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GRADE 12 2022

Consumer studies

ENTREPRENEURSHIP SELF STUDY GUIDE BOOKLET 2

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basic education
Department: Basic Education
REPUBLIC OF SOUTH AFRICA

Second Chance Matric Support Programme

2030 NDP

NATIONAL EDUCATION COLLABORATION TRUST

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INTRODUCTION

The declaration of COVID-19 as a global pandemic by the World Health Organisation in 2020, led to the disruption of effective teaching and learning in all schools across South Africa.

Many learners, across all grades, spent less time in class due to the phased-in reopening of schools, as well as rotational attendance and alternative timetables that were implemented across provinces, to comply with social distancing rules. This led to severe teaching and learning time losses. Consequently, the majority of schools were not able to complete all the relevant content prescribed in Grade 10-12 in accordance with the Curriculum and Assessment Policy Statement.

In order to mitigate and intervene against the negative impact of COVID-19, as part of the Recovery Learning Plan for Grades 10-12, the Department of Basic Education (DBE) worked in collaboration with Subject Specialists from various Provincial Education Departments (PEDs) to develop this Self-Study Guide for learners in Grade 12.

The content in this study guide is critical towards laying a strong foundation to improve your performance in this subject.

The main aims of this study guide is to:

- Assist learners to improve their performance, by revising and consolidating their understanding of the topic;
- Close existing content gaps in this topic; and
- Improve and strengthen understanding of the content prescribed for this topic.

This study-guide is meant as a self-study guide for learners and therefore should be used as a revision resource to consolidate learning at the end of a particular topic taught in class.

Learners are encouraged to complete the exercises and activities to test their understanding and to expose themselves to high quality assessment.

This study guide can also be used by study groups and peer learning groups, to prepare for the final NSC examination in this subject.

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HOW TO USE THIS GUIDE

	Notes/ Summaries This icon will draw your attention to the notes & summaries which you need to study.
	Activities This icon refers to the activities that you must complete to test your understanding of the content you studied.
	Tips This icon refers to tips we are sharing with you to better understand the content or activities.
	Answers This icon refers to the section with possible answers for the activities and how best to have answered the activities.
	Exam practise questions This icon refers to questions from past examination papers you can additionally use to prepare for the topic.
	Terminology The meaning of these terms is provided in the glossary.
GR 10	**GR 10 CONTENT TO BE COVERED**
GR 11	**GR 11 CONTENT TO BE COVERED**
GR 12	**GR 12 CONTENT TO BE COVERED**

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Combined/Comprehensive Summary Gr 10-12

GR 10

- The Entrepreneur
- Choice of items for small-scale production

*****

- Aims of marketing
- 5P Marketing Mix/ Plan

*****

- Basics of costing

GR 11

- The choice, production, and marketing of homemade products/items

*****

- The marketing processes
- Core principles of marketing

*****

- Production costs
- Factors influencing production costs
- Calculations to determine selling prices

GR 12

- Moving from an idea to producing and marketing a product
- Factors to consider in the entrepreneur's choice of a suitable product for small-scale production
- Requirements for quality products
- Factors influencing the efficient production of quality products
- Requirements for efficient production of quality products
- Sustainable production and consumption: responsibilities of consumers and producers
- Storage & delivery strategies

*****

- Developing a Marketing plan according to the 5P marketing strategy

**

- Financial feasibility study to determine the sustainable profitability of the business
- Break-even point
- Best-sale, worst-sale scenario
- Cash flow projection

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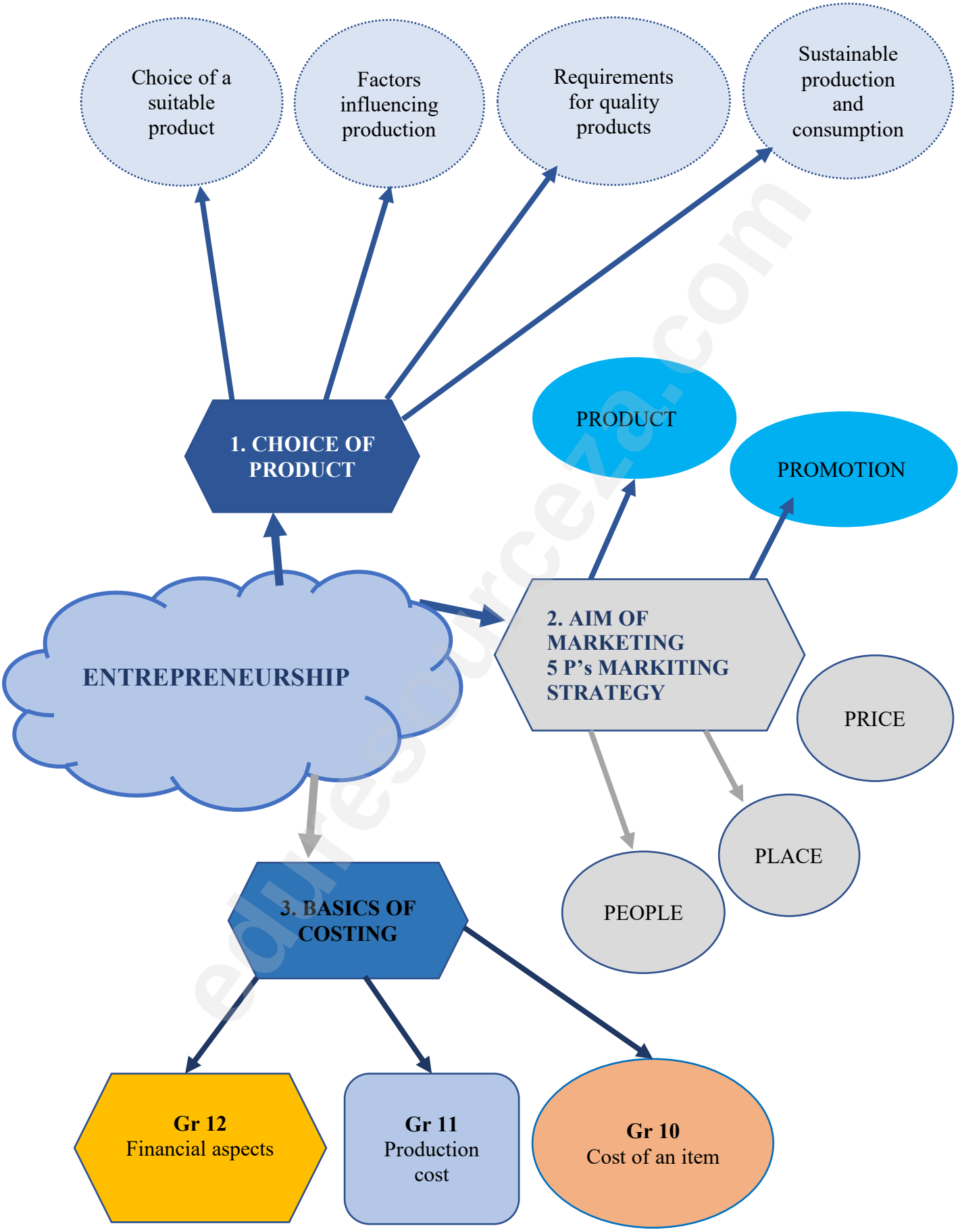
Mind Map Entrepreneurship Gr 10-12



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3.1 NOTES, SUMMARIES, KEY CONCEPTS, AND ACTIVITIES

3.1.1 ENTREPRENEURSHIP

GRADE 10

An **entrepreneur** is a person who starts his/her own business. The main aim is to make profit and eventually create jobs and employ people.

In time, the business may grow so that they have to employ or give jobs to other people.

THE CHOICE OF ITEMS FOR SMALL-SCALE PRODUCTION

Factors to consider:

- The culture, socio-economic conditions and preferences of the **target group**.
- The **human resources**, material and environmental resources available to the entrepreneur.

GRADE 11

THE CHOICE, PRODUCTION, AND MARKETING OF HOMEMADE PRODUCTS/ITEMS

- Identify a potentially **profitable** business opportunity
- Formulate the idea and **specification** of the product
- Factors to consider in the entrepreneur's choice of a suitable product for **small-scale production**

GRADE 12

MOVING FROM AN IDEA, TO PRODUCING AND MARKETING A PRODUCT:

Identifying a profitable business opportunity

To identify a business opportunity that will generate an income, the entrepreneur must:

- Consider his/her personality, interests, **capabilities**, and financial position.
- Do sufficient market research to determine the target market.
- Ensure that the business has a competitive edge (fills a gap in the market, have something special that none of your competitors has)
- Choose a product that fills a gap in the market (has a **competitive edge).**

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The formulation of the idea

To formulate the idea, the entrepreneur must write a **business plan** that includes:

- Information about the product, as well as a production plan.
- **Market research** and a marketing plan that includes the 5 P's.
- Financial plan that shows the start-up costs and operational cost (keeps business going until it shows profit).
- Management plan.
- **SWOT analysis** that shows the:
  - **S**trengths,
  - **W**eaknesses,
  - **O**pportunities,
  - **T**hreats of the business.

Specification of the product

A specification is a written, detailed description of a product. A product specification must include specific details about the product, e.g., appearance, materials used, production and packaging.

A good **product specification** will ensure that all the products have the same appearance, quality and uniformity in appearance and size.

Excellent for selling

https://nels-cake-boutique.com/tag/icing//

VS

Inconsistent and unsuitable for selling

https://philosophyofyum.com/

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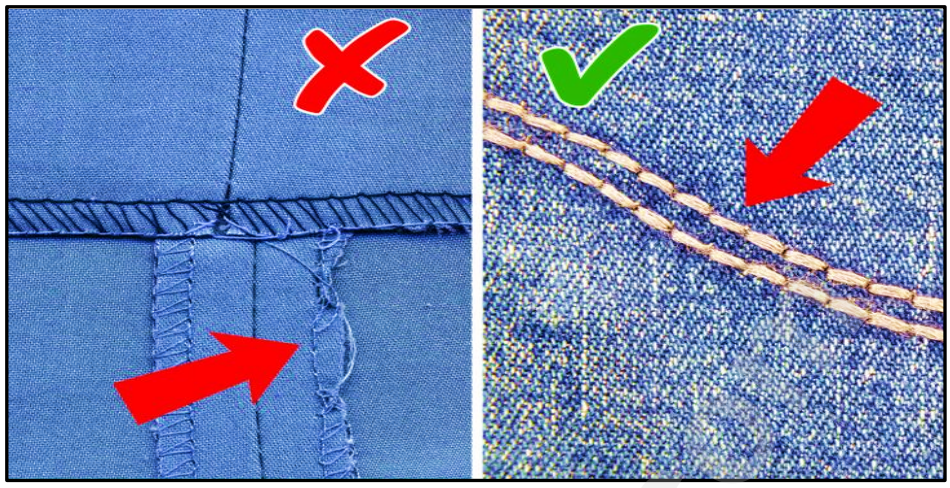
Unsuitable for selling vs Suitable for selling



https://bit.ly/baddressmaking

Factors to consider in the entrepreneur's **choice** of a suitable product for small-scale production

(How to choose which product to make)

FACTOR	EXPLANATION
1. **Availability of human skills**	People who have the knowledge, skills, and experience to help in the business. Ability to work well with other people. **Three types of workers:** • **Unskilled workers**: Used for routine work. Can be upskilled. • **Semi-skilled workers**: Have some training. Earn higher wages than unskilled workers. • **Skilled workers**: Have a particular skill, knowledge, and experience. Can work independently. Earn good wages/salaries.
2. **Availability of financial resources**	• Must calculate the **start-up costs** and **operating costs**. • Entrepreneur must have sufficient funds to keep the business going until it starts making a profit. • Sometimes difficult to get a loan from a bank. • An entrepreneur can fund a new business through using his/her own money or inviting partners or investors. • Different ways of financing the business.

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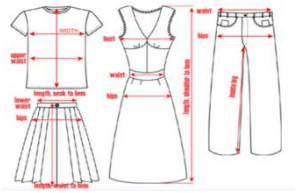
3. **Available workspace**	• Consider the following: size and type of workspace, lighting, ventilation, correct surfaces, equipment, and safety.
4. **Raw materials**	• It must be easy to obtain raw materials. • Best if raw materials are available locally. • Products are usually cheaper and fresher if sourced locally. • Start with good quality raw materials to end with a good quality product.
5. **Consumer appeal**	• Product must be attractive and interesting. • Consumers must want to buy the product. • Product should appeal to senses (touch, visual, taste, smell, and sound)

Factors influencing the efficient production of quality products

(How to make good quality products)

FACTOR	EXPLANATION
1. **Planning**	• Decide which and how many products will be produced. • Plan the method and process of production (time and work plan). • Allocate the correct time for production. • Sequence the production activities correctly to save time. (Work plan with correct time allocation) • Include planning of production costs (calculating production costs accurately).
2. **Adhering to product specifications** 	• This ensures that the products always have the same quality, appearance, size, weight, colour and style. • In this manner, quality will always be consistent (the same). • Consumers will get the exact products that they are used to.

