are delivered because they satisfy the basic needs of people, such as the need for water. The resources used to deliver these goods and services are usually scarce and can be depleted. According to the definition of a customer the goods and services delivered by the public sector is actually consumed by the customer, changing him to a customer.

In this research, where the traditionally private sector function of marketing is applied to the public sector, the term customer will be used throughout the document to avoid confusion.

### **2.3 THE DEVELOPMENT OF MARKETING**

As soon as man ceased to be individually self-sufficient and began to specialize in the making of certain products that was then exchanged with others, the very first need for marketing had arisen (Giles, 1994:2). Such a person had to let others know what the product was that he/she offered and also make others realize that it is better for them to acquire such a product from him/her, rather than producing it themselves, thereby giving them the time to specialize in other products that they are able to produce.

In order to understand how the marketing concept works, it is important to understand the trade that takes place between people when they exchange one item of value in return for another. The people involved in such transactions are in actual fact involved in an exchange relationship. According to Butler (1996:1) there are three basic characteristics to an exchange relationship, such as:

- There must be two or more parties involved for the exchange to take place;
- Each party must bring something of value to the exchange; and
- The exchange must be voluntary, meaning that the parties are free to reject or except the offer of the other party.

The development of money made these exchange relationships more complex. But despite the complexity, the advantages, such as the ease with which prices can be increased and decreased as well as the possibility of planning the exchange relationship in advance made it a better move. The seller might not necessarily have wanted what the purchaser of his product have to offer as payment and would then need to exchange the payment again in order to receive what he wanted. With the development of money the

customer always knew that the money will be accepted and the money, due to its value could again be used to satisfy other needs.

Marketing really started developing properly only during the Industrial Revolution of the 1750's. This period caused a change from trade on a local basis to more international trading and was characterized by:

- A dramatic increase of the population;
- Improvements in agricultural production providing jobs and food;
- Followed by road and canal building; and
- Then the first generation of factories, driven by steam power (Butler, 1996:2).

All of this caused a rise in living standards that in return increased the demand for goods. It was, however, only by the late 1920's that the problem of satisfying needs was largely solved. By this time factories were working at enhanced levels of production that in turn led to a form of marketing that could be called hard selling, where the customers were basically pushed into buying products. Customers had to take what was available. This can be seen in the statement that customers can buy the model T Ford in any color as long as it was black. After World War II American production was outstripping demand by far, which made managers realize that profitability depended on understanding and responding to the needs and wants of the customer and not forcing customers to buy what is available. This was the first step towards designing products to suit the needs of the customer and, therefore, the first step towards modern marketing.

In modern marketing the marketing mix is of great importance. The success rate of the marketing plan depends heavily on the marketing mix, in general terms referred to as the four P's. The four P's represent product, price, promotion and place (Hannagan, 1998:89). There should be a constant interaction between the four elements of the marketing mix. Although there are constant influences and pressures from the needs, wants and demands of customers an organization developing a marketing plan, has the prerogative to make decisions about these four elements.

## THE COMPONENTS OF THE MARKETING MIX

<b>PRODUCT/SERVICE</b> Features Quality Brand Packaging Durability After sales service	<b>PRICE</b> Price level Credit terms Discounts Allowances Trade-ins
<b>PLACE</b> Distribution channels Coverage intensity Location Stockholding Freight & insurance	<b>PROMOTION</b> Advertising Personal selling Merchandising Publicity

The **product** is anything that can be offered to a market for attention, acquisition or consumption that might satisfy a want or need. This can include physical objects, services, persons, places, organizations or ideas (Hannagan, 1998:99). Marketing already starts when the product is developed. During this component of the marketing mix of the features that the product should have and the quality and durability of the product is usually imperative to the customer, but the producers should not overlook the significance that a well known brand name, proper packaging and especially after sales service can have during the development of the product.

When the product have been developed according to the needs of the customers an organization needs to decide on the **price** of its products based on the marketing objectives it has. According to Hannagan, (1998:109) the price must be consistent with the marketing strategy for the product. Decisions will therefore be the price level (high for luxury goods or lower for commodities sold to the mass market or essential services delivered to the public), which credit terms will be allowed if any, the possibility of discounts for cash payments or bulk consumption and finally whether any allowances will be made or trade-ins accepted. A typical example of this is the motor vehicle industry where customers can trade-in their old motor vehicles as a deposit on new motor

vehicles Depending on the amount given for the old motor vehicle it will attract customers to a dealer since it also removes the hassle for the customer of trying to sell the old motor vehicle.

In marketing terms the **place** is where the exchange between the customer and provider takes place. Decisions need to be taken on the location of the exchange and the intensity of the coverage of the product. Once this have been determined it is possible to decide on the distribution channel possibilities and the best ones to use. This decision will influence decisions on the level of stock that should be kept by the seller as well as freight and insurance requirements.

In order to take care of the **promotion** of the product there should be communication with existing and potential customers. Customers need information about the product in order to decide whether they want to use their buying power to acquire it or not (Hannagan, 1998:112). Decision-making should concentrate on issues such as advertising methods, whether or not personal selling will be utilized as well as issues such as merchandising and publicity.

The move of not only considering the technical aspects of marketing but also being more customer orientated has made marketing a central activity in most organizations (Hannagan, 1998:89). This causes marketing to move from a marketing department function to a central function in the organization. Organizations are now realizing that marketing is not just another unnecessary expense but that it is the solution to attract income and being more profitable by making sure that the customer needs are understood. An organization can actually develop products so that it promotes itself. By focusing on the customer needs, wants and demands, organizations move from a production orientation to a marketing orientation. According to Jobber (1995:8), marketing orientated organizations usually attempt to get close to their customers to be able to understand their needs, demands and problems. This should not be given up when personal contact with all the customers is not possible. Such organizations can make use of formal marketing research to obtain the necessary information.

## **2.4 THE MARKETING PROCESS**

Typically, the marketing process consists of five sub-processes, namely marketing research, developing a marketing plan, implementing a marketing plan, controlling the marketing plan and lastly evaluation of the marketing plan and its results. Each of these sub-processes should be handled consecutively to ensure that the marketing process is designed and implemented successfully.

### **2.4.1 Marketing research**

According to Kotler (1982:151) there is always a need for timely, accurate and adequate market information as a basis to make sound marketing decisions. Organizations usually have a system that they use to gather the information they need in order to develop a marketing plan. Such a marketing information system is a continuing and interacting structure of people, equipment and procedures. It is specifically designed to gather, sort, analyze, evaluate and distribute pertinent, timely and accurate information for use by marketing decision makers to improve their marketing planning, execution and control.

To enable an organization to run a competent marketing information system it needs to do proper marketing research on a continuous basis. Kotler (1982:156) defines marketing research as the systematic design, collection, analysis and reporting of data and findings relevant to a specific marketing situation or problem facing the organization.

Internet Non-profit Center (2000:1) differentiates between marketing research and market research. According to this author marketing research is a continuous process and ongoing effort to collect information across a broad spectrum for marketing decision-making purposes. Market research refers to an analysis of a specific market and is therefore the narrower of the two since it forms part of marketing research.

### 2.4.1.1 The marketing research process

Organizations may differ in the type and amount of information that they need for their specific marketing plans, but in order for the marketing plan to be successful each organization should follow a marketing research process that may include the following steps:

- **Define the problem** – This is often a very difficult task to complete objectively. An organization may be tempted to omit this step, which might result in it not addressing the real issues when the marketing research is being done. By defining the problem, an organization is forced to consider the reasons why it needs information and will therefore have a better perception of the type of information needed for decision making (Adcock, 1995:337). The definition of the problem will also be available throughout the research process for referral purposes. This will ensure that an organization is still on track with its research process and that the research findings are credible. Giles (1994:35) identifies this as the most important step in the research process as it will determine which methods should be used. The problem should be agreed upon in writing by management and the marketing division, to ensure that everyone involved knows what the real issues are.
- **Analyze the current situation** – It is important for the researcher doing marketing research to ensure that the current situation is understood. It is often not the same person initiating the marketing research process that actually carries out the marketing research. The person responsible for a marketing research project should therefore get all possible information that the initiator possesses. All the existing available information should be in the possession of the researcher to ensure that unnecessary, costly research is not undertaken to get information that already exists.
- **Establish objectives and cost benefit parameters** – According to SBA (2001:2), after the statement of the problem and analyzing the current situation it is necessary to establish objectives to ensure that the research is focused, even if the problem definition was not done properly. The setting of objectives makes it possible to identify the best methods to be used for achieving them. This then makes it possible to do estimates on the cost of the research in terms of time, money and human

resources. This is essential, due to limited resources on the side of an organization that wants the marketing research done. There should be a conscious decision of whether the marketing research should be done by an organization itself, an outside agency that specializes in research or a combined effort. This decision will be influenced by issues such as, the cost, the urgency of the project, the expertise in research required, the product or service knowledge necessary, the level of objectivity within an organization, the specialist resources required and also the confidentiality that is needed with results. According to Butler (1996:114), the research objectives should be wide enough to allow all the relevant data to be considered, but also sufficiently narrow to exclude the consideration of irrelevant data.

- **Gather problem specific data** – To obtain clear, unbiased and reliable results it is important to stick to the objectives and rules associated with the methods and techniques in practice (SBA, 2001:3). According to Adcock (1995:338), considering data sources in the order of the cheapest, most readily available information first can do this and, if necessary, the more expensive studies can be done later. In other words, desk research should first be done internally and then externally to an organization. Whatever the researcher uses as sources to collect data, he/she should always ensure that the data gathered are accurate, current, sufficient and relevant (Butler, 1996:115).
- **Analyze data to produce information relevant to the problem** – The purpose of the research being done is first and foremost to supply the decision-makers of an organization with information about marketing. The raw data received from the research process does not in itself satisfy the needs of an organization. For information to be useful, it must be understood without any prior knowledge or interpretation. The data should be analyzed and put into context for easy use by the relevant organization. During this step the researcher should not lose sight of the value data (data on the motivation for customer behavior). This can be a valuable source of marketing information. Value data can assist in correlating certain trends with the data received about the expenditure of customers on different products or services. In other words, it is about determining why customers act the way they do. Adcock (1995:341) is a strong advocate that trends should be considered both in

volume and value terms. The data collected, should be “cleaned”. This “cleaning” involves editing, coding and tabulating results (SBA, 2001:4).

- **Prepare the report** – At this stage the information should be written up in the form of a report and if required, a presentation can be delivered to the management of the organization. The report should show the problem statement, the objectives of the research, explain the methodology used to do the research, give details about any assumptions made and present the findings of the research (Adcock, 1995:341). Specific care should be taken to present information, where possible in graphic format. Graphics normally assist in making the information easier to understand. It can also be used to indicate trends. Graphics should be relatively self-explanatory and not need lengthy discussions.
- **Follow-up to evaluate the effectiveness of the action** – This, according to Adcock (1995:341), does not need to be done formally. It should, however, still be carried out conscientiously since it can provide opportunities to understand how the methods used in the research process and the presentation of information could be improved. This will assist in the correct allocation of scarce resources or simply the more effective and efficient use of available resources.

#### **2.4.1.2 Methods used for data collection**

There are a number of methods that can be used for data collection, depending on the kind of information needed. There are secondary as well as primary methods of research available to researchers. Secondary research methods are usually the easiest and least expensive method since the information already exists. Primary research involves the search for new information that has not been researched before and is usually more specific (SBA, 2001:2). These methods are as follows:

- **Observation** – This is an informal, unstructured collection of information from any source (Adcock, 1995:103). This could include casual reading of magazines and newspapers, meetings with role players, television reports or physically watching customers making choices. Giles (1994:39), states that this method is most

commonly used in research on customer movement inside organizations and poster passing. Subjective bias can be eliminated with this method since there is no personal contact with the customer to influence the objectivity of the observer. The information relates to the current situation and is not complicated by past behavior or future intentions or attitudes of the customers. However, this is an expensive method since observers need training and must be paid for the time spent observing. The information received is limited since it only includes data on the actions or reactions of customers and not the reasons for their actions.

- **Questionnaires** – This method is used most extensively. According to Giles (1994:39), questionnaires can be used by mailing them to respondents, having interviews with the respondents or by telephoning the respondents. The mailing method can be done at a relatively low cost, since there is not a need for an interviewer. This also eliminates interviewer bias. The respondent also has more time to consider the responses given and there is the added bonus of anonymity for respondents. Unfortunately there can be a limitation on the information received through mailed questionnaires. Questionnaires that are too long are usually discouraging and often ignored by respondents. Updating of mailing lists is a constant task. The main problem, especially with mailing questionnaires is the low return rate and some respondents may leave questions unanswered that influence the accuracy of the end results.
- **Telephone interviews** – This type of interview is especially used in trail surveys to check the validity of a questionnaire. This is a more flexible method than mailing and the interviewer can explain the requirements more clearly and make sure that the respondent understands the content. This is the fastest method and definitely cheaper than personal interviews. Surveys have revealed that the response rate is higher than mailing questionnaires and the responses can be recorded without embarrassing the respondent (Giles 1994:41). Unfortunately the possibility of interviewer bias is not excluded and respondents do not have much time to think about their responses. The surveys are also restricted to respondents who do have telephones, which is a problem in South Africa due to a lack of infrastructure in squatter camps and informal

settlements. Lastly the number of questions as well as alternative answers to questions must be limited.

- **Personal interviews** – These interviews can be done in a highly structured manner. The interviewer could follow a laid down procedure, asking only the questions that are prescribed. The interviewer may also in other cases be allowed to conduct the interview according to his assessment of the situation. The level of freedom allowed will, however, influence the levels of skills needed by the interviewers (Giles 1994:41). There is greater flexibility and more opportunity to restructure questions when necessary and more in-depth information can be obtained from respondents. Interviewers can keep an eye on the reactions of the respondents while recording their answers. It is easier to get biographical information from the respondents. However, it is relatively expensive if the sample is large and geographically wide spread. There is a high possibility of interview bias from both the interviewer and the respondent. The time spent on doing the interviews is one of the costs to be considered.
- **Panels** – These consist of selected samples from the universe and are usually used in customer marketing research (Giles, 1994:42). The members of these panels are asked to have regular interviews, maintain diaries and are usually rewarded with financial incentives. This method makes it easier to establish trends in attitudes and behavior. If members are cooperative it should normally lead to complete and relevant information. Appointments can be made with the members to ensure that they attend panel meetings and their behavior can be studied over a long period of time. They get to know the procedures and therefore save time and the conversations can be recorded. The problem is that, due to their willingness, these members may be of specific character types and may therefore not be representative of the complete market place. It is also difficult to replace panel members when they drop out.
- **Experimental research** – According to Butler (1996:120), experimental research is used to establish the casual relationship between two or more factors. This takes place both in laboratory conditions as well as in the normal marketing environment. Experimentation is usually used to test the results of decisions before they are implemented. The use of laboratory conditions are known as mini-marketing testing, whereas the use of normal marketing conditions on a smaller scale is called test

marketing. This gives an organization an idea of the reaction to the new product or service without implementing the full marketing plan that would be costly on all their resources.

#### 2.4.1.3 Areas that justify research

The following areas should be research to ensure availability of information for the development of the marketing plan:

- **Marketing environment information** is important to establish which markets are more attractive than others. This will include looking at both the immediate environment, which directly influences an organization in its marketing plan as well as the wider environment that consists of social, cultural, technological, economic, political and legal aspects (Adcock, 1995:108). Knowledge on the marketing environment is essential due to the marketing plan being aimed at influencing the behaviors within them.
- **Customer information analysis** is necessary to answer the one question all organizations should ask before any marketing plan can be developed, namely, “Who are the customers?” According to Butler (1996:86), the identification of the different groups of customers and then subdividing the groups into specific targets that can be attracted to the organization through specific marketing plans is termed segmentation. The objective is to select from the market place those groups of customers that are the most likely to need and want to buy the product or service. After the organization has done its market segmentation, it can then do target marketing which involves the use of a different marketing plan for each segment of the market or dividing a marketing plan into different components. But, without the basic information of who the customer or potential customer is, it is impossible to do target marketing. Adcock (1995:109) is of the opinion that customer information can either be quantitative or qualitative. Qualitative information might involve opinions and reasons for a specific choice by the customer. Quantitative information will be on the total number of sales of a specific product or service over a specific period of time.

- **The internal environment** of an organization should also be researched to ensure that the organization is capable of delivering the products and services that satisfy the needs and demands of the customers. Existing internal records should be researched to establish what has been done or is being done to satisfy the needs of customers. These records could also give an understanding of the resources (time, money and human resources) available within the organization (Kotler & Armstrong, 1993:95). The internal environment can be researched even further by interviewing employees, especially the employees working directly with the customers about their perceptions. According to Bell (1982:62) gathering information about the internal environment of an organization helps in identifying possible gaps between what customers expect to satisfy their needs and demands and what an organization is now doing or capable of doing in the future to satisfy these needs.
- **Product of service information** cannot be isolated from the information on customers and competitors. According to Adcock (1995:110) specifications of products and services can be recorded, but the degree to which it matches the future needs of the customers and the degree to which it will be competitive in the future is the most important information in marketing. Product and service range should also be considered in terms of suitability for the market, design and manufacture, competitive advantage and profitability (Giles, 1994:31). According to Butler (1996:108), product information should include the performance and technical specifications of the product, the materials used and the style, size and color of the product.
- **Distribution information** cannot be ignored since many organizations make use of intermediaries to reach the customers. These intermediaries play a crucial role in promoting the product to the customer. Therefore, according to Adcock (1995:111) decisions on distribution channels are critical to the success of a marketing plan.
- **Competitor analysis** is essential in identifying competitors in the market and what their strategies and marketing plans are. This information is needed by an organization to ensure that it outperforms the competition and therefore turn customers around to rather purchase goods and services from it. An organization should aim to get to know what the competitive advantage of the competition is,

which constraints restricts the competitors and do a prediction on the future moves of the competition. It is especially these future behaviors that are of significance to an organization and studying past behaviors will usually be helpful towards the prediction of the future activities. The reason for doing this is to find points of leverage to be used as minimum cost against the competitors. The analysis of a competitor should include issues such as financial strength, operational efficiency, production capability (Adcock, 1995:51), objectives, strategies, successes, strengths and weaknesses.

Marketing research is needed by every organization involved in or planning to develop a marketing plan. It can improve the level of service or the product delivered to the customer, it can help to ensure that the products or services provided meets the needs of the customers and it can assist in improving the methods in which products or services are delivered to customers (Titman, 1995:138).

#### **2.4.2 Developing a marketing plan**

When developing a marketing plan it is important for managers to know what their starting point is, as well as what they want to achieve through the marketing plan. This involves the planning of the marketing plan that is done to provide a framework for all the activities taking place to make the marketing plan successful. According to Adcock (1995:298), planning can only be done if the position from which an organization starts off as well as where it wants to end, is known. The real purpose of planning is to improve the effectiveness in which the goal or objectives are achieved.

Planning has the benefits of aiming all the efforts of an organization toward the satisfaction of the customer (Rust, 1996:422). It helps in coordinating the activities of the organization because it shows employees how and where their activities fit into the plan to achieve objectives. Planning can also create a basis for monitoring and controlling the marketing activities of an organization. Hutchings (1995:277) states that the marketing

plan provides a formal, quantitative and authoritative statement of an organization's plans, expressed in monetary terms.

A marketing plan should be developed for every product or service to be marketed. Kotler & Armstrong states that a marketing plan should consist of the following:

- **Executive summary** that is at the beginning of the documented plan but will actually be done after all the other planning actions have been completed. It is a short summary of the mission, objectives and recommendations that will be presented in the plan itself. This summary is useful for top management to identify the main points of the plan.
- **Current marketing situation** involves the identification of the target markets and the statement of what the current position of an organization is in the target markets. Information about the market, a description of the size of the market as well as the different market segments will be given. The product performance is shown according to prices, sales and margins. The section on the competition not only identifies the competitors in the market place, but should also give attention to their strategies for product quality, pricing, distribution and promotion. There should also be an indication of the market share held by each competitor. Finally the distribution channels already in use and prospects for the future should be discussed. Hutchings (1995:273) views this "marketing audit" as the exhaustive review of the internal and external environments in which an organization operates and should be undertaken on a regular basis. The most useful method to use for this is the SWOT analysis that supplies an organization with information about the strengths, weaknesses, opportunities and threats facing it in the market place. The SWOT analysis must be done in the format of an internal audit as well as an external audit. If an organization has knowledge about its own strengths and weaknesses it will know what it will be able to achieve with what it has available. The managers involved should also give attention to all the possible threats and opportunities that the product or service may face in the future. This will force an organization to face issues in the future that will influence the marketing plan for their products or services. A marketing opportunity is an attractive area for marketing action that an organization could get involved in,

whereas a marketing threat is something that may cause the market share of a product to drop or a marketing plan to be unsuccessful.

- **Objectives and issues** can only be set after attention was given to the current marketing situation and analyzing the strengths, weaknesses, opportunities and threats, since it will influence the objectives being set.
- **Marketing strategies** are designed when the broad marketing plan of an organization is outlined. The strategy of the marketing plan is the marketing logic by which an organization wants to achieve the marketing objectives. The marketing strategies should indicate the market segments on which the focus will be because the different segments usually differ in terms of needs and demands, responses to the products or services as well as profitability or sustainability of an organization. This is also where managers should give attention to the marketing mix (product, price, promotion and place) that will be used for each of the market segment.
- **Action programs** are developed to concentrate on the issues of **what** will be done, **when** it will be done, **who** will be responsible for the actions and **how** much it will cost. These action programs will give definite indications of when activities should start, be reviewed, evaluated and completed.
- **Budgeting** is an integral part of action programs since these programs already give attention to the cost factor of a marketing plan and therefore it assists an organization to set up a marketing budget. Once approved, the budget is the basis for purchasing materials, scheduling production, planning personnel allocations and operating the marketing plan. According to Hutchings (1995:277) marketing budgets can cover marketing expenditure as a whole, focus on individual marketing mix elements such as price level or advertising or concentrate on general profitability or sustainability in comparison with other areas of organizational activity.
- **Control** should not be seen as the last stage in planning a marketing plan. It should be applied throughout the process to monitor progress as well as at the end of the process to ensure that the results obtained has achieved the objectives. It is important to set up control mechanisms that can be implemented on a continuous basis to ensure that the process is running according to plan, and if not, to adapt it timeously to avoid unnecessary costs (Kotler & Armstrong, 1993:45). Jobber (1995:50) views the aim of

control as to evaluate the results of the marketing plan so that corrective action can be taken if performance does not match the objectives. This can be done weekly, monthly, quarterly, annually or bi-annually depending on the cycle of the process. Kotler (1982:182) views the purpose of control as being to maximize the probability that an organization will achieve its objectives.

In the end, Chapman & Cowdell (1998:203) views the following as being fundamental benefits of marketing planning to an organization:

- It encourages systematic thinking for the future by management.
- It leads to better coordination of organizational efforts and activities.
- It makes an organization sharpen its policies and objectives.
- It results in more flexibility and better preparation for change.
- It makes staff more aware of their responsibilities and roles in communication and interaction.
- It leads to better usage of an organization's resources.
- It results in an improvement in environmental awareness.
- It provides a better base for a customer-centered philosophy and culture.
- It produces a significant impact on profitability or sustainability through the creation of competitive advantage.

Jobber (1995:52) identifies the following problems that may arise in marketing planning:

- **Political** problems may come forward due to planning traditionally concentrating on resource allocation. The allocation of resources can be used as a powerful tool to benefit the growth and power bases of certain department above others by allocating them more or better resources. Outcomes should be depolitized by not only concentrating on the outcomes of departments, but also by giving attention to the skills involved and the resources used to achieve objectives.
- Some managers may regard the **opportunity cost** of spending a few days away from the day-to-day running of an organization as too high. They will therefore see this period of time used to do planning as a waste, since they could have missed out on possible opportunities to reach objectives. This will influence their attitudes toward

the marketing planning process. This problem can possibly be solved or made less prominent by top management advocating their support and commitment to the time spent on the planning process.

- A **reward system** used as an incentive to personnel involved in direct selling of products or services, is usually geared for the short term. This may create a problem where managers only give attention to short or medium term objectives and ignore the need for long term marketing planning. A reward system should be focused on long-term results as well as short and medium term results.
- **Information** is crucial to do successful marketing planning. This includes information on market share, size and growth and this may not be available. Marketing research being done before marketing planning will solve the problem.
- **The culture** of an organization may not have included strategic planning sessions, in which case there might be some resistance to the changing of the culture of an organization. If the planning system is, however, matched with other issues in the culture of an organization, it may be found that there might be less resistance to the fact that the planning is being done.
- **The personalities** of the different managers involved in the marketing planning process may clash and these clashes may flow over into the work situation, thereby influencing the marketing planning process.
- **Lack of knowledge and skills** on how to approach the marketing planning process is a serious problem. Training should be given to all parties involved in the process in order for them to acquire the necessary marketing knowledge and skills to take decisions effectively. Another alternative is to bring in consultants to assist in the planning of a marketing plan.

### **2.4.3 Implementing the marketing plan**

According to Butler (1996:9) effective implementation of a marketing plan depends on good communication and understanding between the different departments within an organization to avoid interdepartmental conflict. Making the plan work is the most

difficult part of the marketing process. This involves the physical implementation of the plan in the applicable markets (Chapman & Cowdell, 1995:159). Titman (1995:176) has the viewpoint that if an organization lacks sufficient knowledge and skills to implement the marketing plan, it should turn to the services of an external consultant.

Jobber (1995:576) suggests that the strategy of the marketing plan will determine what the requirements are for the implementation of the plan. The implementation of a new marketing plan may have effects on the employees of an organization. The implementation stage of the marketing process is usually associated with the need for an organization and the employees within that organization to adapt to change. These should thus be a system in place to help employees to handle and adapt to change. The implications for implementing a new marketing plan are that employees need time to accept and come to terms with changes such as reprioritizing of products, jobs or the organizational structure of an organization.

The main objective of marketing implementation is to ensure the successful execution of the plan for the marketing plan. In the process it is important to establish support for the marketing plan both internal and externally to the organization. Jobber (1995:598) identifies five levels of support:

- **Outright opposition** usually from those who feel that they will lose power.
- **Resistance** is less overt than direct opposition and is regarded as delaying tactics.
- **Compliance** means that employees or external parties act in accordance with the marketing plan but is not enthusiastic about the plan.
- **Acceptance** is a higher level of support that is achieved when people accept the plan and actively take part in realizing it.
- **Commitment** is always the ultimate goal of implementing a marketing plan. This usually entails a pledge from employees to secure the success of the marketing plan.

Faced with the likelihood of resistance it is necessary that a strategy best suited for the implementation of the marketing plan is developed. This strategy should give attention to the following aspects:

- The implementation objectives should be set, which will consist of objectives that is compulsory and other objectives that an organization would like to achieve. The “would like” objectives will define the maximum effect that an organization can expect, while the “compulsory” objectives will define the minimum requirements that an organization finds acceptable. These objectives give an organization some room for negotiation.
- Strategies will be needed to drive the change needed with the implementation of a new marketing plan. According to Jobber (1995:606) internal marketing is a strategy that should be used to ensure that all the employees accept the marketing plan and therefore lessen possible resistance to the implementation of the marketing plan.
- In the execution of the marketing plan there is a need for skills such as persuasion, negotiation, political analysis and tactics.

#### **2.4.4 Controlling the marketing plan**

Adcock (1995:308) views good marketing as necessary to manage products and services that are not perfect. It is not possible to control all the factors, externally and internally which may influence the success of a marketing plan, but everything possible should be done to exercise control as comprehensively as possible during and after the implementation of the plan.

Control systems enable an organization to find out what is wrong with and more importantly why the practice have deviated from the original plan or strategy. No matter what the level of independence the employees in an organization enjoy, responsibility must at all times be borne at all levels. Control does, however, have a tendency of being perceived as a negative action. There is usually a negative reaction when information on performance is seeked for control purposes. Therefore, for control to be successful as a process in its own right, is should be approached with thought and sensitivity (Lancaster, 1989:187).

Marketing control is important because it:

- Enables the implementation of corrections and modifications in response to problems at an early stage in the implementation of a marketing plan;
- Provides information to be used in the review of the effectiveness of the implementation of objectives, at regular intervals;
- Establishes a framework within which deviations can not only be identified, but the internal and external forces causing them can also be identified and corrected;
- Provokes analysis which can identify opportunities;
- If correctly utilized, can act as a motivating force at all levels of operational activity; and
- Minimizes misdirected marketing efforts (Lancaster, 1989:189).

The control process also starts with the setting of objectives to ensure that it is known what should be controlled. These objectives can range from sales, cost cutting, profits, quality of products or services or service delivery. These can be seen as the parameters of the control system. From the parameters flow the defining of the objectives, which will differ from one parameter to another. Then the measures for success must be included into the control system. This will indicate how the success of the departments and employees will be measured. By connecting standards to the objectives an organization is in no uncertain terms telling employees exactly what level of performance is expected of them and what they will be measured against. According to Jobber (1995:632), responsibility should at this stage be allocated to ensure that employees know which tasks they have responsibility for and they will therefore be expected to account for those tasks. These steps will then actually establish a framework for control and it is possible to do the physical measurement of the results or performance. Considerations to issues such as cost and time will influence management's decision on how often to measure results (monthly, quarterly or annually). By analyzing the result obtained through the measurement step, shortcomings in performance can be established. Here the real actions are compared with the planned actions were realistic. Finally corrective action should be taken to ensure that the implementation of the marketing plan is back on track (Lancaster, 1989:190).

## **2.4.5 Evaluation of the marketing plan and its results**

According to Jobber (1995:614) evaluation should be used to consider what have been achieved and what has been learned. The evaluation may be broad and only evaluate how well the marketing plan is performing or it may be done on certain stages or steps within the marketing process. However, implicit in a successful marketing plan is to look back in the light of experience so that the performance can be evaluated and improved (Lancaster, 1989:186).

## **2.5 APPROACHES TO MARKETING**

There are a number of approaches to marketing that can be used due to the specific circumstances or objectives of an organization that will be involved in the marketing plan. Although the marketing process will essentially stay the same in each of these approaches, certain circumstances or needs require adjustments or additions to the process to ensure that it will be applicable. It may even be necessary to implement two or more of the approaches in the total marketing strategy of an organization. It is, therefore, essential that the different approaches be looked at in detail.

### **2.5.1 Internal marketing**

Marketing is usually thought of as only focusing on customers, distributors and competitors outside an organization. Although market analysis and marketing strategies toward the market place is the central focus, it is frequently not enough to achieve the implementation of marketing strategies. In order to achieve the change that is needed to make the marketing strategies work, there is a need to carry out the same process internally to an organization.

Internal marketing focuses on achieving effective internal exchanges between an organization and its employees (George, 1990:63). Internal marketing can be described as a philosophy for managing the organization's human resources, based on a marketing perspective. This argument shows that it forms part of the complete marketing process with the aim of ensuring that employees at all levels of an organization deliver satisfactory services. Sir Richard Branson, the owner of Virgin Atlantic, is a businessman who is of the opinion the traditional attitude of organizations to put customers first, and then the board of directors and lastly the personnel is incorrect. He strongly believes that the employees of an organization should come first since a competent and content work force normally enjoy the work and therefore keeps customers happy. If the customers are happy, they will distribute more of their resources to the organization that is something that will keep the board of directors happy (Branson, 1998:448). As more and more organizations start realizing the importance of their employees, they are slowly but surely realizing the importance of first marketing new products, ideas or services to the personnel before marketing it to existing and potential customers externally. Internal marketing is defined by Woodruffe (1995:86) as attributing equal importance to the needs of the employees than to the external market or customers. This is done through proactive programs and planning to bring about the desired organizational objectives by ensuring both employee and customer satisfaction. McNeil (1997:63) defines internal marketing as treating personnel as you would customers. This relates to what Branson states as his secret for success. Treating personnel as customers will make them feel special and therefore more likely to make the customers feel the same way. Benoy (1996:55) defines internal marketing as the application of marketing, human resources management, and allied theories, techniques and principles in order to motivate, mobilize, co-opt and manage employees at all levels of an organization to improve their service delivery to external as well as internal customers on a continuous basis.

Internal exchanges constitute the biggest share of the business transactions that move goods and services through the supply chain to the customer (Harrel & Fors, 1992:300). According to Collins (1991:261) there are two dimensions to internal marketing. The

first is the idea that every department or division and every employee within the organization is both a supplier as well as a customer. The second relates to ensuring that employees work together in such a manner that it supports the vision, mission and objectives of the organization. Thus, even though internal marketing is related to all of the functions in an organization, it can be seen from the dimensions of marketing that the human resources department will have to play a vital role in the success of the internal marketing plan.

Unless an organization's own people are sold on a concept, the effectiveness of the external marketing programs will be compromised at the customer contact level (Murray, 1979:39). It is the effectiveness of the customer care given by those employees in contact with the customers that will determine an organization's position in the marketplace. Every instance when a customer interacts with an organization, its products, people, facilities and communications represents a moment of truth because each interaction shapes the customer's impressions and judgments about an organization. Employees are therefore in a position to shape these moments of truth by their performance, demeanor, actions, appearance, the way they talk and interact with the customer and their loyalty toward an organization.

Winning customers over and building a reputation for quality cannot happen if the employees do not perform to the expectations of the external customers and do not subscribe to an organization's philosophy of customer care (Benoy, 1996:55).

#### **2.5.1.1 The purpose of internal marketing**

The purpose of internal marketing is to develop a plan aimed at the internal market place that parallels and matches the marketing plan for the external market place. It is suggested that the same techniques of analysis and communication that are used for external marketing should be adapted and used to do market plans and strategies inside an organization. The objectives of internal marketing will basically be to:

- Gain the support of key decision makers for the plans and actions;
- Change the attitudes and behavior of employees and managers working with customers and distributors;
- Gain commitment to make the marketing plan work and to take ownership of the tasks that need to be performed; and
- Manage incremental changes in the culture from the way things were always done and the way things need to be done to be successful (Piercy & Morgan, 1990:5).

Mudie (1987:22) observed that friendly, polite and well-informed employees are as important to the success of an organization as good management. In other words the job should be sold to an employee can sell the service, product or idea to the customer. The task then becomes the product and the employee the internal customer. The main aim of internal marketing is therefore to motivate personnel and influence their mindsets to become more customer orientated. Customer service is after all the ultimate element that internal marketing influences and customer service is one of the crucial aspects giving an organization the competitive advantage (Woodruffe, 1995:87). Although all the employees are not always in contact with the external customers of an organization, their contributions will influence the service being delivered by those employees who are in contact with the customers.

### **2.5.1.2 The process of internal marketing**

It is essential to fully understand the characteristics of an organization's internal markets as well as the characteristics of the external markets. According to Cirasuolo & Scheuing (1991:42) there are several basic steps to be taken in the internal marketing process. These steps are the following:

- **Identify the internal customers** and define the internal market needs clearly. Woodruffe (1995:89) sees this step as defining the internal market. To be able to define the internal market, an organization should identify who the internal customers are, which products and services are delivered to them and what their needs are.

Especially the structure of the internal market is important and attention should be given to both formal and informal lines of communication and authority.

- **Assess the needs of the internal customers** through one to one discussions, focus groups or surveys. Woodruffe (1995:90) discusses this under market research. Market research should take place on a continuous basis on all levels of an organization. This will assist in identifying opportunities within an organization. The internal market should be researched to look at issues that could effect the implementation of internal marketing programs. Issues that need attention during the market research may include:
  - Employee attitudes towards an organization and its vision and mission;
  - The levels of job satisfaction of the employees;
  - The skills and knowledge needs of employees; and
  - The needs and wants of the employees.

In order to establish an internal marketing plan, it is important to have an understanding of employee capabilities, attitudes, perceptions, know-how and skills. This can only be obtained through a process of internal market research (George, 1990:68).

- **Market segmentation** plays a role in internal marketing to ensure that the targeting of the marketing plan is effective, accurate and appropriate. If the market segmentation is done well it can contribute towards more effective and efficient communication in an organization.
- **Marketing action** involves the selection and the implementation of the appropriate marketing activities to achieve the best internal marketing success. Aims of internal marketing usually include better internal communication, teamwork and employee empowerment (Woodruffe, 1995:90).
- **Marketing communication** involves the accurate and timely spreading of the marketing information internally. In-house magazines, information boards or team briefings are methods that can be used to ensure good communication.
- **Marketing orientation** helps in the establishment of an internal environment that is flexible, responsive and nurtures common values and behavior. An organization's marketing objectives and mission must be clear to all employees and individual

objectives could be set up to ensure that the employee understands his/her contribution toward the achievement of the organizational objectives.

The important components for implementing an internal marketing process are management support, training, internal communication, personnel administration and an understanding of the roles that the employees play in an organization. The challenge is to create an open internal climate where the marketing and customer aspects of all the positions are considered as important. This, in turn, requires regular feedback that can also be used as a motivational tool.

According to Wilson (1991:5) there is no great distinction between the marketing technique used for internal and external marketing. It could, however, be argued that it is only the strength and types of forces at work that changes. Marketing to internal customers must be proactive. Organizational politics are pervasive in internal marketing where there is a form of competition between personnel within an organization. Employees might be competing for the same position in an organization. Wilson (1991:5) suggests that security, self respect, recognition and personal development are stronger incentives than material incentives such as a boat trip. It is therefore, obvious that the internal marketing functions cannot take place in isolation, but as Lancaster (1989:26) argues, the marketing function needs the full cooperation of all the other departments within an organization.

According to Woodruffe (1995:86) internal marketing should cover issues that are usually linked to other areas in an organization, such as the training of employees. Training programs need to be designed to enhance the following:

- Knowledge of an organization's product/service mix.
- Pride in an organization and in the job to be done.
- Awareness of opportunities for new service and business development.
- Specific marketing skills.

Woodruffe's approach therefore shows that internal marketing is concerned with much more than simply treating the employee as a customer.

Pitt (1992:263) states that, for internal marketing to be truly successful, there are seven issues that need attention. These issues are: knowing the customer; competing for talent; offering a vision and mission; preparing the employees to perform; stressing the importance of team work; leveraging the freedom factor; and finally measuring the performance with a view to reward employees. The choice of targets for the internal marketing plan will depend on what the goals of the external marketing plan are and which changes are needed to implement the external marketing plan.

### **2.5.1.3 The benefits of internal marketing**

Internal marketing has the benefit of helping personnel across the spectrum understand that marketing forms part of their work. Informed staff is more likely to feel connected and be involved in an organization. If organizations employ specific marketing personnel and no internal marketing is being done, the other employees may feel that it is not their task to market an organization. However, employees who are able to convey very clearly what an organization can offer the customer, would not only be ambassadors, but they will also be a good source of referral for the organization.

The advantages of implementing internal marketing for an organization are the following:

- Personnel are more focused because they know what the end result of their work will be.
- Better team spirit is built because employees realize that they need to work together to reach the objectives.
- Staff members are more helpful to one another and customers due to a better understanding of each other's and the customer's needs.
- Staff members become good references for an organization since they understand the working of the organization.
- Enhancement of effectiveness and efficiency in the organization due to the other benefits listed above.

- Staff members are willing to "walk the extra mile" because they are highly motivated which could be the result of reward systems or access to information or both.
- Changes are understood and implemented with less resistance since the employees have time to work through the possible changes before they are implemented.
- Staff turnover decreases since employees are happier in the organization and work situation.
- Staff members know what is happening in other divisions of an organization and have a better understanding of where and how they fit into the processes in an organization due to better communication skills and training.

The short-term benefit of internal marketing would be better marketing of an organization to external customers and the long-term benefit is a happier, more productive workforce (Clare, 1989:42).

Internal marketing can also hold benefits for the employees of an organization. An organization can decide to make use of methods of winning over the employees that are actually some or other sort of reward to the employee. These rewards can be divided into the following three categories:

- **Financial rewards** can include bonuses, profit sharing, shares and merit rewards as recognition for performance, exceptional customer service, length of service and group or departmental achievements.
- **Open career paths** that give opportunities for advancement through retraining and tuition reimbursement programs.
- **Support for diverse employee lifestyles** such as half-day positions, flexi-time, working from home, transport, restaurants, day care or counseling services (Benoy, 1996:61).

#### **2.5.1.4 Dealing with an internal marketing plan**

According to Piercy & Morgan (1990:5) the easiest way to make progress with internal marketing is to make use of the same structures being used for the planning of external

marketing. In other words, the elements of the marketing mix should also be used in internal marketing. In this case the marketing mix should be understood in terms of the following:

- **The product** could in this instance be the external marketing plan itself. But the product could also be seen as those values, attitudes and behaviors that are needed to make the marketing plan work.
- **The price** would be what is expected from the internal customers to pay or give up for the product. In internal marketing this may be to cut other department's budgets and sacrificing other projects in order to have more money available for marketing. It may also be a psychological cost of not behaving in certain ways anymore and change to what is seen as more acceptable behavior towards customers.
- **Promotion** is also seen as the communication method and media used to inform and persuade the internal market. These can include written reports, presentations, workshops or one-to-one discussions. It is very important to budget for the time and financial costs that are associated with these activities.
- **Place** is the element that can only be reached if attention is given to the channels of distribution or the physical venues at which the product and communications must be delivered.

