

THE MARKETING OF A "NEW" PRODUCT
IN THE PROPERTY INDUSTRY

WITH SPECIAL REFERENCE TO THE MARINA
DA GAMA PROJECT IN THE CAPE

Thesis presented to the Department
of Business Science, University of
Cape Town, for the Degree of Master
of Business Science.

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SCOPE AND CONTRIBUTION OF THE STUDY

The scope of this thesis is limited to an in-depth study of the marketing elements that have been employed in marketing a new product in the property industry. Marina da Gama has been used as the example on which to focus on how the marketing elements have been used, or should have been used.

In choosing this example, I was influenced by a number of things. Firstly, the project represented a departure from the traditional form of property development and was very much a "new" product in the South African context. It represented a sincere attempt by the developer to analyse the market's needs and to produce a product that met those needs while also fulfilling its own overall objectives. Secondly, the scale of the project was large enough to encompass a wide variety of products which were extensions of the basic product - land. The marketing implications therefore provided an ideal opportunity for study. Finally, I was employed by Anglo American Properties as Marketing Advisor for the project from July 1972 to March 1974. During this time, I was responsible for much of the marketing research and planning and made an in-depth study of the project, the industry and the marketing principles that should be employed in marketing the product. The planning and research of the marketing included a study tour of overseas marinas and shopping centres in France, Britain, Spain, Portugal and the United States of America.

The thesis has been structured in such a way that the planning and research aspects relevant to the Marina project have been added to the study as an appendix. The various

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reports have been summarised and edited by me from confidential reports which have not been published. For this reason, the contents of this thesis and its opinions are private and not for publication.

The reader who is not familiar with the Marina da Gama project, is advised to study Appendix A, together with the plan of the area, before reading the main body of the thesis. This will provide a valuable background to the example used in this study.

PREFACE

This thesis has been written with a view to analysing the planning and implementation of the marketing strategy employed when launching a new product onto the market within the property industry. The Marina da Gama scheme, which has been developed in part and is still in the process of development, has been used as an example to illustrate the application of the various elements of the marketing mix, and to indicate those areas where shortcomings in the marketing strategy were experienced.

Unlike the industrial and consumer products, the property industry has not been the focus of many scholars and practitioners, with the result that little general theory exists and much of it is purely adapted from other industries whose products' characteristics often differ in their essential ingredients to those of property. And yet, the products of the property industry have been part of life, let alone the economic and marketing system, for longer than the vast majority of the products of other industries. The net result has been the slow development of a marketing orientation in the industry which has been dominated, and to a large extent is still dominated, by a sales orientated approach.

In an attempt to evolve some kind of general approach to the marketing strategy, the Marina da Gama project which was a "new" product in the property industry in South Africa, has been used as an illustration. This project which was first mooted in 1969, was planned extensively with specialists and consultants thoroughly involved in the planning of every aspect: this included town planning, construction and engineering, financial and legal implications and marketing. So thorough was this process that the planning took almost

five years before the first extension was opened. And yet, certain exogenous variables resulted in the abandonment and scrapping of much of the planning that had been done. The final product will therefore be very different from the one that had been originally planned.

As a strictly marketing orientated approach had been adopted during the planning stage, much of this thesis will focus on this phase but where the later changes affected the marketing aspect, this will be highlighted. It is not the intention of this thesis to examine the shortcomings of the marketing of the Marina, but rather to examine and analyse the various elements of the marketing mix that go towards the formulation of a marketing strategy for the launch of a new property product, aimed at satisfying the needs of certain segments of the market.

Appendix A outlines the Marina project as it had been planned with the facilities and elements which had been incorporated into the scheme. Appendix B covers some of the results of the research and planning activities undertaken by the Marina and its consultants, indicating the depth and degree to which the marketing aspect was investigated. As the project is still in the process of development and every day sees new internal changes, resulting from environmental changes, it has been necessary to establish a cut off date for the project in terms of the scope of this thesis. This date is 1st January, 1976.

"Marketing is a fundamental business philosophy.... Fundamental to this philosophy is the recognition and acceptance of a customer orientated way of doing business. Under marketing the customer becomes the fulcrum, the pivot point about which the business moves in operating for the

balanced best interests of all concerned."¹ Although this is a vitally important aspect of business philosophy, it has largely been a neglected area in the property industry. This thesis endeavours to illustrate just how central and critical a role marketing can play in a successful property venture and by so doing, it is the writer's hope that he has added to the process of recognition of the importance of marketing by the industry as a whole.

¹ F.J. Borch - "The Marketing Philosophy as a way of Business Life." The Marketing Concept - Its Meaning to Management, American Marketing Association, Marketing Series No.99, New York 1957, Page 3 - Page 5.

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INTRODUCTION :

The marketing of a product in the property industry has only recently become more refined and developed into a more discernable structure. In many ways, the industry's products can be classified as consumer durables and yet very definite differences exist which give the industry a character all of its own. The basis of the industry is land and all the products within the industry are extensions of this basic commodity. Furthermore, this basic commodity is limited in its availability which gives it an additional value in terms of appreciation. It is a good investment which combined with its utilitarian value, so closely linked to man's very basic needs, makes the marketing implications of its varied products distinctive from those of industrial or consumer products. For example, areas such as the product life cycle differ from that of the consumer durable in that the maturity stage represents an increasing value of the product rather than a decline.

Property is one of the world's great exceptions to the general economic principle whereby increased demand results in increasing supply. There are only fifty-six million square miles of land in the world - a lot of which is far from habitable - and yet, with the ever-increasing size of the world's population, the demand for the products of the property industry continues to increase. Such a situation provides the entrepreneur with the opportunity of profit making by supplying land to meet the demand. Prices would increase naturally through economic forces but the situation presented the developer with the opportunity of increasing returns by better providing for the market's demands. This has resulted in the process of

adapting and formulating new and varied methods of meeting the housing and accommodation needs required by the population. In order to maximise returns from this situation, the property developer has had to adopt a marketing approach supported by a process of educating the market into accepting and adapting the "new" products of the property industry. These "new" products are often the result of pure economic forces such as the development of group and cluster housing schemes which maximise the utility of a limited parcel of land by providing communal facilities. But in many cases, such as with Marina da Gama, the "new" product has been developed with a profit motive behind it. But above all, "the nature of the new is in what it does to and for the customer - to his habits, his tastes and his patterns of life."¹ And Marina da Gama is no exception to Wasson's opinion in that its new waterside living environment has provided a "new" dimension to the market's lifestyle.

Marina da Gama has been described as "one of the most successful property marketing campaigns in recent years"² and is therefore regarded as a useful model to explore the various implications of marketing a "new" product in the property industry. Its basic character of providing "a new urban lifestyle"³ had been received enthusiastically at the launch of the project, but subsequent changes in policy dampened enthusiasm and sales have dropped off sharply. The project holds lessons as to the way it should have been marketed and at the same time highlights the reasons for some of its shortcomings. As "marketing is specifically concerned with how transactions are created, stimulated, facilitated and valued"⁴ it is the objective of this study to analyse these aspects in order to determine the correct marketing strategy needed to launch a new property product such as "Marina da Gama."

¹ Chester R. Wasson - Page 56 (1)
² The Cape Times - Page 11 (2)
³ The Argus - Page 9 (3)
⁴ Philip Kotler - Page 48 (4)

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- (1) CHESTER R. WASSON "What is 'New' About a New Product" -
Journal of Marketing - July, 1960 -
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- (2) THE CAPE TIMES "Inside Story of Marketing of Marina" -
3rd May, 1975 - S.A. Associated
Newspapers.
- (3) THE ARGUS "Concept of Waterside Living" -
September 25th 1974 - Argus Printing
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- (4) PHILIP KOTLER "A General Concept of Marketing" -
Journal of Marketing - April, 1972 -
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CHAPTER I : THE MARKETING CONCEPT

"Central to the marketing concept is the orientation of a business to the needs of its customers. So dedicated, business exists not to sell a product but to fulfill a need."¹ The various sub-functions involved in the process of analysing the market and identifying its needs which are to be satisfied, form an organisational entity or system called marketing. The marketing system is essentially governed by the exchanges that take place in society. Such an exchange relationship exists between the buyer and the seller in a property transaction, and so the need for a sound marketing approach, which is aimed at meeting the demands and needs of the buyer is required. Marketing consists of a "set of human activities directed at facilitating and consumating exchanges"² and as such, provides a "scientific study of exchange relationships."³ The process of exchange is one that takes place within the "realm of human activity"² and is essentially concerned with the exchange of commodities that have a value. "Every exchange implies the existence of at least two things of value, not one."⁴ These basic elements exist in the property field for a marketing situation in that the buyer and the seller are "potentially interested in exchange"⁴; one has money or finance available to purchase, while the other possesses the property or real estate that is desired; both are capable of communication and delivery. "Marketing is thus the process through which economy is integrated into society to serve human needs."⁵

- ¹ Harrison Rainie - Page 1 - 63 (1)
² Philip Kotler - Page 12 (2)
³ Philip Kotler - Page 1 (2)
⁴ Philip Kotler - Page 13 (2)
⁵ Peter F. Drucker - Page 252 (3)

which is a menace to public health and morals. Just before dozing off on an air mattress, beneath a nylon tent, amid the stench of decaying refuse, they may vaguely reflect on the curious unevenness of their blessings. Is this indeed the American genius?"¹ His statement emphasised rather dramatically how marketing also had a role in property. The society needed a place to live and a place to play in an environment which had been planned and created to satisfy its wants and desires.

Most other consumer products have been produced already and are continually improved upon and the range expanded to meet man's needs and wants and yet it is still his lifestyle that requires urgent attention. A township development like Marina da Gama is an example of a development which has been planned to meet the market's needs by providing society with a quality environment that combines the benefits of a permanent home with those of leisure and recreation. "The marketing concept views the customer's purchasing activities as being problem-solving activities by looking at what the customer is actually trying to do, the seller will see that his problem as a seller is quite different from what is usually assumed."² The Marina's determined effort to meet the market needs and thereby to solve the problems of the buyer, was the major differentiating aspect of this project from the norm of the property industry. The project offered "a new urban lifestyle of waterside living"³ as a means to better living for the target market.

In order to meet society's demands effectively and within the scope of the property industry, a sound marketing management approach is needed. This is concerned with the

¹ John Kenneth Galbraith - Page 253 (4)
² Theodore Levitt - Page 7 (5)
³ The Argus - Page 9 (6)

"principles for improving the effectiveness of exchange."¹ Marketing management has been defined as "the analysis, planning, implementation and control of programmes designed to bring about desired exchanges with target audiences for the purpose of personal or mutual gain. It relies heavily on the adaption and co-ordination of product, price, promotion and place for achieving effective response."¹ The major factor behind the principle of marketing management is "that desired exchanges do not automatically come about through any process in nature. Rather, they require an expenditure of time, energy, skill and supervision."² So, in the case of Marina da Gama, unless effective planning, design, and pricing was undertaken and the product was distributed for sale through the right media and channels while the attention of the potential residents was aroused by convincing them of the advantages of living at the Marina, success could not be achieved easily.

A careful definition of the product is required which includes the use of market research to help identify the needs of the market before feeding them into the planning phase of the project. Pricing, the second element, is closely linked to sales and was an important method used by the Marina's developers to create value for land, which was situated in a previously depressed area. Promotion is concerned with the advertising, merchandising, sales promotions and public relations activities; whilst place is concerned with selling through the different distribution channels.

For a long time the property industry has been dominated by a sales orientated approach as opposed to a marketing

¹ Philip Kotler - Page 13 (2)
² Philip Kotler - Page 14 (2)

orientated approach, and yet, "properly customer-orientated new product development is one of the primary conditions of sales and profit growth."¹ This has been largely due to the peculiarity of the industry's product and its unusual economic circumstances. The basic difference between the two approaches is that sales orientation is essentially concerned with "producing products and selling them"² while the marketing orientated approach has as its task "finding needs and filling them."² A basic difference exists between marketing and selling. "Selling focuses on the needs of the seller, marketing on the needs of the buyer. Selling is pre-occupied with the seller's need to convert his product into cash; marketing with the idea of satisfying the needs of the customer by means of the product."³ The constant desire of people to want to live better in an environment where leisure and convenient living could be combined, dominated the planning and marketing of Marina da Gama. "Modern marketing consists of orientating a company toward trying to find out what at any time the customer will define "betterness" to mean. This requires the entire company to be more effectively organised and orientated towards fulfilling the customer-getting requirements implied by that definition."⁴ A marketing concept was devised to meet the market's desire for a leisure lifestyle in the form of a waterside township with modern services and all the facilities that one would expect from a high class suburb. "Marina da Gama was designed for permanent living"⁵ and included those features and facilities that one would expect in an urban development in addition to its special qualities.

- ¹ Theodore Levitt - Page 82 (7)
- ² Philip Kotler - Page 17 (2)
- ³ Theodore Levitt - Page 35 (8)
- ⁴ Theodore Levitt - Page 12 (5)
- ⁵ The Argus - Page 2 (9)

"The marketing concept is a customer orientation backed by integrated marketing aimed at generating customer satisfaction as the key to satisfying organisational goals."¹ Whereas the initial planning and marketing campaign of Marina da Gama was dominated by a customer orientation, the need to generate as large a cash flow as possible changed this orientation to a more sales orientated approach. In a marketing orientated company, the attitude of the top management is vital. "Top management must provide the right leadership if the marketing viewpoint is to be reflected in decisions and actions down the line."² The Marina project was first conceived by D.B. Hoffe, Chairman of Anglo American Properties "who saw the potential of waterfront development in the Cape, recognised the need for well-planned leisure facilities and who spearheaded the Marina as part of Anglo American's planned investment in waterside property"³ He pursued his belief in developing this kind of "new" product as it was felt that "there would be an increasing demand for "leisure living" developments from a new and sophisticated market segment."⁴ He was also responsible for Anglo's other marketing orientated property projects such as Cabana Beach in Umhlanga Rocks and Carlton Centre in Johannesburg. His conviction "that a marketing orientated business is likely to be a more successful and profitable business"² permeated the entire management structure of the company and was reflected in the research and planning activities of the Marina management team. However, the internal political in-fighting in the Anglo American Corporation hierarchy eventually caused the replacement of D. Hoffe with G. Waddell, an executive director of the Corporation. This change also brought changes in the management approach to the company

¹ Philip Kotler - Page 17 (2)
² Marvin Bower - Page 1 - 7 (10)
³ The Argus - Page 12 (11)
⁴ Peter Womersley - Page 20 (12)

and more particularly to Marina da Gama. A new attitude emerged and management's confidence in the project faltered. A change in policy which aimed at an early cash recovery policy, was motivated by a switch from a customer to a product orientation. Cost conscious executives pruned the Marina and many of its distinguishing features and in so doing lost much of the want-satisfying attributes of the project. "What is holding back the Marina da Gama is not the loss of the proposed ocean harbour or the wind, or anything except a loss of faith by the developers - a psychological shut down."¹ This criticism was reported in the Weekend Argus as coming from a "passionate enthusiast for the Marina lifestyle"¹ and a home owner who was disillusioned at the company's "loss of faith" in the project. As the project is still going through its life cycle, the policy may change again but until then it has lost much of its lustre and excitement.

Philip Kotler's marketing concept as defined earlier, is made up of three aspects, the first of which is customer orientation. Genuine customer orientation can only be achieved with the presence of certain factors. These factors were identified by Philip Kotler in his book, "Marketing Management."² Firstly, there is the need to establish "a generic-need definition". The purpose of this is to convert the product into a basic need which the market is striving to satisfy. In the case of Marina da Gama, the developer is not concerned with selling land but rather with a lifestyle based on leisure living. An element of status and relaxation is attached to this lifestyle as is the prestige of living in a carefully planned township. Secondly, a "target-groups definition" is needed.

¹ Kevin Quinlivan - Page 3 (13)

² Philip Kotler - Page 18 - Page 21 (2)

This is the process of segmenting the market in order to more easily pin-point its needs. In this way, a greater degree of success would be achieved in producing a product that meets this selected market's wants. Thus, in the case of Marina da Gama, the target market is essentially threefold - metropolitan Cape Town residents; up-country residents; and developers. These groups can be broken down further as follows:-¹

- (1) The metropolitan Cape Town category consists of permanent residents; second home residents; speculators; and immigrants - 280 families settle in metropolitan Cape Town annually. Most of these people come from Europe where waterside living is a part of the local property industry.
- (2) The up-country residents category can be broken down into the holiday home market and the in-migrant market moving to Cape Town.
- (3) The developer group consists of builders, plot and plan developers and commercial and industrial users and institutions.

The market segment has been identified through research as:- middle to upper income; predominantly the thirty to forty-five age group; the family unit with children; single male and female, who enjoy the excitement and conviviality of a place where they can meet people easily and informally; the active retired community who enjoy the relaxed atmosphere with various activities taking place around them; and the young married (5,400 per annum requiring 600 flats and 1,300 houses per annum)¹ who enjoy the "fun" suburb where other young people live. The attempt at segmentation underlined the Marina's approach to its market in that it was realised that the

¹ The Housing Survey 1970

market's demand was neither homogeneous nor was its response to the various marketing techniques uniform. "The goal of segmentation is to group prospects in such a way that their responses to the firm's marketing efforts will be approximately similar ... with homogeneity within individual groups but considerable heterogeneity among groups."¹ The Marina was able to tailor its marketing plans around each group with a better chance of success. The loss of facilities, together with the new attitude of top management was reflected on the sales performance of the project

Kotler's third factor is to establish "differential products and messages." This is concerned with the attempt to meet the various needs of the selected target market and its market segments. Thus in the case of Marina da Gama, the product had variations such as on-water plots; parkside plots; single houses and cluster houses; flats; terrace houses, etc. Each of these product types appeal to a different market segment which itself is dominated by constraints such as finance, young children, size of family etc.

The fourth factor of "consumer research" involves a thorough investigation into the needs of the consumers to ensure the accuracy of their wants and desires as it is often found that stated desires do not truly reflect the market's needs. "A substantial investment in consumer research to measure, evaluate and interpret the wants, attitudes and behaviour of the various target groups"² provides a sharper understanding of the market's needs.

¹ Harper W. Boyd Jr. - Page 6 - 7 (15)

² Philip Kotler - Page 17 (2)

Marina da Gama employed its own planning services division to carry out research and to substantiate the apparent needs of the community. Real Estate Development and Research Company, property research consultants, were used to assist in these investigations. This research covered surveys into present consumer lifestyle trends, absorption rates, media research, pricing etc. (see Appendix B)

The fifth and final factor of "differential advantage strategy" is necessary to identify the "real values" of the product and not its "trivial differences" in order to maximise the product's advantage over the competition. "The key features that distinguish the products from those of competitors are invariably external to the generic products"¹ and therefore include such factors as status, convenience, aesthetics, etc.

In the case of Marina da Gama, ten distinguishing features were identified which lifted the product above the townships of other developers and provided the "real values" that appeal to the market. It was these features that motivated the developers at the start to believe that the project was "unsurpassed anywhere in the world"² in terms of its "potential."² These features were as follows:- novelty; aesthetics; convenience; family life; facilities and services; planned community; setting; sociability; security; and status. A township that combines all of these features creates a leisure living environment where people can live and play in harmony with nature and their inner desire to live better. The Marina possesses the element of excitement so necessary to capture the imagination and generate a purchasing

¹ Theodore Levit - Page 9

(5)

² Kevin Quinlivan - Page 3

(13)

decision. "Man responds eagerly to the fascinating shock of the unexpected."¹ The waterside living concept is unexpected and has the potential of arousing excitement. Customer orientation became a guiding principle in the Marina's planning and development and yet this approach has long been the watchword of many companies overseas. J.W. Keener, then President, and now Chairman of B.F. Goodrich Company, said: "Everything that a business does must be directed toward and be in tune with, the market. Research and development, production, finance and control, personnel, all and more, must at all times watch what the market does."² This was stated as far back as 1960 and yet is as vital today as it was then. The extensive research and planning of Marina da Gama was based on such a philosophy.

A second major element of the marketing concept is integrated marketing. It is vital that the entire management team throughout its various departments are customer orientated and think of their functions as a part of the overall attempt to meet the consumer's desires. The four aspects of price, product, promotion and place must be coordinated in such a fashion that they facilitate better exchange relationships with the consumers.

The objective of the marketing concern is to achieve customer satisfaction which must be balanced against the profit motives of the company. "The value of the various things a company can do for its customers must be balanced with the value and cost of doing them."³ The company will achieve good profits if it succeeds in helping its customers rather than just pleasing them. This is achieved by giving them value and satisfaction. "A truly marketing-minded firm tries to create value-satisfying goods and services that consumers will want to buy."⁴ With Marina

¹ Theodore Levitt - Page 9 (5)
² J.W. Keener - Page 6 (16)
³ Philip Kotler - Page 25 (2)
⁴ Theodore Levitt - Page 36 (8)

da Gama, the extra expense incurred in securing the bank edges, strengthening foundations and taming the wind, will have long term effects and will help the company achieve remarkable profit levels in time. Furthermore, the pressure of ecological awareness and conservation will act as a safeguard for the welfare of the consumer. The appointment of an estuarine ecologist to maintain the balance of nature on the lake is evidence that the developer is concerned with the protection of the welfare of the Marina residents and the interests of the populace as a whole. "It is believed that this is the first time that an appointment of this nature has been made by a property development company"¹ and it underlined the developers' awareness of "their ecological responsibilities."¹

Although the basic commodity is the same, the property industry, like the majority of other industries, consists of different products. Most property products being the result of a sales orientation approach have been dominated by the principle that land values will always increase due to the natural economic forces of supply and demand. However, the moment a community gets beyond the stage where it is primarily concerned with the basic physical needs - food, shelter and clothes - it begins to develop subjective feelings about what a desirable way of life should be. "Consumers use the symbolic content of products to express themselves, to maintain a style of life that proclaims to others as well as themselves what kinds of people they are and how they view the world and themselves in relation to it."² Four revolutionary changes - technological, social, ethical and communications - have affected the attitudes of people to such a degree that each person has developed a private vision of himself and how he would like others to see him. These changes have also

¹ The Argus - Page 12 (17)

² George A. Field - Page 3 - 32 (18)

been accompanied by changes in disposable personal income. "As affluence increases and the discretionary portion of earned income becomes larger, consumers tend to exert more time and effort in finding individual ways to express a desired consumption style."¹ The increase in income has profound effects for a project such as the Marina where only by undertaking huge capital works in the form of waterways and canals, dredging the lake etc., can the land be upgraded to meet the needs of the market. Such works are costly, which must be passed on to the consumer and with the increasing income and credit facilities, the size of the Marina's market in turn increases. "The latitude for upgrading one's way of life is expanding with a broader distribution of income."¹

Similarly, style has come to play a major role in the consumer's choice. "The role of style reflects growing sophistication, a refinement of aesthetic sensitivity and a desire for self-enhancement. Style now means not just the cost of a garment or the colour of a slip cover, but style of life as well."² The leisure living lifestyle of the Marina is an attempt to meet the consumer's growing need for style in living. Consequently, it is necessary to explore the inner feelings of the buying market, so that the marketing efforts can be directed towards the target market's desires and thereby become more effective in terms of sales.

In understanding the personality of the customer and the character of the product it is possible to determine the degree of ego involvement and "where ego involvement can be developed, a high degree of interest can be won on the basis of product image."³ For this reason

¹Wendell R. Smith and Jack S. Wolf - Page 1 - 11 (19)

²Lee Adler - Page 21 (20)

³Walter A. Woods - Page 18 (21)

a great deal of time and money was spent in cultivating a desirable image for the Marina and the degree of success for such a product "hinges heavily on motivational selling."¹ It is in this sense that the term "new" product is visualised in that it marks the creation of a product or the reshaping of an existing product as a result of a consumer orientated approach which determined the consumer's needs.

The marketing concept is the use of "the skill of selecting and fulfilling consumer desires so as to maximise the profitability per unit of capital employed in the enterprise."² This skill is concerned with a number of variables which affect the industry and the overall sales of the product. "Marketing management seeks to determine the settings of the company's marketing decision variables that will maximise the company's objectives in the light of the expected behaviour of uncontrollable demand variables."³

These latter demand variables fall into four classes:- customer variables, which are concerned with the size of the target market and its absorption rate of the various products such as houses, flats, shops etc.; the environmental variables, which are concerned with outside factors such as public reaction to the dredging of Sandvlei or the building of the harbour, which will alter the beach profile as well as the economic climate, cultural considerations, etc. - the removal of squatters from Vrygrond is an example of public reaction; competitive variables, which relate to the various factors such as proximity to shops, schools, work, price, climate etc. and which are under the control of the competitor; and the marketing decision variables which are directly under the developers' control and form the major effort of the company's marketing strategy.

1 Walter A. Woods - Page 18 (21)
2 Ralph Glasser - Page 7 (22)
3 Philip Kotler - Page 42 (2)

E. Jerome McCarthy conceptualised "the four P's"¹ as the major classification of the marketing variables - product, place, promotions, price. "Each P is in reality a collection of instruments."² Marvin Bower, director of McKinsey and Company Inc., New York, has stressed the fact that marketing helps "to serve people it is the function that primarily determines (1) what the product or service shall be; (2) how it shall be presented, promoted and distributed to the customer and kept useful to him; and (3) how it shall be priced."³ The marketing mix that is eventually settled upon is based on the "best settings for the marketing decision variables."² One of the important roles of the marketing mix is that "it is a basis for exploring and explaining the relationship between marketing and business as a whole The key to successful marketing lies in having the right product at the right price at the right place (and time) with the right promotion and - as is basic gospel of all marketing - that the rightness of the elements is determined by the consumer."⁴ Furthermore, the interrelationship of the marketing elements and their reaction upon the consumer is the major factor between success and failure. It is this combination of elements or marketing mix that the consumer judges. Some of the marketing variables are adjustable in the short run, such as the increase or decrease of price, the use of outside agents to sell houses or the advertising budget, but others are much more long term and difficulties would be experienced for example in trying to drop the availability of water front plots or yachting as a major draw to the Marina. The decision to halt the development of the land on the east side of Prince George

¹ E. Jerome McCarthy - Page 38 (23)
² Philip Kotler - Page 43 (2)
³ Marvin Bower - Page 1 - 3 (10)
⁴ James W. Culliton - Page 11 - 4 (24)

Drive is an example of the adverse effect a change in policy can have.

It was vital therefore that a marketing strategy for Marina da Gama had to be devised to introduce the "new" product to an otherwise highly conservative industry and a market that is largely unaware of its own inner desires to want to live a leisure lifestyle. Marketing strategy has been defined as "a set of objectives, policies and rules that guide over time the firm's marketing effort - its level, mix and allocation - partly independently and partly in response to changing environmental and competitive conditions."¹ This strategy is based on assumptions of market response - such assumptions being based on market research and an understanding of the consumer needs. With Marina da Gama, the marketing strategy is fourfold - educational in order to create an awareness in the buying public as to the attributes of the new product; promotional to create a desire to live at Marina da Gama; implementation to secure sales; and confirmation, which is a process of constant feedback to make necessary amendments and adjustments to the strategy.

Although "in terms of the South African market, the development of the first marina catering for permanent residents may be considered a new product,"² it was nothing new in Europe and America, where waterside living has been a part of their residents' lifestyles for centuries. Consequently, one of the greatest problems facing the developer was the lack of any local precedent from which information could be obtained and which could be used as a guideline for the planners. Much of the

¹ Philip Kotler - Page 46

(2)

² Peter Womersley - Page 21

(12)

research had to be done by referring to the closest comparable overseas developments and then, by using assumptions, to proceed with the planning of the project. On the marketing side, the developer had to contend with a relatively ignorant public which needed to be educated into understanding the concept of leisure living and into desiring the benefits of the new lifestyle before any sales approach could be made. The attitude of the buying public - a desire to live in a place where leisure could be combined with all the welcome amenities of a permanent home - led to the Marina's unique selling proposition - a special characteristic that clearly differentiated it from other competitive developments.

Marketing research has been used to assist in solving problems and providing information to help establish objectives, the strategies to be used, the method of implementing these strategies and control. "It is especially valuable in the detailing of such important marketing strategies as those having to do with the product and product line, price, channels, personal selling and advertising."¹ However, marketing research is an ongoing process and must be included "as an integrated function in the broad role of marketing for more productive planning and improved goal realisation."² This is the very aspect that is vital to the Marina because it has a fairly long product life cycle. "The amount of attention, money and expertise spent on the groundwork and research before the project was started contributed largely to its success. This research was carried out on all aspects of the operation."³ However, management has neglected its incorporation into the marketing function and although extensive use of research was made at the planning stage, no

¹ Harper W. Boyd Jr. - Page 6 - 13 (15)
² Harper W. Boyd Jr. - Page 6 - 28 (15)
³ The Cape Times - Page 11 (25)

integrated or thorough research programme has been embarked upon since 1973. This has meant that whatever marketing strategy has been adopted has lacked depth and an understanding of the market. "Market research is the arm of marketing that finds out things and thereby lays the basis for marketing strategy."¹ Without it therefore, the strategy is likely to be weak and will lack a sound basis on which to build.

Market research performed a twofold function in the Marina's case during the planning stage. Firstly, it confirmed the market's desire to live in a relaxed environment where leisure and living could be combined. The predominance of water in their desirable lifestyle was also evident (see Appendix B) and secondly, it enabled the developer to build up a consumer profile so that the project could be planned to service the needs of the target market. "Factual information, obtained in the research procedure reduces the amount of uncertainty and refines the probabilities of the marketing plan"² so that a greater degree of success could be anticipated by offering the buying public a product that they have already indicated would meet their needs. "The key to intelligent competitive activity is market research which seeks information about consumer wants and behaviour patterns to serve as a basis for effective marketing activity."³

¹ Business Week - Page 90 (26)
² Joseph C. Seibert - Page 128 (27)
³ Ralph Cassady Jr. - Page 266 (28)

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CHAPTER II : THE MARKETING ENVIRONMENT

The product characteristics, price, promotional themes and distribution decisions should all be influenced by the environmental factors of the market and its "lifestyle tendencies."¹ These "environmental variables mould a cultural matrix that determines a variety of values and preferences such as the desire for leisure, convenience, material affluence and immediate gratification of wants."¹ The power of the environmental determinants can affect the success of the company and its product in being accepted by the market place. A careful consideration of the marketing environment is needed in order to analyse the past, present and future trends in the property industry and particularly in closely related products where waterside living is a common element. The marketing environment consists of four areas, each of which has an effect on the marketing of the product. These four areas, as they affect the Marina da Gama project, are as follows:- the organisational environment and this relates specifically to the link with Anglo American Corporation, its Property Division and the management team created to develop and market the project; the market environment which is identified and analysed through the market research into the size of the target market, its purchasing power, the desires of the various segments and the present buying habits in terms of whether they pay cash or need mortgage bond facilities, prefer sectional title or block share issues, etc; the macro environment, which is beyond the company's control and is concerned with economic, technological, legislative and cultural forces; and the extra environment which has "negligible or zero relevance to the organisation"² and therefore has no apparent effect on the marketing of the project. This latter environment is included as "it may contain potentially important features"³

¹ Wendell R. Smith and Jack S. Wolf - Page 1 - 12 (1)

² Hans B. Thorelli - Page 70 (2)

³ Philip Kotler - Page 54 (3)

which in time could become part of the macro environment.

In analysing these environments further, it appears that in the case of the organisational environment, much capital could be gained by using the link with Anglo American Corporation. Being the largest company in South Africa and one of the world's mining giants, with its huge investments in gold, copper, diamonds and coal, as well as the property industry, the buying public could feel secure that it was dealing with a respectable firm that would stand by its commitments. Furthermore, the Marina da Gama project was such a huge undertaking, both in terms of capital required and in terms of the ambitious planning considerations such as taming the wind, building the harbour etc., that only a company backing such as that of the Anglo American Corporation, could create public confidence and give the prospective buyers the security they need to invest in the project. The developers took advantage of this aura with press statements and articles implying the security of the Anglo American backing for the project. "For too long Muizenberg was neglected as a Cinderella of False Bay. It took Anglo American to recognise her charms,"¹ stated the Argus. The financial straightness and the continual losses incurred by the Anglo American Property Division however, was to lead to the collapse of the sound marketing strategy that had been devised just prior to the launch of the project in spite of the elaborate planning and expenditure incurred in the four preceding years. The need to generate an immediate and a large cash flow led to short term decisions surpassing long term considerations and the major cornerstone of creating a select permanent residential community was dropped in exchange for quick sales to speculators, holiday makers and up-country investors. In addition to the financial considerations which caused the change in

¹ The Argus - Page 12

strategy, certain human relations considerations played an important role in the policy changes. The internal political in-fighting between various groups of directors had resulted in the switch from a long term view to a short term view in order to make personal gains in the race for position in the Anglo American Corporation leadership stakes. Much criticism has been levelled at the top management for its "change of heart", including charges that "the developers have not followed through with their very effective initial promotion of the multimillion rand scheme."¹ It has been claimed that "this has resulted in little or no badly needed promotion, the absence of essential community amenities, sales resistance and dissatisfaction and disillusionment among the residents over the speed and quality of development"¹ The management structure of Anglo American is also a source of criticism. "The people at the top who can make decisions don't spend sufficient time here. They want to prune costs, but surely not to prune it out of existence,"¹ asked a resident through The Argus.

The organisational structure of Marina da Gama Limited was based on a committee system which proved cumbersome and ineffectual but as this was typical of the Anglo American Corporation, it was necessary to work with it in the development company. The committee system permeated the organisation with the creation of the marketing committee, consisting of the public relations officer, the marketing advisor, sales controller, advertising agency account executive and the sales manager.

Market research, which has been described as "the application of scientific methods in the study of the factors that affect buying decisions in a given market, and the profitability of the business concerned"² provides an

¹ Kevin Quinlivan - Page 3 (5)

² Ralph Glasser - Page 61 (6)

accurate description of the market environment. The result of this research is set out in Appendix B. In its precise form, market research is concerned with risk reduction as it helps create a clear understanding of the market - the people and how they live and want to live - and then to apply that understanding to the marketing and planning of the project so that the finished product will fit as closely as possible into the lives of the target market. This understanding of the market environment leads to the selection of the optimum marketing mix and the specific strategy for public relations, merchandising, advertising, sales promotions and the selling techniques. "The first responsibility of marketing research is to generate information pertinent to decision making ... (It) has the additional responsibility of preparing and presenting its findings so that management can fully employ that knowledge to reduce the risks of decision making."¹ The thoroughness of the research undertaken by the Marina's Planning Services division, as well as the use of outside consultants, such as Real Estate Development and Research, underlined the degree to which the company's management used research in its planning of the project. The main aim, therefore, is "to maximise profitability while minimising risk."² Thus the research produced the following information, which provided an in-depth profile of the target market:-³

(a) The average family:- Household size 3,1 persons.
Annual income R6 360 per annum. Car ownership -
1,3 cars.

(b) The single residential house family:- Household size
3,7 persons. Annual income R7 500 per annum.

¹ Gordon A. Hughes - Page 6 - 16 (7)

² Ralph Glasser - Page 49 (6)

³ The Housing Survey 1970 (8)

Servants - 1: 2,5 houses. Car ownership - 1,6 cars.
Boat ownership - initially 1: 13 households.

(c) Town/Cluster house family:- Household size - 3,1 persons. Annual income - R6 876 per annum.
Servants - 1: 4,5 houses. Car ownership - 1,6 cars.
Boat ownership - initially 1: 7 households.

(d) Apartment families:- Household size - 2,2 persons. Annual income - R5 016 per annum. Servants - 1: 8 apartments. Car ownership - 0,8 cars.

The researchers estimated that as the statistics related to 1970 as a base year, incomes could be determined for future years by escalating the income during the base year by 10% per annum. This projection was based on their research into the real growth in income over the previous five years.¹

The third environmental factor, the macro environment, has some profound effects on the Marina. Firstly, the economy of South Africa had slowed down at the time of the launch of the project and showed no signs of recovery until the end of 1976 and beginning of 1977. "Economic conditions are undoubtedly a major reason for the recent fall off in sales performance,"² according to the findings of Peter Womersley. The consequent lack of money has caused interest rates to rise and although mortgage bond facilities are available for purchasers at the Marina, the interest rates have placed the Marina beyond the reach of a large section of its target market. Inflation and the constantly rising costs of building has further aggravated the problem. Cyclical trends in the house-building industry is one of the more serious problems facing the developer, as high levels of construction are natural during times of prosperity and low levels during depressions. For instance, from January to

¹ Unpublished Company Report

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² Peter Womersley - Page 20

(10)

August, 1973, authorities in the Republic passed plans for 21562 houses, valued at R326,623. In the corresponding period for 1974, the figures were 19767 houses at R348 488. These figures are proof of the continuous rise in building costs as the average cost per house increased by 16%.¹ This has had an undesirable effect on the marketing programme in that the developer has sought out the purchaser with money, irrespective of what his intentions are with the purchase, e.g. for renting, or speculation. Furthermore, sales of blocks of land to certain builders that had previously been considered taboo because of their building methods, were accepted, viz. the sale of land to International Housing Limited, who use precast concrete building systems.

Cost cutting campaigns have also caused the developer to reduce many of the luxury standards created in Eastlake Village, the most visible being the decision to stop using the American landscape architect, to initially cut down the size of the nursery, and later close it down completely, and, most recently, to reconsider the advisability of building the harbour, as announced by Chairman G.H. Waddell at the shareholders meeting in May, 1975.

"The economic environment is characterised by rising personal income and assets, as well as dramatic changes in retailing, wholesaling and physical distribution channels."² In the long term therefore, the project cannot fail to succeed and the marketing strategy as originally planned, would have succeeded. The question is the degree of success; for with a marketing orientated approach, the success rate could be much greater. The changes in the plan have resulted in a need to review the overall development and to make alterations to its very character by cutting out the harbour and golf course and thereby reducing it to a lakeside development.

¹ Peter Womersley - Page 20 (10)

² Philip Kotler - Page 87 (3)

The technological environment has assisted the marketing programme by enabling the developer to turn various marketing disadvantages into marketing advantages. The ability to build an inland harbour, secure the bank edges with a non-eroding edge which looks natural and safe, the taming of the wind by the use of wind deflectors, landscaping and the use of wire mesh fences, have all played an important role in the marketing. Other technological factors such as faster cars, better roads, improved rail transport, etc. have improved the accessibility of the Marina and therefore its attractiveness to the buying public. This technological environment has made possible the development of a carefully planned community. "This whole project is unique because it is completely man-made. It has literally been carved out of the dunes."¹ On the legislative side, the various regulations governing the construction of special residential houses with common walls to which free title could be passed have enabled the developer to maximise the value of the waterfront property. Similarly, the recently introduced Sectional Titles Act clears the way for sales of flats and apartments and cluster housing schemes to private individuals. The normal regulations applying to mortgage bonds, can thus apply to this project and the difficulties of block share schemes have been overcome. Lesser laws have also had their effect - the waiving of the need for a fence at the water's edge as required in the case of a swimming pool is just one example of this.

One of the major influences in the case of the Marina is the cultural environment and the constantly growing need to want to live better. People "are increasingly placing

¹ Richard Schadt - Page 13

more value on time than on goods."¹ With the increase in personal income and the choice available to the market "the consumer gets beyond the point at which he is governed mainly by anxiety to survive and the consumption of time may become the basic common denominator of consumer behaviour."² As it takes time to get from one's residence to recreation, Marina da Gama has the great advantage of combining a place to live with a place to play.

"The consumer's growing wish to use his time for relaxation, edification and sociability will spell a bright future for the sale of such goods as sports equipment vacation related goods and services."³ The move towards pleasure and relaxation is becoming more evident in the western world and has an effect on the lifestyle of the target market. "Americans want to have fun, to have a good time and to have it now.... Adult Americans would like to live like their children, carefree with a plentitude of amusements and lots of activity and sociability."⁴ Marina da Gama is a fun suburb and a place that is designed to meet these needs. The South African public is said to relate very closely to the American public and consequently the feelings and thoughts of the American public will also be felt by the South African public. The sociable lifestyle is a symptom of our society and the cluster type housing on smaller plots and the use of communal facilities such as the lake, the golf course and other sports and recreation facilities make excellent capital from this increasing desire for a more sociable lifestyle. This factor must naturally bear heavily on any advertising campaign and the determination of the optimum marketing mix. Security is the other major cultural factor. "People do not want their lives further

¹ Philip Kotler - Page 83 (3)
² Nelson N. Foote - Page 16 (12)
³ Philip Kotler - Page 83 (3)
⁴ Philip Kotler - Page 84 (3)

complicated by uncertainties about product or company performance."¹ The security of Anglo American Corporation meets the needs of the public while things such as security guards at the entrances to the island help to keep loiterers and other undesirables away and thereby reinforces the feeling of security and safety. "The cultural environment continues trends towards the soft, sweet, sociable and safe life"² and as the Marina is a new product that has been planned to meet these needs it is bound to succeed if the correct marketing mix is chosen to facilitate the exchange with the buying public.

¹ Philip Kotler - Page 85

(3)

² Philip Kotler - Page 87

(3)

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CHAPTER III : BUYER BEHAVIOUR

Peter Drucker once said ... "It is the customer who determines what a business is ... what the customer thinks he is buying, what he considers value, is decisive - it determines what a business is, what it produces, and whether it will prosper."¹ So with Marina da Gama, it is not land or just another township that is being sold, but rather a lifestyle based on leisure living that the buying public is placing value on. "People don't buy products; they buy the expectation of benefits ... people spend their money not for goods and services, but to get the value satisfactions they believe are bestowed by what they are buying."² By adding the benefit of a leisure living lifestyle, the developer has increased the competitiveness of the product in the eyes of the target market. The value is placed on the lifestyle as opposed to the land. This, Levitt has termed "the competition of product augmentation."² In effect, one has to offer the customer "more than the generic product itself."² It is not what the land has in terms of location, characteristics, etc., so much as what ideas can be generated in the customer's mind about the benefits that can be enjoyed at the Marina, that can produce a successful sale.

In the context of the property industry, therefore, a new product is one that has been created to meet the desires and wants of the market place and a special value has been added to it. As the industry has long been dominated by a sales orientated approach, the marketing orientated approach has resulted in the development of new products such as Marina da Gama. The buyer follows a specific pattern in making a buying decision and this pattern is often the result of a learning process. He has certain motives and each

¹ Philip Kotler - Page 89 (1)

² Theodore Levitt - Page 5 (2)

alternative is evaluated in terms of its ability to satisfy the buyer's motives. "Decision mediators ... are the buyer's mental rules for matching alternatives with motives and ranking them in terms of their want-satisfying capacity."¹ Thus, not only the physical features of the project are important, but its brand or name is important in that it helps to evoke a reaction in the buyer. The choice of "Marina" as part of the project's name has a deliberate purpose in that it conjures up the picture and atmosphere of leisure living which is one of the motivations appealing to the buyer.

Although the name of the development is not technically correct, it helps to create the image of the lifestyle with which the development provides its market. "Marina is a generic term coined in 1928 by the National Association of Engine and Boat Manufacturers (N.A.E.B.M.) to describe the modern waterfront facility for recreational boats. The concept of such a facility, embracing nearly all that the old fashioned boatyard had to offer, plus additional services that have come to be a part of modern boating, was created by the N.A.E.B.M. to fill the boatman's need for a centre of activity where he could berth, launch, repair, fuel and provision his boat conveniently. The Marina also is a place where he can stretch his sea legs, perhaps have a hot shower and dine ashore, within easy reach of shops, communications, equipment and transportation."² Strictly speaking therefore, a Marina is a pleasure boat harbour, providing the seaman with all his needs. The developers have defined the Marina as "a place to live in close relationship to water. A way of life far removed from the suburban sprawl surrounding polluted cities."³ However, the important aspect of the definition is that it portrays a lifestyle that one can enjoy at the Marina and

¹ John A. Howard and Jagdish N. Sheth - Page 64 (3)

² The Modern Marina - Page 1 (4)

³ The Argus - Page 15 (5)

provides the developer with the opportunity of capturing the lifestyle by including a Marina into his development.

"All consumer behaviour is motivated, but actual choices made to satisfy motives may depend on other psychological variables ... Two sets of factors determine the choices which are made; personality of the purchaser, and character of the product."¹ Thus, by using the word "Marina", the developer has applied a character element to the project, thereby providing for one of the basic choice determinant variables. Thus the Marina "not only represents some image or personality attribute, but becomes that attribute."² In this way the product satisfies the ego involvement of the consumer "in a direction consistent with his self image."² The Marina element has a mixture of interest, atmosphere, character and charm and the extension of the waterside living aspect gives a prospective resident the choice of a relaxed lifestyle centred on the various activities associated with water.

"Worldwide leisure pursuits are becoming family orientated and this changing pattern is being catered for in the development of most new marinas."³ Marina da Gama was planned primarily as a waterfront development consisting of a recreation harbour, with all the facilities needed by ocean going boats, and a series of waterways, inlets and canals, which linked the harbour to the residential areas. The project was planned with both a tidal water body in the form of the sea in False Bay and a non-tidal water body in the form of Sandvlei. The extensive landscaping programme was designed to transform the largely undesirable area into a highly valuable piece of real estate with the quality of leisure living sought by the market. With the change in policy and the decision to drop the recreational harbour, the character of the development changed. Its link to the water is still its major attribute but the physical ocean link has gone. An effective public relations drive has succeeded to some extent in converting this

¹ Walter A. Woods - Page 16 (6)
² Walter A. Woods - Page 18 (6)
³ Donald W. Adie - Page 16 (7)

possible detractor to a tenuous advantage by stressing the improvement in privacy and serenity that this decision would bring. The facilities are still available in False Bay, with Kalk Bay harbour only five minutes away.

A clear understanding of the target market and an analysis of buyer behaviour is very important. The market looks upon the product as being more than just a useful means of housing, but rather it has an image about it with which the market associates the product. However, the marketing environment changes and so do ideas and images. "Consumer conceptions about a product do not stand still; technical developments, degree of market saturation, availability, are some of the environmental factors which may restructure the consumer image."¹ This aspect is particularly vital for the Marina where both changes in the exogenous variables and in the products of the developer have necessitated such a review. An understanding of consumer behaviour makes the marketing effort more efficient and effective in identifying the prospective buyer. The market has been described as "all individuals and organisations who are actual or potential customers for a product or a service."² There are essentially five types of markets, and each is distinguished by the "buyer's roll and motives."³ These markets broadly fall into four groups. Firstly, the consumer market consists of individuals or groups purchasing plots or houses for personal use whether permanent residences, holiday, or second homes. This market includes first home owners, immigrants, the in-migrant, who has moved to Cape Town and is looking for a home, and the newly marrieds of which between 62% and 68%⁴ require separate accommodation. Secondly, the producer market is the builder, buying land to build houses for sale such as Bellandia Homes, Murray & Stewart, etc. Thirdly, the re-seller market consists of

¹ Herta Herzog - Page 322 (8)
² Philip Kotler - Page 89 (1)
³ Philip Kotler - Page 90 (1)
⁴ Housing Survey 1970 (9)

speculators and investors who buy in the prospect of a potential profit to be made from the purchase. This group includes individuals, companies and the contract/plan speculative builders; and fourthly, the Government market, is concerned with land for schools, parks, sub stations, churches, etc. The international market, which consists of individuals or companies interested in purchasing at the Marina for any one of the above reasons but coming from outside of South Africa, does not form a significant group and would fall into one or other of the four groups outlined, depending on the buyer motive.

A market's essentials can be analysed by asking what does the market buy (the objects), why does it buy (objectives), who buys (the organisation) and how does it buy (operations of the organisation). In the case of Marina da Gama, the prime objective is to create a permanent residential community for only in this way will the long term success of the project be assured. "The Marina was to be primarily a permanent residential community of Cape Town, but would not exclude second or holiday houses."¹ With a permanent community, the facilities such as shopping centres, entertainment and sporting facilities will become viable. In the same way, only with such facilities is the Marina able to meet the consumer desire to want to live better. Consequently, the consumer and producer markets are paramount with the reseller market coming second in importance. The change to its short term policy to sell to anyone, irrespective of intentions has resulted in the total failure of the Marina's first shopping facility - Eastlake Shopping Centre. "Disgruntled, near insolvent lease holders in Eastlake Shopping Centre have been released from contractual obligations because of the scrapping of the plans for the large Eastern Development."² Of the original ten stores, only one is left,

¹ Peter Womersley - Page 21 (10)

² S.M. Seftel - Page 3 (11)

with some of the others having gone bankrupt while others were released of their commitments. The centre is not a viable retail area and tremendous difficulty was experienced in reletting the vacant space. Those retailers that have been left rely on passing trade, while the other shops have been converted into offices. This has underlined the danger in adopting the short term view as opposed to the longer term view of securing permanent residents.

The objects of the consumer market include plots, single residential houses, marina houses, flats, group and cluster houses and to a lesser degree, commercial property and shops. The objectives of the consumer market are determined by the various needs of the market basically falling under the overall concept of a leisure living lifestyle. In other words, they are not buying a house but rather a way of life. "The case can reasonably be made that the consumer does not so much want a particular item of merchandise as he wants the fulfilment of a need. A house is not just a structure, but a system of living."¹ The meaning of the word product takes on a much wider sense than purely "in terms of its specification. In a marketing sense, a product is the total bundle of satisfactions that a consumer sees, not infrequently, subconsciously."² The factors of novelty, setting, status, family life, aesthetics, convenience, facilities and service, planned environment, sociability and security are the basic drives behind the purchase. Maslow's Hierarchy of Needs will give the different segments of the market a different level of potency of their objectives. Four major models have been put forward to determine the motivational forces behind man's actions. The Marshallian economic model claims that "purchasing decisions are the result of rational and conscious economic calculations."³ It propounds that man is a rational being who makes

¹ Harrison Rainie - Page 1 - 67 (12)
² James W. Culliton - Page 11 - 6 (13)
³ Philip Kotler - Page 101 (1)

an objective evaluation before making a decision. In the Marina marketing plan, therefore, such a man must be exposed to the material benefits of purchasing in the Marina and he will want to know all the facts in order to evaluate the project against any alternative township. Financial arrangements, such as mortgage bonds, etc., will be important to him, as are the technical aspects such as wind reduction, stabilised bank edges, construction of the house, its accommodation, schooling and shopping facilities, etc. This man will spend his money where he can maximise the utility of his money. The degree of reliability of this theory is limited in that it ignores subjective thinking on the part of the buyer who has product and brand preferences. It therefore only represents a very small section of the Marina's market and even then the buyer's behaviour is more likely to be influenced by other factors than just utility.

The Pavlovian learning model is "based on the four central concepts of drive, cue, response and reinforcement."¹ This theory is most appropriate to the marketing mix, especially the advertising strategy in that it proposed that "learning was largely an associative process."² The drive is basically the motive or needs of the consumer and "refers to strong stimuli internal to the individual which impels action."² Thus the primary psychological drive will be to seek out shelter - a place to live - while the learned drive is derived socially and would refer to a leisure lifestyle. A whole set of cues can be used to stimulate a response and in the case of the Marina the following slogans are designed to stimulate interest and a source of satisfaction of the market's drives in the project:-

¹ Philip Kotler - Page 104

(1)

² Philip Kotler - Page 40

(14)

"Marina da Gama, where everyday life is exciting";¹ "A place to live ... a place to play";² "more than a place to live"³ etc. The reinforcement takes place by a visit to the Visitors Centre and a tour of Eastlake Village. A recent moonlight waterbus tour of the showhouses was an effective reinforcement process in that it captured the imagination of the buying public, while showing the charm and relaxing benefits of living by the water. The moonlight ride on a waterbus was an effective tool in the Pavlovian process in that it went through the motions of drive, cue, response and finally reinforcement. The prospective buyer found the "experience"⁴ of the Village "rewarding"⁴ and therefore he is brought closer to making a buying decision.

In the case of the Freudian psychoanalytic model, the "buyers are motivated by symbolic as well as economic-functional product concerns."⁵ Factors such as water and landscaping represent leisure and a relaxing environment. The white-washed houses, the greenery and the blue water all are symbols that cause a reaction in the buyer in that they represent peaceful surroundings and tranquility. Essentially, this theory is based on making "appeals at the buyer's private world of hopes, dreams and fears,"⁶ and once again an understanding of the market's needs will enable use of this theory to effectively stimulate buyer behaviour.

The Veblenian Social Psychological model on the other hand, is based on the premise that "man's wants and behaviour are largely moulded by his present group membership and the group membership to which he aspires."⁷ This is concerned

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| 1 | Marina da Gama Advertisement | (15) |
| 2 | Marina da Gama Brochure | (16) |
| 3 | Company Report - Unpublished | (17) |
| 4 | Philip Kotler - Page 40 | (14) |
| 5 | Philip Kotler - Page 107 | (1) |
| 6 | Philip Kotler - Page 43 | (14) |
| 7 | Philip Kotler - Page 108 | (1) |

with the influence of culture, sub cultures, social class, reference groups, face to face groups, the family, and finally, the person himself. It is important "to determine which of these social levels are the most important in influencing the demand for the product."¹ The mores of each group and the influence of these mores is vitally important. "A person who aspires to membership in a group to which he does not belong may be more likely to refer to it or compare himself with its standards when making a decision than he is to refer to the standards of the group in which he actually belongs but would like to leave."² Consequently, it is necessary to get acceptance for the Marina from the target market, rather than the market as a whole, which could include people who are not interested in the project. For people outside the target market, the project may be beyond their price range and/or the lifestyle may be alien to them. They do not form the peers to which the target market refers in formulating its attitudes. Such a market would be the residents of areas such as Vasco or Brooklyn, for example. On the other hand, the Newlands/Rondebosch resident, who forms part of the target market, is important for the Marina. Brand choice is greatly influenced by one's peers and as they are more likely to come from these areas, the needs of the peer group must be catered for. Planning must therefore provide for features that are a part of that group's mores. The inclusion of a golf course, safety features for children on the water edge and easy shopping are major factors. Schooling is also important and as a great attachment exists to the schools in the Rondebosch/Newlands area, transport facilities to the station and back must be provided. The leisure activities of this group are also important, and therefore, sailing and other sports facilities, as well as entertainment and recreation amenities, which are a part of their present

¹ Philip Kotler - Page 43 (14)

² Francis S. Bourne - Page 46 (18)

lifestyle must be catered for in the Marina.