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3. **Quality control** 	• Quality control is the process of inspecting products to make sure that they meet required standards that have been set (product specification). • Quality products are free from faults and significant variations. • Quality control is the process of inspecting products to make sure they meet the required standards that have been set. 4 Stages of quality control includes: ○ purchasing quality raw materials (ingredients/material), ○ during the production process (baking/sewing), ○ inspecting the finished product (cupcake/dress) and ○ the packaging and labeling.
4. **Tidy workplace** 	• Contributes to a healthy and safe working environment. • Helps to work fast and accurately. • Prevents accidents and fire. • Ingredients must be neatly packed and well organised. • Surfaces must be kept neat and tidy. • Floors should be clear of clutter. • Minimize the risk of cross contamination.
5. **Hygiene of workers** 	• Important that workers are safe and healthy so that they can produce safe products. • Prevents cross contamination. • Poor hygiene may affect colleagues (bad body odors, bad breath).
6. **Careful control of finances** 	• Sufficient finances ensures that the best quality raw materials can be purchased, thus producing quality products. • Involves accurate record-keeping of sales, purchases, and other transactions. • Wastage during production impacts negatively on **cost price, selling price and profit.** **Methods to control finances include the following:** ○ budgets (planning the use of income and expenditures), ○ stock management systems (control over the purchase and ○ the use of raw materials) and ○ cost accounting (keeping track of costs).

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7. **Stock control**	The most important part of stock control is in finding the correct balance, avoiding over stocking, as well as running out of stock. Use the First In First Out (FIFO) method of distributing stock. Stock refers to the purchasing and control of the following: • raw materials, • products that are partially completed. • finished products. Stock control helps the entrepreneur to: ○ buy the right quality raw materials on time. ○ buy accurate quantities of raw materials. ○ prevent pauses in production because raw materials are not enough. ○ reduce waste and theft. ○ limit the amount of money invested in stock.

Requirements for quality products

(How to know if your product is of good quality)

REQUIREMENT	EXPLANATION
1. Appropriate for target group	• The target market is the group of people who are most likely to buy a product. The quality of the product must match the price.
2. Presentation of the product	• Products and packaging must be visually attractive. • The presentation of the product should match the price. • Foods must be attractively presented or served. • Clothing must be attractively displayed.
3. Quality of raw materials used	• Determined by the final product, selling price and target market. • Use the same quality of raw materials every time. • The quality of raw materials used, determines the quality of the final product. (What you put in, is what you get out.)
4. Quality and design of packaging	• Depends on the target market. Packaging should be attractive and suitable for the product. Consider the cost. • Choosing the right packaging will impact positively on marketability.

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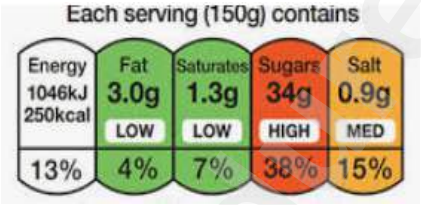
5. Quality of storage 	• Incorrect storage methods of raw materials and final products affect the quality of the product. • Correct and effective methods of storage will prevent raw material and finished products from damage and deterioration. **Benefits of quality storage:** ○ Food quality is preserved. ○ Prevent food spoilage. ○ Prevent financial loss of ingredients and sewing materials. ○ Prolong shelf life. ○ Storing raw materials and finished products.
6. Safety 	• Maintain high standards of hygiene and safety to ensure safe usage. • Consumers must not get sick/hurt themselves when using the product. **Safety procedures must be in place during:** ○ purchasing of raw materials. ○ storage and preparation. ○ serving or packaging. ○ storing or selling of final products.
7. Labelling 	• Product labels must be an indication of the quality of the product. • All necessary information must be included. **(See 'Marketing Gr 12')**

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Requirements for the efficient production (making) of quality products

(What must be considered in the process of making the product)

REQUIREMENT	EXPLANATION
• **Efficient use of time**	• Planning must be done so that equipment/tools are used to its full capacity. • Production schedule must be developed to utilize employees effectively. • Planning ensures that a maximum number of products are produced. • Money will be saved due to reduction of wastage, and more profit will be made.
• **Efficient storage procedures**	• Identify minimum and maximum storage levels to ensure that optimum levels of stock are always available. • **Optimum stock levels**: the exact amount of stock that a business requires to fulfill needs of production, without running out of stock. Thus, optimum stock levels is when the correct balance between overstocking and understocking is achieved. • This helps to reduce stock tied up in storage. • Stock used regularly, should be placed within easy reach. • Ensure sufficient space and the correct temperature for storage.
• **Customer relations**	• Meet the needs of customers. • Make customers feel important by listening to their needs and queries. • Good customer relations will determine if customers come back. (From the selling to delivery of products as well as listening to complaints). • Good customer relations improve the image of the business.
• **Maintenance of equipment**	• Ensures continuous production and prevents loss of income. • Reduce repairs and unscheduled maintenance. • Prevents interruptions during the production process. **Types of maintenance:** ○ **Preventative/ Routine maintenance**: Servicing equipment regularly and checking and replacing parts to prevent breakdowns. This reduces repairs and unscheduled maintenance. ○ **Corrective maintenance**: Equipment is only fixed when it breaks down.

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• **Training of staff**	• Adds to the success of a business as employers can deliver better service. • Trained staff helps to improve the image of the business. • Improves motivation, morale, and job satisfaction. • Increases productivity. • Improves the quality of products. • Reduce wastage. • Reduce maintenance and repair costs.

SUSTAINABLE PRODUCTION AND CONSUMPTION

Sustainability means:

- Using products/items in such a **responsible way**[1], that
- **No environmental harm**[2] is done and
- **Future generations**[3] will still have the benefit of the item/product.

Three principles of sustainability:

REMEMBER! The fourth principle of sustainability is **RESPECT**. Without this, none of the other 3 pillars will be successful.

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Sustainable production and consumption means:

- The use of goods/material to satisfy basic needs & improve quality of life. This should happen in a **responsible**[1] way, without **harming the environment**[2].
- This will ensure that **future generations**[3] will still have use of the same types of raw materials.
- **Reducing** the use of natural resources, toxic materials, and chemicals, waste, and pollution.

7) STORAGE AND DELIVERY STRATEGIES

Storage strategies

- Raw materials, semi-finished and finished products must be stored in an organized way.
- Store the same type of items together.
- Make sure that the older products are stored in front, to be used first.
- Apply the FIFO (**F**irst-**I**n, **F**irst-**O**ut) principle.
- Store materials at the correct temperature.
- Goods that are used most, should be stored nearest to the door.
- Goods must be stored in containers or shelves.
- Hazardous materials must be stored in a safe way.

Delivery strategies

- Refrigerated trucks must be used to deliver perishable food products.
- Vehicles must be clean and safe.
- Products must be kept safe and packed in a way that nothing will shift during transport.
- Deliveries must be schedules in such a way to save on transport cost:
  - More than 1 order must be delivered at the same time.
  - Items that will be delivered last, must be packed in the back of the vehicle e.g., truck.
  - Fragile items must be kept in a safe area.

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Terminology (See Glossary for descriptions)

ENTREPRENEURSHIP		
Target group	Specification	Start-up costs
Human resources	Capabilities	Operating cost
Profitable	Competitive edge	Raw material
Sustainable	Business Plan	

ACTIVITIES

ENTREPRENEURSHIP

Activity 1

Various options are given as possible answers to the following questions. Choose the correct answer and write only the letter (A-D) next to the question number.

1.1 Adhering to specifications …

A assists with the careful control of finances.

B ensures that products are always the same.

C makes staff training easier.

D sets a standard for packaging. (1)

1.2 … is necessary to ensure that a product meets the required standards.

A Control of finances

B A tidy workplace

C Quality control

D Stock control (1)

1.3 The factor that is a requirement to produce good quality products:

A Appropriate selling place

B Careful storing of products

C Good advertising

D Meticulous control of finances (1)

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1.4 … ensures the efficient use of time.

A Planning

B Training

C Equipment

D Staff (1)

1.5 Staff training is important because it …

A creates customer loyalty.

B increases productivity.

C improves advertising.

D improves costing. (1)

1.6 The entrepreneur who made the best choice in terms of raw materials:

A Ben's raw materials come from a shop in a neighboring town.

B Lindiwe's raw materials are monthly delivered from the city.

C Pete's raw materials are imported from China.

D Suraya's raw materials are locally produced or manufactured. (1)

1.7 A business buys furniture and restores and/or re-upholsters the items and sell them at a profit. The products have consumer appeal because they …

A adhere to specifications

B are good quality

C are standardized

D are environmentally friendly (1)

Read the scenario below and answer QUESTIONS 1.8 to 1.10 that follow.

Una lives on a farm with many apricot trees. She employs seven people to assist her to cook jam and chutney during the summer. She sells high quality products in glass jars with attractive labels to a few shops in the community.

1.8 The most important factor that contributes to the success of Una's business:

A Attractive packaging

B Availability of raw materials

C Large number of selling points

D Low start-up cost (1)

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1.9 The most important factor to ensure that Una's products are of a high quality:

A Careful controlling of stock

B Equipment works well

C Using fresh apricots

D Reasonable selling price (1)

1.1.10 The months that would be the best time for Una to do maintenance on her equipment:

A January and February

B July and August

C October and November

D November and December (1)

[10]

Activity 2

From the list below, select THREE factors that influence the efficient production of quality products. Write down the letters (A – F) next to the question number.

A Consumer appeal

B Customer relations

C Planning

D Quality control

E Reducing waste

F Stock control (3)

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Activity 3

Lucy enjoyed needlework from a young age and completed a course in sewing and pattern design. She converted her garage into a sewing room. She saved money to buy two new sewing machines. She started a business that designs and produces garments for weddings and other formal events. Lucy employed two workers to ensure that garments are completed on time. She pays special attention to each customer to ensure that the garments will be exactly what they want. Lucy helps her customers to choose accessories for their garments. Her customers have at least one fitting session before they have a final fitting session two weeks before the delivery date.

3.1 List THREE advantages of a tidy workplace for Lucy and her assistants. (3)

3.2 Identify and explain FOUR factors that Lucy considered in her choice of a suitable product for her business enterprise. Re-draw the table below to answer the question. (8)

Factors that Lucy considered	Explanation
1)	
2)	
3)	
4)	

3.3 Explain why Lucy should do routine/ preventative maintenance instead of corrective maintenance on her sewing machines. (4)

3.4 Write a paragraph to describe how Lucy achieves good customer relations. (5)

[20]

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3.1.2 MARKETING

GRADE 10

THE AIMS OF MARKETING

- The aim of marketing is to increase sales and profit by focusing on the customer's needs.
- Marketing also adds to the **modification** of the product or service to satisfy these needs.

THE 5P's MARKETING MIX MODEL

5P MARKETING MIX	EXPLANATION
1. **Product (Service)**	The product or services offered to your customers e.g., cupcakes. This forms the backbone of the business as it is what consumers purchase.
2. **Price (Retail price, discounts)**	The price at which your product or services are sold. This helps that the product stays competitive. Compare prices and product with that of competitors to ensure a competitive edge.
3. **Place (Distribution)**	The shop/factory from which your business sells/produces its product or services.
4. **Promotion (Advertising)**	The methods used to inform the target market about the features and benefits of your product. This is the process of trying to convince the target market to purchase your product.
5. **People/Person (Target market)**	The people who purchase the goods or services you are marketing. Also called the target market.

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GRADE 11

THE MARKETING PROCESS

SITUATION ANALYSIS

- Identify opportunities
- What is available in your neighborhood
- What are your talents?
- Target market.

MARKETING STRATEGY

- Segmentation means to divide something into segments.
- Market segmentation separates consumers with similar interests, likes and dislikes into groups.

MARKETING MIX DECISIONS

- Compile according to consumer needs.
- Consists of 5 P's.
- **P**roduct, **P**rice, **P**lace, **P**romotion, **P**erson.