### **2.5.1.5 The interrelatedness of internal marketing and external marketing**

Marketing plans could be compared with promises to the customers of what an organization can or will deliver in the form of products or services delivered. It is therefore important that an organization can deliver on these promises. It is essential to undertake a marketing plan that is not unrealistic about the abilities of an organization in the promises that they make to the customer. However, if the marketing plan is realistic, an organization must ensure that it does deliver on those promises. According to Piercy & Morgan (1991:82) external marketing plans may imply some sort of change inside an organization, whether organizational or procedural. Therefore, the management of the internal change ensures bigger success in the implementation of the external marketing

plan. Internal marketing could be a solution to ensuring that an organization lives up to the promises made in the external marketing plan.

Piercy & Morgan (1991:83) argues that, although the analyzing and development of plans to exploit the external marketplace should remain the central focus, it is usually not enough to ensure that the implementation of the plan is successful. They suggest that, in addition to developing marketing plans aimed at the external market place, there is also a need for a marketing plan in the internal market place of an organization. The need for internal marketing is based on the observation that the implementation of an external marketing plan implies change in an organization as far as the allocation of resources, the culture of how things are done, the organizational structure and the procedural requirements are concerned. This should be done in order to deliver on the promises of the external marketing plan.

It is, therefore, obvious that the goals of the internal marketing plan will be taken directly from the requirements for the external marketing plan. Internal marketing plans are usually built around the external marketing plan of an organization. The internal customers, reached by these internal marketing plans are the employees working wither directly or indirectly with the external customers of an organization.

There should be interaction between the internal marketing plan and the external marketing plan, but both of these plans will be influenced by the vision, mission and objectives of an organization and the results of the market analysis in each of these markets will also influence the strategic planning as well as the marketing tactics of an organization. An internal marketing plan can, therefore, only be seen as successful if it runs parallel to, reinforces and supports the external marketing plan. If not, there is no use in spending resources needed for such a plan.

The prerequisite for being successful in an external marketing plan is to fully understand the expectations of the customer. These expectations are usually established through marketing research, but it is extremely important that the knowledge of these

expectations should not only remain in the hands of the researchers but should be spread to all the employees whether they are directly or indirectly involved in the product or service delivered to the customer. Only through this knowledge can an organization ensure that the employees work toward the success of an organization.

It seems as if internal marketing has its origins in conventional marketing theory and the marketing concept. Internal marketing has been applied mostly to the marketing of services. This should, however, not excuse an organization involved in products and idea marketing from not getting involved in internal marketing.

According to Hutchings (1995:15) internal marketing could ultimately lead to an appropriate organizational culture within an organization. Several types of organizational culture can emerge with the emphasis on features such as power, task achievement, or person support. Internal marketing must be accepted and the philosophies regarding internal marketing carried out enthusiastically to ensure its success. An organization can then concentrate on translating the internal atmosphere it has established to the external environment.

### **2.5.2 External marketing**

Traditional marketing focuses on the satisfaction of the customer to whom the products or services are finally delivered. In other words, those external to an organization. This means that the traditional definitions of marketing as well as the process of marketing will both apply to external marketing. Instead of rediscussing these issues, attention will be given to the characteristics of the external environment, which influences the external marketing plan.

Marketing has traditionally been concerned with anticipating and reacting to changes occurring outside an organization, known as the external environment. Lancaster (1989:26) divides the external environment into two categories. Firstly, there is the

immediate external environment that exists of a number of sub-environments that is close to an organization and seems to have a direct influence on the marketing plan of an organization. Second, a wider external environment that, despite it not being seen as close to an organization, still has a definite influence on the external marketing plan of an organization. These external environments will be discussed now.

### **2.5.2.1 The immediate external environment**

The immediate external environment consists of a number of sub-environments which each have a direct influence on the marketing operations and processes within an organization. These sub-environments are the following:

- **Suppliers** provide an organization with raw materials, product parts, services or even finished goods for resale. The buyer/supplier relationship is one of economic interdependence. Both parties have to rely on the prosperity of the other and seek security and stability in the relationship. Therefore, any changes that occur in the relationship between the two will have a major effect on both of the parties. Changes usually occur in the relationship due to changes in the standard delivered by suppliers, whether products/services are delivered timely, raise in prices or from the buyer's side the reliability in making payments on time. There should thus be a continuous monitoring of the changes and perceived changes in this environment to ensure that an organization has contingency plans in situations of change.
- **Competitors** have a very strong influence on any organization, by developing products that are better suited to customer needs or delivery of services more effectively. This can actually lead to customers taking their money to other organizations. This again stresses the importance of knowing exactly what the customers really want. If another organization satisfies the needs of the customers better than this organization, customers will simply prefer to make use of the other organization. Lancaster (1989:28) stresses that whatever the type, size and composition of the industry in which an organization is involved, it is essential to have a full understanding of the competitive forces. Armed with knowledge on what

the competition delivers and how it delivers it, an organization will be in a better position to compete effectively.

- **Distributors** are used by many organizations to ensure that the products reach the customers. There might be a complex chain of wholesalers, factories, agents or other distributors who are used for distribution purposes. This is most commonly found in the mass market where the customers are too many and too widespread to allow an organization in distribution the product itself. Even distribution channels are subject to change and since this kind of change is usually relatively slow, an organization is in danger of not realizing the influence the change has on its competitive edge or efficiency.

### 2.5.2.2 The wider external environment

Although the changes in the wider external environment is not always felt immediately in the day-to-day activities of an organization, in the long run it will have an influence on an organization. The wider external sub-environments will not only have an influence on an organization, but it will also influence the immediate external environment of an organization.

- **The economic environment** of both the country within which an organization is situated as well as the global economy will have an influence on an organization and its external marketing plan. This environment is predominant in the demand for goods and services, the costs for producing goods and delivering services, the prices at which goods are sold and services delivered and the profit margin in the business sector.
- **The political environment** and the economic environment are usually related. According to Lancaster (1989:31) political philosophies on their own is only academic. The outcomes, whether intentional or unintentional, of political decisions influences all facets of life, since actions are ruled by legislation. Most legal, economic and social developments in the world are due to political decisions. The influence of the political environment can be only domestic to the country in which

an organization operates or it can stretch over the borders and be influenced by international policy decisions.

- **The technological environment** is a major variable, since it not only influences an organization's own processes, but also the processes used by those organizations in the immediate external environment of an organization. Technological development is not only continuous, but it is continuously accelerating. It is extremely important for any organization to be up to date with the newest technological developments to ensure that the organization is effective and also still relevant in supplying the needs of the customers. It is specifically in the development of information technology that the rate has been astonishing. In the field of external marketing this is a must in that there are daily new, faster and cheaper methods in which to communicate with the customers. Internet is now available at a cost that makes it accessible to most households.
- **The social and cultural environment** is the most difficult to evaluate and manifests itself in changing behavior as far as likes and dislikes, purchasing behavior and changing priorities are concerned. In the end this may lead to changed values and norms. Examples of social and cultural changes are a) social attitudes about credit, b) attitudes about health, c) attitudes toward working women, and d) moral attitudes.
- **The physical environment** is added by Jobber (1995:121). This consists on the one hand of the infrastructure provided by the government or global bodies to supply products and services in and on the other hand the role that an organization plays in issues such as being environmentally friendly, recycling, using ozone friendly products, animal testing, energy conservation and pollution. Each of these issues are contemporary issues that may influence the customer to support or not to support an organization.

Although the easy way out would be to ignore the changes to the environments, delay actions because they are pricey or retrench employees due to economic hardship there are better, more effective ways of handling changes in the external environment. An organization should always be knowledgeable about the changes and perceived future

changes that may occur in any of the external environments and act proactively by repositioning itself in the market place.

## **2.6 CONCLUSION**

It can be concluded that marketing should not only be a set of techniques to be used, but that it should rather be a philosophy or an attitude of management to put the customer in the center of everything the company does.

Marketing is a broad functional area encompassing a number of activities ranging from selling and advertising to merchandising, research, product development, distribution and customer service. At the end of the day all employees should and will contribute towards the effective marketing performance of the company.

In conclusion, marketing is concerned with convincing customers to become customers and then retaining those customers. No customers means no business, so it is important not only to ensure that total satisfaction of the customer but also to always be better than the competition.

## **CHAPTER 3: SELECTED POLICIES THAT MAY IMPACT ON MUNICIPAL MARKETING**

### **3.1 INTRODUCTION**

Municipalities have emanated from the fact that people live together in a geographical area and have basic and essential needs and expectations. Municipalities were established in this situation because a body was needed to deliver these essential services on behalf of the community. Municipal government is the sphere of government that is the closest to the public it serves. Therefore, the effects of decisions and actions taken by Municipalities can usually be seen and felt by the citizens on an immediate basis.

With the changes occurring after the 1994 elections that resulted in a different political party coming into power, there was also a shift in the powers and functions of municipalities. The traditional structure and role of municipalities are being replaced with new structures and roles aimed at ensuring equity and transparency in the governing of and service delivery for municipal areas.

Municipalities actually have a direct link with the community since they are in the physical area of residency and/or workplace of the communities and through the delivery of their services influence the quality of live of the communities. Due to this direct contact municipalities should use the opportunities to consult with and make use of contributions by the citizens in the community. This close proximity of the municipality to its citizens and other stakeholders also means that the relationship between the municipality and its citizens are influenced very heavily by the image, perceptions and attitudes the citizens and stakeholders have about the municipality. Therefore it is important for a municipality to know the needs and expectations of its citizens and then to market itself to them accordingly.

In this Chapter attention will be given to those documents that influence the structures, functions and activities of municipalities with the view of establishing how municipalities

are organized and function and how that may affect marketing in this sector. It is, however, not possible to discuss all the legislation and the plethora of other policy documents applicable to municipalities. Priority is therefore given to the legislation that has a more prominent effect on municipalities and their functioning. The Chapter will be concluded with a brief overview of the possible ways in which the relevant policy documents may affect the marketing processes of municipalities in general.

### **3.2 DEFINITION OF MUNICIPALITY**

When seeking to define the term municipality a variety of definitions, ranging from the legal entity to the physical area, are found. For the purposes of this study the term will be used to define the legal persona responsible for delivery services to a specific geographic area under its jurisdiction.

According to Cloete (1995:44) a municipality is the body created to provide the prescribed services in a city, town or other urban area. A municipality is also regarded as the authority that delivers essential services to people living in a specific jurisdictional area (Bekker, 1995:2). According to Gildenhuys, (1991:87) a municipality is the governing body that has authority over a specific geographical area.

A municipality as the sphere of government that is a representative organization with general and specific powers within a geographically defined area (Ismail, 1997:3). Notice should be taken that in the South African system of government there are 3 spheres of government: national, provincial and municipal. Municipal government receives its functions and powers from Chapter 7 in the Constitution of the Republic of South Africa Act, Act 108 of 1996. It is the sphere that is the closest to the community and therefore has an essential role to play in the satisfaction of the needs and desires of the people.

A municipality usually consists of the following (Cloete, 1995:45):

- (a) A council of elected members for legislative functions.

- (b) A committee or number of committees consisting of members of the council to perform governing functions.
- (c) Clusters, departments and divisions staffed by officials to perform the administrative functions.

According to Craythorne (1997:48) a municipality has the right to govern, on its own initiative, the affairs of its community, subject to national and provincial legislation, as provided for in the Constitution.

Furthermore a municipality is a juristic entity that exercises legislative and executive authority within its area of jurisdiction. Its legal persona is separate from other municipalities and it consists of the governing structures and administration, as well as the residents and communities of the geographical area (Van Zyl & Bekker, 2000:103).

### **3.3 POLICIES AFFECTING THE STRUCTURE, FUNCTIONS AND ACTIVITIES OF MUNICIPALITIES**

There are a number of policies in the format of acts, white papers and bills that affect the structure, powers, functions and activities of municipalities. By doing so, these policies will indirectly influence marketing of municipalities and therefore require an in depth discussion.

#### **3.3.1 The Reconstruction and Development Program (RDP)**

The transference to a new democratically elected government led masses of South Africans to expect improvement in public service delivery in the country and questions about the physical changes it will bring in their daily lives. The aim of the Reconstruction and Development Program is to address these expectations and provide practical answers to the questions. The RDP is, according to the Consultative Business

Movement (1994:xv), a people driven process that should take place at all levels of society.

The RDP presents a visionary framework for socio-economic transformation. It is of the utmost importance that there is close cooperation of all sectors and organizations with the ability and capacity to make a contribution (CBM, 1994:1). Since the RDP must have its greatest impact on ground level, it is even more important for municipalities to obtain agreements with local structures, businesses, employees, the unemployed, community leaders and the providers of finance to ensure successful implementation. The main role of municipalities, in collaboration with the other spheres of government, will be the facilitation of an enabling environment through policy formation, climate creation and infrastructural development.

The RDP contains six basic principles to ensure effective implementation. These basic principles are:

- An integrated and sustainable program;
- A people-driven process;
- Nation building;
- Link reconstruction and development;
- Democratization of South Africa.

These basic principles should be followed in the implementation of the five key programs within the RDP. These five key programs are as follows:

- **Meeting basic needs** has the objective of facilitating and enabling an environment in which poverty and deprivation can be addressed and to improve the quality of life for all South Africans, particularly the poorest and most marginalized. The methods identified to reach the objective are:
  - Creating jobs through public works;
  - Land reform;
  - Housing and services;
  - Water and sanitation for all people;

- Energy and electrification for those who did not have it;
  - Broadening telecommunication services;
  - Improvement of transport;
  - Environment;
  - Nutrition;
  - Health care;
  - Social security and welfare.
- **Developing human resources** in South Africa with the objective of providing opportunities for people to develop themselves in order to improve the quality of their own lives and the standard of living in their communities. The methods to be used to achieve this objective are:
- Better education and training with specific attention to;
    - Gender;
    - Early childhood educare;
    - Adult basic education and training;
    - Special education;
    - Compulsory school education of 10 years.
  - Further education and training;
  - Arts and culture;
  - Sport and recreation;
  - Youth development.
- **Building the economy** with the objective of creating a strong, dynamic and balanced economy that will meet the basic needs of all people, address the economic imbalances that exist and eliminate all discrimination. In order to reach the objective of a strong economy attention will have to be given to the development of human resource capacity to increase skills and create productive employment opportunities, the development of the regional economies and integration into the world economy. The methods to achieve these objectives are:
- Integrating reconstruction and development;
  - Giving attention to industry, trade and commerce, through;
    - Trade policy;

- Institutional reform;
  - Negotiating forums;
  - The corporate sector;
  - Micro, small and medium enterprises;
  - Science and technology;
  - Commerce and distribution.
  - Resource-based industries;
    - Mining and minerals;
    - Agriculture;
    - Fisheries and forestry.
  - Upgrading infrastructure;
  - Reform of the financial sector;
  - Labour and worker rights;
  - Southern African regional policy.
- **Democratizing the state and society** has the objective of the democratization of power in state structures and the empowerment of civil society, therefore deepening the democracy. The methods identified in the RDP to reach this objective are:
- Constitutional assembly;
  - National and provincial assemblies;
  - National and provincial government;
  - The security forces;
  - The administration of justice;
  - Prisons;
  - Restructuring the public service;
  - A civil service that is capable and committed, merit based and applying affirmative action and a sound labour relations philosophy;
  - Parastatals and state development institutions;
  - Local government;
  - Civil society participation;
  - A democratic information program.

- **Implementing the RDP** with the objectives of establishing a strategic framework, coordinating resources and actions, incorporating all major stakeholders and ensuring a stable macro-economic policy environment. The following methods will be used:
  - Implementing and coordinating structures to:
    - Establish effective RDP structures;
    - Overcome fragmentation tendencies;
    - Review all government agencies;
    - Set publicly-determined priorities;
    - Involve civil society structures;
    - Broaden access to planning information and procedures.
  - Financing the RDP, through:
    - Harnessing under-utilized resources;
    - Restructuring the national budget;
    - Mobilizing new funds;
    - Acquire socially desirable investments;
    - Getting other resources.
  - Planning frameworks within which the objectives can be reached (CBM, 1994:94).

### **3.3.2 Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)**

The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) is the supreme law in the country and therefore all other legislation and actions by municipalities must be consistent with the Constitution. Municipal government is constituted and discussed in Chapter 7 of the Constitution. In this Chapter attention is given to issues such as the status of municipalities, the establishment of municipalities, the powers and functions of municipalities and to a lesser extent to the possible structures of municipal government. The Constitution handles these issues only broadly to leave scope for other national legislation to be more specific.

Section 152 (1) identifies the objectives that municipalities should strive to meet as the following:

- (a) To provide democratic and accountable government for all local communities.
- (b) To ensure the provision of services to communities in a sustainable manner.
- (c) To promote social and economic development.
- (d) To promote a safe and healthy environment.
- (e) To encourage the involvement of communities and community organizations in the matters of municipal government.

In Section 153 the developmental duties of municipalities is laid out as:

- (a) To structure and manage the administration, budgeting and planning processes to give priority to the basic needs of the community and promote the social and economic development of the community; and
- (b) To participate in national and provincial development programs.

Section 155 (1) provides for three categories of municipal government, namely:

Category A: A municipality that has exclusive municipal executive and legislative authority in its designated area;

Category B: A municipality that shares the executive and legislative authority in its area with a category C municipality within which area it falls; and

Category C: A municipality that has executive and legislative authority in an area that includes more than one municipality.

This section also provides for the promulgation of other national legislation to establish the criteria and procedures for determining the categories a municipality falls in, the boundaries of such municipalities and the allocation and division of powers and functions of the municipalities.

According to Section 155 (6) the provincial governments are expected to provide for the monitoring and development of municipalities within each province and to promote the

development of the capacity of these municipalities. This is necessary due to the lack of capacity in the traditionally disadvantaged municipalities.

There are, however, also other sections of the Constitution that affect the governing functions of the municipal councils. These are, according to Van Zyl & Bekker (2000:19) "general provisions" of the Constitution. Examples of these general provisions are:

- The preamble of the Constitution make reference to the following issues of importance for municipal governing:
  - Healing divisions of the past.
  - The promotion of social justice.
  - Government based on the will of the people.
  - Improvement of the quality of life of all citizens.
  - Building a united South Africa.

Although these issues are only guiding principles, failure to adhere to them, even in marketing the municipality, will lead to a municipality acting unconstitutionally.

- The Bill of Rights which is laid out in Chapter 2 attends to issues that are important to take into account especially in municipal government where the effects of government is seen directly by the citizens. Important issues in this chapter to be considered are:
  - Equality;
  - Human dignity;
  - Freedom and security of individuals;
  - Freedom of association, movement and trade;
  - Political rights (Van Zyl & Bekker, 2000:18).

These issues will, therefore have to be taken into account when developing a marketing plan for a municipality.

- Chapter 3 on Co-operative Government emphasizes the fact that the three spheres of government are distinctive, interdependent and inter-related. The principles of intergovernmental relations are discussed (Van Zyl & Bekker, 2000:20).

### 3.3.3 White papers

White papers are policy frameworks and provide the pillars on which future acts are based. As far as Municipal government is concerned there are basically two white papers that could be regarded as facilitating documents the marketing function in municipalities. These are the White Paper on Local Government, 1998 and the White Paper on Transforming Public Service Delivery, 1997 more commonly known as *Batho Pele* (people first). The frameworks of these white papers bind municipalities and future acts will have to be consistent with the broad frameworks (Van Zyl & Bekker, 2000:4).

#### 3.3.3.1 White Paper on Local Government (WPLG)

This white paper aims to, within the framework of the Constitution of the Republic of South Africa Act, 1996 (Act 108 of 1996), establish the basis for a new developmental municipal system that is committed to working with the citizens, interest and pressure groups, communities and other stake holders to create sustainable human settlements which provide for a decent quality of life and meet the social, economic and material needs of communities in a holistic way.

Section A of the WPLG, provides a short history of municipal government during the previous apartheid regime. It points to the origins of many of the problems and realities currently faced by municipalities in South Africa. It also highlights the current municipal government system and discusses the strengths and weaknesses of the models of transitional municipal government. Attention is given to the specific challenges that the unique settlement patterns in South Africa pose to the new municipal government system. Finally, it points to the need for systems of metropolitan government to ensure sufficient powers for Metropolitan Councils and the need for flexibility in municipal government systems outside metropolitan areas to accommodate the vastly different types of settlements that fall within the District Council system.

Section B gives the vision of a developmental municipal government, centering on working with local communities to find sustainable ways to meet their needs and improve the quality of life within such communities. The characteristics of developmental municipal government are outlined. The aims are to exercise municipal powers and functions to maximize the impact on social development and economic growth, playing an integrating and coordinating role to ensure alignment between public and private investment within the municipal area, democratizing development and building social capital through providing community leadership and vision and seeking to empower marginalized and excluded groups within the community.

The developmental outcomes of the White Paper are:

- Provision of household infrastructure and services;
- The creation of livable, integrated cities, towns and rural areas;
- The promotion of local economic development; and
- Community empowerment and redistribution.

This section provides the three approaches that can be used for municipalities to become more developmental. These are:

- Integrated development planning and budgeting;
- Performance management;
- Working together with local citizens and other stakeholders.

There is thus a strong emphasis on citizen participation in this White Paper.

Section C places the emphasis on co-operative government. Municipal government is seen as being a sphere of government in its own right and not a function of either national or provincial governments. This section does, however, give an outline of the responsibilities and roles of both national and provincial government on municipal government issues. It also emphasizes the importance of horizontal relations between different municipalities.

Section D identifies the specific needs and circumstances that municipalities in South Africa need to cater for and then moves on to provide for the different institutional systems of municipalities. It divides the different institutional systems into:

- Metropolitan government with metropolitan sub-structures;
- Metropolitan government with ward committees;
- District government system to provide district wide integrated development planning, infrastructural development and technical assistance to category B municipalities;
- District government system to provide the above as well as some municipal services where category B municipalities lack the capacity to perform the functions;
- Category B municipalities will be in one of three forms, namely:
  - Urban municipalities.
  - Rural municipalities.
  - Amalgamated urban-rural municipalities.
- Where category B municipalities are not viable, the district government will take direct responsibility of all municipal functions.

This section then concludes by focusing on the criteria for the demarcation of municipal boundaries. This is of importance since it is required by section 155(3)(b) of the Constitution. For the successful implementation of the new municipal systems it is essential that municipal boundaries be demarcated in such a way as to enable municipalities to fulfill their functions effectively and efficiently. The demarcation of boundaries will be discussed in greater detail later under the Municipal Demarcation Act, 1998 (Act 27 of 1998).

Section E is concerned with the political systems in municipalities. It commences by emphasizing the importance of dynamic local political leadership. The advantages of allowing for the delegation of executive powers to either an Executive committee or Executive mayor are discussed. This section also proposes that a mixed electoral system should be applied where proportional representation is geared to adjust to distortions in representivity and to reduce the number of councilors.

Section F introduces the administrative systems of municipalities. This section specifically focuses on the service delivery systems and the approaches to transforming service delivery systems. Finally it proposes changes to the municipal training system and stresses the role that the South African Local Government Bargaining Council will play in enabling the transformation of administrative systems.

Section G handles municipal finance. It gives attention to the vast disparities between the revenue bases of different municipalities. It then puts on the table a set of principles to guide the development of a new framework for municipal finance and elaborates on the key aspects of the framework.

The aspects of this framework are as follows:

- Local revenue instruments and policies should ensure the keeping of existing sources of revenue. Regulation should be put in place on property taxes and other levies. Additional sources of revenue such as fuel levy and the extension of property tax to rural areas are explored as well as the development of clear tariff policies and credit control measures.
- Intergovernmental transfers. A differentiation is made between agency payments, capital transfers and transfers to fund operating cost of a municipality. A formula based system of transfers that will ensure that an equitable share of the national revenue to which municipalities are constitutionally entitled will be implemented.
- Leveraging additional investment in municipalities entail that the private sector should invest in infrastructure on the municipal sphere of government in order to meet the costs of inherited backlogs and to enable the involvement of both private sector and public sector financial intermediaries in municipalities.

The section is concluded with a discussion on municipal budgeting, accounting, financial reporting and management systems including generally acceptable accounting practices, reserves, capital accounting and internal and external reporting. The need for accurate financial information is emphasized to enable sound financial management, private sector investment and community involvement in the budgeting systems.

Section H gives the approach to transformation in municipal government. National government will develop a stable and enabling framework in which change can occur and a range of support mechanisms will be provided to assist municipalities during the transformation. Transformation, however, ultimately rests in the hands of each municipality. Municipalities should think critically about their operation and relations with local communities and develop their own strategies for meeting local needs and promote the social and economic development of the communities within their jurisdiction.

It is this, according to Van Zyl & Bekker (2000:27), policy that applies to and governs the entire municipal sphere of government. It introduces the process of transformation in the municipal government sphere of South Africa. It is therefore, imperative that all other legislation formulated and implemented by municipalities must be undertaken within the framework and spirit of this White Paper. The acts that have been promulgated due to this framework of this white paper are:

- Municipal Demarcation Act, 1998 (Act 27 of 1998).
- Municipal Structures Act, 1998 (Act 117 of 1998).
- Municipal Systems Act, 2000 (Act 32 of 2000).

These acts also influence the image of the municipal sphere of government in general and will be discussed later in this chapter.

### **3.3.3.2 White Paper on Transforming Public Service Delivery (Batho Pele)**

The White Paper was promulgated with the purpose of providing a framework within which public service delivery should be improved. It is one of the most important policy documents that may be used by municipalities in their marketing function. This White Paper requires that municipalities and the other spheres of government undertake the following actions:

- To identify important improvements for immediate implementation.

- To follow the implementation strategy provided for in the white paper by developing a service delivery improvement plan.
- To publish the standards for services provided.
- To monitor the standards of service delivery.

Section 3 and 4 can be seen as the core sections of this White Paper for the purposes of marketing, in that the eight *Batho Pele* principles are identified as well as how they should be put into practice. The *Batho Pele* principles are:

- **Consultation** in terms of which citizens should be consulted about the level and quality of the public service they receive. Where possible citizens should be given a choice about the services that are offered and the right to state what they want to receive and what quality the service should be.
- **Service standards** information should be given through to citizens about the quality and level of public services they will receive. That is necessary so that they know what to expect from the municipality and have the necessary knowledge to identify substandard services. This will empower community organizations to raise issues that are of concern to their members (Rate payers associations, SANCO, etc.)
- **Access** implies that every citizen has equal access to the services to which they are entitled. There should be no benefit to one citizen above another citizen in the same municipal area.
- **Courtesy** requires that every citizen be treated with courtesy and consideration. It is the citizens, having needs for basic services that give the municipality its right of existence.
- **Information** requires that every citizen be given full and accurate information about the public services they are entitled to. This can be done through having open council meetings and keeping the media informed with changes and projects that the municipality is undertaking.
- **Openness and transparency** in terms of which citizens have the right to know how government departments are run, what cost is involved in that and who is in charge. This is an effort to ensure accountability in the municipality.

- **Redress** in terms of which a service deliverer must apologize if the standard of the service is not what was promised. An explanation for why the service did not comply with the promised standard must be given and the matter must be remedied speedily and effectively. When complaints are received, the response should be sympathetic not aggressive.
- **Value for money** requires that public services must be provided effectively and efficiently to ensure economic service delivery and value for money. If not, it can strengthen or encourage a culture of non-payment by the community since they do not perceive the services as warranting the amount of money they have to pay for it.

In Section 5 of the White Paper innovation and rewarding of public officials proving that they are committed and working hard towards good and satisfactory service delivery is encouraged. This will only be possible if a proper system of performance management and an internal marketing strategy is combined to not only be able to measure and reward exceptional outputs by employees, but to ensure through internal marketing that employees know what the municipality is offering its customers.

Section 6 deals with a partnership between the public service and the wider community in order to develop a service-orientated culture. Section 7 introduces the mechanisms and the implementation strategy to ensure good service delivery. Section 8 states that service standards and a statement of commitment must be published. Finally the monitoring of the implementation of the *Batho Pele* principles is dealt with in section 11.

Although this white paper is general in nature it is easily seen that the impact of this paper will be substantial on municipal level since this is the level of government traditionally the closest to the people and where service delivery is experienced in the every day lives of all citizens of the country.

### 3.3.4 Acts

Acts are documents that have been promulgated and enacted by the legislature on central government level and no laws on the other levels of government may contravene them.

#### 3.3.4.1 Development Facilitation Act, 1995 (Act 67 of 1995)

This act was promulgated in order to introduce extraordinary measures to facilitate and speed up the implementation of RDP projects in relation to land. This Act aims at doing the following:

- To lay down general principles governing land development throughout the Republic of South Africa.
- To provide for the establishment of a Development and Planning Commission to advise the government on policy and laws concerning land development at national and provincial level.
- To facilitate the formulation and implementation of land development objectives by reference to which the performance of municipal bodies in achieving such objectives may be measured.
- To provide for nationally uniform procedures for the subdivision and development of land in urban and rural areas so as to promote the speedy provision and development of land for residential, small-scale farming or other needs and uses.
- To promote security of tenure while ensuring that end-user finance in the form of subsidies and loans becomes available as early as possible during the land development process.

Although this act is applicable to land development in South Africa in general, it cannot be implemented without having an impact on the activities of municipalities, including their marketing activities.

### **3.3.4.2 Municipal Structures Act, 1998 (Act 117 of 1998)**

This Act can be seen as one of the pillars on which the new municipal government sphere is erected (Van Zyl & Bekker, 2000:75). The constitution only supplies the broad guidelines on issues of municipal government in general and focuses on the need for other national legislation to be passed on the more detailed crucial matters.

Chapter 1 gives an indication of, first, the categories and second, the types of municipalities within the categories and how these can be determined. Although the criteria for the decisions on the categories and types of municipalities are laid out in this chapter, the Minister of Provincial and Local Government makes the decision. The category that a municipality falls into is determined by the existing situation of the Municipality (Van Zyl & Bekker, 2000:77).

Chapter 2 deals with the establishment of municipalities and gives attention to issues such as the guidelines for selecting the type of municipality; the regulation of the establishment of such a municipality and then attention is given to the repeal, amendment or replacement of section 12 notices. The types of municipalities are determined in provincial legislation, but the possibilities are listed in the Municipal Structures Act. Municipalities can only be divided into different types after the Demarcation Board has demarcated the Municipality. Van Zyl & Bekker (2000:80) identifies the five aspects that distinguishes the types of municipalities as:

- The Executive Committee type acts as a mini-cabinet that runs the municipality. The Council elects the EXCO from its members.
- The Mayor type is when the council elects one of its members as the mayor of the municipality. This Mayor is, however, not an executive Mayor and the EXCO still exercises its powers as a committee.
- The Executive Mayor type is when one person, usually assisted by a committee has the executive authority. The Mayor is elected from the members of the Council and takes the executive leadership of the municipality. Council delegates powers and functions of the Executive Mayor.

- The Plenary type is when the municipal council is the only body that has executive powers. The committee is therefore both the legislative and executive authority. This type only applies to municipalities in categories B and C.
- The Ward Committee type means that committees are established for wards and these committees deal with all matters of concern to the municipality. The committee then acts as an advisory forum for the councilor of the ward.

Chapter 3 concentrates on the detail of the composition of municipal councils. First, attention is given to the composition, membership, operation and dissolution of the municipal councils. Second, attention is given to the election, functions and term, vacation and removal from office of the speakers of the municipal councils.

Chapter 4 provides for the internal structures and functionaries by addressing the executive committees, executive mayors, metropolitan councils, ward committees, other committees, participation of traditional leaders and managers.

Chapter 5 concentrates solely on the functions and powers of municipalities and chapter 6 gives attention to miscellaneous matters such as cross-boundary municipalities, exemptions from provisions of the Act, regulations and the application of the Act.

This Act, and the Municipal Systems Act, 2000 (Act 32 of 2000) laid the foundation for municipal government in South Africa (Van Zyl & Bekker, 2000:75).

#### **3.3.4.3 The Municipal Systems Act, 2000 (Act 32 of 2000)**

This Act attempts to establish the content of developmental municipal government and the principles, mechanisms and processes involved in achieving the goal. The goal is to enable municipalities to move towards the social and economic upliftment of communities and ensure access to quality services that are affordable. It therefore,

concentrates on the internal systems and administration of municipalities (Van Zyl & Bekker, 2000:98) and creating a sound foundation for integrating a marketing function.

The Act sets out basic requirements for a developmental municipal government system as:

- Participatory and responsive governance;
- Appropriate powers and functions;
- Integrated development planning;
- Performance management and reporting;
- Service delivery;
- Credit control and debt collection; and
- Organizational change (Van Zyl & Bekker, 2000:99).

This Act should enable municipalities to be more performance and people orientated in their service delivery as required by the Batho Pele White Paper. This is why attention is given to integrated social, economic, environmental, spatial, infrastructural, institutional and organizational development and the upliftment of the human resources of the relevant communities. In order to achieve the above-mentioned developmental goals for the community a municipal council first have to focus on developing mechanisms and consulting all stakeholders in order to perform functions and exercise its powers effectively. This shows the importance of financial sustainability of Municipalities. According to Van Zyl & Bekker (2000:102) this not only refers to the recovery of the cost of delivering services to the community, but also a level of surplus that will ensure true sustainability. The community's ability to pay will, however, play a definitive role in the achievement of sustainability.

This shows the emphasis that is placed on participation and democracy in the new municipal government system. This can especially be seen in the identification of the rights, as well as the duties of the community in the Act.

RIGHTS	DUTIES
<ul style="list-style-type: none"> <li>❖ Demand that the proceedings of the council are open to public, conducted impartially and untainted by self-interest.</li> <li>❖ Submit written recommendations, representations and complaints to council</li> <li>❖ Participate in decision-making processes</li> <li>❖ Be informed of decisions of the council</li> <li>❖ Regulate disclosure of the state of affairs of the municipality, including finances.</li> </ul>	<ul style="list-style-type: none"> <li>❖ Pay service fees, surcharges on fees, rates on property and other taxes, levies and duties.</li> <li>❖ Observe the mechanisms, processes and procedures of the municipality</li> <li>❖ Respect the municipal rights of other residents.</li> </ul>

The Act also gives emphasis to co-operative governance, by obliging municipalities to integrate their authority with the policies, programs, legislation and institutional arrangements of the other spheres of government.

#### **3.3.4.4 Division of Revenue Act, 2001 (Act 1 of 2001)**

This act has direct bearing on municipal authorities since it provides for the equitable division of revenue raised nationally among the three spheres of government (national, provincial and municipal). It also provides, according to the requirements of section 214(1) of the Constitution, for the:

- Reporting requirements for allocations;
- Withholding and delaying of payments;
- Liability for costs incurred in litigation in violation of the principles of co-operative governance and intergovernmental relations; and
- Other matters concerned with the above.

Part I concentrates on the promotion of governance in intergovernmental budgeting to promote co-operative governance, co-ordination between budgetary processes, transparency and accountability and to ensure proper financial management. In part II the equitable share of each sphere of government is laid out. It is important to know that

the national accounting officer responsible for municipal government determines the equitable share of municipal government.

Part III discusses the norms and standards of other allocations to provinces and municipalities. Part III also covers municipal infrastructure allocations that are:

- To address backlogs in infrastructure for basic municipal services;
- Intended for the installation, maintenance or rehabilitation of municipal infrastructure;
- To provide for infrastructure for basic municipal services to poor households, urban renewal and development, integrated urban development;
- To encourage the planning of appropriate local economic and spatial development; and
- To co-ordinate, where applicable, the housing and municipal infrastructure programs.

In part IV the duties of the accounting officers and treasuries of the different spheres of government is discussed. This includes the transferring as well as the receiving officers of the allocations. Part V covers the duties of the Director-General of the national treasury and the Auditor-General as far as the equitable division of national revenue is concerned. The issue of more importance to this chapter in part VI is the transfers to municipalities with weak administrative capacity. If the national accounting officers responsible for municipal government believe that a municipality is not able to administer an allocation, the officer may transfer the allocation to the province within which the municipality is located, provided that the allocation can only be used to the benefit of the municipality.

### **3.3.5 Other policy documents**

Notwithstanding the RDP, Constitution, white papers and acts there are also other policy documents from central government that will have an influence on municipal functions,

including the marketing function. The most important of these documents are GEAR and The Municipal Finance Bill, 2000.

### **3.3.5.1 Growth, Employment and Redistribution (GEAR)**

GEAR is the policy document of government on Growth, Employment and Redistribution. It is a macro-economic strategy of government that aims at improving the economic growth of the country and to ensure greater income equality in the long term. It will therefore have bearing on the local economic development strategies of municipalities and their marketing of such strategies.

According to Biggs (1997:48) a growth rate of 3% (applicable to 1997) is not fast enough to reverse the unemployment crises in South Africa. Therefore, the Department of Finance developed an integrated and coherent macro-economic plan through which they hope to attain higher economic growth and significant job creation, without undermining macro-economic stability.

The main elements of GEAR are the following:

- A faster fiscal deficit reduction program.
- A renewed focus on budget reform.
- A reduction on tariffs.
- A commitment to moderate wage demands.
- An exchange rate policy aimed at keeping the real exchange rate stable.
- A consistent monetary policy aimed at preventing a resurgence of inflation.
- The gradual relaxing of exchange controls.
- The speeding up of the restructuring of state assets.
- Tax incentives to stimulate investment.
- An expansionary fiscal program to address service deficiencies and backlogs.
- A strengthened levy system to fund training.

Government thus hopes that the combination of prudent fiscal policies and a more flexible labour market will boost investor confidence. This investment should then lead

to growth and finally an expansion in employment, therefore bringing down the unemployment rate.

All of these elements will need the co-operation of municipalities to ensure success. If GEAR is successful it will benefit municipalities in that the economy of the country will be more stable and it will therefore improve the successes of municipalities marketing their areas for investment in order to stimulate the local economic development..

### **3.3.5.2 Municipal Finance Management Bill, 2000**

Municipal financial management used to be legislated by the Local Government Transition Act, 1993 (Act 209 of 1993). The Municipal Finance Management Bill, 2000 has the purpose to regulate the financial management specifically in the municipal sphere of government from July 2001. The bill will replace all issues relating to municipal financial management in the previous act. The Bill is the equivalent legislation for the municipal sphere of government as the Public Finance Management Act, 1999 (Act 1 of 1999) is for the national and provincial spheres. The object of the bill is to:

- Require that all revenue, expenditure, assets and liabilities of municipalities and municipal entities are managed effectively and efficiently;
- Determine the responsibilities of persons entrusted with municipal financial management;
- Determine the conditions on which municipalities may borrow money; and
- Provide for matters connected with the above.

Chapter 2 covers issues relating to national and provincial supervision over municipal financial management. In section 5 it handles the powers and functions of the national treasury to:

- Monitor the budgets of municipalities to ensure consistency with the national fiscal and macro-economic policies;

- Monitor expenditure and revenue of municipalities to ensure that it remains within the applicable municipal budget;
- Prescribe uniform treasury norms and standards for municipalities and municipal entities;
- Establish annually the growth factor for the budgets of municipalities;
- Monitor and assess compliance by municipalities and municipal entities with the Act as well as the standards of generally recognized accounting practice and uniform classification systems prescribed in chapter 11 of the Public Finance Management Act;
- Assist municipalities and municipal entities in building their capacity for efficient, effective and transparent financial management;
- Review all systems of financial management and internal control in all municipalities;
- Intervene by taking the appropriate steps to address a serious or persistent material breach of the Act by a municipality; and
- Do anything further that is necessary to fulfill its responsibilities effectively.

Chapter 4 handles the important issue of municipal budgets that must be prepared for each financial year (July-June) in order to appropriate money from the applicable revenue fund for the financial requirements of the municipality. This annual budget of a municipality must contain the following:

- Estimates of all revenue expected to be received during the relevant financial year.
- Estimates of current expenditure for the same financial year in the relevant municipality.
- Estimates of interest and debt servicing charges and repayment on loans.
- Estimates of capital expenditure for the financial year and the projected financial implications of that expenditure on future financial years.
- Proposals for financing any anticipated deficit for the financial year relating to short-term borrowing.
- An indication of intentions regarding borrowing and other forms of public liability that will increase the municipality's debt during the financial year and future financial years.

- The projected:
  - Revenue for the previous financial year;
  - Expenditure for the previous financial year;
  - Borrowing for the previous financial year; and
  - Funding flows from the municipality to municipal entities under its ownership control and from these municipal entities to the municipality during the previous financial year.
- The actual:
  - Revenue for the year preceding the previous financial year;
  - Expenditure for that financial year;
  - Borrowing for that financial year; and
  - Funding flows from the municipality during that financial year.

If a municipality wants to get involved in a marketing function, it is essential that the expenditures incurred for the development and implementation of the marketing plan is included in the municipal budget.

Measurable objectives should be set for each vote in the budget when it is tabled in the municipal council. The draft of the annual budget should be prepared at least four months before the start of the relevant financial year and should be available to the public for making comments, discussions and public hearings. Copies should also be handed to the relevant authorities depending on the status of the specific municipality. After the hearings and discussions the budget should be prepared and tabled in the council for approval. According to section 15(6) a municipality must pass its annual budget before the start of the related financial year. Adjustment budgets may be tabled by the councilor responsible for the financial matters of the municipality when it becomes necessary. Quarterly reports must be submitted by the municipal manager of a municipality on the state of the municipal budget to the National Treasury, provincial treasury and/or district municipality depending on the status of the municipality according to the Act.