Similarly, the promotions must be organised in such a manner as to make maximum use of the influence of the reference group. In advertising it is vital to "stress the kinds of people who buy the product, re-enforcing and broadening where possible the existing stereotypes of users."¹ This involves a thorough understanding of the specific reference groups "so that appeals can be 'tailored' to each major group reached by the different media employed."¹

A definite organisation structure exists, which regulates the buying behaviour of the market. This is the family primarily and the different stages in the individual's lifestyle from bachelor to solitary survivor and the roles each member in the family plays as initiator, influencer, decider, buyer and user. The bachelor should be interested in the gallery/studio house, while the two children family should be more interested in the single residential unit with a small garden and facing onto the water. The husband's feelings on the investment aspect of buying in the Marina has to be weighed against the mother's concern for the child's safety near water. "Many major purchasing decisions are the result of husband-wife interaction. Children, too, interact with their parents and influence some of the buying decisions."² These various interactions and buyer concerns must be analysed against the Marina's distinguishing features as these features should help to appeal to the various organisational aspects of buying behaviour. Consequently, when the aspect of sociability is paramount, it is most likely that the bachelor and the surviving family member would be the decider etc.

¹ Francis S. Bourne - Page 48 (18)

² M. Venkatesan - Page 18 - 82 (19)

The family and the individual goes about the purchase of the product in various ways. It has been found that through the greater degree of mobility "the family stands out in determining one's residence and style of consumption It is easier to move than to rebuild and thus people in metropolitan areas tend to segregate themselves voluntarily among their peers."¹ The need to ensure that one's family is brought up among people with similar backgrounds, attitudes and culture therefore has an influence on the buying decision. A number of techniques have been used to attempt to determine the operations involved in the buying stage. The Howard Sheth model laid down that the buyer is "a problem solver and information processor"² in which case the question of a better lifestyle would be the major problem needing a solution. The information, if presented in a logical fashion, is processed by the individual in such a manner that he will decide to buy at the Marina. A further decision process is involved in choosing the product type, i.e. a Marina house, a plot, etc. A series of "exogenous variables"³ operate on the buyers, separating them into the various segments of the market. These variables are either "social influences"³ such as personality, organisation, social class and culture or "situational influences"³ such as the importance of the purchase, the time pressure and financial status. The marketing mix must be such that it aims at the market segment with those tools which will best produce the desired purchase. The prestige and exclusivity created by the pricing policy and the careful selection of purchasers by the developer helps to pander to the social

¹ Nelson N. Foote - Page 17 (20)
² Philip Kotler - Page 122 (1)
³ Philip Kotler - Page 125 (1)

influences, while the quality of lifestyle, 90% mortgage bond facilities, etc., appeal to the situational influences.

Another aspect is that new products generally are "influenced more by word-of-mouth communications among would be buyers"¹ than are well established products. This implies the need to use promotional activities such as the Marina exhibition to expose the new product to the buyers "in order to initiate product-related conversations and transmission of personal influence."¹ In the case of the Marina, there is no such thing as a new brand image but the overall image created for the new product has the same influence and role as a brand in a consumer product. Consequently, it is important that the image is appealing and attractive to the market and that the image that is created corresponds with the ideas and impressions of the buyers. "Each buyer has a self image. A person's self image is the way he views himself - the type of person he thinks he is, he thinks others see him as, or he wants to be."² Thus the importance and chance of buying at the Marina is ranked according to the degree to which the image corresponds with the desired self image. In fact, the lifestyle of the market and the desired lifestyle are better determinants of brand preferences than are personality traits. "Everyone's life has a style of some kind, and his wishes to develop it, sustain it, and show it, make it a coherent and visible thing."³ As the Marina is so intimately tied to the lifestyle aspect, it becomes vitally important that the image or brand that is created is one that is linked with the desirous lifestyle of leisure living.

"The marketer should try to establish the relative importance

¹ M. Venkatesan - Page 18 - 83 (19)

² Philip Kotler - Page 127 (1)

³ Harper W. Boyd Jr. and Sidney J. Levy - Page 37 (21)

that the market or segment attaches to different attributes, build the more popular attributes into his brand and use advertising to convince consumers that his brand possesses these attributes."¹ This is easily done in the case of a consumer product; however, in the case of a property product, it is often difficult to build in the attributes and a simple advertising campaign is often not effective enough. A golf course, shopping centres, a harbour, an inland lake, an equestrian centre, are but a few of the attributes considered desirable in a leisure living lifestyle and these were planned to be incorporated into the Marina. The wind is an aspect which is not desirable but something that cannot just be eliminated. The next best thing is to try and control or tame it and reduce its velocity. A positive attempt to control and reduce wind must be evident so that the buying public's confidence in the developer's sincerity is confirmed. On the question of advertising the attributes, this is more complex than first meets the eye. It involves selecting the right marketing mix in order to convey the attributes in the best possible manner and in the case of Marina da Gama, it involved building Eastlake Village as a living example of the lifestyle with all its attendant facilities, such as the shopping centre, parks, landscaped walkways, waterfront houses, etc.

¹ Philip Kotler - Page 130

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CHAPTER IV : THE PRODUCER, RESELLER AND GOVERNMENT MARKET

The producer market is often another developer or a construction arm of a larger developer. This market is concerned with buying land and building on it for resale at a profit. This profit can be achieved either through the building operation or the actual appreciation of the land or both. It is a vitally important market for Marina da Gama as it ensures continued growth of the project and in addition, a controlled development can be achieved by reducing the number of individual developers. It is a major way of getting a permanent community to live at the Marina, as it is likely that in the majority of cases only those wanting permanent homes could afford to buy a completed Marina house, i.e. it is beyond the range of the average person who plans a second or holiday home. The producer market therefore consists of those business firms and individuals who purchase land in order to develop it either for resale or rental to others. The objects of this market are the land as well as proposed projects such as shopping centres, blocks of flats, etc. The major objective is profit orientated rather than the element of satisfaction that is sought by the consumer market. The producers require more facts in making a buying decision and show more skill in analysing the potential. Feasibility studies, research, market trends, etc. are undertaken to determine the viability of a project and its profit potential. Factors such as economic activities, the availability of finance, rising building costs, etc., influence their decisions. Such buyers are also usually larger in size and have varying internal organisations or structures to analyse the various projects on offer and make purchasing decisions.

There are various methods under which the producer operates.

As a contract/plan builder, he buys the land from the developer and then commissions an architect to design a number of house types for the plots, covering the various needs of the market in terms of price, size of house, facilities, etc. A package deal then takes place in which the plot and the plan are sold before the builder begins work on the house. (In this case, the producer is close to being a reseller as that function precedes the act of producing). A speculative builder, on the other hand, builds the house and then sells the completed product. The contract builder also often builds houses on speculation, usually on a smaller scale, in order to keep his building capacity fully employed at all times. This type of speculator accounts for 21% of purchases (716 stands annually)¹ with the percentage changing with the change in the economic cycle. A report was commissioned by the developers and prepared by the planning services section in order to determine the effect of these speculators on the marketing of Marina da Gama. The findings of the report provided the basis of the planning and were as follows:-²

The larger companies, like Bellandia Homes, Murray & Stewart, etc., operate mainly in the northern suburbs where land is still relatively cheap and the area is still in the process of developing; in most cases R20 000 is the limit for a speculative house as above this price the public can build their own houses to suite their own requirements; the builder speculator aims at plots up to R2 000 in the Northern Suburbs and up to R5 000 in the Southern Suburbs; the speculator aims at a price range for the house in which the plot represents less than 25% of that price; of the four hundred speculative houses built every year, 25% are built in the Southern Suburbs

¹ Housing Survey 1970 (1)
² Unpublished Company Report (2)

and the False Bay area. Thus out of the market demand of 716 plots and approximately 400 houses, the Marina is expected to be competing for a market of 179 plots and 100 houses.¹

However, as the project and the majority of the public are keen to purchase a house, rather than a plot, an important aspect of the marketing has become a sales drive amongst speculative builders. This market has to be persuaded that the Marina is a good speculative purchase and that its uniqueness will prevent the speculative builders from having to work on the same basis as in other parts of Cape Town. A number of joint ventures between the developer and the builder had been planned with each one providing his own particular expertise in order to generate a profit situation. This aim has still to be realised in spite of its potential advantages for the project. Consequently, although this target market appears rather small, in fact it is a market that can be developed and expanded by the inclusion of contract builders who could then be offered a safer form of speculation.

The reseller market consists of individuals and organisations who purchase either land or completed buildings in order to sell them or rent them at a profit to others. As individuals they buy one or more plots and are also commonly known as speculators. 20% of buyers fall into this category.¹ Normally they look for properties that are cheap to purchase, with small deposits and monthly payments as these properties are likely to appreciate at a faster rate with the rapidly rising rate of inflation.

¹ Unpublished Company Report

The number of these speculators is likely to increase as property provides a good hedge against inflation. The common element running through the reseller market is the degree of cohesiveness that exists as "each of the entrepreneurs in the situation tends to be confronted by similar problems and has comparable expectations."¹ This means that there is likely to be more group action "during periods of adverse business conditions than during periods of prosperity"¹ as each speculator tries to cut his losses and sells for less than he paid when the market is depressed. This market segment is therefore often in conflict with the aims and objective of the company in that they tend to increase the availability of products when demand is low.

In the case of Marina da Gama, this market segment has been attracted but to the detriment of the project. They do not help to create a permanent community and only those who buy completed projects for rental can be regarded as beneficial purchasers. In many cases, they buy land and hold it until they can realise a profit. This delays the overall development of the project and prevents the project from reaching the point when its facilities can become viable. The advance publicity and favourable comment on the Marina resulted in an active participation by the speculators in spite of the plots being priced higher than average. The developers, keen to ensure a quick and a large cash flow, were prepared to sell to them, in spite of previous plans to avoid them. Consequently, a large section of the initial sales were taken up by speculators. In many cases the reseller

¹ Bert C. McCammon Jr. - Page 292 (3)

provides a valuable channel to the end buyer but this can be very harmful in the case of the property industry. It can act as a brake on the rate of development because the speculator waits to realise his profit and the latter is affected by many other exogenous variables. On the other hand, the producer/reseller is a valuable market for the Marina in that this market is able to provide a fairly constant rate of development as well as a fresh injection of capital. In this case, the market should be cultivated. The basic rule however is: "Don't sell to resellers, sell through them."¹ The creation of the Visitors Centre and the sophisticated selling tools was designed to do this very job. "The total product package (should) include not only the physical product but also the promotional program needed to assist the reseller in moving the product at a profit."¹ The more successful the reseller turns out to be, the more likely he will want additional stock from the Marina to build more houses and make more profits.

The Government/Municipal authorities provide a unique market for the property industry. In the case of township development, the scheme as such has to be "sold" to the authorities before permission and proclamation can be granted. Various township regulations covering open space, schools, shopping and recreation facilities etc., must be met and endowments have to be paid to the authorities. In the case of Marina da Gama, even more participation and effort on the part of the authorities was required. To a large degree, the success of the Marina depends on the whole hearted support and co-operation of official bodies. The Municipality had agreed to put

¹ George A. Field - Page 3 - 35

up half the finance required to build the ocean harbour while representations had been made to the Government for the other half as certain funds had been earmarked by the Department of Sport and Recreation for a pleasure boat harbour in False Bay. However, at the end of the 1974 financial year, the Chairman of the company, Mr. Gordon Waddell, announced that the company was re-assessing the viability of an ocean harbour and in July 1975, it withdrew its application for funds to the Government on the grounds that the scheme was no longer viable. Rising building costs and the "little chance" of "Government financial backing in this project"¹ became the public reasons for "Anglo American's ambitious plans ... (being) drastically curtailed."¹

However, it was suspected in some circles that once again the human relations aspect played an important behind the scenes role in the harbour question. Three million rand was earmarked by the Government for a harbour in the False Bay area and indications appeared favourable that these funds would be used for the Marina harbour. Apparent political in-fighting resulted in the anti-harbour lobby in Anglo American Corporation, winning and withdrawing the application before the Government reply was received. The official reason was economic with the corporation claiming that there was "no doubt (that) the company believes the losses would have been even greater if it had continued with its development of the township in the present economic climate."¹ The developers claimed that "the main reason behind the decision to curtail development at Marina da Gama was the finding that the yacht harbour would be uneconomic."¹

¹ The Argus - Page 1

The Sandvlei lake belongs to the City Council and the waterways within the Marina are being linked to the lake. They will eventually become Municipal property and therefore, the responsibility for the maintenance and upkeep of the canals will rest with the Council. The need for very close co-operation with the Council is very evident. Furthermore, special regulations covering the building and sale of houses with common walls was promulgated, including waivers for fences at the water's edge, the need for open spaces as normally required for townships was reduced and a host of additional special measures were accepted by the authorities.

Marketing skills with a heavy lean on public relations were needed to win the support of the authorities and to raise the project from one of local importance to one of national importance. The four "O"'s¹ of the Government/Municipal market were carefully identified and tackled to achieve a successful launch. The very approval of the project was largely a measure of the successful marketing campaign which included an overseas trip for officials to see marinas and other waterside developments in Europe and America. The Municipality's proposed contribution of some fifteen million rand towards the harbour development is another measure of success of this public relations campaign. The subsequent withdrawal of these elaborate plans has however, strained relations with the authorities who are keen to see the project follow its original course. After all, many of the facilities that were planned were for the use of the public in general.

¹ Philip Kotler - Page 90

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CHAPTER V : SEGMENTATION

"The heart of marketing strategy involves two basic ideas. The first is the selection of the target markets, a task that requires an ability to effectively measure opportunities in different market segments. The second is the selection of the appropriate marketing mix, a task that requires an ability to creatively assess the requirements of different market segments."¹ The process of segmentation has emerged because it became apparent that each product sold better within certain segments of the market, rather than the whole of the market. Therefore, it became necessary to understand fully the different segments that exist and then to quantify the appeals of the product to specific segments. This would be done by having a thorough knowledge and understanding of the segment's needs and susceptibilities. "Segmentation is particularly useful in developing marketing objectives because it identifies important subgroups in the population as more efficient marketing targets than others."² With proper segmentation, the company is able to focus its efforts on the most sensitive segment to its product by defining its needs and producing a product that satisfies its needs. Its system of communication will also be directed and designed to extract maximum positive reaction from the market segment. "It is a systematic approach that permits the marketing planner to pick the strategically most important segmentations and then to design brands, products, packages, communications and marketing strategies around them."³

¹ Philip Kotler - Page 165 (1)
² Joseph T. Plummer - Page 34 (2)
³ Daniel Yankelovich - Page 84 (3)

Market segmentation has been defined as "the subdividing of a market into homogeneous subsets of customers, where any subset may conveniently be selected as a market target to be reached with a distinct marketing mix."¹ The property industry has lagged behind other industries in the process of market segmentation. The result has been the loss of a lot of energy and effort by appealing to a wide range of customers, many of whom are not candidates for the product. The ultimate market segment is the individual person. Walter Weir pointed out that "..... 'the market' is not a single cohesive unit; it is a seething, disparate, pullulating, antagonistic, infinitely varied sea of differing human beings - every one of them as distinct from every other as fingerprints; every one of them living in circumstances different in countless ways from those in which every other one of them is living."² However, it is obvious that "marketers must depend upon aggregations of individuals with wants (and the ability to satisfy those wants) that are sufficiently similar so that they can be satisfied with a single product or minor variations of a basic single product."³ The property industry is fairly limited in the degree of specialisation that it can resort to. Consequently, it relies heavily on larger aggregations. Many property developers produce products that do not even consider aggregations at all but in these cases the developer is normally product orientated and is steeped in the art of selling rather than marketing.

The basic conditions for a meaningful segmentation are firstly measurability, which is "the degree to which information exists or is obtainable in the particular

¹ Philip Kotler - Page 166 (1)
² Walter Weir - Page 95 (4)
³ Dik Warren Twedt - Page 2 - 6 (5)

buyer characteristic."¹ The second requirement is accessibility, which is "the degree to which any given segment can be differentially reached."² The third "condition is that of substantiality, the degree to which the segments are large enough to be worth subdividing for separate marketing activity."² With these three criterion existing it is possible to segment the market. "A segment should be the smallest unit for which it is practical to tailor a separate marketing programme."³ This factor has a major bearing on the marketing manager's understanding and prediction of his target market's behaviour. He is able to view his market as consisting of various segments, each one being a "group of customers or potential customers who will respond essentially the same way for essentially the same reasons to any proposed new product or concept."⁴

Segmentation can be done on a series of different basis. The first of these is the geographic segmentation in which the market is divided into areas, cities, countries, etc. Thus in the case of Marina da Gama, the classification was twofold - the metropolitan Cape Town residents and the up-country market. The demographic division is a classification into family, age, sex, income, occupation, etc. With the Marina, the demographic segments that were most important were the middle to upper income brackets; the young marrieds; the thirty to forty-five age group; the family unit with young children; single males and females; the developers; and professional people. It is often the case that a demographic segmentation as described here is not a true indication of the market's susceptibility or for that matter its purposeful segmentation

- ¹ Philip Kotler - Page 167 (1)
- ² John C. Bieda and Harold H. Kassarian - Page 249 (6)
- ³ Philip Kotler - Page 168 (1)
- ⁴ Patrick J. Robinson - Page 6 - 123 (7)

in terms of the product. "Markets should be scrutinized for important differences in buyer attitudes, motivations, values, usage patterns, aesthetic preferences, or degree of susceptibility."¹ The basic difference here is that the segmentation does not occur along the lines of different types of people but "differences in people's values."¹

Following along this concept; the psychographic segmentation which is concerned with lifestyle and personality ...

"deals with everyday behaviourally orientated facets of people as well as their feelings, attitudes and opinions."²

Lifestyle patterns are defined as "a systems concept.

It refers to a distinctive mode of living in its aggregate and broadest sense..... It embodies the patterns that

develop and emerge from the dynamics of living in a society."³ The advantage of this method of segmenting

the market is that it "begins with people in stead of products and classifies them into different lifestyle types, each characterised by a unique style of living, based on a wide range of activities, interests and opinions."⁴

This process divides people along lifestyle or personality lines into groups such as 'status seekers', 'swingers'

and 'plain Joes' and therefore plays an important role in the Marina's segmentation of its market. It is con-

sidered that the Marina attracts those who enjoy the excitement and conviviality of a place where they can meet

people easily and informally. Likewise, it draws those who enjoy the fun suburban community where other young

people live, as well as catering for those looking for status and exclusivity with the opportunity of mixing and

meeting other people who are future leaders and executives.

¹ Daniel Yankelovich - Page 89 (3)
² Joseph T. Plummer - Page 33 (2)
³ William Lazer - Page 151 (8)
⁴ Joseph T. Plummer - Page 35 (2)

The uniqueness of living by the water's edge provides them with a feeling of something special binding them together. This approach, sometimes called lifestyle segmentation, gives a deeper insight and knowledge of the key lifestyle segment and thereby helps "in determining the product positioning, the advertising, the media strategy and the promotion strategy."¹ The value of this system is that "it provides a broad, everyday view of consumers"² for, when one communicates with the consumer, it is advantageous to do so in harmony with his activities, interests and opinions.³ "Although the product is most important to the marketer, to the consumer he is most important."² By researching the market's lifestyle, the developer is able to understand the buyers better and can "more effectively ... communicate and market to them."⁴

This system uses rating statements based on the market's activities, interests and opinions. It measures peoples activities in terms of "(1) how they spend their time; (2) their interest, what they place importance on in their immediate surroundings; (3) their opinions in terms of their view of themselves and the world around them; and (4) some basic characteristics such as their stage in life cycle, income, education, and where they live."⁴ The data that is collected from such an analysis enables the researcher to "duplicate the consumer"⁵ and thereby provides a "more three dimensional view of customers so that one can think about them intelligently in terms of the most relevant product positioning, communication, media and promotion."⁶

- ¹ Joseph T. Plummer - Page 37 (2)
- ² Joseph T. Plummer - Page 35 (2)
- ³ William Wells and Doug Tigert - Page 27 - Page 35 (9)
- ⁴ Joseph T. Plummer - Page 33 (2)
- ⁵ William D. Wells - Page 4 (10)
- ⁶ Joseph T. Plummer - Page 34 (2)

Benefit segmentation is concerned with what benefits can be derived from a particular product such as aesthetic landscaping of the Marina, the convenience of being able to enjoy leisure and recreation at one's doorstep; the close proximity of shopping, schools, transport, etc; and the security of living on an island where the planning has been such as to ensure that nobody lives in lonely isolation and yet is able to enjoy his own privacy when he wants it. "The belief underlying this segmentation strategy is that the benefits which people are seeking in consuming a given product are the basic reasons for the existence of true market segments."¹ For this reason, the benefits are also the distinguishing features which form the focus of the Marina's message to its market. All the other segment classifications are important in that they allow the marketer to get a "deep understanding of the people who make up each segment."¹ By building on this understanding the developer is able to "reach (the market) to talk to them in their own terms, and to present a product in the most favourable light possible."¹ In the final analysis "it is the total configuration of the benefits sought which differentiates one segment from another."²

Volume segmentation is the degree of sales that can be derived from the various segments, i.e. a large, medium or small market. This is called the "heavy half" theory, popularised by Dik Twedt, which states that "in most product categories, one half of the consumers account for around 80% of the consumption."¹ The point of this theory is that the developer should "concentrate his efforts on these high-volume consumers.... certainly they are the most valuable consumers."²

¹ Russell I. Haley - Page 31 (11)

² Russell I. Haley - Page 32 (11)

Thus, within the metropolitan Cape Town market, the permanent residents were considered to be a large market, the second home market, small and the speculator market medium. With the up-country market, the holiday home market was regarded as being large. Furthermore, the greatest volume of buyers were people wanting three-bedroomed houses with maid's quarters and therefore a predominance of these houses were built at the Marina in the demonstration village. Marketing factor segmentation is the response of the market to different marketing factors, such as price of plots and houses, finance, terms, cash or mortgage bond facilities, shopping, schools, etc. The last division is the product space segmentation and this is concerned with the conception of the product that different buyers have. Thus in the case of Marina da Gama, the conception of Muizenberg is one of a windy wasteland, while that of a marina is one of an impossibly ambitious project. The need to bridge these two is obvious in order to be successful and a marketing mix had to be selected in order to achieve a transition from a negative to a positive reaction.

According to Wendell Smith, "segmentation is based upon developments on the demand side of the market and represents a rational and more precise adjustment of product and marketing effort to consumer and user requirements."¹ The profitable segmentation of the market is as vital as the concept of marketing itself.

There are three different marketing strategies in the case of segmentation. The undifferentiated approach is one based on ignoring the different segments. This is totally

¹ Wendell R. Smith - Page 5

unsuitable for the Marina which obviously caters for different aspects of one's needs and is only marketable by careful segmentation. The differentiated marketing strategy is one aimed at catering for the different needs but again this would be too extensive for a specialised project such as the Marina. The concentrated marketing approach is the most suited as this is concerned with going for only a few segments and meeting the needs of these segments as well as can be done. In the latter instance, Marina da Gama did not appeal to all and could never appeal to all without a drastic change in its character. Its features and attributes appeal to very distinctive and identifiable market segments which were pinpointed and the marketing strategy designed to attract those segments. After all, market segmentation is concerned with cutting up the market in such a way that it will lead to real benefits for the company. Much of the skill rests on how the market is segmented. "The vision of a business as a money-making operation also helps to secure concentration on key target groups, rather than dissipation of effort over a broad front."¹ The concept and logic of segmentation is based on the assumption that ".... the market for a product is made up of customers who differ either in their own characteristics or on the nature of their environment in such a way that some aspect of their demand for the product in question also differs. The strategy of market segmentation involves the tailoring of the firm's product and/or marketing programme to these differences. By modifying either of these, the firm is attempting to increase profits by converting a market with heterogeneous demand characteristics into a set of markets that although they differ from one another,

¹ Lee Adler - Page 40

are internally more homogeneous than before."¹ Haley expressed the view that the major segmentation systems - geographic, demographic and volume segmentation - were "based on ex-post factor analysis of the kinds of people who make up various segments of a market. They rely on descriptive rather than causal factors."² For this reason, he believes that these measures are not as "efficient predictors of future buying behaviour"² as benefit segmentation. And it is this process that features most prominently in the Marina's marketing planning process.

¹ Ronald E. Frank - Page 39

(14)

² Dik Warren Twedt - Page 2 - 14

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CHAPTER VI : MARKET MEASUREMENT AND FORECASTING

"In any real-world application of the marketing concept, market definition and analysis are not merely the first step; they are in fact the effort which defines what is going on as a marketing process. Absent this step, what is going on is only a form of gambling, and a notably uninformed and unintelligent gambling exercise at that."¹

One of the major factors in determining a successful marketing strategy is a measurement of the market and its demands. This helps to assist with "the analysis of market opportunities, the planning of the marketing effort and the control of marketing performance."²

Much of the market research is aimed at market measurement.

"Research is a powerful tool for measuring customer reaction to their experience as customers."³ The hypothetical experience is still very much an unknown quantity and the reliability of research in this respect is suspect and can lead to conclusions of "misleading responses."³

The undertaking of the research program and the conclusions drawn must be handled carefully. "In the hand of a skilled and experienced analyst, research results can be and often are the source of ideas about the existence of unsatisfied wants, but the source of such ideas is creative interpretation not slavish adherence to a face-value reading of the data."³

For this reason, the Housing Surveys of 1970 made use of "intelligent, even creative framing of questions"³ to illicit the required answers and expose "unsatisfied wants."³

With Marina da Gama a number of studies were undertaken to aid in compiling a profile of the future Marina residents as described earlier. The result of the marketing effort can be compared with planning to assist in future strategy. This acts as a control element. The question of evaluating the

¹ Blaine Cooke - Page 2 - 42 (1)

² Philip Kotler - Page 193 (2)

³ Blaine Cooke - Page 2 - 47 (1)

marketing opportunity is related to a market demand. This is defined as follows:- "market demand for a product is the total volume that would be bought by a defined customer group in a defined geographical area in a defined time period in a defined marketing environment under a defined marketing programme."¹

Each of these "defined" areas could be applied to Marina da Gama. The "product" is basically land, which is the physical commodity being sold, although as a product it is more closely linked to a new lifestyle, based on leisure living. "Total volume" could be measured in the number of plots sold and the monetary value of these sales - hence the study by the Marina into the absorption rate and the discounted cash flows based on sales projections. The concept of "bought" however, has changed slightly in the Marina with the change of marketing policies. During the planning phase, when it was considered vital to attract permanent residents, "bought" would mean a start to building. However, with the decision to widen the market for initial sales to include all buyers, irrespective of their intentions, "bought" would mean the physical transfer of the property from the developer to the buyer only. This does not always mean the legal transfer which is often dictated by the specific financial arrangements concluded with each purchaser depending on whether the sale was for cash, on terms or with mortgage bond finance.

"The customer group" can be either the market as a whole or the various segments - the housewife, the family, the businessman etc. Likewise, "geographical area" is concerned with the Cape Town metropolitan buyers and the up-country buyers. The "time period" is a reference to a stated period of time which makes forecasting more difficult the longer

¹ Philip Kotler - Page 195

it is and more accurate the shorter the period. With the Marina, both long term and short term projections were needed and the forecast was based on a ten year sales period. The "marketing environment" is concerned with the new and old legislation, favourable and unfavourable economic conditions, the political situation, technological breakthroughs, changes in taste and values of people - all uncontrollable factors - while the "marketing programme" is concerned with controllable factors - the marketing mix, marketing allocation of effort and the effectiveness of the campaign.

At the time of conceiving of the plan to develop Marina da Gama, there was no existing demand and many of the calculations had to be based on an analysis of future demand - much of which was latent existing demand. A number of surveys of buyer intentions were conducted by the developer (see Appendix B) in October and December 1970. Interviews were held with people in metropolitan Cape Town in various geographic areas - the Atlantic coast, Gardens/Tamboerskloof, known as the amphitheatre, the Southern Suburbs, the False Bay area etc. The questions asked included the following:- What were the major reasons for moving to the present area?; What sport do you play? etc.¹ These results were then compared with other surveys conducted in May 1971 in the "Chelsea" or "cottage-type" areas of Cape Town such as Newlands, Wynberg, Claremont, etc.² The results indicated the intentions of the market and its specific needs. Sales force estimates were determined by interviewing members of the Creative Estates, Oak Trust and Real Estate Development and Research sales forces. All three firms had worked in these areas and had a fairly good understanding of the market, its needs and its reactions. Expert opinions were used in such matters as location (see

¹ Housing Survey 1970 (3)

² Housing Survey 1971 (4)

Appendix B) where people like Frank Robb, a well known and respected yachtsman, were used to provide an opinion on the best siting of the Marina in metropolitan Cape Town. "The developers studied possible sites around the South African coast before deciding on False Bay as the ideal location. It not only has a stretch of white beach, warm safe bathing, fishing, surfing, an inland lake and unspoilt mountain walks. It is also close enough to Cape Town for comfortable commuting."¹ The opinion of Mr. Larry Williams, an American land economist, was canvassed on the reaction of those markets with which he had had experience in America. These included "New Town" and marina developments, along the west coast of America, particularly in California, which was regarded by the Marina as comparable to the Marina's market. Market tests were conducted by exposing people to the site many months prior to the start of marketing in order to assess their opinion and to help monitor their reactions. Presentations and site visits proved invaluable methods of gathering this type of information. Once the marketing of the project had commenced and has had some time to prove its worth, other means of forecasting such as time series analysis or statistical demand analysis can be used. Forecasting, therefore, can be considered as "the art of anticipating what buyers are likely to do under a given set of conditions"² and this was the approach used by the Marina's experts in preparing both the marketing strategy and the various planning requirements.

¹ The Argus - Page 15 (5)
² Philip Kotler - Page 209 (2)

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CHAPTER VII : THE ORGANISATION

The marketing concept aims at the mobilization of all the organisation's resources "to create, stimulate and satisfy the customer at a profit. Where this concept prevails, the organisation is future orientated, customer orientated, value orientated, profit orientated - and applies modern management practices to all sales, distribution and other marketing functions."¹ The concept is becoming increasingly evident in the property industry which is undergoing a rapid transition from sales to customer orientation. What then is an organisation? It has been defined as "the system by which work is divided, responsibility and authority for decisions are allocated and delegated, and communications and relationships are channeled - and the work reassembled in a manner designed to optimise human and other resources toward realisation of objectives."² The objective of the property industry as a whole is to make a profit but because of the nature of the business, this profit is often longer term.

Each developer has his own way of getting a profit and even some firms are non-profit making, such as Garden Cities. The biggest non-profit making developer is the Government. In the Marina's case the objectives were to make a profit but according to Mr. H. Oppenheimer, the Chairman of Anglo American Corporation, to do it in such a manner that it would benefit the people of South Africa. This was one of the reasons that was given for the lengths to which the developer had gone in its planning

¹ Edward J. Green - Page 7 - 3 (1)

² Russell H. Colley - Page 8 -82 (2)

to ensure that the product was beneficial to the public as a whole as well as to the purchaser, for example the appointment of the estuarine ecologist to ensure the maintenance of the balance of marine life in Sandvlei. However, with the passing of time, the objective was watered down slightly and the long term objective of creating a permanent community at the Marina was abandoned for the short term profits. The liquidity crises forced the developer to look for cash buyers at the highest prices - irrespective of their intentions. Many speculators were thus found to be amongst the first buyers and the objective of the developer became more precise and profit motivated.

In order to have an effective marketing strategy, a sound information system is needed. Such a system has been defined as "a structured interacting complex of persons, machines and procedures designed to generate an orderly flow of pertinent information, collected from both intra and extra firm sources, for use as the basis for decision making in specified responsibility areas of marketing management."¹ This system enables the developer to check back and ensure that the objectives and targets are being met, how effectively they are being met and what changes are needed for improvement. Likewise, marketing research is concerned with "specific studies of market opportunities, marketing effectiveness and marketing problems."¹ The absorption rate model, as well as the various scientific studies undertaken to determine the effectiveness of the Marina's marketing effort are part of a thorough marketing research programme (see Appendix B).

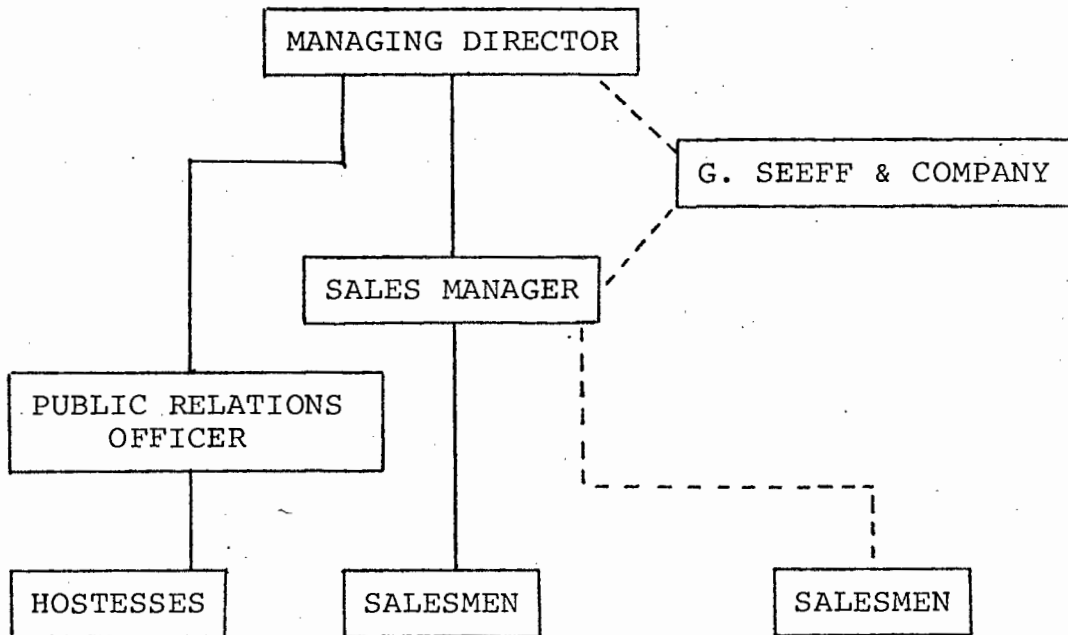
¹ Philip Kotler - Page 360

As with other divisions in the management structures of the property industry, so with the marketing division a need existed for the implementation of basic management principles. "First, objectives must be established; second, plans and strategies must be worked out to meet the objectives; third, plans must be executed and put into effect; fourth, results must be evaluated, appraisals made and controls established."¹ The objectives for Marina da Gama were set up following the intensive research and study undertaken both locally and overseas. The planning and strategy was formulated in terms of the four P's², while the execution of the plan and the evaluation procedure were based on the organisation structure and the people within the marketing department.

"The marketing organisation is simply a framework for planning and making decisions in the key marketing activities that are essential to marketing success."³ The organisation chart of Marina da Gama indicates a state of confusion and a potential lack of effective control. In many respects, it is an attempt at a functional arrangement with individual section heads reporting to the sales manager who heads up the marketing operation (a change which came about with the change from long to short term objectives). A sales force is organised below him. The Public Relations Officer stands on her own while the dual sales effort by Geoffrey Seeff & Co. and the Marina staff has resulted in a split of control.

¹ Joseph C. Seibert - Page 517 (4)
² E. Jerome McCarthy - Page 38 - Page 40(5)
³ Dr. Arnold Corbin - Page 8 - 3 (6)

EXHIBIT I



The chart indicates a total sales orientation as opposed to a marketing orientation and indicates that with the salesmen out on the field reporting direct to the Sales Manager or to Geoffrey Seeff & Company, a lack of marketing emphasis has resulted. There is a lack of cohesion in such an organisation structure and the situation is fraught with complications arising out of dual control and differing objectives between the Marina staff and selling agents staff. The organisation structure of Marina da Gama has undergone several changes over the last two years as a result of the change in the management of the company itself. However, the marketing division should be committee orientated with each department providing specialised knowledge and input needed to prepare a successful marketing plan.

A more formalised functional arrangement would be more appropriate. This "offers the prime advantage of simplicity"¹ and allows for true specialisation. The developer is

¹ Dr. Arnold Corbin - Page 8 - 9

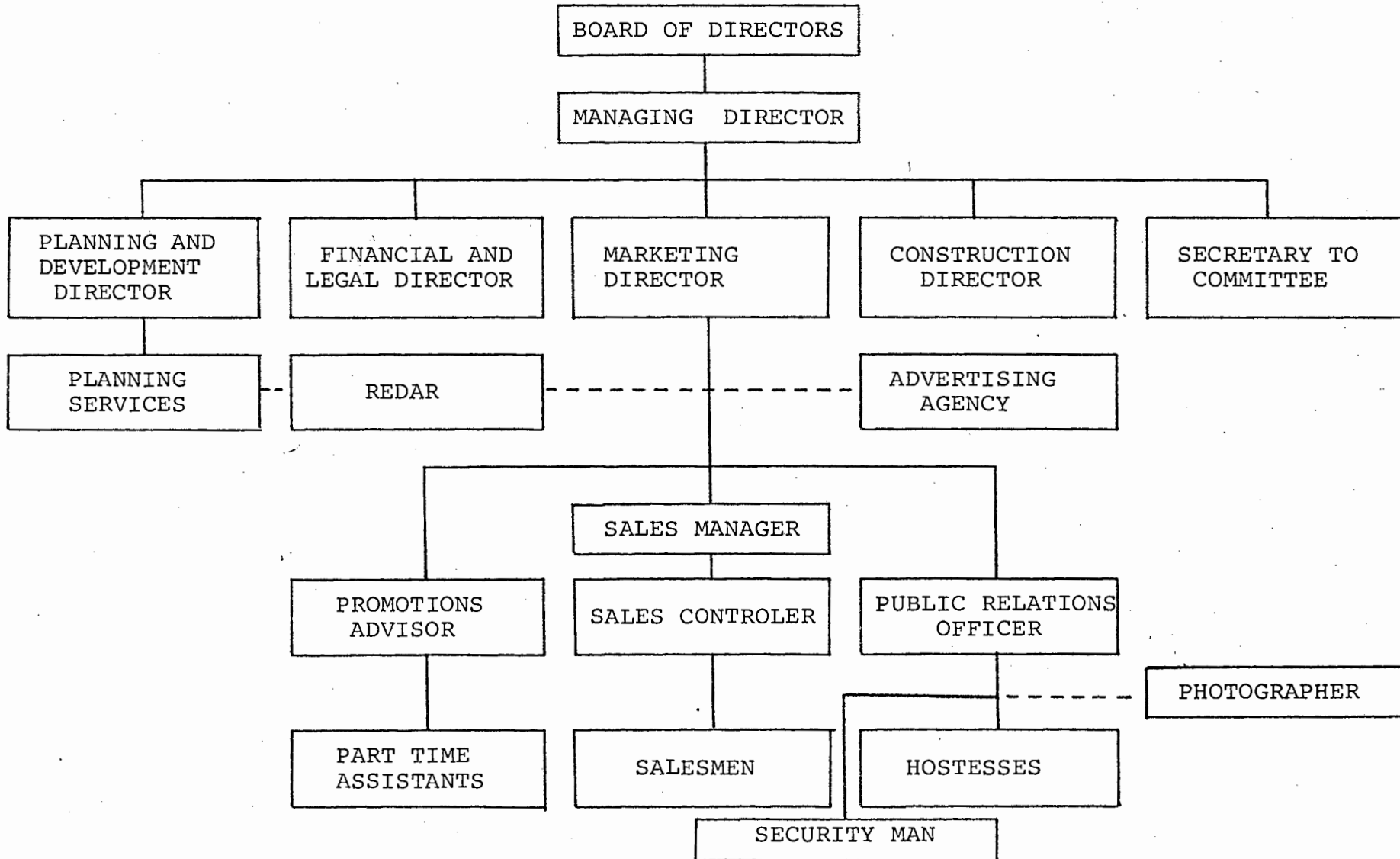
involved in only a relative few products and appeals to only a few markets. The aspect of centralised control with authority and responsibility vested in the marketing executive would be more easily facilitated. With such a structure, the marketing director should in turn be a member of the management committee on which the heads of all the other divisions should sit. This committee would be responsible for basic policy decisions and the formulation of company strategy and the evaluation of overall company performance. It should sit periodically in order to allow the various division heads to report back to the management team and to establish the objectives and goals for each division in terms of the overall company objectives for the forthcoming months. "The success of the marketing concept depends, to a considerable extent, upon a strong communications link between the marketing structure and other organisational units."¹ Furthermore, it is important that the marketing director have equal rank with the other managers of operating divisions. He should have "the complete and unqualified support and backing of the chief executive officer and other members of top management."² With the Marina, the sales manager did not have equal rank with other managers and often was not given the support he needed.

The marketing division should be organised on the basis of the organisation chart shown in Exhibit II. A marketing committee, consisting of the marketing director, the sales manager, the promotions advisor, the sales controller and the public relations officer should meet fairly regularly to determine the overall marketing strategy as well as to provide a detailed breakdown in each activity area and to evaluate performance. The marketing director "plans, organises, directs and controls the marketing operations of the

¹ Dr. Arnold Corbin - Page 8 - 9 (6)

² Dr. Arnold Corbin - Page 8 - 16 (6)

EXHIBIT II



company to produce optimum profitable sales and growth"¹ and this responsibility and authority should be exercised through this committee. The committee, in turn, is involved as a middleman in that "the strategic plans are received and appropriate guidelines fanned out to the operating level; and in reverse it serves as the 'mixer' in consolidating the accepted proposals and negotiating with top management for approval of the desired marketing allocations."²

Consultants to the committee should include the advertising agency's account executive and a member of the company's marketing consultants - Real Estate Development and Research. The committee, which should be chaired by the marketing director, should set the marketing budget, determine the strategies and plan the overall marketing effort. Each division head should then be responsible to implement the committee's decision. The advertising function should be directed through the advertising agency, while the activities of merchandising and market research tend to spill over into the planning and construction divisions also. Consequently, a close liaison between these respective divisions and the marketing director should be instituted in order to implement the strategy successfully in each field and thereby to ensure that every department is working in the same direction. The marketing director should play a vital role in determining the marketing mix to be used by the Marina. He has been described as "one who is consistantly engaged in fashioning creatively a mix of marketing procedures and policies in his efforts to produce a profitable enterprise."³ The absence of a marketing director creates a vacuum and leaves the vital role of Culliton's "mixer of ingredients"⁴ without anyone to fill it.

¹ John R. Sargent - Page 10 - 5 (7)
² David J. Luck - Page 11 - 15 (8)
³ Neil H. Borden - Page 2 (9)
⁴ James W. Culliton - Page 11 - 9 (10)

Just as it is important to review the performance of the organisation and determine future action based on the company's strengths and weaknesses, so it is important that the basic plan of the organisation should be reviewed. "Ideally, organisation structure should be reviewed annually for needed modifications and adjustments. This is the "fine tuning" that keeps a fundamentally sound organisation at peak performance."¹ The absence of this "fine tuning" is evident in most companies and particularly so in the property industry which is lagging behind in this area of development. The net result is that changes are made eventually "long after (the organisation) has become outmoded."¹

The marketing manager/director should sit on the management committee and have equal standing with the heads of the other operating divisions. The marketing manager therefore has both "upstream and downstream" responsibilities. "Upstream he represents the marketing function in management councils where major company objectives, policies and strategies are determined. Downstream, he is concerned with the areas of marketing responsibility, their planning and execution, but always in the context of policies set at higher levels of authority."²

The management committee should constantly review the overall performance of the marketing division against the discounted cash flow projections in order to monitor deviations and check the success or otherwise of the strategy. Various yardsticks must be established as measures for the department's performance. These yardsticks must be "meaningful, indicative of company success,

¹ Russell H. Colley - Page 8 - 78 (2)

² D. Maynard Phelps and J. Howard Westing - Page 11 (11)

and related to the industry the company operates in."¹ Market trends are therefore also part of the yardstick so that the effect of the political and economic environment on the property industry at any particular point in time must be considered. Deviations should then be referred to the marketing committee, which should determine the cause of the deviation. The committee should undertake a weekly evaluation and appraisal of the various departments' performances. This appraisal should not be concerned with eliminating the bad and unsuccessful but it should also be aimed at capitalising on the successful and effective techniques by exposing them to the marketing planners.² It is extremely difficult in marketing to pinpoint the exact cause of a deviation and as the marketing of Marina da Gama involves the inter-relationship of the various marketing elements, it is important to conduct a marketing audit which covers basic management areas - objectives, policies, organisation, methods, procedures and personnel. A thorough review of each of these areas will throw up the deviations and assist the marketing committee in making adjustments and decisions.

Another important aspect of the marketing audit is that this can help to identify which of the various elements is more effective. For example, public relations as opposed to advertising. A marketing audit has been defined as "a systematic, critical and impartial review and appraisal of the total marketing operation: of the basic objectives and policies and the assumptions which underline them as well as the methods, procedures, personnel and organisation

¹ Norman B. Judelson - Page 10 - 39 (12)

² Alfred R. Oxenfeldt - Page 745 (13)

employed to complement the policies and achieve the objectives."¹ With this information, the committee can made decisions and alter budgets to "Maximise the total effectiveness of the company's marketing efforts and expenditures."² A much better balance between the elements can be determined and maintained. A series of "quantitative and qualitative"³ standards should be identified against which each activity's performance can be evaluated. These standards can include the projected sales during the period, the success in reaching the target market, the rate of development taking place, etc. The process of evaluation and review is difficult but necessary. The department heads, the marketing committee and ultimately the management committee should be "responsible for a critical, objective and systematic evaluation of all its activities, policies and objectives."⁴

¹ Abe Shuchman - Page 13 (14)
² Alfred R. Oxenfeldt - Page 749 (13)
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CHAPTER VIII : MARKETING PLANNING

"An effective planning and control system is the focal point of the marketing operation. It provides direction, cohesion and thrust to the enterprise and focuses in on meaningful objectives and goals."¹ With the establishment of an effective organisation structure to carry out the marketing objectives and strategies, it is necessary to set about planning the overall marketing campaign.

Chester R. Wasson analysed the essential ingredients for the setting of marketing plans for a new product. These were threefold: "(1) Careful analysis of the positive and negative aspect of the specific product. (2) Maximum exploitation of the improvements of the familiar embodied in the product, to gain added value necessary to overcome the negative aspects. (3) Application of the maximum promotional effort in countering the negative aspects and lending value to the new and unfamiliar."²

With Marina da Gama, a ten to fifteen year life span was forecast according to the research undertaken and the absorption rates that were agreed upon. This would involve long range planning for the overall policy, which in turn would be split up into annual planning, product planning, venture planning and activity planning. In essence, planning is the process of deciding now what must be done in the future to achieve the overall objectives and goals of the organisation. "The primary purpose of planning is to increase management effectiveness; and the objective of effective management is to help every manager optimise results from his area of responsibility in the light of available resources, capabilities, environment and changing conditions."³

¹ Norman B. Judelson - Page 10 - 44 (1)

² Chester R. Wasson - Page 56 (2)

³ Edward J. Green - Page 7 - 6 (3)

The preparation of the Marina's marketing budget led to the break down of the campaign into various activities and these activities were then costed and fed into the overall discounted cash flow projections to determine the return on the project. "The final, approved, agreed upon marketing budget maps the selected route to the profit destination."¹ This form of planning is very much a long range planning process with the detailed operations being left to an annual budgeting process. As the property industry has in many ways a longer term view, it is important to see that the overall plan over the lifecycle of the project is consistent with the desired return. After all, the initial capital investment can only be recovered over time and it is in the sale of the last 10% of the plots, in the case of the Marina, that the profit will be generated. This was one of the reasons why "the launch date was held back until the product could be marketed in optimum conditions,"² including weather, economic and political. And yet, in order to ensure that the marketing policy is consistent with current trends and circumstances, the marketing strategy has to be detailed on a shorter term within the overall strategy. "Planning in the marketing department is a continuous process as adjustments are made in response to feedback in the form of results from month to month and week to week. Plans, both short range and long range must be living documents, subject to change as time progresses."³

The benefits of planning to a company have been succinctly put by Melville C. Branch:-

"Encourages systematic thinking ahead by management.
Leads to a better co-ordination of company efforts.
Leads to the development of performance standards for control.

¹ Jerome M. Minkin - Page 9 - 19 (4)
² The Cape Times - Page 11 (5)
³ Fred W. Kniffin - Page 8 - 51 (6)

Causes the company to sharpen its guiding objectives and policies.

Results in better preparedness for sudden developments. Brings about a more vivid sense in the participating executives of their interacting responsibilities."¹

With the Marina's move in 1974/1975, to a shorter term view, and its decision to drop the development east of Prince George Drive, which included the harbour, the golf course and the town centre, a change in the overall marketing policy was necessary and important if the company's objectives were still to be achieved. The dropping of the development on the east side of Prince George Drive affected the very character of the project. The Argus had indicated in October 1974 that the harbour was the central and most important feature of the project.

"The future hub of Marina da Gama will be the planned ocean marina, where houses and high rise apartments will overlook a sheltered harbour and deep water basin. There will be moorings for deep sea yachts at the front doors of waterside homes, with the blue waters of False Bay only minutes away."² And yet, all that happened was that few changes occurred in the shorter term marketing planning and no long range planning was contemplated. A day to day planning approach was adopted with no co-ordinated or cohesive overall plan to follow. When houses were built and could not be sold, advertisements were placed in the newspapers which bore no real relation to the previous set of advertisements or to the overall theme and concept. The very benefits of planning have not been used, nor will they be achieved with the present marketing strategy at the Marina.

¹ Melville C. Branch - Page 48 - Page 49 (7)

² The Argus - Page 15 (8)

Thus, in the case of the Marina, the long range planning should have been undertaken by top management to determine the basic direction of the marketing effort. The overall ten year marketing plan would have been an excellent base from which to work and its preparation would have been the result of forecasting, the determination of the product's distinguishing features, market segmentation etc. "The purpose of planning is not the elimination of risk; on the contrary, its purpose is to increase the capacity of a firm to take a greater risk. Indeed, profits are the reward for risk-taking."¹ It is the need to be able to determine the degree of risk that the Marina can take that emphasises the important role of planning in the marketing process.

The need for long range planning is even more urgent now at the Marina than ever before. "Our ability to predict the future with accuracy diminishes as the degree of complexity and rate of change increase. Under these circumstances, planning has become more difficult, more important."² A thorough diagnosis of the company's position after nearly two years since the project was launched, should be made in order to determine its success or lack of it and its present direction. This diagnosis should indicate that the problem is due to the shift from the longer term view to encourage development and permanent residents to the shorter term view of sell now, irrespective of the purchaser's intentions. This should be followed by a prognosis, which will help determine what is likely to happen, should the present trend continue. The immediate evidence is apparent - a shopping centre that is not viable because of the absence of permanent residents. Many other facilities are planned but they will also prove

¹ Mark E. Stern Phd. - Page 7 - 15 (9)

² Edward J. Green - Page 7 - 4 (3)

to be stillborn and not viable. The need to halt the harbour and golf course schemes are in many ways part and parcel of the direction in which the Marina is heading. The diagnosis and prognosis will lead to the need to redefine the company's objective. The original objective has been lost and if it is reaffirmed, the present policy must be reversed and every effort must be made to seek out permanent residents. The problem here lies with the human aspect again. As a purely business decision, the objective can be sharply identified but with the amount of internal political in-fighting and the lack of confidence in the project, the objective could be ignored.

In any event, this stage would lead to a new strategy. It is this present strategy that is causing many of the problems resulting in the lack of a cohesive approach to the marketing policy and a lack of direction. The tactics that will be used follow on from the strategy and involve the means that are employed. Thus in the Marina's case, do they use an internal sales force or do they employ outside estate agents? The other overall tactics may be the decision to use film advertising, possibly give bigger mortgage bond facilities, offer terms, etc.

