

THE DEVELOPMENT OF A STRATEGIC MARKETING PLAN FOR RAND AIRPORT

by

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This paper is dedicated to my loving husband Marie Nel.



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CHAPTER 1

INTRODUCTION, PURPOSE AND MOTIVATION OF STUDY

1.1 INTRODUCTION, GOAL AND METHOD OF STUDY

The present site of Rand Airport was first suggested by Major Allister Miller in 1917 while he was engaged in recruiting young South Africans for the Royal Air Force.

Major Miller actually landed on the Germiston golf course (adjacent to Rand Airport) because there was no aerodrome available for his landing. In his opinion the area was ideal because the adjoining lake would be "like a guiding star to aviators by day as well as by night".

Here, however, the matter rested and it was not until 1928 that the first steps were taken to acquire land for an aerodrome. In February 1929 a tripartite agreement was signed between the Germiston Town Council, the Elandsfontein Estate Company and Rand Refinery as joint owners of what was then known as the Germiston Public Aerodrome. The aerodrome was officially opened on 24 August 1929, and two days later the first postal service was inaugurated by Union Airways, now South African Airways. In the mean time Germiston negotiated successfully with its two partners for sole and complete control of the aerodrome.

In late 1930 Johannesburg was unable to find a suitable site for an airport of their own and negotiated with Germiston to become an equal partner. On 14 November 1930 at a joint meeting of representatives of the two municipalities Councillor D.F. Corlett of the Johannesburg City Council was elected as Chairman for the ensuing years of what was to be known as the "Rand Airport Joint Committee".

Rand Airport became the major international airport of South Africa and on 21 December 1931 the first Imperial Airways air mail arrived from London. This opportunity was used to stage the official opening of Rand Airport by His Excellency, the Governor General, the Earl of Clarendon. The trip from London took eleven days at a cruising speed of 75 miles per hour (120 km per hour), a far cry from what it takes today.

In February 1932 the first full-time manager Captain Roy Makepeace was appointed by the joint Councils. Germiston found it impossible to meet the increased expenditure, which was envisaged to improve Rand Airport; in 1944 transfer was effected and the Johannesburg City Council took over sole ownership of Rand Airport.

When the Second World War broke out on 3 September 1939 it was expected that Rand Airport would have to play its part. On 19 February 1940 the airport was handed over completely to the Defence Force and all commercial air services were suspended.

The war helped to develop the airport with some 15 additional hangars being built, the largest being built for Field Marshal Smuts's four-engined Avro York aircraft.

After the war, it became obvious that the new generation aircraft would require larger airfields and Rand's future was in doubt. After a few lean years the airport became a major player in the aircraft industry and by 1975 it was the busiest airport in the Southern Hemisphere, with 133 135 recorded aircraft movements. Unfortunately, when Jan Smuts and Lanseria airports came on stream, aircraft movements started to drop, and by 1985 questions were again being asked as to whether Rand Airport had a future.

Fortunately, Johannesburg City Council had the vision to see the need and potential for Rand Airport to, in the future, again play a major role in air transportation.

Plans were drawn up and implemented to upgrade and maintain the character of their very valuable asset and by the end of 1993 Rand Airport was once again the busiest airport in South Africa, catering mainly for general aviation aircraft, with 88 234 recorded aircraft movements. Today Rand Airport has approximately 100 000 aircraft movements and approximately 52 000 passengers using its facilities each year. With the aid of a strategic marketing plan, this figure could be increased beyond the 1975 peak figure.

The organisational structure of the Greater Johannesburg Metropolitan Council (GJMC) inclusive of Rand Airport, has been reviewed since August 1990 with a view to improve efficiency and effectiveness. The reorganisation was necessitated as a result of a lack of strategic management and planning and from the context of new demands made by a rapidly changing environment.

The reorganisation resulted in the replacement of all top and middle management positions throughout the GJMC. The focus of this new flat structure moved from a production-oriented management approach to cost-effectiveness, greater autonomy and more streamlined decision-making.

1.2 PROBLEM DEFINITION

An organisation's marketing environment consists of the actors and forces outside marketing that effects marketing management's ability to develop and maintain successful transactions with the target customers. The continuous analysis of the marketing environment is of extreme importance for an organisation's long-term success and survival (Marx & Van der Walt, 1993:18). The marketing environment offers both opportunities and threats.