Chapter 5 covers the competence of a municipality to incur debt as well as the conditions on which municipal debt may be incurred provided that:

- The debt is denominated in Rand and not other currencies, due to fluctuations;
- The debt is approved by resolution of the council;
- The municipal manager has published a notice in a newspaper in general circulation in the municipal area;
- The municipal manager has submitted an information statement to the council on the purpose for which the debt is to be incurred, the anticipated total cost of credit over the repayment period, the repayment terms and particulars of securities supplied if necessary;
- The relevant resolution was adopted at a public meeting of the council; and
- The provisions of section 24, regarding securities, have been complied with, if necessary to supply security.

Chapter 5 is already identifying activities of supplying information about financial decisions that will form part of a marketing function.

In chapter 6 the responsibilities of municipal officials are laid out. Part I covers the municipal managers which includes:

- The accounting officer – who is the municipal manager of the municipality and who generally, has to give accountability for the operating of the municipality.
- Acting accounting officers – which is any official acting in the place of the accounting officer who is absent and will therefore carry all the responsibilities of the accounting officer.

Part 2 covers the other officials of the municipalities. The responsibilities of officials in the municipalities is, according to section 34, to:

- Ensure that the system of financial management and internal control is carried out within their specific areas of responsibility;
- Responsible for the effective, efficient, economical and transparent use of the financial and other resources;
- Take effective and appropriate steps to prevent any unauthorized expenditure and under collection of revenue due to the municipality;
- Comply with all the relevant provisions of this Act;

- Responsible for the management and safeguarding of the assets and the management of the liabilities within the official's area of responsibility.

In chapter 7 the establishment of a budget and treasury office for every municipality is discussed. This office has a financial officer who is accountable to the municipal manager of the relevant municipality for the performance and functioning of the office.

Chapter 8 supplies a layout of municipal entities. This includes the delivery of municipal services through corporate entities. There should be representatives of the municipality on the boards of these municipal entities. Each of these municipal entities must have an accounting authority that is accountable for the actions of the entity. These entities may borrow money in according with a business plan approved by the municipal council exercising ownership control over it. A municipality may then guarantee any loan of the municipal entity under its ownership control provided that the loan is reflected in the approved business plan of the entity and is disclosed in the municipality's consolidated financial statements.

Chapter 9 covers the annual financial report, financial statements and auditing of municipalities and their municipal entities in detail. The consolidated financial statements must be submitted to the Auditor General for auditing within two months after the end of the financial year. This is the responsibility of the accounting officer. These consolidated statements and the audit report from the Auditor General must be made public when it is tabled in the municipal council.

Chapter 10 (sections 60-77) which covers financial emergencies are moved to Appendix IV of the policy framework for Municipal Borrowing and Financial Emergencies as it is subject to enactment of a constitutional amendment.

Chapter 11 gives attention to general treasury matter such as the treasury regulations, instructions and guidelines and the publishing of draft treasury regulations for public comment. The National Treasury may on good grounds approve a departure from a

treasury regulation or instruction or any condition imposed in terms of this Act and must inform the Auditor-General in writing when it does so.

Chapter 12 handles the disciplinary and criminal proceedings in cases of financial misconduct by municipal officials, accounting authorities and officials of municipal entities. It identifies the applicable legal regime for disciplinary proceedings and the regulations on financial misconduct procedures. Finally the offences seen as criminal as well as the penalties for such offences are discussed.

Finally chapter 13 handles miscellaneous issues such as transitional provisions, legislation that is amended by this bill and the short title. This bill provides a foundation for orderly and sound financial management principles and practices in the municipal sphere of government.

#### **3.4 SIGNIFICANCE OF THE POLICY DOCUMENTS FOR MARKETING**

As indicated in the Introduction of this Chapter and as reflected in the discussions above, the policy documents affecting municipal government does not contain provisions that are primarily focused on marketing of municipalities. It is, therefore, necessary to present an overview of interpretations of the relevant policies that may impact on marketing. By regulating the powers, functions and finances of municipalities such policies will indirectly have an influence on the marketing function of municipalities. It is possibly due to a lack of marketing as a municipal function that this aspect is not mentioned in these policy documents.

Although municipalities can exercise the powers and functions that are necessary for effective government and management, it should be regarded as discretionary powers. From the above it can also be concluded that marketing efforts by municipalities have to be undertaken within the context and subject to possible restrictions of the existing policies. All municipal decisions and the implementation thereof have to be exercised in

accordance with the directives of the RDP, the applicable White Papers and the Constitution.

These documents should therefore also regulate the development and implementation of a marketing plan. A marketing plan that is not developed within the framework of the abovementioned legislation and policy documents will end up being *ultra vires* and might, therefore, result in unacceptability by the citizens and other stakeholders in the municipality.

Since the RDP presents a framework for socio-economic transformation, the marketing plans of municipalities should, for example, reflect their approaches and policies towards transformation. Such plans can also include the marketing of all the partners involved in the transformation process in an effort to make them known to the communities. This means that, in developing marketing plans, municipalities should ensure that these processes are people-driven, that they focus on the significance of and the steps taken towards nation building; and showing the links between reconstruction and development and ensuring a culture of democracy in the municipality.

The Constitution, as supreme law, regulates the establishment, powers and functions of municipalities. It is thus, through the Constitution that municipalities officially receive their right of existence. It also identifies the broad objectives that municipalities should strive to achieve, thereby guiding them in setting strategic objectives that will have a direct bearing on the marketing objectives of the municipality. Chapter 10 of the Constitution prescribes the basic values and principles that governs public administration and therefore also the management and administration of municipalities.

The other two prominent sections of the Constitution that will influence the marketing plans of municipalities are the preamble and the Bill of Rights. Both of these emphasize the social responsibility of the organs of the state, including municipalities. Municipalities have the responsibility to ensure equality, human dignity, freedom and security of individuals, freedom of association and movement of trade in all its actions.

The more these requirements are met, the easier it would become to fulfill the marketing objectives. These guiding principles should, therefore form an integral part of their marketing strategies. Examples of Constitutional aspects that may have positive impacts on the images of municipalities are the following:

- Healing divisions of the past;
- Promoting social justice;
- Actions based on the will of the people; and
- Improving the quality of life of all the citizens.

The White Paper on Local Government, 1998 aims to establish the basis for a new developmental municipal system that, as with the above-mentioned documents, is committed to working with the citizens and other stakeholders. Here again it emphasizes the necessity for municipalities to ensure that their marketing plans are designed and implemented with the inclusion of all stakeholders within their areas of jurisdiction.

Another aim of the WPLG is to develop municipalities, by working with the local communities that would enable them to deliver services on a sustainable basis. The three major approaches suggested by the WPLG to ensure developmental municipalities could be compared with the approaches used in ensuring successful marketing plans.

In ensuring that all municipal activities, including marketing plans, are people driven, municipalities will also meet the requirements set by the White Paper on Transforming Public Service Delivery, 1997 (Batho Pele). This White Paper not only provides the framework within which service delivery of municipalities must take place, but in itself specifies some actions that can be regarded as marketing actions. Examples in this regard are the publishing of standards for service delivery and monitoring of such service standards as well as the concentration on the customers. An aspect that is in itself marketing orientated since it promotes consultation with and communication of information to the customers.

The other acts discussed in this Chapter should specifically be kept in mind to ensure that the marketing plans of municipalities are meeting all legal requirements. If any matters in the marketing plans would contravene any sections of these acts, it would not be possible to successfully achieve marketing objectives. In effect, it will result in the lost of credibility among its customers (citizens and other stakeholders). This in turn could lead to unwillingness to participate or apathy by citizens and other stakeholders through the means of actions such as non-payment for services or not voting in municipal elections.

The Development Facilitation Act, 1995 (Act 67 of 1995) deals with land related issues and have an impact on the marketing activities of municipalities. The development of land is a sensitive issue in municipalities where local economic development is of the essence. There can be no additional local economic development in a municipal area if land is not available. It will therefore have an influence on the marketing of the capacity of a municipality to handle local economic development.

Since the Municipal Structures Act, 1998 (Act 117 of 1998) is one of the pillars on which the new municipal government sphere is built, it regulates the establishment of municipal structures. A precondition for successful marketing by municipalities is the undertaking of internal audits of their performances, which includes investigations into the structural component of their functioning. This Act provides for the broad framework for structural development and will, therefore, serve as a guideline for the establishment of the marketing components of municipalities and how such components could contribute towards the successful functioning of these organizations.

This Act also encourages municipalities to promote social and economic upliftment of communities and to ensure access to quality services. By setting this goal, it influences the objectives and key performance areas set by municipalities, since they could use the Act as a pedestal from which to develop their service delivery strategies. As mentioned before, the setting of marketing objectives cannot be done without taking the strategic objectives into consideration. Marketing objectives that are not consistent with the

strategic objectives of a municipality could easily create a situation of an isolated marketing plan that will not successfully promote the organization or the services it renders. This implies that ultimately, the marketing objectives of the municipality should also be related to the goal of this Act.

By regulating the division of revenues between the three spheres of government the Division of Revenue Act, 2001 (Act 1 of 2001) influences the budget of municipalities. The aim of this Act is to promote co-operative governance, co-ordination between the budgetary processes of the three spheres of government, transparency and accountability and finally to ensure proper financial management in all spheres of government. These are all issues for consideration when developing and implementing the marketing plan of the municipality.

The Growth, Employment and Redistribution (GEAR) document through its aims of improving the economic growth of the country and ensuring greater income equality will have to be taken into consideration by municipalities. The local economic development strategies of municipalities should contribute toward the attainment of this aim of GEAR. When a municipality develops and implements a marketing plan it is wise to indicate how the local economic development activities of the municipality contribute toward the broader economic strategies of the Country. In doing so they make their marketing plan more acceptable to other government organizations.

GEAR also influences the way in which municipalities do business. The main elements of GEAR such as the reduction of tariffs, the restructuring of state assets and a fiscal program to address service deficiencies and backlogs should influence municipalities to manage their activities in such a way as to ensure that these elements receive priority. Municipalities can use the element of tax incentives to stimulate investments in their marketing plan towards attracting overseas organizations to invest in their municipal area.

Finally the Municipal Finance Management Bill, 2000, aiming at regulating the financial management in the municipal sphere of government will influence the budgeting process

in municipalities. Since it is necessary to budget for the implementation of the marketing plan it will therefore also regulate this budget. This bill, when enacted, will also ensure accountability for the financial and other related actions of the municipality, therefore including the marketing actions.

Two organizations that were not discussed previously in this Chapter is the ASA and the IMM. The reason is that they do not impact prominently on the marketing plans of municipalities. In South Africa the Advertising Standards Authority (ASA) regulates the advertising component of marketing. The ASA regulates advertising by investigating complaints and regulating comparative advertising. The other organization that plays a role in the broader concept of marketing is the Institute of Marketing Management (IMM). The IMM is committed to upgrading and upholding the standard of marketing expertise in South Africa through providing education and training. The IMM can advise and supply information on international marketing issues and questions, but it does not play a regulatory role in South African marketing. Municipalities will be wise to make use of the IMM to ensure that their marketing manager, officials and other officials or councilors involved with the marketing function are well trained and to heed the recommendations of the ASA regarding advertising.

### **3.5 CONCLUSION**

After attending to the policy documents that may influence the marketing function in municipalities it should be clear that there is no direct regulation of marketing activities in any of these policy documents. There seems to be a general lack of regulation as far as marketing in the South African municipal sector is concerned compared to a country such as America where there is legislation on monopoly (Fair trading Act, 1973) and competition standards (Competition Act, 1979).

It should, however, be remembered that all legislation, regulations and other policy documents that influence the structure, systems and activities of municipalities will in

some or other degree have to influence the marketing activities. None of these policies can be ignored since it could limit the success of the marketing plan.

## **CHAPTER 4: ENVIRONMENTS AFFECTING THE WESTERN METROPOLITAN LOCAL COUNCIL OF THE GREATER JOHANNESBURG METROPOLITAN COUNCIL**

### **4.1 INTRODUCTION**

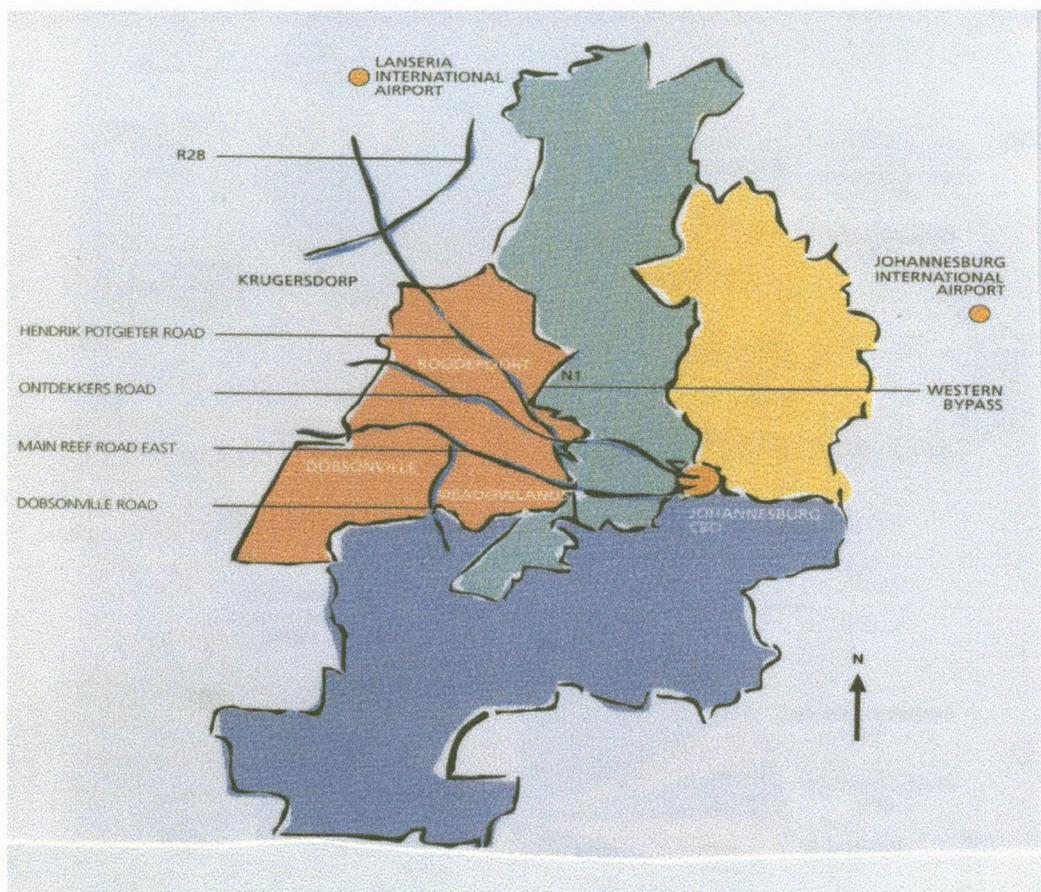
In order to establish and understand the need for marketing in the Western Metropolitan Local Council (WMLC), it is necessary to first understand both the internal environment of and the external environment in which the WMLC operates. Only through a proper study of the organizational structure, establishing the status of the socio-economic, political, legal and physical environments surrounding the WMLC and identifying all the role players and stakeholders and establishing the roles they play in the functioning of the WMLC, the need for a marketing plan can be identified. In a marketing context it is especially important to give attention to the perceptions of the various role players and stakeholders about the WMLC. Attention will also be given to the to certain crucial issues that will have an influence on the picture that customers and other stakeholders have about the WMLC and other municipalities.

This Chapter is mostly based on the statistics for the area as available on July 2001. Unfortunately some of the statistics available date back to reports compiled during February 1997 and sectoral data indexes dating April 1997. The economic profile and trends data used was published in May 1997. The World Bank is currently undertaking statistical studies in the WMLC. The information will, however, not be available in time to be included in this document.

### **4.2 THE ENVIRONMENTS OF THE WMLC**

As indicated in the Introduction, the environments of the WMLC consist of both an internal and a number of external environments. It covers an area of 248 square kilometers and is comprised of Davidsonville, Diepmedow, Dobsonville, Doornkop,

Florida, Maraisburg, Medowlands, Mzimhlope, Roodepoort and Vlakfontein. According to the Report on the WMLC (February 1997:1), it has a population of 513 161.



**Area map of the WMLC**

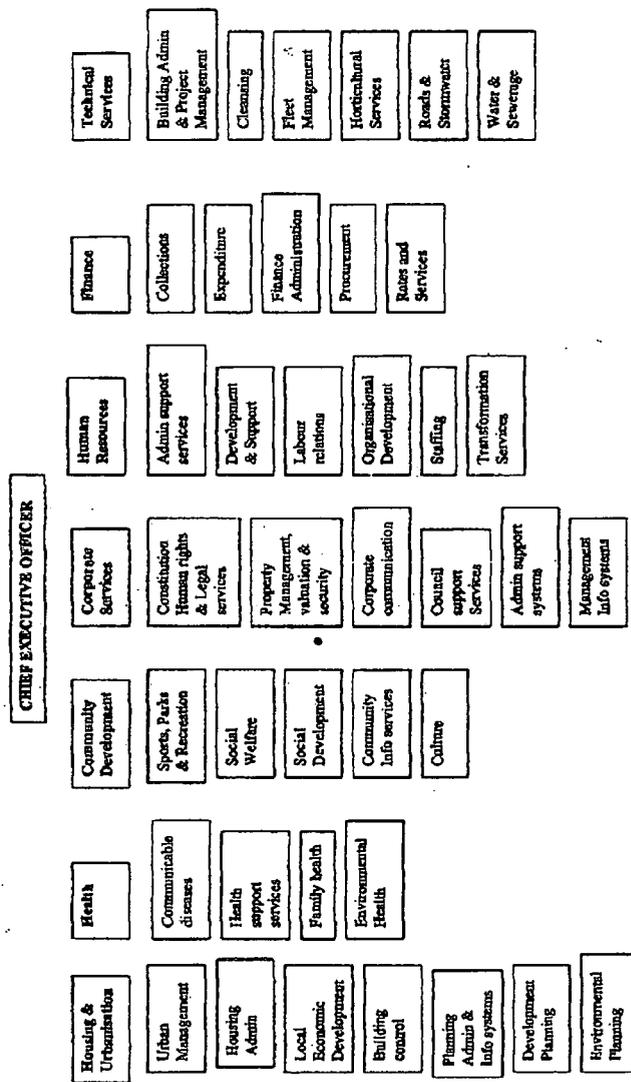
#### **4.2.1 The internal environment**

The internal environment of the WMLC is basically composed of the organizational structure as well as the personnel and councilors working within the structure to fulfill its functions and deliver services to the public.

The organizational structure of the WMLC has at its head the Chief Executive Officer (CEO) who plays the role of accounting officer. Directly under the CEO the departments are divided into seven categories called clusters. These clusters are (De Lange, 2000):

- Housing and urbanization;

- Health;
- Community development;
- Corporate services;
- Human resources;
- Finance; and
- Technical services.



The following diagram provides an overview of the organizational structure of the WMLC

The employees of the WMLC are not evenly spread between the clusters due to the nature of the services delivered by each cluster. The technical services cluster has the most employees (57%) of all the clusters due to them handling activities such as cleaning, roads, water and sewerage services. The delivery of these services requires the availability of manual labourers available on a 24-hour basis. The following table shows where the employees are being utilized.

<b>CLUSTER</b>	<b>EMPLOYEES</b>
TECHNICAL SERVICES	1355
HOUSING	119
HEALTH	123
COMMUNITY DEVELOPMENT	263
CORPORATE SERVICES	261
HUMAN RESOURCES	43
FINANCE	180
<b>TOTAL</b>	<b>2383</b>

(De Lange, 2000)

The strategic objectives of the WMLC is to:

- Create an administration which is reflective of the society;
- Create a safe and secure environment for the society;
- Ensure that integrated and sustainable urban development takes place;
- Stimulate economic growth and development;
- Promote community participation and empowerment;
- Deliver an affordable and efficient service to the community.

In order to ensure the proper management of the WMLC and the reaching of the abovementioned goals, a number of committees were established on which councilors had the opportunity to serve. The committee structure of the WMLC comprise of an Executive Committee, taking responsibility for the overall management and actions of the council as well as (WMLC, 1999:4):

- Two section 80 committees that handle issues to be approved by provincial tribunal decisions after considering possible objections;
  - Tender and procurement; and

- Town planning.
- Five section 79 committees are committees established for handling service delivery;
  - Budget and finance;
  - Technical services;
  - Housing, Urbanization and Local Economic Development;
  - Corporate services, Human resources and public services;
  - Community development and health services.

#### **4.2.2 The external environment**

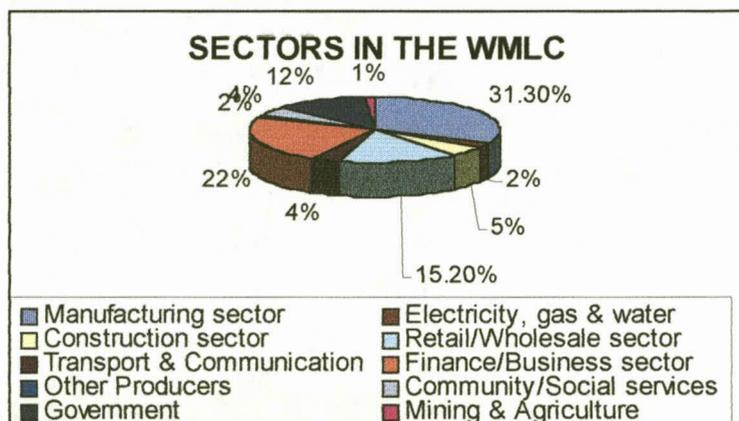
The external environment of the WMLC consists of a number of sub-environments that is quite complicated due to the geographical size of the area, the multicultural nature of the community and the variety of the three smaller municipalities that had to amalgamate to form the WMLC. These municipalities were Roodepoort, Dobsonville and Meadowlands. Basically, however, the external environment of the WMLC consists of the socio-economic, political, legal and physical environments as discussed below.

##### **4.2.2.1 Socio-economic**

As part of the Greater Johannesburg, the WMLC is part of the most prominent economy in South Africa, which generates 41% of the total Gross Domestic Product (GDP) and more than 50% of all products manufactured in the country.

The economy of the WMLC can be divided into primary, secondary and tertiary sectors. The primary sector consists of manufacturing, electricity, gas and water production and construction related activities and the tertiary sector include trade, transport, finance, social services and government services. The secondary sector consists of agriculture and mining activities(Econometrix,1997:18).

The economic activities in the WMLC are largely concentrated on the manufacturing sector (31.3%), then the financial sector (17,5%) followed by the trade sector (15.2%). These sectors account for 64.4% of the total economic production of the WMLC and are therefore the leading economic sectors of the area (Econometrix, April 1997:15). The following diagram provides a view of the representation of each of the sectors in the WMLC.



(Source: WMLC, 1999:2)

The economy of the WMLC is healthy and still growing. This is concluded from the fact that the majority of the economic sectors recorded a positive growth during the period 1990-1993 and although smaller, also during the period of 1994-1997 (Econometrix, June 1997:3).

The two main sectors in the WMLC are the manufacturing and trade sectors. The manufacturing sector represents 31.1% of the total economic activities in the WMLC and it provides 44.3% of the employment opportunities. It is dominated mainly by the manufacturing of basic metals and fabricated metal products. The manufacturing of these products entails the following activities (Econometrix, April 1997:20):

- Manufacturing of basic iron and steel plates.
- The casting of metals.
- Manufacturing of structural metal products.
- Manufacturing of general and special machinery.

➤ Manufacturing of appliances.

Following the manufacturing of metals, the manufacturing of petroleum products, chemicals and plastic products represents 14.6% of the total industries involved in the manufacturing sector. The most important activities included under this sub-sector are (Econometrix, April 1997:20):

- Manufacturing of fertilizers, pesticides and other agrochemical products;
- Manufacturing of paints, varnishes, printing ink, mastics, etc.;
- Manufacturing of pharmaceuticals, medicinal chemicals and botanical products;
- Manufacturing of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations; and
- Manufacturing of rubber and plastic products.

The trade sector includes wholesale, commission trade, retail, motor vehicle and related services trade, hotels and restaurants of which the wholesale trade is the biggest supplier of employment (83%). The retail trade is, however, the sector that consists of the largest number of establishments (59.1%). This sector includes food, clothing and household goods. This phenomenon can be contributed to the fact that large shopping centers such as Westgate, Hillfox Power Center, Flora Center and Constantia Hyperama Center are established in the area (Econometrix, May 1997:9). In 2000 the Princess Crossing shopping center was developed in the area and Westgate was enlarged.

The remaining economic sectors are construction, transport, finance and personal services and these sectors represent 12.3% of the economic industries in the WMLC. These sectors supply approximately 7% of the employment of this area (Econometrix, April 1997:21).

Construction is dominated by the building installation industry and represents 50% of this economic sector. Building installation include activities such as plumbing, electrical installations and insulation work. Although the complete construction industry and civil engineering represents only 18.2% of the total sector it has a major contribution (49.4%)

toward the employment opportunities due to its labour intensive nature (Econometrix, April 1997:22).

The financial sector is the largest contributor to the economic sector with respect to the number of establishments (68.4%) and supplies (92.2%) of the employment opportunities in the sector. The financial sector includes legal, accounting and bookkeeping activities (Econometrix, April 1997:22).

The transport sector includes activities related to providing passenger or freight transport by rail, road, water or air and auxiliary activities such as terminal and parking facilities, cargo handling and storage. The activities of this sub-sector represent 78.6% of the establishments and supplies 75.4% of the employment opportunities in this sector (Econometrix, April 1997:23).

Personal services include activities such as dry cleaners, hair and beauty salons, funeral services and other activities related to the physical well being and comfort of the consumers.

The economic development strategy of the WMLC is to:

- Minimize unemployment;
- Eliminate economic imbalances; and
- Ensure the upliftment of the standard of living of all residents (WMLC, 1999:2).

The social composition of the WMLC will have an influence on what happens in the economic sector. Issues such as the size of the population, percentage population growth, housing, income levels, etc., will influence the economic activities of the citizens in the WMLC.

According to Econometrix (1997:15) the population of the area is 513 161 and has an average growth rate of 2.1% per year. The age profile of the area is also relatively young. Table 4.1 shows the age distribution of the citizens in the area.

<b>AGE IN YEARS</b>	<b>0-17</b>	<b>18-34</b>	<b>35-54</b>	<b>55-99</b>	<b>TOTAL</b>
<b>NUMBER OF CITIZENS</b>	170521	188145	117263	37232	513161
<b>PERCENTAGE</b>	33.2%	36.7%	22.9%	7.2%	100%

#### **AGE DISTRIBUTION IN THE WMLC**

The population of the area is concentrated in the residential areas both to the north and the south of the mining belt. The mining belt therefore creates a significant barrier between the residential areas. Of the total population 19% are White, 1.1% Coloured, 0.1% Asian and 79.8% Black (Housing & Urbanisation, 1997:9).

Homeless communities are those people with no security of tenure. In many instances these communities are located on land unsuitable for habitation. Many of these people (33 000) are on the Housing waiting list. These homeless people use informal settlements (73511 or 46.1%), shacks in squatter camps (1478 or 0.9%), dwellers in yard shacks (63002 or 39.5%), vagrants or field sleepers (152 or 0.1%) and hostels (21 261 or 13.4%) (Housing & Urbanisation, 1997:16).

The income from employment for the population in the WMLC is estimated at R2.5billion per year. The distribution of the income is 10% of the households having an income less than R5000 per year, 8.2% having an income of R5001-R10 000, 11.8% having an income of R10 001- R20 000, 9.7% having an income of R20 001-R30 000 and 60.4% having an income of more than R30 000 per year (Econometrix, 1997:18).

Housing in this area include, houses, townhouses, flats, informal settlements and a small percentage (3%) small holdings (Housing & Urbanisation, June 1997:2). The type of housing used as well as the size of such housing is usually directly linked to the income generated within the household.

#### 4.2.2.2 Political environment

The WMLC aims to offer an accessible and streamlined municipal government. In order to achieve this, the WMLC commits itself to security, reliable service delivery, accountable administration and the establishment of effective partnerships with both the community and the private sector (WMLC, 1999:2).

All the prominent political parties in the country have representation on the Council of the WMLC. This ensures that there are different views in the discussions on political matters in the Council. These parties have the following percentages of representation:

- African National Congress (ANC) 50%.
- Democratic Alliance (DA) 25%.
- Freedom Front (FF) 2%.
- Inkatha Freedom Party (IFP) 8%.
- United Democratic Movement (UDM) 15% (Interview, De Lange: March 2000).

In a situation where one party does not have a two thirds majority (66.6%) it is possible for the other parties to play the role of watchdog, by keeping an eye on the issues discussed and decisions taken within the council such as the privatization of state assets and public private partnerships for service delivery. It is essential for the councilors to understand that they are the chosen representatives of the communities in the wards that they serve. The voters voted for them believing that they will ensure effective and efficient decision making and service delivery in the municipality.

Parties with very small representation in Council, such as the Freedom Front (2%) and the Inkhata Freedom Party (8%) may experience frustration when not agreeing with the views of the African National Congress (50%). If these parties do not act in agreement with other parties, their vote on decisions will not have much impact. They do, however have the responsibility to represent the views of the voters that voted for them and by doing so making an effort to ensure that the general welfare of the community is promoted by the decision of Council.

#### **4.2.2.3 Constitutional/Legal environment**

All the legislation as well as the Constitution that may influence municipal government and administration in South Africa should be taken into account in the governing process within the WMLC. The Constitution as well as the most prominent legislation and other documents have been discussed in detail in chapter 3.

#### **4.2.2.4 Physical environment & infrastructure**

The WMLC has a physical environment and infrastructure in and around its municipal area, which facilitates economic development. Johannesburg International Airport is only a 50min drive or 40km's from the offices of the WMLC. This airport is the primary destination of 40 international airlines. South African Airways (SAA) and other carriers also provide passenger and freight services throughout Southern Africa. Even closer to the heart of the WMLC (the Florida, Constantia Kloof area) is Lanseria International Airport which, only 10km away, is a premier charter and corporate aviation center with more than 20 flights leaving per day and supplying 11 hangers for the jets and helicopters of organizations in Johannesburg (Econometrix, May 1997:13).

As an area with well-developed telephone links, such as Telkom, it is possible to keep in touch nationally as well as internationally. The South African Post Office also plays an important role in the distribution of articles and mail worldwide every working day of the year with the central post sorting center of Gauteng (Witspos) being in Ormonde, which falls within the WMLC. Radio, television as well as local and national newspapers (The Star, Die Beeld and the Roodepoort Record) provides a constant flow of up to the minute news and information (Econometrix, May 1997:16).

The WMLC is linked to all the major centers in Southern Africa by 36 000km's of railway lines along which 174 000 000 tons of freight and 500 000 000 passengers move every year. With a national road grid of 181 000km's of which 84 000km's are tarred

and 26 000km's in autobahn style highways, the WMLC is within easy driving distance of every major center in Southern Africa. This road system assists the commercial transport undertaken by public and private organizations, as well as the companies running their own transport fleets (Econometrix, May 1997:16). Through this road system, the WMLC also has access to all of South Africa and Mozambique's ports (Durban, Cape Town, Port Elizabeth, East London, Richards Bay, Saldana and to Mozambique through the Maputo Corridor) (Econometrix, May 1997:17).

The Southern and Northern Industrial Belts include Dobsonville, Doornkop, Honeydew, Lea Glen, Meadowlands, Rand Leases, Robertville, Stormill and Stormill extensions 1 and 2. These areas offer potential developers a choice of industrial land suitable for high tech as well as labour intensive industries and within easy access of the Gauteng market. Commercial areas such as the Florida Lake Corridor, Zuurbekom/Vlakfontein development, Constantia Park Basin and the number of shopping malls and centers such as Westgate, Princess Gardens, Florida Junction, Hillfox power center, etc. creates the opportunity for businesses to open offices and shops in places where there is already economic activity (WMLC, 1999:3).

The WMLC is also the home of a comprehensive and complementary range of primary and secondary schools, colleges, training institutions and libraries, it offers residents easy access to every level of education and training. A total of 122 private and public schools and special educational institutions provide for the region's education requirements, together with the Roodepoort Technical College. Technikon SA, the largest Technikon in Southern Africa offers distance education to more than 45 000 students worldwide and is situated in Roodepoort. Students of the area also have the opportunity to study at other academic institutions in the Gauteng province, including the Rand Afrikaanse Universiteit, the University of the Witwatersrand, the University of Pretoria, Vista University, the University of South Africa and the Boston City Campus (WMLC, 1999:3).

The WMLC also boasts a comprehensive network of health care facilities, including three modern hospitals, eight sophisticated private clinics and 18 council clinics. These services are backed by a 24-hour trauma unit based at the Flora Clinic (WMLC, 1999:5).

In the field of culture and art the WMLC is the host of the International Eistedford of South Africa. This is a biennial festival of dance and music in a blend of African, Asian, American and European cultures. The open-air amphitheatre provides seating for 10 000 spectators on grass terraces and the Civic Theatre with an in-house orchestra and separate opera house and museum and restaurants caters for the cultural needs of the residents (WMLC, 199:5).

The WMLC also caters for sports persons through sporting facilities that include 90 tennis courts, 40 soccer fields, two Virgin Active Gyms, an international shooting range, an action cricket arena, the Ruimsig athletic arena and three golf courses (one was designed by Gary Player). If there are any further needs there are easy access to all the other sporting facilities in Gauteng (WMLC, 1999:6).

#### **4.3 SPECIFIC ISSUES OF CONCERN WITH REGARD TO MUNICIPAL GOVERNMENT**

Due to backlogs from past policies, changing circumstances and new legislation on municipal government there are specific areas of concern in municipal government with regard to the sustainability, development and service delivery. Although there are a vast number of areas that are causes for concern, only the most predominant areas will be discussed here.

#### 4.3.1 Income generation

In order to deliver services according to new legislation, future legislation and white papers such as the White Paper on local Government, 1998 and the principles of the White Paper on the Transformation of Public Service Delivery, 1997, which not only entails a higher quantity of services but also an enhancement in the quality of service delivery, municipalities need substantial income. According to Cameron (1999:250) the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) has given municipalities more powers and functions, however, they will not be able to perform these duties if they do not have sufficient resources to do so. Despite the sources of revenue being property tax, service charges on water, electricity and sewerage as well as regional services levies, municipalities are still struggling to cope in the effective delivery of services.

The sources of revenue such as payment for services, taxes, subsidies, licenses and fines are not sufficient to cover the expenses of municipalities. The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) chapter 13 is concerned with municipal finance. Section 229 (1) mandates municipalities to impose:

- Rates on property are based on the estimated market value of the immovable property (land and buildings).
- Surcharges on fees for services provided by or on behalf of the municipality through organizations such as Eskom and the Water Boards;
- If authorized by national legislation, other taxes, levies and duties appropriate to municipalities or to the category of municipal government that a municipality falls into. These could include Levies on services delivered by municipalities such as sewerage, entrance to public swimming pools, rental of municipal halls and other buildings, refuse removal, etc.

No municipality may, however, impose income tax, value added tax, general sales tax or customs duty.

Other traditional sources of income are (Reddy, 1996:202):

- Regional services council levies are payable to the councils by every employer and a regional establishment levy by every person carrying on an enterprise in the areas of the regional service councils. This provided substantial income to the regional services councils that could be distributed to municipalities within the region when needed.
- Loans sometimes have to be negotiated for construction work and the machinery needed to do the work. Reddy (1996:203) does not view loans as a source of revenue, but rather as a means to obtain funds for major capital programs. Loans can be raised either externally through capital markets and central government or internally from trust funds or from capital development or revolving funds.
- Miscellaneous revenues such as public library membership fees and traffic fines can also be utilized for the delivery of services (Reddy, 1996:202).
- Subsidies are received indirectly in the form of exemptions from income tax, stamp duties and taxation on gifts. Municipalities do, however, receive direct subsidies by central government for:
  - The provision of public libraries;
  - The construction and maintenance of museums, nature reserves and botanical gardens;
  - Civil defense and fire brigade services.

Subsidies, however, only constituted a small part of the total revenue of municipalities, usually less than 5%. Since less and less subsidies are now available to municipalities, it becomes essential for municipalities to become self-sustainable units.

Due to the scarce nature of sources of revenue at the municipal sphere of government it is also very important to ensure the efficient use of these sources. Municipalities should, however, focus on finding innovative sources of revenue to generate income, whilst keeping in mind the many demands put on the residents of their municipal area by all the other competitors in the play for their resources.

According to the research done by Kroukamp (1996:197) the use of revenue sources can be improved by concentrating on essential services in the delivery of which municipalities are experienced and also by eliminating the culture of non-payment of services. Alternative sources identified during this research were the following:

- Making use of levies on the premises of developers of new housing projects.
- Better distribution of revenue and intergovernmental grants based on an objective formula that measures the fiscal capacity of the municipality.
- Projects financed by central government to establish the needed infrastructure in disadvantaged municipalities.
- Different forms of taxes that will include a part of road-users tax being allocated to municipalities.
- The replacement of taxes on businesses by the district councils with inclusive business taxes.
- Informal taxes, betting and totalisator taxes, recreation taxes and value added tax should be allocated to the municipalities it is collected in.
- A limited taxation on agricultural land and mineral levy could be seen as possible new taxation on municipal level.

The Committee of Inquiry into the Finances of Local Government in South Africa refers to the following possible additional sources of revenue for municipalities (Reddy, 1996:206):

- Review motor vehicle license income to be devolved to municipalities instead of provincial governments. The motivation given here is that 90% of the owners of motor vehicles live in urban areas.
- Tourist tax on visitors to urban areas and on large commercial vehicles as a contribution to defraying expenses on traffic control and road construction.

Lawton and Rose (1994:135) view ring fencing is a method that can be used in municipalities. This means that only revenues received for a service is used for the expenditure of that service. This will, however, usually entail that the receiver of the service will have to pay the full costs of the service and there will be no subsidy involved

in the delivery of the service. These authors also feel that, in order to ensure vital local democracy and accountability, a larger share of municipal income should be generated at local level.

None of the public services can be delivered if the public does not contribute their share by paying for services delivered. According to Kroukamp (1995:192) the history of rent and service charges boycotts was part of the struggle against the system of apartheid. The boycotts were used as an instrument by both communities and civics to oppose what they saw as the unfair distribution of resources and the fragmentation of cities and towns. The boycotts were thus used to force central government to devise politically acceptable municipal structures. Unfortunately past boycotts of rates and service charges against a system of unfair government has led to a culture of non-payment. Payment boycotts and the culture of non-payment may lead to the collapse of services (Reddy, 1995:39).

There is also the problem that the traditionally advantaged residents are currently, through the establishment of transitional structures, amalgamated with the disadvantaged areas and is expected to subsidize the development of the traditionally disadvantaged areas. This led to an uproar under the residents because they have to pay more for rates, taxes and service charges while the money is not applied in their own communities but rather in the improvement of service delivery in their neighboring communities. This has also led to significant court cases. A good example is when the Transvaal High Court ruled in 1997 that the Pretoria City Council was unfair (in terms of the Interim Constitution) in strictly enforcing the payment of water in electricity in the white areas while not enforcing it in the traditionally black areas. Sandton businesses also made a case due to the use of property tax surpluses in the Eastern Metropolitan Local Council to subsidize deficits in other Metropolitan Local Councils in the Greater Johannesburg Metropolitan Council. In this case, however, the court found that the redistribution was justified due to the fiscal incapacity of other municipal substructures, the lack of service and infrastructure and the consistency of the transfers in the spirit of the Constitution of the Republic of South Africa, 1996 (Act 106 of 1996) (Equity clause in the Bill of rights).

The problem is that municipalities are faced with the task of restoring, improving and extending services to all residents in the traditionally disadvantaged areas, but they are not financially viable due to the non-payment of services. Residents refusing to pay now are blaming either the non-existence of services or the poor condition of the existing services that they are charged for. Residents of a township outside Springs were up in arms about the cut of their electricity supply on 12 October 1999 (The Star, 13 October 1999:3). Some of the residents are suspicious that they are charged higher rates than those charged in city areas. They claim that bills are inconsistent and some are difficult to understand. Some are unhappy that flat rates were not instilled. In areas where flat rates are applied, those not paying flat rates are seeing the system as a reverse discrimination. And finally there is the complaint about councilors not being available to handle complaints (Van Zyl & Bekker, 2001:1).

Businesses are also falling into the culture of non-payment by arguing that their arrears should be written off if it is possible to write off the arrears of certain townships. Nasrec had the electricity supply to their building cut a week before the April 2001 Rand Show due to a overdue payment of R5 000 000. Even government departments such as the Department of Education in the Eastern Cape was found to be in arrears with their payments for electricity which led to a cut in electricity during the crucial period of the 1997 year end examinations for schools.