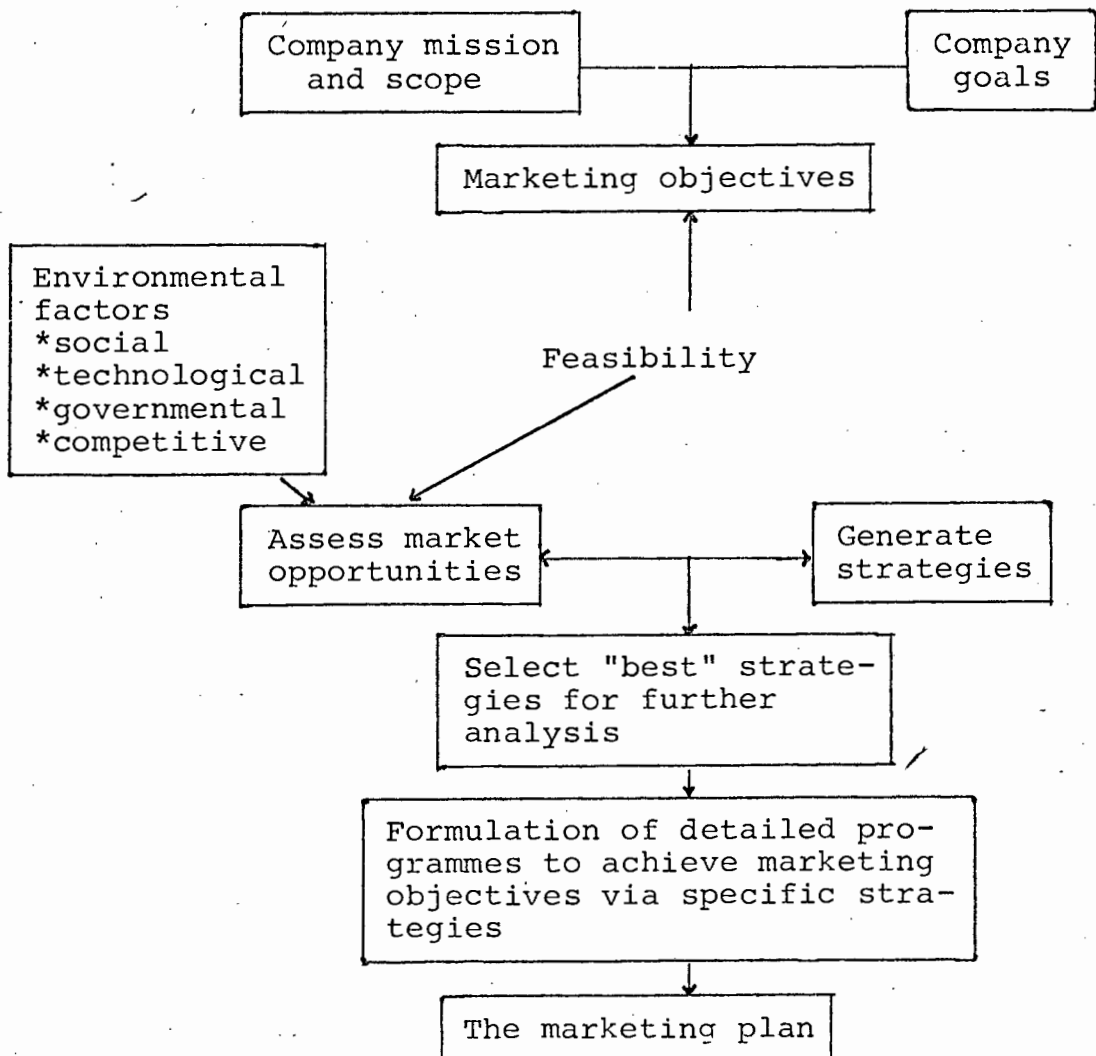
Much of the planning process involves a degree of research into the opportunities available to the marketer. In doing so, it is important to adopt a process of "identifying customer needs and desires, determining the characteristics of potential customers, developing tentative strategies and programmes for converting potential customers into actual customers and considering carefully the internal and external forces affecting the company's marketing activities."¹ Furthermore, all the decisions taken on the basis of assumptions made in the long range planning process

¹ Mark E. Stern Phd. - Page 7 - 19 (9)

are measured to determine their effectiveness in achieving the overall goals and objectives.

Exhibit I represents a systems approach to developing marketing objectives and generating marketing strategies. The "formulation of the company mission and scope, as well as company goals",¹ is the basis used in determining marketing objectives and strategies. "The mission and scope and company goals give direction, limit alternatives and help mold the marketing objectives."¹

EXHIBIT I
DEVELOPING MARKETING OBJECTIVES AND STRATEGIES²



¹ Mark E. Stern Phd. - Page 7 - 17 (9)

² Mark E. Stern Phd. - Page 7 - 18 (9)

The marketing committee, which was described earlier, should be charged with the responsibility of preparing the annual plans which determine the specific objectives and ways of attaining these objectives during the year. For example, the plan could involve the objective to sell off 200 plots, 50 houses, etc. in the current year and that this could be achieved by providing finance to cover the expenditure required for advertising, public relations, promotions, etc., for the year. The present problem is one of an annual plan which, because of the vagueness of the long range plan, is largely based on past performance. It resembles a series of unco-ordinated solutions to short term problems with no relation to an overall marketing plan, based on long term projections and goals. A typical example of this misguided annual planning was the decision to aggressively sell plots to South West African residents. Following initial success in sales in that territory, it was decided that a greater effort should be made to increase sales there. A strong sales force was sent out and presentations, talks, advertising and promotions were set up to stimulate sales. The only problem was that speculators were being attracted who had no intention of actually living at Marina da Gama. In attracting this segment of the market, it steadily alienated the metropolitan Cape Town market that required viable facilities and permanent homes as opposed to undeveloped land and holiday homes. The territorial goals were established but they bore no relation to the overall objectives of the company.

In his article entitled "The Concept of Marketing Planning", Edward J. Green listed a number of "procedural specifications"¹

¹ Edward J. Green - Page 7 - 7 to Page 7 - 10 (3)

with regard to planning. These techniques are regarded as important factors which can contribute to "effective planning."¹ (1) "Keep the planning process simple."¹ (2) Ensure the process is practical so "that every manager will get a direct benefit from participation in the programme."¹ (3) Establish a degree of "selectivity" and "adaptability in order to be able to provide sufficient coverage in the programme for all activities. (4) Ensure that the programme should be flexible"¹ to change with changes in the environment. (5) "Future planning should be precise in terms of goals and objectives."¹ (6) There should be a "continuing input of reliable information"¹ to keep planning abreast of any deviations. (7) The process must be capable of being co-ordinated and integrated into the various types of planning, such as long and short term, venture and product planning, etc. (8) There is a need for "intelligent and enthusiastic participation"¹ of the management team. (9) Paperwork must be minimized to ensure conciseness. (10) An additional factor provides for the appointment of a director of planning services to co-ordinate all these factors. The Marina did have such a management function, at first provided by Anglo American Corporation Planning Services and later within the organisation itself. However, in 1975, this position was dropped and with it went the formal planning process that had been created.

Turning back to the annual planning function, it is necessary to break down the process further into product planning, which in the case of Marina da Gama, would be plots - single residential, special residential, general residential and business sites - houses, Marina and single, existing shopping centres, etc. A specific marketing

¹ Edward J. Green - Page 7 - 7 to Page 7 - 10 (3)

mix was determined to cover each product with specific tactics, budgets, etc. Thus, for example, in the case of houses, a regular show house presentation has been held weekly to help promote the sale of the show house itself and other houses on offer at the same time. The tactics used would involve advertising, the use of hostesses, furniture in the houses, landscaping, bunting and signs, as well as water-bus tours, etc. The product plan essentially involves a determination of the product market position and the various problems and opportunities that exist. For example, the sale of single residential plots has slowed down because of the general rise in building costs. However, the availability of building bonds at the Marina has given the company a competitive edge on other township developers. The objectives that had been set, covered the assumptions made about the future market conditions, together with the Marina's selling goals, absorption rates, etc. An overall strategy and action programme must follow to delegate the various functions and to control and review the progress. "The marketing manager has to weigh the behavioural forces and then juggle marketing elements in his mix with a keen eye on the resources with which he has to work."¹

Venture planning, which is the process of "developing new products, entering new markets and acquiring new companies"² is an activity which has no major role to play in the Marina in that its product is essentially land. The houses and facilities are merely part of the merchandising process to help sell land. The only possible exception to this situation is the sale of plots to builders who intend to build on speculation and sell the houses through the

¹ Neil H. Borden - Page 5 (10)

² Philip Kotler - Page 397 (11)

Marina's sales department. But even here, the degree to which this can be classified as venture planning is doubtful. Here the planning would involve a number of steps. (1) The submission of plans and their approval. (2) The start of building with the anticipated completion date of building being determined in advance. (3) The effort to sell prior to completion so that the purchaser can make minor alterations while the builders are still on site. A major benefit of venture planning is that it can help increase the pace of sales of land. The developer makes continuous use of the discounted cash flow analysis to ensure that the project is viable and to monitor the rate of return at every stage. This process is based on discounting the future net income by the cost of capital in order to determine the present value of the income. This is the Marina's major control and is used by Anglo American Corporation to continually assess the profitability of the project. With venture planning, a new area is provided to the developer by providing an additional outlet for the sale of plots.

Activity planning on the other hand is concerned with the scheduling of the various functions and the people who are required to perform those activities within certain time periods so that the plans can be achieved in the most efficient and effective manner possible. Thus the overall objectives that are being sought after can be achieved more easily. Various techniques have been used such as critical path analysis to ensure that the inter-related activities are correctly and efficiently scheduled. The launch of the Marina was placed on such a critical path diagram, thus structuring the activities in terms of time and responsibility along a critical path. "Activity is the key concept in critical path analysis. An activity is any action involving the use of resources and occurring over time."¹ Thus in the

¹ Philip Kotler - Page 414

case of the Marina, one small activity for example, was the selection of the logo, which involved a series of earlier and related activities. The "event" is the completion of the process and the actual selection of the logo. The major factor is to schedule those activities that can be done simultaneously so as to try and complete the process by an earlier date. A need exists to differentiate between "sequential" and "concurrent" activities, in order to set up this critical path and from this to help plan, schedule and control activity. The planning stage also involves the selection of a marketing mix which is "a combination of sales promotion devices that will create and re-enforce the desired company and product brand image and achieve maximum sales for the planned level of dollar outlays."¹ Thus it becomes necessary to examine the product policy decisions to determine what is regarded as being "an effective image to which the company and its products must live up to."¹

¹ Alfred R. Oxenfeldt - Page 128

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CHAPTER IX : PRODUCT POLICY

"Three very basic and crucial principles underlie success in managing both new and established products; (1) fill customer need; (2) create a recognisable, meaningful, competitive edge; and (3) provide a regular flow of systematic, objective information from the market place to evaluate the degree of achievement of the first two principles."¹ Whereas a product might mean a physical number of components and services to the producer, to the buying public it has a much deeper meaning as it provides him with a means of satisfying his needs and desires. "To put the point dramatically - you are not selling a product; you are selling a dream - a dream of fulfillment, a way of life."² Land may be the product for the developer, but it means a leisure living lifestyle to the purchaser and a means to obtain a home which is close to recreation and also within easy reach of the city. "In other words, a product or service is a device which a consumer employs in the accomplishment of some personally meaningful end. ... A product actually is some set of consumer needs or desires, the fulfillment of which can be facilitated by the physical reality which we ordinarily think of as the product or service."³ And yet again, to a different buyer, for example a speculator, the land could be a source of profit that could be achieved with the resale of the property.

The product therefore, has many and varied symbols and represents different things to different people. "The tangible product is the physical entity or service that is offered to the buyer."⁴ In other words, it is what is immediately evident as the object sold - a house, a plot, a block of

¹ Lee Adler - Page 3 - 5 (1)
² Ralph Glasser - Page 19 (2)
³ Blaine Cooke - Page 3 - 6 (3)
⁴ Philip Kotler - Page 424 (4)

flats, etc. "The extended product is the tangible product along with the whole cluster of services that accompany it."¹ In the Marina's case, it would be the waterways, the underground electrical cables, the security of living on an island, the mortgage bond facilities, the secured bank edges, etc. What "a truly marketing minded firm" offers for sale includes not only the generic product, but also how it is made available to the customer, in what form, when, under what conditions, and at what terms.... What it offers for sale is determined not by the seller but by the buyer."²

It is vital therefore to determine the "new" elements in the product. "What is new depends on what the prospective consumer perceives, or can be brought to perceive, in the new product."³ With these elements analysed and identified, the process becomes one of "devising the kind of marketing strategy needed to fit the various types of new elements in the product."³ These new elements are part of the extended product. The added value therefore is the area in which competitive attractions can be created and perceived by the market and the unique selling proposition identified by the market which links it directly to what (the buyer hopes to achieve from his purchase. For the new product "to have marketing significance...it must possess a difference which is obvious to the consumer"⁴ and "should be wanted, whether consciously or not: that is, it should come at a time when consumer attitudes are prepared for it so that it will be readily acceptable."⁴ Thus, the competition is something that does not develop in the production stage, but it is something that is added to the product "output in

¹ Philip Kotler - Page 424 (4)
² Theodore Levitt - Page 36 (5)
³ Chester R. Wasson - Page 53 (6)
⁴ Robert Leduc - Page 6 (7)

the form of packaging, services, advertising, customer advice, financing, delivery arrangements, warehousing, and other things that people value."¹

"The generic product is the essential benefit that the buyer expects to get from the product."² This relates to the benefits that the buyer hopes to achieve from his purchase. In other words, he is not buying a plot or a house, but he is seeking a quality environment in which he can enjoy a leisure living lifestyle. He will be buying "a new lifestyle, linked to water, where a boat at the bottom of the garden offers adventure a few steps away, where you can paddle a canoe to visit friends across the water, sail to the nearby shopping centre, or simply sit back and watch the boats go by."³ The advertising and promotional activities must be designed to strengthen this appeal and substantiate its attributes to the buyer. It is a process of "problem solving."² This aspect therefore is concerned with "benefits rather than features"² and this aspect should "guide the marketer's strategy."² In promoting and advertising the Marina, its benefits as identified earlier when looking at its distinguishing features, must be advanced in order to maximise sales.

As in the case of consumer products, the property industry is also faced with competition between one product and another. "Each firm competes by making the most of its individuality and its special character."⁴ Thus, in the case of land, the buyer not only has a choice of area, but plot size, plot orientation to the sun, its slope, neighbourhood, conditions of title and zoning, landscaped environments etc.

¹ Theodore Levitt - Page 2 (8)
² Philip Kotler - Page 425 (4)
³ The Argus - Page 2 (9)
⁴ Wroe Alderson - Page 101 (10)

The buying public has to select from the competitive field in order to choose which product most closely meets its needs and desires. Thus in the marketing of a new product in the property industry, as in other industries, it is necessary to give the product "real or psychological differences. A differentiated product is one that is seen as desirably different from others by some of the buyers."¹ The distinguishing features of novelty, aesthetic appeal, convenience, family life, facilities and services, careful planning, location, sociability, security and status make the Marina different from other township developments and thereby attracts buyers who seek these benefits. A further distinguishing feature is the investment factor and the profit potential that goes with this factor which again makes the development attractive to a different segment of the market. "What is important in competition is differential advantage, which can give a firm an edge over what others in the field are offering."² These distinguishing features were determined by examining the Marina's attributes, which can be directly related to a positive response from the buying public, its position in relation to other competitive township developments and their respective positions and finally, a determination of the Marina's best stand which is linked to the concept of waterside living.

A vital aspect is to analyse what is new in the product because essentially, the Marina is a township development, providing housing for a residential community, together with services and facilities. However, only by determining what is new, is it possible "to make sure

¹ Philip Kotler - Page 425

(4)

² Wroe Alderson - Page 101

(10)

that marketing strategy, channels of distribution, and available resources are compatible with the elements of novelty in the new product."¹ The distinguishing features have combined to produce the leisure living lifestyle centred around waterside living as being the "new" in the product. "The ease or difficulty of introduction and the characteristics of the successful marketing strategy depend basically on the nature of the "new" in the new product - the new as the customer views the bundle of services he perceives in the newborn."¹

Many of the Marina's distinguishing features were built into the project following the intensive research programme undertaken prior to the start of the project (see Appendix B). These features have been defined as "physical and functional characteristics or components of the basic product that may be used to distinguish it from competing products of similar quality."² Potential buyers were asked to provide answers to questions that were aimed at determining what they want from a township in terms of facilities, location, services, recreation etc. This information provided valuable data by measuring the buyer responsiveness to various features and facilities and thereby selecting those attributes that would appeal to the target market. Furthermore, the Housing Surveys of 1970 and 1971 also dealt with the position of competition such as Constantia, Tokai, Rondebosch, Claremont, Newlands, Somerset West, Fish Hoek, etc. in terms of size of ground, price, facilities, etc. The image of these various competing areas was also compared with the desired image sought after by the target market and in that way the ideal image evolved - a place to live and a place to play. "The product image is what makes

¹ Chester R. Wasson - Page 52 (6)

² John B. Stewart - Page 156 (11)

the sale; in a very real sense, from the marketing point of view, it is what the consumer buys when he purchases a physical object."¹ It became clear in what position the Marina should be in relation to its competition. This in turn has led to the concept of waterside living which combines leisure with a permanent home. This concept has led to the adoption of a marketing strategy covering advertising, pricing, packaging, etc. to promote the Marina's unique selling proposition. "The seller takes his cues from the buyer in such a way that the product becomes a consequence of the marketing effort, not vice versa."²

The product consists of three different dimensions with the innermost layer being the physical product itself "which may possess values of varying amounts for different consumers, ranging from zero or negative to extreme attractiveness."³ The middle layer consists of "all the intervening factors that modify the way the consumer perceives the product."³ These factors include advertising, personal selling, word-of-mouth recommendations, company reputation, etc. The third and outer layer "is the product as actually perceived by the consumer, his image of the product or feeling about it."³ It is this layer that "determines the purchase or rejection of the product."³

Unlike the consumer products industry, the property industry does not have such a distinctive product life cycle. The concept of "introduction, rapid growth, maturity and decline"⁴ seldom applies because of the pure economic principle of scarcity of supply. There is only a limited number of plots in the township.

¹ George A. Field - Page 3 - 32 (12)
² Theodore Levitt - Page 36 (5)
³ George A. Field - Page 3 - 33 (12)
⁴ Philip Kotler - Page 432 (4)

Once the introduction and rapid growth stages follow the maturity stage, a decline stage is unlikely to result in a decline in profits. In fact, quite the reverse is likely to happen because with the increase in demand and the reduction in supply, the price will naturally go up, thereby increasing the developer's return. As it was stated earlier, the profits of the township developer are largely generated in the sale of the last 10% of his plots. The maturity stage therefore is actually marked by the development of the plots and resale and the decline by the rapid reduction in the number of plots left for sale or development. With the Marina, the product life cycle was ten to fifteen years. This period was determined according to the absorption rates that were used to ascertain how long it would take to sell all the plots. However, this does not mean that all the plots would have been developed or that resales will not be taking place. Provided the exogenous variables such as political and economic conditions do not become unfavourable, it is more likely that prices will be a lot higher than at the start of the marketing of the project.

The developer is concerned with long term profits and growth because of the nature of his product and the huge capital investment required to improve the land and put it into a saleable state. "Successful new product strategy should be viewed as a planned totality that looks ahead over some years ... (it) should try to predict in some measure the likelihood, character, and timing of competitive and market events."¹ It is inevitable that once the product has been launched successfully, others soon come on to the market and compete for the buyer. Two such competitors for the Marina are the Rietvlei Marina near Blouberg Strand and

¹ Theodore Levitt - Page 91

Marina Glades in Noordhoek. (The latter has subsequently experienced financial difficulties and the project has been shelved by its developers.)

The marketing strategy does change with the different stages in the product life cycle but these changes in strategy are not necessarily the same as in the consumer products industry. During the initial introduction, the promotional costs are at their highest in order to launch the product, make the target market aware of its existence and attributes and bring people out to the township. "The length and slope of the market development stage depend on the product's complexity, its degree of newness, its fit into customer needs, and the presence of competitive substitutes."¹ In the case of the Marina, forty-two show-houses were built and Eastlake Village was developed as a showcase to merchandise and promote the sale of the plots. There were no direct "competitive substitutes" but its "degree of newness" and its "complexity" did encounter resistance from its primary target market - the Capetonian. On the other hand, its ability to satisfy the market's needs helped to provide a successful launch.

"The newer the product, the more important it becomes for the customers to have a favourable first experience with it. Newness creates a certain special visibility for the product, with a certain number of people standing on the sidelines to see how the first customers get on with it."¹ For this reason, the Eastlake Village was completed in every respect with minute attention to detail in the demonstration area. Landscaping, parks, walkways, roads, homes, furnishings, street lighting etc. were all used to complete the package. In fact the Village was completed together with shopping centre as a model village in order to extract a favourable first impression. By preselling and having people live in

¹ Theodore Levitt - Page 84

the village while sales are still continuing the developer succeeded in proving to those "standing on the sidelines" that the Marina truly had the attributes that it claimed. The success in creating a favourable first impression is crucial in stimulating a positive word of mouth campaign and launching the product onto the target market. And this fact the Marina developers understood and made every effort to capitalise on.

Prices on the other hand should tend to start on a lower level as it is important to secure initial sales and then to raise prices gradually in order to give the project the added attraction of being a good investment. Land prices must go up and never down. If they go down, the property is considered to be a bad investment and gives the project the reverse effect from a desired higher sales volume. If prices are seen to be rising, it creates confidence amongst future buyers while at the same time impressing the past purchaser of how good a buy he made. The developers decided, however, that at the launch, they would "skim the cream" and so "set an initially high price to recoup (their) investment quickly."¹ The character and intensity of the promotional campaign should be altered slightly during the growth stage as the word of mouth campaign takes its grip. It is drastically reduced during the maturity stage, except in the case of the launch of new areas which are scheduled to take place in the Marina over its product life cycle. In this case, the promotion will be more specific, highlighting the qualities and attributes pertaining to the individual new areas, for example the characteristics of Westlake as opposed to the Marina as a whole. During the maturity stage, it is necessary to ensure continued growth and

¹ Theodore Levitt - Page 88

increasing profits by "creating more frequent usage among current users, more varied usage among current users, new users, and new uses for the basic materials."¹ Naturally, the "user" in the case of the Marina da Gama is the purchaser. The way in which more frequent use of the product would be created would revolve around the Marina's facilities, which are open to the public. By improving upon them and making it more attractive to use these facilities, it is possible to generate a greater demand to buy at the Marina. These extension strategies are therefore designed to project the product life cycle by also encouraging second sales which must be conducted through the Marina sales offices. Unlike other industries, in the property industry the price does not soften but increases with the evolution of the life cycle of the product. However, as in all cases of product policy, the product life cycle provides "a useful classification.... with management benefits that are clearly of value.... It is the equivalent of the periodic table of the elements in the physical sciences."²

Product policy is very closely allied to innovation and this is the essence of the marketing aspect in product development. Thus, with the Marina, innovations played a vital and an important role. It resulted in the creation of the waterway system, the wind deflectors to help tame the wind, the instant landscaping of the homes and the environment, the development of a network of walkways for children and residents to walk in safety without having to cross major roads or intersections etc. The needs and desires of the target market were analysed and identified and once this was done, innovation stepped in to develop the product that met those needs and desires.

¹ Theodore Levitt - Page 88 (13)

² John E. Smallwood - Page 298 (14)

The product mix is related to three specific areas. Firstly, it relates to the product item which is the separate and distinct product, for example special residential land as opposed to single residential land. The second area is the product line which is a group of related products such as Marina houses and single residential or island houses. The third is the product mix which is concerned with the "composite of products offered for sale"¹ which in the Marina ranges from houses, to land, to shopping centres and apartments, etc.

Unlike many other industries, the product policy and specifically the optimal product mix in the property industry, is largely dependent on zoning regulations and the town planning and municipal by-laws. It might well have been optimal to have a product mix in which the entire Marina da Gama township consisted of special residential housing, flat sites and commercial/business stands. However, because of the intricate requirements which involve the granting of endowments for parks and public open spaces etc., as well as the municipal and governmental regulations, the developer is often faced with limitations which restrict and prevent him attaining what is in his opinion, an optimal product mix. Faced with this situation, the developer commissions a town planner who is aware of the regulations to lay out a proposed township development which will maximise his returns over time - normally a given period which in the case of Marina da Gama, was ten years. An optimal product mix must therefore be developed within these constraints, while at the same time ensuring that the product line meets the needs of the market.

¹ Marketing Definitions - American Marketing Association (15)

A further aspect of product policy is the question of brands. "A brand is a name, term, sign, symbol or design, or a combination of them which is intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors."¹ The brand name is "that part of a brand which can be vocalised - the utterable."¹ In this instance, Marina da Gama is the name, while the da Gama cross is the brand mark or logo which is the recognisable symbol with distinctive colouring. The specialised writing style of the name is part of the branding process. The trademark is essentially the brand name or mark that has been granted legal recognition and prevents others from using it. Success is often dependent on the firm's ability to generate a favourable image of the product and the company among the buying public. "Buyers' very perceptions are affected by their prior attitudes, the actions and opinions of others, first impressions and early associations. It is a rare firm that can ignore the total impression its potential customers have of it and of what it is selling."² Furthermore, in selecting the image to be projected, the firm is often influenced by the types of customers that the product is designed to appeal to.

Whereas the question of branding takes on special significance in most industries, it is a relatively simple concept in the property industry. Essentially it is needed, but not always necessary to help identify the project; but secondly, and this is an important aspect for Marina da Gama, it is a means of conoting

¹ Marketing Definitions - American Marketing Association (15)

² Alfred R. Oxenfeldt - Page 129 (16)

a certain quality and status while representing to the buyer the solution to his problems. It is the opportunity of providing the product with an element of uniqueness and character that clearly distinguishes the product from that of competitors. The brand can be regarded as a means of merchandising the product to appeal to the buying public. The brand is the source of image building. It represents "the sum total of impressions the consumer receives from many sources: from actual experience and hearsay about the brand itself as well as its packaging, its name, the company making it, the types of people the individual has seen using the brand, what was said in its advertising, as well as from the tone, format, type of advertising vehicle in which the product story was told."¹ In this way the product develops a sort of personality which is widely recognisable. "It is a complex symbol that represents a variety of ideas and attributes. It tells the consumers many things, not only by the way it sounds, but, more important, via the body of associations it has built up and acquired as a public object over a period of time."²

One of the first things any prospective buyer of land does, is to look at the company he intends to do business with, as, in the majority of cases, the purchase of land is often the single most expensive product the buyer is likely to make after his house, during his life time. Public confidence was already generated by the link with the Anglo American Corporation and it was necessary therefore to develop a product name that captured the imagination of the

¹ Herta Herzog - Page 323

(17)

² Burleigh B. Gardner and Sidney J. Levy - Page 119 (18)

buying public, while at the same time representing the concept of the project. A number of different names were considered at first, including False Bay Marina, Bay Marina and Muizenberg Marina. But all these names had problems in that they were either not bilingual; or they were unimaginative; or they were limiting in that they referred to the sea only; or, in the case of using the word Muizenberg in the name, it identified the Marina with an area that conjured up the picture of a decaying seaside resort, plagued by civic inertia, water stagnation and an ethnic exclusivity. The final choice of name or brand was Marina da Gama as this was acceptable to both language groups, while having an association with the Cape, around which Vasco da Gama sailed as one of the early Portuguese explorers.

The historical association was even deeper in that the name was linked with the sea as Da Gama was one of the world's most famous navigators. The word Marina, on the other hand, conjures up a picture of a relaxed waterside situation with the excitement and atmosphere of a harbour and thereby helps awaken the inborn desire to be near the water. The combination of da Gama with Marina linked the old concept with the new lifestyle which was to become the project's unique selling proposition. "A well-chosen brand name may have a rhythmic quality or an apt air."¹ Both these qualities exist in the Marina's name. These facts combine with the "meanings which advertising, merchandising, promotion, publicity and even sheer length of existence have created"¹ to give the project a "public image a character or personality that may be more important for the overall status of the brand than many technical facts about the product."¹

¹ Burleigh B. Gardner and Sidney J. Levy - Page 119 (18)

A further aspect of the choice of this brand was the ease with which the name lent itself to creating themes for streets and park areas. This would help give an element of uniformity to the project. The order of the words was also a consideration. As the lifestyle concept is linked to Marina rather than to da Gama, it was considered better to start with the word Marina. An added advantage of this word order is that it reads better graphically to have a capital letter at the start with a lower case letter in the middle of the name. The name is also easy to pronounce and easy to read while at the same time being appropriate to the product. Finally, the name has a pleasant sound to it when spoken aloud and would be remembered and recognised easily. The name is the first impression one gets of the project and if it is unsuitable it can have a negative effect on the buyer. The brand is part of the overall personality of the developer in that from it, a whole host of image building activities can follow as part of a "carefully determined plan in the unified presentation of a desirable company personality or product personality."¹ The brand aspect has therefore played a vital role in promoting a unified image to the buying public that makes the project desirable. "To the extent that a product's image and function are symbolic, there is an attempt by the consumer to match the product image to his self-image."² The ultimate choice rests in the combination of the functional and the image factors. "In the purchase of a home, furniture, clothing or a car, there is generally a blend of instrumental benefit and image matching."²

The logo or brand mark is part of this image building

¹ Ralph Glasser - Page 137 (2)

² George A. Field - Page 3 - 34 (12)

process. "The company mark is the core of the system of communication that establishes a corporate identity."¹ It is a common identifying mark and begins to develop an identity for the project according to the perceptions conveyed by the mark to the market. A clean and neat symbol creates an impression of a modern and dynamic project but a successful mark must be more than just a modern appealing shape. It must be strong enough to carry the project's name, its image, its qualities and its attributes, for in this way it can express a whole host of advertising and promotional messages in a simple and direct manner. The Wool Mark has become internationally recognised and identified with quality, warmth, and a fine sheen of yarn. Similarly the 'eye' in the CBS television mark identifies with viewing and the Mercedes Benz symbol has an air of elegance, status and quality.

The underlying reasons for selecting the name of Marina da Gama were important in selecting and designing a suitable mark. The Portuguese navigators, including da Gama, always had the Portuguese cross adorning the sails of their ships and this provided the basis from which to start. The cross had the advantage of immediately representing the name da Gama, while the image of the Marina was captured by the fact that the cross had a close relationship to sailing. Furthermore, a number of Portuguese crosses were erected by the Portuguese along the False Bay coast, providing a locational advantage for the mark. The final design for the mark consisted of the Portuguese cross with its bottom slightly altered to portray the shape of a boat.

¹ Joseph C. Seibert - Page 191

This reinforced the water connection. Thus the symbol became Marina da Gama - the cross being da Gama and the boat Marina. The mark could also be seen as a boat with the cross being its mast, thus adding a little fun to the symbol and representing recreation and a leisure lifestyle. This portrayed the leisure living lifestyle concept with the strong link to water. The logo has other images as well. It can be seen as an anchor which gives a sense of stability, security, history and an air of confidence. Above all, the mark is simple, easily identifiable, and easy to remember, thereby becoming the representative of the project and its qualities and as such it is able to stand on its own.

A further aspect of branding is the use of house colours to reinforce the name and the mark. It was considered that as Marina da Gama was a multi-faceted development, it would be unwise to restrict the brand to any one colour. A system of colour codes was introduced instead. The mark and brand name would be presented in different colours, depending on the use intended. For example, each extension in the Marina would have its own colours and these colours should be used exclusively in the marketing of each extension. However, in the majority of cases the colours of blue, green, orange and white should be used - the blue to represent the water, the green the landscape, the orange the warmth and vitality and the white newness and modernity. These colours could help underline the concept of leisure living.

Finally, the need to develop a distinctive lettering style was also considered important. "Distinctive and appropriate lettering of the brand name in a logo is helpful in communicating character and uniqueness."¹

A new style was developed to be in keeping with the newness of the concept. It was to be in the upper case, with the letters flaring out slightly at the ends. The style gave the brand an element of fun and informality while the upper case and the boldness of the style gives the brand an air of permanence which is implicit in a residential development. "The selection of an image sets limits and gives direction to the discussion about the elements to be included in the marketing mix."¹ The selection of the various sales promotion devices with which to achieve maximum sales and profitabilities and attain the company objectives are more easily facilitated with the establishing of the image and brand described above.

The products of the property industry in general have seldom varied in their physical entity and in fact the product policies have largely been based on modification to capture the interest of the buying public. Essentially, all the products are related to shelter in one way or another with variations being introduced to meet various needs. These modifications have been either quality improvements such as the extensive use of landscaping at Marina da Gama; or feature improvements which distinguish the product from other products by providing waterways for example; or finally, style improvement, which is concerned with the aesthetic appeal of the product as it involves strict architectural features, the use of sloped roofs and the appointment of the American landscape architect to provide walkways, integrated play areas, parks, etc. Thus, while the Marina might at first appear to be a new product, which emerged after extensive research and planning, it is in fact an old product - land - that has been modified to achieve

¹ Alfred R. Oxenfeldt - Page 130

the sales and profits sought by the developer while meeting the needs of the target market.

And yet, when the decision to develop the Marina was taken, the development was treated very much on the basis of being a new product. Anglo American Corporation had already ventured into two other innovative areas in property with the Carlton Centre in Johannesburg and Cabana Beach in Umhlanga Rocks. It was therefore prepared to undertake the careful process needed in new product decisions. Appendix B is indicative of the thoroughness of the process of screening to determine the right concept and the marketable features that would turn the wasteland of Muizenberg into the prime residential suburb that was intended. This screening process included surveys such as the housing surveys of 1970 and 1971, as well as evaluation and rating devices to measure the suitability of the site, viz. the study undertaken by Mr. Frank Robb. Extensive business analysis was also undertaken with the preparation of a discounted cash flow model to determine the return anticipated. In all this, the researchers needed to measure the future sales volume and potential, viz. the absorption rate model. The product development stage is concerned with the detailed planning, in particular the township layout, to determine the maximum number of plots that can be obtained, their suitability in terms of design, shape, orientation to sun, facilities, etc., and finally, to use such a layout to measure costs of providing services such as roads, water, power, etc. In the case of the Marina, these costs were to be even greater in terms of dredging, stabilising the bank edges, landscaping, waterways, etc. The aspect of packaging in the property industry is equally important. Much of the

packaging is related to the facilities that are provided such as shopping centres, schools, public transport and of growing importance, landscaping. Trees, shrubs, lawns and flowers act as important promotional tools in appealing to the buying public. The environment therefore, is very much a major packaging tool and part of product policy at the Marina. The packaging concept was based on suggesting additional qualities about the Marina lifestyle and, at the same time, underlining the detailed planning to create a leisure living environment. The package offered a totally new lifestyle in a planned environment. "What is being created is a complete town, planned down to the last detail, to offer a new urban lifestyle, suitable for permanent living and holidaying."¹

It is important to undertake a conventional test marketing programme within the property industry as the development is normally large and involves the investment of huge sums of money at the start in order to bring the project to completion stage. However, a market probe is appropriate and used extensively. The major purpose behind "market testing" - the term used by A.C. Nielsen and preferred by E.J. Enright - was described as being "to determine the acceptability of the new product and the effectiveness of its accompanying marketing programme. To measure the probable marketing success of the new product. To find out whether any significant problems have been absorbed in planning the market programme."² In the Marina's case, presentations of the plans and the proposed development were made to selected groups as well as members of the target market. Their reactions were monitored and a waiting list started. This helped to "improve knowledge of potential sales"³ while at the same time "pretesting alternative marketing plans."³

¹ The Argus - Page 9 (21)
² Ernest J. Enright - Page 239 (22)
³ Philip Kotler - Page 497 (4)

The presentation enabled the Marina to help define its market segments in greater detail, while, at the same time, learning which features appealed and what problems were envisaged by the market. "Its basic objective is information - as a prelude to action,"¹ and thereby to help restrict the element of risk attached to the introduction of a new product. With the completion of the test marketing programme, the project was ready for commercialisation. "Market testing provides executives with some measure of the risks ahead, some insurance against the unseen and some guides to action."² The information was subsequently fed into the planning process and a sharper marketing philosophy prepared. However, whereas in the detailed planning it was intended that the commercialisation process would be aimed at the prime target market first - the permanent residents - the subsequent change in policy resulted in introducing it on a national basis from the start and promoting the sale of plots to the secondary market as well, irrespective of that market's intended use of the product.

A clear understanding of the market's adoption process is an important factor in determining the overall strategy for marketing. The prospective buyer at the Marina goes through a series of stages and the promotions and advertising campaign follows suit. The "awareness"³ is generated by making the market aware of the Marina's existence, while not providing it with the detailed information. "Interest"³ is aroused by the advertising which appeals to the needs of the market by showing the buying public how it can live better within a leisure living environment. The market is then left to "evaluate"³

¹ Ernest J. Enright - Page 239 (22)
² Ernest J. Enright - Page 240 (22)
³ Philip Kotler - Page 507 (4)

the proposition by visiting the Marina and comparing its attributes with the attributes of the competition. "In order to give the public a first hand view of the development, an exhibition of waterside living was organised"¹ jointly by the developers and the Argus. It provided the stimulus to bring the buying public to the Marina to "evaluate" and judge for themselves. The Visitors Centre Information Bureau is designed to assist in this evaluation process by allowing the buyer to see films, slides, models and to read brochures on the project, while "visitors are able to study the concept of marina living at the Centre."¹ It is difficult to let the market undertake a trial of the lifestyle and for that reason, Eastlake Village was built as a model village. "The waterside living exhibition at Eastlake ... (was used to) introduce ... a new lifestyle, linked to water."² Showhouses, fully furnished and equipped were developed and the public were invited to see and try for themselves what the lifestyle was really like. "Eight houses (had) been furnished as show houses for the exhibition. These (were) in various styles to suit every taste and circumstance."¹ The water bus tours were also an attempt to let the market try out the lifestyle. Success is achieved if the potential buyer then adopts the project and proceeds to purchase a plot or home at the Marina. The speed with which different people within the market segment will make a buying decision varies tremendously. It depends on many factors such as risk, scepticism, etc., and as the Marina is a new product in an old area, it arouses many of these questions and doubts in peoples' minds. And yet the venturesome will proceed and buy and thereby act as opinion leaders for others to follow. In many ways,

¹ The Argus - Page 9

(21)

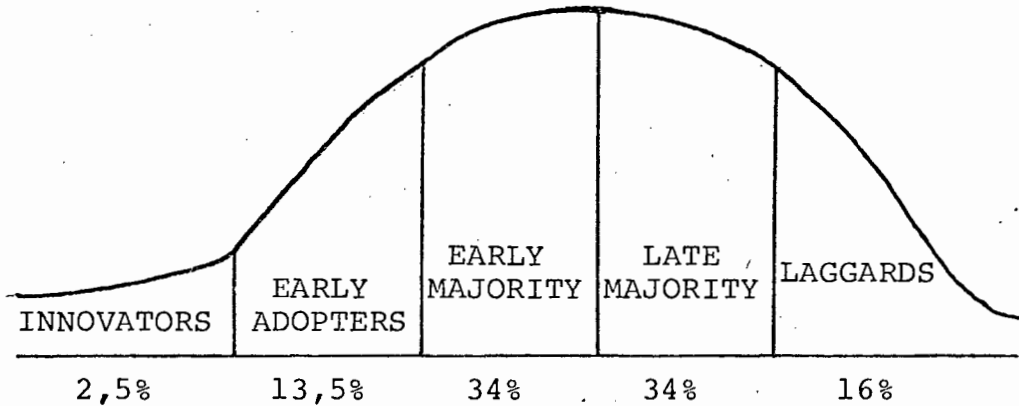
² The Argus - Page 2

(9)

the creation of the Village at Eastlake was designed to eliminate some of the doubts, and reduce the element of risk by showing people that it was possible to achieve the lifestyle purported to be available at Marina da Gama. "The sales strategy of Marina da Gama is to sell plots of land to individuals and developers. The houses in the Eastlake area of the project were built for promotional purposes to boost the sales campaign and give would-be purchasers an idea of what the completed Marina would look like."¹ The leaders in the adoptive process would buy and the others would see people living and enjoying their lives at Marina da Gama, thereby making the proposition even more attractive. The theory of innovation diffusion applies in this case in that "the opinion leader ... is instrumental not only in passing on information to potential consumers but he also re-enforces the message impact of advertising."¹ This theory states that within a group of potential buyers for any new product, there are always some buyers who are innovators and pacesetters, while others are early adopters and yet a third group are late adopters. For every purchaser, "the adoption process moves through the stages of awareness, interest, evaluation and preference to a purchase decision. Those who first arrive at the purchase decision become the innovators. After that in order are the early adopters, the early majority, the later majority and finally, the laggards."² The length of time taken by the laggards to make their purchasing decision determines the length of the product life cycle. The Marina succeeded in attracting the innovators and many of the early adopters but it is experiencing difficulty with the target group, consisting mostly of the early and late majority.²

¹ Peter Womersley - Page 22 (23)

² Everett M. Rogers - Page 162 (24)



TIME OF ADOPTION
NORMAL CURVE OF DIFFUSION (%)

"Personal influence plays a very large role in the adoption of new products"¹ and for this reason, it was vital that the first residents were carefully selected. The Marina made sales to leading personalities such as Dr. Christiaan Barnard and this helped to give the project a sense of approval and adoption. However, the characteristics of the Marina were foremost in its rate of adoption. The planned environment with waterways, waterfront gardens and landscaped walkways were vital factors in getting a rapid acceptance while the efforts to tame the wind and stabilise the sand are examples of problem solving activities which quickly gain approval from the buying public. These features are "the kind of things that make a unique, exciting and highly desirable place to live in - one about which the residents will tell their friends and encourage them to move in as well."² The decision to halt the development on the Eastern side of the project however, resulted in increased scepticism and often false accusations that no problem solving activities were in fact undertaken. These accusations have largely been levelled by people who have not bought at the Marina.³ And yet, when the survey was conducted

¹ Philip Kotler - Page 510 (4)

² Kevin Quinlivan - Page 3 (25)

³ The Weekend Argus - Property Section - Page 1 (26)

by Peter Womersley of the Graduate School of Business of the University of Cape Town in 1975, he found that 92% of the people interviewed and who were living at the Marina, said that they wouldn't reverse their decisions had they been given an opportunity to do so. "68% gave their reasons as being because they enjoy the way of life. This response indicated that, in terms of need satisfaction, the Marina was successful."¹

¹ Peter Womersley - Page 24

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CHAPTER X : PRICING POLICY

"All four basic elements of marketing - product, promotion, distribution, and price - contribute toward volume, but only price directly generates profit. The other three represent costs that, if reduced, can generate profit - but then only if the company holds its price."¹ Micro-economic theory and general equilibrium theory has always stressed the importance of the price variable in finding the equilibrium between supply and demand. This factor does play a major role in the consumer and industrial fields and its role in the property industry is equally important, especially as other pricing factors such as terms, mortgage bonds, etc., do influence its importance. With the development of marketing techniques such as advertising, promotion, branding, image, etc., the role of the price variable has become more clouded. This is particularly true when quality comes into the picture because the reaction of the market to a qualitative change is not as easily measured as is its reaction to a quantitative change which is the basic characteristic of the price variable. Thus non price variables such as quality and advertising, which were first given formal recognition by E.H. Chamberlain in his Theory of Monopolistic Competition, began to play a distinctive role in the determination of the level of demand. In fact, in some cases, a rise in price has resulted in a greater demand than a drop in price. The property industry is an investment industry and the market is more favourably disposed to the product if its price is seen to be rising. A drop in price indicates a bad investment and results in a decline in demand. In other words, the higher the price

¹ Business Week - Page 42

increases, the greater the confidence of the market that the product has a good investment potential because of its quality and desirability. It is thus apparent that the pricing philosophy in the Marina's case was vitally important and a complex decision process. Setting the right price is no easy thing, especially as the product is new in concept and therefore "past experience is no sure guide as to how the market will react to any given price."¹ However, Dean established three major objectives which are vital for a successful pricing policy. These were firstly, "getting the product accepted ... (secondly) ... maintaining your market in the face of growing competition ... (thirdly) producing profits."¹ With these three objectives in mind, the formulation of the pricing philosophy of the Marina was shaped during the planning stage. This philosophy was at first based on "penetration" of the market but was altered to one of "skimming" with the change in overall marketing policy.

In 1958 the Brookings Institution published a book called Pricing in Big Business in which its authors decided that there were four basic pricing objectives. "(1) A target return on investment (2) stable prices and markups over costs, (3) a specified market share, (4) a competitive position."² All four of these objectives played a part in the Marina's pricing philosophy although the question of "taking advantage of product differences"² dominated thinking when the policy changes were adopted.

"A policy framework should lead to pricing, which is consistent with company objectives, costs and demand for the product."³ In establishing the price of land at the

¹ Joel Dean - Page 163 (2)
² G. Burck - Fortune Magazine (3)
³ Donald F. Mulvihill - Page 5 - 7 (4)

Marina a combination of cost, demand and competition analysis was made and with the objective of the developer in mind, the pricing philosophy was developed. Although this philosophy was carefully determined initially and based on the longer term view, it was changed subsequently with the change of objective of the developer to a short term view of generating an early cash recovery. One of the major problems in the property industry and particularly in township development, is the high cost of providing services, initial investment in the land, landscaping programmes, etc. This creates an almost impossible problem in terms of determining the costs per plot and therefore it would not be possible to use the cost plus or mark-up pricing techniques. The most effective method is a combination of target pricing with a direct relationship to the demand curve of the product. Target pricing is the process of determining "the price that would give the developer a specified target rate of return on its total costs at an estimated standard volume."¹ Here again, the discounted cash flow model which is based on research into absorption rates, sales targets and competitive pricing policies determines the discounted rate of return. From this model, sales prices can be determined in general.

Alfred R. Oxenfeldt outlined six successive stages in pricing a product in an article published in the Harvard Business Review of July - August, 1960. These stages began with "selecting market targets"² - a process that has been outlined earlier and which was re-enforced by the Marina's research activities.

¹ Philip Kotler - Page 525 (5)
² Alfred R. Oxenfeldt - Page 125 (6)

This was based on the analysis of the firm's objectives, opportunities, commitments and capabilities and those of the competition. This is followed by "choosing a brand image"¹ and this too has been examined under the product policy section where the image of a leisure living lifestyle was considered most appropriate. This has to do with the benefits mix which appeals to the target market and the communication of those benefits in order to generate appeal through their specific meaning to the market. The third stage is "choosing a marketing mix"¹ and this is the process that is being examined in this and succeeding chapters. This process is aimed at assigning a particular role to pricing as an element of the mix as well as the persuasion component to communicate the desired customer benefits mix. The fourth stage is "selecting a pricing policy"¹ followed by "determining a pricing strategy"¹ and finally "arriving at a specific price."¹ Each step in this process is "calculated to simplify the succeeding stage and to reduce the likelihood of error."¹ The difference between policy and strategy lies in the fact that the former is designed to deal with "anticipated and foreseeable situations of a recurrent type,"² while the latter is designed to make adjustments "during the time that the special situation endures"² which has necessitated change as the policy was aimed at regular events.

The multistage approach to pricing is a system conceived to improve the price decision by dividing it up into "manageable parts, each one logically antecedent to the next, so that the decision at every stage narrows the range of options and facilitates subsequent decisions."³

¹ Alfred R. Oxenfeldt - Page 126 (6)

² Alfred R. Oxenfeldt - Page 132 (6)

³ Alfred R. Oxenfeldt and Anthony O. Kelly - Page 5 - 32 (7)

The major overriding objective of this approach is to take account of long-range objectives in establishing and selecting price policies. With the Marina, there was no conscious adoption of this process, although the relevant parts of the system were there. Furthermore, the decision to adopt a skimming policy was taken in violation of the other elements in the mix. Had the multistage approach been adopted it would have "eliminated the danger that a pricing decision will be opportunistic, gaining some profit in the present, while creating severe difficulties to be overcome in the future."¹

Price discrimination is a major element of the Marina's pricing strategy but the pricing policy is not directly related to that of the competition. In fact, in setting the pricing policy for the Marina, the three questions set by D. Maynard Phelps were most appropriate. "(1) How distinctive is the product when compared with others of its class? (2) How important are the distinguishing features of the product to consumers? (3) How much extra will consumers be willing to pay for a product embodying these characteristics?"² While the product is the same as that of the competition, i.e. land, its particular attributes and facilities make it more distinctive and unrelated and for this reason, these quality factors take a major role in determining demand as opposed to the degree of influence of price. "A product that has original and distinctive features setting it apart from competition will not compete so directly in price."³ Nevertheless, "price must be viewed as a device for communicating favourable messages to persuade customers to buy."⁴ Naturally this does not mean that the price must

¹ Alfred R. Oxenfeldt and Anthony O' Kelly - Page 5 - 32 (7)

² D. Maynard Phelps - Page 72 (8)

³ Robert Leduc - Page 76 (9)

⁴ Alfred R. Oxenfeldt and Anthony O' Kelly - Page 5 - 36 (7)

be very low as this could give the wrong image and work against the other elements of the mix. After all, "the consumer judges the worth of the product in relation to its price."¹

People are prepared to pay more for the Marina's distinguishing features as long as the product has its "protected distinctiveness."² But this is "doomed to progressive degeneration from competitive inroads. As new competitors enter the field and innovations narrow the gap of distinctiveness between the product and its substitutes, the seller's zone of pricing discretion narrows."² Nevertheless, it is true to say that the Marina has been planned with certain features that are distinguishable and most unlikely to be found in other developments which may be regarded as competition.

During the planning stage of the Marina, cogniscence was taken of the existing price of land in the areas traditionally serving the prime target market of the Marina, namely Newlands, Rondebosch, Kenilworth, etc. The objective of the developer was to set the prices relatively low at the start "in order to stimulate the growth of the market and to capture a large share of it."³ This objective, known as the "market penetration objective,"⁴ would highten demand and with the increase in demand, prices would be allowed to increase slowly.

This would have two effects. Firstly, it would provide evidence to those who had purchased a home or a plot at the Marina and to those intending to do so, that the

¹ Robert Leduc - Page 75 (9)
² Joel Dean - Page 5 - 52 (10)
³ Philip Kotler - Page 525 (5)
⁴ Philip Kotler - Page 520 (5)

project was a good investment and therefore likely to be considered a desirable place to live among the market. The business sector, and in particular, the speculative builder who forms an important segment of the market, would also watch the pricing situation carefully as this gives him a guide to the growing investment value of the project. The second effect of this pricing strategy is that a steady increase in price helps to generate a further increase in demand in that the buying public is motivated in buying now before the prices go up too high for them so that they will be unable to purchase. It was always considered a cardinal principle not to price the product out of the market as this would have long term ill effects and could result in having to lower prices in order to sell plots at a later stage. The lowering of prices has a bad psychological effect on the market, indicating a downward trend in investment worth and demand. This must be avoided, especially as the Marina is a ten year project with some 1500 plots.

The pricing policies and philosophy "must show the relationship between the pricing framework and the company's marketing and general objectives."¹ With the Marina's change in objectives and the need to generate an early cash flow, it was decided to adopt a "market skimming" policy. This policy was based on the belief that the Marina "represented a drastic departure from accepted ways of filling a demand"² and therefore it was likely that the volume of sales would not be affected by price. Moreover, the policy enabled the developer "to take the cream of the market at a high price before attempting

¹ Donald F. Mulvihill - Page 5 - 7 (4)

² Joel Dean - Page 163 (2)

to penetrate the more price sensitive sections of the market."¹ Furthermore, the policy would enable the developer to feel the market demand for the product. The incredibly successful launch of the Marina was however, rather deceptive in leading the developer to believe that there was a depth to the demand, whereas most of it came from people not conscious of price and who had been presold by the favourable publicity given to the project. However, the great advantage was that it produced a high volume of sales in terms of cash at an early stage which provided the "funds for financing expansion"¹ into the other areas of the project. The ease of moving from a "skimming" to a "penetration" policy in the property industry is not as simple as in the consumer products industry because of the economic forces and the psychology of a constant appreciation in land values. The two contrasting pricing policies of "skimming" and "penetration" are shown diagrammatically in Exhibit A on Page 137.