Organisations must utilize their marketing research capabilities to scrutinise the changing environment and must adapt their marketing strategies to environmental trends and developments.

An organisation is a system. A system consists of a set of interdependent parts, which cannot operate independently of other sub-systems. It should not exist in isolation - neither should organisations, which are essentially open systems that must interact with their environment (Martin, 1993:10).

Marx & Van der Walt (1993:27) are of the opinion that rapid changes in Western business environments are leaving organisations that cannot adapt to these changes behind.

Technological developments in related areas, economic fluctuations, changing social and demographic trends, international and political competition and other variables are constantly influencing the organisation's operating environment.

Marketing planning is the instrument that should be used to put the organisation's internal strengths and weaknesses in context with its opportunities and threats in the marketing environment.

Rand Airport did not apply a process of strategic management prior to 1990. The main reason for this state of affairs is merely that Rand Airport was never forced by the protective Local Government environment within which it operated to change its modus operandi. The increased internal and external pressures of the 90's have changed this situation, however. Subsidy sources are constantly under pressure and are drying up. The income forthcoming from local tax payers has decreased sharply, while the demands on this income increases daily.

In the past, Rand Airport merely maintained existing services. As a result, the marketing concept as a management philosophy was not maintained hence the lack of applied marketing management. Rand Airport experienced a constant decline in air traffic movements, which seriously influenced the viability and financial performance of the airport.

This resulted in the organisation being placed in a prejudicial position in relation to the rapidly changing external environment. The existing inability to identify and analyse opportunities and threats in the external environment and to bring strengths and weaknesses in line with this environment, could lead to the eventual closure of Rand Airport. Considering the existing tendencies, the life-span of the airport is indeed at risk. The development of a marketing plan is therefore critical for the survival of Rand Airport.

1.3 PURPOSE OF STUDY

The format and general approach of this study is the development of a technical report which can be applied within the specific circumstances of Rand Airport. This technical report attempts to identify the elements of marketing planning and apply them to Rand Airport.

The purpose of this technical report is to develop a concept marketing plan for Rand Airport, based on McDonald's (1992) marketing planning model.

To achieve this, the following objectives were pursued:

- * to analyse Rand Airport's mission and strategic objectives;
- * to complete a marketing audit considering the external and internal environment of Rand Airport;
- * to complete a SWOT analysis for Rand Airport;
- * to set marketing objectives, strategies and expected results; and

- * to define activities required for the further development of this marketing plan for Rand Airport.

The end result of this technical report can be used by Rand Airport as a guideline for further development and implementation of a marketing plan.

1.4 METHOD OF STUDY

This study consists of two parts. An initial literature study serve to investigate the following three areas:

- * marketing management and the marketing concept as management philosophy;
- * the marketing management process; and
- * McDonald's marketing management model.

This is supplemented by an analysis of statistics relevant to air traffic movement and those relating to Rand Airport's internal operation.

Information regarding various strategic planning sessions, internal documents, personal experience and various interviews with senior management members were also consulted in the development of this short dissertation.

1.5 ANNOUNCEMENT OF STUDY

Chapter 2 serves to place the study in perspective. The marketing concept and marketing planning process are discussed in this chapter. Specific emphasis is placed on the marketing planning process of McDonald in Chapter 3.

The marketing planning process of McDonald is applied to Rand Airport in Chapter 4. This process must, however, be adapted to the specific circumstances within the said organisation. In conclusion, there are a few closing remarks and mention is made of aspects that require further investigation.



CHAPTER 2

MARKETING MANAGEMENT, THE MARKETING CONCEPT AND MARKETING PLANNING

2.1 INTRODUCTION

The purpose of this chapter is to give a brief explanation of marketing management, the marketing concept and marketing planning. In order to achieve this the interaction and interdependence between these concepts are discussed in detail. A broad outline of the concept of marketing management and marketing planning as a part thereof are also discussed. The marketing concept as an underlying fundamental principle in marketing management are highlighted.