The blame for the non-payment of services can, however, not only be laid in front of the doors of communities. It is sometimes the municipal structures, which are at fault by not repairing faulty meters, leakages or not doing meter readings. According to the tender document of the Nelspruit Water & Sanitation Concession these matters were identified as leading to unaccounted for usage of the water and the wastage of resources that can not be put onto someone's account except the negligence of such a municipality (Copley, Jul 2001:10)

Then there is the issue of illegal connections and theft that even further contributes to the loss of income to municipalities. During May 2001 streets in Bryanston were targeted in

the stealing of power cables. This happened due to the area being an old established area that still has power cables hanging between electricity poles in the streets, which therefore make it easier to reach. This resulted in the municipality having to replace hundreds of meters of cabling in an already established area at their expense and this also results in holding back the development of possible electricity supply in informal settlements (The Star, 20 May 2001, 5).

The latest problem that the Traffic Department of the WMLC is faced with, is the theft of traffic lights. On the night of 9 October 2001 more than 200 traffic lights were stolen along Main Reef Road and Ontdekkers Road. According to a traffic department spokesman, the thieves are after the aluminum that is used in the light enclosure of the traffic lights. This caused traffic problems on 10 October 2001 and took more than a month to replace (The Star, 10 October 2001,1). The cost of such theft is astronomical and inhibits the ability of the municipality to develop areas that needs infrastructural development.

According to Kroukamp (1995:195) the non-payment of services can be seen as the one factor with the potential of destroying municipal government in South Africa. This non-payment could also doom the implementation of the Reconstruction and Development Program (RDP). The problem is that the longer the culture of non-payment exists, the higher the taxes and service charges that must be levied and recovered from those citizens paying for rates and services. It is due to this realization that the Masakhane Campaign was called to life, to promote the payment of service charges and to normalize local government structures.

Kroukamp (1995:197) feels that the situation is continuing due to a shortage in communication between government and the community. Therefore, it is suggested that there should be continuous dialogue with the community, through councilors, to explain the proposals by the council that relate to services and the need to finance them and to receive inputs from the community on their views, needs, expectations and attitudes. This challenge, however, identifies the need to involve citizens more in the decision-making

on how to overcome the non-payment problem. It was found in the study done by the Centre of Development Support (USAID, 2001:1) that many people do not pay purely because they do not understand the need for them to pay for essential services, a public education system is necessary to educate the people on the need for payment for the delivery of services and the use of scarce resources. If citizens are brought to the realization that they are suffocating their municipality's service delivery capacity by not paying, those who can afford to pay may change this culture. This can be done by making the financial statements of a municipality public, such as publishing it in newspapers or handing out pamphlets explaining what the income is used for and what the real costs of running a municipality is. Although financial records are usually available for those members of the community who are prepared to go to Municipal buildings and study them, very few members of the community actually make the effort. It could therefore be a solution to bring the records to the community. Attention should also be given to the convenience of pay-points, the improvement of the quality of services and possible the publishing of a newsletter to let the community know about council plans and aims for their community.

In the report on the study done by the Center of Development Support (USAID, 2001:6) the suggestion was made that both punitive as well as reward measures must be used to ensure the payment of services. These measures are as follows:

➤ Punitive measures:

- Disconnection of services.
- Cost levied for the reconnection of services.
- Legal action against non-payers.
- Blacklisting of the non-payers.
- Removing systems tampered with or a tampering fee or fine against offenders.

➤ Reward measures:

- Discounts on early payments or full settlement of arrears.
- Lucky draws/competitions/promotions in which only paying users can be entered automatically.

- Rewards for reporting tampering with municipal property, such as water meters.
- Reward regular payers through free services, special social events or recognition in the press.

It seems as if a long-term strategy is needed to decrease expenditure and increase revenue. According to the National Business Initiative manual on Financial Management (June 1997:37) there are basically two strategies that municipalities can follow to generate income. One such strategy is utilizing private sector funds to render essential services and develop infrastructure while the second has to do with local economic development opportunities. It is also possible to use a marketing campaign as a strategy to increase payment for services. An attempt will be made in Chapter 6 to develop a marketing campaign/plan that will be able to address this issue.

Governments all over the world are making more and more use of private sector companies to develop infrastructure and provide essential services. The main advantage of involving the private sector is that there is a competitive edge brought into service delivery on municipal government sphere. Even though private organizations are profit orientated their involvement will usually ensure that the services are delivered at both a lower cost and greater efficiency in order to ensure a reasonable profit margin while not increasing the cost to the community. The major problem is, however, that they mostly need to decrease the workforce in this effort of being more effective and efficient, which of course causes insecurity with the employees and does not have the approval of the unions.

The arrangements that can be made with the private sector can take many forms, such as concessions, service or management contracts, leasing or complete privatization, depending on the needs of the municipalities, and is known as public-private partnerships. This will be discussed in more detail later on in this chapter.

As part of the Growth, Employment and Reconstruction (GEAR) strategy of government that involves the cutting of government expenditure, the intergovernmental grants for municipalities from central and provincial government have been reduced significantly. This leads to municipalities using their funds and reserves for the funding of non-payment by the citizens. Municipalities are therefore defaulting on the repayment of loans to the Local Authority Loans Fund, Development Bank of South Africa and private banks as well as the providers of services such as Eskom and the Water Boards (Cameron, 1999:251).

This brings up the question about the viability of municipalities in South Africa. According to a survey done by the then Provincial Affairs and Constitutional Development (Cameron, 1999:252) 33% of the municipalities in South Africa are not viable financially while another 33% are financially stressed. These financial constraints inhibit the improvement of service provision, as many municipalities are not able to fund their constitutional obligations. Municipalities need money to apply its powers and to perform its functions. The other resources such as personnel, machinery and equipment as well as the services delivered by institutions such as Eskom and the Water Boards cannot be obtained without the money to pay for it (Cloete, 1997:108).

#### **4.3.2 Perceptions and attitudes of customers**

The perceptions and attitudes of customers and other stakeholders in their various roles in municipalities will play a crucial role in their success or failure. Three main categories of stakeholders in municipal government can be identified and will be discussed in the forthcoming paragraphs.

#### **4.3.2.1 Residents attitudes influencing the possibility of citizen participation**

Municipalities, like other public organizations exist to serve the interests of the citizens and should therefore shape their activities to ensure their right of existence (Cloete, 1996:27). It will only be possible for municipalities to achieve this if they are constantly made aware of the real needs, wants and expectations of the citizens within the community that they serve. This can only be achieved through the participation of the customers of the municipality.

Citizen participation is defined by Fox & Meyer (1995:20) as the involvement of citizens in a wide range of administrative and policy-making activities, including the determination of levels of service, budget priorities and the acceptability of physical construction or infrastructure projects, in order to orient the municipal programs toward community needs, wants and desires. Citizen participation is to the benefit of both citizens and municipalities. Through participating in municipal decision-making and service delivery, citizens can ensure that they get what they really want and need whereas the municipality is sure that it is spending its scarce resources on the real needs and wants of the community.

The White paper on Transforming Public Service Delivery, 1997 (*Batho Pele*) accepts the principle that the Public Service cannot develop a truly service orientated culture without active participation from the community to whom the service is delivered. Public participation can, according to Craythorne (1997:97) be used to ensure that government activities are aimed directly at the real needs and wants of the community and not the perceived needs or wants. It should, however, be kept in mind that there are many different people with different needs in each community and which makes it crucial that municipalities ensure that all the relevant members of the public are consulted for participation. Lawrence and Stanton (1998:235) hold the view that the success of any democracy depends on citizen participation. Democracy heralds inclusiveness where membership is open to all.

Freysen (1998:248) is of the opinion that citizens should understand the need for their participation in decision-making on municipal government level due to the fact that they are obliged to act within the framework and regulations set by the policies of the municipality. This especially shows to the importance of participating by voting for representatives in the council. Other ways in which citizens can participate in municipal government is by paying rates, taxes and service charges or by serving in the municipality.

According to Reddy (1995:33) citizen participation is not effective when it simply acts as a rubber stamp on municipal decisions. The participation of citizens should have organizational capacity within the community and be undertaken with the necessary skills, knowledge and control over resources. Control over the resources could, through citizen participation, ensure accountability by municipalities. People usually organize themselves into groups for either general or specific purposes. The best known of these groups in municipalities are the ratepayers associations or civic organizations. Interest and pressure groups can provide useful mechanisms through which citizens can interact with their municipalities. The main reason for this is because a group of people, who agree on issues are in a stronger position to negotiate on these issues than an individual. Interest or pressure groups can then use this strength in the following ways:

- To ensure that the municipality is run according to principles of good governance.
- To ensure that the needs and expectations of the community is being met.
- To ensure that members are anonymous and will not be victimized.

Bekker (1996:67) states that there are usually only a few individuals in the community who actively takes part in the municipal government while a large majority either participate infrequently or not at all. The main problem that municipalities face with citizen participation is the apathy or lack of interest from citizens when it comes to issues of importance. People are very quick to criticize decision-making and service delivery by municipalities, but when it come to actively taking part in either decision making or services the effort is just to much. This apathy, according to Craythorne (1997:107), is

apparent in the low percentage polls at municipal elections. Other causes of apathy could be a lack of information and knowledge. This can happen due to municipal legislation being written in a language that is not readily understood by the community.

According to Reddy (1995:33) the main argument against citizen participation from the side of municipalities is that it is time consuming and therefore it increases the costs incurred on projects. However, Freysen (SAIPA, 1998:249) claims that citizen participation legitimizes municipalities. Municipalities everywhere are no longer able to meet the rising expectations and needs of their communities (Abbott, 1996:46). The municipal sphere of government is the level on which the shortages in resources effect the people most directly. This has led to the necessity for individuals, businesses and interest groups to find ways to assist municipal government in improving the quality of life for communities (Bekker, 1996:39).

Cloete (1996:33) emphasizes the responsibility that citizens have to:

- Elect trustworthy persons to serve as legislators;
- Remain vigilant in ensuring that the elected representatives maintain and promote the general welfare of the community;
- Ask for accountability from elected representatives not only when things are going wrong, but even when things are going well;
- Pay for services delivered to them;
- Communicate to the representatives what the real needs and desires of the community is;
- Vote for representatives that they believe have the same values as the citizens;
- Should have knowledge about the powers, functions, purposes, structures and work-procedures of municipalities;
- Should be up to date with the physical, social, economic and political conditions prevailing in the municipality;
- Must take part in the activities of interest or pressure groups on issues that they feel strongly about or that is important to the well being of the community; and

- Voice their objections if they are unhappy with the policies or outcomes of policies implemented by municipalities, through petitions, organized groups, letters to council or the media.

Citizen participation has a negative side as well and these can, according to Bekker (1996:70) be seen through the following issues:

- The municipality may allow citizen participation simply as a method of achieving its own ends and therefore there is no true participation by the citizens in such a municipality.
- Unfortunately the current rate of citizen participation is very low which puts a question mark on the validity of the whole issue.
- The fact that ordinary citizens can take part in municipal government makes officials feel that public management is not a professional task anymore.
- There may be conflict either between groups of citizens with different needs or between a group of citizens and the municipality.
- A Municipality may decide not to respond to the interaction between themselves and the citizens.
- In a country such as South Africa with its cultural diversity the citizen groups are not always representative of the total community served by the municipality.
- It is a time consuming and costly exercise, especially if a municipality ignores the issues raised by citizens.
- There is a lack of information on the activities and available resources in the municipality. Therefore citizens do not know which demands are justifiable.

The advantages of citizen participation are, according to Bekker (1996:71) of a sufficient nature to strengthen the efforts for ensuring it:

- It can reduce the psychological suffering of not having a say in the services citizens receive and it can overcome apathy of citizens in what is happening in their communities.
- It can serve as a means of converting passive citizens into citizens using their talents and abilities to ensure the success of municipal government.

- Because citizen participation instills ownership in citizens, it could make them willing to accept that municipalities are not always able to comply with the needs and desires of the communities.
- It may influence the behavior of citizens to be more positive towards the municipality.
- It could ensure that citizens are always informed about actions taken in their areas and why they are taken.
- Informed citizens can ensure accountability by knowing which questions to ask and through this also restrain the misuse of authority by the elected representatives.

#### **4.3.2.2 Investors and the business sector for local economic development**

According to the National Business Initiative (1998:2) most municipalities must cope with at least one of the following challenges in their municipal areas:

- Service backlogs.
- Decaying central business districts.
- Lack of basic infrastructure.
- Few economic opportunities.
- Unemployment.

Local economic development can establish economic growth in the municipal area and therefore improve the rates base of the municipality (National Business Initiative, 1998:42). It is therefore a process that is used to stimulate the economy of a city, town or community and should in the process improve the lives of the citizens. Local economic development can be defined as a locally driven process designed to identify, harness and utilize all available skills, resources and ideas to stimulate the economy and create new job opportunities with the aim to empower the community and then to facilitate the individual and collective development of the municipal area. By doing so, the municipality will be able to secure more revenue for the delivery of services.

Local economic development is a complex issue that municipalities must address in order to ensure the sustainability of their municipal areas. According to the National Business Initiative (1998:1) Municipalities can help stimulate the economy and improve the lives of the citizens by using their powers and functions and working in partnership with stakeholders. It is a challenge for municipalities to become proactive rather than reactive in the promotion of economic growth in their municipal areas.

National and Provincial governments can only supply the legal frameworks and broad policy for economic development. In the end it is the obligation of the municipality to work with the community to develop a vision to stimulate local economic development. This process should be used to extent economic opportunities and jobs to the broader community.

Municipalities, therefore, play a central role in local economic development since they can create and stimulate the economic environment of the municipal area that they govern through the by-laws that they pass, the programs that they support, the tendering processes they follow and other activities. There are six prominent roles that the municipality can play in local economic development, these are (National Business Initiative, 1998:16):

- **Leader** – it will take a strong leader to mobilize the commitment and participation of all the necessary stakeholders. Municipalities can show their leadership by serving as the champions of economic growth and development. In order to play this role municipalities should be totally clued up on the existing economic conditions as well as the comparative advantages of the area.
- **Policy-maker** – municipalities can ensure better access to processes that will lead to economic development, through their capacity as policy-makers. Through policy municipalities can secure access of small businesses to tender processes, remove old policies that proved to be barriers to growth and investment, create approval processes for investment and development projects that is not bogged down with red tape and assist the training and capacity building programs of NGO's and Tertiary institutions.

- **Entrepreneur** – municipalities should enhance entrepreneurship through exploring the commercial potential of land and buildings in their ownership and under its jurisdiction. According to Fox & Maas (1997:2) entrepreneurship is accepted as an instrument to enable the generation of prosperity in a rapidly changing environment. Municipalities should be able to identify opportunities and use them to encourage entrepreneurship among councilors and officials to the benefit of the communities and the economic environment of their areas.
- **Promoter** – Municipalities can play this role by creating a positive image of the municipal area. A swot analysis should be done before a municipality aims to promote its area. This is necessary for the council to be updated with the strengths and opportunities in its area in order to market those to prospective investors, developers and the community. It needs to have knowledge on its weaknesses and threats to the area, which will enable them to take action where possible.
- **Catalyst** – Municipalities can, by releasing land and planning infrastructure programs, act as a catalyst to change the behavior of their community and attract investment into the area. This action from the side of municipalities will encourage development in areas that is disadvantaged and ensure that businesses are established in areas where the unemployment rate is a concern. Municipalities can also change the behavior of businesses and investors by allowing certain tax benefits or supplying financial assistance in the establishment of new businesses.
- **Lobbyist** – as lobbyists, municipalities can lobby (try to persuade or influence) national and provincial governments for policies and programs that will be to the benefit of local economic development. A very helpful strategy or policy from the other two spheres of government could be relaxation on taxes for businesses and investors who contribute toward the generation of employment opportunities and the allocation of funds toward the education and training of potential employees.

According to the Nel (2000:5) there are seven tools and strategies that can be used by municipalities to support economic development in their areas. These are:

- **Small, medium and micro-enterprise development** rather than focusing on large organizations alone. These enterprises are actually the ones driving the local

economic development process since they are currently the largest source of new jobs in South Africa. Municipalities can ensure a better success rate for these enterprises by allowing access to resources and also by creating an enabling political environment through the policies they enforce. Municipalities should make information available about their local economic development programs and the organizations providing start-up and venture capital to small businesses. This is one of the key elements of the government's strategy for employment creation and income generation (Biggs, 1997:13). Adapting tender processes to ensure greater access to small companies can also do this. Large contracts can be divided geographically or into task orientated parts to allow small community based enterprises to bid thus they are given an opportunity to prove themselves on small jobs to be allowed onto larger projects in the future. Municipalities can also insist on labour intensive bids for capital works where people from the local community have to be employed.

- **Regulations and by-laws** should not hamper businesses in doing their business. It should rather create an enabling environment for growth and development through a regulatory framework that basically governs trading conditions, zoning, business licenses and other crucial issues that may be necessary to handle. Regulations should therefore be minimized and streamlined to ensure appropriate informal sector regulation. Space should also be allowed for municipal reform and decentralization of control. To encourage local economic development by municipalities some of the measures are taken up in the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), the Local Government Transition Act, 1996 (Act 61 of 1996) and the White Paper on Local Government , 1998. Many of the metropolitan areas have established local economic development units (such as the Local Economic Development Unit of the WMLC) to regulate actions.
- **Infrastructure, land, buildings and other public assets** held by a municipality can also be used to encourage economic development. Especially by using underutilized buildings or land to establish new businesses and employment opportunities, through availing these buildings or other assets at affordable rates. This then also gives a municipality the responsibility to improve and maintain infrastructure to assist

organizations in doing business. This includes the provision of optic fibre linkages, roads, and water and electricity services. Businesses will not be attracted to municipal areas that does not deliver the basic services and infrastructure that is necessary for them to do business effectively.

- **Public/private partnerships** can be established for infrastructure development as well as service delivery. These are two aspects that attract businesses and investors into a specific municipal area, but the cost of new infrastructure, its maintenance and the delivery of quality services are very high. By going into a public/private partnership the municipality can make use of the expertise, investment and management capacity of the private sector. This can be achieved through service and management contracts, leasing, concessions or privatization. Reddy (1996:216) views public/private partnerships as indispensable tools for urban revitalization. The ultimate goal of public/private partnerships is to provide better quality infrastructure and services at the cheapest price, but on a sustainable basis to all South Africans (Department of Constitutional Development, 1997:1). The benefits that can be reaped from introducing private capital and expertise into municipal government include improvements in cost recovery, efficiency, coverage and customer satisfaction. These partnerships can, through the proper use of contracts also be used to economically empower previously disadvantaged people through service delivery and employment of small companies and contractors through smaller contracts. There is also the bargain of transforming service delivery behavior to being more productive through the introduction of competitive conditions. This does, however, not remove final responsibility for service delivery from the municipality. Municipalities should put in place effective regulatory systems and control mechanisms to ensure that services are supplied to increase the general welfare of the community and to ward off potential dangers such as profiteering, tariff increases, job losses and loss of direct control by a municipality.
- **Business and industry retention, expansion and attraction** are essential in the effort of creating employment and stimulating the economy. The major motivations for companies to move to a specific area or expand their business interests in an area are the proximity to product markets, the quality and cost of labour, the quality of

local transportation and other infrastructure, the availability of natural resources, the regulatory environment of the community and the general quality of life of the area. Inter-urban competition means that cities compete for investment and cities with the competitive advantage cannot count on retaining the advantage without effort, since more and more cities are realizing the importance of attracting investment (Reddy, 1996:215). The competition forces cities to adapt an entrepreneurial stance to economic development in their areas.

- **Human resources development** is essential for economic development. Local economic development also entails the development of the citizen's skills and access to the information they need to ensure employment. Municipalities must start this process through the development of their own staff. Municipalities can, however, also join forces with other stakeholders to identify training needs in the community and help ensure that local resources are directed towards those needs. One method to ensure success will be to establish linkages with the educational institutions in the area. In the WMLC there is already linkages between the municipality and Technikon SA for the training of employees on related subjects and skills. With mentorships becoming prominent in the development of skills it is even more important for all organizations to have linkages with tertiary institutions in their direct vicinity. Municipalities are one of the employers that tertiary institutions can utilize in the practical part of training students in Municipal Management.
- **Promotion and marketing** have not been receiving attention in municipalities in South Africa. What was generally found in the past was a simplistic approach to public relations. It is, however, becoming more and more important for municipalities to get involved in the complexities of marketing. If a municipality wants a chance at making a success out of local economic development, it must be able to sell its strengths and opportunities to potential investors and businesses. Municipalities should use marketing to promote a particular city as an appealing destination in an effort to improve possibilities of attracting commercial, retail and even central and provincial government investment (Reddy, 1996:218).

Finally planning is essential in the promotion of local economic development. Municipalities are obliged through legislation to prepare integrated development plans to promote the social and economic development within its municipal area (Ismail, 1997:77). The planning should also include financial plans to empower the local economic development process of the municipal area.

#### **4.3.2.3 Employees' attitudes influencing service delivery**

According to Cloete (1995:26) the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) identifies the short-term goals of municipalities as to provide services to satisfy the basic health and functional requirements of communities. The medium goal is to sustain economic growth in the communities through services and the long-term goal is to effect equal and equitable access to services for all citizens of municipalities.

Fox & Meyer (1995:1) contend that it is a requirement for employees of municipalities to be committed to effective and efficient service delivery and to accept public responsibility for their actions or inaction. This is due to the duty of public officials to account to higher authorities, functionaries or institutions about the results obtained with the performance of their functions and use of resources.

The White Paper on the Transformation of Public Service Delivery, 1997 (Batho Pele), hereafter referred to as the Batho Pele White Paper, lays down eight principles according to which services should be delivered in the future by all public organizations, thus including municipal government and the employees thereof. These are:

- Consultation with citizens on the level and quality of service they should receive.
- Service standards information should be given through to citizens.
- There should be equal access to services by all citizens.
- All citizens should be treated with courtesy and consideration.
- Accurate and full information about services should be given to the citizens.
- Openness and transparency on how the municipality functions and the costs incurred.

- There must be redress according to which there must be an apology when service standards are not being met.
- Public services must be provided effectively and efficiently to ensure economic service delivery and value for money.

The Batho Pele White Paper also provides for organizational mechanisms, service delivery improvement programs and the strategy to implement the eight *Batho Pele* principles successfully. The ideal of this White Paper is to ensure the continuous improvement of service delivery in a progressive cyclic process. It therefore also identifies the necessary steps to improve service delivery as the following:

- Identify the customer.
- Establish the needs and priorities of these customers.
- Establish what the current service baseline is.
- Identify the improvement gap.
- Set new service standards.
- Gear up delivery to meet these standards.
- Announce the new standards to citizens.
- Monitor delivery against the standards and publish the results.

Despite the dire need for new infrastructure in the historically disadvantaged municipalities the pressures of cutbacks on resources available to create this infrastructure and deliver services makes it a difficult task (Fourie, 1998:222). It is not possible for municipalities to work towards service excellence without a knowledge of what the expectations of the community being served is, since they are the customers of the municipality.

According to Fourie (1998:223) municipalities wanting to achieve service excellence, should give attention to the following realities within their municipal area, since these realities will have an influence on the expectations of the customers within that specific community:

- The level of poverty in their specific area of jurisdiction.

- The rate of unemployment in their specific area.
- The level of health service available and the access that citizens in the community have to health services, especially if part of the municipal area is rural.
- The educational facilities available and the different levels of education in the area.
- The infrastructure of a municipal area has an influence on the possibilities for economic development as well as the viability of service delivery in a specific area.
- There is generally a shortage in housing in the country, but this problem could be worse in some municipal areas depending on the rate of urbanization.

The key factors involved in effective and efficient delivery of services is therefore to access the needs of the customers, to respond to the electorate who should be the representatives of the community, with this in mind objectives should be set which are realistic. An effective communication system should be established not only within the structures of the municipality, but also to communicate with customers and give them an opportunity to communicate with the municipality, thus the need for marketing. The results or outcomes of the service delivery should then be monitored to ensure whether the objectives were reached, how well they have been reached and whether there were any unintended impacts due to the service delivery.

Branson (1998:119) holds the opinion that customer service should start from the top, since it is the top management of an institution that can influence the attitude that other employees have towards their work. Public managers in municipal government should therefore display a service vision for the municipal area, uphold high standards in the way they complete their tasks, be involved in the physical service delivery and not only decision-making and display integrity in doing their work and delivering services to customers. Public managers should constantly be involved in research to have a continuous flow of information on the needs and expectations of customers and especially the changes occurring in these needs and expectations. Competent employees should be appointed with the necessary skills and knowledge to do the work they were appointed for. Finally relationships should be built with customers as well as within the municipal structures. This will ensure that all municipal departments are up to date with

the needs and expectations of the customers and that each knows what the part is that they should play in the delivery of services and supporting other units within the municipality.

The most enabling or disabling resource in the delivery of services in a municipality are the employees. Without able and willing employees municipalities with all the necessary financial resources will not be able to achieve service excellence. The puts an emphasis on the fact that employees should not only have the knowledge and skills to do their work, but also the right attitude towards the work they are doing. According to Reddy (1996:115) it means that the activities usually applied to human resources management in other organizations should also be applied in municipalities. These include the following:

- Personnel should be provided to deliver the services through proper planning, job analysis and classification, recruitment, selection and placement.
- Personnel should be used effectively through guidance, motivation, evaluation, discipline and punishment when necessary, transfers and promotions.
- During evaluations training and development needs should be picked up and the employees sent on the necessary training and development opportunities to ensure that they can be utilized effectively in the future.
- Personnel retention is very important since it is extremely expensive to provide, train and develop new employees every time an existing employee resigns. Employees can be retained in the services of the municipality through the use of fringe benefits, appraisals connected to recognition for good work, retirement packages, health and safety measures and then what ever else can be done to improve the general working conditions of these employees.

It is important to remember that employees in the service of municipalities should also adhere to the normative guidelines of public management since they are working with public money and delivering services for the general welfare of the community. These guidelines are, according to Reddy (1996:118), the following:

- Human rights, which is the dignity and worth of the human being is of fundamental importance in the workplace.
- Moral and ethical norms form part of the standards that should guide the behavior and actions of employees working in municipalities to promote the general welfare of the community.
- In a democracy the municipality has the authority that the community gave it to undertake actions for the promotion of the general welfare and employees can therefore only act within the authority given to the specific municipality that they are working for.
- Every employee in the service of the municipality should take responsibility on his actions and give accountability when asked for.
- All employees should strive towards working effectively and efficiently that basically means a high level of productivity.
- There should be transparency in all the activities carried out by municipal employees as well as the reasons and objectives for the activities they should carry out.

According to Lawton & Rose (1994:104) highly motivated employees will perform better than those with a low level of motivation. The performance of employees directly influences the productivity in the municipality and therefore their ability to deliver service excellence. It is therefore important for municipalities to ensure that the employees are motivated and that the morale is high within the organization.

Lawton & Rose (1994:112) hold the view that the same factors that influence motivation and morale in the private sector holds true for employees working in a municipality. These can generally be categorized into the following categories:

- A sense of achievement.
- Recognition for achievement.
- Decent colleagues.
- The physical environment of the workplace.
- A degree of autonomy in the work.

With the aim of the Batho Pele White Paper being on more effective and efficient service delivery there has to be a focus on working more productivity. It is usually more difficult to improve productivity in municipal government than in the private sector. Craythorne (1998:279) identifies the following four main reasons for this:

- Municipalities are monopoly suppliers of goods and services to the municipal area under their jurisdiction.
- The service and goods delivered by a municipality is not always clearly identifiable.
- The customer base of municipalities is much broader than that of a specific private sector company.
- Since community values influences the objectives of municipalities and thus will have an influence on what the municipality need to concentrate on.
- The problem of municipalities being bureaucracies with many levels of authority and therefore struggling with time consuming “red tape”.

#### **4.3.3 Accountability and social responsibility**

According to Fox & Meyer (1995:1) accountability is the responsibility of municipalities and its agents towards the public to realize previously set objectives and to account for them in the public. This definition is useful, but not broad enough to cover the full context of accountability. Cloete (1995:3) defines accountability as the duty to answer and report to a higher authority, functionary or institution about the results obtained with the performance of one or more functions. Municipalities are ultimately accountable to their citizens, due to the fact that citizens vote for their representatives in the councils of municipalities and are paying rates and taxes as well as the services delivered to them.

All public officials and elected representatives (councilors) must render account of their activities. Accountability does not necessarily imply public accountability. Officials can render accountability to their supervisors and heads of departments and the heads of the departments to councilors. Public accountability, however, entails the obligation to expose, explain and justify activities and the results and outcomes of the activities in

public. This entails the publication of facts on the above mentioned to enable public debate that is accessible to all citizens of the particular municipality (Gildenhuys, 1997:17). This form of communication with customers should be catered for in the marketing plans of municipalities.

According to Fox & Maas (1997:53) accountability can be seen as having the following broad characteristics:

- Accountability is a responsibility that all employees of the municipality have toward his/her supervisor for the effective and efficient execution of activities and utilization of the resources within the municipality.
- Accountability is also a cause in that the employee can be the cause of the failure or success of a project due to their conduct.
- Accountability is the obligation of the accounting officers in municipal government toward the elected representatives who again has the obligation to render account of the activities of the municipality to the public.

If accountability is exercised properly it will ensure a culture of openness and transparency and interaction with the public (Cloete & Mokgoro, 1995:134). The broadening of the rules of who may challenge the actions of officials and decisions of elected representatives may effect the level of accountability positively and help in cutting down on corruption in municipal government and management. It is essential to build a bridge of confidence and trust between municipalities and their customers. If this can be established, customers might end up feeling that the municipality exists to satisfy their needs and expectations and this may enhance a better understanding of the problems and realities faced by municipalities, as well as active citizen participation.

Lawton & Rose (1994:26) view accountability as a complex issue due to the fact that municipalities, as public organizations, are not limited to only hierarchical accountability. They identify the following dimensions in the accountability of municipalities:

- **Political accountability** is when the accounting officer renders account on to which degree the actions, outcomes, impacts or results of department are reaching the

objectives and goals of the department and the municipality. The elected representatives (councilors) should then give political accountability to the voters on the reaching of objectives.

- **Managerial accountability** is more concerned with the internal processes of the organization. This would entail giving account on how the objectives of the specific unit within the municipality have been reached and the utilization of the resources allocated to this unit or cluster.
- **Legal accountability** implies that all the activities of municipalities should be legitimate according to the provisions of the acts, promulgations or by-laws having an influence over them. This will ensure that municipalities can legally justify and defend their actions when challenged by courts of law.
- **Professional accountability** should already be instilled when people study in the area of a certain profession, such as engineers. This accountability or responsibility that the person accepts as a qualified professional should apply whether they work in the public or private sector.
- **Public or consumer accountability** especially applies in municipal government where the services and goods are rendered for the direct good of the community and with the use of resources (money) received from the community. Since the right of existence of municipalities are the fact that they deliver towards the satisfaction of the needs and expectations of the community they need to take public accountability very seriously. This is not only to ensure the effective and efficient delivery of services but also to a satisfied and informed consumer base.

According to Cloete (1996:26) there are a number of issues that work against accountability within municipalities:

- Customers are ignorant and simply accept that since municipalities are created to look after the general welfare of municipal areas, they will only concentrate on serving the interests of the customers.
- Corruption takes place through actions of public officials or elected representatives that are dishonest, bribed, fraudulent or dishonorable.

- Legislative organizations may fail to ensure the enforcement of accountability on the municipal sphere of government.
- Misgovernment may take place when legislation needed to undertake essential activities or estimates of the expenditure to implement legislation has not been approved.
- There could be a problem of irresponsiveness towards the needs of the customers or municipal officials and elected representatives fail to keep in contact with the real needs and expectations of their customers.
- Unproductiveness occurs when the outputs of goods and services are poor in relation to the inputs in resources used to obtain them.

Since municipalities are established to serve the community, the customers within such a community must stay vigilant by using their power as voters to ensure accountability from their municipality. Municipalities should, from their side, ensure that their policy-decision and actions are accountable, including their decisions concerning the marketing plan of the municipality. They will not be able to do so if they allow the above-mentioned issues to take place within their municipalities or other service providers. According to Gildenhuis (1997:20) the transformation of municipal government is creating the opportunity for municipalities to reconstruct their organizational structures in a scientific manner for more effective and efficient service delivery and therefore an improved level of accountability.

#### **4.3.4 Transformation of Municipal government**

Fox & Meyer (1995:130) defines transformation as the process of moving from one position to another. Reddy (1995:34) states that "...to ensure the successful implementation of municipal transformation, there should be an integrated program of re-establishing legitimacy at municipal government level, the provision and maintenance of services, public education programs and a culture of paying for services rendered by municipalities."

According to Gildenhuis (1997:1) municipal government is in the process of drastic change with the transformation away from a centralized autocratic system that dominates municipal government to placing more responsibility on municipalities for the satisfaction of the most basic needs of the citizens in the municipal areas under their jurisdiction. Traditionally Black, Colored and Indian communities have now been integrated with the traditionally White communities with one municipality delivering the services.

In transforming a municipality, there is no choice but to restructure the municipality. Transformation cannot take place without the re-organization of the structures that make decisions and those delivering services to the community. When getting involved with the process there are, according to Gildenhuis (1997:7) general principles to follow. These are:

- The organizational structure of the municipality must comply with the provisions and prescriptions of legislation Chapter 7 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), and the White Paper on Local Government, 1998) in order to be *intra vires* (within the law);
- Restructuring should comply with the agreements between metropolitan councils and their sub structures;
- Clear definitions and understanding of the roles of councilors, council committees, chief executive officers, heads of departments and other officials should exist to ensure effective and efficient municipal government;
- The organizational structure of municipalities should be suitable to the local circumstances;
- The needs and expectations of community should be prioritized since it will have an impact on the structure of the municipality;
- Goals and objectives, built on the needs and expectations of the community should form the basis of the municipality's right of existence;

- If the restructuring leads to positions becoming redundant, such employees should be handled in an equitable and reasonable manner, such as retirement packages or retraining to be used in other departments;
- The extent of the functions and services delivered by municipalities should determine the employees needed in the structure;
- The new structure of municipalities should provide for capacity building and personnel development in an effort to retain the personnel corps.

Gildenhuys (1997:11) identifies the following steps in the process of restructuring municipal government:

- Identify the broad goals of the municipality.
- Identify the objectives that should be reached in order to realize the broad goal.
- Identify the functions that should be executed to reach the objectives successfully.
- Identify the activities within each function.
- Identify the organizational structures to be responsible for these functions and activities.
- Identify the number of positions to handle the activities.
- Compile job descriptions for each of these positions to establish what level of knowledge, skills and experience is needed for each position.
- Determine the level of each position that will lead to an organigram of the municipality.
- Evaluate positions in order to establish remuneration for each position.
- Evaluate the existing employees to do proper placement and identify vacant positions and training needs of existing employees.
- Obtain approval from council.
- Implement the restructuring.

Municipalities will not be able to establish a new role for itself without being totally transformed (Bekker, 1996:103). Therefore the changes in municipal government and management have to be drastic and fundamental. This author defines transformation as the use of power, authority and influence to change the goals, structures and procedures

of organizations. The White Paper on Transformation of the Public Service Delivery, 1997 (Batho Pele) defines transformation as a dynamic, focused and relatively short-term process designed to reshape the public service, including the municipal sphere of government, fundamentally.

Transformation has an enormous effect on people, both the community and the employees. People create comfort zones for themselves where they feel comfortable with the way they work and how things are happening around them. Bringing change into their lives or work places will cause uncertainty and even fear which will move them toward the resistance of change (Bekker, 1996:113).

Municipalities have to deal with change on two levels:

- Change that has been initiated by external forces such as national legislation or new needs and expectations of the community;
- Existing employees of municipalities must change their behavior, values and especially attitudes to fit in with the new transformed system of municipal government (Cloete, 1995:34).

Lawton & Rose (1994:209) suggest applying the following when trying to bring about change in an organization:

- Be flexible enough to adapt to different labour markets and political administrations.
- Relate directly to the changes required.
- Be coherent and coordinated.
- Be practical and affordable.
- Be manageable, measurable and in prioritized steps.
- Be undertaken to reflect the new vision and values.
- Demonstrate senior management's commitment to change.

According to Hollis (1991:78) municipal government should have a new vision of community leadership, emphasizing a strategic perspective of the needs and expectations of the communities and then make a tangible commitment to encourage active

representation as well as participation in order to enable them to delivering consistently high standards of services. The change accompanying transformation should therefore be managed through five key areas of active management. These five key areas are crucial with the aim of achieving success in the transformation process:

- **Leading and directing** is very important. The tasks of leading officials should be defined according to the roles they should play in the transformation process.
- **Cultural changes** have to be achieved through changing people's behavior and facilitating the improvement in their work quality.
- **Monitor best practice** by keeping an eye on the practices used by other municipalities and what the results are. The experiences of others can then be used to achieve success and avoid pitfalls.
- **Concentrate on the essentials** by identifying practical projects to facilitate the change of transformation.
- **Focus on improving performance** by emphasizing continuous improvement and ensuring that there are mechanisms in place to create real accountability.

According to Reddy (1996:59) there are a number of steps in the pre-interim phase of municipal government, namely:

- To abolish the old apartheid structures by bringing together communities artificially separated in the past;
- To establish transitional structures;
- Establish the operation of transitional structures;
- Establish voting systems;
- Establish mechanisms for conflict resolution;

Locally and nationally constituted social movements driven by organized workers, students, youth, women and urban residents stimulated the transition in government that began seriously in 1990 (Fitzgerald, 1995:173). The format and functioning of municipalities during the apartheid era was resisted and challenged by communities in numerous ways running up to 1990. Actions being commonplace in the 1980's were demonstrations, stay aways, strikes, collective violence and consumer and rent boycotts.

By the early 1990's negotiations at the municipal sphere of government were taking place throughout the country. The parties involved in these negotiations were representatives of municipalities, business, service providers, civic associations, resident associations, political parties, trade unions and other community organizations. This resulted in the formation of local negotiating forums (Fitzgerald, 1995:174) which is where networks and relationships were built, mutual learning took place and the new culture of governance through consensus where established. During 1993 the National Local Government Negotiating Forum (NLGNF) was established which negotiated a framework for guiding the transformation of municipal government. This was enacted in the Local Government Transition Act, (Act 209 of 1993). This act provided the local forums to negotiate appropriate solutions underlined by the principles of non-racialism, democracy, accountability and one tax base. This led to the creation of Transitional Local Councils (TLC's) in the smaller towns and Transitional Metropolitan Councils (TMC's) for metropolitan areas with metropolitan sub structures (MSS's) such as The Metropolitan Council of the Greater Johannesburg with its various sub structures (Eastern, Western, Northern and Southern Metropolitan sub structures). The forums also had to define the new boundaries, structures and financial systems of the TLCs and MLCs. These structures were established to see municipalities through the interim phase that ended after the new municipal elections of 2000.

For municipalities to stay relevant it is necessary to adapt to the changes within the society they function (Cloete, 1995:1). It will, therefore, also be necessary to have periodic evaluations of the transformation processes within municipalities to ensure that their structures, attitudes and service delivery mechanisms are utilized to ensure effective and efficient service delivery.

#### **4.3.5 Multicultural government and administration**

One of the characteristics of a metropolis is the ethnic and social variety of the society (Jones, 1990:189). Increasing contacts with the world beyond the municipal area attracts,

merchants, ambassadors, refugees, migrant workers, skilled craftsmen, investors and students. Eventually these will become part of the social patterns of the metropolitan life, contributing to the complicated social structure of the society.

Multiculturality, also referred to as cultural diversity by some authors, is a reality in South Africa. Since the 1994 elections it has also become a reality to municipalities since these organizations are expected to deliver services on an equal basis to all people with a non-racial approach. The reality is that the municipal areas consist of communities with different cultures and these different cultures may have different needs and expectations.

Bekker (1995:123) defines multiculturalism in general as a concept that refers to a cluster of different cultures, in other words, cultural diversity. In this chapter the definition supplied by Hilliard (1974:41) is the most applicable. "...multiculturalism defines a society that is made up of a number of cultural groups which could be based on race, ethnicity, religion, language, nationality, income or more than one of the aspects." Diversity can thus manifest itself in terms of socio-economic background, political affiliation, affection orientation, physical capability and culture. Municipalities have had experience in dealing with diversity on most of these levels, but until the 1995 municipal elections multiculturalism was not dealt with on the same scale as where smaller municipalities now have been amalgamated to form multicultural municipal areas.

In the Western Metropolitans racial and ethnic minority problems are part of the more general social malaise, that of economic inequality. Although this is not a problem unique to big cities, it is perceived as a generally urban problem because it is seen in its extreme form in the city. There has been an increased awareness and growing social conscience recognizing the widening gulf between rich and poor and it is no longer an acceptable facet of life. State intervention is found more and more.