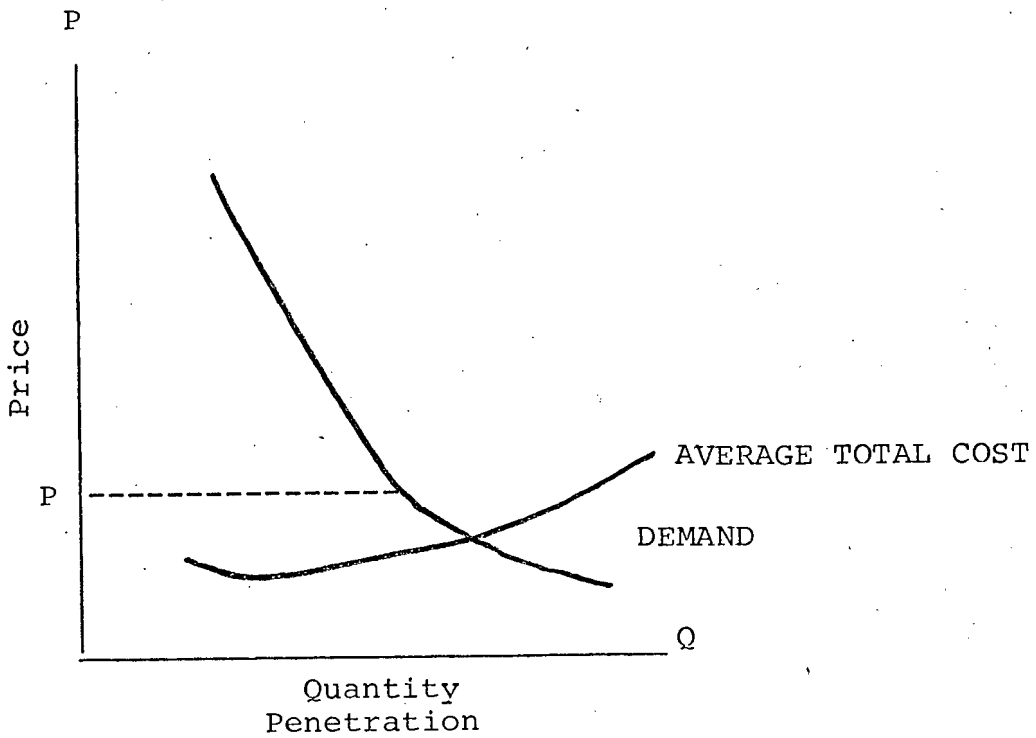
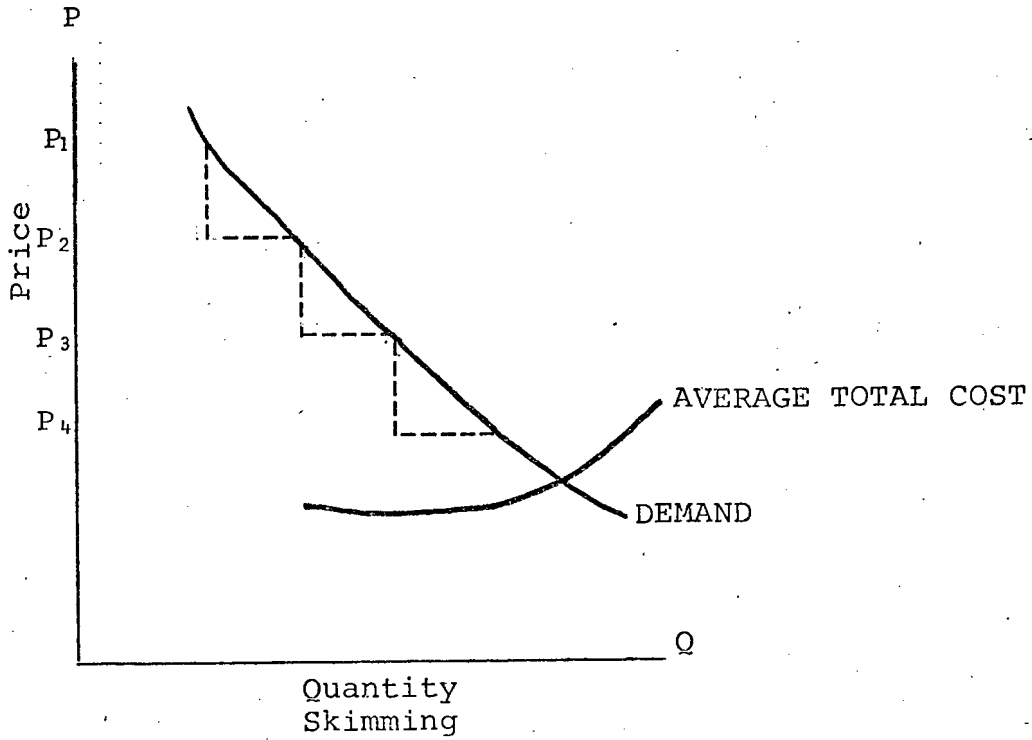
The Marina decided "to take advantage of the fact that some buyers always stand ready to pay a much higher price than others because the product ... has high present value for them."² The test marketing programme and early public relations campaign built up a large waiting list of potential buyers. Moreover, the tremendous word of mouth campaign initiated before the launch, together with the favourable press coverage that the Marina received, had created an immediate demand for plots and houses. This demand had been stimulated amongst a small segment of the market that was quite prepared to pay a high price in order to get the property they wanted. With this situation being prevalent and the need to generate an early cash flow, the prices were raised by as much as 40% in some

¹ Joel Dean - Page 163 (2)

² Philip Kotler - Page 520 (5)

EXHIBIT A

SKIMMING AND PENETRATION PRICE POLICIES¹



¹ David T. Kollat, Roger D. Blackwell and James F. Robeson

cases in order to skim the market. "Skimming, or charging as much as the traffic will bear ... generates high initial profits"¹ but unless there is some depth to the demand at that price level, sales will drop off until prices are lowered. The degree of success that such a policy would have in the property industry is questioned however, and it is vital to take a longer term view. "Penetration pricing ... relies on low prices to gain instant dominance in a market and to build a stronger long-range position of leadership."¹ On the other hand, milking or skimming the product has the effect of taking a maximum profit in the shortest time possible. "It is sold for the highest price that the market will allow. This is the policy to follow when ... the company is not trying to conserve its long term future in the market."²

The demand for property at the Marina was tremendous and initial sales far surpassed expectations in spite of the skimming policy. Prices went up further and a rush to buy developed; for example, Marina house plots of approximately 300 sq. metres in size sold for R30 per sq. metre, which was far in excess of the price of R5250 per plot established previously and shown in Exhibit B, an extract of the Resume of Research prepared by Mrs. D. Ehlers of Anglo American Planning Services. (Page 3) In the short term even this 40% increase appeared to be reasonably low for the apparent demand. "Correct price strategy for the township development was devised, which allowed the earlier buyers to benefit from their enterprise. Prices were initially set low to gain acceptance of the scheme and then escalated slightly."³ The developers appeared to

¹ Business Week - Page 47 (1)
² Robert Leduc - Page 81 (9)
³ The Argus - Page 11 (11)

EXHIBIT B

THE PRICE SIZE RELATIONSHIP OF SPECIAL RESIDENTIAL
GROUND IN CAPE TOWN (BASED ON PROPERTY SALES IN 1971)

| | 300 SQ.M. | 500 SQ.M. | 750 SQ.M. | 1000 SQ.M. |
|---------------------|--------------|--------------|--------------|---------------|
| Constantia/Tokai* | - | R6 530 | R7 995 | R10 100 |
| Hout Bay | - | 4 200 | 6 945 | 7 400 |
| Kommetjie | - | 2 550 | 3 650 | 2 800 |
| Fish Hoek | - | 4 400 | 4 972 | 6 000 |
| Simonstown | - | 3 700 | 3 645 | 3 900 |
| Goodwood | - | 4 100 | 3 795 | 6 600 |
| Parow | - | 2 895 | 3 200 | 3 560 |
| Somerset West* | - | - | 2 000 | 3 700 |
| Strand | - | 2 000 | 3 300 | 5 800 |
| C.C.C. Camps Bay | - | - | 6 645 | 12 100 |
| Gardens/Orangezicht | - | 8 375 | 5 752 | 9 800 |
| Rugby/Brooklyn | - | 7 060 | 11 400 | - |
| Rondebosch* | 6 180 | 8 500 | 3 500 | - |
| Claremont* | - | 3 700 | 11 250 | - |
| Newlands* | 5 598 | 9 000 | 10 300 | 15 000 |
| Kenilworth* | 6 120 | 8 125 | 3 850 | 18 000 |
| Bergvliet* | 4 299 | 3 500 | - | 4 300 |
| Muizenberg | 2 586 | 3 230 | - | 3 700 |
| Marina da Gama | 5 250 | 9 000 | 12 000 | 16 540 |

* These areas are more relevant in terms of competition to the Marina project.

be following the policy planned in theory but the practical situation was that the demand lacked depth and the so-called "low" prices soon appeared to have been set too high.

The small market became saturated and demand began to wane. Political and economic conditions deteriorated and the Marina looked to speculators in the Transvaal and South West Africa in order to maintain prices and sales levels. While there is no specific evidence of a problem, it is anticipated that this short term policy might soon bring the Marina to the point where a problem of how to sell its remaining plots in the new extensions coming on the market will arise.

"The price maker who ignores demand does so at his peril. The price maker who takes undue advantage of a demand that is temporarily in excess of supply by charging a price higher than his competitors may gain for a while. But the company may lose out in the long run because of the public ill will it incurs."¹ The evidence of a rush of initial sales at the start and the subsequent slackening off was highlighted by Peter Womersley. "A comprehensive publicity campaign was launched when the plots and houses went on sale and almost all available property was purchased immediately. Subsequent sales have failed to keep pace with the initial surge."² The summary of sales as at 30th September, 1975, shown in Exhibit C, indicates that 397 units had been sold "but the majority of these sales took place in the first six months after the official opening,"² which underlines the lack of depth in the initial demand. Furthermore, it was found that "not only have sales for the current year (1975), fallen, but they are also below the target of 280 units a year, set out in the company's marketing strategy."²

¹ Jules Backman - Page 5 - 16

(13)

² Peter Womersley - Page 20

(14)

EXHIBIT C

MARINA DA GAMA: SALES SUMMARY AS AT 30 SEPTEMBER 1975

| EXTENSION | ZONING | NUMBER OF UNITS | | VALUE | | TOTAL | |
|----------------------------|---------------|-----------------|--------|------------|------------|-------|------------|
| | | SOLD | UNSOLD | SOLD | UNSOLD | UNITS | VALUE |
| EASTLAKE - EXT.NO.1 | S.R.*Plots | 132 | 12 | R1 672 490 | R 146 100 | 144 | R1 819 590 |
| | Houses | 40 | - | R1 459 840 | - | 40 | R1 459 840 |
| | Blocks(15x12) | 180 | 108 | R1 073 840 | R 651 000 | 288 | R1 724 840 |
| | Business | 2 | - | R 190 871 | - | 2 | R 190 871 |
| | SUB TOTAL | 354 | 120 | R4 397 041 | R 798 100 | 474 | R5 195 141 |
| EASTLAKE NORTH EXT.NO.2 | S.R.*Plots | 43 | 180 | R 605 427 | R2 373 100 | 223 | R2 978 527 |
| | Blocks(12x12) | - | 144 | - | R 997 700 | 144 | R 997 700 |
| | SUB TOTAL | 43 | 324 | R 605 427 | R3 370 800 | 367 | R3 976 227 |
| | TOTAL | 397 | 444 | R5 002 468 | R4 168 900 | 841 | R9 171 368 |

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Source: Company records

*Single Residential

The price levels are now artificially high because some of the major facilities such as the golf course have been eliminated. These facilities were planned at the time of the launch and helped to create the higher price level but with the elimination of these facilities and the saturation of the small segment of the market that can bear such expensive plots, there is going to have to be some kind of downward price response which could be harmful to the project as a whole. Already sales are extremely bad and the sales force has had to be cut down drastically. The demand has waned and it may be necessary to offer the remaining extensions at prices on the basis of not having as advantageous a location or as many facilities as Eastlake had at the time of its launch. "The marketing landscape is littered with the mistakes of companies that priced the wrong product too high"¹ and it is becoming evident that the Marina's initial pricing policy of skimming the market may have been a mistake. "The big imponderable, of course, is how high to price without pricing yourself right out of the market."¹

The market's reaction to the changes in price structure could be determined by the price elasticity of demand. "This concept describes the relationship between changes in prices and the accompanying changes in demand."² The concept would determine the amount of benefit that the Marina would gain by dropping its price and thereby determine whether the demand is elastic or inelastic. If the answer is negative, then the other marketing techniques will have to be resorted to, such as giving easier terms, providing additional facilities and subsidizing bulk buyers. In all cases, it is probably

¹ Business Week - Page 48

(1)

² Jules Backman - Page 5 - 11

(13)

likely that the product life cycle may have to be extended and the developer will have to wait a longer time to achieve an acceptable return.

Turning now to the pricing policy of individual plots, each extension will be treated as its own entity with its own benefits and attributes. One or two islands in each extension will have premium prices to compare with prices in prestige areas such as the Southern Cross Drive Valley, Constantia, Upper Kenilworth and Bishops-court. The price range in the other parts of the extension should be lower in order to put them on a par with areas such as lower Tokai and lower Constantia and even some of the smaller plots in Newlands and Rondebosch.

Price discrimination on a place basis forms the strategy in the pricing of the plots. Firstly, the plot's position in relation to water is important. Those plots with water frontage are valued considerably higher than those off water. The price discrimination increases with time. "Scarcity value"¹widens the gap between on-water and off-water property with "the prices of on-water property, in relation to off-water property starting to rise. Overseas experience shows that the disparity between the two can rise to as much as 1:4 in favour of waterside land."¹ Secondly, the location of the plot in relation to the rest of the extension is important. Plots on an island are valued higher than those on the mainland. This would apply to a lesser degree in the case of Marina houses, which all have water frontage and are generally on the mainland. Thirdly, the plot's position in relation to parks and public open spaces will result in a premium for those in close proximity over those that are sandwiched

¹ The Cape Times - Page 11

between other plots and at some distance away. Fourthly, the orientation of the plot to the sun and water is a factor. Prices generally increase from off-water plots, to plots south on water, then to east on water and finally to those north or west facing onto water. Since the majority of west on water plots overlook large expanses of water and have a mountain view, making outdoor living distinctly desirable, these plots are valued on a par with the north facing plots. The fifth factor is the length of the plot's water frontage. The greater the frontage onto water, the higher its price. This factor is related to the plot's shape and dimensions. And finally, the area of the plot plays a role in the price determination - not on a flat rate per square metre, which can create unrealistic high differentiations between contiguous plots with identical characteristics. In most cases, a buyer makes an assessment of a plot in terms of its visual benefits - view, water, size, etc. - then decides if it will suit his requirements.

The pricing philosophy towards the special residential plots (Marina plots) has been treated differently from the single residential plots outlined earlier. Because the sites are small and all on water, a higher price per square metre should, in theory, be obtained than for the single residential or island plots. The Marina sites do have the advantage of not being subjected to building line regulations which has the effect of allowing a larger house in relation to plot size than could be the case with an island plot. The one big drawback is that separate title can only be given to each Marina subdivision once full development of the composite site has taken place. Thus sales to individual purchasers are almost ruled out, unless the group is in mutual agreement as to the overall development of the site. Consequently, these sites have proved most popular among speculative

builders and developers who have developed sites and sold off individual units at a profit. Because of the need to bring in the third party, it has proved necessary to introduce an element of price discrimination on a customer basis also. Therefore, the sales of these plots have been subjected to some form of negotiation such as delayed transfer, low deposits and interest-free payments with a sole agency to the Marina sales force to sell the completed unit. In this way, the prospect of making a profit at the Marina has been increased and more speculative builders were attracted to the scheme. Furthermore, the availability of building bonds is an added advantage in that the purchaser could automatically pass on the bond to his individual buyers.

The final aspect of pricing is the determination of the specific prices. This is the process of setting the price "by a comparison of the costs and revenues of the alternative prices within the zone determined by the prior stages of the pricing decision"¹ - namely the firm's basic commitments and resources, including its target market, its image, marketing mix, detailed pricing policy and pricing strategy. This, as explained earlier, is not an easy task in the case of the Marina where huge capital costs are incurred on the overall development. Some basic costing is used by applying an overhead and development cost factor to each plot. This factor provides a reliable indication as to the average price per extension. Adjustments are then made for each specific plot and house in order to arrive at the specific price. With this in mind, it is obvious that "price cannot be managed in isolation but is one part of an integrated mix of appeals put together by the marketer to win the patronage of his target customers."² The pricing policy

¹ Alfred R. Oxenfeldt - Page 132 (6)

² Alfred R. Oxenfeldt and Anthony O'Kelly - Page 5 - 24 (7)

must be made to "mesh" with the other aspects of the mix in order to complete the overall effectiveness of the marketing thrust. "Improperly handled price moves can destroy the effectiveness of other marketing efforts, mainly by undermining their basic logic and credibility."¹

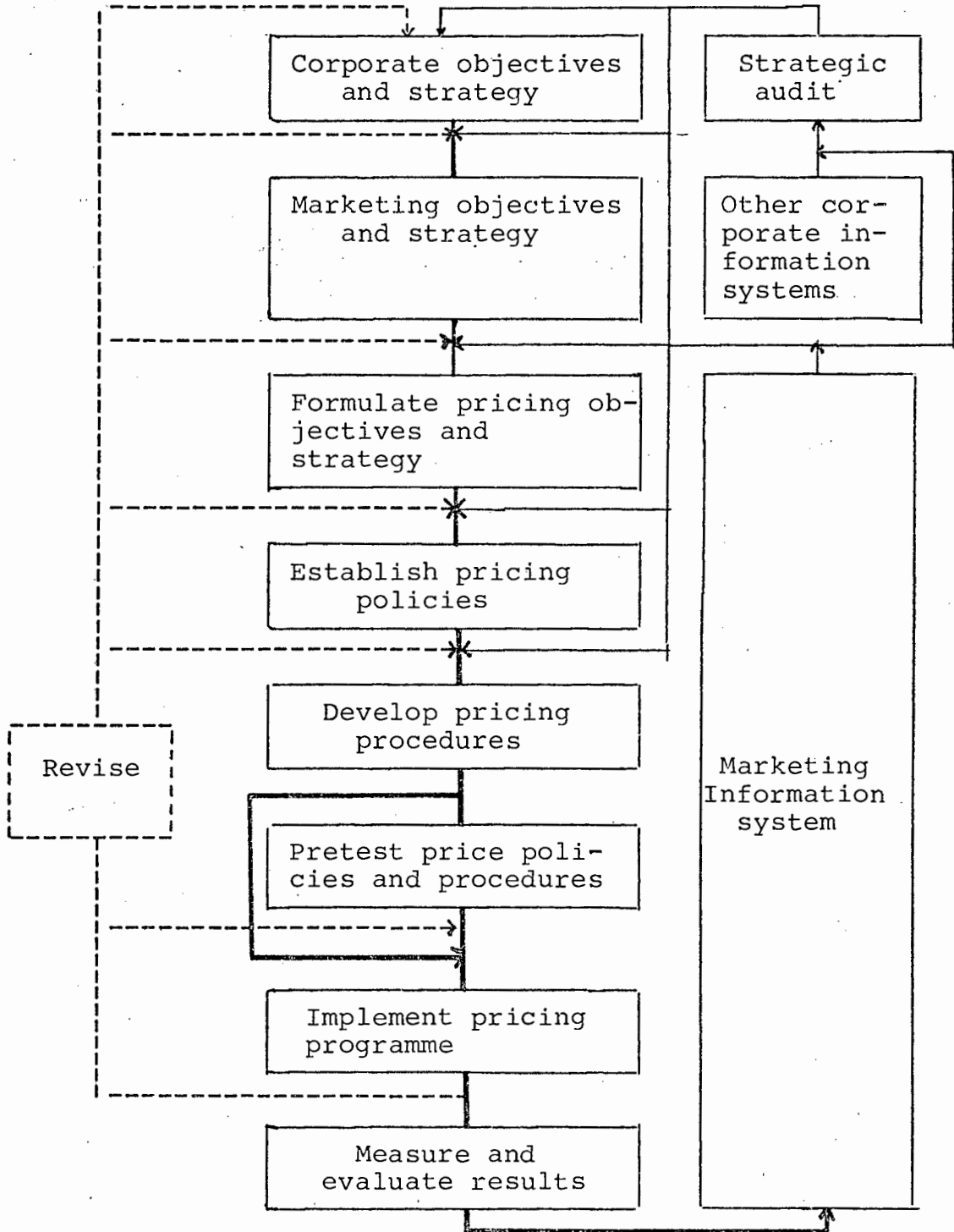
The change of objective by the Marina's management team did not result in any apparent change in other elements of the mix other than pricing and this factor undermined the primary target market's belief and goodwill towards the project. The public relations and educational programmes were discredited and the effect of this is only being felt now with the drop in demand. "The search for synergistic - rather than redundant or cancelling - relationships among price moves and other elements of marketing strategy must be an overriding concern of the marketer."¹

Exhibit D on Page 147 provides a diagrammatic example of a systematic approach to pricing. While all or only some of these steps may be used in establishing a pricing strategy, this systematic approach does provide a basis for achieving a co-ordinated pricing plan and control system.

¹ Alfred R. Oxenfeldt and Anthony O'Kelly - Page 5 - 24 (7)

EXHIBIT D

A PRICING PLANNING AND CONTROL SYSTEM¹



— Programme
— development flow
— Information flow
--- Revision cycle

¹ David T. Kollat, Roger D. Blackwell and James F. Robeson

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 and JAMES F. ROBESON "Strategic Marketing" - Holt, Rinehart and Winston Inc., 1972.

CHAPTER XI : CHANNELS OF DISTRIBUTION

The channels of distribution are the intermediaries that exist between the producer and the end user and the role and method of distribution affects the other marketing variables. A channel of distribution consists of "the course taken in the transfer of title to a commodity."¹ This route "necessarily includes both the origin and the destination."² In the consumer industry it may well be a system of wholesalers or manufacturers representatives while in the property industry this role is performed in a number of alternative ways. One of these ways is to appoint agents, known as real estate agents to handle the sale of the product, while the other is to appoint an in-house sales force of brokers. These estate agents have been defined as "a business unit which negotiates purchases or sales or both, but does not take title to the goods in which it deals. He commonly receives his remuneration in the form of a commission or fee. He usually does not represent both buyer and seller in the same transaction."³ Similarly, a broker has been defined as "an agent who does not have direct physical control of the goods in which he deals, but represents either buyer or seller in negotiating purchases or sales for his principal. The broker's powers as to prices and terms of sale are usually limited by his principal."³ In each case the number of intermediaries can vary between the producer and the end user. The estate agency would have brokers working for it on commission, thus adding a further link in the chain. This would be called

¹ Theodore N. Beckman and William R. Davidson - Page 230 (1)

² William R. Davidson - Page 33 (2)

³ Marketing Definitions (3)

a two stage marketing channel in that there are two intermediaries involved. Where, however, the producer employs brokers itself to market its product, then this is called a one stage marketing channel.

In the Marina's case, it was planned at first to use Creative Estates Limited, an estate agency firm that belonged to Anglo American Corporation. However, the relationship would be treated at arms length and the Marina would appoint Creative Estates as its sole agents to sell its houses and plots. As planning advanced, it was realised that the marketing needed to be more sophisticated and advanced than was the usual custom in the property field in the Cape. An in-house sales force that was trained and equipped to handle the sales of the Marina's lifestyle was considered a better distribution channel and so the idea of using Creative Estates was dropped. In fact, the decision to make the sales force in-house resulted in Anglo American's decision to close down Creative Estates and transfer part of its experienced sales staff to the Marina. This staff was to form the nucleus of the in-house brokers to sell the products of the Marina. Furthermore, the Managing Director of Creative Estates was appointed Sales Manager of Marina da Gama and appointed to the Marketing Committee.

The subsequent change in policy and the increased pressure from top management to achieve an early cash recovery, resulted in the decision, one month prior to the launch of the project in October, 1974, to appoint Messrs. Geoffrey Seeff & Company as joint selling agents with Marina's in-house brokers. "In addition to providing

half the sales team, Mr. Seeff's company was able to back up the Marina management with specialist knowledge of the Cape property market."¹ The decision was taken more out of a lack of confidence than a carefully thought out marketing decision and by 1976 the association was broken and the Marina reverted to using its own brokers only. Mr. Seeff himself admitted that the appointment was largely designed to improve the developers' confidence in the marketing strategy. "We joined the marketing effort at the right time to be able to reassure the developers of the correctness of their policy."¹ His company was able to provide information from the market place and compare the Marina's achievements "in relation to trends in the broader property market."¹ One of the major problems in mixing the channels as they did, was that the Marina's brokers who had acquired the specialised knowledge and understanding of the marketing principles involved, were marketing orientated while the estate agency which had none of these special skills and knowledge as it was accustomed to the traditional means of property selling, was sales orientated. The short term view of achieving exceptional sales at high prices would have been achieved without Geoffrey Seeff & Co. and in fact the conflicting approach of the two channels came to a head in 1975 when sales started dropping off.

Distinctive flows are established in the marketing channels such as the physical flow of the undeveloped plot, which is first serviced and in some cases built upon, and then finally it is transferred to the buyer. The title flow covers the actual transfer of ownership of the property from the Marina to the purchaser, while the payment flow is slightly more complicated. This involves the payment of a deposit of 10% of the purchase price and the subsequent application for mortgage

¹ The Cape Times - Page 11

bond finance. In some cases however, a cash transaction takes place in which case no mortgage finance is required. Upon the granting of the finance application when this method of payment is used, the mortgage bond is registered and upon taking transfer of the property, the buyer has to pay the balance of the cash portion to the Marina or its appointed agents. The building society then transfers the balance of the purchase price to the Marina and when this is done the commission is paid to the broker or the estate agent. The commission is laid down by the Institute of Estate Agents of South Africa and in the case of land is 5% of the selling price. The tariff of commission for houses is 5% on the first R10 000 of the selling price and 2½% on the balance of the selling price. The in-house brokers who are purely commissioned agents and receive no salary or retainer, are paid 50% of the commission for concluding a sale. In the case where the sale was concluded by Geoffrey Seeff & Co., the latter would receive 70% of the full commission and their individual broker would in turn receive only 40% of the commission paid to Geoffrey Seeff & Co. At a later stage this was increased to 50%, which in effect put both the sales forces on the same footing. (This commission split was the result of an agreement between Marina da Gama Ltd. and Geoffrey Seeff & Co. and was based on the fact that the cost of advertising and promotions was borne entirely by the Marina.)

The information flow is also very important in that it enabled the developer to receive feedback from the market

place about the acceptability or otherwise of his product. Similarly the developer would need such a flow to disseminate information that he may want to convey to the market place. A two-way system is created to exchange information. The Marina's appointment of a sales controller provided a formal information centre and helped to control the movement and availability of plots and houses. Finally, the promotion flow is concerned with advertising, public relations, merchandising etc., which must be developed and used to help generate a sale. This would cover the sales kits used by the sales force, such as brochures, plans, models and booklets covering the various facilities offered at the Marina.

An additional channel of distribution in the Marina is the speculator and the builder/developer. This channel consists of various firms or individuals that buy plots or houses to develop and sell at a profit. Various special deals are arranged and the Marina's sales force is appointed sole agents to resell the properties for these parties. In this case, the Marina's role changes from developer to broker and then from principal to agent. By allowing the speculator/builder to develop properties and resell for a profit, the Marina was succeeding in selling more property than it could otherwise have done on its own. Most people like to buy a completed house rather than a plot, especially at time of inflation when interest rates and building costs are constantly rising. For this reason, by attracting this segment of the market, the Marina succeeded in using it as a further channel of distribution and thereby it can capture a wider segment of its target market by

allowing them to provide the housing that is constantly demanded. Furthermore, the Marina had a chance of making additional profits in the form of commission resulting from the sale of these properties to the final end user as a result of its sole agency on resales. Examples of this were the sale of fifty plots to Bellandia Homes, Marina block sites to Resnekov & Nielsen and to International Housing Limited. All the completed units must be marketed through the Marina's sales force.

The need to use middlemen to sell is largely because of "their superior efficiency in the performance of basic marketing tasks and functions. Marketing intermediaries, through their experience, their specialisation, their contacts, and the scale of their business offer the producer more than he can usually achieve on his own."¹ This is particularly true as the broker is a salesman, motivated by the opportunity to earn money directly according to his achievements and success. He is a specialist in the domestic market and has been experienced and trained in the selling of houses and plots. With the added expertise provided by the training in marketing and support provided by the carefully selected marketing mix, the broker is capable of achieving more than a salaried member of the Marina da Gama development company staff. The brokers are specialist intermediaries and provide an effective channel for the distribution of the developer's plots and houses. Furthermore, by linking remuneration directly to performance, the developer is able to keep costs down to a minimum by not having to employ his own staff at fixed salaries. In addition, by providing a broker service to the speculative builder, the

¹ Philip Kotler - Page 556

Marina is able to benefit from the economy of scale in that the prospective buyers will be making contact with the Marina in any event, either by visiting the Visitors Centre or enquiring about possible purchase. In that way it is able to offer the buyer either its own plots and houses or those of its speculative buyers.

In determining the nature of the most suitable channel of distribution for the Marina, it was necessary in the first place to ensure that the channels met with the company's overall objectives. The channel objectives are affected by the characteristics of the Marina's target market. These characteristics include such factors as "number",¹ their "geographical dispersion"¹ which in this case extends throughout the country and their "purchasing patterns"¹ which vary according to whether the buyer is a speculator/builder or the end user. A further factor is the customer's response to various "selling methods"¹ which are to be employed in the Marina's marketing. This would include the role of the Visitors Centre, the use of show houses, water bus tours, etc. Naturally, the product's characteristics are also important. The Marina's products are of a "high unit value"¹ which makes it more desirable to use an in-house sales team rather than outside estate agents. The actual costs of sales is relatively low in relation to the selling price and yet a greater degree of control and producer participation is needed to ensure success with such a sale. The characteristics of the outside estate agents was also a factor. None had had experience in selling a Marina type product and its attendant lifestyle, and while companies like Geoffrey Seeff & Co. had a well respected and successful

¹ Philip Kotler - Page 566

record in the housing market, its specialised knowledge was not as advantageous or beneficial as it was at first thought to be. In all cases, the channel of distribution is fraught with the process of co-operation, control and conflict and the various relationships created between the developer and the channels are marked by these elements. However, the marketing concept of customer orientation "must permeate the entire channels of distribution policy"¹ and thereby ensure that the element of co-operation outweighs that of conflict. The process of exchange between buyer and seller is the basic source of conflict but other causes such as differing objectives and business philosophy do cause other forms of conflict. "For maximisation of channel profits and consumer satisfaction, the channel must act as a unit"² so that when the element of conflict begins to dominate the relationship, the producer must make a decisive move to stop it and reverse the trend.

In many respects the appointment of Geoffrey Seeff & Co. was influenced by the characteristics of the competitive market. On the whole, the domestic property industry is left in the hands of estate agents and Geoffrey Seeff & Co. is a particularly successful agent in those areas regarded as competition by the Marina. In other words, they were already dealing with members of the Marina's target market and it was therefore considered desirable that the Marina's products should be offered by them to the market. The appointment of the company as joint selling agents and excluding other estate agents from selling the Marina's products was an attempt at getting the best of two different channels. The developer's characteristics have played a minor role in channel

¹ Hector Lazo and Arnold Corbin - Page 379 (16)

² Bruce Mallen - Page 85 (17)

decisions primarily because the Marina has resisted the idea of using outside estate agents. It is a pattern of the Anglo American Corporation not to use outsiders when an in-house sales force is available. The decision to go to Seeff was due to force of circumstance with the result that the appointment was short lived and reversed later in 1976. Moreover, the unfavourable economic and political conditions prevailing in South Africa have led to a reduction in the number of sales and has prompted the decision to cut down on the number of brokers and thereby making the final split with Geoffrey Seeff & Co. necessary. "In a competitive society, it is necessary to review the performance of distribution channels periodically and to consider alternative channels in order to maximise channel efficiency."¹

The types of intermediaries available to the Marina were very limited. The established pattern was to sell either through outside estate agents or use in-house salesmen or both. The pattern in the industry already existed and the market was already accustomed to having to deal with a broker. The granting of exclusive rights to Geoffrey Seeff & Co. and the Marina sales force was designed to ensure a more aggressive and co-ordinated sales drive while at the same time, ensuring adequate control over the sales techniques, pricing, finance, and the type of buyer being canvassed. Above all, it was necessary that the prestige and the status of the Marina product be maintained and that its image be not impaired by allowing the product to be hawked around town by all or a number of estate agents.

¹ Edwin H. Lewis - Page 4 - 5

In addition the major channel objectives were met - "maximise sales; minimise cost; maximise channel goodwill; and maximise channel control."¹ The first two objectives have to do with profit maximisation, the second the need to nurture the goodwill of a major channel and thereby to gain his support and push for the Marina's product as opposed to other products he was handling and finally the vital element of control. The latter covers advertising, personal selling, etc., as well as the intelligence aspect and feedback from the market place.

The tasks that the brokers and the estate agents are expected to perform are easily identifiable. They are required to perform the sales function which involves making contacts, taking leads and undertaking a personal selling role in order to secure a sale. They are required to work non-routine hours and often are put on duty at showhouses or the Visitors Centre on weekends and after normal working hours in order to meet interested people and deal with enquiries in the hope of securing a sale. It is necessary for the middlemen to understand the product and its attributes and this must be "matched against the wants and desires of users. Channels of distribution serve to bring about this matching of goods and desires of potential buyers."² The promotional aspects are handled by the Marina itself in consultation with the sales force. However, in establishing these tasks it was necessary to set down the main elements of the relationship between the Marina and its agents and between the agent and the brokers themselves. These relations would cover "price policies, conditions of sale, territorial rights, and

¹ Bruce Mallen - Page 4 - 19

(9)

² Edwin H. Lewis - Page 4 - 4

(8)

the specific services to be performed by each party."¹ The Marina has an established list price for plots and houses and the channels must be aware of these prices. In some cases, allowance has been made for cash offers where the property can be offered at a price lower than the list price to a cash buyer. The price policy also covers the subject of mortgage bond finance, interest rates, terms, sales and minimum deposits being a percentage of the selling price. In fact there is a slight overlap of this aspect of the relations and the conditions of sale aspect. The latter is concerned with the Home Owners Association, its constitution and the architectural manual, the appointment of the Marina as sole exclusive selling agents upon resale etc. The third element of territorial rights, deals with the allocation of certain areas for the agents to operate in. Thus a broker may be required to sell in South West Africa only, while another is given the mandate to deal with speculative builders. A third broker may be given a number of houses to sell exclusively. The final area covers the terms of the relationship between the producer and the intermediaries and is concerned with commission rates, bonuses, benefits, sales kits, advertising budgets and entertainment and travel allowances. Responsibilities must be clearly defined and a system should be created to handle possible disputes. This system would revolve around a sales controller who would keep track of which plots had been sold, which sales have been cancelled or withdrawn, etc. All disputes among the salesmen as well as the sales control function would be handled by the sales controller. Special forms, documents and coupons are to be used to ensure that the Deed of Sale

¹ Philip Kotler - Page 574

is correctly completed and that the necessary deposits have been collected. Once the sale is accepted, all the salesmen would be notified according to the laid down procedures and the recording of the sale in a master book to which all are expected to refer frequently, must be undertaken.

In making a decision on which channels to use, it is necessary to evaluate the various alternatives. On economic grounds, it was difficult to distinguish between the Marina's in-house sales team that worked solely on commission and the outside agents that also worked on commission except that the in-house team would receive half the commission paid to the estate agency. At the time it was considered that the extra sales that would be generated by using Geoffrey Seeff & Co. would more than justify the extra expense. However, when it was realised that Seeff would have to use all the same sales tools and aids that the Marina was using as well as having to use the Visitors Centre, showhouses, etc., it became evident that in fact it was costing the Marina more to use the outside agents than it would had it relied on its in-house team. After all, the Seeff team was in every respect other than in name and remuneration, an in-house sales team. The economic considerations therefore weighed heavily against the Seeff agreement, thereby contributing to its final cancellation in 1976.

A further aspect in terms of evaluation is control. By using outside agents the Marina was faced with control problems. The estate agency was an independent business primarily concerned with its own profit maximisation and

this could lead to "suboptimisation from the producer's point of view."¹ Furthermore, the promotion of the estate agency's image and goodwill could come into conflict with that of the developer whose image should be more important than that of the estate agent. Control is therefore more difficult and complicated and was thus a further aggravating factor in the termination of the Seeff channel.

With the selection of its brokers for the in-house operation and the decision to go to Geoffrey Seeff & Co., as the sole outside agents for the Marina, it became necessary to adopt a thorough policy of motivating the channels to work efficiently and effectively. Sales are a part of the overall promotional strategy as opposed to the educational strategy such as public relations. "Promotion is split into mass promotion and personal promotion with the former paving the way by creating awareness and interest for the latter to convert this conviction into adoption."² As the Marina's product is so sophisticated and unlike the normal property product, it was necessary to ensure that the salesmen were also sophisticated and effective in their approach. Thus a thorough training programme was devised to ensure that they had those qualities needed to adopt a sophisticated approach. "The channels operate more efficiently when all are educated in the promotional techniques and uses of the products involved."³ In addition to this, a system of motivation was implemented. The commission aspect was fixed and determined by the Institute of Estate Agents of South Africa. But a number of incentive schemes were employed to motivate the salesmen even further. A floating trophy was

¹ Philip Kotler - Page 578 (5)
² Joseph C. Seibert - Page 275 (10)
³ Bruce Mallen - Page 76 (7)

presented to the top salesman at the end of each year and various smaller prizes were presented to the top three salesmen. This created an element of competitiveness between the salesmen in that it provided an added means of motivation by being able to receive recognition for achievement in addition to monetary rewards. A highly motivated salesman is usually very materialistic and such schemes were aimed at appealing to his sense of materialism to extract the best possible performance. With the change in channel policy, and the severing of the Seeff link, the number of in-house brokers was reduced to three. Bonus schemes have been initiated and in addition, a scheme of loan finance has been introduced whereby a salesman could draw money against future commissions. This scheme has added an element of urgency in the motivation process as the salesman now has to catch up with his borrowings during the lean times.

Evaluation of performance must also go hand in hand with motivation. Targets must be set and the achievements of the brokers measured against these targets. Where a broker has been lagging behind both the target and the performance of the other brokers, an investigation is undertaken to determine if there are any situational factors that might be to blame. A norm of acceptable performance must be determined at the outset with the brokers and any failures in keeping to this norm, if inexplicable, must be censured. As the team is relatively small and information flows easily, a self evaluation process is always evident as the one broker matches his performance against that of the other. The underlying element of competitiveness is ever present.

Whereas marketing in general has come to mean two things - "the search for and stimulation of buyers"¹ and "the physical distribution of goods"¹ - it cannot be regarded as having both these factors in the property industry. The product in this industry is immovable and therefore not capable of physical distribution. Title deeds, leases, mortgage bonds, etc. are representations of the physical product and these are capable of being moved but the actual product itself is a fixed commodity. And so with Marina da Gama, the communication and promotion aspects of the marketing strategy were designed to achieve the objective of seeking out the prospective buyer and motivating him into making a buying decision.

¹ Philip Kotler - Page 589

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CHAPTER XII : MARKET COMMUNICATIONS AND PROMOTIONS

By virtue of the system of buying and selling within a market where competition, choice and both subjective and objective opinions exist, companies in most industries, including the property industry, have had to become communicators. Moreover, this element of communication has become vitally important not only because it makes the market aware of the product's existence, but also because it can be used to expound on the product's attributes and merits. Much of this has to do with image building. The concept is an often quoted one but it plays a vital role in communications because "it implies both the transmission of a picture and the reception of a picture."¹ In order for the communication process to be effective, the image that is conveyed must be received and believed by the target audience. For this reason it is important that the image that is created "must coincide with the facts"² otherwise a credibility gap will develop between the company and its audience. The company, its products and its actions all communicate and the "firm strives to establish an emotional relationship between itself and its customers."³ The purchaser of a plot or a house at the Marina is not buying a piece of property but rather a place to live and a place to play. This is his new leisure living lifestyle. The survey carried out by Peter Womersley confirmed this motive. In determining the reasons for purchasing property at the Marina, "the answers tended to indicate that residents were attracted to living near the water and that 'lifestyle' was an important influencing factor .. Other factors indicated by 24% of the respondents were that the Marina had a new and unique image in housing."⁴

¹ Dean B. Randall - Page 13 - 4 (1)
² Dean B. Randall - Page 13 - 5 (1)
³ Philip Kotler - Page 624 (2)
⁴ Peter Womersley - Page 23 (3)

An efficient communications system has been used to educate and persuade the buying public to understand and appreciate the "boat at the bottom of your garden" concept. "Few development schemes in South Africa have generated as much interest as Marina da Gama"¹ and this helped to communicate the project's attributes and features.

An important communications operation, public relations, has been described as "the art of securing a favourable attitude to the aims and activities of an organisation, its management, and the goods or services it provides."² In communicating it is vital to promote a "favourable attitude" in order to win the support and loyalty of the buying public. In order to achieve such an attitude it is necessary to be persuasive. "Persuasive communication is said to take place when a communicator consciously arranges his messages and choice of channels to have a calculated effect on the attitude or behaviour of a specific audience."³ Kotler has called this type of persuasion "communisation" and the science of this communisation as "suasionetics". The Marina lends itself to the use of this art to secure a sympathetic attitude and thereby obtain favourable reaction from the buying public. As communication plays a major role in the tools of promotion - advertising, personal selling, sales promotion and publicity - it is important to define the different goals and to ensure that these tools have a co-ordinated approach to the overall promotional effort.

Three models exist in the suasionetics approach - "the

¹ The Argus - Page 9 (4)
² Ralph Glasser - Page 126 (5)
³ Philip Kotler - Page 624 (2)

rhetorical propagandistic and negotiation models."¹ The first is concerned with a situation of a "speaker addressing an audience"¹ and the use of the speaker's "character, emotion and proof"¹ to achieve maximum effectiveness. Thus, not only was this model used in the numerous presentations given to selected audiences around the country, but it was also used in the Marina's advertising campaign. The latter stressed the links with the Anglo American Corporation (character) while arousing emotion by capturing the picture of a boat at the bottom of the garden. The proof was conveyed by means of publishing statistics on the reduction of wind velocity through the use of wind deflectors as well as showing the completed Eastlake Village.

The second model, called the propagandistic model, is concerned with "the institution trying to win potential supporters"¹ and it involves the use of "rhetoric, atmospheres and events"¹ to achieve the objective. In this case, rhetoric is used in advertising and personal selling by "manipulating words"¹ to capture the attention of the market. "Discover a new lifestyle for all ages at Marina da Gama, South Africa's first inland and ocean marina. Stroll through a model community, where every detail is minutely planned to contribute to the overall harmony,"² stated the Argus supplement on the Marina in an effort to capture the audience's attention. Likewise, "atmospherics"¹ which is the word used to describe atmospheres, has got to do with the company image, the logo, product design, such as the township layout and even packaging, such as

¹ Philip Kotler - Page 625

(2)

² The Argus - Page 8

(6)

landscaping. "Marina da Gama, where everyday life is exciting"¹ immediately creates a vital atmosphere which will attract the market and arouse its interest. This is "the management of impressions"² and is closely linked with the uniforms the hostesses wear, the efficiency of the salesmen and their appearance, the thoroughness of the planning and the confidence in the project etc. The third aspect, events, is concerned with the staging of various "happenings"² which are designed to arouse excitement and interest in the buying public. Just such an event was the launch of the Marina with its official opening, speeches, furnished showhouses and public exhibition. These events stimulated extensive news coverage and aroused favourable reaction from the buying public. But even smaller, rather insignificant events can be turned into advantage by making them newsworthy - the transplanting of trees, the arrival of an American landscape architect, the signing of a contract, the creation of man-made rocks to compliment the atmosphere that has been created, etc.

The third model, the "negotiation model",² is concerned with one negotiator facing another negotiator to settle on the most favourable terms. In this, "inducement and threats"² play a positive and negative motivating role respectively. This is largely left to the personal selling function in that the salesman offers many inducements, such as low deposits, mortgage bond facilities, terms, etc., while always leaving an underlying threat that the buyer could lose the house by trying to bargain too much.

¹ The Argus - Page 11 (7)

² Philip Kotler - Page 626 (2)

These four models have come to be generalised into a fourth model called the "communication model".¹ The basic elements of this model are the communicator, the message, the channels and the audience. Whereas the "message flow"² starts with the communicator, the "planning flow"² starts with the audience. The latter determines what, how, when, where and who is to say it and for this reason it is necessary to analyse the audience a little closer and break it down into segments. The audience can consist of an individual, a group or the public and the wider the audience, the wider and less specific the message is. Similarly, the level of interest and awareness is important as the one audience may be at one level while a second audience at another level. Different types of messages and media will be used to motivate the buyer. In general, there are three stages - the cognitive stage, which is either attention, knowledge or awareness; the affective stage, which is either interest, desire, liking, preference or evaluation; and the action stage, which is conviction, purchase, trial or adoption. The degree of response also varies within each stage, but the principle factor is that the message needs to be tailored according to the various stages at which the audience might be.

Dorwin Cartwright, in his book, "Some Principles of Mass Persuasion", has outlined the process needed to lead a prospective buyer into action. The first step is that the audience's "sense organs"³ must be reached. The second step is that the message must "be accepted as a part of the person's cognitive structure."³ Thirdly, the action which it is hoped to stimulate "must be seen

¹ Philip Kotler - Page 626 (2)
² Harold D. Lasswell - Page 37 - Page 51 (8)
³ Dorwin Cartwright - Page 255 (9)

by the person as a path to some goal that he has."¹ This is obviously concerned with the action being a means of achieving a need or desire, and finally "to induce a given action, an appropriate cognitive and motivational system must gain control of the person's behaviour at a particular point in time."¹ These steps are important in the Marina's communication network in that the product was developed in response to the public's needs to enjoy a leisure living lifestyle and so the product must be seen to provide and satisfy these needs. By showing a photograph of a boat at the bottom of a garden, this type of emotion is stimulated and the buying public sees how its needs can be satisfied at the Marina.

A final aspect of the audience characteristic is the degree of persuadability. Obviously the more persuadable the audience, the less the intensity of the campaign and vice versa. This aspect of the audience's characteristics is important in establishing priorities and designing the communications campaign.

The second aspect of the planning flow is the channels that are used to reach the audience. Channels can be divided into two types - the personal contact between groups and individuals and the non-personal channels which are essentially the media. Further divisions exist in that the personal channels consist of "advocate channels"² which consist of the salesmen and the representatives of the Marina who aim at achieving a sale. The second group are "expert channels"² which consist of independent advisors who influence the buying decision through their particular expertise. These might be an attorney, an accountant, or even a yachtsman in the case of the Marina.

¹ Dorwin Cartwright - Page 255

(9)

² Philip Kotler - Page 632

(2)

The third division is the "social channel", which is composed of people who can influence the decision through social contact with the prospective buyer. They may be friends, business associates or even family members. This group is largely the "word of mouth"¹ channel and has a great bearing on a buying decision.

The non-personal channels on the other hand, consist of the mass media, such as newspapers, television, radio, etc. and the selective media, which often appeal directly to a specific target market. Atmospherics are part of the non-personal channels and are composed of the environmental design to motivate a buyer into making a positive decision. Just such an atmosphere is created in a furnished showhouse and in the carefully landscaped Eastlake Village, which captures the leisure lifestyle atmosphere. Even the moonlight water bus rides are part of the atmosphere. Finally, "happenings"² are created to communicate and influence a buying decision. This would cover the launch of the project and the various minor launches which follow.

In the property industry, the personal channels are generally more important and effective than the non-personal channels. The advertising campaign can arouse interest and an awareness in the Marina but the salesman is needed to conclude the sale and to remove any doubts the buyer may have. Advertising is "charged with communicating information about the product and persuading the potential buyers - but only this, and no more. Many elements outside of advertising can deflect, obstruct or even prevent the sale of a product, despite advertising,

¹ Philip Kotler - Page 632

(2)

² Philip Kotler - Page 626

(2)

however excellent."¹ Furthermore, because buying a house or a plot at the Marina is an expensive and infrequent event, the buyer usually relies on the advice and information he gets from experts and friends. The social factors are also important, therefore, and the status and acceptability of the area to one's friends and associates does have a major influence on the buying decision. The necessity to generate a favourable word of mouth campaign is vital for a project such as the Marina. Whereas, during the planning stage, and in the pre-launch stage, this channel was carefully nurtured and promoted to develop a favourable word of mouth campaign, the subsequent actions of the developer including the "abandoning 'for the time being' of all plans for developing the area it holds east of Prince George Drive"² resulted in a negative word of mouth campaign. The situation was aggravated as the developer had previously announced that the project would include "an ocean-going harbour for 500 boats and mooring for 1000 boats."³ The area that was abandoned "includes the proposed yacht harbour, golf course, airstrip and shopping centre. It also contains about half the original planned residential sites at Marina da Gama."² "White elephant", "failure", "ill conceived"⁴ and "a blunder"⁴ have begun to be used in describing the Marina, as well as harsher criticism from many sources, including the newspapers. The abandonment of the major portion of the development "caused profound disappointment among yachtsmen and also among the many people who had already bought property in the Marina scheme."⁵ The Argus even quoted the views of Kevin Quinlivan, who is a resident at the Marina. "At the moment it is merely suburbia with too many depressing

¹ Richard Manville - Page 6 - 109 (10)
² The Argus - Page 1 (11)
³ The Argus - Page 9 (4)
⁴ The Cape Times - Page 3 (12)
⁵ The Cape Times - Page 3 (13)

'For Sale' signs Unless something is done, people will start to leave."¹ Whereas the developer refuses to recognise the effect of this talk, it has coincided with the drop in the demand for property at the Marina. Typical of the developer's view was the statement by Malcolm C. Felling, a director of Marina da Gama, who saw the criticism in a different way. "We have become a scapegoat for speculators who have found they are unable to make a quick buck out of the scheme."²

One of the major problems, therefore, is how to control the personal channels. "Personal influence may be more effective than persuasive mass communication, but at present mass communication seems the most effective means of stimulating personal influence."³ Control of any description can only be established through the mass media. "Ideas often flow from radio and print to opinion leaders and from these to the less active sections of the population."⁴ The need to appeal to the "opinion leaders"⁵ is important as they are frequently more exposed to the mass media because they are normally members of a primary group within their own social classes. For this reason, presentations were made to selected groups of people who were considered opinion leaders, so that they could carry the message to their followers. Previews and private site visits were also used to achieve this objective. The publication of feature articles expounding the virtues of the Marina were an attempt to influence opinion leaders through the mass media. This also has the effect of creating opinion leaders in many ways in that the pre-selling campaign to selected buyers made these people propagandists for the Marina, just in the same way as an individual who has the opportunity to

¹ Kevin Quinlivan - Page 3 (14)
² The Cape Times - Page 3 (15)
³ Joseph T. Klapper - Page 72 (16)
⁴ P.F. Lazarsfeld, B. Berelson and H. Gaudet - Page 151 (17)
⁵ Philip Kotler - Page 634 (2)

buy a new model of car as a selected buyer. The use of well known personalities in advertising, as well as in the newspapers to promote the Marina is an additional method of stimulating a buying decision.

This aspect of communication is vital to the Marina as the lifestyle it offers is so foreign to the buying public. The importance of this, has been learnt from the experience of many overseas marina developers. Francois Spoerry, the developer of Port Grimaud, outside Saint Tropez, went to extreme lengths to achieve a favourable attitude for his project. Journalists and pressmen were taken to his Marina from many parts of the world so that they could sample the lifestyle and write about the project in glowing terms. He saw them as opinion leaders who could influence their followers and stimulate sales.

Public relations is very much a part of the communication network and helps to identify certain targets to which the channels must be directed. It is no use securing free "puffs" in the press but rather the communications strategy should aim at educating and converting specific target groups. "Copy must be tailored to the requirements of specific targets rather than firing a haphazard broadside."¹ The objective is to get meaningful results from the public relations effort and this involves "preparing publicity material specifically for a single publication or other type of outlet - in other words, greater use of the rifle as opposed to the shotgun."¹ To a large degree, the success of the Marina depends on the whole-hearted support and co-operation of city and provincial officials on the one hand and the understanding

¹ John H. O'Connell and J. Robert Cherneff - Page 13 - 78 (18)

and acceptability of its concept on the part of the buying public. Similarly, the participation by institutions and business houses in the project is fundamental to its success as Anglo American Corporation has no intention of undertaking the entire development on its own. Apart from using specific channels to reach each target, a number of general communication activities have been used to set the process of acceptance into motion. The element of control is harder with public relations because independent media are used and this diminishes the degree of control that can be exercised. In order to achieve success in this area, it is important that the people involved are "completely briefed and are involved in the identification programme .. the general tone, the use of descriptive terms, the selection of story or speech material can all be guided and controlled to fit and help build the same image that the advertising people are working on."¹ The subtlety of this process can mean the difference between success and failure.

Communications must not be restricted to the outside public but it must also include the company's employees who came into contact with the public. They can provide a useful means of promoting the company and its product. Therefore the communication programme must include a process of keeping the staff informed fully so that when any one of them is faced with the opportunity to speak on other aspects of the business from which he is directly involved, he can speak positively and benefit the company in that way. "He is far more apt to make a good impression if he is informed, if he knows what his company is trying to communicate."²

¹ Dean B. Randall - Page 13 - 8 (1)

² Dean B. Randall - Page 13 - 9 (1)

The use of the national media of mass communication to influence and carry favourable messages is pursued as part of the non-personal channels. These channels are more subtle and the audience has more choice in terms of accepting or rejecting the messages. Nevertheless, this national appeal aims at the target groups described earlier. By raising the Marina to a level of national importance, rather than purely local, it was hoped to persuade the Government to feel more responsible towards ensuring that the scheme received the national support needed for the harbour. The local authorities on the other hand would see this national importance as promoting the Cape and particularly Cape Town and would therefore be sympathetic towards the project. The businessman on the other hand would see this widespread publicity as being a forerunner to a good and profitable investment. Finally, the opinion leaders would seize upon the opportunity to begin influencing their followers as to the varied benefits of the Marina.

The mass media are not as powerful in persuading a person to make a buying decision as is commonly thought. In fact, they are more useful in the educational field and in strengthening the opinions of the audience. In creating a favourable reputation for the company, it is possible to create a type of introduction to the product and sales force. "The better a company's reputation, the better are its chances, 1) of getting a favourable first hearing for a new product among customer prospects and 2) of getting early adoption of that product."² The process of "perceptual defence"² takes three distinct forms - "selective attention"² in

¹ Theodore Levitt - Page 17 (19)

² Philip Kotler - Page 625 (2)

which the audience only absorbs a small section of a selected media; "selected distortion"¹ which can result in misunderstanding the contents to suit one's needs and desires; and "selective retention"¹ which results in the audience remembering certain items better than others and this is again linked to their needs and desires.