IMPLEMENTATION & CONTROL

- Go into action to implement the business plan.
- Revise and evaluate marketing processes.

SWOT ANALYSIS

A SWOT-analysis is a technique to evaluate a business opportunity. The Strengths and Weaknesses reflect influences from within the business. Threats and Opportunities reflect influences from outside the business.

Strengths

- Advantages
- Capabilities
- Resources, assets, people
- Marketing – reach, distribution, awareness

Weaknesses

- Lack of competitive strength
- Weak finances
- Poor timescales & planning,
- Missing deadlines
- Poor marketing

Opportunities

- Market opportunities
- New developments
- New products

Threats

- Environmental influences
- Market changes
- Obstacles
- Materials not available

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THE CORE PRINCIPLES OF MARKETING

- ✓ Analyse **competitive edge / advantage**.
- ✓ Target specific markets.
- ✓ Create **profitable sales** volumes.
- ✓ Grow networks and build relationships.
- ✓ Produce what the customers want.
- ✓ Satisfy customer needs.

GRADE 12

DEVELOPING A MARKETING PLAN ACCORDING TO THE 5P MARKETING STRATEGY

The 5P's of marketing strategy

Marketing forms the link between the production process and the consumer. This is the way by which the business informs the consumer about the product that is available on the market.

The 5P's cannot work independently from one another. Every time a decision is taken in the area of 1 of the P's, it influences the other 4 P's. The 5 P's influences each other in decision making.

1. PRODUCT

Every product needs a: trade name, trademark, slogan, label, and packaging.

Examples are as follows:

- **Trade name/Brand name**:
  Identifies a company or business e.g. ***'The Coca-Cola Company'*.** Customer will get used to the name and link it to a certain expectation.
- **Trademark (logo):** Distinguishes and identifies the source of the goods or services. May reflect a letter 'R' in a circle to show that the trademark is registered.

https://logotaglines.com/coca-cola-logo-tagline-slogan/

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- **Slogan:**

  A slogan is a memorable motto or catchy phrase used in advertising, to get people to remember the product, such as:

https://www.coca-colacompany.com/au/news/coca-cola-slogans-through-the-years

- **Label:**

  Product labelling is used to display information about a product.

https://colnect.com/en/drink_labels/drink_label/20819-Coca_Cola-Pivara_Skopje_Heineken-North_Macedonia

- **Packaging:**

  Packaging protects the contents/product and makes transporting easy. It also keeps the product safe and hygienic.

https://www.packaging-gateway.com

This is how the packaging of Coca-Cola changed since its invention in 1899.

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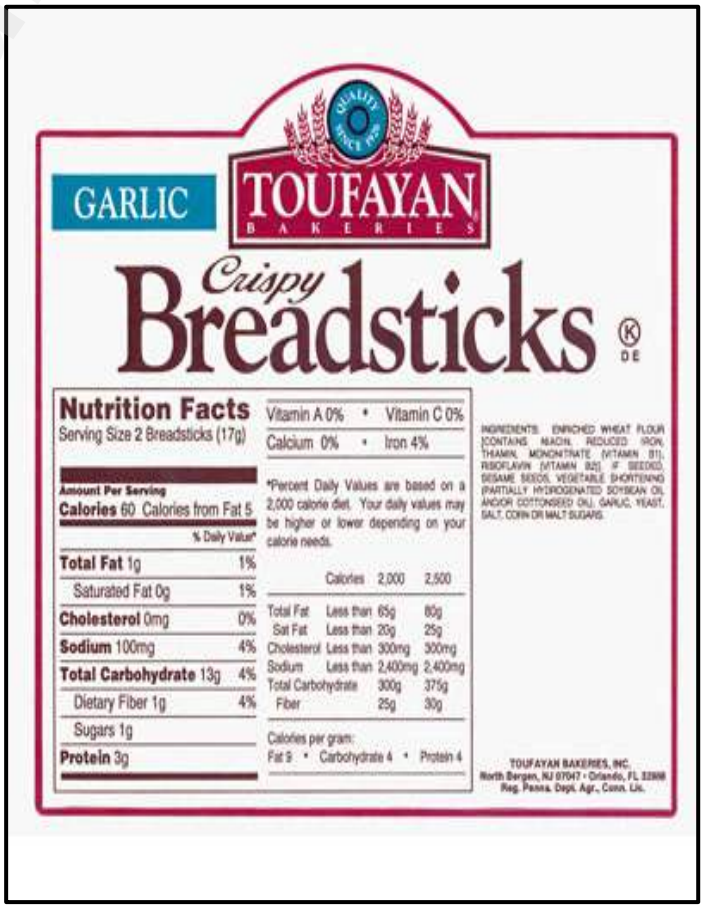
Other examples of well-known brand names and logo's:

Labels must have the following information:

- Product name
- Trade name
- Type of product
- Ingredients used/materials used
- Nutritional information (if it's a food product)
- Name and contact details of manufacturer.
- Date of manufacture
- Use-by/ sell-by dates (if it's a food product)
- Mass/ weight/ size
- Washing/care instruction if it is a textile product



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Read labels carefully.

Ensure that you are not being fooled by misleading information on labels.

Make sure that food labels are not making misleading claims e.g.

- *Real*
- *Sugar Free*
- *100% natural*
- *Real fruit*
- *Milk from cow*
- *Real honey*
- *Heart Healthy*

Image of a product

This is the perception / beliefs a consumer has of a product. The brand name / logo / slogan is used to promote the product.

EXAMPLE:

Customers associate certain brand names with quality. Teenagers prefer to wear well-known brand names as they trust the image of the product.

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Requirements of good packaging

- Eye-catching and attractive
- Suit the product
- Strong, well-designed
- Convenient and easy to handle
- Airtight
- Made of suitable material
- Protect product
- Suitable size
- Easy to open and close

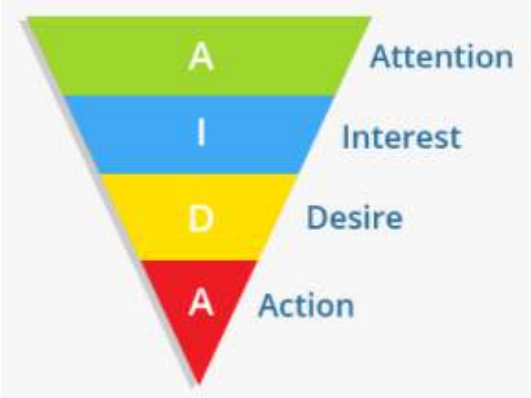
2. PROMOTION/ADVERTISING

This is the way a product or service is introduced to the target market to increase sales.

Advertising

Objectives of advertising:

- Generating consumer interest
- Persuading customers to buy your product
- Expanding your market
- Creating an awareness of your product
- Making customers aware of any changes to product
- Maintaining and increasing sales
- Telling customers where the product is available
- Using the **AIDA** model for good advertisements



Different types of media

a) Printed media

e.g., Newspapers, magazines, posters, pamphlets

b) Electronic Media

e.g. Television, radio, internet, social media (Tik-Tok, Twitter, Snapchat, Instagram, WhatsApp, Facebook).

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c) Outdoor Media

e.g., Billboards, advertisements on taxi's & delivery trucks.

d) Direct Mail

e.g., Any form of advertising sent via mail: brochures or pamphlets.

https://foldfactory.com/29-creative-brochure-folds-for-direct-mail-and-marketing/

Pamphlet / Brochure

Brochures	Pamphlets
Brochures are marketing tools just like pamphlets. • Have a more professional appearance • Bi- or tri-folded • Contain images and information of products/services. 	• Small leaflet • Contains information on the goods/services to offer • Usually printed on a single sheet of paper • Handed out open/folded *https://za.pinterest.com/pin/465489311487272062/*

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When evaluating pamphlets, the following factors should be kept in mind:

- Short message: clear, direct, and easily understood
- Headline should attract attention
- AIDA principle
- Choose colours carefully
- Photos /drawings grab attention
- Contact details must be clear

3. PRICE

Price is the amount of money that is predetermined by a business, for a product they wish to sell. This is the amount that is expected from consumers when they purchase a product.

Pricing Strategy:

The method a business uses to price their products or services.

Types of pricing strategies

1. **Premium pricing**	Price of product is above market price, as quality is high, and expectations of the target market is met. The price remains at this place until the competitor enters the market.
2. **Market-skimming**	Price is set high for a new high-end or exclusive product. Customers are willing to pay the price, until the competitor enters the market.
3. **Value-for-money pricing**	Prices of standard products compares favourably with those of competitors. Prices will not necessarily be higher or lower than that of the competitor.
4. **Undercut pricing**	Prices are the cheapest on the market. The business has a high turnover (high sales) and generates enough income.
5. **Competition-based pricing**	This is based on the selling price of the competitor. Prices are later adjusted to be higher or lower than that of the competitor.
6. **Cost-based pricing**	Mark-up is added to the cost price in the form of a percentage (%).
7. **Demand–based pricing**	This pricing strategy depends on the target market. The greater the demand, the higher the price. The business establishes a price which customers are prepared to pay and sticks to this.

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Factors determining a pricing strategy

- Different strategies at different times e.g., specials at the end of the month.
- Introduce a new product at a lower price and then slowly increase price when it is an established product.
- Watch market conditions e.g., inflation.
- If product is not selling, decide what to do to price i.e., lower/raise.
- Prices can be higher if the demand is higher.
- Prices should be lower if there is an over-availability of products.

Prices should be lowered when products are high in supply.

4. PLACE

This is an indication of where you are going to sell/manufacture your product.
Customers must know the location of your shop if you want them to support you.

Customers must know where the product is available.

Goods distribution means:

- selling the right product,
- in the right place,
- at the right time,
- at the right price.

Factors influencing where a product will be made:

Raw materials: Ensure that materials will be easily available. When raw materials have to be transported from other areas, or flown in from other countries, the product becomes more expensive.

Costs: The cost to rent or buy premises influences production cost and selling price.

Infrastructure: Ensure that there is a good supply of water and electricity and all the building requirements needed.

Availability of workers: Ensure that there will be enough labour in the near-by areas, otherwise employees will need to be transported to the area.

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Two ways of selling/distributing products

1. **Direct selling:** the manufacturer sells its own product in its own store. It cuts out extra expenses, and the product is sold at a lower price.
2. **Indirect selling / using a middleman:** the manufacturer may choose to use the middleman such as a wholesaler through which to sell the products. The middleman will also add profit, and the product will become more expensive. Online shopping is a form of indirect selling e.g., Take-a-Lot, Amazon.

5. PEOPLE

Target market defined

People who share the same interests e.g.

- Gender
- Age
- Occupation
- Buying habits
- Income group
- Culture

People refer to a group with common needs and interests, who wants to purchase your goods or services. Tastes/needs/wants can be different from one person to the other, as everyone may not always want/need the same products. People can also refer to employees of the business.

Choosing your target market

- Their wants and needs should be clear.
- Must be able to reach the target market through various media.
- Must be able to get to the location where product is sold, or get it delivered to their door.
- Market should be large enough so that they will continue to buy the product to ensure sustainability.

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CONCLUSION

To expand your business, it will need to be marketed correctly and by the correct people.

The marketer you employ, should be correctly trained and be passionate about your business.

Marketing staff must be familiar with technological changes and ensure that your product is getting the best exposure to ensure maximum profit.

Terminology (See Glossary for descriptions)

MARKETING		
Marketing	Marketing mix	Sales projection
Selling	Segment	Situation analysis
Strategy	Marketing segmentation	Distributing
Marketing strategy	Competitive advantage	Customer Share
Inflation		

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ACTIVITIES

MARKETING

Activity 1

1 MULTIPLE CHOICE QUESTIONS

Various options are provided as possible answers to the following questions. Choose the correct answer and write the symbol (A – D) next to the question number (1.1.1 – 1.1.5) on the ANSWER BOOK.

1.1 A word, symbol, name, or device that a person uses to differentiate his or her goods from those manufactured by others is called (1)

A logo

B emblem

C trademark

D icon

1.2 Direct selling is when a manufacturer… (1)

A directly sells to the wholesaler.

B has their own stores at the factory to sell their goods.

C pays for people to demonstrates the goods in the streets.

D sells directly to retailers.

1.3 The specific group of customers who will be most likely to purchase the products or services. (1)

A customer base

B market

C competitors

D target market

1.4 The requirements of a good advertisement are: (1)

A Colourful, attractive, catches the eye, increase sales.