After the 1994 elections political transformation in itself was insufficient to ensure fundamental and meaningful impact on all aspects of life, including economic relations,

education, health and other social services (UOFS, 1997:3). This then lead to more culturally diverse communities in work places, educational institutions and residential areas. In the new dispensation it is expected of municipalities to cater for the needs and demands of their multicultural communities on an equal basis and to move away from the traditional approach of cultural elitism which resulted in whites getting preferential treatment in the delivery of services. This means that municipalities that aim to be successful with the delivery of services to its community should manage the multiculturalism of its specific area. According to Bekker (1995:126) there are two extreme options that can be used in managing multiculturalism:

- One option is to treat all the members of a community equally, which emphasizes the equality of all individuals. This, however, poses a specific problem in South Africa where, after years of apartheid, all individuals are not empowered and cannot communicate on the same level. It therefore becomes important for municipalities to rather handle individuals according to their specific circumstances. This complicates the task of municipalities to ensure that all services are delivered to all members of the community, which will avoid discrimination while on adapting the way in which services are delivered so that it satisfies the specific needs and desires of individuals according to their culture.
- The second option is to treat different cultural groups differently, which could imply the return to different municipal government structures for the different cultural groups. This is, however, an approach that fails to address multiculturalism by actually creating municipalities for single cultures by concentrating on the differences in cultures instead of the common needs and desires that they may have.

It seems that in order to ensure successful service delivery municipalities should be flexible in the delivery of the services, handling consumers to meet the challenges wrought by this form of diversity.

Municipalities should not lose sight of the differences between the cultural groups within their area of jurisdiction when concentrating on the common needs and desires of these groups. This could lead to dissatisfaction within certain cultural groups. It should also be remembered that a multicultural community usually also means a multicultural

workforce within the municipality. This can be a benefit since it could be easier to help an individual of a particular cultural group if there is an employee/employees of the same cultural background to handle the issue at stake. However, this does complicate the internal working, teambuilding or even internal marketing within the municipality.

This in turn, according to Du Toit, (1998:231), means that municipal managers should apply the principles of participative management in an effort to avoid misconceptions that employees might have on certain matters as a result of their cultural backgrounds. This could also result in municipal managers having to apply different management styles and/or approaches according to the different cultural groups of employees.

To ensure successful service delivery municipalities should be flexible in the delivery of the services, handling consumers to meet the challenges wrought by this form of diversity. The most critical issues to be addressed in a multicultural society, is (UOFS, 1997:82):

- Language barriers in a country where there are 11 official languages.
- Communication skills of the municipal employees to ensure intercultural communicative competence.
- Attitudes and multicultural skills of the municipal employees.
- Possible attitudes of the community towards a multicultural workforce in a municipality.

Stereotyping, prejudice and generalization usually constructed upon the most unfavorable behavior of members of the other group. In order to replace this with mutual understanding and constructive interaction, it is necessary to enable members of a society to:

- Learn to respect and value themselves and others;
- Appreciate the interdependence of people and communities within the society;
- Know about and understand what is shared as well as what is different about cultural traditions;
- Understand how to handle conflict in non-violent ways (Nieuwmeijer, 1996:342).

Attention will be given in Chapter 6 on how marketing can be used both internally and externally to a municipality to address this issue, which is a concern to municipalities in South Africa and specifically the WMLC.

#### **4.4 CONCLUSION**

After giving attention to first the environment of the WMLC and then the specific issues of concern to the WMLC and other municipalities in South Africa it is clear that there are a variety of components to be taken into account before deciding on a marketing model or developing a marketing plan. Municipalities, including the WMLC, must first analyze the internal and external environments in order to form a realistic view of where they are in their service delivery for the community and what the community may need from them. In this evaluation the issues that are concerning municipalities as possible stumbling blocks in effective and efficient service delivery should also be analyzed to contribute to the reality of the situation.

This can be taken even further to include the perceptions and attitudes of the customers about the municipality that delivers services to them and the employees that work within the municipality. This is, however, such a comprehensive task that it will be handled in chapter 5.

## **CHAPTER 5: RESEARCH METHODOLOGY AND RESULTS OF THE SURVEYS**

### **5.1 INTRODUCTION**

After giving specific attention to marketing, issues of importance in municipal government and the physical environment of the Western Municipal Local Council, this Chapter provides an overview of the perceptions, attitudes and image that residents, businesses and employees within the WMLC have about the Municipality and its service delivery. It is essential to know what these perceptions and attitudes are that stakeholders in the WMLC hold so as to develop a marketing plan that is applicable to this specific Municipality and can therefore give attention to issues of specific importance and relevance to the WMLC. For this reason it was necessary to get feedback from each of the selected groups.

The aim of this chapter is to firstly give an explanation of how the survey was conducted, target groups identified, which problems occurred and how they were overcome. Then, secondly, the response received from the target groups and finally the results of the survey will be analyzed and interpreted. This will enable the researcher to identify the specific issues of importance to be covered in the marketing plan that is designed for this municipality.

### **5.2 RESEARCH METHODOLOGY**

The research done for this study is based on the assumption that there should be a sound practical as well as theoretical basis in comprehensive research of this nature. According to Manheim and Rich (1981:351) exploratory research is necessary "...to discover factors that should be included in theorizing and research on a specific subject." In this case it will not be possible to develop a successfully workable marketing plan applicable to the

WMLC without knowing the attitudes and perceptions of those stakeholders involved in the WMLC.

Discussing research methodology means that attention should be given to the target groups used, which instruments are used and how they are implemented, the calculation of the margin of error and possible problems and constraints in the used of the specific research methodology.

### 5.2.1 The population and target groups

The selected population for the purpose of this study was the stakeholders in the WMLC. Not only is this population very large (513 161 citizens, more than 4000 businesses and 2383 employees), but it is also diverse in the roles played both within the WMLC and the roles expected by them to be played by the WMLC. Therefore the decision was made to divide the total population into 3 different target groups. These target groups were:

- **Residents** - living within the geographical boundaries of the WMLC and therefore receiving services as delivered by the WMLC and having voting rights in the WMLC. According to statistics there are 513 161 residents residing in this municipality (Housing and Urbanization: Development Planning, 1997:12).
- **Businesses and investors** – who either own or invest in businesses within the boundaries of the WMLC and are therefore also receiving the services delivered by the WMLC. The number of businesses registered in the municipality is 4650 (Housing and Urbanization: Development Planning, 1997:14).
- **Employees** – working for the WMLC and who are responsible for delivering services to the other two target groups identified. It is of great importance to also give attention to the attitudes and perceptions of the employees since it will have an influence on the internal marketing plan being developed for the WMLC. There are 2383 employees working for the WMLC.

### **5.2.2 Survey instruments**

A questionnaire (see Appendixes A, B and C) was designed which could firstly give the researcher the biographic and demographic information about the respondents. In the second part of the questionnaire the perceptions and attitudes of the respondents are covered. Certain divisions were brought in to cross-reference the answers given by respondents in important questions.

In a study such as this, it is not only important to know what the issues, attitudes and perceptions are that should be covered in the marketing plan. It is of importance to also know who the people are that the marketing is aimed at, whether internal or external to the Municipality. Thus the need for information on age distribution, qualifications, accommodation, etc.

It was also important to make a division between the three target groups (residents, businesses and investors and employees) when setting up the questionnaire. Therefore, three independent questionnaires were set up. Although they cover the same information and issues, it was important to make each one relevant to the specific target group it was aimed at. Due to the cost involved in sending out questionnaires by post, other methods of distributing and ensuring return of the questionnaire had to be found. This will be discussed in more detail under the implementation of the research method.

### **5.2.3 Implementation of the research instrument**

The initial questionnaires were discussed first with officials in the WMLC who showed an interest in the results of the study. After they were sure that all issues of importance to the Municipality were covered, the questionnaire was approved by the promoter of the researcher and the CEO (Mr G O'Connell) of the WMLC.

The questionnaires were delivered by hand. If questionnaires were sent out by post the following problems could occur:

- An exceptionally high number of questionnaires would have to be distributed in order to ensure responses that would be meaningful data to utilize. This would result in cost creases such as printing costs since the questionnaires were quite lengthy.
- Costs for posting the questionnaires would be high and there is not postal delivery in all the relevant areas.
- A low response rate, due to apathy from members of the target groups, will influence the validity of the study.

In order to prevent these possible problems a number of techniques were used to ensure that the questionnaires reached the target groups and that a good valid response is received. The aim was also to get the questionnaires filled in as thoroughly as possible. It was envisaged that in certain residential areas it would be necessary to explain certain questions to the target groups due to the complexity of the questions. Therefore the following was done:

- **Residents:** A number of 1000 residents had to be reached to ensure an ideal margin of error of 3%. It is, however, acknowledged that a margin of error up to 9% could still be acceptable (Albert van Zyl, Director of the Technikon SA Research Institute). To limit the costs, only a number of 1500 questionnaires were printed for this target group. Selected persons, recruited due to their educational qualifications (at least Std 8/Grade 10) were appointed as fieldworkers. As far as possible, these persons were used in the residential areas of the WMLC where they were living. They did not leave the questionnaires with residents to be picked up later, but rather waited for respondents to fill it in after explaining to them what it was about and why it is seen as necessary. This also meant that they were available to explain uncertainties and ensure that the questionnaires were filled in thoroughly.
- **Businesses and investors:** The aim here was to get as close to 800 responses as possible, again trying to limit the margin of error to 3%. 1100 questionnaires were printed and distributed for this target group. Two methods were used here to ensure response. Rocci (the only business association for the area with 600 members) helped

by distributing forms at one of their monthly meetings and collecting it before departure of the members. The problem with using other industry or business associations based in Johannesburg is that the members do not necessarily operate or invest within the boundaries the WMLC. Fieldworkers were used to reach those businesses not members of Rocci. The fieldworkers moved into shopping centers and the streets of the CBD's of Roodepoort and Florida to do the distribution and collection of questionnaires. It was difficult to distribute questionnaires in the informal businesses in traditionally black townships due to safety and mistrust by the business owners that their names will be added to the questionnaires afterwards, therefore eliminating the anonymous nature of the survey.

- **Employees:** This target group needed a response of 600 for the 3% margin of error. Here permission was granted by the CEO (Mr G O'Connell) to have access to the different departments in order to explain the content of the questionnaires with the employees and to assist with the completion of the forms. Since the researcher was personally involved it was a time consuming process that took a long period of time (2 months) to complete.

#### **5.2.4 Response rate and margin of error**

The margin of error is important to establish what response rate is acceptable for the validity of any empirical study. The smaller the percentage margin of error, the more valid the information that is obtained through the study. An ideal margin percentage that is usually aimed at is 3%, but the margin of error is still acceptable up to 9%. (Albert van Zyl, Director of the Technikon SA Research Institute).

The response rate and margin of error for each of the target groups were as follows:

- **Residents** – In this case a total number of 1011 questionnaires were received of which only 865 could be used. A number of 146 questionnaires had either problems of being filled in incorrectly or specific questions that were not responded to at all. This results in a margin of error for the residents group of respondents of 3.5%.

- **Businesses and investors** – Here a number of 577 questionnaires out of the 635 received was filled in comprehensively enough to use. The margin of error being 4%.
- **Employees** – despite the fact that 600 questionnaires were handed out directly to the employees and that all of these were received back, only 462 of the questionnaires could be used. This, however, still ensured a margin of error of 4%.

Table 5.1 shows the percentage response rates and margins of error of the residents, businesses as well as the employees.

TARGET GROUPS	QUESTIONNAIRES HANDED OUT	QUESTIONNAIRES RECEIVED	RESPONSE RATE	USABLE QUESTIONNAIRES	MARGIN OF ERROR
RESIDENTS	1 500	1011	67.4%	865	3.5%
BUSINESSES	1100	635	57.7%	577	4%
EMPLOYEES	600	600	100%	462	4%

**Table 5.1: Response rate in survey**

### 5.2.5 Problems and constraints of the survey

There were a few problems and constraints that were experienced during the study. Even though measures were implemented, such as staying with respondents until they have completed the questionnaires and not using the mailing option, but rather making use of fieldworkers, there were still a number of questionnaires that either did not get returned or were not completed correctly.

When communicating with respondents, they still showed a lack of interest in completing questionnaires even though they were assured that the results could only be to their benefit within the WMLC.

Although the number of spoiled questionnaires were low, some respondents did not take the time to properly read instructions therefore answering questions incorrectly or simply did not care to complete the questions on which they felt they did not have any direct answers.

### **5.3 ANALYSIS OF THE SURVEY**

The information supplied in the three different questionnaires developed for this research will be compared while being analyzed in the rest of this Chapter. The reason for this approach is to determine whether there would be a difference in the perceptions and attitudes of the three different target groups. This will determine whether there can be one single marketing plan for all these groups or whether attention should be given to each target market separately.

#### **5.3.1 Biographical and demographical information**

This section of information is needed by the researcher to know what the profile is of the stakeholders that will be targeted with the proposed marketing plan or model. Even when there is sufficient knowledge about the need for marketing the marketing plan will not be successful if the markets at which the plan is aimed is not identified correctly. Therefore there was a need for respondents to provide certain demographical and biographical information about themselves, their businesses or their workplace.

##### **5.3.1.1 Age distribution of respondents**

Table 5.2 provides a profile of the age distribution of the respondents. The age distribution of the residents is relatively evenly spread between the different age groups, although the highest percentage of 37.3% of the respondents is younger than 30 years. This indicates a strong population growth in the municipal area. The Business owners' age distribution is evenly spread from the age of 21 upward. This is healthy for the economy of the area, showing a mixture of life experience (but not necessarily business experience) and growth potential. It does complicate the marketing plan since there are more than one generation to reach with its development and implementation. The age distribution of the employees is from 21 (which can be due to the level of qualifications

needed for positions in the council), up to 60 (which is the required retirement age in the Municipality). The highest concentration of employees lies in the age group of 31 – 50, which can be an indication of a strong workforce as far as work and life experience are concerned.

AGE DISTRIBUTION	RESIDENTS		BUSINESS OWNERS		EMPLOYEES	
	Count	Percentage	Count	Percentage	Count	Percentage
UNDER 20	134	15.5%	0	0.0%	0	0.0%
21 - 30	189	21.8%	110	19.1%	106	22.9%
31 - 40	157	18.2%	131	22.7%	129	27.9%
41 - 50	152	17.6%	113	19.6%	129	27.9%
51 - 60	133	15.3%	120	20.8%	98	21.3%
61 AND OLDER	100	11.6%	103	17.8%	0	0.0%

**Table 5.2: Age distribution of respondents**

### 5.3.1.2 Period involved in the WMLC

Tables 5.3, 5.4 and 5.5, reflect the periods that residents, business owners and employees have been involved in the WMLC. It furthermore reflects the level of experience that the respondents have in the service delivery of their municipality being it as recipients of services or as providers of such services.

According to table 5.3 the 40.1% of employees have work experience in the WMLC of more than 10 years. 29.8% of the employees, however, have less than 6 years work experience in the WMLC. This gives an indication of the changes in the workforce since the establishment of the new government in 1994 and especially the establishment of transitional municipalities since 1995. This trend can be seen as very positive due to a good take in of new employees with the changes in the government systems of the country that was specifically aimed at obtaining a more culturally representative workforce. It is, however, alarming that only 16.3% of the employees have more than 15 years experience in the WMLC since the experience of the longer serving employees should pass their experience on to the younger employees.

<b>PERIOD</b>	<b>TOTAL</b>	<b>PERCENTAGE</b>
1 - 5 yrs	138	29.8%
6 - 10 yrs	139	30.1%
11 - 15 yrs	110	23.8%
More than 15 yrs	75	16.3%

**Table 5.3: Period that respondents are employed in the WMLC**

Tables 5.4 and 5.5 indicate more balanced distributions of the experience that the respondents of the WMLC have. The residents (44.4%) and business owners (49.6%) with more than 10 years of experience have the benefit of having experienced the transition of the old municipalities they lived in (Roodepoort, Florida and Meadowlands) to the WMLC. Depending on the conditions in their respective municipalities before the transition, they will either have positive or negative attitudes towards the WMLC. Therefore, it is good to have such a good balance between those residents (53.6%) and business owners (51.4%) who have not experienced the smaller municipalities before the WMLC was created and those who have experienced the smaller municipalities.

<b>PERIOD</b>	<b>TOTAL</b>	<b>PERCENTAGE</b>
1 - 5 yrs	260	30.1%
6 - 10 yrs	221	25.5%
11 - 15 yrs	190	22.0%
More than 15 yrs	194	22.4%

**Table 5.4: Period that respondents have resided in the WMLC**

<b>PERIOD</b>	<b>TOTAL</b>	<b>PERCENTAGE</b>
1 - 5 yrs	155	26.9%
6 - 10 yrs	136	23.5%
11 - 15 yrs	143	24.8%
More than 15 yrs	143	24.8%

**Table 5.5: Period that respondents have had businesses in operation in the WMLC**

### 5.3.1.3 Educational Qualifications of respondents

Table 5.6 is a lay out of the educational qualifications of the respondents. It is important for marketers to know the level of education that your target markets have, since it has a direct influence on the level on which the marketing campaign can be pitched.

QUALIFICATIONS	RESIDENTS		BUSINESS OWNERS		EMPLOYEES	
	TOTAL	%	TOTAL	%	TOTAL	%
Std 8	389	45.0%	104	18.0%	100	21.6%
Std 10	183	21.2%	112	19.4%	128	27.7%
Diploma	146	16.8%	120	20.8%	129	27.9%
Degree	147	17.0%	241	41.8%	105	22.7%

**Table 5.6: Educational qualifications of respondents**

The majority (66.2%) of residents who responded do not have any Std 10 or tertiary (Diploma/Degree) qualifications. This possibly is an indication of the backlog in the education within the traditionally disadvantaged areas of the WMLC since 70% of the population of this municipality is black. This was kept in mind with the distribution of questionnaires to ensure the same ratio of representation in the responses received. In the grouping of business owners the scale hangs over to the other side with 62.6% of the respondents being in possession of a tertiary qualification. Of the employees 49.3% have only high school qualifications and the other 50.7% holding tertiary qualifications.

### 5.3.1.4 Residential areas where residents live

For the purposes of this study it is necessary to know where the respondents reside in order to ensure that responses are received from all the residential areas within the WMLC. This was achieved and the balance of the responses is in relationship with the size of the residential areas (Dobsonville 11.1%, Florida 12.5% and Roodepoort 13.3%). This is, however, still a relatively even distribution of respondents. The fact that the Florida and Roodepoort areas have the largest percentage of respondents in the WMLC's

municipal area could result in marketing actions and decisions that are not necessarily in line with the perceptions, attitudes, needs and aspirations of the other areas within the WMLC.

RESIDENTIAL AREA	NUMBER OF RESPONDENTS	PERCENTAGE
DAVIDSONVILLE	84	9.7%
DIEPMEADOW	76	8.8%
DOBSONVILLE	96	11.1%
DOORKOP	81	9.4%
FLORIDA	108	12.5%
MARAISBURG	74	8.6%
MEADOWLANDS	78	9.0%
MZIMHLOPE	77	8.9%
ROODEPOORT	116	13.3%
VLAKFONTEIN	75	8.7%

**Table 5.7: Residential area that responding residents live in**

#### **5.3.1.5 Area where businesses are established**

For the same reason as the above, it also necessary to ensure that the responses received from the businesses in the WMLC represent all the areas that have business areas. The responses show a higher response rate from businesses in Florida (12.9%) and Roodepoort (15.9%). This is due to the fact that these areas both have Central Business Centurms (CBS) with well developed infrastructure and therefore a large number of businesses and shopping centers were originally established there. The responses from other areas are very close, ranging from 8.1% to 9.7%.

<b>AREA OF BUSINESS</b>	<b>NUMBER OF BUSINESSES</b>	<b>PERCENTAGE</b>
DAVIDSONVILLE	51	8.8%
DIEPMEADOW	52	9.0%
DOBSONVILLE	52	9.0%
DOORNKOP	51	8.8%
FLORIDA	74	12.9%
MARAISBURG	56	9.7%
MEADOWLANDS	51	8.8%
MZIMHLOPE	52	9.0%
ROODEPOORT	91	15.9%
VLAKFONTEIN	47	8.1%

**Table 5.8: Area where businesses are established**

### 5.3.1.6 Accommodation used by residents

Table 5.9 gives an indication of the types of accommodation the respondents residing in the WMLC makes use of. This is important to the development of a marketing campaign due to the difference in service delivery that is available to the formal settlements (75%) and informal settlements (25%). This gives the marketer an overview of what the residents are used to in the level of service delivery and what they will be expecting from their municipality. Also interesting is that 33.7% of the respondents own their own properties, while 32.6% of them rent from other owners.

<b>ACCOMODATION</b>	<b>NUMBER OF RESIDENTS</b>	<b>PERCENTAGE</b>
OWN HOUSE	138	16.0%
RENTAL HOUSE	135	15.6%
OWN FLAT	75	8.7%
RENTAL FLAT	77	8.9%
OWN TOWNHOUSE	78	9.0%
RENTAL TOWNHOUSE	71	8.1%
SMALL HOLDING	75	8.7%
INFORMAL SETTLEMENT	216	25.0%

**Table 5.9: Accommodation used by responding residents**

### 5.3.1.7 Business sector within which business falls

It is unfortunate that no responses were received from the agricultural sector of the WMLC. The agricultural sector only constitutes 1% (in the form of smallholdings that produce agricultural products such as vegetables) of the economic sectors of the WMLC. The largest response (21.2%) was received from the retail and wholesale sector that constitutes 15.2% of the economic sectors. The other responses received are well equally distributed between the other economic sectors. Since the manufacturing sector (31.3%) is by far the strongest economic sector in the WMLC, it is unfortunate that it was only a response of 11.6% that was received in this sector.

<b>BUSINESS SECTOR</b>	<b>NUMBER OF BUSINESSES</b>	<b>PERCENTAGE</b>
MANUFACTURING	67	11.6%
ELECTRICITY, GAS & WATER	52	9.0%
CONSTRUCTION	53	9.2%
WHOLESALE/RETAIL	122	21.2%
TRANSPORT & COMMUNICATION	53	9.2%
FINANCE & BUSINESS SERVICES	66	11.4%
COMMUNITY & SOCIAL SERVICES	60	10.4%
GOVERNMENT	52	9.0%
MINING	52	9.0%
AGRICULTURE	0	0.0%

**Table 5.10: Economic sectors that businesses fall under**

### 5.3.1.8 Number of employees employed in business

From table 5.11 it seems that most of the businesses (28.1%) that responded in the survey are small and only employ between 1 to 50 employees. This trend is an excellent sign for the stimulation of local economic development in the area. The rest of the responses were very equally distributed between 51 to more than 1000 employees per business.

<b>NUMBER OF EMPLOYEES EMPLOYED</b>	<b>NUMBER OF BUSINESSES</b>	<b>PERCENTAGE</b>
1 - 50	162	28.1%
51 - 200	107	18.5%
201 - 500	101	17.5%
501 - 1000	103	17.9%
1001 and more	104	18.0%

**Table 5.11: Number of employees employed by responding businesses**

### 5.3.1.9 Financing used to establish business

From table 5.12 it can be seen that the majority of the responding businesses (40%) were established through personal investments by the owners. The other two methods used frequently in financing businesses are through the acquisition of bank loans (22%) and by establishing companies with investment by share holders (20.6%). The use of business partners or the Small Business Development Corporation for financing (8.7%) and Industrial Development Corporation financing (8.5%) is not as popular with the respondents. Only 0.2%, which is 1 of the respondents made use of KHULA (a private financing initiative for businesses that can not obtain bank loans) for their financing. Since it takes collateral from prospective business owners to get bank loans in starting new businesses, it can be argued that most of the business owners responding in the survey were could deliver the necessary securities. Only 38% of the businesses were started with the help of organizations that usually support the establishment of businesses where the first two options are not available.

<b>TYPE OF FINANCING</b>	<b>NUMBER OF BUSINESSES</b>	<b>PERCENTAGE</b>
PERSONAL INVESTMENT	230	40.0%
BANK LOAN	127	22.0%
BUSINESS PARTNERS/ SBDC FINANCING	56	8.7%
SHARE HOLDERS	119	20.6%
INDUSTRIAL DEVELOPMENT CORPORATION	52	8.5%
KHULA	1	0.2%

**Table 5.12: Type of financing used by respondents to establish businesses**

### 5.3.1.10 Distribution of employees in the Clusters of the WMLC

The Cluster in the organizational structure of the WMLC that hosts the largest number of employees is the Technical Services Cluster with 1355 employees. This means that this Cluster constitutes 57% of the labour force of the WMLC. This is also the department from which the strongest response was received (46.4%). The percentage of responses that were received compare well with the number of employees working in the different Clusters.

CLUSTERS	NUMBER OF EMPLOYEES	PERCENTAGE
TECHNICAL SERVICES	219	46.4%
HOUSING	38	8.1%
COMMUNITY SERVICES	116	24.6%
HEALTH SERVICES	45	9.5%
HUMAN RESOURCES	4	0.9%
FINANCE	21	4.4%
CORPORATE SERVICES	29	6.1%

Table 5.13: Distribution of responding employees in Clusters of the WMLC

### 5.3.2 Perceptual information

To be able to analyze the perceptual information supplied by the respondents, it is first important to establish the guidelines according to which the analysis should be done. In order to test the respondents' perceptions, which are a product of the attitudes that they have, it was necessary to use a 5-point Riekert scale. This gave respondents the opportunity to indicate various degrees of satisfaction, agreement, attitudes and perceptions about certain issues and statements.

According to Kotler (1984:608) the service delivery of an institution is satisfactory if the customer allocated either a 4 or 5 to it on a 5-point scale. This means that scores of 1,2 and 3 indicates dissatisfaction with the service or disagreement with a statement. It is interesting that 3 is also included under the negative perceptions, but a score of 3 usually

shows a tendency by a respondent not to care or know enough about the service or issue to take a stronger view on it. This in turn shows an attitude of apathy on the part of the customer of an organization such as a municipality. In the public service there should be an active attempt to move these citizens from apathy to taking part in activities. Therefore, by counting these responses as negative, it is possible for an organization to pay attention to all stakeholders having negative attitudes as well as the ones not caring about the services.

The target group and services identified by this study for the aim of developing a marketing campaign, will therefore, specifically be those with responses ranging between 1 and 3.

### 5.3.2.1 The importance of service delivery

Table 5.14 indicates how important the services delivered by the WMLC are to their residents. This is not only important in the development of a marketing campaign, but in times where resources are extremely scarce, it is also important to establish which services the residents within a municipality see as more important than others. This will assist the municipality to ensure delivery on these services and rather privatize, contract out or form partnerships on the delivery of the not so important services.

SERVICES	Not important At all			Very important			SERVICE NOT IMPORTANT	SERVICE IMPORTANT
	1	2	3	4	5			
PARKS	168	154	168	164	211		56.6%	43.4%
ROADS			247	249	369		28.6%	71.4%
SPORT FACILITIES	145	150	186	174	210		55.6%	44.4%
MUSEUMS	155	169	189	156	196		59.3%	40.7%
SANITATION	126	180	162	153	244		54.1%	45.9%
PERSONAL HEALTH SERVICES	148	146	154	152	265		51.8%	48.2%
RUBBISH REMOVAL		180	189	185	311		42.7%	57.3%

RECREATIONAL SERVICES	148	151	178	186	202		55.1%	44.9%
LIBRARIES	144	147	162	180	232		52.4%	47.6%
NATURE RESERVES	144	148	181	185	207		54.7%	45.3%
WATER			267	286	312		30.9%	69.1%
ELECTRICITY			240	246	379		27.7%	72.3%
STATE THEATER	151	151	188	182	193		56.6%	43.4%
BUS SERVICES	145	150	169	168	233		53.6%	46.4%
TRAFFIC SERVICES		81	192	302	290		31.6%	68.4%
FIRE SERVICES			247	263	355		28.6%	71.4%

**Table 5.14: Importance of services according to residents**

As discussed above (see paragraph 5.5.1) the reactions of respondents in the categories of 1,2 and 3 (see table 5.14) are added together to get the total percentage of the respondents to whom the specific service is not important. The responses of 4 and 5 in turn are added up to reflect the percentage of respondents to whom the service is important. This applies to tables 5.14 (residents), 5.15 (businesses) and 5.16 (employees).

SERVICES	Not important At all			Very important			SERVICES NOT IMPORTANT	SERVICES IMPORTANT
	1	2	3	4	5			
PARKS	112	105	133	115	112		60.7%	39.3%
ROADS	126		127	131	193		43.8%	56.2%
SPORT FACILITIES	105	105	140	115	123		58.7%	41.3%
MUSEUMS	111	118	135	108	105		63.1%	36.9%
SANITATION	51	51	107	105	263		36.2%	63.8%
PERSONAL HEALTH SERVICES	53	51	112	105	256		37.4%	62.6%
RUBBISH REMOVAL	1	1	3	108	464		0.9%	99.1%
RECREATIONAL SERVICES	103	104	134	118	118		59.1%	40.9%
LIBRARIES	106	105	134	120	112		59.8%	40.2%
NATURE RESERVES	105	102	122	134	114		57.0%	43.0%
WATER	1		52	54	470		9.2%	90.8%
ELECTRICITY		1	51	54	471		9.0%	91.0%
STATE THEATER	222	108	232	12	3		97.4%	2.6%
BUS SERVICES	103	108	115	117	134		56.5%	43.5%
TRAFFIC SERVICES	1	101	111	116	248		36.9%	63.1%
FIRE SERVICES		1	108	112	356		18.9%	81.1%

**Table 5.15: Importance of services according to the business owners**

SERVICES	Not important At all			Very important		SERVICES NOT IMPORTANT	SERVICES IMPORTANT
	1	2	3	4	5		
PARKS	72	75	127	98	90	59.3%	40.7%
ROADS	69	70	74	90	159	46.1%	53.9%
SPORT FACILITIES	71	74	120	96	101	45.9%	54.1%
MUSEUMS	77	92	117	79	77	61.9%	38.1%
SANITATION	2		125	125	210	27.5%	72.5%
PERSONAL HEALTH SERVICES	4	2	61	68	327	14.5%	85.5%
RUBBISH REMOVAL	1	1	7	9	444	1.6%	98.4%
RECREATIONAL SERVICES	63	70	149	94	86	61.0%	39.0%
LIBRARIES	61	68	82	100	151	45.7%	54.3%
NATURE RESERVES	62	76	145	88	91	61.3%	38.7%
WATER	2		5	5	450	1.5%	98.5%
ELECTRICITY	2		4	5	451	1.3%	98.7%
STATE THEATER	77	116	118	78	73	67.3%	32.7%
BUS SERVICES	68	67	105	108	114	51.9%	48.1%
TRAFFIC SERVICES	2	4	62	123	271	14.7%	85.3%
FIRE SERVICES	2		9	166	285	2.4%	97.6%

**Table 5.16: Importance of services according to employees**

An attempt will be made to compare these three tables (5.14, 5.15 and 5.16) with each other. It is necessary to establish whether the residents living, businesses operating and employees working in the area give the same importance to services. This will have an influence on the development and implementation of both the internal and external components of the marketing plan.

Since the respondents show a general agreement on the importance of the services, only those services where there is a difference in opinion will be emphasized. The first of these being roads. The findings reveal that roads are more important (71.4%) to the residents of the WMLC than to the businesses (56.2%) and employees (53.9%) respectively. It is interesting that sanitation services are seen as less important (only 45.9% important) to residents while both the businesses (63.8%) and employees (72.5%) see it as a very important service. Personal health services are seen as extremely important (85.5%) to the employees of the WMLC while the businesses indicated a

62.6% importance and residents only 48.2% importance. Rubbish removal as a service is surprisingly not seen as so important by the residents (57.3%) while it is seen as extremely important by both the businesses (99.1%) and employees (98.4%) of the WMLC. The State Theater, as a service, is not regarded as very important by any of the three groups, but the group showing the lowest percentage of importance is business (2.6%).

It is strange that such a low percentage (56.2%) of the businesses perceive roads as being important when most of these organizations have to transport products to and from their premises and they therefore need the road infrastructure to be able to distribute their products. The same trend is seen with sanitation (as with roads) where residents (54.1%) who make use of sanitation on a daily basis do not really perceive it as an important service. This could be due to customers not realizing their need for those services that is readily available to them or that those who do not have it is used to getting along without it.

Those services about which the respondents expressed more or less the same preferences are the following:

- Water.
- Electricity.
- Traffic services.
- Fire services.

The only services that received a high percentage on being not important by all three the groups of respondents are:

- Museums.
- State Theater.

### 5.3.2.2 Perceptions about the image of the WMLC

With the questions asked in tables 5.17 (residents), 5.18 (employees) and 5.19 (businesses) an attempt was made to determine the level of importance given to the different services in the previous tables (5.14, 5.15 and 5.16). This also gives respondents the opportunity to show whether they are satisfied with the services they receive from the municipality as well as the manner in which it is delivered.

STATEMENT	Disagree			Agree		DO NOT AGREE WITH STATEMENT	AGREE WITH STATEMENT
	1	2	3	4	5		
Parks are not kept up properly by the WMLC	196	152	160	160	197	58.7%	41.3%
Only a few residents make use of the museum	177	155	174	170	189	58.5%	41.5%
The land and money spent on parks can be utilized more efficiently for housing	175	157	163	157	213	57.2%	42.8%
There is a shortage in municipal sport facilities in the WMLC	195	159	176	155	180	61.3%	38.7%
The natural areas, such as the Kloof-en-Dal nature reserve is kept in a good condition	183	148	174	182	178	58.4%	41.6%
The civic center is only utilized by people enjoying classical music	279	143	146	138	159	65.7%	34.3%
When there are power failures, the Electricity Department does everything possible to restore the power as soon as possible	144	139	145	140	297	49.5%	50.5%
Service delivery concerning water and electricity is sufficient	173	138	144	143	267	52.6%	47.4%
There are a sufficient number of clinics for personal health services	199	139	147	140	240	56.1%	43.9%
The bus service can be described as efficient	167	147	140	144	267	52.5%	47.5%
The Municipal newsletter is received by residents on a monthly basis	214	199	163	146	143	66.6%	33.4%

The Municipal newsletter is adequate in informing resident about the developments within the WMLC	224	186	157	150	148		65.5%	34.5%
Residents of the WMLC is well informed about current developments	213	209	151	153	139		66.2%	33.8%
The personnel of the traffic department delivers a friendly service to the general public	256	171	140	147	151		65.5%	34.5%
The Fire Department delivers an adequate fire protection service	162	135	143	142	283		50.9%	49.1%
The WMLC is progressive	254	173	170		268		69.0%	21.0%
It is a comfortable city to live in because it is so close to Johannesburg	225	139	168	150	183		61.5%	38.5%
It must be marketed for its available conference facilities	180	149	162	157	217		56.8%	43.2%
The central business centurms must be developed	188	145	154	159	219		56.3%	43.7%
The WMLC makes an effort to let residents know which services are available	222	169	162	159	153		63.9%	36.1%
There is currently an active marketing strategy to draw residents and businesses to the WMLC	254	147	180	146	138		67.2%	32.8%

**Table 5.17: Perceptions held by residents on the image of the WMLC**

In table 5.17 the following important perceptions of the residents come forward:

- A strengthening of the fact that the respondents do not see services such as parks and museums as very important.
- Only 50.5% of the respondents felt that the service delivery of the Electricity department is good.
- More than 65% of the respondents do not receive the municipal newsletter, therefore they do not feel that the newsletter keeps them informed and they have the perception that the residents of the area is not well informed about current developments or services delivered in the WMLC.
- Only 21% of the residents responding perceive the WMLC as a progressive municipality.

- 67.2% of the respondents did not know of any current active marketing strategies launched by the WMLC.

STATEMENT	Disagree					Agree	
	1	2	3	4	5	DO NOT AGREE WITH STATEMENT	AGREE WITH STATEMENT
Parks are not kept up properly by the WMLC	68	72	144	87	91	61.5%	38.5%
Only a few residents make use of the museum	57	59	87	97	162	43.9%	56.1%
The land and money spent on parks can be utilized more efficiently for housing	141	123	135	8	55	86.4%	13.6%
There is a shortage in municipal sport facilities in the WMLC	79	81	150	73	79	67.1%	32.9%
The natural areas, such as the Kloof-en-Dal nature reserve is kept in a good condition	62	63	145	99	93	58.4%	41.6%
The civic center is only utilized by people enjoying classical music	82	74	141	76	89	64.3%	35.7%
When there are power failures, the Electricity Department does everything possible to restore the power as soon as possible	67	67	82	97	149	46.8%	53.2%
Service delivery concerning water and electricity is sufficient	68	64	85	151	94	47.0%	53.0%
There are a sufficient number of clinics for personal health services	74	70	114	101	103	55.8%	44.2%
The bus service can be described as efficient	109	90	99	94	73	64.5%	35.5%
The Municipal newsletter is received by employees on a monthly basis	145	85	80	79	73	67.1%	32.9%
The Municipal newsletter is adequate in informing employees about the developments within the WMLC	141	88	79	81	79	66.7%	33.3%
Employees of the WMLC is well informed about current developments	140	93	84	72	73	68.6%	31.4%

The personnel of the traffic department delivers a friendly service to the general public	145	90	91	57	79		70.6%	29.4%
The Fire Department delivers an adequate fire protection service	63	72	119	116	92		55.0%	45.0%
I make good use of all my skills and knowledge in the completion of my duties	67	76	85	84	150		49.4%	51.6%
It is a comfortable city to work for because it is so close to Johannesburg	76	78	145	80	83		64.7%	35.3%
I am sent on regular training courses to increase my skills and knowledge.	148	90	81	70	73		69.0%	31.0%
I am always informed about new services and changes in service delivery	132	90	95	76	69		68.6%	31.4%
The WMLC makes an effort to ensure that employees know which services are available	78	141	96	77	70		68.2%	31.8%
There is currently an active internal marketing strategy in the WMLC	141	94	93	72	62		71.0%	29.0%
There is a high degree of accountability by employees in the WMLC	91	86	142	74	69		69.0%	31.0%
There is transparency on all matters of service delivery in the WMLC	86	83	150	77	66		69.0%	31.0%
The employees of the WMLC are generally efficient	84	80	144	91	63		66.7%	33.3%
Public & private partnerships will lead to employees of the WMLC loosing their jobs	78	76	148	73	87		65.4%	34.6%
The Council looks after the interests of its employees	148	80	95	71	68		69.9%	30.1%

**Table 5.18: Perceptions held by the employees on the image of the WMLC**

In table 5.18 the following perceptions of the employees come forward:

- Confirmation of the fact that services such as parks, museums and other recreational services are not regarded as important.
- 53% of the respondents feel that the service delivery of water and electricity is of satisfactory quality. This is still not a high percentage on services compared to it being rated as important by more than 98% of the employees in Table 5.16.

- More than 66% of the respondents indicated that they did not receive the monthly newsletter of the municipality. They therefore, do not feel that the newsletter keeps them informed and they have the perception that employees are not well informed about current developments or services delivered by the WMLC.
- Only 51.6% of the responding employees felt that they are making good use of all their skills and knowledge in the completion of their duties.
- To add to the frustration of employees, 69% of the respondents feel that they are not sent on regular training courses to increase their skills and knowledge.
- 71% of the respondents did not know of any current active marketing strategies launched by the WMLC.
- 69% of the respondents felt that there is not a high degree of accountability or transparency by the employees in the WMLC.
- Only 33.3% of the respondents see the employees of the WMLC as generally efficient.
- 69.9% of the employees responding feel that the Council is not taking care of the interests of their employees.

STATEMENT	Disagree					Agree	
	1	2	3	4	5	DO NOT AGREE WITH STATEMENT	AGREE WITH THE STATEMENT
The WMLC forms an integral part of the Greater Johannesburg	108	103	121	110	135	57.5%	42.5%
The economy in the WMLC is thriving with a growth rate that is higher than the national average	117	118	131	108	103	63.4%	36.6%
There is easy access to the markets of both Gauteng and Africa	52	114	236	115	60	69.7%	30.3%
The business sector is well developed with confidence in possible growth	60	115	282	115	5	79.2%	20.8%
When there are power failures, the Electricity Department does everything possible to restore the power as soon as possible	4	110	119	232	112	40.4%	59.6%

Service delivery concerning water and electricity is sufficient	103	106	131	119	118		58.9%	41.1%
There are a sufficient number of clinics for personal health services	110	114	131	113	109		61.5%	38.5%
The bus service can be described as efficient	116	116	133	110	102		63.3%	36.7%
The Municipal newsletter is received by investors and businesses on a monthly basis	352	58	60	53	54		81.5%	18.5%
The Municipal newsletter is adequate in informing investors and businesses about the developments within the WMLC	350	60	62	53	52		81.8%	18.2%
Investors and businesses of the WMLC is well informed about current developments	345	66	61	52	53		81.8%	18.2%
The personnel of the traffic department delivers a friendly service to the general public	108	115	132	117	105		61.5%	38.5%
The Fire Department delivers an adequate fire protection service	55	57	116	235	113		39.5%	60.5%
The WMLC is economically progressive	154	137	149	135	2		76.3%	23.7%
It is a comfortable city to establish a business in because it is so close to Johannesburg	5	139	146	140	147		50.3%	49.7%
It must be marketed for its available conference facilities	109	108	132	116	112		60.5%	39.5%
The central business centurms must be developed more intensely	53	55	115	114	240		38.6%	61.4%
The WMLC makes an effort to let investors and businesses know which services are available	128	110	230	66	43		81.1%	18.9%
There is currently an active marketing strategy to draw investors and businesses to the WMLC	332	239	5	1			99.8%	0.2%

**Table 5.19: Trends in the image of the WMLC as held by business owners**

In table 5.19 the perceptions of the business owners are the following:

- Only 42.5% of the business owners view the WMLC as an integral part of the Greater Johannesburg.