The mass and selective media can be divided into two types - the print media, consisting of newspapers, magazines and outdoor media and the broadcast media such as radio, television and cinema. Generally, "print media have the advantage of enduring, being tangible, saved, read at leisure and at one's own rate. Broadcast media are more ephemeral and insistent; they demand more attention, since the medium sets the pace."² The combination of oral and visual media is by far the most effective, particularly as it is possible to "personalize"¹ the message. For this reason, the Marina produced its first film well before the project was completed so that it could generate a favourable market reaction. Subsequently, it has had a second film made, depicting Eastlake Village and capturing the lifestyle enjoyed there. This presentation is designed to stimulate emotions and motivate a buying decision.

A closer look at the various media brings out their advantages and limitations. "Good media selection is highly important because it is integral to the whole process of advertising."³ However, only after the campaign is under way can a research programme be instituted to measure the effectiveness of the media selection. J.C. Seibert, in his book "The Concepts of Marketing Management" provides a basic analysis of this aspect. A summary of this analysis is set out on Exhibit C.⁴

¹ Philip Kotler - Page 625 (2)
² Philip Kotler - Page 636 (2)
³ Richard Manville - Page 6 - 113 (10)
⁴ Joseph C. Seibert - Page 229 - Page 242 (20)

EXHIBIT C

| <u>MEDIA</u> | <u>EFFECTIVENESS</u> | <u>LIMITATIONS</u> |
|--------------|---|--|
| Newspapers | <ol style="list-style-type: none">(1) Broad cross section of the market.(2) Timeliness to coincide with new events.(3) Flexibility to reach selected geographic areas.(4) A printed record of the message.(5) Mass coverage in local areas. | <ol style="list-style-type: none">(1) Lack of selectivity of the market segments.(2) Competition for the reader's attention.(3) Expensiveness of national advertising.(4) Limited to sight communication. |
| Magazines | <ol style="list-style-type: none">(1) Advantage of colour although this is also available with newspapers.(2) A good atmosphere for advertisers as the reader normally spends more time reading a magazine.(3) Opportunity for selectivity of the market segment, e.g. S.A. Yachting, which is aimed at the yachting fraternity etc.(4) A long lasting record of the message(5) The longer life of a magazine which is often read by several individuals during its lifetime. | <ol style="list-style-type: none">(1) Lack of geographic circulation in spite of the introduction of regional issues as the South African market is too limited for this to be effective.(2) Less intensive coverage of the geographic segment.(3) Long preparation time that is needed. |
| Radio | <ol style="list-style-type: none">(1) A captive audience.(2) Ear communication, where the listener is more attentive than a reader.(3) The "intrusion" characteristics. | <ol style="list-style-type: none">(1) The danger of "inert" listening.(2) Time restrictions.(3) Lack of lasting record of message.(4) Difficulties of obtaining prime radio spots. |

| <u>MEDIA</u> | <u>EFFECTIVENESS</u> | <u>LIMITATIONS</u> |
|--|---|---|
| | (4) Flexibility of coverage for local and national broadcasts. | |
| | (5) Station type enables the advertiser to use selected stations to reach particular segments. | |
| Television | (1) Large audiences. | (1) Not available commercially in South Africa until 1978. |
| | (2) Both sight and sound which "affords the greatest impact of any of the advertising media." ¹ | (2) Lack of lasting record of message. |
| | (3) Captive audience which is more attentive than radio audience which is often involved in another activity at the same time as listening. | (3) Lack of audience selectivity due to its mass appeal. |
| | | (4) High cost of prime time. |
| | | (5) High production costs of television commercials |
| Outdoor Media (here the communicator must create his own audience as opposed to the above forms of mass communication which have established audiences. This includes hoardings, posters, signs etc.) | (1) Flexibility of design and location within City Council regulations. | (1) Lack of selectivity of market segments |
| | (2) Mass appeal. | (2) The need for brevity, therefore, good for reminder and theme advertising. |
| | (3) Size to cause impact and attention. | (3) Loss of timeliness. |
| | (4) Lasting message which can be periodically updated. | (4) Lack of national coverage. |
| | | (5) Public resentment against this form of advertising. |

¹ Joseph C. Seibert - Page 235

| <u>MEDIA</u> | <u>EFFECTIVENESS</u> | <u>LIMITATIONS</u> |
|---|---|--|
| Direct Mail (as above) | <ul style="list-style-type: none"> (1) Individually orientated - maximum selectivity of market segment. (2) Personalised approach. (3) Maximum flexibility in all respects. (4) Encourages action - good response to coupons. (5) Less advertisement competition. (6) Lasting record of message. | <ul style="list-style-type: none"> (1) Can only reach a limited public. (2) High percentage of wasted effort. (3) Delivery difficulties due to frequent address changes. (4) High costs due to need to gain attention from the audience. |
| Transportation Advertising | <ul style="list-style-type: none"> (1) Mass appeal. (2) A wider geographic impact due to movement of media. (3) Reminder advertising. (4) Relatively low cost. | <ul style="list-style-type: none"> (1) Lack of selectivity. (2) Movement often causes lack of concentration. (3) Flexibility limited by physical constraints of media. (4) Brevity of messages due to the movement of the media. |
| Directory or programme advertising (Yellow Pages, etc.) | <ul style="list-style-type: none"> (1) Local appeal. (2) Action normally follows. (3) Selectivity of target market in directory and programme. (4) Lasting record. | <ul style="list-style-type: none"> (1) Limited number of times reference is made to the directory. (2) Competition from other advertisers. (3) Limited distribution of programme. |
| Motion Picture Advertising | <ul style="list-style-type: none"> (1) Captive audience. (2) Sight, sound and movement. (3) Good for public relations advertising and documentary. (4) Flexibility in audience selection - <ul style="list-style-type: none"> (a) Cinema has more of a mass appeal although the nature of the programmes often determines the audience. | <ul style="list-style-type: none"> (1) Not a lasting record. (2) Competition for attention because screening often coincides with other activities. (3) High cost of production. |

MEDIA

EFFECTIVENESS

LIMITATIONS

| | | |
|------------------------|---|---------------------------|
| | (b) Private viewing of selected audiences. | |
| | (5) Similar benefits as television. Important therefore, until television starts in South Africa. | |
| Speciality Advertising | (1) Lasting message. | (1) Brevity of message. |
| | (2) Goodwill due to the usefulness of item carrying message. | (2) Indirect advertising. |
| | (3) Reminder advertising. | (3) Cost/benefit balance. |
| | (4) Complementary to other media. | |
| | (5) Opportunity for selectivity. | |
| | (6) Maximum flexibility. | |

A combination of all these media has been used at the Marina with a greater emphasis on newspapers, motion pictures (in lieu of television, which is only scheduled to go commercial in 1978) and sales brochures. Radio, magazines and outdoor media were considered next in priority as it was felt that their effectiveness in communicating the new concept was not as good as the other media. Only a limited amount of transportation, directory and programme and speciality advertising have been used as they are regarded as not very appealing to the target market of the Marina. In choosing these media, consideration was given to achieving the maximum impact with as little duplication as possible in terms of coverage while at the same time, achieving the goals with the lowest cost per potential client. A qualitative appraisal was undertaken in view of the nature of the product and the relative

ignorance of its qualities and attributes in the minds of the audience. For this reason, those media that appealed to as many of the senses as possible were used - the motion picture captured the lifestyle in sound, movement and sight, while the newspaper and brochures conveyed the details in written and photographic form, thereby recording a lasting message.

The second non-personal channel is the use of atmospheres, which are concerned with the "feel"¹ of the product and the creation of an atmosphere to stimulate the desirable "feeling."¹ The leisure living lifestyle with the concept of the boat at the bottom of the garden is created by the extensive use of landscaping. "The plan is to change the Marina da Gama site from a place plagued by wind and sand to a sheltered area filled with grass and trees."² The use of "man-made" rocks which have the advantage of being functional and durable, also provides part of this atmosphere. The water's edge is stabilised but not with a concrete finish as used in the construction of a swimming pool but with a concrete sculptured edge which looks rustic and weather beaten. These are "neat stabilising bank edges made of a cement and sand mix, shaped by high pressure hoses to give an eroded effect."³ Moreover, it is made to meander, giving the appearance of a true lake edge. The feeling of leisure and recreation is captured in such an atmosphere.

The third aspect of non-personal channels are events that are mounted to create "awareness, interest or conviction in a company or its product."⁴ Thus special events were publicised in order to gain maximum advantage - the launch of Eastlake Village, the start of selling at the Marina; the arrival of water buses which were specially made for the project; the tree transplanting machine at

¹ The Argus - Page 13 (21)
² Philip Kotler - Page 637 (2)
³ The Argus - Page 9 (22)
⁴ Philip Kotler - Page 638 (2)

work; the roof wetting of the first houses; the arrival of the first residents, and so on. These events help to keep interest alive in the project and promote a favourable attitude amongst the buying public by subtly providing information on the benefits and attributes of the project. Peter Womersley's survey attempted to determine which sources had been most instrumental in leading the respondents to making a purchasing decision at the Marina. He concluded that 50% had been influenced by factors falling under the category of 'other' as the sources most influencing them. "Of the respondents falling in the 'other' category, the majority were either personally involved in the development of the scheme, or had seen the project when passing."¹ He concluded that the combination of the two categories of "word of mouth"¹ and "recommended by a friend"¹ made it "clear that direct communication could be rated as the most important source."¹ The need for a combination of the personal and non-personal channels in appealing to the Marina's target market was therefore borne out by the findings of this survey.

The third step in the planning flow of the communication system is the message which has been described as "the intended product meaning."² The message is the vital link in what the developer wants the audience to think about the project. It is the favourable reaction that it is hoped the message will produce, that the communicator aims at. For this to be successful, the communicator must be sure that the message he sends contains the signs that will evoke the required reaction. "The source can encode, and the destination can decode, only in terms of the experience each has had."³ This has important bearings

¹ Peter Womersley - Page 23 (3)
² Philip Kotler - Page 639 (2)
³ Wilbur Schramm - Page 4 (23)

on the Marina's message in that the audience's experience of such a lifestyle is limited and it is necessary therefore that the message is "encoded" in such a manner that it arouses a positive reaction. Thus, for example, a message which is aimed at arousing the interest of the busy executive could follow this pattern. "At the Marina, a jaded executive can forget city pressures with a quick sail after work, or a relaxing sundowner on his patio as he watches passing dinghies."¹ Another message could be used to appeal to the retirement segment of the market. "Retirement Marina-style could mean a compact house, needing little upkeep in a community of mixed ages to keep one young, with no need to take a car on to congested roads, for there is entertainment at home, watching the world go by through their front windows."¹ It can be seen therefore, that the function of the message and its structure are vital for maximum effectiveness by appealing to the very issues that would affect the market.

"No single advertisement is likely to produce absolute "belief" in a product. Rather, each advertisement is likely to make its most significant contribution by "nudging" the consumer onto and along the path of the adoption process."² Thus the staging of a series of messages is aimed at building up a stronger reaction to the point where the prospective buyer reacts positively - even if it is merely to get more information. The boat at the bottom of the garden or the picture of a business man rowing a boat from his home to the station, are messages that are contrary to the average member of the audience's experience. He has come to accept that

¹ The Argus - Page 8

(6)

² John C. Maloney - Page 6

(24)

leisure and one's place of abode do not generally go together so that this type of message generates an emotion in the buyer. He either rejects the message as a gimmick or he visits the Marina to see for himself. The latter is the objective of the message. Whereas fear and threat messages are common in consumer advertising, they are not used in the Marina to any large extent. Whenever it is used, it is used subtly in that the audience is made to feel that they could be losing out on a new concept, a new lifestyle and the investment opportunities. However, the pleasant message is more appropriate to the Marina. The peace and tranquility theme, the picture of moonlight shimmering on the water, lights reflected on the waterways, etc. "At Eastlake the outdoors is an extension of the living room. Everyday sounds are the slip of a boat riding at moorings, the cry of a seabird, or the whir of wings as a flight of pelicans settles on Sandvlei."¹ The main factor is the "intensity of appeal"² for the more intense the more effective it will be.

The structure of the message is the second requirement for an effective communication. This is concerned with the different structures that can be used; either "conclusion drawing"² which is concerned with the message that draws the conclusion for the audience or "stimulus ambiguity"³ which is the structure that leads the audience to interpret his own conclusions on the product. With the Marina, the former is more appropriate as the product is specialised and the concept new. Many people have no real understanding of the complexity of the lifestyle and

¹ The Argus - Page 8 (6)
² Philip Kotler - Page 641 (2)
³ Philip Kotler - Page 642 (2)

so the conclusions are drawn for the Marina's audience. "Advertising for an entirely new product will have to combat the ignorance and indifference of consumers unaccustomed to buying the product."¹

The need to structure the message along one-sided or two-sided argument lines is also important. With the Marina, the two-sided argument is preferred because in the first place, the product is aimed at an intelligent audience, being the target market of the Marina. In the second place, the audience already has a built-in preconception of what Muizenberg is like. The wind, the civic inertia, etc., are all detractors and it is therefore beneficial to provide a two-sided argument. This gives the advertisement a sense of honesty and realism. Furthermore, the audience is more likely to be exposed to counter propaganda from other competitive areas and therefore the frankness of the Marina's advertising helps to give it more credibility and acceptability. In presenting the two-sided argument, the approach has been to use the opposing view first and then end with the positive message, such as the fact that the wind has been tamed; the wasteland has been converted to a prestige residential area, etc. "At Marina da Gama planners have not attempted to pretend that the wind does not exist. Instead, they have adopted methods of wind control that have proved successful in similar environments throughout the world. Methods that have provided for the comfort of an urban community.... At the Marina two basic methods of wind control have been adopted: a dune to take the energy out of the wind and force it upwards, backed by densely planted

¹ Robert Leduc - Page 74

by an identified sponsor."¹ The second component is personal selling which is the "oral presentation in a conversation with one or more prospective purchasers for the purpose of making sales."¹ The third element is publicity, which is the "non-personal stimulation of demand for a product, service, or business unit by planting commercially significant news about it in a published medium or obtaining favourable presentation of it upon radio, television, or stage that is not paid for by the sponsor."¹

The fourth and newest element is sales promotion, which consists of "those marketing activities, other than personal selling, advertising, and publicity, that stimulate consumer purchasing and dealer effectiveness, such as displays, shows and exhibitions, demonstrations and various non recurrent selling efforts not in the ordinary routine."¹ Both advertising and personal selling need to be "understandable, interesting, believable and persuasive,"² in order to be effective. The big difference between the two is that of personal and non-personal communication. The messages conveyed by advertising need to compete with other attractions or distractions while that "conveyed by the salesman does not compete with other messages, at least at the time of presentation."²

Advertising has many facets, not only in terms of the choice of media but also the various intentions for which it is used. Sidney J. Levy, in his article entitled "Promotional Behaviour" in Frederick D. Sturdivant et al "Managerial Analysis in Marketing" identified certain qualities about advertising. These qualities are particularly appropriate in the case of Marina da Gama with its distinctive features and attributes. Firstly, there

¹ Marketing Definitions (27)

² Harold C. Cash and W.J.E. Crissy - Page 332 (28)

is "public presentation"¹ which gives the product an air of "legitimacy"¹ because of the public nature of this form of communication. This makes the buyer feel that as the product is publicly advertised, other buyers who share the same motives, will be equally attracted. This reduces his fear that the product's claim to tame the wind, stabilise the bank edge, etc., could be misrepresentations. The second quality of advertising is "pervasiveness"¹ in that the seller can repeat the message and allow the buyer to compare the product's claims with those of any competitor. Other townships that have been developed concurrently with the Marina and which appeal to the same market can now be compared - almost at a distance - by the buyer. Furthermore, the scale of the advertising campaign, which in the case of the Marina, included full colour, full page newspaper and magazine advertisements established in the buyer's mind a positive opinion as regards the Marina's size, its backing, the success of the project, etc. The third quality is "amplified expressiveness"¹ which is the ability to dramatise the message through the various media and technical advances available to the advertiser. Thus the picture of the busy executive rowing to the station, is an example of this dramatisation. It captures the concept and romance of the lifestyle but the likelihood of this happening is extremely remote. The final quality is the element of "impersonality"¹ which has the psychological effect of making the buyer feel that he is not being compelled to listen or read. He has the choice of rejecting the message or accepting it because the advertisement is unable to carry on a dialogue.

The second tool in the promotion model is personal selling, which also has certain distinctive qualities identified by S.J. Levy.

¹ Sidney J. Levy - Page 418 - Page 420 (29)

The first of these qualities is "personal confrontation."¹ In this case "personal selling involves an alive, immediate and interactive relationship between two or more persons"¹ and so the opportunity arises for each party to understand the other's needs and characteristics and consequently to either "help or hurt the other by his interest or lack of it."¹ This is vital at the Marina, because the buying of one's home is such a personal matter. Unless the salesman shows a keen interest in the needs of his buyer and makes a positive attempt to match the house or plot to the buyer's needs, he will merely cause a feeling of antagonism between himself and his buyer. The second quality is "cultivation"¹ which is the development of an interpersonal relationship between buyer and seller. If the salesman is able to establish some kind of friendly rapport between the buyer and himself, the buyer at once feels more at ease and a sense of trust is established because the salesman is regarded as having the interest of his buyer at heart. At the same time, the salesman must not lose sight of his objectives and he must know when he should close the sale and put on the pressure. The third quality is "response"¹ in that the buyer feels, in one way or the other, a sense of obligation for having made use of the salesman's time. This "response"¹ factor is often the opening that gives the salesman the opportunity to establish the rapport with the buyer. If he has not been able to find the right house, the attempt to match the buyer with the right house does make the buyer grateful in some cases and if nothing else, does result in a "response"¹ of sorts.

The third element of the promotion mix is publicity and this was one of the strongest elements used by the Marina to promote and arouse interest in the project.

¹ Sidney J. Levy - Page 420 - Page 422 (29)

A public relations officer was appointed with the specific responsibility of getting publicity for the project and favourably disposed news items and feature articles published. The target groups identified earlier were singled out for attention and the publicity was structured and aimed at these groups. To make the matter even easier, the Marina's choice of public relations officer was a woman journalist who had established contacts with the press, as well as the qualities needed to secure favourable publicity in other quarters. A photographer was also retained by the project to assist in the publicity drive and to make the package that was presented to the media easier to publish and more newsworthy because of its contents. The package, consisting of a well prepared and favourable article with suitable photographs helped to ensure that the right kind of publicity was attained. The distinctive qualities of publicity are threefold. Firstly, a news article has a "high veracity"¹ rating in the buying public's mind in that it is not paid for by the company and the press is regarded, in most quarters, as reporting facts. The second quality lies in the ability of the publicity to catch people "off their guard."¹ Thus, those buyers that would normally avoid an advertisement or salesman, can be reached through publicity and its apparent independence from the advertiser has a greater bearing on his attitudes and opinions. Finally, publicity has the quality of "dramatisation."¹ Thus when the Marina imported a machine from America that could transplant trees up to ten metres in height, the publicity that the machine was given helped to dramatise the event and thereby stress the lengths to which the developer had gone to ensure that the environment was preserved and the landscaping cultivated to convert a wasteland into a desirable

¹ Philip Kotler - Page 649

residential suburb. Typical of this "dramatisation" process was the following start to a lead story in the Argus on the men behind the Marina. "The men behind Marina da Gama were bent not on rape but a face-lift, proposing to transform the unloved land beside Sandvlei into a place to live, a place to play."¹

The final element of the promotion mix is sales promotion, which covers all those tools that do not fit into the other three classifications. "Sales promotion encompasses those specialised activities other than personal selling, advertising, and publicity, which are calculated to make mass advertising and personal selling more effective in bringing about transfers in ownership."² It is a helping function aimed at making the other marketing activities more effective and efficient. Essentially, it is a "support activity for advertising and personal selling"³ and contains two basic qualities. Firstly, it has the quality of an "insistent presence"⁴ in that the sales promotion arouses interest and attention with a sense of urgency and thereby helps to break a possible inertia amongst the buyers. Thus the launch of the Marina with its exhibition of furnished showhouses stimulated the interest of the target market, even if they had no intention of buying a house, let alone to do so in the Marina. They would be encouraged to visit the exhibition and see what it is all about. "A large part of the success of the initial marketing must be attributed to the way it was introduced to the public by means of a gigantic showhouse in the form of an Ideal Homes Exhibition. An instant community of no fewer than forty houses was created..... Public curiosity had been built up over several years and many sceptics arrived at the Marina only to be converted to enthusiasts."⁵ The water bus rides,

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|--------------|-------------------|----------------|------|
| ¹ | The Argus | - Page 12 | (30) |
| ² | William T. Kelley | - Page 13 - 58 | (31) |
| ³ | Philip Kotler | - Page 649 | (2) |
| ⁴ | Philip Kotler | - Page 652 | (2) |
| ⁵ | The Argus | - Page 11 | (32) |

the talks and the presentations, the film shows, etc. were all geared to motivating this feeling of urgency to see it before the exhibition closed. The promotion process involves the use of various techniques which "add plus values - something extra 'to sweeten up the deal" or to call attention to the product."¹ However, hand in hand with this goes the danger of "demeaning"² the product by over exposure and over emphasis on the urgency side. If the launch is repeated too frequently and the same pattern followed too often, it can rebound on the developers by creating the impression that they are forced to sell in order to attain their targeted sales levels.

There are several advantages to including sales promotions as part of the Marina's marketing mix. In the first place, it provided an effective sales support which in turn made "the salesman's efforts more productive. They reduce his time spent in prospecting and reduce turndowns."³ Secondly, the process of product acceptance is speeded up in that the target market can be invited to the Marina to see for themselves. This is an important factor because of the initial market resistance that was encountered. A third advantage is that sales promotion is "under the direct control of the user"³ which allows him to maximise on the effectiveness of the device. The other advantage of this element is that it is more easily tested to determine the effectiveness of the proposed campaign. Couponing, number of visitors to the exhibition questionnaires, etc., are all methods that can be used to test the device.

The need for promotion at the Marina lay largely with

¹ William T. Kelley - Page 13 - 58 (31)
² Philip Kotler - Page 652 (2)
³ William T. Kelley - Page 13 - 60 (31)

the fact that the product was at the start of its life cycle and it was necessary to create awareness and interest in the buying public. "The policy in regard to promotion was to build up an image rather than to sell hard. The stress was on acquiring a lifestyle - a place to live, a place to play - rather than on the economics of buying."¹ Furthermore, as the concept was totally new to South Africa, promotion was needed to assist in educating the public and awakening their latent desires to want to live a leisure lifestyle that could combine the pleasures of home and recreation. As the major aspects of the new product "require new patterns of life, new habits, the understanding of new ideas or ways of looking at things ... (it is obvious that the product) requires the maximum concentration of marketing energy, to add enough value to the strange service to counter-balance the pain of the new idea."² A further factor was the need to counter criticism and the preconceived ideas that surrounded the Marina and the nearby area of Muizenberg. Such criticisms included the long distance from the city centre, the close proximity to water, which could mean frogs, mosquitos, damp, and the danger to children, etc.; the close proximity of the houses on small plots and the new Marina type houses with their common walls; the wind; the bad image of Muizenberg as a rundown seaside resort and its absentee landlords. All these factors made it necessary to include promotion as a major element of the marketing mix for the Marina. Only in this way could the developer demonstrate many of the Marina's attributes as indicated by the report in the Argus: "Attention was given to matters which buyers might see as problems or obstacles. For example, the wind was controlled to a point where it was no longer objectionable, and the control

¹ The Cape Times - Page 11 (32)

² Chester R. Wasson - Page 56 (33)

demonstrated and publicised. The developers demonstrated that they had applied attention to such things as ground cover to stabilise the sandy soil, the preservation of the ecology of the vlei, bank edging in keeping with the surroundings which prevented erosion, in fact every objection that could be foreseen was identified and overcome."¹ The various elements of the promotion mix were blended together in the planning stage of the project to achieve an optimum promotion mix. The change of policy resulted in the change in emphasis from a marketing orientation to a sales orientation and with this, many of the elements of the promotion mix were neglected. The public relations and publicity aspect suffered most, virtually ending with the removal of the public relations officer who was considered superfluous. The fact that there was no marketing manager at the time of the launch nor is there one today, underlines the sales orientation of the project despite its carefully planned marketing orientated programme. Consequently, the promotion mix used at present in the Marina is haphazard and by no means optimal as it does not form part of an integrated communications programme but rather results from isolated attempts to stimulate sales.

In the original marketing plan, the intention was to use a combination of advertising and publicity to generate interest and awareness in the project. The sales promotion campaign which followed, was largely the launch and the subsequent exhibition aimed at allowing the buying public to see the concept in reality. Personal selling would take over once this stage was reached in order to close the sale and secure the right purchasers for the Marina. This mix is particularly prevalent in

¹ The Cape Times - Page 11

the introductory stage of the product life cycle. With the growth stage however, the need for promotions wanes, as word of mouth begins to play an important role. The people living in Eastlake Village can be the best communications media for the project. They are able to enjoy the lifestyle and comment favourably on the project from experience. Typical of the favourable comment of the residents was that of Mr. G.W. Haskins, a resident of the Marina, who wrote to the Cape Times on the 2nd July, 1976, in response to the criticism of Mr. Seftel, who had described the project as a "blunder"¹ in an earlier article. He said: "living in Marina da Gama is altogether different ... it must be the very best place in the world to live in. The houses cost no more than in similar suburbs such as Tokai, Fish Hoek or Newlands, but with so many more advantages. The ecology of the Marina or Sandvlei has turned out far better than was ever thought."² He concluded his letter by inviting the Marina's critics to visit the development "just before sunset and see the contrasts of water, mountain and sun."² The drop in sales therefore appears to have been more the result of economic and political circumstances than from an adverse word of mouth campaign. This in turn has resulted in the need to regenerate a promotions campaign in order to counter the criticism and to stimulate further buying response in the project.

¹ The Cape Times - Page 3
² The Cape Times - Page 12

(12)

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CHAPTER XIII : ADVERTISING

"Advertising, because it is charged with the responsibility of communicating the sum total of quality characteristics, branding, and packaging to a predetermined interest group or target group and because it generally represents a major cost input, plays a critical role in the marketing equation."¹ This has become increasingly appreciated in the property industry where advertising has traditionally played a major role. Its function and objectives, however, have frequently never been established and where they have, they have been unclear and often contradictory with the result that its effectiveness as part of the marketing mix has never been realised to the full.

* Advertising is the non-personal communication which aims to Persuade the buying public to make a predetermined decision. It is "the use of paid media of mass communication to inform, persuade and to presell"² and comes in a variety of forms according to the objectives of the advertiser. In general terms, however, advertising aims at "increasing sales and/or profits over what they otherwise would be."³ Advertising alone is unable to make a sale in that there are so many other factors which influence the buyer. It does, however, help to make the buyer aware, interested and put him in contact with the seller. From this point the other factors in the marketing process can make or break the sale. Alfred R. Oxenfeldt has said that advertising seeks to make potential buyers respond more favourably to the firm's offering by providing information to customers, by trying to modify their desires, and by supplying reasons to prefer the particular company's products.⁴

¹ Thomas B. McCabe Jnr. - Page 13 - 25 (1)

² Ralph Glasser - Page 97 (2)

³ Philip Kotler - Page 664 (3)

⁴ Alfred R. Oxenfeldt and Carroll Swan - Page 7 - 12 (4)

It is vital for management to define the specific goals and objectives for advertising and in this way to design and develop the campaign down to the specific advertisements. "The specification of advertising objectives is of critical significance for the formulation of advertising strategy as the goals are (often goals) of communication rather than those pertaining to sales."¹ Sound goals give "purpose and direction to advertising efforts; they help avoid an aimless advertising-merely-for-the-sake-of-advertising approach; they serve as a basis for developing the advertising budget; and they constitute the initial step in testing and evaluating advertising results."² Once again in the Marina's case, these goals were carefully designed and identified during the planning stage. In essence the role of advertising in the Marina's strategy was "to induce an intention to purchase, to keep the product or brand in conscious awareness in the market place, and to project a favourable image of the firm."³ The objectives were in keeping with the long term goals of the developer. One of the greatest faults in the Marina's present marketing armour is the lack of setting specific advertising goals. The goals set are vague and could apply equally to the overall marketing goals without adding anything specific to the advertising goals. The latter has been defined as "a specific communication task to be accomplished among a defined audience to a given degree in a given period of time."⁴ Six basic guidelines were suggested by R.H. Colley as useful "in formulating a sound company program."⁵ Firstly, "an advertising objective must be distinguished from a total marketing

¹ Harper W. Boyd, Michael L. Ray & Edward C. Strong - Page 27 (5)
² Professor Nugent Wedding - Page 13 - 13 (6)
³ Harold C. Cash & W.J.E. Crissy - Page 338 (7)
⁴ Russell H. Colley - Page 6 (8)
⁵ Russell H. Colley - Page 282 (9)

objective, (secondly) in writing and in conversation, executives should distinguish specific from general aims ... (thirdly) goals are based on an intimate knowledge of market opportunities and buying motives; they express realistic expectancy, not vain hopes ... (fourthly) goals should be expressed in writing and should be agreed upon before programmes or campaigns are undertaken ... (fifthly) benchmarks are required if progress is to be measured (and finally) methods of measuring accomplishment are a built-in part of the plan."¹ The Marina's goal setting fell far short of these guidelines and no means of measuring the effectiveness of the campaign was set. What "goals" were set, were recorded in writing and provided a basis albeit a rather vague set of parametres within which to work.

The change in policy did not bring about a change in advertising goals however, but rather a drop of the entire plan. It was not changed in terms of the new goals, and the campaign, if it can be termed as such, that followed appeared to have no direction. "Advertising a product is not a matter of isolated messages. It calls for analyses of attitudes and motives. It also calls for a differentiated knowledge and judgement on the part of Management and advertising people."² This central aspect of advertising is missing in the present advertising philosophy of the Marina.

The philosophy that was developed for the Marina during the initial planning in 1972-73, was based on two objectives: that of creating awareness by giving information and secondly that of generating a favourable attitude by exposing the product's benefits and attributes as solutions

¹ Russell H. Colley - Page 282

(9)

² Burleigh B. Gardiner and Sidney J. Levy - Page 127 (10)

to the market needs.

The role of attitude "as a predispositional response - one that is indicative of future behaviour"¹ was regarded as vitally important in the Marina advertising philosophy. Richard Reiser, executive director of the market research department of Grey Advertising said: "Our reason for selecting attitudes as our basic way of looking at a market is based on more than the fact that one function of advertising is to affect attitudes. There is considerable evidence to show that a way a person thinks and feels about a brand - his attitudinal set - determines how he will behave. His reasons for wanting a product determine his selection: we have always found a close relationship between opinion towards a product and probability of purchase."²The attitudes of the target market were researched in the Housing Surveys of 1970 and 1971 and the results formed the basis of the Marina's advertising message. "Since attitudes reflect perceptions, they inevitably indicate predispositions. Thus, they permit advertising strategists to design advertising inputs which will affect perceptions and thereby change predispositions to respond or behave."³

In order to establish the Marina as the most significant property development in the Cape since 1652, it was considered essential that the initial burst of advertisements should be concentrated and of a style that set the project apart from the usual township developments. It was anticipated and hoped that approximately 80% of sales would come from the Western Cape and the remaining 20% largely from up-country with a small proportion from

¹ Harper W. Boyd Jnr., Michael L. Ray, Edward C. Strong -
Page 27 (5)

² Richard Reiser - Page 1 (11)

³ Harper W. Boyd Jnr., Michael L. Ray, Edward C. Strong -
Page 28 (5)

other countries. This latter market, was a secondary market, in that it would consist essentially of second or holiday home buyers. The advertising campaign was planned, therefore, to concentrate on the Cape area, being the Marina's prime geographic market.

The advertising goals set down for the Marina were specific and revolved around its "basic functions in the demand cultivation area."¹ The foundations of the goals were based on the belief that "a person must be aware of the existence of a product or service before he can (or wants to) buy it."² This produced the first goal, which was aimed at increasing the information available about the project and thereby communicating its features, concept and major elements in a persuasive manner. Secondly, the campaign aimed at increasing the buying public's preference for living at Marina da Gama, as opposed to living in other areas such as Newlands, Rondebosch, Sea Point, Camps Bay, etc. This was based on the understanding that "advertising is an intrinsic but supporting function of marketing, responsible for communicating the existence or benefits of a product or service to the favourable attention of a prospect."² Thirdly, it was aimed at increasing the buying public's desire to live at Marina da Gama and thereby instilling some kind of intention to buy a home or plot at the Marina when able to do so. "Advertising must tangibly communicate something that supports a marketing goal, hopefully moving it above a measurable threshold of 'favourable attitude' to a group of specifically targeted people, i.e. a specific market."² Fourthly, the campaign should change the buying public's possible wrong impressions about other potential buyers at the Marina who may be of a

¹ Harold C. Cash and W.J. Crissy - Page 330 (7)
² Richard Manville - Page 6 - 109 (12)

different income group, class or ethnic group. The fifth objective was to reduce the buying public's fears and dislikes about the risks involved in living by the water or even the possible dislike of living in a cluster unit. In addition, it would aim at increasing information about the new legislation covering the purchase of a unit with a common wall. The sixth goal was to change the buying public's existing priority rating on what is a desirable residential area which could be based on such factors as good schools, close proximity to town and shopping, established area, etc. This was particularly necessary in view of the existing low priority rating that Muizenberg enjoyed among the buying public. The seventh goal was to increase the buying public's association between living at Marina da Gama and other highly favourable ideas such as health, fun, beauty, leisure, status, facilities, community lifestyle, etc. The final objective was to increase the impression of institutions, developers, business houses and investors/speculators as to the amount of profit that could be earned at the Marina by either developing some of the plots or owning a block of flats, a shopping centre, or a house at the Marina. In many ways, the new product of Marina da Gama was appealing to a new market - one that had to be fashioned from the existing market. "If the new product is attempting to create an entirely new market, advertising is indispensable if a need is to be aroused and a demand created. The consumer must be educated with persuasion and information and his resistance or indifference overcome."¹

These goals formed the basis of the overall advertising

¹ Robert Leduc - Page 73

strategy and influenced the choice of media to be used. It is necessary to expose the buying public's latent desire to want to live at the Marina with its attendant lifestyle. In directing the campaign, it was vital to aim firstly at those who were likely to be influenced by advertising the Marina such as young families, keen sailors, retired couples, etc; secondly, at those who were likely to perceive the advertising message; thirdly, at those who were close to making a purchasing decision; and finally, at those who were already well disposed towards the project and needed only a little persuasion to stimulate them into making a purchasing decision.

The most popular method of setting an advertising budget in the property industry is the percentage of sales method. This normally is in keeping with what the company can afford to spend on advertising while at the same time representing "the collective wisdom of the industry."¹ Being a "new product" in terms of its unique lifestyle concept, there are no established ratios for expenditure on advertising to sales which could be used as a guide in determining the Marina's budget. Consequently, it was necessary for the developer to make a break from tradition and to use the objective and task method to calculate its budget. Having set the goals as described above, the budgeting process followed. The lack of past experience and precedent, prevented any meaningful analysis of "whether an objective is worth pursuing in terms of the cost."² It was only after the launch had taken place and the critical analysis could be undertaken, that such an evaluation could be made and yet this was not undertaken because of the sudden change in the company's

¹ Philip Kotler - Page 670 (3)

² Philip Kotler - Page 671 (3)

policy.

The Marina appointed the advertising agency of Jacques Lorraine, Crystal & Associates in 1972 as their agents to provide the creative input and copy strategy that was needed to communicate with the buying public.

"The creative strategy refers to what the advertiser decides to say and how he decides to say it."¹ Although this agency was used initially, the change in policy resulted in the dropping of the agency. This was followed by a period using various creative specialists of copy and visual design as well as the agency of John Growse & Associates who were first appointed in 1974 and have worked on and off the project since then.

A great many messages could be communicated about the Marina but it is necessary to extract from the messages those which would have most impact on the buying public.

"Copy should be thought about in terms of its symbolic and indirect meanings as well as its literal communication."²

Good advertising copy is a powerful means of communication in that it usually revolves around the interpretation of how "the product can satisfy consumer needs and desires . . . , the basic function of advertising, of influencing and motivating people is accomplished through advertising copy."³ Essentially, they would capture the distinctive elements of the project. Rosser Reeves developed the idea of extracting the product's unique selling proposition (U.S.P.) and using this as a major appeal with all other messages related to it.⁴

Thus, in the Marina's case, the unique selling proposition

¹ Philip Kotler - Page 677 (3)
² Burleigh B. Gardiner and Sidney J. Levy - Page 127 (10)
³ Professor Nugent Wedding - Page 13 - 19(6)
⁴ Rosser Reeves (14)

is the waterside living aspect which gave it a distinctive appeal over other townships. This point was also brought out by the survey of Peter Womersley into the reasons that people gave for purchasing at the Marina. "Of the respondents who had considered alternative types of houses and areas, the majority (60%) indicated that lifestyle was the deciding factor."¹ However, in designing the creative strategy, the advertiser must assess the customer's attitude towards the product and his attitude towards existing and competing products and the degree to which they succeed in satisfying his wants and needs. "Both in the selection of the characteristics of the product to promote and in the framing of appeal, the advertiser must give attention to consumers' preconceived ideas of what they want."² This then has to do with the market desire to want a leisure living lifestyle in a planned environment. And yet other appeals also come to mind to which the market is likely to respond - aesthetics, facilities, novelty, etc. The family is an important segment of the target market and the message that is used to attract it to the Marina conveys the features which most appeal to it. "There is room to bring up children in pollution-free surroundings, encouraging independence and a spirit of adventure. The tree lined parkland has no restricting notices that say 'keep off the grass' and at the bottom of the garden there are shallows for paddling, fishing, or sailing model boats."³ In presenting the Marina's appeal in an effective way, it is essential that "each appeal contains a bit of rationality with a large dose of sentimentality."⁴ For in this way the Marina's distinguishing features can best be presented.

- ¹ Peter Womersley - Page 24 (15)
- ² Edmund D. McGarry - Page 137 (16)
- ³ The Argus - Page 8 (17)
- ⁴ Edmund D. McGarry - Page 135 (16)

John Maloney, in his article, "Marketing Decisions and Attitude Research" suggested that buyers had differing needs and would expect rewards from any of four different sources: (1) rational, which would include the appeal of facilities and convenience at the Marina; (2) sensory, which covers novelty, aesthetics, family life and setting; (3) social, which would revolve around the sociability of the Marina lifestyle; (4) and finally, ego satisfaction, which is concerned with the status and investment potential of the Marina.¹ Furthermore, these rewards can be viewed from the point of "results",¹ the "product in use"¹ and the "incidental"¹ rewards emerging from the product. It is thus necessary to identify the relative importance of the various appeals at each particular point in time and how many buyers feel that way.

Dik Warren Twedt developed a method of rating the various appeals according to three scales - "desirability, exclusiveness, and believability."² His contention was that "the marketing potential of a copy claim is a function of a multiplicative relationship among the three factors."² In other words, all three factors must show a high rating for the copy claim to achieve a high "marketing potential."² A copy claim headed "Land for Sail"³ has these qualities in that firstly, it captures the concept of waterside living which is desirable, while at the same time giving it exclusivity because this is the only true permanent waterside community in Cape Town. The aspect of believability is apparent in that plots are available for sale and qualities presented in the advertisement are accurate. In short, "the copy platform, or advertising message, must tell the prospective purchaser all about the product, persuade him that he needs it and

¹ John C. Maloney - Page 595 - Page 618 (18)

² Dik Warren Twedt - Page 53 - Page 57 (19)

³ The Argus - Advertisement - Page 5 (20)

show him the advantages he will derive from it."¹

A further aspect of the creative strategy is the distinction between a "primary demand message and a competitive message."² The former is designed to appeal to the entire market to stimulate sales such as the statement "a place to live ... a place to play."³ The latter however, aims at the competition and attempts to generate sales by taking them away from other competitors. Thus the statement, "more than a place to live"⁴ appeals to this section of the market. The final choice of creative strategy is a mixture of all or some of these elements and each is used according to the market segment which is aimed at and the media being used. The basis of the concept behind Marina da Gama is its waterside living theme where the residents can enjoy a lifestyle of leisure living seven days a week. "Its appeals are designed to stimulate action which will result in a more comfortable congenial and satisfying life."⁵ The theme - "a place to live ... a place to play"³ - was adopted. The word "live" gives permanence while the word "play" gives an element of leisure and relaxation. The interplay of the word "place" implies that both functions can be enjoyed at Marina da Gama, thus capturing its essential appeal.

The second aspect of message design, is its form - how is the message put across. This is the advertising agency's use of words, pictures, symbols, etc. to capture the theme and the message. The creative personnel of the agency use their inspiration, together with various known and predetermined facts to produce the copy of the message. This would include choosing a suitable headline such as "Water Community in the Sun"⁶ which has a "news" aspect

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| ¹ | Robert Leduc | - Page 90 | (13) |
| ² | Philip Kotler | - Page 680 | (3) |
| ³ | Marina da Gama Brochure | | (21) |
| ⁴ | Company Report Unpublished | | (22) |
| ⁵ | Edmund D. McGarry | - Page 139 | (16) |
| ⁶ | Company Report Unpublished | | (23) |

about it. The advertisement can continue by outlining how the residents can live, work, shop and relax and above all, it is a place where people can make friends easily while still enjoying their privacy when they need it. With the theme selected, three basic steps were used by the Marina's advertising agency in creating effective advertisements. Firstly, the advertisement should attract the reader's attention by the use of either a picture such as the executive rowing his boat to the station, and/or a headline which is out of the ordinary and unexpected, such as "Land for Sail"¹ and/or the use of bold lettering and/or the size of the advertisement. The second aim was to build interest in the Marina by converting this attention into curiosity or interest so that the audience will receive the intention of the message. Such a case would be the picture of a man fishing from his lounge window. The third aim is to create the desire to own a house at Marina da Gama by converting this curiosity or interest into a favourable disposition towards the product. This is achieved by exposing the buying public to their latent desire for a leisure living lifestyle where the facilities and advantages of an established suburb are combined with all the fun and excitement of a holiday home. "Marina da Gama, where everyday life is exciting."²

In designing the various copy platforms to be used for the different media, the Marina's developers researched the attitudes of their various segments of the target market in order to get a clearer understanding of how to influence such attitudes. These attitudes were matched with the Marina's distinguishing features and the advertising copy was designed to motivate a purchasing decision by the

¹ The Argus - Page 5 (20)

² The Argus - Page 11 (24)

promulgation of those features that particularly appeal to the different market segments. The research programme involved the study of "the uses and qualities of the product (and the selection) of those in which consumers have the greatest interest and which thus offer the best opportunities for promotion."¹ The first segment is that of the family for which the Marina has much to offer in the combination of a gracious lifestyle for adults with a healthy and happy environment for the children. No longer do the parents have to scatter from the suburban home to seek the diverse activities that interest the various members of their family as almost all these interests are catered for at the Marina. Families and friends are cemented together by the activities and society of the Marina. Thus, the distinguishing factors of convenience, family life, facilities, setting, sociability and status are major attitude considerations for the family group. The second group is that of the first home owners which is an important segment as a substantial percentage of all annual housing transactions in the Cape are made up by this group. To them, the factors of novelty, facilities, sociability, and status are important but above all, the availability of finance is paramount. The developer has arranged for 90% mortgage bond facilities which is a major appeal, especially at a time when the availability of bond finance is scarce.

The third segment is the sports enthusiast. It is an accepted fact that South Africa is an avid sport-loving nation. As Marina da Gama offers so many sporting and recreational activities to its residents, this factor has major appeal. In addition, the facilities of novelty, facilities and services, setting and sociability are important. The fourth group is that of the over-fifties to whom the gracious lifestyle and close proximity to

¹ Professor Nugent Wedding - Page 13 - 19 (6)

amenities and facilities is attractive. This group enjoys the prospect of making friends and taking part in community activities, as well as watching all the other activities taking place around them. The unhurried pace of living at the Marina is ideal for a relaxed lifestyle, while such attributes as aesthetics, facilities and services, setting, sociability and security are important appeals.

The fifth segment, the housewife, needs to be convinced that any move is in her interests and would improve her lifestyle. Whereas the husband might well be the prime motivator in moving to the Marina, the factors of convenience, family life, facilities, sociability and aesthetics are important factors. The final segment is the business community consisting of developers, investors, industrialists, institutions and shopkeepers. The concentration of effort and publicity, favourable towards the Marina attracts this group but it still remains important to convince them that putting money in the Marina will be a sound investment. To them all the distinguishing factors are important as they help to raise the project above the competition.

By appealing to the attitudes of the various segments of the market, the advertising campaign can generate a level of "brand preference"¹ for the Marina by indicating how the project can meet the market's desires. Advertising helps to establish an automatic "brand" response for the Marina while simultaneously re-enforcing any favourable sentiments that may already exist within the target groups.

The selection of media to use in carrying the message is vital to the success of the advertising campaign. "Media selection should be related to a brand image plan and not merely geared to circulation figures."² This selection is

¹ David T. Kollat, Roger D. Blackwell and James F. Robeson - Page 99 (25)

² Burleigh B. Gardiner and Sidney J. Levy - Page 127 (10)

determined by three factors: "the target audience's media habits, the media's effectiveness for presenting the product, and the relative cost of the major media categories."¹ Thus, whereas television is probably the optimal media in keeping with the target audience's habits, the fact that there is no commercial television yet in South Africa, has led to the use of a combination of other media. Newspapers, film and magazines meet all these criteria in that the target market does use these media; the product is well presented in all these media which can use colour pictures and words which are very effective in capturing the lifestyle; and finally, the cost factor is relatively low in that all three media have the added advantage of editorial comment and free publicity which heightens believability and acceptability of the product by the market. Whereas the advertising agencies are becoming increasingly sophisticated in media selection through the use of computerised media selection models such as linear programming, and simulation techniques, the criteria used at the Marina is still a cost-per thousand approach. The only qualifying factor was that in selecting the specific media, the Marina's advertising agency did take cognescence of the target market and its attitudes and habits and used those specific media that had greatest appeal and were most likely to reach the market. For example, the sport enthusiast could be appealed to through a magazine such as S.A. Yachting, while the businessman could be reached through the financial pages of the newspapers and trade journals such as the Financial Mail.

The selected media were thought to achieve maximum impact

¹ Philip Kotler - Page 685

with as little duplication as possible in terms of coverage of the market. The spearhead of the media mix was the newspaper and in particular the local Cape newspapers. The campaign commenced with double page spread, full colour advertisements in the Argus, Die Burger and the Cape Times, conveying the theme of leisure living at the waterside. Follow up advertisements appealed to each segment of the market by capturing those features that appealed to their inner desires. The double page spread had the effect of impressing the public with the scale and status of the project and fired their enthusiasm to know more about it. The follow-up advertisements, also in full colour, but smaller in size, dominated the pages on which they appeared and each featured a specific topic which appealed to the segment most likely to be reached through that particular page. Direct consumer response was measured by the use of coupons so that the developer not only received leads in this way, but could also measure the effectiveness of the campaign. With the change in the marketing policy of the Marina, the advertising strategy reverted to that of the traditional township developer. The use of classified pages as well as pictures of showhouses within the property pages has in fact lowered the status of the Marina to the same level as that of the competition. The distinguishing features have been lost in this campaign and the Marina has become just another place to stay without focusing on its specific distinguishing factors.

The Sunday Times and Rapport were used to launch the national sales campaign. These two newspapers provided adequate coverage of the national target market and at the same time, gave the project a status boost and raised it to a level of national appeal. These newspapers were

used at the launch of the project but have since been dropped in preference for local newspapers in other areas. Thus the Star in Johannesburg was used to attract buyers to the Marina once the policy of attracting permanent residents was dropped and no distinction was made according to the objectives of the purchaser.

Film is the ideal medium for selling the lifestyle concept of Marina da Gama. The combination of sound, colour and movement portrays visibly the joys of Marina's lifestyle and captures the exciting atmosphere more than any other advertising medium. A film, entitled "A Place to Live ... A Place to Play" was made in 1970 and screened as a documentary in the Cape cinemas and for private audiences as well as at the Visitors Centre. It was used extensively in presentations and talks given to selected groups. However, as it was filmed prior to the start of construction, it relied on an interplay between the plans for the project and photographs of the site, together with film footage of overseas marinas. A new film, completed in 1975, was based on Eastlake Village and showed the reality of Marina da Gama and the joys of actually living at Eastlake Village. It has followed the same route as the old film and has proved extremely effective in stimulating the buying public into making a purchasing decision. Whereas it had been planned to make filmlets which appealed to the various target segments, this plan was dropped with the change of policy and the use of this media was severely curtailed, thereby losing the advantage of capturing the audience's attention through appealing to most of its senses at the same time.

The third media selected was the use of sales promotion material in the form of literature which had two functions.

Firstly, a mail-out kit was designed for people making enquiries. It aimed at providing just enough information to wet the appetite and encourage a visit to the site. The second set was designed for the visitor to the Marina with the objective of providing a "harder sell" of the product. Both sets should be of a high calibre material to heighten the impression of the quality of the product. The personalised approach is always more effective and consequently the kit should consist of a folder with a profile of the project printed on the inner flap. A series of leaflets covering various topics such as architectural controls, landscaping, wind, home owners association, etc. and the distinguishing features were produced. The sales staff then put together a kit of these leaflets and brochures that would be of particular interest to a prospective buyer thereby providing that personal touch, while at the same time ensuring that what is being supplied is also of interest to the reader.

The fourth media in the mix is direct mail. The literature that was prepared could be compiled into kits appealing to specific segments of the market and then mailed out. The waiting list provided an excellent start to this campaign. The Womersley survey revealed that "32% (of the respondents) had put their names on a waiting list which emphasised the popularity of the scheme."¹ The use of direct mail to keep the public informed and to heighten their desire to live at Marina had worked successfully. "Many of the eventual purchasers had been presold and regarded the Marina as an opportunity to satisfy their living requirements."¹ However, this media was only used at the launch and subsequently, has been dropped with the change of policy. Its impact on the target market is great, particularly if a novelty can be attached

¹ Peter Womersley - Page 23

to the mail sent out. A follow up by the salesmen is necessary to ensure that even the slightest interest can be seized upon and expanded into a possible buying decision.

Although radio is regarded as having the ability of achieving swift awareness, particularly with the under thirty age group and housewives - both important segments of the Marina's market - no use was made of this media. Magazines, on the other hand, were used to a limited degree. This media has more of a national rather than a purely local appeal. Selected magazines were used to arouse the interest of specific elements of the buying public - S.A. Yachting for the boat enthusiast; Panorama for the home owner; Scope for the housewife; Financial Mail for the businessman etc. This media was also used to sponsor feature articles on the Marina. Colour photographs and advertisements accompanied the editorial comment and provided an effective media for reaching the target audience. However, this media has also been dropped to a large extent with the new policy as it is considered that it merely creates brand appeal. This appeal is no longer regarded by the developer as necessary and specific advertising of houses and plots which is easier to measure in terms of its effectiveness has been resorted to in order to generate sales.

Exhibition advertising is still regarded as a major element of the promotion mix. This advertising includes the permanent use of the Visitors Centre at Eastlake Village with its models, film, slides, presentation, photographs and plans to capture the lifestyle. The Eastlake Village, together with various furnished show-houses captures the reality of the Marina and thereby stimulates the desire to purchase.

The scheduling of the advertising campaign was carefully planned but the implementation did not follow such a plan and was rather unco-ordinated. "Macroscheduling involves deciding how the total advertising appropriation should be allocated over the year"¹ and concerns the seasonal aspects. Various segments do make buying decisions at different times and therefore the advertising should be geared to coincide with those periods that it is most likely to be effective. For example, the up-country market makes many buying decisions during the summer Christmas holiday period, during which time many buyers within this market visit the Cape. Moreover, the launch and subsequent follow-up advertisements should be timed to occur in the spring and summer periods as the weather is also perfect and the landscaping most impressive following the winter rains. It is a good time to show the project to the market and to prove that the wind breaks do work and lift the wind above the living areas. The winter season is also a good time for a subsidiary campaign as the rainfall is so much lower than in other competing areas such as Newlands. "Microscheduling involves the best media planning of a monthly advertising appropriation."¹ Here again, the campaign relied on Saturday advertising as this is the best time to draw people to the Marina. A special property supplement is produced in most Saturday newspapers and many members of the target group look at these supplements to find showhouses as well as to see what houses are on the market. However, no scientific models have been used by the Marina in either its micro or macroscheduling programme but rather it has relied on its understanding of the market's attitudes and habits and thereby designed the campaign to maximise its effectiveness on these attitudes.

¹ Philip Kotler - Page 692

Marina da Gama is an extremely suitable project to be advertised. It meets all the requirements and conditions identified by J.C. Seibert, in his book "Concept of Marketing Management"¹ as being needed for a successful campaign. Firstly, it has "want-satisfying attributes"¹ in that its features and elements are desirable to the market.² It has the real capacity to meet the buying public's needs in terms of its distinguishing features. Secondly, a condition of "intense motivation to purchase"¹ exists in that the buying public has been geared up by the publicity campaign and the development at Eastlake Village to the point of keenness to learn more about the project. This exciting motivation creates a perfect advertising climate to make the audience more responsive towards making a purchasing decision. Thirdly, the Marina has the "presence of hidden qualities"¹ such as stabilised bank edges and safety features, underground irrigation systems, the preservation of water life and the maintenance of standards of architecture. The advertising campaign can successfully communicate these qualities, thereby adding an interest factor to the overall message that is being carried. The fourth factor is the "extent of product differentiation."¹ There is no question as to the extent of differentiation between the Marina and other townships. Apart from the distinguishing factors outlined earlier, the concept is new and the lifestyle revolutionary for South Africa. Both the image and the characteristics are distinctive and can lead to a clear product differentiation.