B Colour, clear writing, indicates the price and the manufacturer.

C Catch attention, arouse interest, create a desire, and lead to action.

D Depending on the media used must be bold and attract attention.

1.5 Give the reason why market research is important (1)

A Determines the consumers' preferences.

B Ensures that the product will be profitable.

C Enables the entrepreneur to choose a maintenance plan.

D Indicate where the entrepreneur can find more products.

[5]

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Activity 2

2. Choose the DESCRIPTION from Column B to match the PRICING STRATEGY in Column A. Write only the letter (A – H) next to the question number (2.1 – 2.7) on the answer book.

COLUMN A PRICING STRATEGY		COLUMN B DESCRIPTION		
2.1	Premium pricing	A	Selling price is calculated on production cost plus mark-up.	
2.2	Market- skimming	B	Establish a price which customers are prepared to pay and sticks to this region.	
2.3	Value for money pricing	C	This is based on the selling price of the competitor.	
2.4	Undercut pricing	D	Price is set high for a new high-end or exclusive product.	
2.5	Competition based pricing	E	Price is cheapest on the market.	
2.6	Cost based pricing	F	Standard product's price compares favourably with competitor's price.	
2.7	Demand based pricing	G	Price of product is above market price as quality is high and expectations of market is met.	
		H	The objective of this pricing strategy must is to make as much profit as possible.	

[7]

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Activity 3

Read the case study below and answer the questions that follow:

Primrose is a qualified seamstress that make curtains and blinds. During the COVID 19 pandemic she saw a gap in the market and started making face masks. She makes a variety of 100% cotton cloth masks for children, adults and companies. The consumer can choose the type of cloth and the design, and it can be personalized with a name or company logo.

The materials and elastics for the masks are stored in transparent plastic bins according to cloth colour and design. Primrose sanitizes each mask before packing it in individual sealed plastic bags.

She advertises her masks on Facebook by uploading the different designs and photos of people who wear her masks. She also gives discounts if you order in bulk.

The cost of material for 10 masks is R350.90 the packaging for 1 mask is R2.35 and the overall cost for 1 mask is R2.35. Her profit for each mask is 80%.

3.1.1 Identify the type of media Primrose uses to advertise her masks. (1)

3.1.2 Identify Primrose's target market. (1)

3.1.3 Name ONE human skill that Primrose has, that contributes to the success of her business. (1)

3.1.4 Identify and explain the FOUR stages in Primrose's mask production process where she have to do quality control. (8)

3.1.5 Discuss FOUR requirements that Primrose meets for the production of quality products. (8)

(19)

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3.1.3 COSTING

GRADE 10

Costing is the process of determining how much money was spent in the production of an article/item. Accurate costing is necessary if an entrepreneur wants to make a **profit**. Records must be kept of the cost of all aspects relating to the production process to calculate the **unit price** of a product.

The **cost price** of a product/item is determined when all the money spent on ingredients / material is added together.

CALCULATING THE COST OF AN ITEM:

When doing the costing of an item, every ingredient/material must be added up. The cost of equipment is not included in the calculation, as it is an asset.

The following image displays how the cost of an item feeds different expenses:

https://garmentsmerchandising.com/garments-costing-method-for-knitted-t-shirt/

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CALCULATING THE COST PRICE:

The cost of each ingredients/cost of materials must be calculated as follows:

FORMULA FOR CALCULATING COST PRICE OF ONE ITEM

$$\frac{How\ much\ material/ingredients\ \textbf{used}}{How\ much\ \ material/ingredients\ \textbf{purchased}} \times \frac{\textbf{Price}}{1}$$

EXAMPLE:

Lesego is preparing to sell carrot cupcakes containing pecan-nuts. She purchases a packet of pecan-nuts from the local shop and pays R45,00 for a packet weighing 150 grams. According to Lesego's recipe, she will only use 50 grams of the packet of 150 grams of nuts purchased, for the carrot cupcakes. The calculation of the cost price of the nuts will be done as follows:

CALCULATING COST PRICE OF THE PECAN NUTS

$$\frac{50g}{150g} \times \frac{R45,00}{1} = \text{R15,00}$$

When calculating the price of an article/item, the final answer must be written with the letter of the local currency (RSA) in front of the price - : **R**15,00

GRADE 11

PRODUCTION COST

The main reason for starting a business is to make a profit. Records have to be kept of all expenses that occurred from the start of the production process to the finish.

Production is the process by which products/items are manufactured.

https://www.onlineclothingstudy.com/2015/10/functions-of-production-department-in.html

https://www.bakingbusiness.com/articles/52839-dividing-and-conquering-specialty-pan-bread-production

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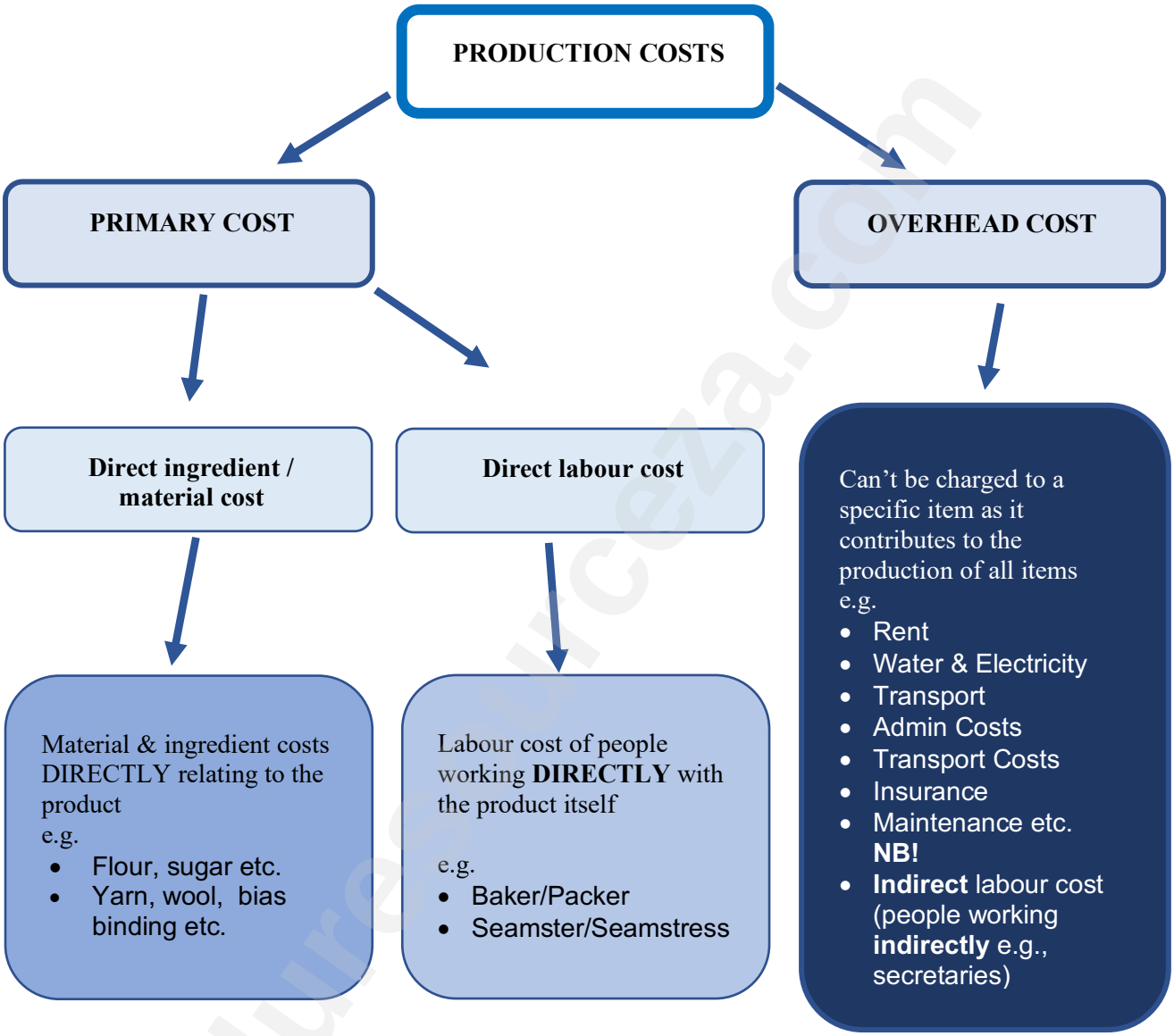
PRODUCTION COSTS ARE SUBDIVIDED AS FOLLOWS:

- ***Primary cost***: direct ingredients- & material-, as well as direct labour costs
- ***Overhead costs***: e.g. **salaries and wages**, water & electricity, rent, administration costs, transportation costs, marketing, maintenance, insurance, repairs etc.



EXAMPLE:

Ronel employes 2 ladies that each crochets 100 headbands per month. She purchases all the yarn @ R2700 per month. She pays the ladies R10 per completed headband. She rents a room At R1 750 per month and water & electricity comes to R1 000. Her packaging costs were R240 and transport for delivieries were R500.

https://whoshomemade.com/picot-headband-crochet-pattern/

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The calculation for her *production cost* would be as follows:

DIRECT MATERIAL COSTS	DIRECT LABOUR COST	OVERHEADS	
R2 700	R10 x 200 = R2 000	Rent:	R 1 750
		Water & Electricity:	R 1 000
		Packaging:	R 240
		Delivery cost:	R 500
R2 700	R2 000		R3 490
ADD TOGETHER: R2700 + R2 000 + R3 490 =			**R8 190**

Thus, the total *production cost* for 200 headbands are R8 190.

HOW TO CALCULATE PERCENTAGE

$$Percentage\ (\%) = \frac{items\ sold}{total\ items\ to\ be\ sold} \times \frac{100}{1} = Answer\ ALWAYS\ with\ a\ \%\ sign$$

REMEMBER! Let's look at the percentage sign and what it means:

Every time you see the **percentage** sign (%), it is an indication that the number **LEFT** of the sign, is out of a total of 100.

Don't forget: the percentage sign has **1 line and 2 zero's**... shake them around and you get:

% = 100

This means that: $50\% = \frac{50}{100}$

EXAMPLE:

Ronel sold 150 of the 200 headbands that were crocheted by her employees. To determine the percentage of headbands sold the calculation will be as follows:

$$Percentage\ (\%) = \frac{150\ (nr\ sold)}{200\ (nr\ available\ to\ sell)} \times \frac{100}{1}$$

$$= 75\ \%\ headbands\ were\ sold$$

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GRADE 12

DETERMINE THE SELLING PRICE OF A PRODUCT/ITEM

In grade 10 we have learned to calculate the cost price of an item, where only the cost of ingredients/material was concerned. In grade 11, we learned how to calculate production cost where labour and overheads were added to the ingredients/material costs.

The main reason however, why any entrepreneur will start a new business is to make a profit. Profit is calculated by adding a percentage of mark-up to the cost of production.

The formula for the calculation of the selling price is as follows:

$$Production\ price + Percentage\ (\%)\ profit\ \ =\ \ Selling\ price$$

EXAMPLE:

The total production price of Ronel's crocheted headbands were R8 190 (*page 39*). She decided to add 50% profit to the production price, in order to determine the selling price of all headbands. The calculation will be as follows:

$$Production\ price + (Production\ price\ \times \%\ profit) = Selling\ price\ for\ all\ headbands$$

R8 190 + (8190 × 50%)

= R8 190 + R4 095

= R12 285 for 200 headbands

The selling price of **ONE headband** will be calculated as follows:

$$Selling\ Price\ of\ 1\ item\ = \frac{Total\ production\ price\ of\ all\ items}{Total\ number\ of\ items}$$

$$\frac{R12\ 285}{200} = R61{,}43\ per\ individual\ headband$$

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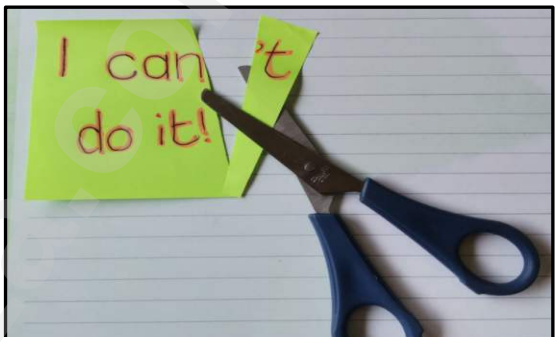
Thus, the price tag of one headband would read as follows:

FINANCIAL FEASIBILITY STUDY

Before starting a new business, it is important that the owner do a financial feasibility study to determine the possible strenghts and weaknesses of the business. This study will give guidance as to whether the future business has the potential to be succesful. The study determines the **SUSTAINABLE PROFITABILITY** of the business. If the owner sees that the business will not make profit over an extended period, it means he should not start the business.