- Only 36.6% of the respondents agree that the economy in the WMLC is thriving with a growth rate that is higher than the national average.
- 69.7% of the respondents feel that there is not easy access to the markets of Gauteng and Africa from the WMLC.
- Only 20.8% of the business owners agree that the business sector of the WMLC is well developed with confidence in possible growth.
- 59.6% of the respondents are of the opinion that the service delivery of water and electricity is satisfactory.
- More than 81% of the respondents do not receive the monthly newsletter of the WMLC, therefore they do not feel that the newsletter keeps them informed and they have the perception that businesses are not well informed about current developments or service delivery in the area.
- Only 23.7% of the respondents view the WMLC as economically progressive.
- 99.8% of the respondents did not know of any current active marketing strategies launched by the WMLC.

### 5.3.2.3 Analysis of the general service delivery in the WMLC

The aim of this section in the questionnaire was to get an overall idea of the perceptions that the respondents have about the way in which services are delivered in the WMLC.

STATEMENT	Completely Unsatisfactory					Exceptional		UNSATISFIED	SATISFIED
	1	2	3	4	5				
The friendliness of the officials	282	135	144	139	165			64.9%	35.1%
The helpfulness of the officials to sort out problems	164	142	154	157	248			53.2%	46.8%
The knowledge and skills of the officials	192	166	191	152	164			63.5%	36.5%
The attitude of the officials towards the clients	187	146	169	158	205			58.0%	42.0%

How do you think the service delivery of the WMLC compares with other municipalities	178	148	158	154	227		56.0%	44.0%
Do you feel that the costs, such as local taxes are justified by the quality and quantity of the services delivered by the WMLC	192	235	152	148	138		66.9%	33.1%

**Table 5.20: Responding residents' analysis of the general service delivery in the WMLC**

Table 5.20 indicates that the residents responding to this survey are mostly dissatisfied with the way in which services are delivered in the WMLC. Even on the issue of the helpfulness of the officials to sort out problems, 53.2% of the respondents were not satisfied with the service provided by the officials. 66.9% of the respondents felt that the costs, such as local taxes are not justified by the quality and quantity of the services delivered by the WMLC.

STATEMENT	Completely Unsatisfactory					Exceptional	
	1	2	3	4	5	UNSATISFIED	SATISFIED
The friendliness of the officials	235	113	115	110	3	80.2%	19.8%
The helpfulness of the officials to sort out problems	116	237	113	109	2	80.8%	19.2%
The knowledge and skills of the officials	118	113	236	109	1	80.9%	19.1%
The attitude of the officials towards the clients	222	113	233	8	1	98.4%	1.6%
How do you think the service delivery of the WMLC compares with other municipalities	110	110	343	9	5	97.6%	2.4%
Do you feel that the costs, such as local taxes are justified by the quality and quantity of the services delivered by the WMLC	236	217	115	8	1	98.4%	1.6%

**Table 5.21: Responding business owners' analysis of the general service delivery in the WMLC**

When analyzing the responses received from the business sector it could be concluded that these respondents are even more dissatisfied with the general level of service delivery by the WMLC than the residents. Only 19.8% of the respondents were satisfied with the friendliness and helpfulness of the officials. This high percentage (more than 80%) of dissatisfaction could be due to businesses knowing the need to serve customers and treat customers in a friendly manner in order to increase future business. 98.4% of these respondents held the viewpoint that the costs, such as local taxes, are not justified if the quality and quantity of the services delivered in the WMLC are taken into account.

STATEMENT	Completely Unsatisfactory			Exceptional			UNSATISFIED	SATISFIED
	1	2	3	4	5			
The friendliness of the officials	66	72	163	87	74		65.2%	34.8%
The helpfulness of the officials to sort out problems	71	72	162	89	68		66.0%	34.0%
The knowledge and skills of the officials	67	83	155	88	69		66.0%	34.0%
The attitude of the officials towards the clients	75	80	154	84	69		66.9%	33.1%
How do you think the service delivery of the WMLC compares with other municipalities	70	68	145	104	75		61.3%	38.7%
Do you feel that the costs, such as local taxes are justified by the quality and quantity of the services delivered by the WMLC	90	89	139	80	64		68.8%	31.2%

**Table 5.22: Responding employees' analysis of the general service delivery in the WMLC**

It is meaningful to know that the perceptions of the employees responding to the survey is quite in tune with those of the residents. This could possibly be due to the fact that most of the employees are also residents in the area and therefore also have experience of receiving services from the WMLC. It is significant to determine that the perceptions of employees are not totally the opposite of the other two groups, since it makes the marketing campaign that must be developed a simpler exercise. The employees could thus be able to analyze and have a better understanding of the problems those residents

and businesses are experiencing in terms of municipal service delivery. 68.8% of these respondents felt that the costs, such as local taxes, are not justified by the quality and quantity of the services delivered by the WMLC.

### 5.3.2.4 Comparison of service delivery

Table 5.23 simply shows how many of each of the groups of respondents had been exposed to the functioning of any other municipalities than the WMLC. This becomes important in establishing whether the respondents have experienced service delivery in other municipalities. Those who have had the opportunity will most probably be influenced by the quality and quantity that they have received in another area when measuring and forming perceptions about the service delivery of the WMLC. It will also create expectations of what they expect from the WMLC. In this Table it is obvious that 48.7% of the residents and 44.4% of the employees have had exposure to service delivery by other municipalities. Only 20.5% of the businesses have, however, had exposure to the service delivery of other municipalities.

<b>RESPONDENTS</b>	<b>YES</b>		<b>NO</b>	
<b>RESIDENTS</b>	421	48.7%	444	51.3%
<b>BUSINESSES</b>	118	20.5%	459	79.5%
<b>EMPLOYEES</b>	205	44.4%	257	45.6%

**Table 5.23: Respondents having been involved in other municipalities**

Table 5.24 supplies a list of the other municipalities that the three groups have been either lived, worked or had a business in. It is noteworthy that, except for some of the employees that have been involved with other metropolitan substructures or with the Cape Town municipality, the municipalities named are all smaller than the WMLC. Especially those respondents moving from rural municipalities will be used to a very personal level of service delivery by officials although the quantity of services might not have been as diverse as in the WMLC.

<b>RESIDENTS</b>	<b>BUSINESS OWNERS &amp; INVESTORS</b>	<b>EMPLOYEES</b>
Itsoseng	Southbroom	Johannesburg CBD
Westonaria	Johannesburg CBD	Midrand
Randfontein	Randburg	Pretoria
Carltonville	Louis Trichard	Randfontein
Cape Town	Birnum	EMLC (Sandton)
Ventersdorp	Parkwood	Stellenbosch
Dlamini	Van der Bijlpark	Boksburg
Khutsong	Germiston	Brakpan
Krugersdorp	East Rand	Pietersburg
Potchefstroom	Sandton	Kimberley
Randburg	Krugersdorp	Welkom
Botswana	Pretoria	East London
Bekkersdal	East London	Germiston
Soweto	Pietersburg	Secunda
Mohlakeng	Cape Town	Centurion
Vryburg		Cape Town
Mafikeng		Soweto
Johannesburg CBD		Lenasia South
Bloemfontein		NMLC (Randburg)
Toekomsrus		Phuthaditshjaba
Pretoria		Bloemfontein
Dube		Benoni
Kagiso		Sasol
Vosloorus		Vereeniging
Ciskei		Eldorado Park
Thembisa		Wolseley
Doornkop		
Zeerust		
Klerksdorp		
Elandsfontein		
Rustenburg		
Boipatong		
Maputu		

**Table 5.24: Other Municipalities that respondents have been involved in**

To take this issue further and test the influence of previous experiences of respondents, those who have indicated that they had experiences about services rendered by other municipalities were asked to compare the quality and quantity of service delivery in the WMLC with those rendered by the other municipalities. The result was that 36.1% of the residents, 33.1% of the businesses and 30% of the employees found service delivery in the WMLC poorer than in other municipalities. The percentage of respondents who

found the service levels better was very low (Only 26.4% of the residents, 16.1% of the respondents from the businesses sector and 10.1% of the employees). The fact that some respondents perceive the level of service delivery, as the same as other municipalities is not necessarily a sign of them being satisfied with the service. That would depend on how satisfied or dissatisfied the respondents were with the service delivery of the other municipality.

QUALITY OF SERVICE	RESIDENTS		BUSINESS OWNERS		EMPLOYEES	
	Is poorer in the WMLC than other Municipalities	152	36.1%	39	33.1%	62
Is the same in WMLC and other municipalities	158	37.5%	60	50.8%	122	59.9%
Is better in the WMLC than in other municipalities	111	26.4%	19	16.1%	21	10.1%

**Table 5.26: Service comparison between the WMLC and other Municipalities**

### 5.3.2.5 Reasons for involvement in the WMLC

It is important to note why the respondents are living, working or owning a business in the WMLC since this will make a contribution toward the forming of attitudes and perceptions by residents, people from the business sector and employees of the Municipality and the services it delivers. These reasons can also create expectations with the respondents about what the municipality must do. It seems as if the biggest percentage of residents responding (19.2%) is living in the area due to its proximity to their workplaces. It is interesting that 15.9% of the respondents say they live in the area because of the good municipal services and facilities. Most of the respondents gave more than one reason for living in the WMLC, which could possibly contribute toward the very balanced allocation of percentages to all the reasons given.

<b>REASONS</b>	<b>NUMBER OF RESPONDENT</b>	<b>PERCENTAGE</b>
<b>CLOSE TO MY WORKPLACE</b>	187	19.2%
<b>BEAUTIFUL RESIDENTIAL AREA</b>	124	12.6%
<b>GOOD MUNICIPAL SERVICES AND FACILITIES</b>	156	15.9%
<b>CHEAP MUNICIPAL SERVICES</b>	133	13.6%
<b>AVAILABLE PUBLIC TRANSPORT</b>	128	13.0%
<b>HOUSING IS AFFORDABLE</b>	129	13.1%
<b>SAFETY AND SECURITY</b>	124	12.6%

**Table 5.27: Responding residents' reasons for involvement in the WMLC**

In table 5.28 reasons relating directly to the economic sector and that is not applicable to the other two groups of respondents were added. The most important reason given by respondents for establishing their businesses in the WMLC is the easy access to national and provincial routes. Two other important reasons seems to be a well developed infrastructure (20.1%) and central location in a large market (19.4%). Reasons receiving less than 10% of the respondents' attention are:

- Availability of a large labour force (4.3%);
- Available public transport (2.1%);
- Well-developed manufacturing sector that enhances development opportunities (9.7%); and
- Progressive business sector (6.2%).

Reasons that was apparently not applicable to any of the businesses responding to the survey are:

- Good municipal services and facilities;
- Cheap municipal services;
- Low crime rate.

REASONS	NUMBER OF RESPONDENTS	PERCENTAGE
WELL DEVELOPED INFRASTRUCTURE	116	20.1%
AVAILABILITY OF BIG LABOUR FORCE	25	4.3%
GOOD MUNICIPAL SERVICES AND FACILITIES	0	0.0%
CHEAP MUNICIPAL SERVICES	0	0.0%
AVAILABLE PUBLIC TRANSPORT	12	2.1%
EASY ACCESS TO NATIONAL AND PROVINCIAL ROUTE	220	38.2%
LOW CRIME RATE	0	0.0%
WELL DEVELOPED MANUFACTURING SECTOR WHICH ENHANCES DEVELOPMENT OPPORTUNITIES	56	9.7%
PROGRESSIVE BUSINESS SECTOR	36	6.2%
CENTRAL LOCATION IN A LARGE MARKET	112	19.4%

**Table 5.28: Responding business owners reasons for involvement in the WMLC**

With the employees responding the reasons were again formulated as to be more applicable to their situation. In table 5.29 it can be seen that the reason why most of the respondents work for the WMLC is because it is close to their homes (32.8%). The reasons given by other respondents are evenly distributed.

REASONS	NUMBER OF RESPONDENTS	PERCENTAGE
CLOSE TO MY HOME	163	32.8%
THE SALARY	41	8.2%
THE FRINGE BENEFITS	44	8.8%
JOB SATISFACTION	56	11.2%
AVAILABLE PUBLIC TRANSPORT	36	7.2%
THE WORK ENVIRONMENT	38	7.6%
PROMOTION POSSIBILITIES	40	8.0%
LOW CRIME RATE	39	7.8%
WORKING HOURS	42	8.4%

**Table 5.29: Responding employees' reasons for involvement in the WMLC**

It is crucial to know the reasons why people get involved in the area since it will help the marketer in establishing those attributes of the WMLC which is marketable and which deserves more attention to attract future residents, businesses and employees.

### 5.3.2.6 Description associated with the WMLC

In analyzing the description that respondents give to the area of the WMLC it is possible to establish their image of the area. Most of the businesses (20.1%) describe the area as a city close to Johannesburg, which makes sense since the Johannesburg market place is large. The employees (30.5%) mostly view the area as a residential area.

DESCRIPTION	RESIDENTS		BUSINESS OWNERS		EMPLOYEES	
	Count	Percentage	Count	Percentage	Count	Percentage
RESIDENTIAL AREA	152	16.9%	119	18.3%	154	30.5%
CITY OF NATURAL BEAUTY	162	18.0%	100	15.3%	98	19.4%
CITY CLOSE TO JOHANNESBURG	161	17.9%	131	20.1%	78	15.4%
INDUSTRIAL AREA	153	17.0%	105	16.1%	56	11.2%
MINING AREA	135	15.1%	109	16.7%	56	11.2%
CULTURAL CITY	135	15.1%	88	13.5%	61	12.2%

Table 5.30: Descriptions associated with the WMLC

### 5.3.2.7 Changing image of the WMLC

An attempt is made with tables 5.31, 5.32 and 5.33 to establish whether the image that respondents had about the WMLC has changed since being involved in the area or whether it has stayed the same. The residents showed that 24.6% of the respondents had a negative image and it has not changed since they have lived in the area though the percentage is not high enough to say that the majority of the residents feel this way.

STATEMENT	NUMBER OF RESPONDENTS	PERCENTAGE
I had a negative image of the WMLC before moving here, but since living here I have a positive image	139	14.9%
I had a negative image of the WMLC before moving here and still have a negative image	229	24.6%
I had a positive image of the WMLC before moving here, but since living here I have a negative image	117	12.6%

I had a positive image of the WMLC before moving here and still have a positive image	137	14.7%
I have never lived outside the WMLC and have a positive image	141	15.1%
I have never lived outside the WMLC and have a negative image	168	18.1%

**Table 5.31: Responding residents' changing image of the WMLC**

With the respondents in table 5.32 there is also not a majority that stands out, however 22.2% of the respondents had a positive image about the WMLC and are still holding that same image after establishing their business in the area.

STATEMENT	NUMBER OF RESPONDENTS	PERCENTAGE
I had a negative image of the WMLC before establishing a business here, but since establishing the business here I have a positive image	84	14.6%
I had a negative image of the WMLC before establishing a business here and still have a negative image	88	15.3%
I had a positive image of the WMLC before establishing a business here, but since establishing a business here I have a negative image	89	15.4%
I had a positive image of the WMLC before establishing a business here and still have a positive image	128	22.2%
I have never had a business outside the WMLC and have a positive image	95	16.5%
I have never had a business outside the WMLC and have a negative image	93	16.0%

**Table 5.32: Responding business' changing image of the WMLC**

In table 5.33 the employees responding indicated that 28.2% of them had a positive image of the WMLC but it has become a negative image since working in the WMLC. Even though this also do not indicate that it is the image that the majority of employees hold, there is a bigger percentage difference here than with the other two groups of respondents.

STATEMENT	NUMBER OF RESPONDENTS	PERCENTAGE
I had a negative image of the WMLC before working here, but since working here I have a positive image	68	14.7%
I had a negative image of the WMLC before working here and still have a negative image	57	12.3%
I had a positive image of the WMLC before working here, but since working here I have a negative image	130	28.2%
I had a positive image of the WMLC before working here and still have a positive image	86	18.6%
I have never worked outside the WMLC and have a positive image	61	13.2%
I have never worked outside the WMLC and have a negative image	60	13.0%

**Table 5.33: Responding employees' changing image of the WMLC**

### 5.3.2.8 Respondents' pride and acceptance of the WMLC

Finally a question was posed to the respondents to test their pride in the area that they are had lived, worked had a business in. 59.5% of the residents indicated that, given the choice, they would prefer living in the WMLC. Interestingly though are the responses from the businesses (79.9%) and employees (70.3%) are much more positive about their existence in the WMLC.

QUESTION	RESIDENTS		BUSINESS OWNERS		EMPLOYEES	
	YES	NO	YES	NO	YES	NO
Given the choice, will you again choose to either live, establish a business or work in the WMLC	59.5%	40.5%	79.9%	20.1%	70.3%	29.7%

**Table 5.35: Respondents pride and acceptance of the WMLC**

## 5.4 CONCLUSION

The responses received were sufficient to keep the margin of error within acceptable limits. It also contributed towards the validity of the results. This was achieved through a more personal approach in collecting data, rather than mailing questionnaires to the respondents. The use of fieldworkers also ensured a representative distribution of the responses to the questionnaires, since each fieldworker canvassed a different community in the WMLC.

The results indicate those perceptions of the respondents that will need specific attention in the development of a marketing plan. Attention has to be given to all responses from 1-3 on the 5 point Rickert scale, since those are the perceptions that are either negative or show an attitude of apathy from the respondents. This information, together with the demographic and biographic information on the three groups of respondents (target groups) will be utilized in Chapter 7 to develop a marketing plan to suit the specific marketing needs of the WMLC.

## **CHAPTER 6: REQUIREMENTS FOR A MUNICIPAL MARKETING PLAN**

### **6.1 INTRODUCTION**

A marketing plan, based on the theory of approaches, practices and methods tested in the private sector, has one very important aspect in common with the use of marketing in a municipality in that it is administered by human beings in an environment which usually does not operate exactly as the marketing theory predicts it should. Although this should not negate the value of marketing theory, municipalities must always be aware that the target groups and the environments they operate, work and live in are not perfect and is constantly changing. A successful marketing plan is based on the organization understanding the reality of its markets. This shows the importance of not only doing proper market research before an attempt is made to develop and implement a marketing plan, but also to approach it as a continuous process of redeveloping and implementing the plan as the needs and expectations of the community and the circumstances in the different environments change.

In this chapter the focus will be on a municipal marketing approach. It is necessary to give attention to issues such as the methods and types of marketing, concentrating specifically on the municipal sphere of government. The WMLC will be used as an example of how each of the steps in preparing for a marketing plan can be done.

### **6.2 QUALITIES OF A SUCCESSFUL MARKETING PLAN**

Although there is an enormous variety in marketing plans depending on the size, type and culture of the organization as well as the characteristics of the target markets and the external environments, there are certain qualities that a marketing plan should have to be successful (Marx & Van der Waldt, 1989:3). It should be:

- As concise as possible, since long documents tend to be a schlep to read and work through;
- Organized into sections. It is easier to refer to sections during discussion or the implementation of the plan;
- As simple as possible, since complex plans require a lot of time and consideration to implement;
- Clear, so that the implementers of the marketing plan understand exactly what is expected of them; and
- Specific, with measurable performance standards to determine precisely what has to be undertaken and who should take responsibility for the actions and to enable control.

### **6.3 PURPOSE OF A MARKETING PLAN**

According to Adcock (1995:1) a marketing plan is successful if it gets the desired response from the customer, efficiently and ethically. Each organization has reasons for developing and implementing a marketing plan. While not profit, there are a number of other purposes for developing a marketing plan that is tailor-made for a municipality:

- It presents a brief overview of the proposed plan, for quick reference so that employees can use to ensure that they are on track with the marketing plan.
- It presents the relevant background data on the target markets, services and the environment that municipalities have to take into account.
- It identifies the main opportunities, threats, strengths and weaknesses and other issues facing service delivery by a municipality.
- It defines the goals that a municipality wants to reach by marketing themselves and the services they deliver.
- It presents the broad marketing approach, methods and types of marketing that will be used to reach the marketing objectives of the municipality.
- It gives answers to questions like: What is to be done? Who will do it? When will it be done? And how much will it cost?

- It serves as a forecast of the expected outcomes with implementing the plan.
- It indicates how the plan will be monitored and controlled.
- It provides a focal point for marketing decisions and actions, therefore ensuring consistency and coordination.
- It encourages the monitoring of change and the impact thereof on the marketing objectives of the organization.
- It encourages a municipality to adapt to the changes in its environments and target markets to avoid obsolescence.
- Since the plan focuses on objectives, it encourages a municipality and its employees to be achievement orientated.
- It ensures proper allocation of resources to reaching the marketing objectives of the municipality.

#### **6.4 PREPARATION FOR A MUNICIPAL MARKETING PLAN**

Preparation has been done to be able to develop a marketing plan for the WMLC. This will hopefully serve as an example to other municipalities and provide guidelines to follow when they prepare marketing plans. The prime importance for developing a marketing plan is to recognize that the plan should be market oriented and not product or service oriented (Sparling, 1994:11). In other words, the marketing plan must be directed at meeting the needs of a target market rather than just promoting the service that the municipality delivers. This is crucial in municipal marketing actions, since their reason for existence is the delivery of services that are necessary for the promotion of the general welfare of the community. A marketing plan cannot be developed without knowing whom the customers are that it should be developed to reach. This means that before any other actions can be taken the target groups of the marketing plan should be identified.

#### 6.4.1 Identify the target markets

In order for the marketing plan to be market orientated, it is necessary to define the target market/s. The success of any marketing plan depends on how well the needs and expectations of customers were identified. Peter and Donnelly (1996:24) hold the viewpoint that it is crucial to know the following in order to develop a successful marketing plan:

- What the customers' needs and expectations are.
- What the municipality has to do to satisfy these needs and expectations.
- What resources are available to satisfy the needs and expectations of the customers?
- What the profile of the target markets look like.

Identifying and defining target markets is thus a process of putting a face on the market as it exists at a particular moment (Parmalee, 1992:2).

The target groups in the WMLC were identified through interviews with three prominent officials in the WMLC. These officials identified the target groups for future marketing plans as citizens living in the municipal area and businesses or investors involved in the economy of the area. The reasons for their involvement in identifying the target groups were that they wanted to ensure that the attitudes and perceptions of the citizens are positive about the WMLC and its service delivery and then to change their current apathetic behavior into that of active participation in the municipality and its decision-making. As far as businesses and investors were concerned, they wanted to create positive perceptions and attitudes with existing businesses and investors in order to keep them in the municipal area and to encourage expansion of their involvement in the area, but also to be able to attract new businesses and investors from outside the municipal area (nationally and internationally) to invest in the area.

It was suggested that employees should be included as a target market for the marketing plan, since internal marketing plays a prominent role in ensuring the success of an external marketing plan. Marketing to employees, at all levels of the municipal hierarchy, as a target market could then aim at ensuring that their perceptions, attitudes

and behavior is positive towards the work being done and the services being delivered by the WMLC. After explaining the importance of marketing issues, products or services internally to employees before marketing to external markets is done, the officials agreed that all employees should be regarded as a specific target market.

It is imperative to provide for a demographic division on questionnaires sent out to the target markets. When such questionnaires are developed, the researcher should keep in mind that the primary objective is to get to know what the attitude and perceptions of the target markets are towards a municipality. It is not possible to develop a successful marketing plan without knowing the following:

- The demographic characteristics of the target markets.
- The comprehension capacity of the target markets.
- The communication preferences and habits of the target markets.

#### **6.4.2 Audit of the environment**

It is, according to Fourie (1982:48) important to do an audit of the environment within which the marketing plan is developed and implemented. The external marketing environment includes the forces of competition, regulation, politics, society, economic conditions and technology (Skinner, 1990:98). These external forces directly or indirectly influence an organization's marketing plan. For the external marketing audit of the WMLC, use was made of studies done by Econometrix in 1997. Econometrix is an organization that specializes in studies, research, collecting data and forecasting trends for the economic, social, political and structural environments of municipalities.

An internal marketing audit is, according to Sparling (1994:17), a systematic, critical and unbiased review and appraisal of the basic structures, objectives and policies of the organization that will influence marketing activities, methods, procedures and employees to implement the marketing plan and to achieve its objectives. This internal marketing audit provides a check to ensure what direction the organization is moving in and to

ensure that the marketing plan is geared to using resources effectively. Using documents of the WMLC with the relevant information about the organization structures, management and human resources available did the internal marketing audit. Interviews were also held with the Executive officer of the Human Resources Cluster to attain employee numbers and distribution of the employees in the Clusters.

A marketing audit can be carried out in one of three ways (Sparling, 1994:21):

- **Having line managers carry out the audit.** Although inexpensive, line managers lack the time and objectivity to handle the audit.
- **Setting up an audit department.** It is an opportunity to train marketing executives. There can, however, again be a problem of objectivity since it is employees of the council that carry out the audit.
- **Commissioning an independent marketing consultant.** The consultant should have the experience, objectivity and enough time to do a comprehensive audit. This is a very expensive option since consultants charge by the hour and their hourly rates are usually expensive.

### 6.4.3 Set objectives

By defining the mission, vision and key performance areas the municipality can make sure that the objectives set for the marketing plan is in line with their right to existence and will work towards the achievement of their strategic mission and vision (Skinner, 1990:37). By setting objectives for the marketing plan, it becomes easier to evaluate and control the process of implementing the marketing plan and calculating its successes. The marketing objectives will be more specific than the mission and vision of the municipality, but it must always be in line with the strategic mission, vision and objectives of the municipality. It is thus essential that parties involved in the development and implementation of the marketing plan must have knowledge of the mission, vision and objectives of the municipality.

According to Skinner (1990:49) marketing objectives are set to determine what has to be achieved through the marketing plan. Marketing objectives should be expressed in clear, simple terms so that everyone involved understands exactly what they have to achieve. In the municipal, as in other spheres of government, sales figures are not criteria used for setting marketing objectives. Municipalities can use time frames, quality, quantity and behavioral changes as measurable objectives.

Peter and Donnelly (1996:20) states that in a service providing organization the marketing objectives should specify the following:

- The desired service levels that was determined.
- The dimensions of customer service to be delivered.
- The customer service performance standards for employees.
- The extent of the municipality's commitment to customer service.

These objectives serve to direct the marketing plan toward the all-important goal of delivering a service to the customer.

#### **6.4.4 Developing a marketing mix**

A marketing mix, developed for a municipality needs to be based on the target markets identified, the findings of the audits done on the internal and external environments of the municipality (Skinner, 1990:52). In other words, the selection of the target markets and the analysis of the environments (external and internal) provide the foundation on which the marketing mix can be established and the marketing plan developed.

Since municipalities can be identified as service providing organizations, consideration should be given to Woodruffe's (1995:23) viewpoint that the marketing mix of service providing organizations should be extended beyond the normal marketing mix of product, price, promotion and place to include people, physical evidence and process. It is essential for marketers to be able to think like their customers when developing the marketing mix that they will use in the marketing plan.

➤ **Product**

The product relates directly to the satisfaction of customer needs and wants. In order to reach marketing and strategic objectives, there should be a constant process of change, making sure that the product keeps up with the changing needs and expectations of the customers (Skinner, 1990:52). In the case of municipalities, such as the WMLC, the product is actually the services delivered by the municipality.

Services cannot be defined in terms of physical attributes because they are intangible. According to Skinner (1990:639) it is often difficult for customers to understand service offerings and to evaluate possible service alternatives. The tangible elements associated with services such as the municipality, the employees and communications used assists in forming the product and are often the only features of the service that can be viewed or evaluated prior to the decision to pay for the service. This is why in services marketing marketers should pay close attention to the tangible elements and ensure that they are consistent with the image of the service. With service products customers usually equate the service with the employees of the organization. Especially on the municipal sphere of government, the officials working in the municipality have direct contact with the customers and it is often more the manner in which they deliver the service than the service itself that customers evaluate to determine the quality of the service. A service is performed rather than handed over. The customer therefore receives benefits from the delivery of the service. It is essential to focus on the benefits the customer is receiving. In this element of the marketing mix customers will look at aspects such as credibility, professionalism, efficiency, courtesy, approachability, accessibility, appearances and communication skills to form their perception about the service and the organization delivering the service.

➤ **Price**

Even though municipalities are not profit orientated in their approach to pricing strategies, they should consider price carefully to ensure the sustainability of the municipality. No municipality in the new dispensation is in the position to keep on

delivering services without receiving payment for such services. Cost considerations will therefore be prominent in the pricing decisions of municipalities, although the intangible nature of services makes the establishment of price more difficult and complicated.

Demand also influences price in the public sector. Depending on the scarcity of resources and whether it is a basic need, demand will either push the price up or down. Since water is a basic need, all customers of municipalities now receive their first 6 kiloliters free (Water Services Bill, 2001). However, water is a scarce resource and municipalities want to motivate customers to use it sparingly. The price of water therefore becomes higher according to a sliding scale.

According to Sparling (1994:62) the reaction of customers to a price or price adjustments depends mainly on their awareness of the price, the scarcity of the resources used to deliver the service and the quality of the service delivered. The marketing plan should therefore aim at informing the customers of a municipality why a specific price tag is given to a specific service. Customers usually have their own conception of what a service or product should cost them. By explaining these issues to them their conception about what the price should be can be corrected.

Price cannot only be measured in pure monetary terms. It can also be measured in terms of what the customer had to give up (time or other activities) in order to pay for services or participate in the municipal activities. Because customers also have limited resources (time and money) to spend on the satisfaction of their needs and wants, they will have to prioritize what is more important to spend their time and money on. In this respect municipalities actually have some indirect competition in the form of workplaces, churches, recreational facilities, families, schools and hobbies.

### ➤ **Place**

A channel of distribution is the combination of organizations through which products or services are marketed to the customer. By choosing the distribution channel the municipality attempts to make the products and services available in the desired quantity and quality to as many customers as possible and to keep the distribution costs as low as possible (Skinner, 1990:53). The setting up of efficient channels requires time and money and is usually difficult to change once they are set up. Usually the choice can be made between direct or indirect marketing channels. The decisions on the channel of distribution involve numerous interrelated variables that must be integrated into the total marketing mix (Peter & Donnelly, 1996:173). The following characteristics will influence the channel selection decision:

- **Distribution coverage required.** Is the area geographically wide spread and how big is the target market? This will differ from one municipality to another depending on whether it is a small town, city or metropolis.
- **Degree of control desired.** By making use of indirect marketing channels the organization lets some of its control over the process go, while direct marketing gives them full control and responsibility. Most services are limited to direct channels of distribution due to the inseparability of the service from the organization.
- **Distribution cost and channel flexibility.** Cost is always an issue to consider very seriously in municipalities where public funds are used. Channel flexibility also becomes more important in a municipality where the target groups are multicultural of nature.

### ➤ **Promotion**

Promotion facilitates exchanges by informing the customers about the municipality and its products or services. Promotion is, according to Skinner (1990:53), used to increase awareness of the organization, the products or services it delivers and to enhance the image of the organization.

Due to their intangibility, services are difficult products to promote. Services are not easily depicted in advertising mediums such as print, television or radio. It therefore becomes important to give attention to the tangible aspects (water running from a tap when opened) and benefits derived (having a clean environment) from the service that is more easily perceived and understood by customers.

In a service providing organization the employees of the organization are, according to Skinner (1990:641) the secondary market in service marketing. It is, however, essential that the employees of the municipality understand the importance of how they deliver the service since it will influence the perception customers will have about the service. Promotion can be used internally to ensure that employees have positive attitudes and perceptions about the organization, the jobs they are doing and how management as well as the customers expect them to perform their duties. Customer care is very important in service providing organizations since customers see the attitudes of employees as influencing the quality of the service they receive

Personal selling might be a very strong tool in the service providing organizations. It enables officials to use their interaction with customers at payment points or over the telephone, to reduce customer uncertainty, give reassurance, reduce dissonance and promote the reputation of the municipality.

#### ➤ **People**

People are identified as the fifth element in the marketing mix by Woodruffe (1995:177). People include both the employees working for the municipality as well as the customers receiving the service. Hutchings (1995:132) agrees with the necessity to add people to the elements of the marketing mix. According to this author attention should be given very seriously to the training, discretion, commitment, incentives, appearances, communication and attitudes of the employees. Also of importance are the behavior, involvement and participation, contact, direction and interaction of the customers.

The role of employees in services marketing varies according to the level of interaction that the employees have with the customers (Woodruffe, 1995:177). This makes internal marketing important in municipalities. Employees are also the internal customers of other departments, divisions and the employees of the organization. Most employees do not complete their tasks in vacuums and there will therefore always be an output from support departments (human resources) that will influence the service that the direct-contact employee can deliver to external customers. There is a tendency of employees not having direct contact with customers to think that they have no role to play in the marketing of the municipality and its services. Unfortunately it takes one contact with such an employee to cause customers to have negative viewpoints, attitudes and perceptions about a municipality. All employees should therefore understand their role and contribution in the service exchange process and the marketing plan of the municipality.

Customers are in themselves important to the delivery of services in that they have to let municipalities know what their needs and expectations are, they should be willing to pay for the services delivered and explain if service delivery is up to standard or not. This means participation. By voting for representatives, attending council meetings, joining interest or pressure groups and getting actively involved with the community they can let the municipality know what their needs and expectations are. On the other hand if customers are not willing to pay for the services received, it becomes impossible for a municipality to ensure sustainability and therefore it is difficult for them to keep on delivering services to the community.

➤ **Process**

Process is concerned with the functional aspects of service delivery such as queuing systems, timeliness and quality of service delivery (Woodruffe, 1995:187). Process, according to Hutchings (1995:132) is compiled of policies, procedures, mechanization, and flow of activities. Customers will look at issues such as timekeeping, dependability, trusted performance levels, promptness and efficiency to form perceptions about the service and the organization.

Woodruffe (1995:192) holds that the principles by which service delivery processes can be designed, implemented and monitored are really no different from the private sector. There are, however, certain specific characteristics of service process design and implementation that should be included, such as:

- **Customer participation in the process.** The level of participation of the customer in the service process. What do the customers have to do to receive the service?
- **Location of service delivery.** Should the service be delivered at the premises of the municipality or of the customer? If it is rendered at the premises of the municipality, is it safe for customers to visit?
- **The service itself.** Is it process dependent or equipment based?
- **High contact or low contact services.** The level of contact between the customer and the municipality and its employees.
- **Degree of standardization.** The degree to which the service is delivered in a standard format or whether there are some customization that are catered for.
- **Complexity of the service.** The number of steps or activities that contribute toward the service delivery measures this.

There should be setting of clear guidelines or blueprints for service delivery processes and actions with the following purposes in mind:

- To ensure that the service is delivered out in the fastest, most efficient and cost-effective manner possible.
- To enable service quality to be monitored and benchmarks to be put in place thus allowing accurate measurement of both quality and productivity.
- To facilitate staff training and enable individuals to carry responsibility for individual stages of the service transaction and delivery.
- To reduce the amount of divergence thus enabling accurate budgeting and manpower planning to take place.

It is, however, not always the desirable option to standardize the service delivery process. The personal element of the service, which caters for differentiating needs and expectations of the customers, may just be a key factor in winning the customer over. A level of build in flexibility in the process design can help achieve greater customer satisfaction and higher quality service overall.

➤ **Physical evidence**

Intangibility is the reason for the importance of physical evidence in the services marketing mix. Physical evidence includes facilitating goods, décor and comfort. According to Woodruffe (1995:190) there are two main types of physical evidence, these are:

- **Peripheral evidence** – is those items that confirm the service, but also includes items that are complementary to the service itself. This means that although the service can be delivered without these items, they enhance the identity of the municipality and can contribute towards the experience of the customer.
- **Essential evidence** – is integral to the service offered and includes the facilities offered or the items on display in an exhibition. This type of evidence will normally be owned or passed on to the customer. The quality and standard of the essential evidence will be a major influence in the purchase decision of the customers.

Physical evidence therefore helps to make the service more tangible, in that it can be associated with clear mental images, colors, names etc., in the mind of the customer. In doing so physical evidence also contributes toward the perception that customers hold of a municipality's service. This perception is usually based on their overall experience of the service encounter. Issues considered by the customer as far as physical evidence is concerned, are appearance of tangible aspects of the service, physical surroundings and the smartness. According to Hutchings (1995:133) attention should be given to the environment as far as noise levels, color of walls, layout, ambience, furnishings facilitating goods and tangible clues of the service is concerned.

#### 6.4.5 Choose the correct marketing method/s

There are a number of methods to choose from when developing a marketing plan. Knowledge about the target markets, the marketing objectives, the available budget, etc will help in making the decision on what method will be the best possible choice for implementing the marketing plan of the municipality.

##### ➤ **Hiring a professional**

Marx & Van der Waldt (1989:564) holds the view that it is essential for organizations to acquire the services of specialized firms such as advertising agencies, market researchers and direct marketing organizations to handle the development and implementation of a marketing plan. These organizations do not only supply the specialist services, but they can also coach the organization and train their employees in the necessary skills to undertake marketing successfully. If there is either no or a lack of knowledge about marketing in an organization the money spent on acquiring these marketing experts, who usually come very expensively, is still a better investment than trying to develop and implement a marketing plan that has little or no chance of success. Unfortunately unsuccessful marketing plans not only costs money and a wastage of time, but it can damage the image of the municipality and make it even harder to implement a proper marketing plan in the future.

It is, however, not necessary to acquire the services of a marketing organization to handle the development and implementation of the marketing plan. It is also possible to obtain the services a marketing consultant who will execute a marketing audit in order to identify marketing opportunities and threats to the organization as well as the organization's strengths and weaknesses in developing and implementing a marketing plan. In other words such a consultant undertakes a SWOT analysis in order to consult a municipality on how, where and when to develop and implement a marketing plan. This might work out cheaper, but such a municipality must then ensure that they have the trained and skilled employees to undertake the development and implementation of the marketing plan themselves.

The time spent in understanding what a professional in marketing can produce, what the costs will be and how soon results can be expected is a wise investment. This is however a costly exercise and it may be wise to get quotations from at least three marketing specialists (SBA, 2001:1).

➤ **Using the media**

When using the media there are a number of considerations. Radio stations, according to Luther (1992:36) are constantly developing new formats to gain a niche in the listening audience and attract more listeners. Even magazines and newspapers are forced to appeal to specific markets within the reading audience in order to stay popular in the era of television. The problem is that the target markets chosen by a municipality are very diverse and more diversity will be found within each of the target markets, based on culture, religion, education and ability. This complicates the buying of space for radio, magazine or newspaper marketing. Due to the costs involved in buying marketing space in the media, the budget of a municipality will also be a major concern.

Lancaster (1989:101) identifies three factors to take into account when choosing the media to use for a marketing campaign:

- The target markets media habits.
- The likely effectiveness of the media in presenting the product or service.
- The relative costs of the different media categories.

There are different types of media that can be utilized in the marketing plan to promote the services of municipalities:

- **Television** - tends to be expensive and in a municipality with low-income residential areas and informal settlements it will not reach all the customers. The message sent out can also not be changed frequently due to the cost involved.
- **Newspapers** - have penetration into a bigger section of homes, but literacy might be a problem in certain areas. It is geographically flexible since there is a choice

between local, national and even international newspapers. Lay-out cost is high although more effective with the bigger number of customers that can be reached.

- **Periodicals** - depending on the quality of printing used the cost can be either the same of higher than that of newspapers. The penetration into homes of customers is lower since periodicals are usually interest specific.
- **Radio** - supplies a very high penetration into target markets. Even households without electricity can have radios working on battery power. The message can be repeated more than once per day. It is geographically flexible due to the existence of regional and national radio stations. According to Morris (1992:103) the use of radio as the media for a marketing plan is probably the lowest cost per thousand customers reached.

➤ **Do it yourself**

It is also possible for a municipality to handle the development and implementation of the marketing plan itself. The DIY approach can, according to Marx & Van der Waldt (1989:565) entail the employment of a full time marketing manager or official. Such an individual will have to accept responsibility for doing market research, analysis of the results, the development and implementation of the marketing plan and finally controlling the marketing actions. Such an employee will usually be from a private sector background, in order to ensure expertise in marketing and will not have the necessary knowledge on how municipalities function. If a municipality is, however, big enough to warrant it, it is possible to have a marketing department. It would probably still be a relatively small department reporting directly to the CEO of the municipality.

Other ways of handling the DIY approach is to form task groups from the councilors and pull in officials with the necessary knowledge on marketing to handle the marketing of the municipality. A marketing committee is another possibility. With these two options it is possible to either simply use the existing employees and/or councilors to ensure effective marketing of the municipality. The task groups or committee can also be used in order to support the actions of a marketing manager

appointed to the municipality. As mentioned earlier the employee in the position of marketing manager is usually a marketing expert and will therefore need the inputs on issues such as the needs and expectations of the community and the policies having an impact on marketing in municipalities.