¹ Joseph C. Seibert - Page 220 - Page 222 (26)

² C.H. Sandage - Page 126 (27)

"The size of the market"¹ is a further factor. The Marina has wide appeal and its market segments cover an extensive area as can be seen in Appendix B. This emphasises the need to use the different media to reach the different segments by tailoring the appeal to the specific segments through selected media. The "task assigned by the marketing plan"¹ is clear. The advertising was designed to provide impact at the launch of the project, sustain sales between the opening of each new extension while at the same time promoting the image and qualities of the project to the target market. Finally, the element of "competitive price range"¹ does not play an important role in that the Marina does not compete directly with any other project of the same qualities and attributes.¹ Its prices are competitive with other areas such as Rondebosch, Newlands, Sea Point, Bantry Bay, Camps Bay, etc., which also appeal to the same target market but the freely available mortgage bond finance does give the project that edge on the possibility of competition from these areas. The presence of all of Seibert's requirements and conditions at the launch of the project contributed to its initial success. Peter Womersley determined that "64% of the respondents moved into their dwellings during the period between the official opening of the project and the end of 1974, reflecting the high popularity of the development and the success of the (initially planned) marketing campaign."²

A constant review should be undertaken to ensure that the advertising campaign is effective in reaching the market and achieving the stated objectives. With the shift in advertising strategy from brand advertising to product advertising, the review process became simpler

¹ Joseph C. Seibert - Page 220 - Page 222 (26)

² Peter Womersley - Page 22 (15)

and could be determined directly by the degree of success in sales resulting from the advertisement or even enquiries. The coupon system described earlier has the advantage of providing such feedback and yet is it extremely difficult to assess the effectiveness of this advertising because it does not work in isolation on the buyer.

Advertising plays a vital role prior to the actual transaction by cultivating demand for the product. "Generally speaking, advertising needs additional support, either through personal selling or through promotional activities to effect the sale."¹ The process then is one of pre-selling by bringing the buying public to the point of the transaction when the other elements of the marketing mix continue to conclude the sale.

Basically, advertising aims at altering the behaviour of the buying public by providing information in such a manner that it changes the customer's possible pre-conceived ideas or alternatively it strengthens his desire to live the new lifestyle of the Marina. Certain limited communication-effect research can help measure the degree of recognition and recall of advertisements but such tests can only give an indication of the effectiveness of the campaign. "Advertising is only a one-way communication system and is necessarily generalised to fit the needs of many people."² For this reason, it is not as effective as a personal selling effort which can facilitate a greater opportunity to problem solving for the buying public. "The person-to-person two way communication of personal selling makes it a superior means of selling every time."² Its role in the marketing

¹ Harold C. Cash and W.J.E. Crissy - Page 330 (7)

² Harold C. Cash and W.J.E. Crissy - Page 329 (7)

of Marina da Gama is vital, especially as the unit value of the plots and houses is relatively high and represents a larger than usual investment by the buying public.

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CHAPTER XIV : SALES FORCE DECISIONS

Personal selling is the second major element in the promotional mix. "The Salesman is the company to most of its customers. He provides and tailors the company's offering to the individual customer's needs. He also provides the company with much needed intelligence from the market place."¹ This role is extremely vital in the property industry and more particularly in the domestic housing market. The salesman must assess each individual's needs and attempt to match these needs against his stock of houses and plots. His role as an "intelligence" force is vital as a feedback from the market place. "Marketing intelligence is a broad term, embracing raw data, summary statistics, qualitative inferences, expert and lay opinions, impressions and even rumours."² Its effectiveness has been indicated by the degree to which the salesmen's feel for the market and their understanding of the market's needs was used in the research activities of Marina da Gama. The other marketing elements establish the company reputation and the characteristics of the product - the salesman makes the specific proposal and signs the Deed of Sale.³ The salesman has a face to face contact relationship with the potential buyer and thus he is able to complement the other elements of the marketing mix. "The salesman uniquely contributes personal, individualized contact to the other varied elements of the marketing mix."⁴ Moreover, as the image of the company is important to a property sale, it is vital that a good image is nurtured as this will "greatly influence (the

- ¹ Philip Kotler - Page 703 (1)
- ² Philip Kotler - Page 67 (2)
- ³ Joseph C. Seibert - Page 248 (3)
- ⁴ J.S. Schiff - Page 12 - 3 (4)

market's) selection of goods and services."¹ Personal selling plays an important role in this image building process because its "face to face relationship between buyer and seller, is usually the best technique for creating a favourable public image. Most buyers judge a company by its salesman. Therefore, the salesman is the key to the creation of a positive image."²

The necessary backing and introduction is provided by the publicity, advertising and sales promotions but these activities are not complete without the personal selling to conclude a sale. "When the item represents a substantial outlay and when there are complexities to be explained to the prospect, obviously, personal contact is both practical and necessary."³ This is the case with the Marina where advertising, in addition to undertaking an educational role, as well as creating awareness, interest and demand for the product, also provided valuable leads for the sales force. The target market of the Marina is composed of a wide variety of segments and the personal touch is needed to assess the purchaser's needs and aspirations and then to match these against the property most likely to appeal to those needs. "The purchasing motives are likely to be more rational"⁴ and so the salesman is a vital tool "in transforming awareness and interest to comprehension and in prompting action."⁵ The importance of each marketing factor depends on the stage at which the sales process has reached and this in turn is related to the buyer decision or adoption process.⁶ In the case of the property industry," the salesmen have to be more order getters rather than order takers."⁷ This type of salesman requires the ability to look for customers and stimulate

¹ Eugene M. Johnson - Page 12 - 117 (5)
² Eugene M. Johnson - Page 12 - 118 (5)
³ Harold C. Cash and W.J.E. Crissy - Page 331 (6)
⁴ Joseph C. Seibert - Page 249 (3)
⁵ Joseph C. Seibert - Page 251 (3)
⁶ Ted R. Meredith - Page 43 (7)
⁷ Joseph C. Seibert - Page 252 (3)

new sales and therefore has come to be regarded as a "creative type of salesman."¹

The attitude of the salesman to his client can mean the difference between success and failure. "The customer needs help in solving his problems. An effective salesman recognises his customer's problems and knows how to be of help."¹ The Marina's salesmen need to be fully versed in the concept behind the project as well as being aware of all the details involved in a purchase such as the Home Owners Association, the Architectural Review Committee, etc. In addition to this, he needs to know basic property information, covering mortgage bond finance, repayments, interest rates, deposits, transfer costs, etc. But paramount to this, he must be able to "read the needs of the customer"¹ and thereby provide for those needs. The sales message has a greater degree of persuasiveness in that it is more flexible and powerful and can be tailored to the prospect's particular needs. The salesman's knowledge of the product allows him to select aspects that are most appropriate and he "can adapt his message to the thinking and needs of the customer or prospect."²

Furthermore, as the salesman's job covers a number of duties, an extensive job description is needed to avoid misunderstandings and to ensure a proper basis for remuneration. In fact, the salesman's duties are threefold. Firstly, he must do the selling. Secondly, he needs to service the client and this would involve looking after his interests from the moment he signs the deed of sale to the date of transfer and installation. This is an important aspect as it helps to build up a favourable

¹ Philip Kotler - Page 705

(1)

² Harold C. Cash and W.J.E. Crissy - Page 332 (6)

word of mouth campaign which can result in repeat sales to friends and associates of the purchaser. The third duty is that of intelligence and here the company relies on the salesmen to feedback the buying public's reactions, market segment, source of contact, sales prices and trends in competitive areas etc. This is all valuable information in the development of the sales strategy.

In many respects, property selling involves the selling of a service as well as a tangible product. As outlined earlier, the land is the means to a desirous lifestyle and the approach of the salesman must be similar to that used in selling a service. "Service sellers develop close personal relationships with their customers, adopt a professional orientation, use indirect selling techniques, build and maintain a favourable public image, and sell several services, not a single service."¹ The adoption of a stance that indicates a personal interest in the needs of the buyer is vitally important in property selling as one is offering a product that will have a direct bearing on the buyer's lifestyle. At the same time the professional image must also be maintained as this ensures "the buyer's confidence in the seller's ability to deliver the desired results."² This is why it is important that "the salesman must make a strong impression of competence, honesty and sincerity."² Moreover, the sale normally involves a fairly complicated sales transaction with the introduction of mortgage bond finance and the various provisions of the sale covered by laws such as the Land on Installments Act as well as specific

¹ Eugene M. Johnson - Page 12 - 114 (5)

² Eugene M. Johnson - Page 12 - 115 (5)

regulations covering the particular purchase. The buyer's feeling of confidence in the personal integrity and professional ability of the seller puts him at ease and increases his susceptibility to the sales proposition.

The use of indirect selling is fairly common in the property industry. In the Marina's case, houses are built and used as a demonstration area to help sell land. The object was to sell land but the construction of houses has assisted land sales by demonstrating the advantages of the new lifestyle. In fact, the prevailing market conditions in 1975 has made the construction of houses even more vital as the demand for land has waned, while that for houses has grown. Therefore, land sales can be stimulated largely by home construction and the consequent sale of a house. Another aspect of indirect selling, is the selling of a consultancy service. "Most consumers who purchase their homes through realtors depend on the realtor's assistance to obtain financing,"¹ and the use of the salesman/agent to submit all the necessary application forms is regarded as specialised advice and assistance provided to the buyer. The process of self-selling is also important and involves salesmen mixing in the right circles to increase potential clients' awareness of him and his product/services. Being seen in the 'right' circles and making public appearances, belonging to clubs to which many of his market prospects belong are all ways of selling the salesman.² With regard to the concept of selling more services than just one, it is important to take account of the increasing demand for convenience. The salesman adopts the role of professional advisor and as such the buyer "wants advice, assistance, and extra personal attention in addition to the actual

¹ Eugene M. Johnson - Page 12 - Page 116 (15)

² Frederick E. Webster Jnr. - Page 7 - Page 13 (8)

service purchased. In fact, this is because he is uncertain about the purchase"¹ but on the whole it is related to the demand for convenience. These services will include advice on landscaping, where to shop, putting the buyer in contact with builders, removals people, furniture suppliers, schools, etc. in addition to the other more related aspects of a property sales transaction. "The salesman, and the company he represents, must be capable of providing the many services demanded by today's buyers."²

A clear definition of the company's objectives is vital if an effective personal selling campaign is to be instituted. In the case of the Marina, the role of advertising, publicity and sales promotion is to create buyer awareness and to introduce the salesmen when contact is made. Promotions split into mass promotion - advertising, merchandising, sales promotions - and personal promotion which is concerned with salesmanship.³ It is up to the salesmen to stimulate and close the sale. The sales strategy is an important determinant in the type and composition of the sales force. Prior to the launch of the Marina, a detailed strategy existed and was based on the successful launching of the sales campaign in Eastlake. The objective was to bring Eastlake to life as soon as possible. This involved a number of specific tasks. Firstly, thirty of the forty demonstration houses had to be sold and occupied before the public launch. These sales should have been to selected members of the target market in order to set standards and establish a pattern for the future community.

This objective was pushed aside with the decision to realise

¹ Eugene M. Johnson - Page 12 - 119 (5)
² Eugene M. Johnson - Page 12 - 120 (5)
³ Joseph C. Seibert - Page 275 (3)

an early recovery of funds and all of the houses other than the furnished showhouses were sold indiscriminantly to the first cash buyers. These people neither occupied prior to or after the launch and many in fact bought two or three houses as speculation. They were not the type of buyer that had been considered, during the planning, as desirable nor suitable to establish a pattern for the future. The presence of second home owners was born out in the findings of Peter Womersley's survey in which he concluded that "contrary to the company's objective to create a permanent residential area, the Marina has so far attracted more than the desired number of second home owners."¹

The second objective involved the sale of some thirty-two island plots on the northern section of Eastlake Island to a speculative builder who would begin development immediately and sell his houses through the Marina sales office. This was achieved in part by sales to Bellandia Homes, who have recently completed the construction of these houses. They also bought some Marina house blocks, which have also been completed while other builders, such as Fred Alexander, Resnicov and Nielsen, Proplan and IHL bought Marina house blocks which are presently under construction. However, with the desire to sell as soon as possible, many of the subsequent sales have been made to people buying the houses as second and holiday houses and not permanent homes. Many of the other plots were sold to speculators and investors, resulting in the collapse of one of the original objectives of being selective with the purchasers to ensure that permanent residents were among them.

¹ Peter Womersley - Page 27

Although the Marina had appointed five of its own salesmen, the top management had lost confidence in themselves by believing that they were not strong enough to achieve the new objective of rapid sales to generate an early cash flow and so they appointed Geoffrey Seeff & Co., estate agents, to assist and become joint selling agents. This virtually doubled the sales force. Whereas all the agents were busy at first with the impetus given to the sales drive by the launch programme, this soon slackened and it was found that the size of the sales force was too big. Cuts were made by Seeff first and later by the Marina. In accordance with the new non-selective policy, some members of the sales team were sent to South West Africa and the Transvaal to solicit sales in these areas, thereby spreading the workload. This process of dispersing the sales force and cutting it down continued until March, 1976, when the final break with Seeff & Co. brought the sales force down to three. (Two of these were originally part of the Marina in-house team and the third moved across from Seeff & Co.)

The effectiveness and success of the sales force rests with its structure and design. This is particularly true when the system of remuneration is one of commission and it becomes necessary to clearly define territories, products, etc. in order to ensure that each member of the sales force is correctly motivated without the danger of disputes. Thus, the organisation can hinge around territories, product, customers or a mixture of all three. And in the Marina, it was the latter that proved the most effective. The territorial structure covered the appointment of two salesmen to handle all up-country sales, particularly in South West Africa and in the Transvaal. This meant that the responsibility for sales in these areas could be made to rest with them. These salesmen were able to build up

contacts and soon they became recognised as the agents of the Marina amongst prospective buyers in these areas. However, once this relatively small market became saturated, it was necessary to retrench these salesmen for they had completed their mandate and there was no other territory to which they could be assigned.

The product structured organisation was also used and is still in force. One salesman was made responsible for the business and commercial sales of plots, schemes and completed projects. He was also responsible for blocks of flats and general residential land. The second was assigned the task of the sale of special single residential house blocks (Marina blocks) which involved the sale of the land to builders and speculators who would construct and resell at a profit. This covered syndication, sectional titles, and block share schemes. The third area of activity was the completed houses and single residential plots. This member of the sales force dealt with the public at large and handled the majority of domestic sales. The product structured system enabled each salesman to specialise in his own area and become fully au-fait with his product. The complexity of the sales to builders and developers needed the development of a specialist to handle these sales. In many respects, the product classification goes hand in hand with the customer classification as each of these products appeals to different market segments. So, while becoming specialists in handling the product, the salesman also develops a feel for the needs of his specific customers. "The sale is the result of the particular interaction situation, the face-to-face contact of a given salesman and his prospect. The result of the contact depends not on the characteristics of either party alone, but how the two parties view and react to each other."¹ This brings up the subject of salesmen selection

and the need for compatibility of the sales force with its market.

"At the heart of a successful sales force operation is the selection of good salesmen,"¹ and this is a major factor with the Marina. The product was new in the sense that it was to be marketed on a new basis and the approach and technical aspects were also new. However, the same type of characteristics were needed. Robert N. McMurray wrote in his article entitled "The Mystique of Super-Salesmanship" in the Harvard Business Review of March 1961 that there were five basic traits in a salesman: a high level of energy, abounding self confidence, a chronic hunger for money, a well established habit of industry, and a state of mind that regards each objection, resistance, or obstacle as a challenge.² On the other hand, David Mayer and Herbert M. Greenberg, in their later article in the same publication, dated July 1964, entitled "What Makes a Good Salesman" listed "empathy"³ and "ego drive"³ as the two vital factors. The former is "the ability to feel as the customer does"³ while the latter is "a strong personal need to make the sale, not merely for the money to be gained."³ Certainly with property selling "empathy" is a positive factor and helps the salesman to better understand his market and therefore better able to sell.

Having empathy in no way means to be sympathetic with the prospect's feelings, but rather having an understanding about them. "A salesman simply cannot sell well without the invaluable and irreplaceable ability to get a powerful feedback from his client through empathy."⁴ In fact,

- ¹ Philip Kotler - Page 717 (1)
- ² Robert N. McMurray - Page 118 (11)
- ³ David Mayer and Herbert M. Greenberg - Page 119 - Page 125 (12)
- ⁴ Dr. Charles L. Lapp and Dr. Jack R. Dauner - Page 12 - 38 (13)

"empathy" has been labelled a "people antenna" because of its feedback qualities.¹ In respect to the "ego drive" the salesman "has the feeling that he has to make the sale; the customer is there to help him fulfill his personal need the sale provides a powerful means of enhancing his ego. His self picture improves dramatically by virtue of conquest and diminishes with failure."²

Franklin B. Evans, in studying the customer-salesman dyad, concluded that "the more similar a salesman and prospect are, the greater will be their mutual attraction which, in turn, enhances the likelihood of a sale being made."³ This meant that in selecting the sales force, it was important that the characteristics of the salesmen and the customer were compatible. This would result in a situation where the "prospect likes a salesman .. (and this would mean that there was) ... a greater chance that the latter will be able to influence the former."³

With the Marina, the sales recruitment was done simply by looking for experienced salesmen who had a good record of sales within the target market that the Marina was already operating in and who had similar characteristics and background to the Marina's target market. This would give the developer two advantages. Firstly, it gave the Marina the opportunity of acquiring experienced salesmen, already versed in the technical aspects of selling land and houses, although they still would need product training and a marketing orientation course to acclimatise themselves with the Marina's approach and the new product. Secondly, the sales force knew the target market intimately, was attuned to its needs and wants and had built up contacts and an interaction with the market, providing experience of face to face contact with the market. Furthermore, the salesmen themselves were part of the target market, which

¹ H.L. Davis and A.J. Silk - Page 63 (15)

² Loran F. Baxter - Page 21 - Page 23 (14)

³ Dr. Charles L. Lapp and Dr. Jack R. Dauner Page 12 - 38 (13)

gave the developer the advantage of similarity between salesforce and market. This meant that "the greater the similarity between a salesman and a prospect, the more the prospect will like the salesman, and ... the greater the salesman's influence."¹

A training programme is necessary to ensure that the maximum effectiveness can be achieved from a salesman, especially when personal selling plays a major role as in the case of Marina da Gama. "There is a 'presentation effect' in favour of the product supported by a well-done sales presentation"² and therefore, the need for training to produce a well structured and effective presentation is paramount. As selling is so closely linked to effective communications, it is vital that the training process is such that it does not merely "impart knowledge "without" building selling skills"³ for these two aspects are equally important. Such a programme was devised for the Marina and included site visits and the use of films, slides, presentations, models, etc., all designed to ensure that the sales force knew the company; knew the product and its various aspects; knew the concept of leisure living at the water's side; the advantages of the lifestyle as well as all the likely objections to living at Marina da Gama; the market and its characteristics and needs; the competitive areas and the pros and cons of these areas; and finally, the duties and responsibilities together with procedures to be followed by the salesman in the field and in the office. In addition to this programme, lectures were given in company policy, covering topics such as pricing, desirable purchasers, the development of the harbour, the Home Owners Association, etc., as well as selling techniques and the art of salesmanship. "The sales

¹ H.L. Davis and A.J. Silk - Page 67 (15)

² Theodore Levitt - Page 17 (16)

³ Roger Rusk and Charles F. Johnson - Page 12 (17)

personnel were given very thorough training before the opening of the sales campaign.... This was necessitated by the complexity of the product knowledge in comparison with ordinary residential property."¹ While it is vital to allow the salesmen to develop their own personality, a uniform sales platform is needed and the lectures therefore included instruction on how to sell property at the Marina as well as how to understand buyer behaviour. After all, it is central to the marketing concept that the salesman assesses the buyer's needs and attempts to satisfy them. "Benefits are needs from the point of view of the buyer. The salesman perceives needs, whereas the customer seeks benefits."²

Good salesmanship depends on effective communication and the ability to convince. "Training for salesmen should focus on helping them develop the special skills they require to be effective in interacting with prospects."³ It is important that the training is extensive and includes a good "understanding of human motivation and buyer behaviour."⁴ With this understanding, a salesman can use all the powers of persuasion to convince the purchaser that living at Marina da Gama will solve his needs. To convince the buying public is to sell and that is the sign of a good salesman.

An effective sales approach was outlined by J.C. Seibert in "Concept of Marketing Management"⁵ and could be applied to the Marina in order to improve the level of salesmanship. Firstly, the salesman must undertake a process of "prospecting" which involves gathering names of potential buyers. Such leads come through visitors to the Marina,

¹ The Cape Times - Page 11 (18)
² J.S. Schiff - Page 12 - 8 (4)
³ H.L. Davis and A.J. Silk - Page 68 (15)
⁴ Joseph C. Seibert - Page 256 (3)
⁵ Joseph C. Seibert - Page 257 - Page 260 (3)

enquiries, the waiting list, contacts, friends and people who have already bought property. "Prospecting is essential for the salesman's survival and growth. It provides an excellent opportunity for the use of his imagination and originality."¹ The second step is called the "pre-approach" and involves the preparations needed before the salesman meets his client. He should determine such information as the client's financial status, his underlying reasons for wanting to buy at the Marina so that the salesman can expand on the motivating forces and help to convince the prospect. Similarly, the salesman should attempt to determine the prospect's "personal characteristics - his likes and dislikes, his interests, hobbies, avocations, personal habits and peculiarities (as) all have a bearing on the possibilities for a sale."² As each prospect is different, a thorough pre-approach analysis improves the chance of a sale.

The third step is the "approach" itself which should be aimed at arousing the attention of the prospect for once this has been done, the salesman can more easily convert this attention into interest. Here the salesman's personality and material possessions, such as his office, motor car, dress, etc., become important as they can help to create a favourable image and gain a sympathetic hearing from the prospect when he is making the "presentation." The manner in which the salesman puts across the benefits of the project also influences the prospect's opinion of the salesman. The salesman should match the buyer's needs to the project's attributes "adopting the role of consultant. His advice and his explanations are convincing if the prospect has developed sufficient confidence in the salesman."² At this point the salesman must be able to "meet objections" and answer the questions and problems that may

¹ J.S. Schiff - Page 12 - 16 (4)

² Joseph C. Seibert - Page 258 (3)

be worrying the prospect. The salesman's "skill in meeting these objections is vital to gaining an order"¹ and so the salesman must look upon all the questions as opportunities to learn what the prospect is really interested in and concerned about. "The salesman should encourage objections by being a good listener"¹ and this increases the prospect's confidence in the salesman and in turn the salesman improves his understanding of the buyer's needs. "Only by listening can the important interaction process in a sales interview be accomplished."¹ An overriding factor is the credibility of the salesman. This is vital for effective selling. "Testimonials, thoroughness of knowledge, and personal sincerity are some of the means by which salesmen achieve believability."² With property selling, the element of credibility is even more important as the amount of money involved is so much more than with the purchase of ordinary consumer products.

The sixth aspect is to know when to "close the sale" as a fine balance exists between successfully concluding and going too far. The salesman should be trained to know when to close the sale as he can "talk himself out of the sale by delaying unnecessarily before asking for the business"³ and thereby losing the attention and interest of the buyer. It is better to try and close early than to be too late for the negotiations can always continue if the buyer is not quite ready. The final aspect is "after sales service" because this can give the salesman further leads and will help to promote a favourable word of mouth campaign. However, there is a further aspect to the after sales service. As the purchase normally represents a large outlay for the buyer and it is a relatively high risk purchase in view of the newness of the project, the buyer is "probably very susceptible to being 'unsold' by a competitor."⁴ This is an unhealthy situation

¹ Joseph C. Seibert - Page 259 (3)
² J.S. Schiff - Page 12 - 9 (4)
³ Joseph C. Seibert - Page 259 (3)
⁴ Theodore Levitt - Page 20 (16)

as it can have a reverse effect on the word of mouth campaign as well as resulting in cancelled deeds of sale. It is therefore vital that there is a "need for continuous follow-up by the original seller to reassure the customer and thus help keep him sold."¹

The telephone plays a very important role in personal selling, particularly in the property industry and unless effective use is made of the telephone, much advantage can be lost. "A carefully developed programme in which the market is identified, qualified for its potential, and then carefully selected within the framework of corporate objectives should, for most profitable results, consider the use of the telephone."² The salesman should use the telephone intelligently to set up appointments in order to present his product. Courtesy, honesty and interest provoking techniques should be used but of all "proper preparation for the call is the foundation on which the others are based and should be stressed for a successful sale."² The telephone contact between the buyer and the seller therefore provides an important sales opportunity and whenever such a contact is made, maximum advantage of it should be taken.

The question of the remuneration of the sales force is important if the company is going to succeed in "attracting good men, motivating them and keeping them."³ Ideally the salesman wants some kind of income regularity and this was provided for in the Marina's compensation scheme whereby the salesman is assured of a cheque at every month end which could either be commission or a loan against future commission or commissions which are outstanding. The second requirement of reward for above average performance is adequately catered for in the commission scheme where

¹ Theodore Levitt - Page 20 (16)
² S.F. Damkroger - Page 12 - 173 (19)
³ Philip Kotler - Page 725 (1)

one's performance directly determines the level of one's income. The fairness of the scheme is evident in that the commission rates are based on the standard rates of the industry thereby ensuring that each salesman has equal earning potential. From management's side, such a scheme also provides adequately for its needs. The scheme is easy to control and the salesmen can be readily disciplined by ensuring that they maintain sales targets. Economically, the salesman earns according to his achievements and effort and this is acceptable. The simplicity of the scheme is also obvious in that there is no need for complicated pay rolls or formulae for compensation. In its essence, the scheme provides for the salesman to earn 50% of the standard Institute of Estate Agents Tariff of commission, upon the successful conclusion of a sale. This commission tariff is 5% on the first R10 000 of the selling price and 2½% of the balance of the selling price on buildings. In the case of a plot sale, the commission is 5% of the selling price of land. The remaining 50% of the total commission is used by the developer to cover overhead costs, sales kits, telephones, advertising, etc. The Marina remuneration system is therefore a straight commission plan and it works effectively because there is a need for aggressive selling in rather tight market conditions and above all the salesmen are not expected to perform many non-selling functions.

It is necessary to motivate the salesmen in order to ensure that they are working to capacity. Encouragement and incentives are needed because the very nature of the job is subject to continuous frustration and the salesmen can easily get the feeling of isolation. The second reason for continuous motivation is basically human nature in that the lack of supervision and control can cause the salesman to slacken off, particularly after he has succeeded in making

a sale. Like all other people, the salesman is also prone to personal problems and often needs help in these matters. The organisational climate is the first source of motivation. The salesman must feel wanted and a part of the organisation and that achievement can be rewarded not only with money but also promotion. The Marina's appointment of a salaried sales manager and sales controller is part of this organisational structure which has created a friendly climate in which the salesmen feel very much a part of the project. While no formal sales quotas are established at the Marina, the sales manager is aware of the targeted sales level which has been budgeted within each financial year. The sales force is informed of this target also and the force is geared in such a way to attempt to achieve it. A team spirit is present and a joint effort is made to reach the targets. Certain positive incentives flow from this with the organisation of sales contests with monetary rewards, floating trophies, etc. These are bonuses over and above the commission paid and helps to increase the level of competitiveness and thereby stimulates a greater sales achievement rate. The incentive bonuses are made worthwhile as the major impact of this type of remuneration and motivation is psychological. "Non-cash rewards are status symbols that the salesman can hold on to or talk about to his co-workers, friends and family."¹ Similarly, sales contests "provide not only a chance for a prize and the recognition that goes with it, they also lend excitement to what may become a rather routine job."¹

With all the motivation and organisation of the sales force a system of evaluation of the salesman's performance is needed. Such an evaluation can take many forms, such as

¹ Charles W.G. Van Horn - Page 12 - 62 (20)

comparing achievements against past performance or against established quotas; comparing one salesman's performance against that of another; and finally, a qualitative appraisal of the salesman which would cover things such as his knowledge of the product, his keenness and his aggressiveness etc. In all respects, this evaluation process is designed more to help the salesmen improve rather than being an attempt at criticism.

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CHAPTER XV : MARKETING CONTROL

An effective marketing organisation depends on the setting up of a procedure for the "systematic collection, analysis and interpretation of data from many sources"¹ and the use of this data in planning and control of the operation. In fact, planning and control are very closely allied. "Marketing plans become the benchmark for measuring and controlling progress, and reports on the results become the point of departure both for short term tactical adjustments to correct problems and exploit opportunities, and for longer term sales growth planning."¹ In short then, "the essence of control is action which adjusts operations to pre-determined standards and its basis is information in the hands of managers."²

Once the objectives have been set and the marketing process commenced, it is necessary for the "management to monitor the results of its effort to be sure that planned targets are being achieved."³ In this way, it is possible to ensure that standards are being maintained and action can be taken to correct deviations as well as to capitalise on success. "Control is the process of taking steps to bring actual results and desired results closer together."⁴ The need for control stems from various factors. Firstly, there is a continuous increase in the size of companies and this applies equally to Marina da Gama, which is part of one of the largest companies in South Africa. Secondly, the environment is constantly undergoing change and as a product like Marina

¹ John C. Faulkner - Page 9 - 3 (1)
² Douglas S. Sherwin - Page 45 - Page 46 (2)
³ Philip Kotler - Page 780 (3)
⁴ Philip Kotler - Page 752 (3)

da Gama has a life cycle of between ten and fifteen years, it is vital that control is instituted in order to keep abreast with the changing environment. What is needed is "a marketing intelligence system, tailored to the needs of each marketer. Such a system would serve as the ever-alert nerve centre of the marketing operation,"¹ and would provide a valuable means of control and feedback. The Marina's controls are essentially confined to approaches of evaluation and review of performance and from this to a critical examination of the methods and procedures employed. This would include systems and personnel "concentrating on the manpower and tactics used and the results achieved within a given framework of objectives and policies."² However, the greatest shortfall is that the appraisal does not include the framework itself which is the basis on which the marketing effort is formulated and carried out.

The overriding purpose of control is to allow management "to know how things are going in time"³ so that corrective action can be taken in keeping with the company's marketing objectives. "Part of the purpose of control is to regulate the organisation in such a way that it reaches and maintains a state of equilibrium that is adaptive and sensitive both to changes in the external environment and to changes in the firm's resource base."³ For this reason, control must include the definition of objectives, the measurement and comparison of performance against norms and the appraisal by management of performance to determine necessary action to be taken.

What is actually needed at the Marina is a marketing audit

¹ Lee Adler - Page 110 (4)

² Abe Shuchman - Page 374 (5)

³ David T. Kollat, Roger D. Blackwell
and James F. Robeson - Page 481 (6)

which would provide such an appraisal - "not only of a company's marketing programme, but also of the framework which has given the programme its direction, structure and shape."¹ A marketing audit "is a systematic and thorough examination of a company's marketing position"² and as such it could provide answers as to why "property sales at Marina da Gama have slowed down considerably in 1976."³

The process of control follows six basic steps. Firstly, the control stems from top management over the total marketing activities of the concern. In the case of the Marina, the Marketing Manager as a member of the Management Committee would represent the marketing activity and the control process would be exercised through this committee. The discounted cash flow model has projected various levels of sales in different years at projected prices. The department's success and results should be measured against the budget and the process of control instituted. The budget which is part of the discounted cash flow model is "concerned with the development of a control mechanism to assure the most efficient and effective implementation of the action specified in strategic and tactical plans, and to provide the basis for measuring and controlling actual performance relative to plans."⁴ The fact that the Marina did not make full use of the budget as a control mechanism is one of its management shortfalls. The second step would be the marketing department's control over the activities of other departments. This is not so much a question of control as one of communication. The activities of the planning and development departments do affect the activities of the marketing department. Once again, the Management Committee is the vehicle used in the Marina to allow communication between departments to ensure a

¹ Abe Shuchman - Page 374 (5)
² Martin L. Bell - Page 13 (7)
³ The Cape Times - Page 3 (8)
⁴ Robert S. Weinberg - Page 18 (9)

measure of control and co-ordination of activities. The third step would be the control process of the marketing department over the activities of its outside agents. This is slightly more difficult to institute because of the degree of independence of these outside agents. In Marina da Gama, the marketing committee comprised not only those responsible for the various activities within the department, but also had outside agents represented on it, such as the advertising agency, a representative from Geoffrey Seeff & Co. and in the earlier stages, Real Estate Development and Research. However, the difficulty in controlling these outside agents resulted in the final break with Geoffrey Seeff & Co., while the other two outside representatives ceased to play an active role in the marketing process in 1974/1975 and therefore no longer attended marketing committee meetings. These latter two areas of activity provided the Marina with a research and planning service as well as advertising expertise and media information. The breakdown of this relationship with the Marina was part of the decision to cut down on outsiders all together but in doing so a valuable control source was lost.

The fourth step in control would be that of the marketing department over its personnel. Once again, the role of the marketing committee is vital here. Each aspect of the marketing process should come under review and the results measured against the objectives of the marketing strategy. The section heads should report back information and suggestions from the field workers while the Marketing Manager would exercise control over the section managers and hence their staff through the marketing committee. The fifth aspect would be the marketing department's control over its effectiveness in the market place which can be affected by so many outside factors. The property industry is particularly

vulnerable to this aspect, as such factors as inflation, rising building costs, rising interest rates and general economic and political conditions can adversely affect performance. Marketing's flexibility to adjust to the situation is vital and only through control can such adjustments be successful. Other changes, such as the buying public's growing criticism and fears that Marina da Gama is a "white elephant" a holiday resort, a "blunder", "an ill-conceived, financial liability to the Cape Town City Council and an economical threat"¹ also need changes in the marketing strategy in order to counter this adverse situation. More publicity, for example, could be used to educate the public and regenerate a favourable attitude towards the project. Such a control process should have been used to counter the bad publicity generated by the decision to halt all work on the project on the east side of Prince George Drive. However, the Marina's control in this area is weak, especially after the decision to do without any public relations officer and it has failed to make adjustments, resulting in a growing negative attitude amongst the buying public. The sixth and final step of control would be that over various special projects or events such as the launch of Marina da Gama, the start of selling in Extension No. 2, etc. The major concern should be to ensure that the activity is undertaken efficiently and according to plan as well as to achieve the marketing objectives within budgeted expense.

"A system is said to be efficient when it is producing a given result at the lowest possible cost."² As the Marina is very much a people orientated marketing operation, inefficiency is constantly present, especially in the sales force's use of its time and limited resources. One area in improving efficiency is to ensure that the sales force

¹ The Cape Times - Page 3 (10)

² Philip Kotler - Page 757 (3)

is neither too small nor too big to do the job. A second area is to avoid using the sales force to do some of the public relations work, in addition to their normal functions. This was one of the reasons why the Marina employed hostesses so that the public relations activity could be syphoned off to lower paid and specialised personnel. And the third area in which efficiency could be improved was the simplification of the paperwork needed to be done by the salesman once he had concluded a sale. The deed of sale was simple and short so that once the signature was obtained and the purchaser's details recorded, the administration involved in the transfer of the property and legal aspects could be passed on to the legal department to arrange the mortgage bonds, registration, etc.

Advertising efficiency is more difficult to implement although more careful selection of media and cost/benefit analysis do help to ensure that the advertising budget is spent as efficiently as possible. With the Marina, the brand type advertising was dropped in favour of product advertising as this was considered more efficient and could be more easily related to sales. (This was symptomatic of the switch from a marketing orientation to a sales orientation). While such a decision might have appeared to be efficient, in the Marina's case the sudden break in brand advertising did help to generate negative response from the buying public who became suspicious of the project because of rumours and increasing criticism from various sources. Distribution efficiency is not so much a problem with the Marina as no physical distribution of stock takes place. However, the sales controller monitors the movement of sales through the master sales book and the efficiency of this procedure can avoid the problem of plots or houses being sold twice.

The process of control is relatively simple in the marketing of the Marina's product because the output is small and the sales are comparatively few when compared with normal consumer products. Much of the control is centred around sales analysis. "It offers realistic historical benchmarks for the purposes of forecasting the coming year's sales, gauging the relative importance of given customers or classes of customers to a company, establishing sales goals for units and individuals in terms of strengths and weaknesses in specific market areas, and setting norms to serve as guidelines for sales activity and efficiency."¹ An evaluation of the need for changes in approach, activities of the sales force, remuneration and training etc. can easily be undertaken. Thus the standards that are set at the start of each year involve the achievement of a sales target, as well as the budgeted expenses covering advertising, sales promotions, etc. These standards are normally based on past experience and the discounted cash flow model.

The Marina has a ten year marketing budget which covers the anticipated cash outflow in the various elements of the marketing mix needed to achieve targeted sales levels, i.e. the projected income. The marketing budget is a major tool and function which provides a mechanism to "plan toward the desired end, organise the overall responsibility along functional lines, and provide the interim guidance or direction necessary to bring about the proper results."² In its very essence the marketing budget plays a vital role "in enabling the modern marketing manager to capitalise on the three primary tools of management: planning, organisation and control."³ And yet, only a limited performance measurement is undertaken in terms of statistical charts, ratio analysis, etc. The marketing manager should follow

¹ Professor Hugh G. Wales - Page 6 - 83 (11)

² Jerome M. Minkin - Page 9 - 18 (12)

³ Jerome M. Minkin - Page 9 - 20 (12)

the sales pattern and his weekly sales meetings should be designed to measure performance and follow the trends in comparison with the standards set down. When any significant variation occurs, the marketing manager, together with the sales manager, undertakes a causal analysis in order to detect why the deviations are occurring. No formal variance analysis exists in the Marina but a rather unsophisticated plan analysis is used. This is concerned with checking backwards from the operations aspect to the planning aspect, then to the analysis aspect and finally management. This process does involve a conscious re-examination of the company's activities, planning and management to ensure that standards are maintained and to determine whether the standards themselves were incorrectly established due to other factors that have subsequently emerged such as changes in the economic and political situation, the decision not to build the harbour, etc. Corrective action follows to ensure that the objectives are still met and the activities can come closer to the standards. There is no automatic feedback mechanism to activate any response to correct the problem, but rather a discretionary procedure is undertaken to make such adjustments as are considered advisable. For example, because sales are dropping, it is not necessarily correct to drop prices for this may in turn result in a further decline in sales because of the apparent depreciation of property values rather than appreciation.

In order to ensure long range control, a review of the entire marketing system should be undertaken so as to ensure its adaptability to the changes in the environment. This is called a marketing audit and it is carried out by both successful and unsuccessful concerns, the former to build on and increase its success and the latter to probe problems

and take corrective steps to achieve success. The marketing audit has been defined as "an independent examination of the entire marketing effort of a company, or some specific marketing activity, covering objectives, programme, implementation and organisation, for the triple purpose of determining what is being done, appraising what is being done and recommending what should be done in the future."¹ No formal marketing audit is undertaken in the Marina control system nor has it ever been planned, although most of the elements of control of the marketing audit are performed in a rather sporadic manner. As discussed earlier, appraisals made of performance should be concerned equally with the unsuccessful techniques as with the successful so that the planning efforts can be better directed. Market research must be ongoing to ensure that the marketing department does not "concern itself with isolated problems almost on an ad hoc basis."² It is vital that the Marina begins "to visualise marketing research as a continuing process of inquiry in which executives are helped to think more effectively."³

Essentially, an effective system of audit begins with an examination of the company's objectives. This involves the determination of clear objectives and an evaluation of how good these objectives are in capitalising on the company's resources and opportunities. The audit helps to make a company aware of its target market and its various segments and the need to create want satisfactions and become marketing orientated. The second area of emphasis is the programme for achieving the objectives and particularly its structure in terms of the mix of the marketing effort, its level and the various allocations of its budget. The third aspect is implementation of the programme. This is the tactic used by the company which includes the choice

¹ Philip Kotler - Page 776

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² Richard H. Brien and James E. Stafford - Page 21 (13)

³ Joseph W. Newman - Page 106

(14)

of salesmen, advertising media, even the advertising agency. In addition, the various procedures used must be examined, including training of salesmen, gathering information about the market and the competition, etc. The final aspect is that of the organisation involved in the implementation process. This has to do with such issues as responsibility and authority, the interrelationship with other departments such as development and planning, lines of communication, etc.

In the Marina, the marketing audit is very much an internal operation conducted at two levels - the management committee and the marketing committee - but even then it can hardly be called an audit because of its lack of totality. A review of the marketing department's efforts throw up the deviations and assist in making adjustments and decisions. These decisions help to ensure some measure of efficiency and effectiveness although the lack of a formal control system dilutes the benefits that could be achieved. A series of "quantitative and qualitative"¹ standards are set in terms of the discounted cash flow model and absorption rates and performance is evaluated against these standards. The lack of a cohesive marketing policy has resulted in a management by crisis type situation where a drop in sales causes an unco-ordinated reaction by increasing the pressure on sales rather than analysing the causes and evolving a total marketing strategy in response. With the constantly changing environment, the need for a marketing audit increases because its purpose is "to reveal potential as well as existing strengths and weaknesses in a company's marketing operation."² In this way, the company can keep pace with its environment and make adjustments as and when necessary. This is becoming increasingly necessary at the Marina, where the heavy emphasis on sales rather than marketing has helped to

¹ Alfred R. Oxenfeldt - Page 758 (15)

² Abe Shuchman - Page 376 (5)

increase the confusion as to what to do to correct deviations.

The elements of the basic sales transaction provide a base from which a certain level of control can be exercised and the strengths and weaknesses analysed. The sales manager keeps records of the customers at the Marina and particularly a profile covering their market segment, present residential address, financial status, source of contact, etc. This helps to build up a better understanding of the market by being able to compare actual buyers with the target market and its characteristics. The second source of control emanating from the sales transaction is the sales force. From this group the management can determine which marketing tools and particularly which sales methods were successful and which were not. Furthermore, an analysis of the successful and not so successful members of the sales force is possible from an examination of sales transactions. The third aspect is the product itself. Are Marina houses more in demand than Island houses? Are north facing plots achieving a better uptake in the market than south facing plots? Answers to questions on the product reveal valuable information on the product itself. The final aspect has to do with the terms of the sale and this is important for the Marina. Cash buyers have been regarded as a prime market and yet mortgage bond facilities are available at the Marina. The control process should help determine the success in attaining cash buyers and whether easier facilities would help boost sales by attracting a bigger market. A larger market segment exists amongst purchasers needing mortgage bond finance and yet when conducting his survey into the reasons for purchasing property at Marina da Gama, Peter Womersley determined that "economic motivations were not mentioned - this could mean that the respondents

were prepared to pay a premium for the way of life and money was not a prime consideration."¹ This finding indicates that the Marina could take advantage of its position to be able to offer mortgage bond finance and it could thereby help increase its volume of sales. The survey underlined the fact that the Marina's lifestyle was its unique selling proposition and coupled with the availability of finance, greater sales growth could be achieved by communicating successfully with this segment of the market.

An analysis of sales is necessary but "actual sales become useful only when they are examined in conjunction with standards developed in the planning phase of the marketing operation."² A breakdown of the causes of sales variances can reveal many reasons why success or failure has been encountered. At the same time, the appropriateness of the standards can also be determined. Market share analysis is a good measure of the company's performance in that it can determine "whether changes are due to uncontrollable outside forces or weaknesses in the company's marketing programme."³ Thus the drop in sales towards the end of 1975 and beginning of 1976 at the Marina must be seen in the context of sales in the other competing areas. In fact it would appear that sales have generally dropped during this time because of a number of factors primarily being the downturn in the economy which has affected the availability of finance and secondly, the uncertain political situation brought about by the collapse of the Portuguese colonies and the Angolan war. However, the Marina's market share has slipped in spite of the fact that it has mortgage bond finance available which has indicated a short coming in its marketing programme. Management's inability to seize on this factor has meant a continuation in the drop in sales. Thus, while the company's

¹ Peter Womersley - Page 23 (16)
² Philip Kotler - Page 784 (3)
³ Philip Kotler - Page 785 (3)

market share analysis can be a useful measure of the company's performance, the lack of a clear interpretation of its fluctuations at the Marina, has diminished its usefulness as a control tool. "Normally market share will approximate effort share except for qualitative differences, random factors, or lagged adjustments."¹ In some cases there is a non-linear relationship between market share and effort share but the ability to measure the degree of effort share in the case of established areas such as Newlands and Rondebosch against new townships like the Marina, becomes impossible. Thus the market share analysis is very much one dependent on an examination of the share of transfers of properties that the Marina has enjoyed as opposed to those transfers taking place in areas that are considered competitive.

Another element of control is cost analysis which, through distribution cost analysis, can help to determine the profitability of different entities in the marketing programme. However, such an exercise is difficult to undertake in the property industry with a product like Marina da Gama. Difficulty would be experienced in allocating common costs such as image building, brand awareness, publicity, etc. without even considering the problems of allocating product cost accurately. Therefore the likelihood of using such information on its own to make sound corrective decisions is unlikely.

A marketing information system is needed to improve the effectiveness of control and to ensure a chance of success in attaining the company objectives. Such a system has been defined as "a structured, interacting complex of persons, machines and procedures designed to generate an

¹ Philip Kotler - Page 798

orderly flow of pertinent information collected from both intra and extra-firm sources, for use as the basis for decision-making in specified responsibility areas of marketing management."¹ The system must be formally constituted and accepted with the "support of top management"² in order to ensure its success. Regular reports and data from various sources provide the backbone of the system by providing "the necessary information for planning, for setting goals, and for enabling each member of the marketing group to evaluate progress and make needed adjustments."³

¹ Richard H. Brien and J.E. Stafford - Page 21 (13)

² Donald F. Cox and Robert E. Good - Page 149 (17)

³ John C. Faulkner - Page 9 - 16 (1)

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CHAPTER XVI : METAMARKETING

When consumer demand no longer exceeded supply, the marketing concept came into its own as part of the economic system. "The development of marketing was the result of circumstances. Environment conditions focused attention on market practice. Industrial production was expanding; inventions created new products; population, education and personal income were on the increase; social values exalted financial success; and the new and widening markets offered unlimited opportunity for initiative and innovation."¹ Today marketing has advanced tremendously and is applicable to all exchange relationships, including those in the property industry.

The term metamarketing was first coined by Eugene J. Kelly in "Science in Marketing", edited by George Schwartz and has been used "to describe the process involved in attempting to develop or maintain exchange relations involving products/services, organisations, persons, places or causes."² This gives rise to five types of marketing depending on whether the product is a product/service, an organisation, person, place or cause. Thus, while the general principles of marketing apply in all five cases, differences and similarities do exist.³ The most common application of marketing is to the durable and non-durable consumer goods but the principles have been applied to other products. And Marina da Gama is no exception. It falls under the place marketing category and is one of the first pieces of real estate in South Africa where any conscious attempt has been made to employ marketing principles as opposed to sales principles. The property industry as such has been traditionally sales orientated and the Marina provides one of the first conscious

¹ Robert Bartels - Page 18 - Page 65 (1)
² Philip Kotler - Page 868 (2)
³ Eugene J. Kelley - Page 469 - Page 470 (3)

marketing orientated approaches in the property industry in South Africa. And yet in spite of the detailed planning and effort to ensure this marketing orientation, the execution eventually turned out to be short of a true marketing orientated approach because of the decision to realise an early cash flow and to alter the character of the product for reasons not related to the needs and desires of the target market.

"Organisation marketing can be defined as those activities undertaken by an organisation to create, maintain, or alter attitudes and/or behaviour of various audiences toward the organisation as a whole in order to stimulate exchange."¹ This is another way of describing public relations which played a vital role in creating awareness and providing a favourable attitude towards the Marina prior to its launch. The target market's preconceived ideas, disbelief and hostility had to be converted into a positive and responsive attitude towards the Marina and its product. The early appointment of the public relations officer and the use of presentations and talks to help achieve this mental change in the market, also marked a new approach in the property industry.

The Marina falls into the category of Place Marketing in most respects as it is linked to land and township development. This category is concerned with "the effort to develop and/or promote the sale or rental of single family dwellings, apartments and other types of housing units."² Although essentially domestic orientated, the Marina also offers business opportunities in the form of business sites and established commercial centres, development opportunities for the builder and finally land for

¹ Philip Kotler - Page 872 (2)

² Philip Kotler - Page 878 (2)

the individual as an investment or to build on. Traditionally this industry has based its "marketing" on the use of the classified advertisement columns, signs on properties and the real estate agent. However, as has been seen, the Marina has gone a lot further by researching housing needs and developing a product which meets those needs. Whereas the production of durable and non-durable consumer goods and the marketing of these goods and services is largely marketing orientated, many of the products in other categories are already in existence and have not been created, invented or developed purely in response to market needs. Such a case is Marina da Gama, which was a proclaimed township in the early part of the century, although called Marine Estate and never a successful township. Thus the marketing approach for such a product must be "a mixture of selling and marketing - a change strategy and a response strategy."¹ The product in its raw state was land but it was a wasteland that had no value nor was it considered desirable as a residential area. Marketing involved the research of the needs of the market and its findings determined that a leisure lifestyle was desirable. This prompted the reshaping of the land to meet these needs. Thus the combination of selling, which is concerned with finding customers for the existing product and marketing, which caused the reshaping of the product to meet the needs of the market, was the essence of the marketing approach of the Marina. Such a dual approach is common throughout the property industry and re-enforces the belief that the "new" product in the property industry is really an old product that has been reshaped and adjusted to meet the market's needs in accordance with changes in the environment.

¹ Philip Kotler - Page 884

REFERENCES : CHAPTER XVI

- (1) ROBERT BARTELS "The Development of Marketing Thought" - Irwin Homewood, Illinois, 1970.
- (2) PHILIP KOTLER "Marketing Management, Analysis, Planning and Control" - 2nd Edition - Prentice-Hall Inc., New Jersey, 1972.
- (3) EUGENE J. KELLEY "Ethics and Science in Marketing" in "Science in Marketing", edited by George Schwartz, John Wiley and Sons, Inc., New York, 1965.

CONCLUSION

Marina da Gama was described as "one of the most successful property marketing campaigns in recent years"¹ by Mr. Geoffrey Seeff in an address to the Institute of Marketing Management in Cape Town in May 1975. This was only some seven months after the launch of the project which had "resulted in a gold rush of buyers."¹ And yet, about fifteen months later the project was attacked as being "ill-conceived" and "a financial liability ... (that would cause) ... AMAPROP to really slide into the mud."² Both these statements are extreme and neither accurately describe the situation as it really is at Marina da Gama.

At the opening of the project in October, 1974, the then mayor of Cape Town, Mr. David Bloomberg, declared that the Marina was "the newest, the most aesthetically conceived and the most exciting residential scheme in the country."³ And at that time his description was most appropriate as the project marked a departure from the traditional method and approach to property development in South Africa. It represented a marketing orientated approach in which the developer had gone out of his way to analyse and research the market and to produce a product that would meet the market's needs for a leisure living lifestyle. And yet drastic cuts were made to the project in 1975, which had caused it to change its basic character. The project "shrank in concept from what, only three years ago, was to have been the biggest private scheme undertaken in the Cape..... Only 117 houses have been or are being built in the drastically reduced scheme in which 1500 waterside homes instead of the original 5600 are envisaged."⁴ The major facilities of the

¹ The Cape Times - Page 11 (1)
² The Cape Times - Page 3 (2)
³ Marina da Gama Newsletter No.5 (3)
⁴ The Cape Times - Page 3 (4)

ocean harbour, the golf course, the equestrian centre and the airstrip were dropped and the development of the area on the east side of Prince George Drive was shelved.

There are many reasons given for Anglo American's decision to drop its carefully researched and studied plans, ranging from increasing costs to internal political in-fighting amongst the top management. None has really been substantiated and much speculation as to the real reasons continues. Whatever the causes, the project provides an excellent example for the study of the marketing elements employed in the launch of a new product in the property industry.

"Marketing is the process in a society by which the demand structure for economic goods or services is anticipated or enlarged and satisfied through the conception, promotion, exchange and physical distribution of such goods and services."¹ Extensive research programmes were undertaken by Anglo American Properties to determine the existence of a "demand structure" in the property industry. The findings of the Housing Surveys of 1970 and 1971 indicated the need for a leisure living lifestyle that is associated with water. The thorough planning and research that followed resulted in the "conception" of Marina da Gama with attributes and facilities that would meet the buying public's needs. The planning included financial, legal, marketing and development planning and in this way, the product was born, together with its packaging and brand name. The product was designed to "satisfy" the consumers' needs and involved "developing the right product for the target market."²

¹ Theodore N. Beckman and William R. Davidson - Page 4 (5)

² E. Jerome McCarthy - Page 39 (6)

The other three "P's" of the marketing mix,¹ place, promotion and price were integrated together with the product to produce an effective marketing strategy for the Marina. Subsequent changes in company policy resulted in the collapse of this integrated marketing mix and the return to a sales orientated approach. However, the marketing planning was extensive. Place is largely concerned with the channels of distribution and in this case is limited to the sales force that is used because the product is not capable of physical distribution. A highly specialised in-house team of salesmen is the most effective and efficient channel of distribution and after trying various alternative channels, the Marina has eventually adopted this channel as the optimum method. It has come to accept that this is the right channel in "getting the right product to the target market."² This, however, may not be the best solution for all the products of the property industry. The scale of the development, its character and concept all contribute to determining the optimum channel.