The application of the concepts to be discussed is an essential component of a successful business. The contents of the marketing plan and the process to be followed in order to create this type of plan are discussed. In the last part of this chapter mention is made of the main pitfalls in marketing planning which are encountered by businesses. Several suggestions to avoid these pitfalls are laid down.

2.2 MARKETING MANAGEMENT

Marketing management is the process which examines the external environment, analyses marketing opportunities, designs marketing strategies, and implements and controls marketing activities effectively (Cravens, Hills and Woodruff, 1987:14).

Kotler and Armstrong (1994:11) define marketing management as the analysis, planning, implementation and control of programs designed to create, build and maintain beneficial exchanges with target buyers for the purpose of achieving organisational objectives.

The managerial tasks of the marketing manager consist of an uninterrupted circle of planning, organisation, co-ordination, guidance and control (Marx & Van der Walt, 1993:27 - 28).

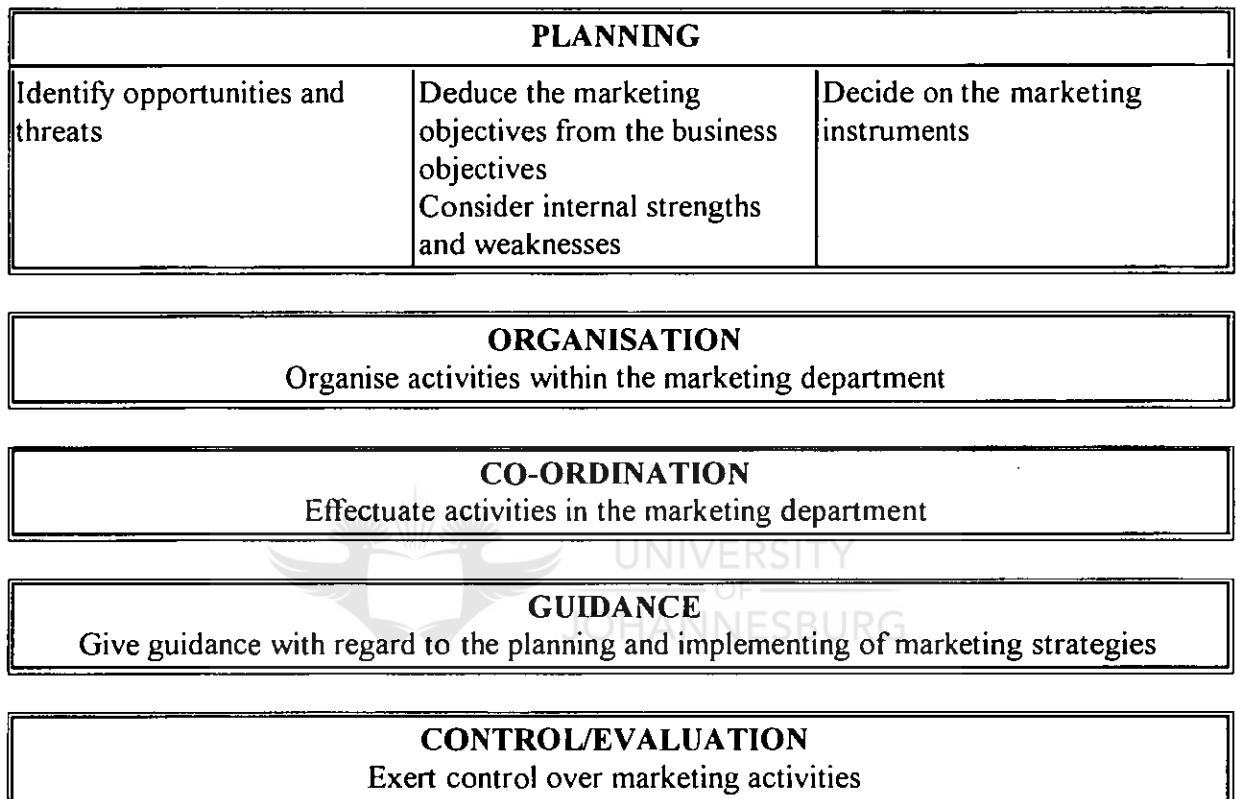
These tasks, as well as the contents thereof, is shown in Figure 2.1.