➤ **Using publications**

The direct purpose of publications may not be to market the service delivered or the municipality per se, but it offers the municipality another method of building credibility and therefore should be considered as a component in the marketing plan (SBA, 2001:1). Publishing does not need to go through big and expensive publishing houses. PC desktop publishing can be done within the organization and still have a high standard in quality. Publications do however, have production (writing, designing and printing) and distribution (mailing) costs.

Newsletters are the most commonly used form of publications. They include news, opinions and feature articles on topics of interest to the target markets. Advertisements of non-competing but related organizations (Eskom & Rand Water) can be used by the municipality to cover the printing costs of the newsletter. Newsletters can vary from single sheet, photocopied black and white to multi-page, full color printed pieces. Time, budget and purpose will be the parameters in determining the best format of the newsletter as well as how often it will be published (monthly, quarterly, semi-annual or annually). These newsletters can then also be made available on the website of the organization.

Cartoon booklets are not only for children. They can be used to present information in an interesting and entertaining way and in doing so can reach the illiterate component of the target market. This is a plus, since illiteracy is still a problem in South Africa. It can also assist readers who only have English as a second language and therefore might have problems in understanding a written message correctly. It is also a tool for educating the children who are indirect customers of the municipality and might become direct customers when owning their own homes or businesses in

the municipal area in the future. Since municipal management and administration is not taught at school level, cartoons on aspects of municipal management can form an important part of the education of the youth.

Annual and quarterly reports or progress reports can primarily be used to let customers know how the municipality is working towards its objectives. The financial report of the municipality can also be included here to show customers what the real costs are that municipalities have to deal with and what the moneys paid to the municipality is being used for. These reports can also be used to tell customers what the municipality is intending to do for its municipal area in the next 6 months or year and what the projected costs are. This will eradicate customers feeling left in the dark about municipal activities.

Municipalities can publish pamphlets or booklets to ensure that the customers have detailed information on the service delivered. Develop a brochure with all the relevant information on the services delivered by the municipality. Print calendars giving contact persons and telephone numbers for services and enquiries. Publish testimonials of satisfied customers. Always make sure that publications are available in all the major languages used by customers of the municipal area.

➤ **Simple ideas**

Since municipalities are challenged to work with scarce resources it might be helpful to give attention to a number of simple, no or low cost marketing ideas. These ideas should be made part of the marketing plan of the municipality. It is no use making use of ideas simply because of the low cost if it is not going to be effective or successful for the specific municipality. In such a case another very scarce resource is wasted, namely time. Some of these ideas are identified by the Internet Nonprofit Center (2000:1) as follows:

- Make speeches to civic clubs and business associations and leave brochures on the tables.

- Train the employees of the municipality to be friendlier and more customer orientated in handling telephone calls and queries. For many customers this is their only contact with the municipality and therefore creates the image they have about the municipality.
- Send out a newsletter with accounts, therefore avoiding mailing costs.
- Ensure that the public spaces in the municipality are presentable and use signboards to give information to customers queuing.
- Schedule open house days and tours especially for schools to educate the youth for the future.
- Offer promotional incentives, such as writing off of arrears when customers pay accounts in full.
- Use prominent persons in the community to act as ambassadors for the municipality.
- Include a survey form on the back of payment return slips that customers can fill in when paying for services.
- Use the message space on accounts to print marketing messages to customers giving information about changes or new services.
- Make use of the Internet by creating a website.
- Keep a comment book at tellers in the rates and taxes halls, where customers can anonymously voice their opinions about service delivery and specify their needs and expectations.
- Write columns in the newspapers, magazines or municipal journals to explain how municipalities do business.
- Return phone calls promptly.
- Wish clients a good day.
- Make sure that there is a answering service after hours supplying emergency numbers.
- Ask customers what you can do for them.
- Join a chamber of commerce to hear what businesses and investors see as important and to get information on their needs and expectations.
- Give out information at conferences held at venues in the municipal area.

- Make specialist officials available to do presentations for students in municipal management and administration.

#### **6.4.6 Choose the applicable type of marketing**

The type of marketing chosen should, where possible be applied both internally and externally. Where this is not viable, another type can be used to market internally. It is, though, essential that staff, through internal marketing, know exactly what is marketed to the customers and how, to enable them in their contribution towards the success of the marketing plan. With each of these different types of marketing the underlying concept and process of marketing will still apply, but the focus of the marketing plan will differ.

##### **➤ International marketing**

International marketing can be defined as any conscious marketing activity that crosses the national borders within which an organization is situated. Giles (1994:210) says that the ground rules for international marketing are no different from those applied to home based external marketing. The four elements of the marketing mix may need some reorganization or other changes to fit in with the needs of the overseas markets and it may probably also differ from one country to another.

A municipality would usually have at least one of the following reasons for entering the overseas marketing game:

- To facilitate local economic development by securing overseas investment in the municipal area, especially when the domestic investments and businesses are small or growing slowly.
- To balance the portfolio of the municipal area due to different levels of growth in different regions (Jobber, 1995:699).
- To acquire resources which are not or not any longer available domestically (Hutchings, 1995:292).

- The need to utilize human resources better and therefore ensure a lower unemployment rate.

An international marketing plan should be based on information and preparation. The preparation to implement an international marketing plan is affected by the influences and constraints or opportunities of the international environment. According to Hoel (1982:21) the features that do distinguish international marketing from the home-based external marketing are:

- Environmental issues are wider ranging and more complex due to different cultures not always being open to the same kind of marketing plans and the governments of the countries' having different policies governing marketing in their countries.
- The level of risk for a potential investor is higher due to their investments or businesses being physically further away from the core organization.
- The level of investment by a municipality is higher which involves bigger commitment of financial resources and additional organizational and human resource burdens.

It is essential for the Council of a municipality to pick the countries or regions that are not only the most attractive looking for their overseas marketing plan. Council must be analytically minded to ensure that all the environmental issues are evaluated and analyzed before a decision is made:

- **Economic issues** to be considered with international marketing are the size of the country, the per capita income, interest rates, the stage of economic development, the infrastructure and the stability of the exchange rate.
- **The social and cultural issues** are the result of differences in social perspectives, attitudes, morals and languages. According to Jobber (1995:762) it is always easier to enter the international sector by choosing a country that is culturally and if possible geographically close to the organization.

- **Political and legal influences** are usually seen by giving attention to the general attitudes of foreign governments to investments, trade barriers as well as the political stability in the country.

There are certain factors that make the market place very attractive or unattractive to organizations intending to invest in a specific municipal area, such as:

- The market size and growth rate;
- The level of competition;
- The costs, distribution and control specifically of serving the market;
- The potential for making profits;
- How easily the market can be penetrated (Jobber, 1995:762); and
- The availability of a competent work force and the price of such a work force.

This should be seen as an opportunity for municipalities. They should market their municipal areas to attract these investors.

Once the realities of the international market place is known, a municipality should analyze its own structures and capabilities to ensure that it has what it takes to handle the big task of international marketing. This means that attention should be given to the skills of the employees, the resources that are available as well as the cost of marketing internationally and a municipality's ability to create a competitive advantage.

If possible, it is always a good rule to go global (standardize) but if not, municipalities must adapt their marketing strategies to suit the specific needs of the investors and businesses (Jobber, 1995:712). Global marketing is defined by Lancaster (1989:222) as the marketing of products or services to international markets with little or no adaptations to products or the image of an organization. Standardization is always an attractive option since it lowers the costs of marketing. Woodruffe (1995:281) is skeptical about the possibility of reaching true globalization effectively, without some fine-tuning of the marketing mix to fit into local requirements of the different countries.

➤ **Social marketing**

According to Lancaster (1989:233) social marketing extends the basic marketing concept from only satisfying customers to satisfying customers and being acceptable to society. The postindustrial society has brought into the forefront social costs that are linked to the societies value systems. Social marketing plays the role of determining whether products and services have a detrimental effect on society or not. The social awareness involves that marketers should not only establish whether the customers are satisfied, but also whether the products or services provide long term benefits to the quality of life of the customers.

Social marketing can address problems such as pollution, congestion and safety due to motor vehicles, additives, preservatives and pesticides in food, non-biogradable materials in packaging and pollution, noise and safety in manufacturing, by seeking methods to provide customer satisfaction at a reduced social cost. Lancaster (1989:234) views the social marketers task as to find either new products or new production methods which do not pollute and damage the physical environment and do not deplete scarce resources.

Social marketing did not originally come about due to the values of organizations and their own realization that they have a social responsibility. They have been coerced through consumerism and government legislation to be more society orientated.

Lancaster (1989:235) suggests that whether the initiative for social marketing comes from an organization or is prompted by external pressures such as consumerism and government legislation is ultimately irrelevant to customer satisfaction. Marketers usually face considerable problems in implementing social marketing campaigns. Many of the changes needed to products and services to make it socially acceptable involves extra costs to an organization and the customer will not necessarily be willing to pay more for the product of service.

In the United States of America the Consumer Bill of Rights highlights the obligation of organizations toward their customers according to four main areas:

- The right to safety.
- The right to be informed.
- The right to choose.
- The right to be heard (Adcock, 1995:360).

According to Kotler & Armstrong (1993:13) social marketing rests on the idea that the municipality should determine the needs, wants and interests of the target markets and deliver the services to satisfy these needs, wants and demands effectively and efficiently in such a way that it maintains or improves the well being of both the direct customer as well as the society in general. Municipalities should therefore work with the pressure and interest groups in order to understand the needs and attitudes of customers.

The other side of social marketing involves organizations seeing their role as identifying themselves with a specific causes (Chapman & Cowdell, 1998:8), such as health issues (Aids and immunizations), crime prevention, child abuse, education or environmental issues such as recycling. This type of social marketing can lead to a municipality being labeled with a certain identity, which cannot be changed easily, therefore showing the importance of choosing the aspects covered by the social marketing campaign carefully.

There are thus, as Bloom (Winter 1995:9) states a distinction between cause-related marketing campaigns where an institution supports a specific social cause and social responsibility marketing, where the institution realizes its responsibility when marketing products or services towards the customer and the society in general.

#### ➤ **Services marketing**

Kotler (1982:477) defines a service as “any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of

anything. The service may or may not be tied to a physical product.” Rust et al., (1996:7) agrees that the unique characteristic of services is its intangibility. Service delivery is also inseparable from the organizations delivering them, variably due to the difficulty of controlling service quality and that services are performed in real time.

According to Rust (1996:11) services usually require personal interactions between the customers and the employees of a municipality. These interactions will then strongly influence the perception that customers have about the service. Due to the personal contact that often mean that customers have to physically come to the organization for the service, attention should be given to the “servicescape”. This is the ambience, background music, comfort and physical layout of the municipality.

With service delivery it is not just the end result that is of importance to the customer. The customer goes through an entire experience of getting to the end result and all the interactions leading to this end result will have an influence on whether the customer has a positive or negative experience, which in the end will influence his/her evaluation of the service.

In other words, it is not only the service in itself that should be considered in the marketing process, but also the method and attitude with which the service is delivered and the environment within which the service is delivered. In South Africa the environment is very important in that a big percentage of potential customers have transportation problems or time constraints and it will be ideal to deliver the service to them at home or at their workplaces. If the customer has to come out to the service municipality though, it is advisable to choose an area that is safe with sufficient parking facilities.

The key of marketing service quality is always to make sure that there is a clear understanding of the customer expectations. In analyzing these expectations attention should be given to both the outcomes of the service as well as the customer's

experience of the service. Jobber (1995:669) suggests ten criteria that should be used when analyzing the outcome and experience that customers have of a service:

- **Access** is implied on whether the service is delivered at a convenient location that is safe or is it brought to the customer.
- **Reliability** is whether the service is delivered consistently and dependably and the correct way the first time. According to Berry (1991:20) the reliability of a service is the core of services marketing excellence.
- **Credibility** is whether a municipality its staff is trustworthy.
- **Security** entails the risk involved for the customer to make use of the service.
- **Understanding the customer** entails knowing what the real expectations of customers when services are delivered.
- **Responsiveness** is whether a municipality responds to its knowledge about the expectations of the customers and how quickly staff responds to customer problems, requests or questions.
- **Courtesy** involves whether the actions of the staff are friendly, polite and helpful.
- **Competency** of the staff will include their skills and knowledge to handle tasks.
- **Communication** involves describing a service clearly and accurately and the communication skills of the staff.
- **Tangible** is how well the tangible evidence (staff and physical environment) of the service is managed.

Internal marketing plays a crucial role in the marketing of services. It is after all the employees of an organization who directly deliver the service to the customer.

According to Woodruffe (1995:23) the traditional marketing mix must be extended to seven P's to be successful in the marketing of services. In other words the mix should include product, price, promotion, place as well as people, physical evidence and process. By doing so all aspects of marketing services will be covered in the marketing plan.

Municipalities are concerned with the provision of services and not the manufacturing and developing of products. Municipalities' services take the form of intangible

benefits. Benefits that cannot be stored or easily quantified (Chapman & Cowdell, 1998:41). Social responsibility is central to municipalities.

➤ **Multicultural marketing**

Culture is one of the most basic influences on an individual's needs, wants and behavior, since all facets of life are carried out against the background of the society in which the individual lives (Peter & Donnelly, 1996:58). Culture is thus a determinant of certain aspects of consumer behavior. Cultural values are transmitted to individuals through family, religious organizations and educational organizations.

According to SBA (2001:1) multicultural marketing is among the least understood strategies available to organizations. Essentially multicultural marketing means communicating marketing information to a community consisting of diverse cultures. A Culture is determined by beliefs, values, attitudes, expectations, norms, race geographical location and behavior. This is what makes it so complex. The fact that the customers of the WMLC all live or work within its municipal boundaries does not mean that council has only one culture to deal with. If all the other factors are taken into account, there is a number of cultures that council have to deal with in its marketing plan.

What is important here is the awareness that different cultures do exist and did not melt into one big pot simply because they fall within the same municipal boundaries. Due to the nature of market oriented marketing concentrating on the needs and the expectations of the customer, it is important to find out what the customer needs and expects from a municipality. This is where a municipality will get to know the different cultures of its municipal area, since customers belonging to certain cultures may need and expect services on different levels, quality and quantity than customers of other cultures.

This stresses the importance of a municipality actually knowing its target markets and also knowing the different cultures within each of the target markets. This therefore,

requires a certain level of flexibility in the marketing plan to ensure that all cultures within the target groups/markets are being reached by the marketing plan.

In a multicultural community such as in the municipal area of the WMLC the task of developing a marketing plan becomes complex. When flexibility is brought into the marketing plan, municipalities must be careful not to deliver services differently to different cultures. Customers will perceive such action as discrimination. It is only the marketing activities, within the marketing plan that should be flexible so that they can be adapted to ensure the message reaches all customers belonging to all different cultures in the area.

The multicultural nature of customers of a municipality will make it necessary for the marketing plan to be broad on giving attention to all the possible methods that can be used to reach the different cultures. As was seen in chapter 5 there was a difference in attitudes and perceptions between the business cultures and the citizens of the WMLC.

➤ **Internet marketing**

According to the SBA (2001:1) the most commonly used Internet marketing tools are email and the World Wide Web. They open up new virtual locations for the municipality to market and promote their services. Marketing on the Internet is very similar to traditional marketing. As with traditional marketing Internet marketing requires constant attention and effort to ensure that it is up to date on services and costs and that it is always available to customers. Before jumping into internet marketing municipalities will have to consider the commitment in time and effort to be made, the financial commitment, the incorporation of internet marketing in the marketing plan of the organization and an audit of the internet access of customers.

In the article written on online marketing (SBA, 2001:1) options available for online or Internet marketing are identified as follows:

- **Yellow page web directories.** Add the municipality's name, address, phone number and email address to all yellow page web directories.
- **Publish your email address and website where possible.** All marketing materials including, ads, flyers, business cards, press releases and accounts should always include the email address of the organization.
- **Include a signature block with all your outgoing email.** A signature block is a mini-advertisement at the end of a message. This can be done very easily with email software so that all outgoing email will automatically include a signature block.
- **Join a discussion group/ mailing list.** These are groups of individuals with common interests who have subscribed to a mailing list. Each subscriber has the ability to ask, answer and voice opinions by sending email messages to the entire subscriber base.
- **Participate in a newsgroup.** Newsgroups are similar to discussion groups except that they are considered more of an open forum or public bulletin board. Newsgroups are formed around a common interest, are open to anyone and can be searched.
- **Make sure that your website is up to date.** Many complaints is heard of websites that are outdated or emails that are not answered (SBA, 2001:2). Municipalities must ensure that the website is always updated with the latest possible information, that all emails are answered and that new features are added to keep the customers interested.
- **Publish articles on your website.** These articles can be about new developments in service delivery for the municipal area or other issues of importance to customers. The website can be used to give recognition to citizens who are participating in municipal projects. Give customers the opportunity to voice their opinions on the matter. The feedback will give a good idea of the perceptions and attitudes of the customers.
- **Establish banner/link exchanges.** It is becoming very common to form strategic alliances online with other organizations and their websites. It is important,

however to ensure that the alliances are only established with organizations with a related interest for the customer.

- **Include a guest book on your web site.** Collect the names and email addresses of customers. Information on services, changes to services or fees can then be emailed to customers visiting the municipal website.
- **Register with search engines and directories.** This is imperative for marketing the municipal website. The top seven search engines available (Lycos, Infoseek, Alta Vista, Hot Bot, Web Crawler, Excite and Nothernlights) and the directory (Yahoo) are the ones that are most important. Each search engine looks for specific criteria in order to rank your site among many others with the same services or information.

Although there are still vast numbers of customers in the WMLC who are not computer literate and who do not have access to the Internet, those who do have are usually easy to reach and communicate with. Since websites and email addresses are only really successful if kept up to date, interesting and only if emails are being responded to promptly, the handling of Internet marketing in itself becomes a large task. In a large organization such as a municipality it will probably be necessary to appoint someone working on the Internet marketing of the municipality full time.

#### **6.4.7 Organizational image**

The image that organizations present to customers is made up of different elements. Its reputation as an employer and its approach to social responsibility issues are examples of factors that influence the judgments that customers make about the organization. These judgments can turn out to be subjective or objective. Other factors are service quality, value for money, guarantees and luxury décor.

Image is, however, difficult to define as it is based on the perceptions of individuals of the message reaching them concerning the service or organization. Organizations should

therefore ensure that the messages, information and signals send out by them are always consistent with the objectives of the organization. The perceptions of customers about an organization are strongly influenced by visual and other sensory signals as well as their experiences with the organization.

According to Woodruffe (1995:187) organizational image play a key role in consumer perceptions about the service delivery of the organization. Municipal customers would probably not like to see the offices of the municipality as being shabby and unsafe to visit, but they surely will not be pleased to see money wasted on lavish furnishings and other luxuries being bought with public money. It will then be difficult to convince customers that municipalities are not out to make profits through the prices they charge for services.

Image is, however, difficult to define as it is based on the perceptions of individuals of the message reaching them concerning the service or organization. Organizations should therefore ensure that the messages, information and signals send out by them are always consistent with the objectives of the organization. The perceptions of customers about an organization are strongly influenced by visual and other sensory signals as well as their experiences with the organization.

Municipalities can actually develop a strong organizational identity in order to reinforce all the messages, signals and impressions amongst customers. Organizational identity builds a distinctive and recognizable physical identity for the organization. It tangibilises the organizational image by linking values, benefits and qualities to the organizational image with identifiable physical attributes such as brand names, logos, staff uniforms and consistent standards.

An organizational image is the combination of thoughts, feelings, beliefs, opinions and visions customers have about the organization and the products or services it delivers (SBA, 2001:1). Successful organizations create images that area easily described and recognized by the target markets. It does however, take marketing elements to work

together to create an image. These elements are advertising, marketing communications, publicity, location of the organization, price, the quality of the service or product, the experience the customer has when having contact with the organization and its employees.

Interestingly all organizations have an image even if it does not undertake any activities to try and build one (SBA, 2001:2). Even when there is not an active marketing plan for the organization the following items will still work towards customers forming an image of the organization:

- The logo of the organization.
- The website or lack thereof.
- The letterheads, business cards and envelopes used by the organization.
- The atmosphere inside the buildings that customers have to visit.
- The location of the organization and the safety of visiting that location.
- The hours of operation.
- The efficiency of employees in solving problems and assisting customers.
- The dress code of the employees.
- The level of friendliness and helpfulness of employees, even when answering a telephone.

The organizational image sets the stage for how receptive the target market is for messages sent out by the organization. In service providing organizations the image is of even greater importance since the service is delivered directly by the organization. The employees will therefore contribute the biggest part of the organizational image. Sparling (1996:121) sees the importance of distinguishing between the *current* image the municipality has in the eyes of its customers and the *mirror* image that is the idea that employees have about how customers see them. This was tested in the survey of the WMLC by asking both the external customers and the employees what image they hold about aspects of the WMLC.

The organizational image can make the marketing plan more or less effective. In other words the organizational image and the marketing plan of the organization is interdependent. The organizational image influences the successful implementation of a marketing plan, which will again contribute toward the image of the organization. In giving attention to the image of the organization in the development of a marketing plan, it is possible to send out consistent messages and that will strengthen the image of the organization.

#### **6.4.8 Budget**

Drawing up a budget for a marketing plan is not as simple as spending the money that is made available by management. In the private sector financial heads will only allocate a set amount for marketing if the marketing department can guarantee a certain level of forecast profit.

The private sector usually bases their allocation of resources on the basis of anticipated revenues and profits. In the public sector and municipalities in particular, marketing objectives derived from the vision, mission and objectives of the municipality should determine the allocation of resources (Lancaster, 1989:185). This is necessary since marketing in municipalities cannot be justified on financial grounds due to the lack of profit making.

Given unlimited funding, there is probably very little that the marketing manager cannot achieve. Budgeting, however especially in the municipal sphere of government, emphasizes the reality that resources are not limitless. There is therefore a great deal of pressure on the marketing manager to transform financial resources into achieved objectives.

In a municipality the reality will also be that marketing managers, departments or officials, will budget and request a certain amount of financial backing, but chances are

very good that only a percentage of the requested money will actually be allocated for marketing. They will then have to rethink the costs involved in implementing the marketing plan and probably redo the budget. This might even mean the rethinking of marketing methods and the marketing mix. The option to inject funds into the marketing budget must be considered very carefully in a municipality (Lancaster, 1989:185). Since municipalities do not have expected revenue to justify their decision on how much to allocate to the marketing budget, they must make sure that they will be able to give accountability on which and how objectives were reached with the marketing budget.

Chapman & Cowdell (1998:311) suggests that when a budget is drawn up, money is not the only resource that should be taken into account. These authors identify two other kinds of resources that should be taken into account when drawing up the budget for the marketing plan of a public sector organization such as a municipality. These are as follows:

- **Human resources** – Capabilities, experience, expertise and knowledge possessed by the employees working in the municipality. If there are employees with the applicable capabilities in the organization they will have to be pulled into the marketing function and will not be able to use their capabilities to the full in other departments of the municipality. If these capabilities are not available within the organization they will have to be acquired from outside at a financial cost. It also includes skills and abilities of the employees that are essential to the success of the municipality. The organization is a collection of people who can achieve more together than when working as an individual.
- **Image and perceptions of the organization** that are especially positive, whether it is internally (employees) or externally (customers) can be seen as resources to be used by the marketing function to make the marketing plan successful.

## 6.5 THE ROLE OF ETHICS IN MARKETING

There is not one correct answer in the marketing of different issues, products or services but only options that are preferred due to sound theoretical considerations which are tried, tested and revised when necessary. Institutions, therefore, vary greatly in the ways in which they approach and implement their marketing plans. According to Hutchings (1995:319) this often leads to controversies about the ethics of marketing. There is agreement that marketers have a moral duty to abide by the good practice, honesty and obligation towards customers that is commonly acceptable.

Hutchings (1995:320) defines ethics as a set of moral principles or learned standards open to adjustment in the light of experience and emanating from institutions, in the form of reinforcement of positive or negative statements on internal policy, industry codes of practice or Trade Associations, the morals and values of the society, the demands and expectations of the customers and in most cases a combination of these.

Adcock (1995:356) claims that ethics involve decisions of individual moral principles taken by people working for any institution. It is the study of what is right and acceptable in any activity and is influenced by collective values that are present in an institution. Ethics involve issues of human behavior and human judgment applied in everyday situations.

For marketing purposes ethical issues involve matters such as employment practices, pricing policies, product quality and safety, advertising and promotion and care for the physical environment. There is a need for institutions to formulate precise ethical guidelines in order to guide the behavior of their employees (Butler, 1996:79). These ethical guidelines should not only be formulated with legal requirements in mind, but should also be based on personal integrity, institutional conscience and customer and society welfare (Kotler & Armstrong, 1993:539). These written ethical codes of conduct will not be sufficient to ensure ethical behavior. Ethical behavior must be an institutional commitment that will then become part of the culture of an institution.

The term ethics refers to the principles of behavior that distinguish between good and bad, right and wrong (Skinner, 1990:659). Marketing behavior is judged as ethical or unethical on the basis of commonly accepted principles of behavior established by the expectations of society, various interest or pressure groups, competitors in the private sector, the organization's management and the moral values of individuals. It is therefore necessary for marketers to understand how employees and customers form their ethical standards and what causes them to engage in unethical behavior.

Hutchings (1995:320) lists a number of ethical issues that puts the onus on an institution to reach its marketing objectives without causing offense to the customer, the society or infringing on their rights.

#### ETHICAL ISSUES IN MARKETING

<b>Marketing activity</b>	<b>Associated ethical issues</b>
Marketing research	Invasion of privacy Product testing on animals Commercial and industrial espionage, gifts, bribes
Marketing selection	Targeting the susceptible Elderly markets – shock tactics Children's markets – pressure on parents
Product	Planned obsolescence Accuracy/honesty of product description/labeling Copying in new product development Dangerous packaging or contents Quality issues
Place	Channel control/selective distribution Elimination of small retailers and low coverage in marginally profitable results Anti-competition pressures Transportation monopolies
Promotion	Pressure and pyramid selling Misleading or deceptive advertising/sales promotion Sexism and discrimination in promotion Knocking copy in advertising Subliminal advertising Aspirational advertising Fear-based messages Shock/offensive advertising

Price	Loss leaders Price collusion Price discrimination Unfair pricing Excessive profits
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According to Adcock (1995:364) the problem of corporate ethics has three aspects when put in a position where the alternative behavior to the right behavior is tempting:

- The activity is not “really” illegal or immoral.
- The activity is in the individual’s or the institution’s best interest.
- Nobody will ever know.
- Because it helps an institution, the institution will approve of it.

Although decisions on what the customer should or should not know about the product or service is made by the individuals in contact with the customers, but Adcock (1995:365) feels very strongly that the moral environment of an organization will put pressure on individuals to act in a certain way in order to fit into the culture of an organization. Adcock (1995:366) stresses the importance of not only being able to sell a product or service but to ensure high standards both in quality and ethics. An ethical code of conduct is needed in order to introduce practices that are acceptable and agreed upon in an institution.

According to Butler (1996:79) the international marketing environment complicates the issue of ethics in marketing even more, since different cultures have different cultures have differing moral standards.

Regulations consist of laws and regulatory agencies that influence the conducting of business (Skinner, 1990:74). Regulatory forces in the marketing environment exert a significant influence on marketing activities because violations of laws and regulations may result in penalties.

Ethics becomes an even more important issue in a situation where the organization has the monopoly in the market. A monopoly, according to Butler (1996:163)"... occurs when the output of an entire industry is controlled by one organization." Monopolies will therefore have the following characteristics:

- There are no other supplier of the product or service, thus the strength in manipulating the market is strong.
- Monopoly prices are known and easily communicated to customers.
- There could be legislation preventing other organizations from entering the market.
- If the nature of the service or product is to satisfy basic needs, there is no possibility for profit making which limits entrance into the market by other organizations.

Customers of municipalities have a limited scope of choice in where they can get the services. As essential services, which should be delivered at the lowest possible cost to the customer, there are not other organizations willing to or with the infrastructure to come into the market as a competitor to municipalities. This gives municipalities a monopoly for service delivery in their specific municipal areas.

Being in a monopoly, a municipality as the only service provider in a specific community have an even greater responsibility than other organizations to ensure that all their actions, including the marketing actions, are ethical in nature. They are not only a monopoly for delivering basic services to the community, but they also work with public funds paid by the customers through rates, taxes and charges for services.

## **6.6 CONCLUSION**

Therefore it can be deducted that the primary difference between marketing in profit or non-profit organizations is that the ultimate aim of non-profit or government organizations is not the realization of profit. The objective of government organizations, such as municipalities, is the provision of goods and services for the general welfare of

the population. They theoretically strive towards the satisfaction of community needs, but in order to do so they must be sustainable.

It can be seen in municipalities such as the WMLC that they are more and more beginning to apply business principles in the management of their organizations. It seems to be time for municipalities to include marketing as one of their management strategies to promote their municipality and ensure sustainability in a day and age where subsidies from other spheres of government is shrinking and payment levels for services delivered is generally low. In order to do so, municipalities should make use of the steps in preparing the marketing plan to ensure that all the information needed for the formulation of the plan is available. The methods of marketing should be chosen to be as cost effective as possible, but without loosing the power to reach the target markets.

## **CHAPTER 7: MARKETING PLAN FOR THE WMLC**

### **7.1 INTRODUCTION**

The final step in developing a marketing plan is the drafting of the physical marketing plan. The parties implementing the marketing plan are not necessarily the same parties who developed the marketing plan. It is, therefore, crucial to ensure that the implementers of the marketing plan are supplied with all the relevant information about the WMLC.

There are three components in a marketing plan. Firstly there is the information that already exists in the WMLC. This includes the Mission, Vision and strategic objectives. This is essential since it would ensure that the marketing objectives are inline with the strategic plan of the WMLC. It is also necessary to give a short overview of the history and geographical location of the WMLC. These have to be taken into consideration to ensure that the marketing activities that are chosen are realistic and feasible. In this manner implementers receive the background information on the WMLC without having to undertake research themselves, therefore, saving them time.

The second component of the marketing plan consists of the market analysis and the SWOT analysis. This would be done on the hand of information supplied in WMLC documentation and the responses received on the questionnaires. These analyses give an indication of where the WMLC is in relation to the environment it operates in, the target markets it aims to access and the competition base it has to content with. The SWOT analysis can be utilized to assist in ensuring that the marketing plan is being developed and implemented realistically, since the knowledge on the strengths, weaknesses, opportunities and threats is available.

The third component of the marketing plan is where the marketing mix for the WMLC is developed. In this case the extended marketing mix, as suggested by Woodruff, (1995:23), is used since the Municipality is a service delivery organization. First a detailed product

description is given. In the case of the WMLC the product description will actually be to describe the services rendered by the WMLC. The price that customers have to pay to acquire the services is then discussed. When attending to the promotion element of the marketing mix, suggestions will be made on how to best promote the WMLC and the services rendered. An effort will be made here to keep suggestions as low in cost as possible, without compromising on the quality of the marketing plan. Place is the element that covers the venues at which services are and will be rendered by the WMLC. People pay attention to those parties involved in the rendering and the receiving of services. Process is a description of the processes in rendering municipal services and finally attention is paid to how physical evidence can be used in the marketing of services.

Other issues of importance in this component are the budget for implementing the marketing plan and the control measures that will be used to monitor the implementation of the plan. In the part that follows, the marketing plan developed for the WMLC will be outlined.

## 7.2 THE MARKETING PLAN

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**MARKETING PLAN: WESTERN METROPOLITAN LOCAL COUNCIL OF THE  
GREATER JOHANNESBURG**

### 1. VISION

**A vibrant and developed city within which our communities can live, work and play in safety and prosperity.**

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### 2. MISSION

**The WMLC is committed to improve the quality of life by being a dynamic partner to our various communities by providing effective and efficient Local Governance and Services.**

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### 3. STRATEGIC OBJECTIVES

- **Creating an Administration reflective of the community**
  - **Creating a safe and secure environment**
  - **Ensuring integrated and sustainable urban development**
  - **Stimulating economic growth and development**
  - **Promoting community participation and empowerment**
  - **Delivering affordable and efficient services**
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### 5. HISTORIC OVERVIEW

The WMLC is a municipal substructure of the Greater Johannesburg Municipal Council, which is in operation in the Western area of the Greater Johannesburg Municipal Council. The WMLC was established after the 1995 municipal elections by the amalgamation of the municipalities of

Florida, Roodepoort and Meadowlands. This makes up a vast area (248sq km's) consisting of 10 different communities. Although all of these areas are residential, some of them are also industrial and Maraisburg is a mining community. This and the cultural diversity (19% white, 1.1% coloured, 0.1% asian and 79.8% black) in the area complicate the service delivery by the WMLC.

Internally the organizational structure of the WMLC is divided into seven clusters. Each of these clusters is responsible for a number of activities that are geared at ensuring effective service delivery. These clusters are:

- ◆ Human resources;
- ◆ Corporate service delivery;
- ◆ Finance;
- ◆ Community development;
- ◆ Health services;
- ◆ Housing and urbanization; and
- ◆ Technical services.

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## **6. GEOGRAPHICAL LOCATION**

Due to the amalgamation of more than one municipality, the WMLC has offices in both Florida and Roodepoort. The central office building, where council meetings are being held, most of the clusters have their Executive officers and where the rates and taxes hall is, is at 100 Christiaan de Wet Avenue, Florida Park. It is a safe location with ample parking space. It is, however, much further for residents from the old Meadowlands municipality to travel in order to pay their accounts. Due to the size of the staff (2383) of the municipality, it was necessary for some of the clusters to keep their operational offices where the employees perform their day-to-day task in separate buildings. These offices are all in the vicinity of Roodepoort and Florida to ensure effortless communication between the operational offices and their Executive officers.

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## **7. MARKET ANALYSIS**

### **7.1 Industry**

The WMLC as a municipality falls within the public service sector. This means that services rendered by the WMLC are not done so with profit making in mind. The services rendered to the customers (citizens and businesses) are necessary to enhance the quality of the general welfare of the communities within its boundaries.

### **7.2 Target markets**

There are three target markets for the marketing plan of the WMLC that could be classified in two broad categories, namely:

#### **➤ Internal market**

This category consists of the (2383) employees of the WMLC. It is essential to reach the employees of the WMLC on all levels of the hierarchy with the marketing plan in order to ensure consistency in the services rendered and messages communicated by the employees. The internal market must be reached in order to ensure the success of the external component of the marketing plan. Even in the internal market there are cultural differences between employees. The age distribution is between 21 and 60 (Table 5.2) and there is a good level of experience with more than 70.2% of the employees having worked for the WMLC for more than 6 years (Table 5.5).

#### **➤ External markets**

This category consists of the 513 161 citizens living in the municipal area of the WMLC as well as the businesses that are operating and investors that invest in the area (4650 in total). There will also be an effort to reach organizations outside the WMLC with the marketing plan in order to secure their investment in the WMLC. These target markets will be approached in an effort to ensure strong local economic development in and the sustainability of the WMLC. The citizens must be targeted by means of the marketing plan to ensure that their perceptions and behavior changes from that of negativity or apathy (Tables 5.17 & 5.31) to that of active participation in the activities and actions of the municipality. The age distribution of residents (Table 5.2) shows a relatively young citizenship with 37.3% of the

respondents being younger than 30 years of age while the age distribution of business owners (Table 5.2) are evenly spread from 21 to older than 61 years of age. 69.9% of the residents have been living in the municipal area of the WMLC for more than 6 years (Table 5.4), while 73.1% of the businesses have been established in the area for more than 6 years (Table 5.5).

### **7.3 Competition/monopoly**

As the only provider of the services that aims at satisfying the essential needs of the customers the WMLC has the monopoly within its municipal boundaries. There is no direct competition to the WMLC. This places the responsibility on the WMLC and its officials to carry out the actions and deliver services in such a manner as to ensure accountability.

The WMLC is, however, involved in indirect competition. Since none of the target markets identified by the WMLC have unlimited resources of their own in terms of time and money, they have to be moved to rather spend their time and money with the municipality than other organizations that they have committed to or are planning to commit to. These organizations range between work places, churches, schools, supermarkets and organizations catering for hobbies, recreation, sport and relaxation.

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## **8. SWOT ANALYSIS OF THE WMLC**

In order to undertake a SWOT analysis the source documents used were the results of the audit report, the results of this survey as well as other documents available from the WMLC. Interviews with officials in the WMLC also helped in ascertaining information that was not readily available and to verify the information in documents and the results of the survey.

### **8.1 Strengths**

The following strengths were identified from the audit and the survey completed in the WMLC.

- A stable internal market since most of the responding employees have worked in the WMLC for more than 6 years (Table 5.3).

- Stable external markets 69.9% of the citizens (Table 5.4), 72.1% business sector (Table 5.5) responding have been involved in the WMLC for more than 6 years)
- There are areas (Florida, Roodepoort, Constantia Kloof, etc.) with excellent infrastructure (Econometrix, 1997:6).
- The WMLC is located in an economically strong region with a growth rate that is higher than the average growth rate of Gauteng (Econometrix, 1997:7).
- It is central to all transport routes nationally and internationally. 32.2% of the business sector responding chose the area due to the transport routes (Table 5.28).
- Excellent educational facilities and Technikon SA (the second largest distance education institution in the country with students totaling over 40 000).
- There are 10 different business sectors established in the area that could make it easier for new businesses to fit in (Table 5.10).

## 8.2 Weaknesses

The weaknesses identified are the following:

- The negative attitude of some citizens, businesses and investors responding toward the WMLC (Table 5.17 & 5.31).
- No experience in marketing (There has never been any marketing department, marketing employees or marketing plan in the WMLC).
- The WMLC is a monopoly in delivering services and has no direct competition to keep them on the edge and ensure effective and efficient service delivery.
- Informal settlements in Dobsonville, Meadowlands, and Maraisburg have insufficient infrastructure (Econometrix, 1997:7). Table 5.9 indicates the percentage respondents (25%) living in informal settlements.
- Employees resisting change in the way things have to be done. 65.4% of the respondents are negative about public private partnerships (Table 5.18).
- The difference in educational qualifications makes it difficult to pitch the level of information supplied to customers. 45% of the responding residents have a Std 8 qualification while 33.8% have tertiary qualifications (Table 5.6).
- Negative perceptions of the responding citizens about the general service delivery in the WMLC (Table 5.20). An exceptionally high percentage of negative perceptions of more than

80% of the business sector (Table 5.21) and 65% of the employees about the level of general service delivery (Table 5.22).

- The perceptions of residents, business sector and employees responding differ markedly (more than 20%) on the importance of services. This makes it difficult to develop one marketing plan aimed at all three target groups (Tables 5.14, 5.15 and 5.16).
- 66.2% of the residents, 68.6% of the employees and 81.2% of the businesses responding feels that they are not informed about current developments in the WMLC (Tables 5.17, 5.18 and 5.19).

### **8.3 Opportunities**

The following opportunities should be utilized by the WMLC:

- Overseas investors want to invest in South Africa and are looking for areas in which to do so (Econometrix, 1997:9).
- The overall infrastructure of the municipal area facilitates local economic development (Econometrix, 1997:8).
- Cooperation with Technikon SA for the training of officials and councilors in Municipal Management and Administration or Marketing. The Institute of Public Management, Technikon SA has courses available on a variety of skills and other training needs specifically developed for Municipalities and develop new courses for other training needs. (Technikon SA Yearbook, 2001:56).
- The highest percentage of residents responding (19%) live in the area because it is close to their workplaces (Table 5.27). The 10 communities of the area are all combinations of residential and either industrial, retail or mining characteristics.
- The residents, businesses and employees have chosen the same three descriptions for the WMLC (Table 5.30), showing communality between the three target groups.

### **8.4 Threats**

The following apparent threats should be taken seriously in developing a marketing plan for the WMLC:

- Non-payment of services by citizens and businesses threaten the sustainability of the WMLC (Econometrix, 1997:8).