A financial feasibility study answers the question:
Can the owner go ahead and open the business?

Purpose of the financial feasibility study

1. To determine if the future business has the potential to suceed.
2. To determine whether or not the owner should go ahead and open the business.
3. To determine the amount of start-up cost that will be needed.
4. To determine the place where capital can be obtained from.
5. To determine the type of return that can be expected on the investment.

The following costs should be calculated in the process of drawing up a feasibility study:

1. **Start-up costs**: money needed to get started and keep the business going until it starts to make a profit.
2. **Production costs**: All the expenses that need to be covered so that products/items or services can be supplied to the target market. (Divided between fixed- and variable costs).
3. **Fixed costs**: The amount remains the same, no matter how many products are made e.g., rent.
4. **Variable costs**: Changes every time products/items are used, e.g., yarn, eggs, flour.
5. **Overheads***:* Additional costs paid so that the business can operate, e.g., water & electricity.

https://www.sampsoniaway.org/cartoons/2014/05/23/cartoon-an-average-cost/6

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BEST SALE SCENARIO VS WORST SALE SCENARIO

A **sale scenario** is a way of predicting future sales situations to prepare for any possible response by your market.

It is important for a business to determine their best sale- and their worst sale scenario. Before that can be done, it is necessary to know what a **break-even point** is.

BREAK EVEN POINT

The break-even point is the point at which total expenses and total income are the same. Therefore, the cost to produce an item (production cost) is equal to the income, received from sales. Thus, the business did not make a loss, nor did it make a profit.

Being at a break-even point is almost as bad for a business as being at its worst-sale scenario, **as no profit is made.**

THE FORMULA TO DETERMINE THE BREAK-EVEN POINT
$\frac{Total\ production\ \ price}{Item\ (selling)\ price} = Nr\ of\ products/items\ sold\ to\ break\ even$

EXAMPLE:

The production cost for 200 headbands were R8 190,00. The item price was R61,43. To determine the point at which the income and expenses will be equal, the calculation will be as follows:

$$\frac{R8\ 190}{R61{,}43} = 133{,}3 \text{ items}$$

Rounded off, 133 items must be sold to break even. Thus, only when more than 133 items are sold, will the business start making a profit.

BEST SALE SCENARIO

The best sale scenario is when a business meets all sales targets and sells all products/items available. This means the business will make a profit.

WORST SALE SCENARIO

The worst sale scenario is when a business does not meet sales targets and does not sell enough products to break even (pay all expenses). In this case the business will not make a profit, but a loss.

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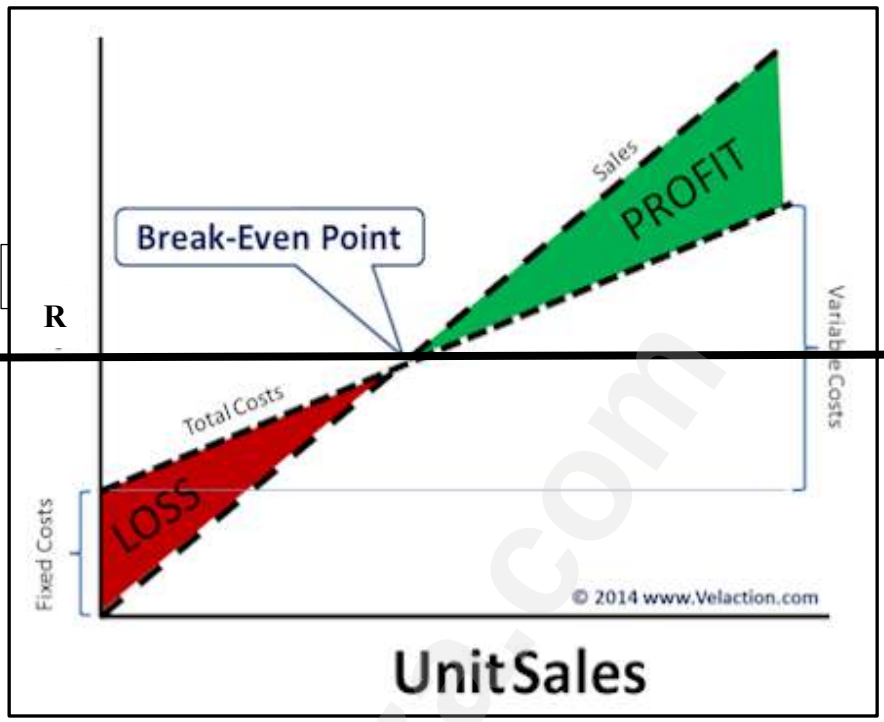
BEST SALE SCENARIO:

WORST SALE SCENARIO



https://www.velaction.com/break-even-point/

CASH FLOW PROJECTION

A cash flow **projection** is a **forecast** of how money can be expected to move in the business over a future period, such as 6 months or a year. This highlights the periods where cash might/might not be available.

Reasons why a cash flow projection is important

- Future cash flow problems can be identified in advance.
- It helps the business to do proper planning.
- It will ensure that enough money is available at times when it is needed.
- Unforeseen expenses, such as vehicle breakdowns, can be provided for.
- Future cash-flow problems can be identified.
- Monitor whether a business is achieving its financial goals.

Don't get confused between a **financial feasibility study and a cash flow projection:**

FINANCIAL FEASABILITY STUDY vs	CASH FLOW PROJECTION
The business has not yet started.	The business has been in existence for a period of time.
The owner does research to find out if he should start the business.	The owner does a projection/forecast to see if the business will have enough cash flow during certain months.

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EXTRA, USEFUL INFORMATION FOR INTERPRETATION OF CASH FLOW QUESTIONS:

EVENTS THAT CAN OCCUR DURING THE YEAR, THAT MIGHT INFLUENCE THE CASH FLOW OF BUSINESSES:

January: Start of a new school year. Families have extra expenses with regards to registration fees, school fees, school uniforms, school stationary etc. Families have mostly spent too much money in December; therefore, January is considered to be a difficult financial month for consumers. This influences the cash flow of most types of businesses, as consumers spent money on necessities and not luxuries.

February: Valentine's Day will result in more sales of gifts, flowers, chocolates, bath- and spa products and Valentine's cards. These types of businesses can expect to have a higher income in this time.

April, June/July/December holidays: School holidays are a time when it is easier for families to spend money because parent's may have received holiday bonuses. Kids are at leisure and working parents may give them more pocket money than usual. Every month, following a school holiday, tends to be a difficult month as people overspend during their vacations.

May: When its Mother's Day, people will spend money on the same type of items that they do when it is Valentine's Day: gifts, flowers, chocolates, bath- & spa products and Mother's Day cards.

June: When its Father's Day, people will spend money on men's type of gifts, biltong, dry wors, braai equipment, pocketknives, Father's Day cards etc.

December: People buy all kinds of gifts for all age groups, all culture groups. Gifts can differ from smaller, cheaper gifts to large gifts such as appliances etc. December is traditionally the longest holiday of the year when families go on vacation for long periods of time. Eating out in restaurants, buying new clothes, eating lots of ice-cream, cold drinks and snacks are a common occurrence in the month of December.

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Terminology (See Glossary for descriptions)

COSTING		
Business concept	Cost price	Production costs
Business idea	Financial feasibility study	Profit
Capital	Fixed cost	Profitability
Cash flow projection	Mark-up	Projection
Concept statement	Overheads	Sales projection
Consumable	Primary cost	Variable cost

ACTIVITIES

COSTING

Activity 1

1. MULTIPLE CHOICE QUESTIONS

Various options are provided as possible answers to the following questions. Choose the correct answer and write the symbol (A – D) next to the question number (1.1 – 1.5) on your answer book.

1.1 A business buys furniture and restores and/or re-upholsters the items and sell them at a profit. The products have consumer appeal because they …

A differ in appearance.
B are good quality.
C are standardized.
D are environmentally friendly. (1)

1.2 A best-sale scenario would occur if a business …

A has long-terms goals.
B is making a profit every month.
C sells enough products to break even.
D was able to meet its sales target. (1)

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1.3 The mark-up is the percentage added to the cost price of a product to cover …

A overheads and a profit.
B production cost and overheads.
C a profit and start-up needs.
D start-up needs and production cost. (1)

1.4 … will help an entrepreneur decide whether to go ahead with a business idea.

A Market research
B A financial feasibility study
C Cash flow projections
D A best-sale scenario (1)

1.5 The production cost to produce one large chicken pie is R15,00. Calculate the **selling price** of ONE large pie if the mark-up is 25%.

A R18,00
B R18,50
C R18,75
D R20,00 (1)

[5]

Activity 2

Give one word or term for each of the following descriptions:

2.1 The ability of a business to be in production for a long period, covering all expenses, and show a profit. (1)

2.2 The favourable position a business gains when it offers a better product than other local business (a unique product/service). (1)

2.3 The group of clients showing a need and desire to buy your product or make use of your services. (1)

2.4 The capital you need to start your business. (1)

[4]

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Activity 3

PRODUCTION COSTS	
Raw materials	R1600,00
Labels for packaging	R80,00
Labour	R75,00 per hour
Packaging (boxes)	R150,00
Advertising (50 flyers)	R1,50 per flyer
Renting a stall	R350,00 per Saturday, per employee
Transportation	R200,00

Misha produces 200 handmade wooden boxes per month. Use the amounts given below to do the following calculation.

3.1 The business placed an order for flyers to use as a marketing tool. Use the information in the table above to calculate the costs of ALL the flyers. Show all your calculations. (2)

3.2 Misha employs 2 workers to make the wooden boxes. They only work on 3 Saturdays per month, from 8:00-13:00 and earn R75 per hour. Use the information in the table to calculate the labour costs for both employees. Show all your calculations. (4)

3.3 Refer to the answers in 3.1 and 3.2 together with the information in the table to calculate the production costs of ALL products. Show all your calculations. (4)

3.4 Determine the selling price of ONE wooden box. Accept that the production cost of 200 wooden boxes are R5 000, and the profit is 70%. Round off to the nearest fifty rand. Show all your calculations. (5)

3.5 Determine the number of wooden boxes that must be sold to break even, if the total cost to produce 200 boxes were R5 000. Show all calculations. (2)

[17]

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3.2 ANSWERS

A. ENTREPRENEURSHIP

Activity 1

Various options are given as possible answers to the following questions. Choose the correct answer and write only the letter (A-D) next to the question number.

1.1 MULTIPLE CHOICE

1.1	B✓	Focus p 16; Successful p 21
1.2	C✓	Focus p 16, Successful p 22
1.3	B✓	Focus p 22; Successful p 25
1.4	A✓	Focus p 24; Successful p 25
1.5	B✓	Focus p 25; Successful p 26
1.6	D✓	Focus p 13; Successful p 19 – 20
1.7	D✓	Focus p 13; Successful p 20
1.8	B✓	Focus p 13; Successful p 19
1.9	C✓	Focus p 21; Successful p 24
1.1.10	B✓	Focus p 25; Successful p 25 (10)

Activity 2

C✓

D✓

F✓ Focus p 15-18; Successful p 21-23 (3)

Activity 3

3.1 ADVANTAGES OF A TIDY WORKPLACE

- They will be able to work faster. ✓
- They will be able to work more accurately. ✓
- It will be easier to keep the workplace clean. ✓
- It will help to create a healthier ✓workplace.
- Accidents will be prevented/ Workplace will be safer. ✓

Focus p 17; Successful p 22. (5)

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3.2 FOUR FACTORS CHOOSING A SUITABLE WORKPLACE

Factors that Lucy considered	Explanation
1) Availability of human skills✓	Lucy completed a course in pattern design and sewing/ employed two people to help her. ✓
2) Availability of financial resources✓	Lucy saved money✓ to buy two sewing machines.
3) Availability of workspace✓	She converted her garage into a sewing room✓
4) Consumer appeal✓	Lucy's products appeal to consumers as she meets their needs/ wants. ✓

(8)

NOTE: ONE mark will be deducted if the answer is not in table format.