From Figure 2.1 it can be seen that the marketing manager is responsible for the following:

- * identifying opportunities and threats in the marketing environment;
- * identifying opportunities which can be utilised once internal strengths and weaknesses have been considered;
- * collecting marketing data and processing it into marketing information;
- * choosing specific target markets;
- * decision-making as to which products should be developed to satisfy consumer needs;
- * decision-making as to the selling prices of the products which will realise the objectives of the enterprise;
- * decision-making as to which distribution channels ought to be used to get products to consumers;
- * decision-making as to which marketing communication methods will be used to inform, remind and persuade the consumer;
- * decision-making as to the recruitment, screening, training, remuneration and motivation of marketing staff;

- * organising the marketing department;
- * co-ordinating marketing activities; and
- * controlling marketing processes.

FIGURE 2.1 : THE MANAGERIAL TASKS IN MARKETING



(Source : Marx, S. & Van der Walt, A. 1993. **Bemarkingsbestuur**. 2nd Edition. Cape Town : Juta; p 28)

The above figure shows clearly that planning is central to the marketing management process.

This technical report concentrates only on the planning aspect of marketing management.

Before marketing planning is discussed in detail, the marketing concept, as the basic philosophy underlying the marketing management process, is put into context.

2.3 THE MARKETING CONCEPT

The marketing concept is the management philosophy which directs the activities of the marketing-oriented enterprise towards consumer satisfaction. The application of the marketing concept as a modern management philosophy of business management came into being in South Africa during the past fifteen to twenty years (Lucas, 1983:1).

A variety of authors have defined the marketing concept. The following opinions are offered:

- * Cravens et al (1987:4) suggest that the marketing concept is a client-oriented philosophy which is implemented and integrated within the enterprise in order to serve clients better than the competitors and to achieve the objectives of the enterprise. Marketing orientation forms the basis on which the business is run. It is also a specific way of thinking and an approach towards problem-solving.
- * Walker, Boyd and Larreche (1992:22) mention that the planning and co-ordination of all business activities are centred around satisfying client needs. It is also seen as an effective way of developing and maintaining a competitive edge in order to achieve business objectives. Businesses which adopt the marketing concept are characterised by the following: all staff members in all departments and on all levels are focused strictly on consumer needs and the competitive forces in the marketing environment. Products and functional programmes are quickly adapted to be able to handle this change.
- * Aaker (1992:12) mentions that enterprises have to be in touch with the client, competitors, the market and the market environment. Consumer-sensitive market-oriented strategies have to be developed.

- * Marx & Van der Walt (1993:20) regard the marketing concept as an ethical code or philosophy according to which the marketing task has to be performed.
- * Kotler & Armstrong (1988:18) define the marketing concept as a "...from the outside to the inside..." approach. It begins with a well-defined market, focuses on client needs, co-ordinates all activities which affect the clients, and shows a profit by achieving consumer satisfaction.

The central thoughts in the abovementioned descriptions which have been emphasised are: consumer-orientation, integrated marketing, the economic principle and market focus. These four principles are generally known as the four basic principles of the marketing concept and are discussed in detail below.

2.3.1 Basic principles of the marketing concept

The marketing concept, as emphasised in the foregoing section, comprises four basic principles, namely consumer-orientation, integrated marketing, the economic principle and market focus. These four basic principles are discussed in the ensuing sections.

2.3.1.1 Consumer-orientation

In applying the concept of consumer-orientation, the emphasis is on the consumer, the community of which he is a member, and the authority which exercises control over both (Lucas, 1983:25). The consumer's needs have to be defined from the consumer's viewpoint and not from that of the business (Kotler, 1988:18).

Consumer-orientation means determining the consumer's needs and preferences and developing a product or service to satisfy those preferences.

This offers the enterprise an attractive marketing opportunity.

No enterprise has the skills or resources to satisfy all consumer needs; it is therefore important to identify consumer preferences (Kotler, 1988:18). The consumer preferences which can best be served by the internal resources of the enterprise should be chosen as alternative business opportunities.

Consumer-orientation does not presuppose that the consumer always knows what he wants. Often the consumer buys not only the product but the benefit of the product, for example, prestige, security, a happy family life and so forth. The benefit that is bought often plays a more important role than the product itself. The consumer buys the promise that the product is going to provide certain benefits. Benefits can be physical, psychological as well as emotional. The combination of benefits which the enterprise offers the consumer forms part of what is usually known as the market presentation (Lucas, 1983:25).