Price plays a unique role in the marketing mix of a land product such as Marina da Gama. A basic tenet is that property values must appreciate and the proof of appreciation in value enhances the desirability and attractiveness of the land. The pricing philosophy of the Marina was carefully planned to follow a "penetration approach" and yet with the disintegration of the marketing mix following the change in company policy to generate an early cash recovery, a "skimming"³ policy was adopted. This has forced up prices with the result that it has put the Marina beyond the reach of the major portion of its target market. Nevertheless, the planning was "concerned

¹ E. Jerome McCarthy - Page 38 - Page 46 (6)
² E. Jerome McCarthy - Page 39 (6)
³ Robert Leduc - Page 81 (7)

with determining the right price to move the right product to the right place."¹

Finally, "promotion is concerned with any method which communicates to the target market about the right product which will be sold in the right place at the right price."² It involved sales promotion, advertising, publicity and personal selling and was used by the developer to "actually add value to the product"² by capitalising on the project's unique selling proposition - a leisure living lifestyle at the waterside. It was the concept that was communicated and it was done so successfully. This element of the Marina's marketing mix very carefully planned and much of it was used in the initial stages of the project's launch. The residents of Eastlake were able to record "a high degree of satisfaction with the quality of life they are able to enjoy there"³ in reply to a questionnaire distributed by the developer in 1976. The central theme of the promotion of the project revolved around the new lifestyle concept.

The project had all the essential ingredients for a successful development as it was originally planned. The changes in policy and the dropping of the major elements of the development has altered its basic character and unless the developers revert to a marketing orientated approach, the project faces the danger of degenerating into a conventional property development without the advantage or opportunity of maximising the company's "profitability per unit of capital employed in the enterprise."⁴

¹ E. Jerome McCarthy - Page 40 (6)
² E. Jerome McCarthy - Page 39 (6)
³ The Cape Times - Page 3 (4)
⁴ Ralph Glasser - Page 7 (9)

REFERENCES : CONCLUSION

- (1) THE CAPE TIMES "Inside Story of Marketing of Marina" - Saturday, May 3rd 1975 - S.A. Associated Newspapers.
- (2) THE CAPE TIMES "Architect Slams Marina Blunder" - Saturday, June 26th 1976 - S.A. Associated Newspapers.
- (3) MARINA DA GAMA NEWS-LETTER NO.5 Edited by Jos Baker, November 1974 - Published by Marina da Gama Limited.
- (4) THE CAPE TIMES "Marina Project has Shrunk" - Tuesday, July 6th 1976 - S.A. Associated Newspapers.
- (5) THEODORE N. BECKMAN and WILLIAM R. DAVIDSON "Marketing - New York" - Ronals Press Company, 1967.
- (6) E. JEROME McCARTHY "Basic Marketing - A Managerial Approach" - Revised Edition - Richard D. Irwin Inc., Illinois 1964.
- (7) ROBERT LEDUC "How to Launch a New Product" - Crosby Lockwood and Son Limited, London, 1966.
- (8) THE CAPE TIMES "Marina Man Hits Back at Critics" Wednesday, July 7th 1976 - S.A. Associated Newspapers.
- (9) RALPH GLASSER "Planned Marketing" - Pan Books Limited, London 1968.

A P P E N D I C E S

APPENDIX A

Marina da Gama has been described as a "blueprint of a new lifestyle"¹ with plenty of "space to live and space to play."¹ In the developer's own words, it is "a waterside community where outdoors is an extension of your living room (and you can) enjoy urban advantages in a seaside setting."¹ The Marina was planned on a large scale to provide the market with facilities and a lifestyle that was badly needed. The following notes outline the background leading to the development of the project and the basic components that were originally planned as part of that development.

1. BACKGROUND

(i) ANGLO AMERICAN PROPERTIES:

The Anglo American Corporation of South Africa Limited has acquired vast mining, financial, industrial and property interests, both in Southern Africa and other parts of the world. Within the mining sphere alone, it controls some of the world's richest gold, copper, diamond and coal resources. One of its greatest assets is its management expertise which it has mastered and developed into a basic business philosophy. It provides this expertise to all its associated companies and it has become one of the major contributing factors that has made Anglo American one of the richest organisations in the world.

¹ Brochure on Marina da Gama, published by Marina da Gama Limited, October, 1974.

Having acquired a fairly extensive property portfolio through its various business activities, the Anglo American Corporation decided to establish a property company to administer, develop and co-ordinate all of its property interests. A public company, quoted on the Johannesburg Stock Exchange, was established under the Chairmanship of Mr. Douglas B. Hoffe. The Company was called Anglo American Properties and took under its wing various property companies which previously had been administered by the Corporation as well as others administered by Union Acceptances Limited - a merchant bank which at the time formed part of the Anglo American group of companies.

Subsequently the Company has been absorbed into a new conglomerate together with Sorec Limited and its subsidiary companies - part of the Schlesinger Corporation that was acquired by Anglo American Corporation in 1974 - and has become one of the country's largest property companies.

During its existence, AMAPROP, as the Company came to be known, was involved in several successful and enterprising property projects. These have included the following:-

- (a) Carlton Centre, which covers five city blocks and comprises the largest hotel in the Southern Hemisphere, a fifty storey office tower, an exhibition centre and ice rink, parking for 2000 cars, two departmental stores and two levels of shopping.

- (b) Bryanston, which is one of Johannesburg's premier township developments in the Northern Suburbs.
- (c) La Lucia, which has become one of the Natal North Coast's most exclusive suburbs.
- (d) Cabana Beach, which is the largest holiday apartment complex in South Africa, offering a panoramic view of Umhlanga Beach, and includes facilities such as a swimming pool, tennis courts, squash courts, cinema, nursery, restaurants and shopping.
- (e) 320 West Street, which is the largest office tower in the centre of Durban and offers two levels of shopping.

In 1969 the Board of Directors of the Anglo American Property Division embarked upon a deliberate policy of establishing waterfront developments as it appeared from their research that these projects provided an excellent source of investment and an opportunity of a fast rate of appreciation due to the shortage of waterfront property, and the overwhelming demand to live by the water. There was an ever-increasing demand for leisure living which increased the demand by the market for a new approach to township development - one that incorporated a properly planned environment. In Europe and America this type of development had already started and was known as a "new town". It was regarded by the Company that waterfront developments along the lines of a new town could well meet this increasing demand, and consequently, five new projects were earmarked as part of this new policy by the Board:-

- (a) Cabana Beach - a holiday apartment complex at Umhlanga Rocks on Natal's North Coast.
- (b) Chaka's Rock - an apartment complex to be built along Sardinian lines on thirty acres of land on the cliff side of the Natal North Coast.
- (c) Umtunzini Marina - a waterfront residential development on the Natal North Coast.
- (d) Umhlanga Marina - another waterfront residential development situated adjacent to La Lucia and Umhlanga Rocks in Natal.
- (e) Marina da Gama - a waterfront development in the Cape. This was by far the largest of all the schemes.

It was decided that the Cabana Beach and Marina da Gama projects would be the first to be developed. In pursuance of these plans, a company called Muizenberg Marine Estate, which owned forty acres of land adjoining Sandvlei was acquired from Creative Homes Limited in order to commence the development of Marina da Gama. This company, which changed its name in 1973 to Marina da Gama Limited, was 60% owned by Anglo American Properties, 30% by various companies within the Anglo American Corporation group, and 10% by Creative Homes Limited. As AMAPROP owned 88% of Creative Homes Limited, and Ovenstone Investments Limited 12% of that company, the latter had an effective 1,2% stake in Marina da Gama Limited, while the Anglo American Corporation owned 98,8% of the development company through its various associated companies.

(ii) LAND ACQUISITION:

A series of detailed studies were undertaken by Mr. D.S. Jack, Anglo American's Property Planner, and later the Marina's Planning Advisor and a team of consultants headed by Mr. M.A. Lowe, then a senior lecturer in the School of Architecture at the University of Cape Town. These studies were aimed at determining the best location for South Africa's first ocean marina and waterfront township development. They recommended the acquisition of land adjoining Sandvlei and extending to the Zeekoevlei outfall on the False Bay coast as an ideal location for the Marina development.

The Board's acceptance of these proposals was followed by two years of secrecy during which time 850 acres of land were acquired from almost as many owners. This acquisition was followed by months of negotiations with the City Council of Cape Town, which owned the land adjoining the coastline, that was required for the harbour and golf course development. A land exchange agreement was entered into whereby the developers obtained the land needed to complete the project in exchange for land situated to the north of the proposed golf course. It was considered that the golf course should be planned in such a manner that it would provide an excellent buffer against any development which the City Council might envisage for the land to the north of the project area. Moreover, this area was occupied at the time by squatters.

(iii) OVERSEAS MARINAS:

Several overseas study tours of waterfront developments were undertaken by groups of consultants to the developers. These included visits to the French and Italian Rivièras which have long been famous for their waterfront developments and to America. Much of the research centred around two projects - Westlake in California and Port Grimaud on the Cote d'Azur; the former provided the basic elements for the lakeside development planned around Sandvlei, while the latter provided a good example of the atmosphere and character needed for the harbour area.

These study tours enabled the developers to choose the best aspects from the overseas marinas, having seen what had worked well and what had failed, and from this adapt and formulate a conceptual plan for Marina da Gama which was suitable to South African conditions. These initial trips were followed by a series of further study visits by officials of the City Council of Cape Town, the Cape Provincial Administration and the heads of the various departments of Marina da Gama. This enabled the authorities and the developers to get a clearer understanding of the new concept in leisure living which was being planned for South Africa. Furthermore, it enabled the planning and introduction of the various revolutionary proposals for the new township to be more readily accepted by the various local and provincial bodies that control township development.

(iv) RESEARCH:

(A more thorough outline of the results of the research is given in Appendix B). As early as 1970, a concern for the ecological aspects of the Marina resulted in a detailed study by a leading American ecologist called Richard Reynolds. His report dealt specifically with the wind problem and the proposals for a windbreak system. Various detailed wind recordings were taken at the site over a period of two years and a scale model of the development was placed in a wind tunnel at the California Institute of Technical Research in Los Angeles in order to simulate the various wind conditions and to test the suitability of the proposed scheme to combat the problem. The system recommended, and now being instituted, consists of two stabilised sand dunes placed at right angles to the wind on the southern boundary of the project. These dunes are designed to lift the wind above the living areas, while behind them a series of tree shelter belts also placed at right angles to the prevailing wind, act as filters to reduce the wind velocity, eliminate wind eddies, and at the same time, keep the wind above the living areas. Furthermore, it is planned that the buildings within the project have sloping roofs which help to give an added protection to the residents' living areas, giving them sheltered courtyards, while at the same time, they help complement the wind uplifting process.

Other elements of the planning research included a report by De Leeuw Cather & Associates, which dealt with existing and future road access to the Marina,

as well as the preparation of an extensive traffic flow plan for within the project.

The construction of the harbour appeared at first sight to pose several technical problems. As the waves break at a fair distance from the beach, an inland harbour basin would merely appear to aggravate the problem. A 1 to 100 scale model of the harbour, together with the breakwater arms, was built at the C.S.I.R. laboratories at Stellenbosch. Over a period of three years, the model which was the size of a tennis court, was subjected to simulation of various oceanographic conditions to determine the ideal harbour configuration, the optimal size of the harbour basin and the design of the breakwater arms. The effect on the beach profile and the need for continuous dredging was also carefully researched. The findings and recommendations of the C.S.I.R. were published in 1973 and its recommendations adopted by the developers of the Marina as part of the master plan for the development.

Apart from the research studies into the technical aspects of the project, such as planning, engineering, construction and finance, a detailed market research programme was embarked upon by AMAPROP's planning division and Real Estate Development and Research Company, its consultants. Reports identified the needs of the market and broke down the market into various segments, projected sales prices and determined the number of single houses, flats, shops, offices and cluster housing units that would be needed in the project. Sales

absorption studies were also made and these were fed into the overall discounted cash flow model for the project.

With the land acquired and the study tours and research completed, the planning proposals were compiled into a master plan for Marina da Gama, and approval of this was granted in principle in 1971 by the authorities. Detailed township layout and conditions for establishment of the first extension, to be known as Eastlake, was finally approved in 1972, and construction began.

2. WHAT IS A MARINA?

(i) DEFINITION:

A marina is the modern waterfront facility for recreational boats, embracing nearly all that the old fashioned boatyard had to offer, plus additional services that have come to be a part of modern boating.¹ Strictly speaking therefore, it is a pleasure boat harbour providing the seaman with all his needs. However, the important aspect of this definition is that it portrays a lifestyle that one can enjoy at a marina. Its mixture of interest, atmosphere, character and charm, combined with the advantages of waterside living, have made this facility capable of being the centre of a new property product.

The term marina, therefore, when applied to a township development, is not strictly correct

¹ The Modern Marina, Published by National Association of Engine and Boat Manufacturers and edited by H.A. Bruno and Associates.

as only that part of the township that is centred around the pleasure boat harbour facility is a marina. However, in the case of Marina da Gama, the term was applicable as the development was planned around the harbour, with various elements incorporated into the project, helping to create this very special lifestyle and character that is apparent in a waterfront situation. Marina da Gama was planned primarily to be a waterfront development consisting of an ocean harbour with all the facilities needed by ocean-going boats. The harbour was to be linked by a series of waterways, inlets and canals to the residential area. The water theme was to be central to the project in that it would have both a tidal and a non-tidal water body in the form of False Bay and Sandvlei. The entire project has been planned to be landscaped to provide a perfect setting for leisure living in a truly planned environment. The objective is to create a development which will improve the quality of the residents lifestyle, and thereby meet their ever-growing need for a place to live and a place to play.

(ii) THE OVERSEAS CONCEPT OF A MARINA:

Miami Beach in Florida, U.S.A is built on a series of coral islands and inlets from the sea. There is a great profusion of greenery and many of the houses are white in colour, providing an exciting contrast. The clever use of landscaping gives the residents an element of privacy, and yet the lifestyle is very much a communal one. Fort Lauderdale, Belvedere and Westlake in California, and Marina del Rey outside Los Angeles are typical

marina developments that capture the lifestyle associated with waterside living - a boat at the bottom of the garden. This lifestyle is not unique to America for Europe has long enjoyed the benefits of waterside living. Venice is a water city, while Holland is a country virtually built on the sea. The residents of Port Grimaud on the French Riviera, have a very special way of living - half the time on land, and the other half on water. In the morning, it is breakfast on a quayside as they live their lives of quietness, friendship, beauty and freedom. A restful feeling emerges from the quiet water of the canals, while a bond of friendship links the residents who share a common passion of the sea and its many pleasures.

In all these overseas marinas, the unique lifestyle centred on leisure living is the major unifying factor. It is a lifestyle that is bound together by the two natural elements of water and landscaping.

(iii) OTHER LOCAL MARINAS:

A large number of projects in South Africa have used the term "marina" in their name. One called simply "Marina" in Somerset West is totally landbased, and although situated close to False Bay, it does not enjoy the lifestyle of the marinas described above. Others, such as Marina Glades, near Cape St. Francis, the Vaal Marina in the Transvaal, Island Glades Marina in Noordhoek and the Rietvlei Marina in the Cape do not have pleasure boat harbours within their developments. The unique leisure living lifestyle which emerges

from the true marina development is obviously lacking in these projects.

Only one Marina, Marina da Gama, has all the attributes of the overseas marinas, and complies with the definition of the NAEBM. The average South African is relatively ignorant of the benefits of leisure living in spite of his innate desire for a better lifestyle. Consequently, an important aspect of the marketing of the development was to educate the public into understanding the concept of a marina, and to expose them to their inborn needs to want to live better. The educational process helps to identify the elements of the marina and the benefits of waterside living.

3. PRODUCT DESCRIPTION:

(Reference should be made to the attached map,* headed - Plan of the Proposed Overall Development.)

(i) WHAT IS MARINA DA GAMA?

Primarily, Marina da Gama has been planned as a permanent residential community within the City of Cape Town. However, it also includes second and holiday homes, hotels, shopping, schooling and recreational facilities. It is planned for all people, single and families, young and old and especially for children, catering for all their needs and interests. It provides an unequalled opportunity for recreation where you live, and at the same time has the convenience and comfort of city life. The very concept of a

* See inside back cover

planned community gives the residents a sense of belonging and identification with an environment designed to improve the quality of people's lifestyle. "Marina da Gama is planned to optimise the location of all facilities in relation to topography, climate, oceanographic conditions, roads and township services. The water areas, buildings, landscaping and open spaces will be designed to form a unified and integrated environment."¹

The development was planned to provide residential and recreational facilities for a community of 15 000 to 20 000 people. There were to be three major elements, each offering a distinct lifestyle within a leisure living environment:-

- (a) Seaside Living: An ocean harbour with a full range of services and facilities for 500 ocean-going boats, linking the residential waterfront community with the open sea. The excitement of boats coming to and going from the harbour would add a special touch to the residents' lifestyle by capturing a unique atmosphere and excitement.
- (b) Lakeside Living: Sandvlei, a 300 acre inland lake, is linked to the residential community by a series of waterways and inlets. It offers a measure of tranquility and relaxation to the residents, and yet at the same time, it is ideal for the small boat enthusiasts and the keen fishermen.
- (c) Linkside Living: An 18 hole golf course was part of the plan incorporating country homes set around the fairways, giving these homes

¹ M. Lowe - Urban Planner - Master Plan for Marina da Gama Company Report.

an expanse of greenery and landscaping as an unique aspect. As a major element of the development is its landscaping, a number of houses have access to the water through a series of walkways, linking the various parks and public open spaces. Moreover, these walkways have been carefully planned to give children a safe walk to school, and the residents an easy, relaxing and pleasant walk to all the facilities.

(ii) LOCATION:

Marina da Gama is located on the False Bay coast, 25 kilometres from the centre of Cape Town. It is situated adjacent to Muizenberg and is linked to Sandvlei. It covers 600 hectares of land on the shores of Sandvlei and extends across Prince George Drive to the Zeekoevlei outfall (see attached map). The site is well serviced by good fast roads to the city centre, as well as to other parts of metropolitan Cape Town. Two major freeways are presently under construction - Van der Stel Freeway and the Kromboom River Parkway - and these will greatly improve access to and from the Marina da Gama, bringing the development between twenty to thirty minutes from the city centre.

The development is well serviced by the suburban railroad, with three stations on the periphery of the project area and one, Lakeside Station, within the development itself. An internal waterbus service was planned to transport the residents from their homes to Lakeside Station

and back again.

Weatherwise, the area has the lowest rainfall rate in the Cape - approximately 406 mm a year as opposed to 660 mm in Sea Point and 2286 mm in Newlands. There is relatively more sunshine at the Marina than in many of the Southern Suburbs situated at the foot of the mountain. The winters are mild, with very little fog, while the wind can be converted by the use of wind uplifts and tree shelter belts to a light breeze which cools during the hot summer months.

Sandvlei was to be doubled in size from 61 hectares to 121 hectares, and a further 20 hectares of water in the form of waterways and canals would make this water body ideal for pleasure boating. The lake is planned to be dredged to a depth of 2 metres, and this new size and depth will enable the lake to have a complete Olympic yachting course. A radial well has been sunk on the beach front, which can be used to pump up to 14 kilolitres of water a day into Sandvlei. It is hoped that this will ensure that the water level will be maintained at 2 metres all year round, thereby ensuring a truly useful recreational amenity to the residents throughout the year.

(iii) LANDSCAPING:

For many years the land adjoining Sandvlei has been a virtual wasteland covered with sand and Port Jackson trees. In planning a perfect environment for leisure living, it was necessary to transform the land by way of an intensive landscaping programme into a beautiful place to live. A

landscape architect from San Francisco, Mr. R. Schadt, was appointed to the project with the specific responsibility of devising a master plan for the landscaping of the entire Marina project, and at the same time to include a wind-break system that lifted the wind above the living areas. The programme included the provision of parks, walkways, public open spaces and cul-de-sacs with their own distinctive design.

A nursery was established on the north-eastern boundary of Sandvlei to grow the trees, shrubs and plants that would be needed for the project. At the initial stages, a great deal of effort was spent in determining which trees grow best in the sandy and windy conditions in order to ensure success with the plant material used. Over 150 species of plants and trees were tested and tried and during this period over one and a quarter million trees were grown in the nursery. Special hot houses were imported from France to help establish an efficient and effective propagation unit, while a hydraulic tree spade was imported from America to enable the nursery to transplant trees up to 10 metres in height. The latter would give virtually an immediate protection against the wind, and at the same time it would enable the new residents to move into a well established landscaped environment. An instant package could be created for the buyer.

As the Cape Flats are covered by fine sand, which is readily lifted and blown by even moderately

strong winds of, say 30 kilometres per hour, the landscape programme included an effective sand stabilising programme which involved the spraying of the sand with an emulsion and the sewing of grasses to secure the sand. The bank edges too, have had to be stabilised to prevent them from collapsing through erosion and silting. A concrete/sand mix was used for this purpose.

(iv) FACILITIES:

The facilities planned for the Marina were to be of the highest standards in keeping with the standard and character of the development, as well as to meet the demands of the new lifestyle of leisure living.

(a) SCHOOLS:

Four schools were planned within the development - one high school and three primary schools. The new Muizenberg High School has recently been completed on the south side of Eastlake, the first stage of the project. Provision for a nursery school, naval academy, etc., have also been provided for.

(b) SHOPPING:

Four neighbourhood convenience shopping centres and one town centre are planned. The first centre - Eastlake Village Shopping Centre - has been completed, and was fully let prior to the start of construction. (This project has subsequently failed because of the absence of a viable market). The second centre is planned in the Lakeside area adjoining the Main Road. It will be linked to Lakeside Station and will include a Medical Centre.

The third centre is scheduled to be constructed close to the new Princess Vlei Parkway. The fourth centre was planned to form part of the hotel facilities within the harbour area. These neighbourhood centres were to provide the focal point for the villages comprising Marina da Gama. They will be community orientated, incorporating play facilities, postal facilities and community notice boards.

The Town Centre, which was planned to front onto the harbour, would include a departmental store, a supermarket and 100 speciality stores and restaurants. It would provide comparative shopping, and was to include pavement cafes, market stalls, etc. The Town Centre would include office accommodation, as well as entertainment facilities in the form of an oceanarium, theatres, cinemas, showrooms for motor cars and boats, etc. Provision was also made for the boat industry on the outskirts of the Town Centre. This would include dry boat storage and construction yards for boat builders.

(c) TRANSPORT:

Apart from the good roads which give access to the Marina from all parts of Cape Town, the railroad will provide an important mode of transport for the residents. A waterbus service was planned to provide an efficient internal transport system, linking up with the railway station and the shopping centres.

A bus service is planned to run down Prince George Drive and was to include stops in the Marina Town Centre, Muizenberg itself and the False Bay Station.

A monorail system had been mooted which would run along the beach from Muizenberg station to the harbour channel, and would provide an easy access to the beach. This was part of the Cape Town City Council plans for a new Muizenberg.

Provision for an airfield on the eastern boundary of the project would enable light aircraft to have easy access to and from Marina da Gama.

(d) HOTELS:

A five star international hotel was planned for the harbour area. This would enable yachtsmen from around the world to bring their boats to the harbour, moor them in front of the hotel and use its facilities. A three star hotel was planned for the non-tidal area behind the harbour. This was to be a family hotel which would be linked with the country club and the equestrian centre. It would have non-tidal mooring facilities. Provision had been made for holiday flats and executive apartments which would front onto the harbour basin.

(e) YACHT AND POWER BOAT CLUBS:

The Imperial Yacht Club is already situated on

the western bank of Sandvlei, and a further club is planned for the eastern bank of the lake. Two clubs - one a yacht club and the other a power boat club - would have mooring and clubhouse facilities in the harbour.

(f) PLACES OF WORSHIP:

A number of sites have been made available to various denominations who it is hoped will erect places of worship to meet the religious needs of the community.

(v) RECREATION AND ENTERTAINMENT:

(a) HARBOUR:

The ocean harbour would consist of a tidal basin with mooring facilities for 410 boats and an access channel with mooring facilities for a further 124 boats. The mooring facilities would be in the form of floating jettys with each boat-slip having its own source of electricity, water and telephone. Fourteen deep-water slips in front of the hotel would be reserved for the hotel residents, and the yacht club, adjacent to the hotel.

The control of the harbour was to be exercised from an administration centre which formed part of the complex set aside for boat repairs and maintenance and the mooring of fire, police and rescue boats. There would be fuel docking facilities as well as boat rental, bait and tackle sales and a fish market. Six launch ramps were planned at the start of the

breakwater which was formed by two walls, the longest of which would extend into the sea towards the south-east, forming a protected zone of water at the harbour entrance, approximately 500 metres from the shore. These breakwater arms would have the additional benefit of excellent pier sport fishing.

Opposite the gangways of each jetty, there were to be eight service blocks containing public toilets, lockers, telephones and garbage disposal areas. A landscaped public promenade would surround the basin, and allow the boat users and visitors to gain access to all the facilities. Two locks would link the harbour to the non-tidal lake to the north of the harbour. This area would have additional capacity for berthing 300 craft, as well as at least 450 berths directly associated with the surrounding residential development. This is the major facility of the development that has now been shelved.

(b) GOLF COURSE:

An eighteen hole golf course was planned by Player, Brews and Vincent (Pty) Limited, and construction was all but complete. It required only one more season before it could be played on when the decision was taken to scrap the development to the east of Prince George Drive. It was a links course, providing nine holes running from west to east and nine holes running back

again. A maximum use of the dunes in the area had been planned by the designers. An underground irrigation scheme was also incorporated into the course.

(c) COUNTRY CLUB:

The Club would control the golf course as well as other sports facilities in the form of bowling greens, tennis courts, squash courts, rugby and cricket fields and a swimming pool. It would have open membership, but preference would be given to the Marina residents. The possibility of incorporating a scaled down country club into the reduced scheme is now being considered.

(d) EQUESTRIAN CENTRE:

An equestrian centre was planned to include a polo field, riding stables and a riding school, as well as facilities for show jumping and dressage. The surrounding area provides excellent riding trails. This was also part of the abandoned side of the development.

(e) AIRFIELD:

The proposed airfield would enable the residents to keep aeroplanes close at hand, as well as having the ability of using a charter service. Gliding would be an extra sport attraction for the residents. This has also been scrapped.

(f) BOATING AND SAILING:

The False Bay coast provides some of the best boating and sailing conditions in the country as it is a relatively sheltered bay and has fairly strong trade winds which are ideal for sailing. There are virtually 1036 square

kilometres of ocean with three existing harbours - Kalk Bay, Simonstown, Gordon's Bay. Marina da Gama would have increased this to four.

Sandvlei provides the dinghy sailor with 142 hectares of water to sail on. One can also row and canoe on the lake, which is planned to have an olympic yachting course once dredging is finally completed.

(g) FISHING AND SWIMMING:

The Muizenberg beach is one of the most famous beaches in all the world, with miles of fine white sand, the warm Indian Ocean and breakers which are ideal for swimming or surfing. Furthermore, some of the best sport fishing in the country can be found in False Bay, near Seal Island and especially at Cape Point. There is a fair amount of fishing also in Sandvlei.

(h) THEATRES:

Entertainment in the form of an outdoor theatre, cinemas, an oceanarium, a mashe golf course, a wild bird nature reserve, etc., were planned as part of the Town Centre and on the banks of Sandvlei. These facilities would provide the residents of Marina da Gama with ideal entertainment and recreation amenities at their door step.

(vi) SERVICES:

The roads are a high class standard of tar with curbs

on both sides. All services such as water, electricity, telephone, etc. are underground, eliminating the unsightly telephone or power lines that are so common in most township developments. Provision has also been made in the telephone ducting for television cables as it is planned that there should be a central television aerial for each village. Stormwater drains have been provided with outlets into the vlei.

Street lighting has also been provided, not only along the roads but also along the walkways. The standard of the lighting is of a superior type and quality.

All the sewerage is carried water borne underground, and is pumped away from the project to the main sewerage works at Zeekoevlei. Under no circumstances is it allowed into the waterways or the vlei. The latter has been dredged out and will be kept as clean as possible. An estuarine ecologist has been appointed to the staff of the Marina with specific responsibility of maintaining a high water quality control.

All public open spaces, parks and street planting, forming windbreaks, are watered by a permanent watering system which is laid underground and connected to sprinklers. An electronic time switch controls the system, turning the sprinklers on and off at predetermined intervals. While this system has been incorporated into the demonstration village at Eastlake, it has been scrapped from the rest of the project as part of the cost cutting

exercise. Almost all the buildings will be built on sand, which has been compacted to a high engineering standard of 98% which is regarded as more than sufficient for the construction of houses.

(vii) PHASING:

The planning, construction and marketing of a project the scale of the Marina da Gama, requires that it is implemented in convenient stages. Not only is it very difficult to physically plan a large area rapidly, but it is also impossible for the developer to anticipate the quality and type of land or buildings the property market can absorb beyond the immediate future. Six parcels of approximately 50 hectares of land had been identified as significant stages for the development and sale of the project.

The rationale for the selection of Eastlake, Extension No. 1, as the initial phase of development is three-fold. Firstly, it is located adjacent to an existing amenity, Sandvlei; secondly, it borders on Marine Estate which is the newest and best part of Muizenberg, occupied primarily by permanent residents; and thirdly, it was hoped that it would provide an impetus to the growth of the town centre to the east of Prince George Drive. An added advantage of starting at Eastlake was that building progress could move from south to north, developing in a manner best suited to the wind conditions which are essentially south-easterly. Extension No.2, to the north of Eastlake is a logical expansion of the first stage of development, considering the fact that the dredging of Sandvlei should be regarded as a continuous programme. The dumping of dredged material from

Sandvlei into the residential areas around the golf course, together with the two year delay in establishing the playing course, made the golf course area a logical subsequent stage.

Since amenities and services are already available in the Lakeside area, construction of this area was planned to commence almost immediately. As intensive research study and design work was needed and anticipated before construction of the ocean harbour could commence, therefore it was regarded advantageous that work on Lakeside should be done while preparation and planning for the harbour area was completed.

Finally, although the construction of the harbour is basically one operation, it was planned that the harbour would be developed in a number of phases, starting with the breakwater and moving backwards towards the town centre, giving access to the non-tidal area behind the harbour as soon as it was feasibly possible to do so.

It was anticipated that the phasing of the project will also mean that each area will probably have its own individual character. Whereas Eastlake is a mixture of single and cluster houses, Extension 2 will have a predominance of single houses, and the Lakeside area cluster houses. The golf course area would have had mostly single houses on larger plots, giving the impression of country homes set along the fairways of the golf course. The non-tidal area behind the harbour would have had a predominance of cluster houses,

while the ocean harbour would have high density living in terms of high rise apartments, duplex flats, patio houses and condominiums.

APPENDIX B

Wherever possible, the Marina's developers instituted a number of market research studies in order to provide them with additional knowledge and useable information from which they could draw and thereby to plan and develop a project that the market already had a need for. The objective of this research was to determine a clear understanding of the market - the people and how they live and want to live - and then to apply that understanding to the planning of the Marina, so that the finished product would fit as closely as possible into the lives of the target market. In the second place, this clear understanding would help to devise the optimum strategies for marketing's four "P's" so that they can fit easily into the consumer's way of life. The intention was to bring the target market closer to the Marina by making them feel that the Marina "is a suitable part of their way of life."¹

It was obvious that the increasing investment potential of waterfront developments overseas would also apply to South Africa. Evidence of this possibility could be seen by looking at the percentage increase in values of land in the last ten years, which have a close relationship to water - Zeekoevlei, Sea Point, Clifton, Camps Bay, The Vaal, Cape St. Francis, La Lucia, etc. Experience in Belvedere, outside San Francisco and Marina del Rey, outside Los Angeles, have shown that waterfront property has increased between 300% and 400% in value in the last three years alone. The natural market influences of a demand far exceeding the supply has a lot to do with this inflated price situation; but with the constantly increasing population and the never increasing supply of land, the

¹ Ralph Glasser - Page 49

investment potential of waterfront developments would continue to increase at an even greater rate.

1. THE NEED:

South Africa, like the United States of America, Canada and Europe, has a steadily rising standard of living which is characterised by the constantly increasing expendable income per capita. After money is spent on the essentials, such as food, housing, etc., more people have more money to spend on non-essentials, such as recreation. Leisure activity is a major source of current spending, and the constant demand for shorter hours, reinforce and complement the need for well planned leisure living facilities. Therefore, an environment that is planned, to combine the element of leisure with living is sure to be welcomed by the public.

A number of surveys were conducted in an attempt to clarify market needs. The first survey was conducted in October and December, 1970 by the Planning Services Section of the Property Division of Anglo American Corporation of South Africa Limited. 523 interviews were conducted in metropolitan Cape Town in the following areas:-

1. Atlantic Coast - Camps Bay, Clifton, Sea Point, Green Point, (149 interviews)
2. Amphitheatre - Tamboerskloof, Gardens, Orangezicht, Higgovale (52 interviews)
3. Southern Suburbs - (N) Mowbray, Rosebank, Rondebosch, Newlands, Claremont, Kenilworth, Wynberg (130 interviews)
4. Southern Suburbs - (S) Constantia, Meadowridge, Bergvliet, Zeekoevlei (46 interviews)

- 5. False Bay - Muizenberg, Lakeside, Kalk Bay, St. James, Fish Hoek, Simonstown (98 interviews)
- 6. Milnerton - (14 interviews)
- 7. Welgemoed - (15 interviews)
- 8. Hout Bay/Llandudno - (19 interviews)

The results of the survey provided a wealth of information from which to draw on. In answer to a question aimed at determining what the major reasons were for moving to their present area, the answers were as set out in Table One.

T A B L E O N E

| REASONS | PERCENTAGE | RATING |
|----------------------------|------------|--------|
| Availability/Cheapness | 24,1 | 1 |
| Convenience | 19,5 | 2 |
| Beach/Sea/Water | 18,0 | 3 |
| Environment/Atmosphere | 13,2 | 4 |
| Work | 10,7 | 5 |
| Schools/University | 8,8 | 6 |
| Weather/Health | 8,6 | 7 |
| Change of Accommodation | 7,6 | 8 |
| Grew up in area/Born there | 7,3 | 9 |
| Openness/Rural | 6,9 | 10 |
| Amenities | 6,5 | 11 |
| House/Flat | 4,8 | 12 |
| Garden/Grounds | 3,3 | 13 |
| Business/Investment | 3,1 | 14 |
| Trees/Greenery | 2,1 | 15 |

The importance of water to the lifestyle of people is most apparent from the results of the survey as it

was rated third most important out of the fifteen different reasons that people gave for moving to their present homes. The need for good access roads to the city centre, as well as the need for the creation of a pleasant environment in which to live, with facilities such as shopping and schooling was clearly established.

It soon became evident that people had a constant desire to improve the quality of their lifestyles. It was felt that the developers could succeed in meeting the need for a better lifestyle if they could combine the elements of a place to live with a place for recreation. A second survey was conducted in May 1971 by the Planning Services Section, in which eighty-four interviews were held in three areas of Cape Town, which were regarded as having a "Chelsea" flavour. This "Chelsea" flavour referred to the cottage type of home with a higher density factor than other areas. The houses generally found in the "Chelsea" area are townhouses or group and cluster houses which are a close comparison to the Marina houses with common walls and on smaller plots. The areas interviewed were as follows:-

Newlands - 49 interviews

Diep River - 20 interviews

Pinelands (cluster development) - 15 interviews

This survey was structured along the lines of the earlier survey and asked the same questions as those that were put to people in the metropolitan survey of October and December, 1970. The answers obtained from both surveys in reply to a question designed to determine which were the most popular recreation activities are as set out in Table Two on Page 307.

(The term recreation was limited to out-door recreation. It was significant that a large number of people played squash).

T A B L E T W O

| RATING | METROPOLITAN CAPE TOWN SURVEY | CHELSEA AREA SURVEY |
|--------|-------------------------------|----------------------------------|
| 1 | Swimming | Swimming |
| 2 | Tennis | Tennis |
| 3 | Golf | Golf |
| 4 | Fishing (on shore) | Fishing (on shore) |
| 5 | Bowls | Boating (dinghies) |
| 6 | Boating (dinghies) | Horse riding/Fishing (off shore) |
| 7 | Snorkeling/Spear Fishing | Snorkeling/Spear Fishing |
| 8 | Surfing | Water Skiing |
| 9 | Fishing (off shore) | Surfing |
| 10 | Horse Riding | Deep Sea Boating |

The results indicated the overwhelming predominance of water as the most desirable forms of recreation. 60% of the top ten recreation activities of residents of metropolitan Cape Town were associated with water, and 80% of the top ten recreation activities of the residents of the Chelsea areas of Cape Town were associated with water. As the vast majority of those interviewed lived away from the water, this meant that people were living in a situation where leisure and living were separated and they would have to travel some distance to water-side situations in

order to satisfy their recreational needs. A marina development which provided leisure living with recreation at one's door step, together with all the advantages of urban living as well as meeting the needs to improve the quality of one's lifestyle would thereby satisfy the market demand for better living.

2. LOCATION:

After identifying the need that existed for an improved lifestyle, the developers began a search for the best location for the new Marina. Ideally, the development would be situated close to a city in order to enable the residents to work in the city and yet live at the Marina. A permanent residential suburb was planned which would provide the residents with all the facilities that they needed. A number of Marina developments were already planned for Natal, and so the developers began to look carefully at the various waterside situations near Cape Town.

(i) PRIORITY RATING:

Mr. Frank Robb, a renowned authority on yachting, who has written many articles on the subject, as well as travelled to many pleasure boat harbours in the world, undertook an extensive research into the various possible locations for a Marina in the Cape Peninsula. A rating table of 1 to 10 was set up for each for the following five factors - practicability, which covered not only the technical and engineering problems of establishing a marina, but also the development of the surrounding amenities; proximity, which dealt with its distance from the centre of Cape Town; access, which dealt with the road and rail systems connecting the area with Cape Town; cost,

which covered the investment required by a developer in establishing a marina; and other factors such as weather, facilities, present residents, sea temperature and other recreational amenities. Table Three, (see Page 310), gives the results of his investigation. (It should be noted that the statistical value of this table is limited in view of the subjective influence of the investigator. However, his views and attitudes are regarded as being authoritative and it is in this light that the results should be evaluated.)

The findings indicated that Muizenberg provided the best location for a marina development. This was followed by Simonstown, which Naval authorities have recently announced will be doubled in size; Kalk Bay, which is scheduled to have a new three million rand harbour; Miller's Point; Fish Hoek; Granger Bay; Hout Bay; Glencairn; The Docks; Three Anchor Bay and Green Point.

As an essential element of Marina da Gama was planned to be a pleasure boat harbour, it was vital that the location of the development was such that it would be in close proximity to other pleasure boat harbours. This is an important element as it offers the yachtsmen and sailors the opportunity of having alternative destinations by being able to sail from one harbour to another. In the case of False Bay, the existing Kalk Bay harbour is soon to be extended, while Simonstown is to be doubled in size. Gordon's Bay offers an additional pleasure boat harbour, while many sheltered coves along the False Bay coast, such as Smitswinkelbaai and Miller's Point, provide additional places of safe anchorage. The importance of having a number of harbours is illustrated by

T A B L E T H R E E

RATING TABLE FOR MARINAS IN THE CAPE PENINSULA

| No. | <u>SITES</u> | <u>MERIT MARKS/10</u> | | | | | Mark |
|-----|------------------|-----------------------|------|------|------|-------|------|
| | | Pra. | Pro. | Acc. | R.c. | Othe. | |
| 1 | Robben Island | 7 | 2 | 1 | 5 | 3 | 18 |
| 2 | Blouberg | 4 | 6 | 7 | 2 | 4 | 23 |
| 3 | Milnerton | 4 | 8 | 8 | 3 | 5 | 25 |
| 4 | Paarden Eiland | 4 | 8 | 8 | 3 | 4 | 27 |
| 5 | Docks | 2 | 10 | 9 | 5 | 4 | 30 |
| 6 | Granger Bay | 4 | 10 | 10 | 4 | 7 | 35 |
| 7 | Green Point | 2 | 9 | 9 | 4 | 6 | 30 |
| 8 | Three Anchor Bay | 2 | 9 | 9 | 4 | 7 | 31 |
| 9 | Sea Point | 2 | 9 | 9 | 2 | 9 | 21 |
| 10 | Clifton | 3 | 8 | 7 | 3 | 8 | 29 |
| 11 | Camps Bay | 3 | 7 | 7 | 4 | 8 | 29 |
| 12 | Llundudno | 3 | 5 | 5 | 4 | 5 | 23 |
| 13 | Hout Bay | 8 | 6 | 6 | 6 | 7 | 33 |
| 14 | Kommetjie | 4 | 4 | 4 | 5 | 5 | 22 |
| 15 | Smitswinkel Bay | 5 | 2 | 2 | 5 | 5 | 19 |
| 16 | Miller's Point | 8 | 6 | 6 | 7 | 9 | 36 |
| 17 | Simonstown | 9 | 7 | 7 | 7 | 8 | 38 |
| 18 | Glencairn | 8 | 7 | 7 | 6 | 6 | 32 |
| 19 | Fish Hoek | 8 | 7 | 7 | 6 | 7 | 35 |
| 20 | Kalk Bay | 8 | 7 | 7 | 8 | 6 | 36 |
| 21 | Muizenberg | 8 | 8 | 8 | 8 | 9 | 40 |
| 22 | Strand | 7 | 4 | 4 | 6 | 5 | 26 |
| 23 | Gordon's Bay | 8 | 3 | 3 | 7 | 8 | 29 |
| 24 | Hangklip | 7 | 1 | 1 | 7 | 6 | 22 |

Pra. = Practicability; Pro. = Proximity; Acc. = Access;
 R.c. = Cost; Othe. = Other

the numerous harbours on the French Riviera and along the east and west coasts of America. These harbours are in fact complimentary and not competitive. As the False Bay coast is the only stretch of South African coastline that has a number of harbours within easy reach of each other, it was felt that the location of the Marina at Muizenberg was correct. It had all the makings of a pleasure boat bay, ideal for sailing and recreation.

(ii) FALSE BAY COAST:

The location of the Marina at False Bay was perfect as it met the two major requirements of the new lifestyle - it could be turned into a place to live and a place to play. False Bay has the warm Indian Ocean which provides excellent conditions for swimming, sailing, game-fishing, and surfing as well as a host of other water sports. The area has a panoramic view of the mountain and the sea and at the same time the site chosen for the development has the advantages of the Sandvlei Lake and the huge mountain reserves such as Silvermine. The location provides a choice of either tidal or non-tidal water conditions in the form of the sea and the lake, while the mountain will enable the future residents to undertake such activities as mountain walks, picnics and hikes in the nearby forest reserves.

The two surveys conducted by the Planning Services Section included a question aimed at determining the present location of the recreational interests of the people interviewed. In both studies, the False Bay coast, including Muizenberg, rated as

the most popular recreation area with 66% of the people. Other popular areas were Bakoven to Mouille Point, with 16,9% and the Southern Suburbs with 15,2% of the people.

Weatherwise, the Muizenberg area has the lowest rainfall rate in the Cape - approximately 450 millimetres a year, while Sea Point has 635 millimetres a year and Newlands approximately 1397 millimetres per annum. There is relatively more sunshine hours at the site of the Marina than in many other parts of the Southern Suburbs situated at the foot of the mountain. There is also very little fog in the winter months as the wind blows from the north-west, while during the summer months the south-easter can be converted by the use of a series of wind uplifts and filters into a light breeze that cools during the hot summer months.

Furthermore, the south-easter provides several important ecological controls. It helps to reticulate the water by pushing it along and thereby preventing stagnant pools and at the same time it pumps oxygen into the water and so prevents it from discolouration. What is more, it enables the yachtsmen and sailors to enjoy the full benefits of Sandvlei and the sea, as the wind is fairly strong and, therefore, perfect for sailing.

(iii) ACCESS:

Muizenberg is a part of Cape Town's suburban development and the closest point to the city centre on False Bay. Moreover, the proposed site for the Marina had a large area of low-lying undeveloped land, adjacent to the sea, which is highly suitable

for dredging and reclamation at a reasonable cost. There is sufficient land to enable the development of other facilities which would help to make the whole scheme much more viable. Furthermore, the oceanographic conditions along that stretch of shore-line make it feasible to construct a harbour basin with easy access to and from False Bay - a factor confirmed in two reports prepared by the C.S.I.R. Hydraulics Research Unit and Messrs. Hill, Kaplan, Scott and Partners, Consulting Engineers to Marina da Gama.

Marina da Gama is very well serviced by good fast roads to the city centre as well as to other parts of metropolitan Cape Town. A report was commissioned by the developers and prepared by De Leeuw Cather and Associates to examine access to Muizenberg and to report on the future needs of the development, as well as to prepare an extensive internal traffic flow plan for the Marina itself.

With the construction of a project of the nature of Marina da Gama, it is very important that the area be serviced by good roads. Two major free-ways have been planned for the Southern Suburbs of Cape Town and these will connect the Marina to the city centre. The first of these, Van der Stel Freeway, will link up with Boyes Drive and eventually connect with Fish Hoek by way of a tunnel through the Kalk Bay mountains. This freeway has been completed up to the Westlake Golf Course and the next phase of the project is to link up with Boyes Drive. The second major freeway will be the Princess Vlei Parkway, which is planned to join the Kromboom River Parkway presently

under construction. The latter connects with the Black River Parkway, which goes to the Northern Suburbs of Cape Town. These two freeways will bring Marina da Gama between 30 - 35 minutes from Cape Town.

The two existing main roads, Prince George Drive and Main Road, are to be upgraded to dual carriageways, thereby improving access to Cape Town. A series of feeder roads and secondary roads connect the four vehicular access roads, giving a step-ladder type connector system between Muizenberg and Cape Town.

A further aspect in locating the Marina in False Bay, was the rail access to the site. A good suburban rail service links the Marina with Simonstown in the south and Cape Town in the north, as well as with the Northern Suburbs such as Bellville, etc. The University of Cape Town and Claremont will be 20 minutes from the Marina. Four railway stations service the project area - Steenberg, Lakeside, False Bay and Muizenberg - while Lakeside station would become part of a neighbourhood shopping complex within the Marina development. It is planned to provide mooring facilities at the station as it is situated adjacent to the water, so that the residents will be able to commute from their homes to the station and back by water. The South African Railways and Harbours have announced plans to introduce two express lines between Muizenberg and Cape Town, with only two stops - Claremont, which offers regional shopping facilities and Rondebosch, which offers the University and good Government and Private Schools. (The timing of this service has still

to be announced, while the change in character of the development may result in the dropping of the scheme).

The third access consideration in deciding upon Muizenberg as the ideal site for the Marina, was that D.F. Malan International Airport is only 25 minutes from the development. In addition the surrounding land is flat and not in the flight path of any other airport, thereby providing the opportunity to establish a light aircraft strip on the boundary of the project.

3. MARKET ANALYSIS:

The two housing surveys carried out in metropolitan Cape Town in 1970/71 were designed to identify the type of housing that already existed in Cape Town and from this information to establish more precise criteria for the development of the Marina and its marketing strategy. The surveys covered the following areas:-

- (a) The housing market - the size of dwelling units, mobility patterns, ground size and the new housing types.
- (b) The relationship between population/households to housing types and size, housing demand and supply and to retail space.
- (c) The recreational needs and patterns.
- (d) Boat ownership.
- (e) Income levels in order to help clarify the target market.
- (f) Car ownership patterns.

(i) THE METHOD:

A basic premise was made that the majority of the potential Marina residents would be in an average income bracket. Metropolitan Cape Town, as defined by the Cape Provincial Administration, was used as the base for the analysis and coverage was limited to those areas which had a higher annual per worker/per capita income than the 1960 average of R1 829, per worker or R865,00 per capita - these figures being the most recent available at the time of the survey.

A multi-stage random sample was used for the larger metropolitan survey and a simple random sample was selected for the "Chelsea" survey. The same questionnaire was used in personal interviews. The survey was conducted by the Planning Services Section of the Anglo American Property Division.

(ii) SURVEY FINDINGS:

1. HOUSEHOLD SIZE:

| | |
|------------------------------------|-------------|
| Metropolitan survey | 3,1 persons |
| Chelsea survey | 3,1 persons |
| Houses | 3,7 persons |
| Flats | 2,2 persons |
| Less than 500 sq. metres | 3,4 persons |
| 500 to 1000 sq. metres | 3,8 persons |
| 1200 sq. metres to 2000 sq. metres | 3,8 persons |
| 3000 sq. metres plus | 4,1 persons |

There appeared to be a direct correlation between the size of the ground and the household size.

2. AVERAGE AGES OF HOUSEHOLD HEADS:

| | | | |
|--------------------|---|---------|----------|
| Metroplitan Survey | : | Husband | 50 years |
| | | Wife | 45 years |
| Chelsea areas | : | Husband | 38 years |
| | | Wife | 35 years |

The residents of the Chelsea areas were found to be generally younger than the average age for the metropolitan Cape Town residents. This would influence the advertising approach to the town house market which comprises a fairly large segment of the Marina's target market.

3. AVERAGE INCOME:

Metropolitan survey - R530 per month/R6 360,00 per annum

Chelsea areas - R573 per month/R6 876,00 per annum

Average income - houses R625 per month/R7 500 per annum

Average income - flats R418 per month/R5 016 per annum

It was found that 34% of the Chelsea residents worked in the professional/managerial field as compared with only 25% in the metropolitan area. It was also found that there were slightly more housewives in the town houses, which was due to the number of younger children than there were in the general metropolitan area.

4. ACCOMMODATION:

61,3% of the population live in a house, whilst 37,3% live in a flat. Only 1,4% live in a maisonette. The average dwelling unit in Cape Town in areas of at least an average income level, comprises the

following:-

4 to 4½ living rooms, comprising + 2½ bedrooms, 1 bathroom and 1 separate W.C.

Their preferred accommodation comprises the following:-

5 living rooms, comprising 3 bedrooms, 1½ bathrooms, and 1 separate W.C.

For this reason the demonstration village had a predominantly large number of three bedroom units.

5. SERVANTS:

The servant situation was as follows:-

1 : 2,5 houses had a sleep-in servant

1 : 4,0 Chelsea houses had a sleep-in servant

1 : 8,0 flats had a sleep-in servant

The largest percentage of servantless houses in Cape Town were those in the Bergvliet/ Meadowridge, Lakeside, Muizenberg and False Bay areas.

6. GROUND SIZE:

16% of metropolitan households preferred their plot sizes to be 500 sq. metres or less.

31% of Chelsea households preferred their plot sizes to be 500 sq. metres or less.

67% of metropolitan households preferred their plot sizes to be 1000 sq. metres or less.

83% of the Chelsea households preferred their plot sizes to be 1000 sq. metres or less.

Present plot sizes were related to plots owned previously and this indicated a movement away from plots over three quarters of an acre to smaller plots of between 500 sq. metres and 1000 sq. metres.

7. CONSIDERATION OF BUYING TOWNHOUSES OR FLATS:

T A B L E F O U R

| | <u>METROPOLITAN</u> | <u>CHELSEA</u> |
|--------------------------|---------------------|----------------|
| Buying a flat - yes | 7,6 | 6,0 |
| - no | 92,4 | 82,1 |
| Buying a townhouse - yes | 27,2 | 82,1 |
| - no | 72,8 | 17,9 |

Table Four clearly indicated that more people living in the Chelsea areas have got an inclination towards buying a townhouse than do people living in the metropolitan area. However, it is evident that both metropolitan and Chelsea home owners have no intention of buying a flat.

8. CAR OWNERSHIP:

| | |
|---------------------|------------------------|
| Metropolitan survey | 1,3 cars per household |
| Chelsea survey | 1,6 cars per household |
| Houses | 1,6 cars per household |
| Flats | 0,8 cars per household |

Car ownership rose with the size of the plot and the household income.

9. RECREATION:

The results of the recreation section were outlined earlier under 1. It was found that 82% of all households participated in at least one recreation interest - the result of the Chelsea area was 86%. The importance of combining a place to live with a place to play was therefore confirmed.

10. BOAT OWNERSHIP:

Metropolitan survey - 7,5% of households own a boat.

Chelsea survey - 13,5% of households own a boat

One in every 11th household owns a boat. In the townhouse areas the figure was higher - 1 in every 7. These averages were conservative in relation to the Marina in view of the new projects environment and proximity to water.

(iii) CONCLUSIONS:

The two surveys produced findings which proved extremely important in the planning and eventual marketing of Marina da Gama. A clear definition of the market and its demand was established. The researchers concluded with the following definition of the market, which would be attracted to the Marina.

(a) POPULATION DESCRIPTION:

3,7 persons per single residential and patio house

3,1 persons per townhouse/Marina house

2,5 persons per walk-up/medium rise apartment

(b) INCOME:

The gross effective income as at 1971 was established at R7 000 per annum - escalations based on 10% per annum would determine the current income level.

(c) ACCOMMODATION:

Average : 5 living rooms (3 bedrooms) :

1½ bathrooms : and 1 separate W.C.