Focus p 10 – 13; Successful p 17 – 20

3.3 ROUTINE/PREVENTATIVE MAINTENANCE INSTEAD OF CORRECTIVE MAINTENANCE

- **Regular maintenance** prevents unexpected breakdowns during production✓ and ensures continuous production flow. ✓
- It reduces repairs✓ and unscheduled maintenance. ✓

OR

- **Corrective maintenance** will result in a stop of production when sewing machines break down, ✓ therefore time will be wasted✓ and garments will not be delivered on time. ✓
- Corrective maintenance will increase major repairs and unscheduled maintenance✓ resulting in extra money being spent. (Any 4)

Focus p 25; Successful p 25

3.4 GOOD CUSTOMER RELATIONS

Lucy pays special attention✓ to each customer to ensure that their needs are met/ that they get exactly what they want. ✓ She adds value ✓ by helping her customers to choose accessories. Customers can give feedback after every fitting✓ which Lucy uses to improve the garments. ✓ The garments are ready on time/ two weeks before the delivery date✓ and that can result in customer satisfaction. ✓ (Any 5)

NOTE: ONE mark will be deducted if the answer is not written in paragraph format.

Focus p 25; Successful p 25 **[22]**

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B. MARKETING

Activity 1

1 MULTIPLE CHOICE QUESTIONS

Various options are provided as possible answers to the following questions. Choose the correct answer and write the symbol (A – D) next to the question number (1.1.1 – 1.1.5) on the ANSWER BOOK.

1.1 **A**✓
1.2 **B**✓
1.3 **D**✓
1.4 **C**✓
1.5 **A**✓ (5)

Activity 2

2.

2.1 G✓
2.2 D✓
2.3 F✓
2.4 E✓
2.5 C✓
2.6 A✓
2.7 B✓ (7)

Activity 3

3.1.1 Electronic media✓ (1)

3.1.2 Children✓, adults✓ companies✓ and Facebook clients✓ (Any 1) (1)

3.1.3 She is a qualified seamstress✓ (1)

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3.1.4 STAGES OF QUALITY CONTROL

- The quality of the raw materials✓, purchasing the best quality available✓.
- The quality of the production process✓, ensuring the same specification is used for all products to ensure uniformity of masks✓
- The finished product✓, all the masks are of the same quality✓.
- The packaging✓, the product is sanitized before putting in the transparent plastic bag✓. (8)

3.1.5 REQUIREMENTS FOR PRODUCTION OF QUALITY PRODUCTS

- Applicable to the target group✓; everyone needs masks. ✓
- During the COVID-19 pandemic and she makes for children, adults, and companies. ✓
- Attractive for target group ✓ Give discounts too✓
- Safety✓; each mask and packaging is sanitized before it is sold. ✓
- Quality of raw materials✓; she uses only 100% cotton for her masks. ✓
- Quality of storage✓; all the material is stored in transparent plastic boxes✓ so that it does not get dirty, lost, or messed up✓ (8)

C. COSTING

ACTIVITY 1:

1.1	**D**✓	Focus p 13; Successful p 20	
1.2	**D**✓	Focus p 39; Successful p 41	
1.3	**A**✓	Focus p 37; Successful p 39	
1.4	**B**✓	Focus p 35; Successful p 35	
1.5	**C** ✓	Focus p 36-37; Successful p 38-39	(5)

ACTIVITY 2

2.1 Sustainable profitability ✓ (1)

2.2 Competitive edge/advantage✓ (1)

2.3 Target market✓ (1)

2.4 Start-up capital✓ (1)

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ACTIVITY 3

PRODUCTION OF WOODEN BOXES

3.1 **50 flyers x R1,50 each✓ = R75,00✓** (2)

3.2 **2 employees x 5 hours✓ x 3 days✓ x R75 per hour✓ = R2 250✓** (4)

3.3

Production cost = (Material/ingredients) + (labour) + (overheads)

= R1 600 + (75 x 2 x 5 x 3) + (80 + 150+ (1,50 x 50) + 350 + 200)

= R1 600✓ + R2 250 ✓ + 855✓

= **R4 705✓** (4)

∴ ***The production costs of 200 small wooden boxes is = R4 705,00***

3.4

R5 000 x (5 000 x 70%) ✓

= 5 000 + 3 500✓

= R8 500✓ Selling price of 200 wooden boxes

= R8 500 ÷ 200 = R42,50 each. ✓

∴ *The selling price of 1 wooden box will be R50,00✓*

(Rounded off to the nearest fifty rand) (5)

3.5

R5 000 ÷ 200 boxes✓

∴ *= 25✓ Wooden boxes must be sold for the business to break even.* (2)

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3.3 QUESTION GUIDANCE – HOW TO ANSWER ENTREPRENEURSHIP

HOW TO PREPARE OR STUDY FOR THE EXAMINATION ON THIS TOPIC

- Back to the basic concepts of entrepreneurship of gr 10. PLEASE NOTE that gr 10 work will not be asked as such, BUT as an application question in grade 12. For example, in gr 10 you studied the characteristics of an entrepreneur, in gr 12 it will be expected from you to identify those characteristics from a given scenario.
- Usually, answers must be sourced from a scenario, whereas knowledge need to be applied. Ensure that answers refer to the specific requirements of the scenario first before giving more general answers like good
- There is normally a calculation in this question related to the mark up and profit in the business. Always add the R sign to costing amounts, and round of to TWO places after the comma. **DO NOT LEAVE OUT the calculations**. TRY and go as far as you can as you may be able to score some of the marks as marks are awarded for each of the steps.
- Highlighted or underline the key concepts in the question. Ensure to follow the direction of the instruction with regards to the topic. Consider all details given as sometimes there is more than one factor to consider, look at this example:

4.1.4 Name two important criteria for the packaging of the products which will be send by courier

Action Verb Name (encircled)

Topic packaging (underlined)

SPECIFIC DETAILS send by courier

*** In answering the question ensure that NO general packaging criteria must be given. Make special reference to sending with courier**

TYPICAL EXAMINATION QUESTIONS / WHAT TO EXPECT IN THE EXAMINATION

EXAMPLE 1

2.4 A very important component of the production system is **quality control**.

Mention THREE reasons why quality control is important when receiving stock.

ACTION VERB Mention (encircled) you must just name THREE reasons *(Only first THREE will be marked)*

TOPIC quality control (underlined)

SPECIFIC DETAILS THREE reasons AND receiving stock

*** In answering the question note that only the FIRST THREE answers will be marked. Make sure the reasons are applicable to receiving stock and not general reasons.**

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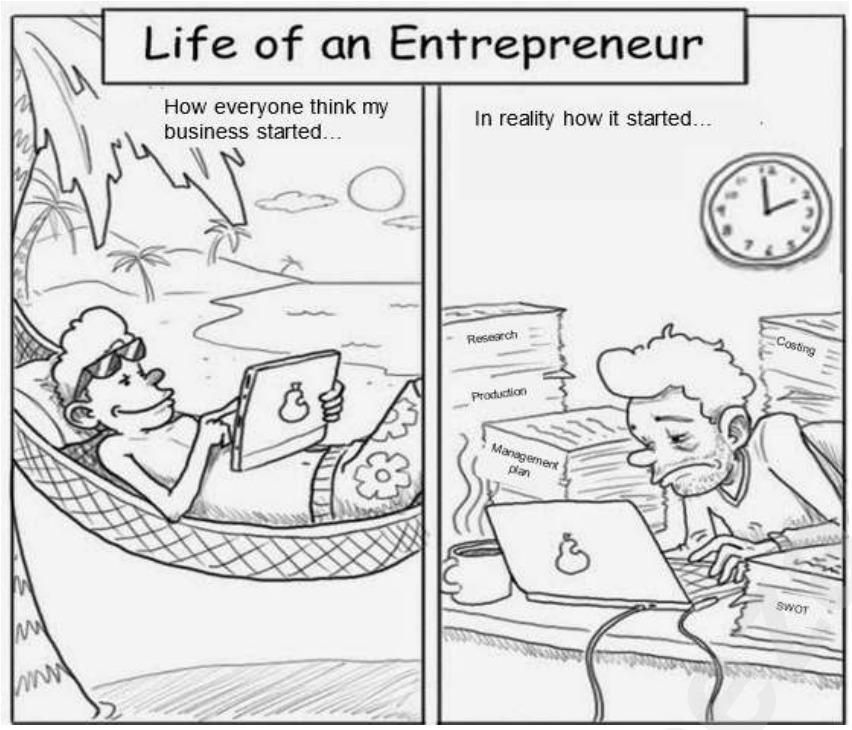
EXAMPLE 2

Study the following cartoon and answer the question.



[Adapted https://www.pinterest.co.uk/pin/452893306253769636]

4.2.5 Differentiate between what people think an entrepreneur does and discuss what actual work must be done before a small scale business can start

ACTION VERB Differentiate *(encircled)* AND discuss

TOPIC small scale business *(underlined)*

SPECIFIC DETAILS work before business start

*** In answering the question ensure to name all that must be done (clues given on books) BUT question also asks to discuss so explain why.**

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3.4 EXAMPLES OF EXAMINATION QUESTIONS - ENTREPRENEURSHIP

EXEMPLAR ONE – QUESTION PAPER

QUESTION 6: ENTREPRENEURSHIP

6.1 **Name** THREE pricing strategies that a business can use to determine the prices of their products. (3)

6.2 **Read** the scenario below and answer the questions that follow.

Yolanda bakes and sells small individually sized bread loaves which are ideal to eat with soup. Yolanda purchases her stock locally and tries to consume her raw materials sustainably. She bakes them in a baking tray which has **SIX** mini-loaf shapes. Her costs are as follows:

- Cost of ingredients for 1 tray: R35,00
- Overheads for 1 tray: R40,00
- Profit: 60%

6.2.1 Determine the selling price of 6 bread loaves. . (3)

6.2.2 Write a paragraph to explain what sustainable consumption is. (4)

6.3 Read the scenario below and answer the questions that follow.

Prince, an only child, grew up on his father's small cattle farm. He always dreamed of becoming a farmer. He took Agricultural Sciences as a subject at school and studied business management at university. Prince inherited the farm after his father died. He soon bought the farm next door and started selling high quality meat to local butcheries. He decided to open his own butchery in the local town and named it Farm Inn. He sold fresh meat as well as a variety of chargrilled meat dishes which could be ordered and collected to take away. This business was the first of its kind in his community. He also opened a Farm Inn Restaurant, selling char-grilled meat dishes in a huge upmarket shopping mall. He employed skilled waiters, chefs, and butchers. Prince designed Farm Inn plastic bags and foil packaging for the chargrilled meat.

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6.3.1 Name FOUR items of information that should be on the label of the packaging for the chargrilled meat. (4)

6.3.2 Give FOUR reasons why Prince's business has a competitive edge. (4)

6.3.3 Explain why Prince is particularly strict about the hygiene of his workers. (2)

6.3.4 Prince prefers routine/preventative maintenance over corrective maintenance for the machinery in the butchery. Discuss the consequences of EACH of the following maintenance methods:

(a) Routine / preventative maintenance (2)

(b) Corrective maintenance (2)

6.3.5 Read the information below and answer the questions that follow.

Prince charges the following prices for the chargrilled meat:

- R6,00 for 1 sausage
- R8,00 for 1 portion of chicken
- R12,00 for 1 portion of beef steak

His mark-up is 80%.

A customer buys meat for a party of 10 people at her house.Calculate the selling price for 10 of EACH of the following. Add 80% mark-up.

- Sausages
- Chicken
- Beef steak

Show ALL calculations. (6)

6.3.6 Analyze the requirements of the potentially profitable business opportunity that contributed to the profitability of Lungi's business. (4 x 2) (8)

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EXEMPLAR TWO - QUESTION PAPER

6.1 Define the term *mark-up.* (2)

6.2 State FOUR requirements of packaging. (4)

6.3 Name TWO components that determine the production cost of a product. (2)

6.4 Name FOUR ways in which producers can ensure that their products do not have a negative effect on the environment. (4)

6.5 Read the scenario below and answer the questions that follow.

Renee worked at a curtain fabric shop for many years. Initially she did not know anything about fabrics or the measuring and sewing of curtains. She was paid a very poor salary. Over time she was trained informally by a colleague who was soon to retire. Renee's salary increased slightly. She bought herself an industrial sewing machine with her savings and set up a functional sewing room in an empty bedroom in her house. The colleague started referring the shop's customers to Renee for sewing curtains at home in her free time. Renee charged the referred customers a slightly lower price for labour than the curtain shop.

