**Business Studies**

**Grade 12**

**Business Strategies**

**QUESTIONS**

1. Outline the strategic management process. (6)

2. Explain the THREE types of defensive strategies. (9)

3. Identify the PESTLE element illustrated in each scenario below.

 3.1 The government introduced the affirmative action policy to address

 imbalances.

 3.2 Governmental incentives are given to companies that sponsor nature

 conservation programmes.

 3.3 Businesses are promoting online trading to reduce paperwork.

 3.4 The introduction of the Consumer Protection Act, 2008 (Act 68 of 2008)

 eliminates consumer exploitation by businesses. (8)

4. Identify the element of Porter’s Five Forces model that applies to each of the

 following statements.

 4.1 Reggi’s Gardening Services buys all her gardening tools from JC CC,

 which is the only business that sells garden tools and equipment.

 4.2 Tshidi’s Landscaping offers services at lower prices than John’s

 Landscaping.

 4.3 Although Reggi charges high prices, she has many customers due to the

 outstanding services she offers.

 4.4 It was not easy for Tshidi to start a business, as he needed a trading

 licence.

 4.5 Some customers may prefer to do their own gardening instead of making

 use of service providers. (10)

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

Jeremy is the owner of a dairy farm in Ventersdorp. He sells milk to small and medium entrepreneurs. He is thinking of diversifying his services by opening butchery and a training centre for young farmers.

5.1 Mention the type of diversification strategy applicable to Jeremy’s business.

 Motivate your answer by quoting from the scenario. (3)

5.2 Evaluate the negative impact of the diversification strategy referred to in

 QUESTION 5.1 (8)

6. Distinguish between product development and market development as

 intensive strategies. (4)

7. Identify the business strategy that was used in each of the following scenarios.

 7.1 The owner of a wedding venue decided to build a guest house on the

 same premises for wedding guests to sleep over.

 7.2 Fresh Juices Unlimited bought Potgieter’s grape farm.

 7.3 Simunye Stores struggles to get fashionable swimming attire and

 decides to purchase Perseverance Sports (Pty) Ltd Clothing

 Manufacturer.

 7.4 Summer Sports decreases the price of soccer balls drastically to

 influence customers to buy larger quantities.

 (8)

8. Evaluate the effectiveness of product development strategies. (6)

9. List THREE types of diversification strategies. (3)

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

**RAINBOW GUEST HOUSE (RGH)**

The management of Rainbow Guest House wants to improve their strategic management process. They conducted an environmental scan and identified the following challenges:

* Many workers are not qualified for the work.
* The new Horizon Guest House charges lower prices for similar services.
* RGH is located in an area where the crime rate is high.

10.1 Quote THREE challenges that were identified by RGH from the scenario

 above. (3)

10.2 Classify EACH challenge identified in QUESTION 11.1 according to the relevant industrial tool. (6)

 Use the table below as a guide to answer QUESTION 11.1 and 11.2.

|  |  |
| --- | --- |
| **CHALLENGES****10.1** | **INDUSTRIAL ANALYSIS TOOL****10.2** |
| **(a)** |  |
| **(b)** |  |
| **(c)** |  |

11. Advise the business on the steps in evaluating a strategy. (6)

12. Explain the advantages of intensive strategies for businesses. (6)

13. List the THREE types of integration strategies. (3)

14. Outline any FOUR steps in the development of a strategy. (8)

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

**MARTHA & JANE FURNITURE (MJF)**

Martha & Jane Furniture specialise in selling office furniture. The profitability of the business has decreased due to high inflation rates and low income levels of customers. MJF had to pay a heavy fine because they did not renew their trading licence in time.

Redraw the table below in the ANSWER BOOK and then answer the questions that follow.

|  |  |  |
| --- | --- | --- |
| **CHALLENGE****15.1** | **PESTLE ELEMENT****15.2** | **RECOMMENDATIONS****15.3** |
| (a) |  |  |
| (b) |  |  |
| (c) |  |  |

15.1 Quote THREE challenges for MJF from the scenario above. (3)

15.2 Identify the PESTLE element that links to EACH challenge, as quoted in

 QUESTION 19.1 (6)

15.3 Recommend ONE way in which MJF can deal with EACH challenge, as

 identified in QUESTION 19.1. (6)

16. Explain how businesses could apply the following forces from the Porter’s Five

 Forces model:

 16.1 Bargaining power of buyers. (4)

 16.2 Competitive rivalry. (4)

17. Name the SIX components of the PESTLE analysis. (6)

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

**GLEN SHUTTLE SERVICES (GSS)**

Glen Shuttle Services transports clients to and from the airport. Some clients have requested GSS to sell soft drinks while travelling. GSS has decided to merge with Clear Beverages to be able to satisfy the needs of their clients.

18.1 Identify the type of integration strategy that GSS applied in the scenario above. Motivate your answer. (3)

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

**PIET CAR DEALERS (PCD)**

Piet Car Dealers are selling new and second-hand motor cars. The dealership has lost its target market due to competitors dropping their car prices. Piet wants to apply divestiture as a business strategy to overcome this challenge of losing customers.

19.1 Explain the meaning of divestiture as a business strategy. (4)

19.2 Discuss the THREE intensive strategies that PCD may use to win back and/or

 retain their customers. (9)

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

**BRICKS CONSTRUCTION (BC)**

Bricks Construction is a local building construction company. The business recently held a strategic review process in order to improve their performance. During their review, they identified the following areas that need improvement.

* The vision of the business was not communicated to the employees.
* Cheetahs construction charges low prices per square metre for the same amount of work.
* The increasing fuel levy announced by the Minister of Finance has impacted negatively on the profits.

Use the table below as a guide to answer the questions that follow.

|  |  |
| --- | --- |
| **INDUSTRIAL ANALYSIS TOOL****20.1** | **QUOTING FROM THE SCENARIO****20.2** |
|  |  |
|  |  |
|  |  |

20.1 List THREE industrial analysis tools that could be applied during the

 environmental scan. (3)

20.2 For each tool, quote ONE challenge from the scenario. (3)

21. State FIVE elements of the Porter’s Five Forces. (5)

22. Identify the type of business strategy in each of the scenarios below:

 22.1 Winners Platinum has implemented massive job cuts as commodity

 prices have tumbled.

 22.2 Lekitlane Ltd sold all his assets in an attempt to pay creditors.

 22.3 Mega Foods has established a new distribution centre in St. Gallen,

 Switzerland.

 22.4 The Star Group of companies owns, among others, Star Records (music

 industry), Star Atlantic (airline industry) and Star Active (leisure industry)

 22.5 Big Four Air will expand with the purchase of Blue Sky Air.

 (10)

23.Explain the process that should be followed when evaluating the effectiveness

 of a business strategy. (6)

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

**RIEBA CLOTHING (RC)**

RC specialises in the manufacture of clothing. The business' profitability has decreased as a result of high interest rates and the use of computerized machinery that has to be constantly updated. RC uses harmful chemicals when preparing their clothes for production.

24.1 Quote THREE challenges for RC from the scenario above. (3)

24.2 Identify the PESTLE element related to EACH challenge, as quoted in (6)

 Use the table below as a GUIDE to answer QUESTION 24.1 and 24.2

|  |  |
| --- | --- |
| **CHALLENGE****24.1** | **PESTLE ELEMENT****24.2** |
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