(d) SERVANTS QUARTERS:

25% - 30% of the patio and townhouses will have maids quarters

10% - 15% of the walk-up and medium rise apartments will have maids quarters

50% of the single residential houses will have maids quarters

(e) AVERAGE GROUND SIZE:

15% of the plots will have less than 500 sq. metres of land

60% of the plots will have areas of 500 to 1000 sq. metres

25% of the plots will be more than 1000 sq. metres in extent

(f) APARTMENT MIX:

The majority of walk-ups and medium rise apartments will be rented as over 90% of the people would prefer to buy a townhouse. If the price of a flat is highly competitive this situation could alter and more prospective apartment purchasers would be attracted.

(g) PARKING NEEDS:

All single residential, patio and townhouses will be provided with a minimum of two off-street car spaces - preferably two garages or one garage and an attached carport. Flats will require 1 : 1,5 parking spaces per unit.

(h) BOATING NEEDS:

Some covered space will be needed for boat maintenance and storage. This could be incorporated into the garaging area, which should be large enough to accommodate two cars, one boat, a trailer and accoutrements.

(i) RECREATION:

The following types of recreation should be provided at the Marina:-

Tennis, golf, bowls, squash, fresh water swimming and horse riding. Walking trails should also be planned.

(j) PROFILE OF TYPICAL MARINA FAMILIES:

For marketing purposes, it became necessary to extract from the information collected, such

statistics as would be helpful in establishing a profile of the future Marina resident. In this way, the marketing effort would be directed at the target market and thereby have a maximum impact. The profile was established as follows:-

(Source - the Housing Survey 1970)

(a) The average family:-

| | |
|----------------|------------------|
| Household size | 3,1 persons |
| Annual income | R6 360 per annum |
| Car ownership | 1,3 cars |

(b) Single residential house family:-

| | |
|----------------|-----------------------------|
| Household size | 3,7 persons |
| Annual income | R7 500 per annum |
| Servants | 1 : 2,5 houses |
| Car ownership | 1,6 cars |
| Boat ownership | initially 1 : 13 households |

(c) Townhouse families:-

| | |
|----------------|----------------------------|
| Household size | 3,1 persons |
| Annual income | R6 876,00 per annum |
| Servants | 1 : 4,5 houses |
| Car ownership | 1,6 cars |
| Boat ownership | initially 1 : 7 households |

(d) Apartment families:-

| | |
|----------------|---------------------|
| Household size | 2,2 persons |
| Annual income | R5 016,00 per annum |
| Servants | 1 : 8 apartments |
| Car ownership | 0,8 cars |

Four distinct target markets for the housing products were established and with the profile defined the design of the marketing campaign could be more accurately arrived at.

4. LAND VALUES:

A report was prepared by the Planning Services Division of the Property Department of Anglo American Properties in 1970, called "Land Values in Metropolitan Cape Town - 1970". Data was obtained for various areas in the Magisterial Districts of Cape Town, Wynberg, Simonstown and Bellville. This information was compiled from the Property Transfer lists of the City Council of Cape Town, the Cape Divisionsl Council and the Municipalities of Fish Hoek and Milnerton. The report dealt with the business, flat and residential plot prices and was used to assist in the initial pricing of the plots in the Marina. (The subsequent changes in price ignored the findings of this report.)

A second report was commissioned in 1971 in order to determine the price/size relationship of residential ground in Cape Town. The information gathered for the survey was obtained from the property sales concluded in the selected areas in 1971. The results were as shown in Table Five on Page 324.

Prices listed in Table Five can be escalated from the base year of 1971, indicating that the prices established for the Marina at the time of planning were both realistic and competitive. It was considered advisable to keep the prices low at the beginning in order to enable the demand for the plots to grow, and thereby create an immediate appreciation in land values at the Marina. (This opinion was later reversed and high initial prices were placed on the plots from the start.)

The report determined that 72,7% of vacant land was sold for less than R5 000 in 1969, 60,6% in 1970 and 51% in

T A B L E F I V E

(Source - Resume of Research prepared by - D. Ehlers,
Planning Services, Anglo American Corporation,
Johannesburg, October, 1972)

THE PRICE SIZE RELATIONSHIP OF SPECIAL RESIDENTIAL
GROUND IN CAPE TOWN (BASED ON PROPERTY SALES IN 1971)

| | <u>300</u> <u>sq.m.</u> | <u>500</u> <u>sq.m.</u> | <u>750</u> <u>sq.m.</u> | <u>1000</u> <u>sq.m.</u> |
|----------------------|----------------------------|----------------------------|----------------------------|-----------------------------|
| Constantia/Tokai* | - | R6 530 | R7 995 | R10 100 |
| Hout Bay | - | 4 200 | 6 945 | 7 400 |
| Kommetjie | - | 2 550 | 3 650 | 2 800 |
| Fish Hoek* | - | 4 400 | 4 972 | 6 000 |
| Simonstown | - | 3 700 | 3 645 | 3 900 |
| Goodwood | - | 4 100 | 3 795 | 6 600 |
| Parow | - | 2 895 | 3 200 | 3 560 |
| Somerset West* | - | - | 2 000 | 3 700 |
| Strand | - | 2 000 | 3 300 | 5 800 |
| C.C.C. Camps Bay | - | - | 6 645 | 12 100 |
| Gardens/Orangezicht | - | 8 375 | - | 9 800 |
| Rugby/Brooklyn | - | 7 060 | 5 752 | - |
| Rondebosch* | 6 180 | 8 500 | 11 400 | - |
| Claremont* | - | 3 700 | 3 500 | - |
| Newlands* | 5 598 | 9 000 | 11 250 | 15 000 |
| Kenilworth* | 6 120 | 8 125 | 10 300 | 18 270 |
| Bergvliet* | 4 299 | 3 500 | 3 850 | 4 300 |
| Muizenberg | 2 586 | 3 230 | - | 3 700 |
| Marina da Gama(1973) | 5 250 | 9 000 | 12 000 | 16 540 |

* These areas are more relevant in terms of competition to
the Marina project.

1971, indicating a relative price rise in property. These results provided a good back-up to determining the optimum size/price combination for the Marina properties.

5. MARKET FORCES:

(i) SUPPLY OF VACANT LAND IN METROPOLITAN CAPE TOWN:

A report was prepared by Real Estate Development and Research Company which analysed the supply position of vacant land in and around Cape Town.

(a) SPECIAL RESIDENTIAL:

In 1970 there were 29 935 vacant plots available in metropolitan Cape Town. Supply for 1974 was estimated to be 24836, of which 45% would be less than R5 000, 30% between R5 000 and R9 000, 14% between R9 000 and R11 500, 6% between R11 500 and R14 000, 3% between R14 000 and R18 000, and 2% over R18 000. The majority of the available plots are situated in the Bellville Magisterial district (14 000), with approximately 5 000 each in the Wynberg and Simonstown Magisterial districts.

(b) GENERAL RESIDENTIAL:

In December, 1970, 24 829 potential flat units of 100 sq. metres each existed in metropolitan Cape Town. In addition to this, the following schemes were planned to be developed concurrently with the Marina:-

- (i) District 6 - 500 units (this has still to come about)
- (ii) Tafelsig Parow - 215 families in the middle/upper income group
- (iii) Edgemead/Goodwood - 400 units

There is no shortage of potential ground. The most sought after flats are those situated near the suburban railway lines and those which are

closer to town centres, such as Cape Town or Bellville.

Two other planned large scale development projects - the Hume Pipe site and the Tygerberg Valley site in Bellville - would increase the supply of housing as it is anticipated that these two projects together with the three detailed above, would provide housing for some 61 000 people. Moreover, these projects are anticipated to be fully developed and sold out by 1985/1990 which coincides in part with the later phases of the Marina project as it was planned. However, four out of the five projects are situated in the Northern Suburbs of Cape Town and the fifth in the central part of Cape Town. None, other than Marina da Gama, are planned for the Southern Suburbs. It was considered that this would be an additional advantage in the marketing of the township. The implementation of the Group Areas Act will increase the amount of land available for European development. It will provide additional housing in the Lansdowne and Kenilworth areas and it is expected that these areas will attract the middle and upper income groups. They therefore will be in competition with the Marina. Moreover, the character of these areas is more likely to be "Chelsea" in nature and therefore could have a direct bearing on the townhouse market.

5. (ii) THE DEMAND FOR PROPERTY IN METROPOLITAN CAPE TOWN:

This information was obtained from two

reports prepared by Anglo American Planning Services and Real Estate Development and Research.

(a) TRANSFERS AND COMPLETION:

Approximately 3 863 houses and 3 408 plots change hands annually in metropolitan Cape Town. An average of 1898 houses and 1277 apartments are completed annually. It is assumed that the competitive market for the Marina would amount to 1050 houses and 1000 apartments. The sales drive would be aimed at maximising the number of these units to be developed within the Marina project. The absorption rate will be dealt with separately below. All these figures have been determined by examining property transfers and the building rates between 1961 and 1971 and from these statistics the researcher determined the current position.

(b) IMMIGRANTS:

A report on the effect of immigration on the demand for property in the Marina was prepared by Real Estate Development and Research Company in June, 1971. Approximately 7 500 immigrants land in Cape Town each year, of which one third - 1 000 families - settle permanently in metropolitan Cape Town. About 720 of these families live in apartments and 280 in houses - the majority of the immigrants seeking accommodation in flats for the first three years. At the present time, many English speaking families rent and purchase accommodation in the Southern Suburbs and as the United Kingdom is the greatest single source of immigrants (38,9% of

the total immigrants in the past 10 years) it was considered most likely that the Marina would attract a large portion of these people. On the other hand, few continental immigrants were expected to be attracted to the Marina.

It was thought however, that the competitive market from immigration for the Marina would be approximately 140 houses and approximately 300 apartments.

(c) IN-MIGRANTS:

Figures for the movement of people to Cape Town from other parts of South Africa were not available. However, it was felt that the amount of movement would be cancelled out by the amount of movement out of Cape Town and therefore, an insignificant market force for the Marina.

(d) NEWLY-MARRIEDS:

This was regarded as a fairly important market force as between 62% - 68% of married people require separate accommodation. This is borne out by the fact that the average age of marriage is 24 years for a bachelor and 21 years for a spinster.

75% - 80% of marrieds will eventually live in a house. The total annual demand is approximately 3 500 units - 2 500 houses and 1 000 apartments. While allowing for the vacancies caused by death, it was determined that the effective annual total demand would be 1 900 units - 1 300 of which

would be houses and 600 apartments. As the Marina has been designed as an ideal place to bring up the family, while also providing recreation at one's door-step, it was expected that a large number of newly married couples will be attracted there.

(e) SPECULATORS:

The Anglo American Planning Services section prepared a report on speculators in 1972, in which the demand by this group in townships in the Western Cape was analysed. Speculators can be described as people or organisations that are interested in the potential profit to be made from the purchase and sale of ground. There are three basic types of speculators:-

(1) INDIVIDUAL PURCHASER:

These are people who buy one or more plots in order to re-sell them for a profit at some future date. 20% of buyers fall into this section. However, these people look for properties that are cheap to purchase with small deposits and monthly payments as these properties are likely to appreciate at a faster rate. With the rapidly rising rate of inflation, it is likely that the number of speculators will increase. However, as the properties in the Marina were priced higher than average, it was thought that this would probably put a number of these speculators off. As the developers are keen to see development of the project quickened, in order to make the commercial land more viable and to see the facilities

such as the harbour, shops and golf course used, it was considered that a determined effort should be made by the sales team to avoid sales to individual speculators as they would be unlikely to improve the land.

(2) COMPANY SPECULATORS:

This type purchases properties in order to resell the plots to the public. It includes developers who buy land from other developers and either market the land in the form of another township or alternatively pockets of plots within the existing township. With the market being quieter, it is likely that this section will not form an important market.

(3) CONTRACT/PLAN AND SPECULATIVE BUILDERS:

A contract/plan builder buys land from the township developer and then commissions an architect to design a number of house types for the plots covering the market demand - price, size, etc. A package deal then takes place in which the plot and the plan are sold before the builder begins work on the house. A speculative builder, on the other hand, buys the plot, builds the house and then sells the completed product. Often a contract builder also builds houses on speculation, usually on a small scale, in order to keep his building capacity fully employed at all times.

This type of speculator accounts for 21% of

purchases (716 stands annually) with the percentage changing with the change in the economic cycle. A report was commissioned by the developers and prepared by the Planning Services Section into the effect of these speculators on the marketing of Marina da Gama. The findings of the report were as follows:-

- 3.1 The larger companies like Bellandia Homes, Murray & Stewart, etc. operate mainly in the Northern Suburbs where land is still relatively cheap and the area is rapidly developing.
- 3.2 In most cases R20 000 is the limit for a speculative house as above this price the public can build their own houses to suit their requirements.
- 3.3 The builer speculator aims at plots up to R2 000, in the Northern Suburbs and up to R5 000 in the Southern Suburbs.
- 3.4 The speculator aims at a price range for the house in which the plot represents less than 25% of that price.
- 3.5 Of the 400 speculative houses built every year, 25% are built in the Southern Suburbs and the False Bay area.

Thus out of the market demand of 716 plots and approximately 400 houses, the Marina was expected to be competing for a market of 179 plots and 100 houses. However, as the developers do not intend building the total project and the majority of the public are keen to purchase a house rather than a plot, an important aspect of the marketing has become a sales drive amongst speculative builders. This market has to

be persuaded that the Marina is a good speculative purchase, and that its uniqueness will prevent speculative builders from having to work on the same basis as in other parts of Cape Town as the risk should be lower. A number of joint ventures between the developer and the builder should be undertaken with each one providing his own particular expertise in order to generate a profit situation.

Consequently, although the target market as described above appears rather small, in fact it is a market that can be developed and expanded by the inclusion of contract builders who could then be offered a safer form of speculation.

(f) "UP COUNTRY" DEMAND:

The majority of up-country purchasers are interested in coastal properties. These fall into two categories:-

- (i) The coastal resort, which is holiday orientated, and
- (ii) The coastal suburb, which has a permanent population and is linked to a major city.

A certain amount of overlapping does exist.

A report dealing with "up country purchasers" was prepared by Real Estate Development and Research Company and it showed that in the case of coastal resorts, a greater percentage of the purchasers are from "up country" than locals, for example Lake Marina and Beryl's Bay had almost 72% of their sales from the up-country

market. However, this observation does not apply to coastal suburbs such as Sea Point, Camps Bay, etc., which form part of metropolitan Cape Town. The in-between townships such as Froggy Farm and Van Riebeek Strand show 45% and 29% of sales to "up-country" buyers. A second report, prepared by Real Estate Development and Research Company, on the purchasing by "up-country" buyers in the Gordons Bay and Simonstown municipalities, indicated that the former was a popular holiday resort while the latter had become a suburb of Cape Town. 33,2% of property owners in Gordons Bay and only 9,2% of those in Simonstown came from outside the Cape Town metropolitan area. Moreover, 51,6% of the Simonstown owners lived there, while only 19,4% of the Gordons Bay owners lived there. This report also indicated that Simonstown had reached a more advanced stage of residential development with 62,2% of it developed while Gordons Bay only had 28,3% of it developed. The easy access to Cape Town by road and rail has had a marked effect on Simonstown in helping it to develop into a suburb and it was felt that the same influence would be felt at Marina da Gama but with even greater impact because of the even easier access and transport facilities. The report also found that the majority of these "up-country" buyers come from the Transvaal (43%) with a large proportion of them buying stands from a glossy brochure or locally placed advertisements only. The prices in the resort were also very much lower than those in the suburbs. Of the total 409 stands demanded by this market per annum, the competitive

market for the Marina was estimated to be 110 stands. Furthermore, as many of these purchasers were expected to buy stands either for retirement or for re-sale at some future date, they would normally not develop the properties. This market was not regarded as desirable and the report recommended that no real effort should be made to reach it. The campaign should be directed essentially to the residents of the Western Cape. Only those of the "up-country" buyers who are on transfer or are retiring should be attracted as the Marina is essentially a coastal suburb as opposed to a coastal resort.

(iii) THE RELATIONSHIP BETWEEN THE SUPPLY OF SPECIAL RESIDENTIAL LAND AT MARINA DA GAMA WITH DEMAND AT SELECTED PRICE LEVELS:

A study was prepared by the Planning Services Section of the Property Division of Anglo American Corporation in order to predetermine the expected Marina share of the total residential demand for metropolitan Cape Town. The supply, demand and expected percentage Marina share for plots in the following price ranges was determined for each year from 1974 to 1979 - R5 000, R5 000 - R9 000, R9 000 - R11 500, R11 500 - R14 000 and R14 000 plus.

On the basis that the sales programme would commence in September/October, 1974 and that the selling rate would be approximately 500 stands per annum, the Marina should be sold out within 5,3 years, i.e. by the end of 1979. The figures for expected stock levels in each year and the projected sales prices were obtained from a number of feasibility studies

conducted between June and September, 1972.

During this time, the total demand for metropolitan Cape Town was expected to be 19 237 plots, of which 13,2% (2 660) would be the Marina's share.

It was anticipated that the major competition would come from the other upper priced areas as 47% of the Marina prices were planned to be in excess of R9 000.

(iv) THE RELATIONSHIP BETWEEN THE SUPPLY OF APARTMENTS AT MARINA DA GAMA WITH THE DEMAND:

The Planning Services study covered the question of the Marina's share of the demand for apartments. It was felt that out of an annual demand of about 1 277 apartments, the Marina's share would be approximately 17% of that demand. Most of the apartment blocks had been planned around the harbour basin. Their unique situation, it was felt, should create a fairly heavy demand for them.

A study was prepared by Real Estate Development and Research Company in August, 1971, dealing with the sale of apartments in metropolitan Cape Town. It was found that generally only a small number of apartments are sold annually - at an average rate of R217,14 per sq. metre, along the Atlantic Coast and R162,80 per sq. metre inland. The majority of apartment sales to date have been by way of transfer of shares which has meant that a building society bond cannot be registered. This has tended to limit most of the sales to the upper income groups who have either got private means or sources of funds from which they can borrow.

The new sectional Titles Legislation allows for building societies to lend money on individual flats. At the time of preparing this report, not sufficient time had elapsed since the act was introduced for its effect to be accurately gauged. However, experience overseas has shown that a large section of the community prefers to purchase land and therefore, it is very likely that a townhouse sale, which includes land will prove to be more popular than apartments. The townhouse/Marina houses will form part of a new type of sale - not sectional titles - in which the purchaser can take complete free title of his property in spite of there being common walls with other adjoining properties.

The study indicated that the sale of flats have been fairly successful in situations where the site has had unique features about it, as this usually makes the purchase of land too expensive for the individual home owner. Thus in the case of Marina da Gama, the harbour basin would have provided the element of uniqueness which could result in stimulating a greater than normal amount of flat sales.

(v) RENTALS:

Two surveys were conducted by Real Estate Development and Research Company, one in June and the other in July, 1971, into the rentals charged for houses and maisonettes during the ten year period 1961 - 1971. The objective was to provide further information for the study into the ideal sales absorption rate for Marina da Gama. Most of the information for the

survey was obtained from newspaper advertisements during the period and covered the renting of furnished and unfurnished houses and maisonettes.

The findings indicated that the most popular houses for rental were two-bedroomed houses, whilst three roomed flats were the third largest number advertised. It was also determined that the percentage increase in rentals for furnished flats over the period was considerably lower than that for unfurnished flats, although the average rentals were higher. Three factors emerged:-

- (a) Rentals were considerably lower in the Northern Suburbs than for the rest of Cape Town.
- (b) The highest rentals for unfurnished houses were in the Claremont/Rondebosch areas.
- (c) The highest rentals for furnished houses were in the Bantry Bay/Sea Point areas.

The highest number of houses advertised were found to be in Bellville, which indicated that a fairly large amount of speculation was taking place in that area.

(vi) INCOME LEVELS AND MORTGAGE BOND FACILITIES:

Building societies as a rule believe that the monthly bond repayments of the homeowner should not exceed 25% of his income. Furthermore, in the case of young families, the husband is always classified as the home owner and the income of his wife is not included in the calculation to determine if the repayment is 25% or not.

A report prepared by Real Estate Development and Research Company in August, 1971, as part of the sales absorption rates calculation, detailed the number of people according to the 1970 census who would be capable of raising a bond. The following

table lists the estimated number of heads of household earners in each income group above R4 800, as anyone earning less than this figure qualifies for low interest Government or public utility loans.

T A B L E S I X

| SALARY | ESTIMATED NUMBER EARNING | % |
|-----------------|--------------------------|----|
| R4 800 - R5 999 | 9400 | 41 |
| R5 999 - R9 999 | 9850 | 42 |
| R10 000 plus | 4020 | 17 |

The average household salary in 1971 in Cape Town was approximately R485 per month (R5 820 per annum). Thus the maximum price that the average home purchaser could pay if he obtained a 75% mortgage bond from the building society would be in the region of R18 600. Any increased financial assistance to purchase a house would require the building society to waive the general rule and allow the repayment to exceed the 25% benchmark.

Table 7, on Page 339, analyses the different hypothetical salaries that the homeowner would need to earn at various selected house prices. The normal bond redemption is over a twenty year period. (The interest rate has increased to between 10½% and 12% depending on the valuation of the house when these figures were prepared. Consequently, the monthly repayment would be higher as would the required annual salary).

T A B L E S E V E N

| HOUSE PRICE | DEPOSIT | APPROX- IMATE TRANS- FER AND LEGAL FEE | AMOUNT OF BOND | MONTHLY REPAY- MENT | ANNUAL SALARY |
|-------------|---------|---|----------------------|---------------------------|------------------|
| R18 000 | R 4 500 | R1 200 | R13 500 | R120 | R 5 760 |
| 20 000 | 5 000 | 1 300 | 15 000 | 137 | 6 576 |
| 22 500 | 5 625 | 1 425 | 16 875 | 154 | 7 392 |
| 25 000 | 6 250 | 1 550 | 18 750 | 172 | 8 256 |
| 30 000 | 7 500 | 1 900 | 22 500 | 206 | 9 888 |
| 35 000 | 8 750 | 2 150 | 26 250 | 240 | 11 520 |
| 40 000 | 10 000 | 2 400 | 30 000 | 274 | 13 152 |

This table clearly indicates the fact that special bond arrangements would be needed with the building society and moreover that terms will also have to be offered by the developer. The high salary levels confirm that the target market must of necessity be confined to the upper income groups. A change in the mortgage bond interest rates will further reduce the size of the target market with a rise in rates. However, the reverse would occur if interest rates dropped. Furthermore, there could be a change in the income growth rate and the rate of increase in construction costs which would again change the size of the target market in the years to come.

6. CONSTRUCTION COSTS:

In August 1971, Real Estate Development and Research Company was commissioned to prepare a report on housing construction costs. Precise costs were extremely

difficult to establish as they varied with the design, type and quality of the finish of the house, as well as the number of units built in each batch. Several large and small construction companies were interviewed and an estimated average cost for housing for August, 1971, was established. This was R10 per sq. ft. (R108 per sq. metre) in which the builder had built-in a profit element of between 15 - 20% (The cost today is well above this rate, having almost doubled.)

The interviews indicated that the best method of negotiating a building contract for a large number of dwellings, would be on a cost plus basis. Moreover, costs would likely drop if industrialised building methods were adopted. (In today's climate a tender basis is preferable as this is more likely to produce a lower overall price than a negotiated contract.)

The report's findings on construction costs for apartments varied widely. However, on average low rise flats would cost in the region of R8,50 per sq. ft. (R91 per sq. metre), while medium rise apartments would cost R10 per sq. ft. (R108 per sq. metre). (These costs are also out of line with today's rate.)

7. SALES ABSORPTION RATES:

(i) THE MODEL:

The Planning Services Section of the Property Division of Anglo American Corporation prepared a model to clarify the relationship between the various variables that had been researched and thereby to determine more accurately the marketing philosophy that would be needed. To examine what effect the

Marina would have within the framework of metropolitan Cape Town was virtually the same as examining the effect of a new town within a large city. However, as the model was prescribed by time and certain valuable income information, it has become one of a number of on-going programmes to be revised periodically and to enable the marketing department to review and analyse its marketing effectiveness. (A review of the model has yet to be undertaken at the Marina.)

The objective of the model was to identify the total sales absorption rate for metropolitan Cape Town and then to split it in order to determine what it is at different price levels for houses and ground. The model also aimed at determining the annual demand for flats and the Marina's share of the target market for ground, flats and housing - single, cluster and townhouses.

(a) POPULATION:

The report determined that the population of metropolitan Cape Town has been growing at a steady 2,2% per annum over the past twenty years, which is 0,4% higher per annum than the national average. The growth rate is expected to continue at 2,1% over the next ten years. An analysis of the population growth indicated that the Simonstown Magisterial District which includes the False Bay coast area, will have an annual rate of growth of between 2,5% and 2,9% by 1980, which is higher than the average growth rate for metropolitan Cape Town.

(b) INCOME:

An analysis of household income between 1960 and 1971 indicated that it had risen by 6,8% per annum on average in metropolitan Cape Town and 7,0% on average in the Simonstown Magisterial District. However, the surveys conducted by the Planning Services Section did indicate the need for constant reviews in that accurate predictions of income levels were difficult in view of the high rate of inflation and the constant rise of real income which had risen by 8,6% between 1970 and 1972.

(c) HOUSING DEMAND:

The Planning Services survey indicated that metropolitan Cape Town's annual percentage increase in demand for houses was 2,6% and that for flats 4,9%. From these figures, the number of houses and flats which will be required per annum for each Magisterial District in metropolitan Cape Town was determined up until 1980. From these projections it was possible to calculate the potential number of annual transfers for each district. Projections on a semi-logarithmic basis were then made until 1980, giving the percentage of total demand which was likely to be generated in each Magisterial District. The demand factor was then projected for the different price levels for residential properties within each district and it was determined from these calculations that there would be a general increase in the number of properties bought at higher levels.

(d) DEMAND FOR VACANT GROUND AND FLATS:

Similar calculations were made to determine the demand for vacant land and for flats in the different Magisterial Districts of metropolitan Cape Town. During the ten years 1960 to 1970, the average demand was approximately 2344 plots per annum, but the figure was expected to vary widely from year to year as plot prices are more subject to fluctuation than house prices. From 1965 to 1970 an average of 1256 flats were demanded per annum. However, in view of the increasing population, it was felt that by 1980 this figure would rise to approximately 2160 flats per annum. This would mean that the total demand for flats by 1980 would be approximately 56 000 units as compared with the availability of approximately 35 000 units in metropolitan Cape Town in 1970. It was felt that these figures more than justified the need for the development of a fairly large number of flats in the Marina to satisfy the expected increase in demand.

A report prepared by Real Estate Development and Research Company on flat rentals indicated that the prime rental areas in order of rents were as follows:-

- (1) Atlantic Coast (Camps Bay to Mouille Point)
- (2) Amphitheatre (Gardens, Oranjezicht, Devil's Peak)
- (3) Milnerton
- (4) Claremont
- (5) Kenilworth/Wynberg

Projected rent levels for different types of accommodation until 1980 were also calculated.

(e) SUPPLY OF VACANT LAND AND FLATS:

The reports prepared by Real Estate Development and Research Company provided the necessary information on the supply of land and flats needed for the calculation of the absorption rate.

(f) THE STAGING PROGRAMME FOR THE MARINA:

The details of the staging programme and the average price structure for vacant ground, together with the different housing types and the estimated rentals that could be achieved for flats in the Marina were analysed against the projections made in the research findings. The researchers built in an escalation of 10% per annum, from 1974 for residential ground and 5% per annum for general residential land (flats). They also built in an escalation on construction costs (based on studies by M. Lowe in May and November 1971) of 7½% per annum compounded from 1974.

(g) LOCATIONAL PREFERENCES:

Two location preference studies were conducted, one in 1966 by Dunlop Heywood, a firm of real estate brokers and another in 1970 by the Planning Services Section. The results of the latter report have been discussed. The Dunlop Heywood survey indicated that shops were a prime consideration in choosing accommodation, followed closely by schools and work. Privacy and climate rated very low. These results provided valuable guide lines for the marketing of Marina da Gama as it was planned to have five

shopping centres and four schools within the development. Moreover, the small plots would not prove a problem, nor would the south-easter prove to be a major detractor in making people decide to purchase a home at Marina da Gama.

The results of the two surveys were used to prepare a table, listing the competitiveness of Marina da Gama against other areas within metropolitan Cape Town that might be considered possible competition for the target market. The results were as follows:-

T A B L E E I G H T

MARINA DA GAMA WEIGHTED AGAINST ASSUMED COMPETITION

| VARIABLES | WEIGHTS | BELLVILLE (NORTHERN AREAS) | MILNERTON | FISH HOEK | HOUT BAY | CONSTANTIA | TOKAI | MARINA DA GAMA |
|------------------------------|---------|----------------------------------|-----------|-----------|----------|------------|-------|-------------------|
| Prox.to shops | 5 | 30 | 30 | 15 | 40 | 10 | 30 | 5 |
| Prox.to schools | 4 | 24 | 24 | 16 | 36 | 32 | 20 | 8 |
| Prox.to work | 4 | 16 | 8 | 36 | 20 | 20 | 24 | 32 |
| Prox.to C.B.D. | 5 | 35 | 15 | 45 | 30 | 25 | 30 | 40 |
| Prox.to recre- ation | 5 | 12 | 36 | 18 | 48 | 48 | 30 | 6 |
| Sea | 7 | 70 | 14 | 14 | 14 | 42 | 32 | 7 |
| Cheapness (per sq. metre) | 3 | 9 | 9 | 15 | 9 | 9 | 9 | 24 |
| Availability of ground | 2 | 2 | 18 | 8 | 8 | 10 | 12 | 1 |
| Transport pro- blems | 8 | 64 | 64 | 48 | 72 | 48 | 48 | 40 |
| Climate | 9 | 18 | 54 | 36 | 45 | 45 | 45 | 27 |
| Privacy | 10 | 30 | 20 | 50 | 20 | 10 | 20 | 50 |
| Environment | 1 | 3 | 4 | 5 | 3 | 2 | 3 | 1 |
| Quietness | 10 | 20 | 40 | 40 | 30 | 20 | 20 | 50 |
| View | 6 | 24 | 36 | 24 | 24 | 30 | 30 | 36 |
| TOTAL VALUES | | 357 | 372 | 370 | 399 | 351 | 353 | 327 |
| DESIRABILITY RATING | | 4 | 6 | 5 | 7 | 2 | 3 | 1 |

Although weighting is very subjective, it nevertheless does give some sort of indication. Weights (as determined from the survey results) were multiplied by values assigned to each area according to various categories. The figures for the Marina were based on the development proceeding as previously planned.

(h) RESULTS:

The results were used to determine the sales absorption rate for the Marina at different price levels, for each year and for the different product types - land, flats, housing, etc. On average the sales absorption rate was projected to be 500 single family units per annum and 250 flat units per annum but this was anticipated to fluctuate from year to year depending on the staging of the Marina and the rate of income growth of the target market. Moreover, the Dunlop Heywood survey indicated that in fact the average mortgage repayment represented approximately 30% of the man's salary, which implied that the general rule of 25% was unlikely to be a major stumbling block for any prospective purchaser.

8. MOVEMENT PATTERNS IN METROPOLITAN CAPE TOWN:

Several surveys were conducted by the Planning Services Section to determine movement patterns. An analysis into shopping movement indicated that grocery purchases were largely carried out within the residential areas, whilst shopping for clothing etc. was largely C.B.D. orientated. This generally coincided with convenience shopping patterns as opposed to comparative shopping

patterns. Most of the shopping was done by car and generally in trips of less than ten minutes duration. The greatest concentration of movement to work is C.B.D. orientated. Here trip lengths increased as a function of distance from the C.B.D.

The movement of school children was generally within a ten minute distance from home. Most False Bay children used the train as opposed to those in the Southern Suburbs where the car was predominant. Movement to private schools was very small in the Northern and Eastern Suburbs.

9. FACILITIES IN METROPOLITAN CAPE TOWN:

A survey was prepared in order to analyse the availability of services within certain areas in metropolitan Cape Town. This covered facilities such as shops, schools, telephones, sports clubs, medical facilities, and water and sewerage services. The results provided valuable information on the competitiveness of the Marina's facilities against those available in other areas.

10. BOATING STATISTICS:

As a major element of the Marina was planned to be the harbour, it was felt desirable to gather as much information on boating as possible. The existing boat population in 1970 of 2100 boats, of which 58% were yachts, was considered small - 5,2 boats per 1000 population. The reason for this was thought to be due to the lack of adequate facilities. With the increased facilities to be available, the boat ownership pattern was expected to change radically.

It was found that no sophisticated moorings existed and

there were few jetty moorings. Open moorings were plentiful. Extensions to Kalk Bay Harbour and Royal Cape Yacht Club will increase the number of moorings. Berths will jump from between 500 to 750 between 1973 to 1980. Mooring charges are almost nominal at most harbours around the Cape coast.

A severe shortage of dry storage existed and still exists today and it was expected that the Marina's facilities would greatly improve the position in that it was planned for the harbour to provide slipways and scotch cranes to enable the boat owners to either repair their own boats or get professional help.

11. FINANCIAL FEASIBILITY:

An ongoing financial feasibility model was commissioned by the developers in order to review the development constantly and thereby to ensure its viability. All the variables such as sales prices, absorption rates, construction costs, marketing expenses, taxes, etc. are fed into the model and the discounted cash flow method is used to determine the rate of return. This model acts as a warning signal whenever it appears that returns are either dropping or fluctuating radically. The projected sales prices that were established from the various research studies undertaken by Real Estate Development and Research Company and the Planning Services Section were fed into the model to ensure that a satisfactory rate of return would be achieved. The planned pricing structure was provided for in the model so that the effect of any changes could be easily monitored.

Any decisions to remove facilities or to alter the standard or type of facility could be measured against the anticipated market reaction by a rise or a drop in sales prices. (It is not known how the model reacted to the Marina's decision to drop the facilities that were planned on the east side of Prince George Drive). The effect on the overall return could be measured so that any decisions can be made with a clear understanding of their effect on the overall return.

12. WAITING LIST AND ENQUIRY REGISTER:

As the planning and initial construction stage of the Marina had taken five years before the start of the active marketing campaign, a large number of enquiries have been made with the developers prior to the launch. It was decided that much valuable information could be obtained from the people enquiring and so a waiting list/enquiry register was prepared. A computer programme was written so that the statistics that were gathered could be analysed and used in the preparation of the marketing strategy for the project.

The information gathered included statistics covering household size, present residence, marital status, language group, type of house/plot required, etc. Monthly summaries of the information were prepared and the people on the waiting list were kept constantly informed as to the various stages of development. A newsletter was published and distributed to those on the waiting list. In this way more enquiries were generated while those already on the list were made even more enthusiastic.

The list enabled periodic market surveys to be conducted. Some of the interesting information gathered included the fact that 92% of those making enquiries were English speaking; 83% wanted completed houses rather than plots; of those wanting houses, the majority wanted three bedroomed houses followed by two bedroomed houses and four bedroomed houses respectively; 84% of them lived within metropolitan Cape Town and intended to make Marina da Gama their permanent home. There were a large number of developers who had made enquiries with the intention of buying land from the Marina in order to develop houses for resale. 99% of the enquiries were for waterfront land which supported the contention that people wanted to live in a water environment. Most of the enquiries had been stimulated by favourable newspaper reports about the Marina.

The waiting list was constantly updated as the enquiries came in and an analysis of the summaries was made monthly. Cross analyses were also made to determine useful information such as the number of English speaking people who wanted plots and lived in metropolitan Cape Town, etc. Much of the information gathered from the waiting list was used in the planning of the marketing campaign. Once sales began, it was intended to expand the scope of the enquiries register to include statistics gathered from actual purchasers. This information could be used to analyse the effectiveness of the marketing campaign and to determine the weak and strong elements of the campaign so that corrective action could be taken. In this way, a dynamic approach to the marketing could be obtained, while constant reviews could measure the effectiveness and success of the marketing strategy. The budgeted targets could be

measured against actual achieved results and the causes of the variation could, hopefully, be found from the statistics gathered from the enquiries and purchasers register. (In fact the developers stopped using the register shortly after the launch of the project and the benefits of the control tool were lost.)

13. MARKETING RESEARCH:

(i) THE MARINA'S DISTINGUISHING FEATURES:

Research indicated that the total potential demand for dwelling units in the metropolitan Cape Town area over the next ten years would be approximately 31 000 units. The Marina was planned to provide approximately 16% of the total units needed during this time. The developer set about identifying the major elements of the Marina and analysing these elements in order to extract those features that distinguished the project from the townships of other developers. The ten major factors that were regarded as distinguishing features were as follows:-

- (a) Novelty - the ability to enjoy leisure living at one's doorstep. The concept of a boat at the bottom of the garden where recreation and living become one. An unequalled opportunity for recreation where one lives in a relaxed, rural type residential environment with all the excitement of a new lifestyle.
- (b) Aesthetics - modern houses with an individual and distinctive architecture, based on the early Cape heritage, but planned for comfortable and convenient living. An appropriately

and generously landscaped environment within almost 200 acres of water front parkland. These aesthetic touches would enable the residents to feel at one with their surroundings. The atmosphere would provide a basis for establishing a sense of belonging and a sense of identification and pride in Marina da Gama.

- (c) Convenience - easy access to Cape Town by way of two new freeways, two main roads and a fast efficient railroad, bringing the Marina between 25 - 30 minutes from the city centre and all its facilities.
- (d) Family life - a community planned for all people, single and families, young and old and especially for the children, catering for their every interest and need. Everything including leisure, sport and recreation would be centred around the home, giving ideal conditions to keep the family unit together.
- (e) Facilities and services - shopping centres, schools, medical clinics, hotels, offices, entertainment, sports - golf club, equestrian centre, water sports, playing fields, indoor sports - a harbour, religious and cultural facilities.
- (f) Planning - a carefully researched and planned development supported by advice from world authorities on ecology, landscaping, engineering and finance in order to cater for every need. Each street, each park, each square and each facility would be designed to

fit into an overall plan which was drawn up after intensive study of modern urban developments all over the world. It was planned to be the first international standard Marina in Africa, incorporating virtually all the ingredients for easy, relaxed living for all age groups and most income levels.

- (g) Setting - Marina da Gama is situated on the coast of a warm water, mountain ringed, bay with a beach which is considered by many to be one of the finest and safest in all the world. A series of artificially constructed hills and the planting of almost one million trees would further enhance the natural beauty of the area.
- (h) Sociability - Marina da Gama's residents would have much in common. Apart from being residents in South Africa's first Marina, they would share such things as membership in the yacht and golf clubs, participation in the home owners association and sharing the experience of living in a town specially designed to encourage conviviality without infringing on the individual's right to privacy. Living in Marina da Gama would be like having a holiday all the year round.
- (i) Security - most of the houses are planned to be clustered in groups so that no one would need to live in lonely isolation. A few strategically positioned night watchmen would be able to exercise full control over the movements of vagrants, loiterers and other undesirables. Furthermore, pedestrian walkways would enable the children to walk to school

without crossing any major highways, as well as linking every home with the village facilities such as the shopping centres, parks, etc.

- (j) Status - the Marina should enjoy a "good suburb" status, which would give it an extra appeal as well as provide good investment value.

(ii) THE TARGET MARKET:

The Marina's marketing department and the Planning Services Division analysed the target market and prepared a report from the information and research already undertaken, which summarised the market as follows:-

- (1) Metropolitan Cape Town residents:-
 - (a) Permanent residents who would make Marina da Gama their home.
 - (b) Second homes
 - (c) Speculators who intended developing houses for resale immediately
 - (d) Immigrants - 280 families settle in metropolitan Cape Town each year - most of them from Europe where water front accommodation is part of the local environment.
- (2) Up Country Market:-
 - (a) The holiday home market
 - (b) The in-migrant moving to Cape Town
- (3) Developers:-
 - (a) Builders
 - (b) Plot and plan arrangements
 - (c) Commercial/light industrial users and institutions

The market segments were identified as follows:-

- (1) Middle to upper income group
- (2) Predominantly the 30 - 45 age group
- (3) The family unit with children
- (4) Both single males and females who enjoy the excitement and conviviality of the place where they can meet people easily and informally.
- (5) The active retired community who would enjoy the relaxed atmosphere while watching the various activities taking place around them.
- (6) The young marrieds (5 400 per annum who need 600 flats and 1 300 houses per annum) who would enjoy the "fun" suburb where other young people live.

(iii) THE BUDGET:

A marketing budget was prepared for the life span of the project - ten years - and this was then broken down into annual budgets which coincide with the various stages of the project. A further breakdown into a monthly income and expenditure forecast was set up which would enable the implementation of a strict budgetary control and an evaluation of actual performance against projections. The budget was split into six marketing divisions - market research, public relations, merchandising, advertising, sales promotion and sales. An administration section covered the cost of general overheads incurred in the marketing department that could not be allocated to any specific division. The overall total budget represented 7% of the sales value as a marketing cost centre. This figure was used in the financial feasibility model.

(iv) THE STRATEGY:

Marina da Gama is a suburban residential development with special features which make it unique in South Africa. Thus the marketing strategy was researched and designed as follows:-

1. Educational - to inform the buying public where Marina da Gama is and what Marina da Gama has to offer. This would be a primarily public relations function.
2. Promotional - to create the desire in the buying public to own a home or facility in Marina da Gama. This would be achieved by the use of merchandising, advertising and sales promotions. Although pricing is a major marketing element, it was regarded as part of this aspect of the planned strategy.
3. Implementation - to secure a sale and complete all the necessary fiduciary and legal formalities. This aspect included the channels of distribution.
4. Confirmation - to analyse and review the strategy in order to make necessary amendments to it. This was largely concerned with control.

The buying public were classified as follows:-

1. Residential - including all those who are able now or in the next ten years to purchase/rent a home or buy a stand in Marina da Gama. It was considered that this group could be attracted by classifying it into target attitude groupings - the family, the housewife, the sport enthusiast, the over fifties, etc.

2. Commercial - including individuals or firms who are able now or in the next ten years to rent, purchase or develop commercial and light industrial stands in Marina da Gama - oil companies, developers, boat builders, hotel groups, doctors, cinemas, etc.
3. Institutional and official - including local and central government, schools and churches, etc.

The strategy was therefore composed of a number of elements:-

What is to be marketed (product knowledge); to whom the marketing efforts should be directed (target market); how the Marina was to be marketed (the marketing plan); and when each activity was to take place (programming), which is related directly to the phasing of the development. The strategy was geared to the money, manpower and materials available at the disposal of the marketing department.

(v) THE PRIORITIES:

(Although the priorities were carefully analysed and accepted, the Marina changed its policy and with that it lost sight of earlier priorities.)

(1) CAPE FIRST AND THEN NATIONAL:

The fundamental target area was in the Cape Peninsula and immediate vicinity as purchasers from this area were more likely to actually live at Marina da Gama and give it the vitality and activity it would need to exist as a dynamic community.

The secondary target market would be the retirement group and the pre-retirement group elsewhere in the country and adjoining territories; people likely to move to the Cape and people wishing to own holiday homes there.

The educational programme would therefore be beamed at people living throughout Southern Africa, while the promotional programme, in the first instance, would be aimed at people living in and around the Cape Peninsula. As a secondary exercise, the promotional programme would be extended to the rest of Southern Africa.

(2) PHASING:

As the development would take ten years to complete, the initial promotional activity was aimed at selling Eastlake (Extension No.1) and Extension 2A. Eastlake was ready for transfer immediately having all the landscaping, services, approvals and building bonds, while Extension 2A would be sold "on plan" with a delayed transfer until all the services have been installed. (This is still in the process of being completed.)

The waiting list would enable those interested in the other Extensions to register their enquiries, bearing in mind that each Extension would have something special to commend it - close to schools, golf course, ocean harbour, beaches, equestrian centre, etc. The

advertising campaign would be tailored to emphasise the particular attractions of each Extension.

(3) INCOME GROUP:

Those earning R7 000 per annum and upwards would be aimed at as they will be able to afford homes in the R20 000 - R40 000, range. The promotional campaign would take cognisance of this but at the same time lower income groups would be attracted to the flats and townhouses which would be available for purchase and/or rent.

(4) LANGUAGE GROUP:

Both language groups would be attracted and consequently all promotional material should be bilingual.

(5) PRE-SELLING:

A pre-selling campaign was undertaken successfully in August, 1974 and was aimed at stimulating interest in the project and acquiring permanent residents prior to the official launch. This market it was hoped would consist of people on the waiting list who wanted to live at the Marina or will build within six months; staff and associates and selected developers who had undertaken to develop stands in line with Eastlake Village. (These priorities were among the major ones to have been ignored.)

(vi) THE MARKETING MINUSES:

The marketing strategy included a study into the various possible criticisms which could be levelled against the Marina - all of which were researched and answers to them prepared:-

- (1) Competition from other housing developments and established residential areas - the advantages offered by the Marina both in terms of lifestyle and facilities, as well as price, would result in the other "new" areas being hard-pressed to compete. Moreover, the "established" areas were less of a threat as they were practically fully built up and expensive.
- (2) Water proximity could mean frogs, mosquitos, damp, mud, pollution, peril to children etc. - the wind and lower rainfall would tend to reduce the problem of frogs and mosquitos, while the question of pollution would be one that would be solved by the residents themselves, who have an organisation such as the home owners association to instil a sense of civic pride amongst the inhabitants. This has proved to be the case at marinas elsewhere in the world. The danger to children would be lessened by the fact that the lake would be shallow at the edges and every effort would be made to teach the children to observe sensible safety measures. Children soon learn the perils of living near water.

- (3) Close neighbourliness and "suburbia" identification may prove unattractive to conservative Capetonians - Capetonians have long been accustomed to living near their neighbours in areas such as Oranjezicht, Gardens, Newlands, Kalk Bay and Sea Point. Moreover, the careful planning would enhance privacy and the landscaping would eliminate the "cheek by jowl" feeling. The increasingly high cost of maintaining expensive ground would increase the demand for small properties with a large amount of public open spaces as available in the Marina.
- (4) The windy conditions make living in Marina da Gama unbearable - most people have associated Muizenberg with the wind because they visit the area during the summer months of December and January - the worst months for the southeaster. Research indicated that the wind blows unbearably on only 35 days of the year and those days occur during the summer months; the low rainfall during winter makes the area extremely attractive, while the special wind deflectors and landscaping shelter belts within the Marina would reduce the wind velocity during the summer months by 80%. Careful planning would enable the residents to live with the wind, which they would need for sailing and to help control pollution.
- (5) The Muizenberg image of civic inertia, winter stagnation, ethnic exclusivity, will attach itself to Marina da Gama - the Marina would be so big, so exciting and so different that it would create its own image, which in time would result in a change in the image of

Muizenberg. The Marina is situated adjacent to Muizenberg in an undeveloped area which would be converted into a prime residential suburb of Cape Town. The population would be fairly constant as it was planned to be primarily a permanent community and not a holiday resort. People from both language groups would be attracted to the Marina as well as people from a wide range of income levels so that the question of ethnic exclusivity would not arise.

- (6) The presence of absentee landlords, speculators and "cannibal" selling will detract from the suburban character of the project - every effort would be made to eliminate the presence of these people. Marketing efforts would be directed towards metropolitan Cape Town and price levels would be such that they would not attract the type of speculator who is not interested in developing the land. (This is a contentious point as the developer did not approach selling in any selective way at all, although this had been the intention.)
- (7) The limited market will force a drop in standards - this criticism was regarded as invalid as the research indicated that there was a wide market appeal for the project. Moreover, the number of units only represented 16% of the total units demanded in the ten years from the launch. The Marina would result in an increase in demand from people wanting to move out of existing suburbs to the Marina because

of the facilities provided there. The homeowners themselves would prevent any drop in standards as this would protect their lifestyle and their investments.

APPENDIX C

SELECTED BIBLIOGRAPHY

The bibliography contains a list of all material that has been specifically referred to in this thesis. It is arranged under the headings of Books, Journals, Unpublished Company Reports and Other Material. Material that has been useful and helpful but to which no specific reference has been made, has not been included in the bibliography as this would have increased the volume of material unnecessarily.

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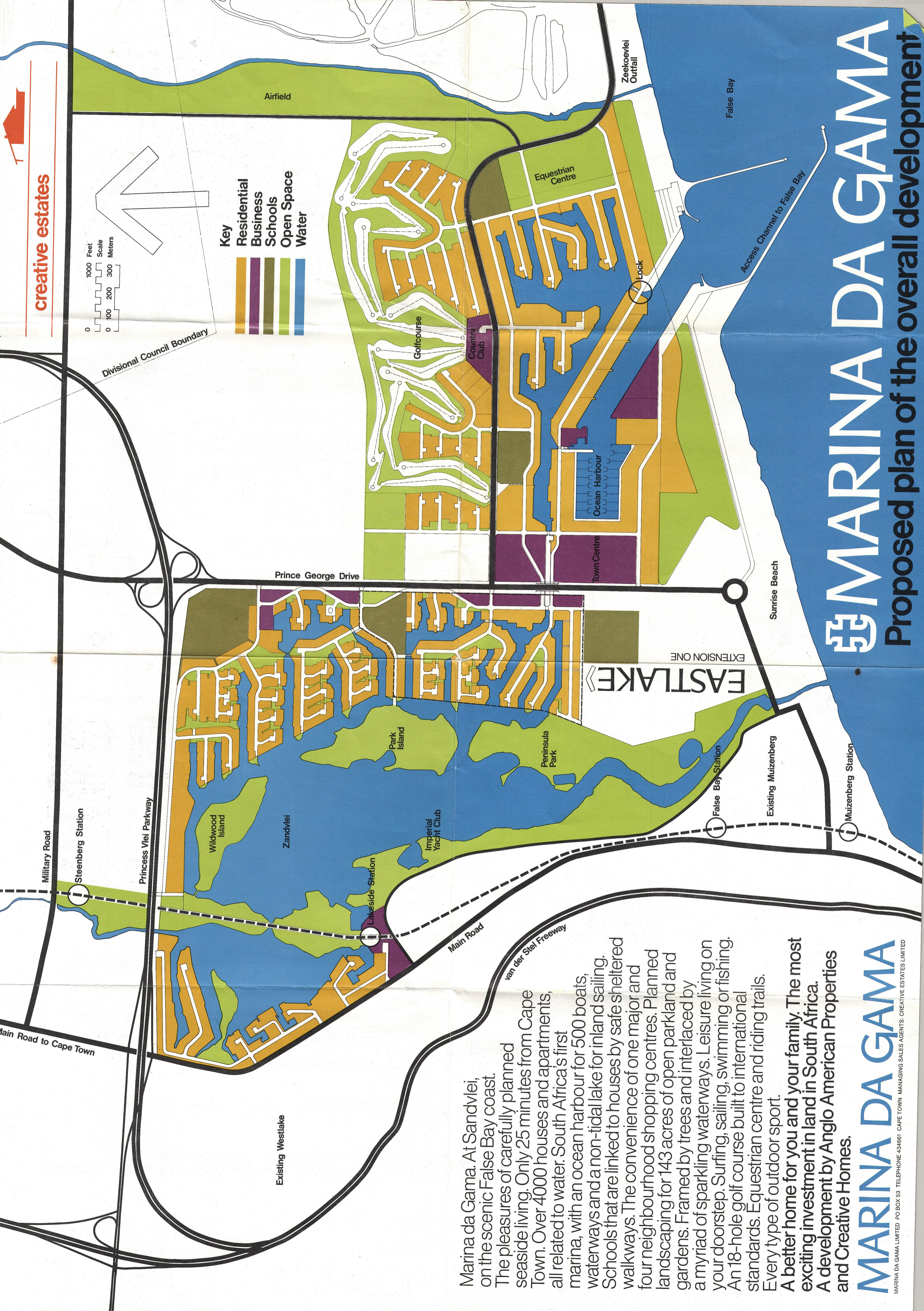
EASTLAKE... Construction has started. Dredging in progress now. 40 houses now being built to establish the life-style of waterside living. An architecture which blends the elegance of the early Cape with the needs of today. One of them could be your dream house. Waterfront and near waterfront plots available soon. For the house you want to build. With a vista of mountains. On the lake. On a promontory. On an inlet. Natural, maintenance-free bank edges. The land sculptured and planted with fully grown trees and shrubs. Community facilities. **Eastlake Village.** A meeting place. Convenient shopping in charming surroundings. All finished by the summer of 73/74. Waterside living and leisure now. A water playground. In Eastlake Village. In the Marina da Gama.

 **MARINA DA GAMA**

EASTLAKE

new Muizenberg High School

Prince George Drive



Marina da Gama. At Sandvlei, on the scenic False Bay coast. The pleasures of carefully planned seaside living. Only 25 minutes from Cape Town. Over 4000 houses and apartments, all related to water. South Africa's first marina, with an ocean harbour for 500 boats, waterways and a non-tidal lake for inland sailing. Schools that are linked to houses by safe sheltered walkways. The convenience of one major and four neighbourhood shopping centres. Planned landscaping for 143 acres of open parkland and gardens. Framed by trees and interlaced by a myriad of sparkling waterways. Leisure living on your doorstep. Surfing, sailing, swimming or fishing. An 18-hole golf course built to international standards. Equestrian centre and riding trails. Every type of outdoor sport. A better home for you and your family. The most exciting investment in land in South Africa. A development by Anglo American Properties and Creative Homes.

MARINA DA GAMA

Proposed plan of the overall development

MARINA DA GAMA
 MARINA DA GAMA LIMITED PO BOX 53 TELEPHONE 434661 CAPE TOWN MANAGING SALES AGENTS: CREATIVE ESTATES LIMITED