She advised her customers on the best fabrics and possible curtaining styles for their individual needs. Renee also went to customers' homes to take accurate measurements of the windows. Customers relied on her to buy high quality fabrics. She became one of the local factory fabric shop's valuable clients and received large discounts.

She handed out business cards to her customers and soon she had many customers and made a good profit. A national hotel contracted her for curtains. She employed an assistant and decided to leave her current job.

6.5.1 Renee takes pride in producing quality products. Explain how she achieves quality products. (2)

6.5.2 Explain the best way to maintain the industrial sewing machine to ensure continued curtain production. (3)

6.5.3 Discuss the financial benefits for Renee as she progressed from an unskilled worker to a skilled worker. (6)

6.5.4 Describe why Renee's business has a competitive edge. (4)

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6.5.5 Discuss the factors below that contributed to the success of Renee's business:

a) Availability of human skills (2)

b) Availability of workspace (1)

c) Customer/Consumer Appeal (2)

6.5.6 Give valid reasons why Renee's business can become a sustainable profitable business. (8)

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EXEMPLAR ONE - ANSWERS

6.1 THREE PRICING STRATEGIES (3)

- Cost-based pricing ✓
- Demand-based pricing ✓
- Competitive pricing ✓
- Market skimming pricing ✓
- Premium pricing ✓
- Value-for-money pricing ✓
- Undercut pricing ✓

6.2.1 SELLING PRICE OF 6 LOAVES . (3)

Cost price + Overheads + 60% Profit = Selling price

R35 + R40 + (75 x 60%) ✓
= R75 + R45 ✓
= R120 per 6 bread loaves. ✓

6.2.2 PARAGRAPH: SUSTAINABLE CONSUMPTION.

Sustainable consumption means using goods and services responsibly ✓ to improve quality of life ✓ and meeting the (basic) needs ✓ of consumers in such a way that the natural environment is not harmed ✓/ protected for future generations. ✓ Reducing the use of natural resources/ ✓ toxic materials ✓/chemicals. ✓ Reducing waste and pollution ✓/ greenhouse gases ✓/carbon footprint ✓ **(Any 4) (4)**

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6.3.1 INFORMATION ON PACKAGING: CHAR-GRILLED MEAT

- Quantity/weight/kg of the meat✓
- Ingredients/spices/marinade/additives used✓
- Date stamps/manufacturing/use-by/best before date✓
- Heating/storage instructions✓
- Serving suggestions✓
- Nutritional information✓
- Name/Trade name/Farm Inn and address of the business✓ (4)
- Contact details/email address✓ (Any 4)

6.3.2 COMPETITIVE EDGE

- He sells a variety of raw meats and char-grilled meats. ✓
- Customers can order char-grilled meat and collect it to take away. ✓
- The restaurant/butcher is the first of its kind in his community✓. /There is no other butchery/restaurant in a shopping mall that sells char-grilled meat to take away/allow sit-in meals. ✓
- He produces meat on his farms ✓and does not need to pay prices demanded by other meat producers. ✓
- His restaurant caters for sit-in char-grilled meat meals. ✓
- The product/meat/restaurant/service is of good/high quality. ✓ He employs skilled personnel✓consumers can be assured of good service. ✓
- It offers consumers the convenience of not having to char-grill meat themselves at home. ✓ (Any 4) (4)

6.3.3 HYGIENE

- Hygiene of the workers will prevent food contamination ✓. The meat/food served will be safe ✓ and healthy for customers to eat ✓. He will not lose money ✓ or customers ✓ due to his business getting a bad name ✓ or serving unsafe food. ✓ He will retain his reputation ✓ for selling good quality meats ✓ (Any 2) (2)

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6.3.4 MAINTENANCE (4)

- Regular **maintenance** prevents unexpected breakdowns during production ✓ and ensures continuous production flow. ✓ It reduces repairs ✓ and unscheduled maintenance ✓ **OR**
- Corrective **maintenance** will result in a stop of production when sewing machines break down, ✓ therefore time will be wasted ✓ and garments will not be delivered on time. ✓ Corrective maintenance will increase major repairs and unscheduled maintenance ✓ resulting in extra money being spent. (Any 4)

6.3.5 CALCULATIONS

R6.00 + R8.00 + R12.00 = R26.00 ✓ R26.00 x 10 ✓ = R260.00 ✓
R260.00 x 80% ✓ = R208.00 ✓ R260.00 + R208.00 = R468.00 ✓

OR

(R6.00 x10) + (R8.00 x10) + (R12.00 x10)
= R60.00 + R80.00 ✓ + R120.00 ✓
= R260.00 ✓
R260.00 x 80% ✓ = R208.00 ✓ R260.00 + R208.00 = R468.00 ✓ (6)

6.3.6 PROFITABLE BUSINESS

- He has business skills ✓ has a business management degree ✓ he employs skilled personnel –waiters/chef/butcher ✓
- The meat/product/service meets the needs of the target market as ✓ it can be bought raw/char-grilled, eaten in the Farm Inn restaurant/ordered for collection and take-away. ✓
- His business/product has a competitive edge ✓ as it is the only butchery that sells char-grilled meat which can be ordered and collected for take away. ✓
- The customers are prepared to pay the prices ✓ because of the good quality of meat ✓ and the convenience of not having to char-grill meat themselves ✓
- The location of the business is suitable ✓ as the Farm Inn restaurant is in an upmarket shopping mall/the butchery is in the local town. ✓
- He had enough capital/start-up money ✓ as he inherited an existing small cattle farm. ✓ (Any 4 x 2) (8)

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EXEMPLAR 2 - ANSWERS

6.1 **MARK-UP** (2)

A mark-up is the percentage/amount added to the cost price to✓ cover overheads/make a profit. ✓

6.2 **PACKAGING**

- It must be eye catching/attract the consumer's attention. ✓
- Should stand out from other similar products/brands on the same shelf. ✓
- Should suit the product/convenient size. ✓
- Should be strong/well designed/convenient/easy to handle. ✓
- Easy to place on shelves of different retailers. ✓
- It must be airtight if goods are likely to absorb moisture. ✓
- Should protect the product/be safe/hygienic. ✓ (Any 4) (4)

6.3 **COMPONENTS OF PRODUCTION COST**

- Direct cost of raw material. ✓ (2)
- Direct cost of labour✓
- Overheads/overhead costs. ✓ (Any 2)

6.4 **PREVENT NEGATIVE EFFECT ON ENVIRONMENT**

- Use raw materials wisely. ✓
- Reduce waste/food waste/waste from packaging/recycle waste. ✓
- Reduce/eliminate the use of poisonous chemicals/toxic waste. ✓
- Use solar energy/use electricity wisely/sparingly. ✓ (4)
- Use water sparingly. ✓ (Any 4)

6.5.1 **PRODUCING QUALITY PRODUCTS**

- There are no defects in the products/the curtains fit the windows/the customers are satisfied. ✓
- She inspects the products during production at various stages of stitching and ironing. ✓ (2)

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6.5.2 MAINTENANCE

- Preventative/routine maintenance means. ✓
- That the industrial sewing machine will be serviced regularly/ parts will be checked and replaced regularly . ✓
- To prevent unexpected breakdowns in production/unscheduled maintenance. ✓ (3)

6.5.3 FINANCIAL BENEFITS: FROM UNSKILLED TO SKILLED WORKER

- Renee was originally an unskilled worker✓ with low level/no knowledge of fabrics/measuring and sewing curtains/no skills. ✓
- She received a very poor salary. ✓
- After years of informal training ✓she became a skilled worker/gained knowledge of fabrics/measuring and sewing of curtains. ✓
- She became an expert/experienced in✓curtain making.
- She could then work independently/on her own and✓ perform work of a high standard/good quality work/workmanship. ✓
- As her skills improved her salary increased. ✓ (Any 6) (6)

6.5.4 COMPETITIVE EDGE

- She charges her customers a slightly lower price ✓than her competitor/curtain shop.✓
- She gave customers personal/individual attention✓ by giving advice on suitable fabrics/possible curtain styles✓ for their individual needs. ✓
- By buying good quality fabrics for her customers✓
- Accurate measuring window sizes at✓customer's homes (Any 4) (4)

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6.5.5 **FACTORS CONTRIBUTING TO SUCCESS**:

a) Availability of human skills

She had a colleague✓ who trained her informally and she gained/improved her measuring/fabric knowledge/ sewing skills to make curtains. ✓ (2)

b) Availability of workspace

She set up a functional sewing room✓ in an empty bedroom in her house✓ (1)

c) Consumer/Customer Appeal

Customers received personal advice regarding their curtaining needs. ✓ Customers paid less for labour than other curtaining outlets. ✓ (2)

6.5.6 **SUSTAINABLE PROFITABILITY**

- She made the curtains herself, thus saving on labour costs. ✓
- She does not need to pay rent for a workspace as she works from home✓
- She inherited existing customers/her target market increased✓ therefore her business is growing and making a profit. ✓
- She started getting huge discounts from the factory fabric shop thus ✓ paying less for fabrics✓ and making a bigger profit. ✓
- After she started giving out business cards/promoting her business/product/service ✓ she got even more customers which further increased her profit. ✓
- She got a contract with a national hotel. ✓
- Word of mouth – her colleague referred clients to her. ✓ (Any 8) (8)

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4. GENERAL EXAMINATION TIPS

There is a great amount of content to study, **so do not leave it for the last day.** You think that you have sufficient time, but you do not. The closer you get to the end of the examinations the more tired you become, so do not forget about this subject that **could be scheduled as your last examination paper.**

In preparing for your final exams, work through as many past examination papers as you can. Remember, your success in the final exam will depend on how much extra time you put into preparing. Be careful to NOT only study the past papers and marking guidelines. The topics stay the same, but the approach of the questions change. The same question is hardly ever repeated exactly in the same way.

HOW TO PREPARE/STUDY FOR THE CONSUMER STUDIES EXAMINATION

1. You MUST have a study session every day. STUDY means revising work, NOT doing homework or work assigned for the day by the teacher.
2. Plan and get SPECIFIC times for studying EVERY DAY, preferable one topic per day. BE POSITIVE. Study times must become a habit - keep reminding yourself why you are studying.
3. Start working on the topic you feel you struggle with most.
4. Set up a STUDY TIMETABLE that includes ALL subjects and STICK to it.
5. Keep your study sessions short but effective then reward yourself with constructive break. Try to study at the same time each day. **DO NOT break your routine.**
6. Do not study on your bed as the brain associates it with sleeping.
   This causes you to easily feel tired.
7. Repetition is important to remember the information that you must learn.
   Keep going – don't give up!
8. Self-discipline is key. Be strict with yourself.
9. Connect with a STUDY BUDDY and encourage each other.
   Don't talk about anything else besides the work at hand during your study sessions.
10. Use weekends wisely - Review your class-work over the weekend and catch up on study time that was lost during the week due to involvement in other school activities.
11. Teach your concepts to anyone who will listen. It might feel strange at first, but it is worth reading your revision notes out aloud.
12. When you make notes, remember your brain learns well with colours when you underline, highlight, and circle key words.

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13. Create a mind map on every topic that can be revised quickly.
14. Ensure you are familiar with all the action verbs and terminology commonly used as this will enable you to clearly understand the questions.
15. Work through previous question papers in preparation of the final examination.

WHAT TO EXPECT IN THE CONSUMER STUDIES EXAMINATION

Read this section in conjunction with the Examination Guidelines for Consumer Studies.

THE GRADE 12 CONSUMER STUDIES QUESTION PAPER

- The Consumer Studies examination paper consists of a 3-hour paper of 200 marks.
- There are TWO sections, and SIX questions that are COMPULSORY.
- The format of the examination paper is shown in the table below.

SECTION	QUESTION	TOPIC	MARKS
A	1	Short Questions (covering all topics)	40
B	2	The Consumer	40
	3	Food and Nutrition	40
	4	Clothing	20
	5	Housing	20
	6	Entrepreneurship	40
			200

SECTION A

Section A must not be mistaken as the 'easy' part of the question paper. All topics and sub-topics in Grade 12 Recovery ATP may be assessed in this section.

Type of questions you can expect in this section:

TYPE OF QUESTION	TIPS HOW TO ANSWER THIS QUESTION
Multiple choice questions	• Read through ALL the possible answers: A to D • Cancel out the ones that are totally incorrect. • Read the other remaining answers again. • Decide which ONE is the MOST correct. • Never change an answer if you are not 200% sure that it is incorrect, first instincts are usually correct • If you don't know the answer GUESS! • NEVER LEAVE QUESTIONS UNATTEMPTED.