- Limited resources for delivering services (Econometrix, 1997: 8).
  - 63.4% of the responding business sectors do not perceive the economy in the WMLC is thriving (Table 5.19).
  - The cultural variety within communities of the WMLC makes it difficult to satisfy the needs of every customer. (Whites 19.1%, Coloured 1.0%, Asian 0.1% and Black 79.8%).
  - A threat to economic development is that the majority of customers (69% of the residents and 76.3% of the business sector) responding do not perceive the WMLC as being economically progressive (Tables 5.17 and 5.19).
  - Only 51.6% of the responding employees feel that they use all their knowledge and skills in their work. This could lead to a high personnel turnover since there could be a lack in job satisfaction. 69% felt that they are not sent on training courses regularly. Job satisfaction was the second highest (11.2%) reason indicated by responding employees for working in the WMLC. (Table 5.18).
  - 68.2% of the responding employees indicated that they do not know all the services available to customers in the WMLC (Table 5.18).
  - 69% of the responding employees indicated a low degree of accountability and transparency in the WMLC (Table 5.18).
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## 9. MARKETING OBJECTIVES

Marketing objectives have been set for the WMLC within the framework of the Mission, Vision and the strategic objectives that form part of the strategic planning of the municipality. Simultaneously an analysis was also done of the services delivered, the location of the WMLC, the target markets and the strengths, weaknesses, opportunities and threats of the WMLC, to ensure that the marketing objectives are realistic and achievable in working toward the achievement of the strategic objectives of the WMLC. The results of the survey done were also used to establish what the marketing objectives of the WMLC should be. These are to:

- Ensure that the needs and expectations of the three target groups are being met through the delivery of all the services;

- Move the internal customers (employees) to actively participate in the decision-making and other marketing activities of the WMLC in order to ensure the success of the marketing plan;
  - Attract businesses and investors both nationally and internationally in order to stimulate economic growth and development and to ensure integrated and sustainable urban development in the WMLC;
  - Ensure the sustainability of the WMLC by addressing the problem of non-payment and promote community participation and empowerment to ensure the active participation of citizens in elections, council meetings and communication of needs and expectations and taking part in physical actions such as cleaning up side walks and contributing towards the safety and security of the municipal area.
- 

## 10. MARKETING MIX

The marketing mix of the marketing plan for the WMLC aims at reaching the above mentioned marketing objectives, takes into consideration the strengths, weaknesses, opportunities and threats of the WMLC and consists of seven elements.

### 10.1 Products

As mentioned in the previous sections of the marketing plan, the product of the WMLC is actually the number of services delivered by the seven clusters of the WMLC. Each of the clusters within the WMLC either delivers services directly to the external customers of the WMLC or to other internal customer in order to capacitate them in their service delivery to external clients. Some clusters serve both the internal and external markets. The services delivered by the clusters are as follows:

- **Human resources** - only deliver services to the internal customers of the WMLC. Their services include all the administrative functions relating to employees, staffing functions such as recruitment, labour relations, training, organizational development and transformation services such as diversity management and affirmative action.
- **Corporate services** - is responsible for all communications and supplying information both internally and externally to the Municipality. This entails information relating to the

Constitution, human rights and legal services, giving council support services such as correspondence and events organizing, managing a central information service, giving support to the offices of the Mayor and the CEO and managing the voters roll.

- **Finance** - handles all financial tasks that is internal and external to the WMLC. These include the financial administration of loans and creditors, expenditure, procurement contracts, stores, buying, collection of payments, deposits, establishing assessment rates, administration of the valuation roll, service charges and the delivery of accounts.
- **Community development** - delivers services directly to the external costumers and is responsible for community information services in the form of Libraries, heritage services, museums, the state theater and the eisteddfod. They also have to do fundraising, needs assessments, social programs, managing of the old age scheme, welfare facilities, sport facilities, parks and recreational facilities.
- **Health services** – are responsible for the management of diseases such as AIDS, Sexually Transmitted Diseases, TB, and the provision of environmental services for the prevention of health hazards. Also the management of health services, administering special programs on mental health awareness, substance abuse, rape, stress disorders and primary health care. The supply support services in health promotion, training and the management of a health information system, research, pharmacies and laboratories.
- **Housing and urbanization** – deliver services such as building control through technical advise on safety, health & structural stability, formulating & implementing policies, arbitrating in building plan disputes & advise on upgrading of informal settlements. Development planning by managing plans, applications & projects, facilitating integrated development planning. Environmental development through quality management, pollution, environmental awareness, educational programs and projects, open space and landscape management. Local economic development in the form of promoting, supporting & developing all sections of trade & industry while managing informal trade, and giving assistance and support. Managing information on geography, rezoning, new townships, plan diagrams, map production & township proclamations. Urban development by facilitating subsidy linked integrated development projects for lower income communities and doing feasibility studies, project planning, implementation and consolidation.

- **Technical services** – have to manage building design services, building contracts, maintenance, infrastructure support, township layouts and setting standards. Do waste management through refuse collection, environmental protection, systems and process development. Manage the fleet, mobile plant, refuse truck workshops, the welding workshop, test station and the integrated computer fleet management system. The manage horticultural services such as the development & maintenance of parks, open spaces, public gardens & lakes, landscaping services, playgrounds, nursery services, pavements and consultancy services. The design, maintenance, cost control, budgeting and contract management for roads and storm water. The management of sewerage, water, pump stations, septic tanks, new connections and developments.

In order to reach the marketing objectives of this marketing plan, there are a variety of products in the form of ideas and issues to be marketed to the target markets that have not received any attention from the clusters before.

- **Employees** as the internal market are actually involved in delivering the services to the external customers. The product that will be marketed to the employees will be the *idea* of changing their attitudes and behavior toward their work and the customers to ensure that the service delivery of the WMLC is effective and sufficient. The council also wants to ensure that all employees see the part they have to play in the successful implementation of the external marketing plan, therefore making the marketing plan a product to be marketed internally.
- **Citizens** are an external market. In order to achieve all of the marketing objectives, the *idea* of participating in their municipality, through attending council meetings, voting, paying for services and even becoming actively involved with the beautifying of their residential areas, also has to be marketed.
- **Investors and businesses** are also part of the external market. As with the citizens, the WMLC also wants this target market to be moved towards active participation, which makes the *idea* of participation a product. The WMLC also wants to attract new investors and businesses from outside its municipal boundaries, which means that the *benefits* of investing in the area are another product to be marketed.

## 10.2 Price

In establishing the price for the products (services delivered) attention is given to the fact that the WMLC is in the business of delivering essential services for the satisfaction of their customers' basic needs. This influences the price since the municipality must keep the price as low as possible in order to make it affordable to customers of all levels of income. The WMLC is not profit orientated in the determination of prices. They do, however, have to recover their costs and ensure the sustainability of the municipality. The following are expenses to be taken into account when establishing price:

- Labour: Salaries
- Benefits
- Rent of buildings
- Telephone
- Transport
- Utilities
- Marketing
- Suppliers (Eskom, Rand Water, etc.)
- Repairs and maintenance
- Operating costs
- Capital expenditures

In the case of water, which is a scarce resource the price will be charged on a sliding scale in order to change the behavior of the customers into saving water. An example of a typical price sliding scale of water a municipality such as the WMLC is as follows:

First 6 kiloliters	costs R0.00/kl
Next 4 kiloliters	costs R2.30/kl
Next 5 kiloliters	costs R4.13/kl
Next 5 kiloliters	costs R4.61/kl
Next 18 kiloliters	costs R5.36/kl
Kiloliters above 38	costs R6.54/kl

Here, price is used to control or regulate demand. For customers using more than 38 kiloliters of water it becomes more expensive than for those using water sparingly. The price tag of R6.54 per kiloliter is aimed at motivating customers to save water where possible.

Part of the price element will also be the negotiation of terms and conditions for paying off large accounts or even arrears. The WMLC should rather have a policy of accepting down payments than not receiving payment for services at all. This makes the price of the services more payable, especially with rates and taxes that can be very high (R8200/annum in Constantia Kloof). Being able to pay this in monthly installments makes it easier for customers who are willing to pay.

The price involved in the customers accepting products such as the idea of changing their behavior, does not only involves monetary payments. There is also the price of giving up time to spend on other activities in order to spend the time on the activities of the WMLC. It is difficult to measure and determine this price that the customer has to pay since different customers will be giving up different activities. It is, however, necessary for the WMLC to be attentive to this price to ensure that they structure those activities warranting participation in such a way as to minimize the price customers have to pay. Council meetings should be kept as short as possible, voting stations should be close to customers, rates and taxes halls should be safe and arrangement should be made to make it easier for customer to pay their accounts at other facilities close to them or via bank transfers or internet banking. It is clear that in order to bring this kind of price down, the WMLC will have to give attention to some of their products, the promotion and distribution of the activities that they want customers to get involved with.

### **10.3 Promotion**

In order to achieve the marketing objectives it is necessary for the WMLC to ensure that both internal and external customers receive information on the services, the effects and benefits of changing their perceptions, attitudes and behaviors, and for the investors and businesses the benefits of investing in the municipal area.

Due to cost considerations an effort will be made to use as many low cost promotion methods as possible in the internal as well as external components of the marketing plan:

- The internal promotion of the marketing plan of the WMLC can be done through:
  - Using personnel meetings as opportunities to talk to employees on their role in ensuring effective service delivery.
  - Spending time during training courses or developing a separate training course that will update employees on the information they need to deliver services and the interpersonal skills to communicate with external and other internal customers. Ensure that all employees attend these sessions at least once every six months.
  - Sending out circulars explaining the marketing plan to employees. Add to this by having discussion groups for employees to discuss their roles in the marketing plan. This must be done continuously throughout the implementation of the plan.
  - Develop an internal newsletter to be included with salary advises once a month. This can be used to keep employees up to date with developments and also to give recognition to employees who are effective and efficient in their work.
  - Use pin-up boards in tearooms to give information out quickly to employees.
  - Ensure that the work environment is comfortable, though not over luxurious, since that will give the wrong impression to customers. However, employees should have enough space to do their work in comfortably and a atmosphere that is conducive to productivity. Do an analysis annually to determine what employees need to make the work environment conducive to productivity.
  - Reward employees by putting up a photo of employee of the month, voted by either peers or customers, thus motivating other employees to also have a positive attitude towards the WMLC and its customers.
  - Encourage teamwork between customer-contact employees and supporting service employees.
  
- The external promotion of the services and ideas can be done through firstly using the simple and low-cost methods and if necessary only then using the more expensive promotion methods available.

- Develop a newsletter, which is short and informative. The newsletter will include information about services, price increases, news about employees. These newsletters will be distributed on a monthly basis, by:
  - Including copies when sending out municipal accounts to reach all customers.
  - Displaying copies in the rates and taxes hall in Florida Park to reach customers coming to the premises for payments.
  - Give copies to ROCCI (the only Commercial association in the area of jurisdiction of the WMLC) to hand out at their meetings to reach businesses and investors in the area.
  - Have copies available at the doors of council meetings to reach all attending customers.
  - Include copies in the Roodepoort record to reach all customers, but also people that work in the WMLC municipal area, but do not live here.
- At least once a year a presentation should be made at a ROCCI meeting to inform businesses and investors in the area of plans as far as local economic development is concerned.
- Make use of the rates and taxes hall in Florida Park to do exhibitions on the services delivered by the WMLC. This must be changed on a monthly basis.
- Schedule open days for the more than 40 schools in the municipal area in order to educate customers of the future and convince school leavers to stay in the area and take part in the economic development of the area.
- Give a 5% discount on accounts that are being paid in full, in an effort to eradicate the problem of non-payment.
- Make use of prominent persons in the area (the Rector of Technikon SA or prominent persons from the business sector such as the owners of Florida Tailors) to act as ambassadors for the WMLC. At least one of the prospective ambassadors has to be identified and added to the list every year. The person's photo with quotes on good service delivery will be published in newsletters or newspaper advertisements.
- Develop and include a survey slip on the back of payment return slips that is short and easy to complete. Different surveys can be run each month.

- Make use of the message space on the accounts to give information about changes in services or price.
- Create a website on the Internet to especially reach the businesses and investors within the area, but also nationally and internationally. Ensure linkage with the <http://www.joburg.co.za> website.
- Keep a comment book at each teller where customers can write their needs, expectations or comments about the service delivery of the WMLC.
- Write at least 2 articles throughout the year, explaining how the municipality does business and what developments are taking place to be published in newspapers and international municipal journals.
- Employees must be trained in answering telephones quickly, returning calls promptly and friendly toward customers, since they carry out the image that customers have about the WMLC.
- Include information about the WMLC in conference packages when conferences are being held in the area. Concentrate especially on related industries such as Rand Water and Eskom.
- Put together a booklet, to be revised once a year, on the organizational structure and the services delivered by the WMLC. In order to make it more accessible to all the customers of the WMLC this booklet could also be made available in cartoon format. These can then be included once a year in the Gauteng newspaper (the star) or in conference packages.
- Use the Rand Show (April) to do an exhibition of the services delivered by the WMLC. Although the WMLC will receive a discount on the stall, R10 000 is still expensive for exhibiting space and should be left as a last resort.

Since there is currently not any effort from the WMLC to actively market the Municipality, the services it delivers or the benefits of investing in the area, these are ideas that could be used to market the WMLC to its customers (internally and externally). While using these methods it is important to ensure a level of flexibility that will contribute towards the successful implementation of the marketing plan in a multicultural environment such as that of the WMLC.

It will, for instance, be necessary to make newsletters and other publications available in major locally used languages (English, Afrikaans, Sesotho, Xhosa and Zulu).

#### **10.4 Place**

This is also known as the distribution of the service. There are some services delivered by the WMLC that can only be delivered to the customer, such as water, electricity, refuse removal, health services and the maintenance of such. The problem with delivering services to the customers is that the geographical area of the WMLC is 248 sq kilometers, the number of citizens is more than 500 000 and there are more than 4000 businesses to service as well. Public-private partnerships should probably be considered in the delivery, maintenance and even billing of water, but the WMLC must be ultimately responsible and give accountability for the delivery of these services. They must therefore still keep control over these functions. The cost of moving over to private-public partnerships must be considered in the cost should not be averted to the customer. Most of the services delivered by the WMLC are inseparable from them and the Municipality should therefore maintain direct delivery of those services.

With payments, the options on how to pay accounts are increasingly more diverse. The rates and taxes hall should be kept as a place where customers can make payments, since there could be customers that prefer paying their accounts at the tellers, but it is also an option for customer who do not have access to the technology needed to make use of the other methods available. The bank account of the WMLC must be connected to the Internet banking system to assist customers not willing to travel to the rates and taxes hall, but who do have Internet access. This would be beneficial in receiving payments from businesses since they usually can not afford their employees standing in queues for long periods of time.

#### **10.5 People**

People are divided into different categories and they have to be considered in the marketing mix of the WMLC.

- **Employees:** Although it is mostly the tellers, inspectors, nurses and telephone operators who have direct level of interaction with the external customers, all other employees are delivering services that enable these employees to be effective in their service delivery.

Employees are therefore also the internal customers of the organization and each other. Even though councilors are the elected representatives of the communities and not appointed employees they could possibly also be included here with the application of the marketing plan. The following should receive attention in the WMLC.

- Implementation of the internal component of the marketing plan should precede the implementation of the external component of the marketing plan. This is necessary in order to ensure that all employees, on all levels of the hierarchy know what the marketing objectives are and which actions will be used to reach those objectives.
  - Care should be taken that all new employees attend a orientation course to assist them in understanding where they fit into the WMLC and what role they should play in ensuring the successful delivery of services.
  - Liaise with training institutions to assure whether there are training courses available covering issues and skills such as telephone etiquette, communication skills negotiation skills. If not available at all or not relevant to the WMLC it can be developed in collaboration with external training institutions to ensure South African Qualifications Authority accreditation. All the employees in the WMLC should undergo the training and refresher courses should be run bi-annually.
  - Inform employees about what is expected from them as far as appearance is concerned. Since office employees do not wear uniforms, set up a dress code that is communicated to all employees.
  - Those employees wearing overalls (Refuse collection) should always ensure that they wear identity tags at all times.
  - Employees should be invited to meetings where decisions concerning their area of work are taken. Union representation is not always enough since it is necessary to from time to time receive the inputs of the employees on how they perceive the work could be completed more effectively and efficiently. This stresses participation and involvement of employees in their careers.
- **Customers** are also important in identifying their needs and expectations to the WMLC. Unfortunately a very small number of citizens do this and they should therefore be prompted to do so by:

- Doing surveys about the needs and expectations of the customers on a bi-annual basis to ensure that the WMLC is delivering the services to satisfy these needs.
- Making sure that voting stations during municipal elections are accessible and safe to all customers and queuing is limited, which is not currently always the case.
- Council meetings should be advertised in the local and regional newspapers well in advance. Posters can also be put up in shopping centers such as Westgate, Florida Junction and Princes Gardens. This will ensure that customers know about meetings. Schedule these meetings at times that suits customers.
- Giving customers the opportunity to get actively involved in their communities, by facilitating the establishment of community forums where the customers can be directly involved in the decision making on solving problems and the development of their community.

People also include the organizational arrangements made to implement the marketing plan. The WMLC must develop their structure to be market orientated. Such an organizational structure should not be too comprehensive since there is already some experience in communicating internally (corporate services) and externally (community services). Both the Corporate services and the Community development clusters are already involved in communicating with the internal and external markets of the WMLC. It is not necessary therefore to hire professionals but rather train internal employees to undertake the promotion of the WMLC. It is suggested that the marketing plan should be implemented by forming a task group of 2 councilors and 1 official from each of the clusters of Corporate services (for internal marketing) and Community development (for external marketing). Each of these clusters already has limited experience in communication with the internal and external markets respectively. This task group will be working in collaboration with a marketing manager, who needs to be appointed in the position due to the person's marketing experience. Although this body will be taking full responsibility for the marketing function, all employees must be trained on their roles in marketing the WMLC.

## **10.6 Process**

The process of delivering services influences the perceptions and attitudes that both internal and external customers have about the Municipality. Process refers to the procedures, mechanisms

and flow of activities by which the services are acquired and the policies and other regulations that influence the delivery of services in the WMLC. To ensure that the processes run as effectively as possible and to get rid of as much “red tape” as possible it is necessary to:

- Ensure that internal marketing informs all employees on all levels of the municipality on how services must be delivered;
- Train and educate employees to understand the regulations according to which their activities should be undertaken and the consequences if it does not adhere to the regulations;
- Since the services delivered by the WMLC caters for the basic needs of the customers, employees should know that they cannot change the service in itself, but rather their handling of and communication to customers in the delivery of the service in order to suit the culture, values and customs of the customers;
- Set up a quick response help line to speed up the handling of customer problems and complaints; and
- Ensure that the technology used is up to date. Although this is an expensive exercise it might save by ensuring that services can be delivered more effectively and efficiently.

Being part of the public sector, the actions of the WMLC are regulated by legislation. The following policy documents have an impact on the service delivery process in the WMLC and should be taken into account with the development and implementation of the marketing plan:

- The Reconstruction and Development Program (RDP).
- The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996).
- The White Paper on Local Government, 1998.
- White Paper on Transforming Public Service Delivery, 1997 (Batho Pele).
- The Development Facilitation Act, 1995 (Act 67 of 1995).
- Municipal Structures Act, 1998 (Act 117 of 1998).
- Municipal Systems Act, 2000 (Act 32 of 2000).
- Division of Revenue Act, 2001 (Act 1 of 2001).
- Growth, Employment and Redistribution (GEAR).
- Municipal Finance Management Bill, 2000.

## 10.7 Physical evidence

Due to the intangible nature of the services delivered by the WMLC it is necessary to provide physical evidence of the services where possible. There are two types of physical evidence that the WMLC can use in the marketing of their services, namely:

- *Peripheral evidence* – This is the benefit that the customer receives from using the service or changing their behavior. By participating in the WMLC, customers can be part of decision-making and make sure that their municipality is functioning effectively and efficiently.
- *Essential evidence* – This is what the customer sees when the service is rendered. It includes the water that runs when a tap is opened as well as evidence of payment services being rendered in the form of the Rates and taxes hall where payments can be made and the printed accounts that is received by the customers of the WMLC.

Since the customers form their perceptions and attitudes based on the overall service experience that they have with the WMLC, it stresses the importance again of ensuring that services are delivered in a friendly and helpful manner. Employees should be informed on all services delivered by the WMLC.

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## 11. BUDGET

Since there is not a profit-making motive in the rendering of services by the WMLC, the budget will not necessarily reflect direct financial benefits from the implementation of the marketing plan, since the results may also be measured in the increase of participation of citizens or the higher percentage of investment in the municipal area. The following categories of expenditure are reflected in the budget:

### **EXPENDITURE**

- ❖ Salaries of marketing staff
- ❖ Cost of suppliers:
- ❖ Rand Water
- ❖ Eskom
- ❖ Private contractors

- ❖ Distribution costs
- ❖ Promotional costs:
  - ❖ Printing
  - ❖ Mailing
  - ❖ Internet
  - ❖ Advertising
  - ❖ Special events

### ***RESULTS:***

It will be more important to pay attention to the possible benefits that the WMLC will acquire from implementing the marketing plan. The aim should therefore be to ensure that these benefits lead to the achievement of the marketing objectives, which was based on the Vision, Mission, and strategic objectives of the WMLC.

- ❖ 10% higher payment rate for services, rates and taxes.
- ❖ 10% higher rate of participation in municipal activities such as elections, council meetings and community forums
- ❖ Positive attitudes and perceptions shown in surveys done once a year.
- ❖ 5% growth in local economic development per annum.

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## **12. CONTROL**

Control is not only the final stage in the marketing plan, but the implementation of the plan must be monitored continuously. Results will have to be plotted against the marketing objectives of the WMLC. The reactions of customers to the marketing plan should be watched closely to be able to make adjustments when and where necessary. The move of customer needs, expectations and requirements will also be the cause that objectives are not necessarily applicable anymore and should be revised. This puts an emphasis on doing surveys on an annual basis to ensure what the needs, expectations and requirements of both the internal and external target markets are.

Control could also be used to ensure whether the marketing objectives of the WMLC are being achieved. The actual results of the implementation of the marketing plan will therefore be

compared to the expected results and the marketing objectives. This should at least be done on an annual basis and will evaluate the overall success of the marketing campaign. Operational control should concern itself with the day-to-day marketing activities in the WMLC. Here it is crucial to establish how and by whom the activities are carried out. Talking to customers while they are queuing to pay accounts, by adding a short satisfaction survey at the back of payment return slips, having comment books available at teller desks or by phoning customers randomly, can do this.

It is, however, necessary to undertake formal control of the implementation of the marketing plan. Setting the objectives to ensure knowledge about what should be controlled could start this. These objectives serve as parameters for control from which the definition of each of the objectives flow. These objectives should be measurable. This can be achieved by setting standards according to which the objectives should be achieved. In order to ensure accountability, responsibilities should be allocated, to ensure that employees know exactly what they are responsible for. These steps establish a framework for formal control of the marketing plan.

The marketing task group should undertake this by monitoring the implementation and results of the marketing plan on a monthly basis. The task group should then give accountability to the marketing manager. The marketing manager is accountable to Council, who is ultimately responsible to give accountability to the citizens of the municipal area.

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### 7.3 CONCLUSION

The marketing plan of the WMLC was developed with the first aim of ensuring that the needs and expectations of the customers (both internally and externally) are being met to the satisfaction of all parties concerned. The second aim of the marketing plan is to assist the WMLC in the achievement of their strategic objectives. In order to achieve these goals attention was given to the Vision, Mission and strategic objectives of the WMLC. The needs, attitudes and perceptions of the customers were determined through the analysis of the survey done via questionnaires.

The marketing plan should not be left at being the final stage in the marketing strategy of the WMLC. The plan and the results achieved through its implementation should be monitored continuously to ensure the successful implementation of the plan. It might be necessary to change some of the promotion activities undertaken by the WMLC in order to reach the marketing and strategic objectives of the WMLC.

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# APPENDIXES

## APPENDIX A

Dear Investor and/or business owner

### **RESEARCH: PERCEPTIONS OF RESIDENTS OF THE WMLC OF THE GREATER JOHANNESBURG**

Research is currently being done in order to establish the perceptions of the investors and business owners about the service delivery and quality of life within Western Metropolitan Local Council of the Greater Johannesburg. The results will be utilized to identify the shortcomings in this regard with the view of planning for future service delivery as well as the development of a marketing model for the WMLC of the Greater Johannesburg.

You are requested to complete the questionnaire.

I am doing this research as part of a thesis for the completion of a Master's Degree at the University of the Free State. The research will be used for the benefit of the residents, investors and businesses in the WMLC of the Greater Johannesburg. Your cooperation will be appreciated.

Thank you for your attention and time

ESTHER FRANZSEN  
PROJECT LEADER  
March 1999

It is envisaged that this study will make a valuable contribution towards an area of Municipal Management that has not yet been researched to date. Your participation in this project will, therefore, indeed be appreciated.

PROF. KOOS BEKKER  
PROMOTOR

**A. BIOGRAPHICAL AND DEMOGRAPHICAL INFORMATION**

**Indicate with a cross mark where applicable.**

1. For how long have you invested or have your business in the WMLC of the Greater Johannesburg

1 to 5 years	
6 to 10 years	
11 to 15 years	
More than 15 years	

2. In which area of the WMLC of the Greater Johannesburg have you invested or established your business?

Davidsonville	
Diepmeadow	
Dobsonville	
Doornkop	
Florida	
Maraisburg	
Meadowlands	
Mzimhlope	
Roodepoort	
Vlakfontein	

3. Within which age category do you fall?

Under 20	
21 to 30	
31 to 40	
41 to 50	
51 to 60	
61 and older	

4. Which educational qualification do you hold?

Std 8	
Std 10	
Diploma	
Degree	
Other	

5. Indicate within which of the following sectors your business falls.

Manufacturing	
Electricity, gas or water	
Construction	
Wholesale/retail	
Transport and communication	
Finance and business services	
Community and social services	
Government	
Mining	
Agriculture	

6. How many employees work in your business?

1 to 50	
51 to 200	
201 to 500	
501 to 1000	
1001 and more	

7. Which type of financing did you use to establish your business?

Personal investment	
Bank loan	
Business partners/SBDC funding	
Share holders	
Industrial development corporation	
Khula	

**B. PERCEPTUAL INFORMATION**

1. Please indicate the applicable block on the 5-point scale according to the importance of the services delivered by the WMLC of the Greater Johannesburg to you as investor or business owner.

	Not important At all				Very Important
	1	2	3	4	5
Parks					
Roads					
Sport facilities					
Museums					
Sanitation					
Personal health services					
Rubbish removal					
Recreational facilities					
Libraries					
Nature reserves					
Water					
Electricity					
State theater					
Bus services					
Traffic services					
Fire services					

2. Please indicate to which degree you agree or disagree with the statements by marking the applicable blocks for each question.

	Disagree				Agree
	1	2	3	4	5
The WMLC forms an integral part of the Greater Johannesburg					
The economy in the WMLC is thriving with a growth rate that is higher than the national average					
There is easy access to the markets of both Gauteng and Africa					
The business sector is well developed with confidence in possible growth					
When there are power failures, the Electricity Department does everything possible to restore the power as soon as possible					
Service delivery concerning water and electricity is sufficient					
There are a sufficient number of clinics for personal health services.					
The bus service can be described as					



6. If you have had a business in another town or city, how does the service delivery of the WMLC compare with the service delivery of the other town or city?

The quality of service delivery in the WMLC is poorer	
The quality of service delivery is the same	
The quality of service delivery is better in the WMLC	

7. Prioritize from 1 to 7 the reasons, in order of importance, why you have established your business or invested in the WMLC.

Well developed infrastructure	
Availability of big work force	
Good municipal services and facilities	
Cheap municipal services	
Available public transport	
Easy access to national and provincial routes	
Low crime rate	
A well developed manufacturing sector which enhances development opportunities	
Central location in a large market	

8. Indicate which description you associate the WMLC with

Residential area	
City with natural beauty	
City close to Johannesburg	
Industrial area	
Mining area	
Culture city	
None of the above, but .....	

9. Please indicate the most applicable statement.

I had a negative image of the WMLC before establishing a business here, but since establishing the business here I have a positive image	
I had a negative image of the WMLC before establishing a business here and still have a negative image	
I had a positive image of the WMLC before establishing a business here, but since establishing the business here I have a negative image	
I had a positive image of the WMLC before establishing a business here and still have a positive image	
I have never had a business outside the WMLC and	

have a positive image	
I have never had a business outside the WMLC and have a negative image	

Please motivate why you have a specific image of the WMLC and if your Image have changed, why did this happen.

.....
.....
.....
.....

10. Given the choice, will you again choose to establish a business or invest in the WMLC?

YES
NO

11. If your answer in 10 was NO, give an indication of which other substructure of the Greater Johannesburg you would prefer and why.

.....
.....
.....
.....

12. Indicate the most important reason why you think other people do not want to live in the WMLC.

Poor municipal services and facilities	
Unstable economy	
Shortage in knowledge about the labour market	
Shortage of financial assistance	
Area without identity	
Area without status	
Unsafe and high crime rate	
Shortage of training and educational facilities	
Difficult to get access to overseas markets	
Other	

13. Are you sometimes hesitant to tell other businesses that you established your business in the WMLC?

YES
NO

14. Give a reason for your answer in number 12.

.....
.....
.....
.....

15. Show on the 5-point scale if you can agree with the following statements or not.

	Disagree		Agree		
	1	2	3	4	5
The WMLC is progressive					
It is a comfortable city to establish a business in because it is so close to Johannesburg					
Must be marketed for its available conference facilities					
The Central Business Centurms must be developed					
The WMLC makes an effort to let residents know which services are available					
There is currently an active marketing strategy to draw residents and businesses to the WMLC					

## **APPENDIX B**

Dear Employee

### **RESEARCH: PERCEPTIONS OF EMPLOYEES OF THE WMLC OF THE GREATER JOHANNESBURG**

Research is currently being done in order to establish the perceptions of the employees about the service delivery and quality of life within Western Metropolitan Local Council of the Greater Johannesburg. The results will be utilized to identify the shortcomings in this regard with the view of planning for future service delivery as well as the development of a marketing model for the WMLC of the Greater Johannesburg.

You are requested to complete the questionnaire.

I am doing this research for the completion of a Master's degree at the University of the Orange Free State. The research will be used for the benefit of the employees, residents, investors and businesses in the WMLC of the Greater Johannesburg. Your cooperation will be appreciated.

Thank you for your attention and time

ESTHER FRANZSEN  
PROJECT LEADER  
March 1999

It is envisaged that this study will make a valuable contribution towards an area of Public Management that has not been researched to date. Your participation in this project will, therefore, indeed be appreciated.

PROF. KOOS BEKKER  
PROMOTOR

**A. BIOGRAPHICAL AND DEMOGRAPHICAL INFORMATION**

**Indicate with a cross mark where applicable.**

1. For how long have you worked in the WMLC of the Greater Johannesburg

1 to 5 years	
6 to 10 years	
11 to 15 years	
More than 15 years	

2. Within which age category do you fall?

Under 20	
21 to 30	
31 to 40	
41 to 50	
51 to 60	
61 and older	

3. Which educational qualification do you hold?

Std 8	
Std 10	
Diploma	
Degree	
Other	

4. In which cluster of the WMLC are you employed?

Technical services	
Housing	
Community services	
Health services	
Human resources	
Finance	
Corporate services	

**B. PERCEPTUAL INFORMATION**

1. Please indicate the applicable block on the 5-point scale according to the importance of the services delivered by the WMLC of the Greater Johannesburg to you.

	Not important At all				Very Important
	1	2	3	4	5
Parks					
Roads					
Sport facilities					
Museums					
Sanitation					
Personal health services					
Rubbish removal					
Recreational facilities					
Libraries					
Nature reserves					
Water					
Electricity					
State theater					
Bus services					
Traffic services					
Fire services					

2. Please indicate to which degree you agree or disagree with the statements by marking the applicable blocks for each question.

	Disagree				Agree
	1	2	3	4	5
Parks are not kept up properly by the WMLC					
Only a few residents make use of the museum					
The land and money spent on parks can be utilized more efficiently for housing					
There is a shortage in municipal sport facilities in the WMLC					
The natural areas, such as the Kloof-endaal nature reserve is kept in a good condition					
The State theater is only utilized by people enjoying classical music.					
When there are power failures, the Electricity Department does everything possible to restore the power as soon as possible					
Service delivery concerning water and					

electricity is sufficient					
There are a sufficient number of clinics for personal health services.					
The bus service can be described as efficient					
The municipal newsletter is received by employees on a monthly basis					
The municipal newsletter is adequate in informing employees about the developments within the WMLC					
Employees of the WMLC are well informed about the current developments					
The personnel of the traffic department delivers a friendly service to the general public					
The Fire Department delivers an adequate fire protection service.					

3. Please analyze the general service delivery of the WMLC of the Greater Johannesburg by indicating the applicable block on the 5-point scale.

	Completely Unsatisfactory		exceptional		
	1	2	3	4	5
The friendliness of the officials					
The helpfulness of the officials to sort out problems					
The knowledge and skills of the officials					
The attitude of the officials towards their jobs					
The attitude of the officials towards the clients					
How do you think the service delivery of the WMLC compares with other municipalities					
Do you feel that the costs, such as local taxes are justified by the quality and quantity of the services delivered by the WMLC					

4. Have you ever been an employee in another town or city other than the WMLC?

YES
NO

5. If YES, name the town or city.

6. If you have worked in another town or city, how does the service delivery of the WMLC compare with the service delivery of the other town or city?

The quality of service delivery in the WMLC is poorer	
The quality of service delivery is the same	
The quality of service delivery is better in the WMLC	

7. Prioritize from 1 to 9 the reasons, in order of importance, why you are working in the WMLC.

Close to my home	
The salary	
The fringe benefits	
Job satisfaction	
Available public transport	
The work environment	
Promotion possibilities	
Low crime rate	
Working hours	

8. Indicate which description you associate the WMLC with

Residential area	
City with natural beauty	
City close to Johannesburg	
Industrial area	
Mining area	
Culture city	
None of the above, but .....	

9. Please indicate the most applicable statement.

I had a negative image of the WMLC before working here, but since working here I have a positive image	
I had a negative image of the WMLC before working here and still have a negative image	
I had a positive image of the WMLC before working here, but since working here I have a negative image	
I had a positive image of the WMLC before working here and still have a positive image	
I have never worked outside the WMLC and have a positive image	
I have never worked outside the WMLC and have a negative image	

Please motivate why you have a specific image of the WMLC and if your image have changed, why did this happen.

.....
.....
.....
.....

10. Given the choice, will you again choose to work in the WMLC?

YES
NO

11. If your answer in 10 was NO, give an indication of which other substructure of the Greater Johannesburg you would prefer and why.

.....
.....
.....
.....

12. Indicate the most important reason why you think other people do not want to work in the WMLC.

Poor municipal services and facilities	
Shortage in training facilities	
Shortage in knowledge about working situation	
Too far away from their homes	
Area without identity	
Area without status	
Unsafe and high crime rate	
Other? .....	

13. Are you sometimes hesitant to tell other people that you work in the WMLC?

YES
NO

14. Give a reason for your answer in number 12.

.....
.....
.....
.....

15. Show on the 5-point scale if you can agree with the following statements or not.

Disagree 1 2 3 4 5 Agree

	1	2	3	4	5
I make good use of all my skills and knowledge in the completion of my duties					
It is a comfortable city to work in because it is so close to Johannesburg					
I am sent on regular training courses to increase my skills and knowledge.					
I am always informed about new services and changes in service delivery					
The WMLC makes an effort to ensure that employees know which services are available					
There is currently an active marketing strategy in the WMLC					
There is a high degree of accountability by employees in WMLC					
There is transparency on all matters of service delivery in the WMLC					
The employees of the WMLC are generally efficient					
Public /Private Partnerships will lead to employees of the WMLC losing their jobs.					
The Council looks after the interests of its employees					

## APPENDIX C

Dear Resident

### **RESEARCH: PERCEPTIONS OF RESIDENTS OF THE WMLC OF THE GREATER JOHANNESBURG**

Research is currently being done in order to establish the perceptions of the residents about the service delivery and quality of life within Western Metropolitan Local Council of the Greater Johannesburg. The results will be utilized to identify the shortcomings in this regard with the view of planning for future service delivery as well as the development of a marketing model for the WMLC of the Greater Johannesburg.

You are requested to complete the questionnaire.

I am doing this research as part of a thesis for the completion of a Master's Degree at the University of the Free State. The research will be used for the benefit of the residents, investors and businesses in the WMLC of the Greater Johannesburg. Your cooperation will be appreciated.

Thank you for your attention and time

ESTHER FRANZSEN  
PROJECT LEADER  
March 1999

It is envisaged that this study will make a valuable contribution towards an area of Public Management that has not yet been researched to date. Your participation in this project will, therefore, indeed be appreciated.

PROF. KOOS BEKKER  
PROMOTOR

**A. BIOGRAPHICAL AND DEMOGRAPHICAL INFORMATION**

**Indicate with a cross mark where applicable.**

1. For how long have you lived in the WMLC of the Greater Johannesburg

1 to 5 years	
6 to 10 years	
11 to 15 years	
More than 15 years	

2. In which area of the WMLC of the Greater Johannesburg do you live?

Davidsonville	
Diepmeadow	
Dobsonville	
Doornkop	
Florida	
Maraisburg	
Meadowlands	
Mzimhlope	
Roodepoort	
Vlakfontein	

3. Within which age category do you fall?

Under 20	
21 to 30	
31 to 40	
41 to 50	
51 to 60	
61 and older	

4. Which educational qualification do you hold?

Std 8	
Std 10	
Diploma	
Degree	
Other	

5. Indicate the applicable information?

I live in my own home	
I live in a rental house	

I live in my own flat	
I live in a rental flat	
I live in my own townhouse	
I live in a rental townhouse	
I live on a small holding	
An informal structure	

**B. PERCEPTUAL INFORMATION**

1. Please indicate the applicable block on the 5-point scale according to the importance of the services delivered by the WMLC of the Greater Johannesburg to you as resident.

	Not important At all				Very Important
	1	2	3	4	5
Parks					
Roads					
Sport facilities					
Museums					
Sanitation					
Personal health services					
Rubbish removal					
Recreational facilities					
Libraries					
Nature reserves					
Water					
Electricity					
State theater					
Bus services					
Traffic services					
Fire services					

2. Please indicate to which degree you agree or disagree with the statements by marking the applicable blocks for each question.

	Disagree				Agree
	1	2	3	4	5
Parks are not kept up properly by the WMLC					
Only a few residents make use of the museum					
The land and money spent on parks can be utilized more efficiently for housing					
There is a shortage in municipal sport facilities in the WMLC					
The natural areas, such as the Kloof-en-					

dal nature reserve is kept in a good condition					
The Civic theater is only utilized by people enjoying classical music.					
When there are power failures, the Electricity Department does everything possible to restore the power as soon as possible					
Service delivery concerning water and electricity is sufficient					
There are a sufficient number of clinics for personal health services.					
The bus service can be described as efficient					
The municipal newsletter is received by residents on a monthly basis					
The municipal newsletter is adequate in informing residents about the developments within the WMLC					
Residents of the WMLC is well informed about the current developments					
The personnel of the traffic department delivers a friendly service to the general public					
The Fire Department delivers an adequate fire protection service.					

3. Please analyze the general service delivery of the WMLC of the Greater Johannesburg by indicating the applicable block on the 5-point scale.

	Completely Unsatisfactory					exceptional				
	1	2	3	4	5					
The friendliness of the officials										
The helpfulness of the officials to sort out problems										
The knowledge and skills of the officials										
The attitude of the officials towards their jobs										
The attitude of the officials towards the clients										
How do you think the service delivery of the WMLC compares with other municipalities										
Do you feel that the costs, such as local taxes are justified by the quality and quantity of the services delivered by the WMLC										

4. Have you ever been a resident in another town or city other than the WMLC?

YES
NO

5. If YES, name the town or city.

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6. If you have lived in another town or city, how does the service delivery of the WMLC compare with the service delivery of the other town or city?

The quality of service delivery in the WMLC is poorer	
The quality of service delivery is the same	
The quality of service delivery is better in the WMLC	

7. Prioritize from 1 to 7 the reasons, in order of importance, why you are living in the WMLC.

Close to my workplace	
Beautiful residential areas	
Good municipal services and facilities	
Cheap municipal services	
Available public transport	
Housing is affordable	
Safety and security	

8. Indicate which description you associate the WMLC with

Residential area	
City with natural beauty	
City close to Johannesburg	
Industrial area	
Mining area	
Culture city	
None of the above, but .....	

9. Please indicate the most applicable statement.

I had a negative image of the WMLC before moving here, but since living here I have a positive image	
I had a negative image of the WMLC before moving here and still have a negative image	
I had a positive image of the WMLC before moving here, but since living here I have a negative image	

I had a positive image of the WMLC before moving here and still have a positive image	
I have never lived outside the WMLC and have a positive image	
I have never lived outside the WMLC and have a negative image	

Please motivate why you have a specific image of the WMLC and if your Image have changed, why did this happen.

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.....

10. Given the choice, will you again choose to live in the WMLC?

YES
NO

11. If your answer in 10 was NO, give an indication of which other substructure of the Greater Johannesburg you would prefer and why.

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.....

12. Indicate the most important reason why you think other people do not want to live in the WMLC.

Poor municipal services and facilities	
Shortage in shopping facilities	
Shortage in knowledge about residential areas	
Shortage of entertainment facilities	
Area without identity	
Area without status	
Unsafe and high crime rate	
Other? .....	

13. Are you sometimes hesitant to tell non-residents of the WMLC that you live in the WMLC?

YES
NO

14. Give a reason for your answer in number 12.

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.....

15. Show on the 5-point scale if you can agree with the following statements or not.

	Disagree		Agree		
	1	2	3	4	5
The WMLC is progressive					
It is a comfortable city to live in because it is so close to Johannesburg					
Must be marketed for its available conference facilities					
The Central Business Centurms must be developed					
The WMLC makes an effort to let residents know which services are available					
There is currently an active marketing strategy to draw residents and businesses to the WMLC					

**D.O.V.S. BIBLIOTEK**