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Choose the correct word from the options given in brackets or from the list	• Know the Consumer Studies terminology, abbreviations, and acronyms well. • Read the entire question and then answer it in your mind first. • Eliminate the wrong answers. • Read the question again using your selected answer. • Answer the questions that you know best first.
Matching items	• Match the definition/term/statement of Column B to content given in Column A, write only the corresponding letter next to the question number. • There could also be three columns, always match Columns B and C with Column A. • First read the column on the right that contains the answers. • Then look at the column on the left. • If you don't know the answer GUESS! • NEVER LEAVE QUESTIONS UNATTEMPTED
Identification Items	• Read through ALL the answers given. • Cancel out the ones that are totally incorrect. • If a question asks for a specific number of responses, e.g., THREE, only the first THREE responses will be marked. Read the options carefully to determine which ones are correct. • If you don't know the answer GUESS! • NEVER LEAVE QUESTIONS UNATTEMPT.
Correct term	• Give the correct term for the description. • Write only the correct term next to the question number. • Read the description carefully to determine the correct term.
Paragraph format	• Write full sentences. • No bullets must be given/ Answers can't be in separate lines. • Start and end the paragraph by referring to the statement / question asked. • If a scenario was given do not use the exact wording from the scenario put the answer in your own. • NOTE: marks are lost if instruction is not followed.

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SECTION B

Type of questions you can expect:

- Each question will cover a new topic.
- It may require short or long answers and may include paragraph-type questions.
- Source-based questions are based on tables, pictures, case studies and cartoons.
- It will cover different levels of questions ranging from remembering, understanding, application and problem-solving questions.

HOW TO APPROACH THE QUESTION PAPER IN GENERAL

- Read through the question paper and take note of the **number of sections** (A-B) and **questions** (1-6).
- Read through all the questions before attempting to answer any question.
- Be attentive during the allocated reading time and make quick notes after the reading time.
- Decide which questions will be easier to attempt first.
- Allocate the time you will spend on a question so that you do not run out of time.
- Ensure that your handwriting is clear and legible. Untidy, illegible writing may result in the loss of marks.

SECTION A (Short Questions)

- It is suggested to attempt the short questions (Section A, Question 1) LAST, as it may lead to confusion or stress, which may in turn lead to forgetting what you have studied.
- **DO NOT** leave a line open in between answers to Question 1.
- Write numbers below each other and not next to each other.
- Provide only ONE answer per line.
- Never leave a question unattempted. GUESS if you must. NEVER leave blank, open spaces.
- Be 100% sure before changing your initial answer. Your first instinct is usually right.
- Be mindful of changing the correct answer to an incorrect one.

SECTION B (Longer Questions)

- Start each question on a NEW page. Leave a line open in-between each of the sub-questions.
- There is adequate paper so do NOT squeeze the last sub-question in at the bottom of a page. That often prevents you from completing your answer.
- Circle the **action verb** in each question. The verb gives the instruction and indicates what is expected in the response.
- Underline or highlight **WHAT** the question is about.

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- Take note of the **mark allocation** per question: the mark allocation is an indication of the number of facts required for the full attainment of marks.
- Where a specific number of facts are required e.g., List THREE …, ONLY THE FIRST THREE facts will be marked.
- Follow all instructions: If the question says write a paragraph, you MUST formulate your answer in a paragraph format.
- When a question asks you to tabulate your answer it must be presented in a table format. If you are making a comparison in a table, then the same factors must be opposite one another.
- Where items such as menus, pictures, illustrations, case studies or scenarios are given, keep the given scenario/context in mind when answering the question.
- Number the questions according to the numbering system used in the exam paper.
- If you do not know an answer, move on to the next question. Time saved on questions can be used to revisit those challenging questions.
- All questions always start from easy to the more challenging (difficult) ones.
- Stay focused and work until the end of the examination session to use the time effectively. If you are finished before the time compare the mark allocation of the questions to your answers. Recheck that action verbs were correctly understood.
- Make sure that **NO** questions have been left out or unanswered.

ACTION VERBS TO HELP YOU ANSWER QUESTIONS

It is important to look for the ACTION VERB (the words that tell you what to do) to correctly answer what the examiner is asking. Use the words in the following table as a guide when answering questions.

QUESTION WORD	WHAT IS REQUIRED OF YOU
Analyse	To study or examine something in detail, especially by separating it into its parts, in order to understand or explain statements made with reasons
Calculate	Work out the amount or number of something by using mathematics
Classify	Arrange in groups according to similar features or qualities
Comment	Write generally about the topic
Compare	Describe the similarities and/or differences between the two
Define	Explain exactly what is meant (give a clear meaning)
Describe	List the main characteristics of something or describe what it looks like
Determine	Find out; work out through observation or consideration
Discuss	Write about the features or qualities of something, giving more than only one opinion

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Evaluate	Give an idea of the value of something; assess. Write down positive and negative aspects and make a decision
Explain	Make clear by giving more information (interpret and spell out)
Give/provide/Name/State	Write down only facts
Identify	Establish or name who or what someone or something is *(e.g., Identify the* **health condition** *described in this paragraph.)* Indicate as something specific, something to be noted *(e.g., Identify the career needs of such a person.)*
Interpret	Give the intended meaning of
Justify	Provide a good reasoning for the given statement, give reason why statement is correct
List	Write a list of items
Match	Pair or put together something with something else to show that there are link(s) between the two
Quote	Copy the exact word or words from a text
Suggest	Offer an explanation or solution
Predict	Say what you think will happen in the future
Study	Look at closely or read it carefully in order to observe or deduce
Tabulate	Arrange the information in the form of a table with columns and rows

5. GLOSSARY

A. Entrepreneurship

Term	Description
Business Plan	A written document describing in detail how a business will be started. It contains the goals of the business and how it will be achieved. A business plan is the same as a 'roadmap' to indicate information about marketing, finances and operational processes.
Competitive advantage/edge	Anything that makes a business' product or service more attractive to the customer than that of its competitors.
Distributing	Supplying a product to customers or outlets where they can purchase it.
Entrepreneur	This is a person who starts up a business, taking financial risks with the aim of making a sustainable profit.
Human resources	This refers to the staff members or employees working in the business.
Product specification	A written description of an item, including details about the size of the article and its appearance.

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Profitable business	A successful business that is making a profit and is therefore sustainable.
Revenue	Total amount of money that the business receives for goods sold or services provided during a certain period.
Selling	Is one part of the marketing process which focuses on the needs of the seller. The focus is on selling the product, not the buyer.
Small-scale production	This is the type of business that is run on a small scale. It is normally run from home, such as from a garage/kitchen.
Standardise	Consistently make something to meet a specific standard of quality.
Start-up costs	Are costs to start a business and this includes registration fees, business licence, deposit for the rent of a building, purchase of equipment, beginning inventory and packaging.
Sustainable	Using resource in such a responsible way, that no harm is done to the environment, ensuring that future generations will also have the use of the resources. Natural resources are not being exhausted.
Sustainable profitability	Means that you would be able to continue producing your products for a long time to come.
Target market	A group of people who want to purchase your product or service and are willing to pay the price you are charging for it.

B. Marketing

Customer share	The percentage of a target market that will buy an entrepreneur or a business's product.
Market Segmentation	Market segmentation means that a group of people is divided into smaller groups who have the same needs and desires for products and services, so the market is divided into different sections (segments).
Marketing	Is a process that focuses on the needs of the customer, and then provides the correct product at the correct price to satisfy the customer's needs.
Marketing mix	Is a way of describing the important elements of marketing of a product or service. It consists of the 5 Ps of product, place, price, promotion, and people.

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Market research	This refers to the process of gathering information about consumers' needs and preferences to be able to provide in their needs/wants.
Marketing strategy	Involves segmenting, targeting, and positioning activities to satisfy customer needs and wants.
Segment	Parts or groups of something larger.
Situation analysis	Is research done on the current market or industry in which a product will be launched.
Strategy	A plan designed to achieve a particular long-term aim.

C. Costing

Term	Description
Break-even point	This is the point where the income and expenses of a business is the same. It means the business is not making a loss, or a profit.
Business concept	A business concept includes the following: • The features of the product or service • A description of the customer and the benefits of the product or service to the customer • The uniqueness of the product or service A description of your sales channels.
Business idea	A possible idea or service that can become a business.
Capital	The money needed to start a business.
Cash flow projection	Is a document that shows the movement of money over a future period.
Concept statement	A concept statement is a concise statement that captures the essence of your product or service.
Consumable	Intended to be used up and then replaced.
Cost price	Is when all the money spent on ingredients or material is added together.
Financial feasibility study	A study of whether a business will be a success after taking into consideration its total costs and probable revenues.
Fixed cost	Are the costs that remain the same regardless of how many products are made.

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Mark-up	The amount added to the cost price of goods to cover overheads and profit.
Overheads	Necessary, regular, expenses that keep a business running, such as electricity, insurance, salaries, and rent.
Primary cost	Is the sum of the costs of all resources that went into making the product.
Production costs	All costs required to run the business including rent, water and electricity, salaries, repayment of bank loan, purchase and maintenance of equipment, fuel, telephone bill, stationery, and marketing.
Profit	Is the reward the business owner receives for investing money in a business. Difference between income (money received) and costs (or expenses).
Profitability	The ability of a business to make a profit.
Projection	An estimate or forecast of a future situation based on a study of the present.
Salaries	The money that is earned by an employee who is appointed in a permanent capacity. This payment is made monthly, and not weekly like it is done with wages.
Sales projection	The number of products that an entrepreneur or a business expects to sell in a set period of time.
Selling price	The price that consumers will pay for the product or the item. This is the price that will be printed/written on the price tag of the product/item.
Unit price	The price of 1 product or item.
Variable cost	Are all the expenses that are directly involved in making the product.
Wages	The money that is earned by an employee who is appointed in a temporary capacity. This payment is made weekly, and not monthly like it is done with salaries.

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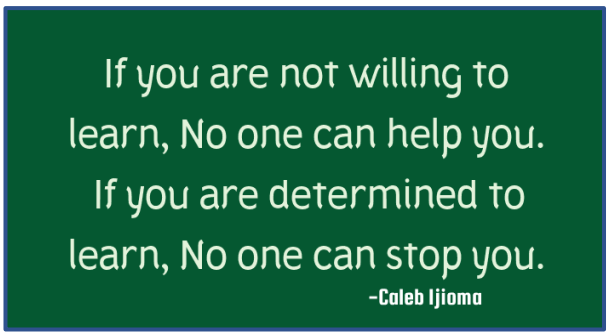

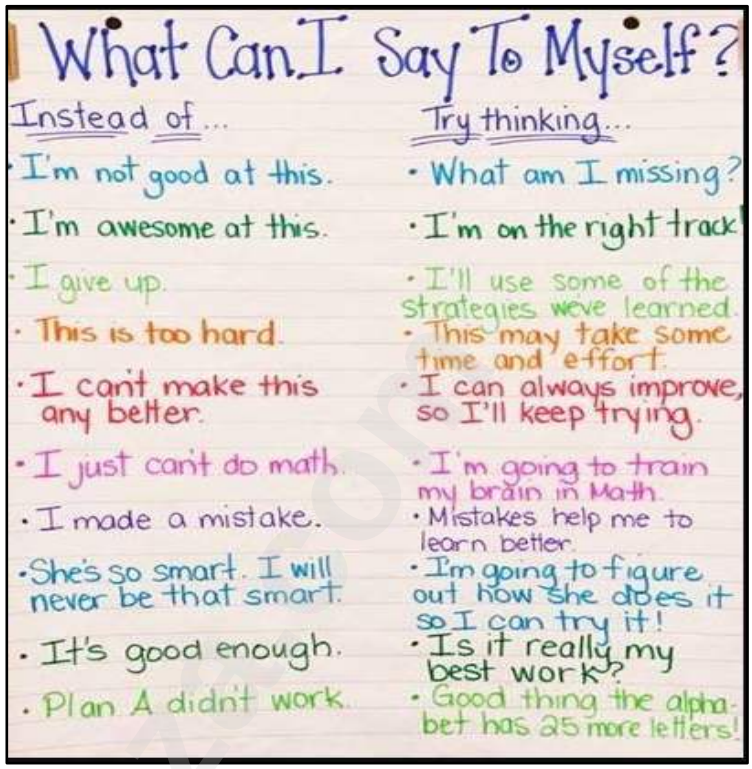

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