The consumer-oriented enterprise has a responsibility towards the environment and the community of which it forms a part. The enterprise should give thorough consideration to the long-term effects of short-term profits before deciding on specific marketing action. The trend towards protecting the natural environment forces the modern business to analyse the impact of the product or service on the environment. Marx and Van der Walt (1993:23) suggest that businesses often fulfill their community responsibility by spending money on projects which contribute to the welfare of the community.

Marketing management usually has strong links with the market and the broad public, and is therefore quick to notice such projects as well as their merits.

Social responsibility, however, starts with the internal staff before it can be expanded to the external environment.

The consumer-oriented enterprise also needs to stay in contact with the authorities and be aware of the preferences, moral and ethical values as well as legislation, and possible amendments to legislation.

2.3.1.2 Integrated marketing

All departments of the business, and not only marketing, should be oriented and co-ordinated in such a way that the consumer's needs and preferences are best served (Walker et al, 1992:22). This means that management should direct the planning, implementation and control of all business activities in such a way that it results in an integrated management approach to the marketing of the product or service.

In reality, the entire business is responsible for performing the marketing task. Lucas (1983:26) says that it would do more damage to the business if the production department should decide to produce a new product before determining whether the consumer wants such a product or might be persuaded to buy such a product. There should also be an internal analysis to determine whether the business has the necessary raw materials, capital and expertise to produce and market such a product or service for an unspecified period of time.

2.3.1.3 The economic principle

The economic principle could mean the greatest possible difference between the input (costs) and the output (income) (Lucas, 1983:27). In the case of profit-oriented businesses the purpose is to maximise profitability.

The economic principle for non-profit oriented businesses is applied as the maximisation of efficiency.

Profitability is measured according to the difference between expenditure and income, expressed as a percentage of the assets appropriated and the capital invested in order to create profit. The percentage is known as the return on investment and is a criterion for determining the profitability of the business (Lucas, 1983:27).

The assets employed represent all the resources of the business, such as raw materials, capital, staff and other forms of expertise needed to create the product or service for consumer demand. The return on investment as criterion for determining the profitability of a business measures how profitably the resources of the enterprise are employed. Depending on the percentage return and the long-term prospects, it might be prudent for the business to withdraw from a specific market and to find a more attractive marketing opportunity elsewhere (Kotler, 1988:591).

Because of the nature of the dynamic environment in which the business operates, it would not make sense to maximise profitability without considering the counter-reaction of the consumer, competitors, the community and the authorities (Lucas, 1983:27).

2.3.1.4 Market focus

The fourth pillar supporting the marketing concept is market focus.

No business can operate in all markets and at the same time satisfy all needs (Kotler, 1988:18). Kotler adds that not even the mighty IBM has the solution for every computer client's needs. The most advantageous situation for the business would be if the borders of the target market are clearly defined and strictly adhered to. As previously mentioned under the heading of consumer-orientation, market focus will compel the business to prepare specifically adapted marketing plans for each target market it serves. This approach results in greater business success and profitability because the resources of the enterprise are employed more effectively and efficiently (Kotler, 1988:18).

2.3.2 Applying the marketing concept

There are distinct differences between businesses which apply the marketing concept and those which do not. Figure 2.2 illustrates the differences between the two approaches.

FIGURE 2.2 : DIFFERENCE IN ORIENTATION IN BUSINESSES WHICH APPLY THE MARKETING CONCEPT COMPARED TO BUSINESSES WHICH DO NOT

ENTERPRISES WHICH APPLY THE MARKETING CONCEPT	ELEMENT OF ACTIVITY	ENTERPRISES WHICH DO NOT APPLY THE MARKETING CONCEPT
Consumer considerations are of the utmost importance	BUSINESS MANAGEMENT	Business considerations are of the utmost importance
Marketing management forms part of top management	ORGANISATIONAL STRUCTURE	Marketing management does not form part of top management
External marketing variables predominate	BUSINESS OBJECTIVES	Internal marketing variables predominate
Marketing research and market projections predominate and the consumer is of primary importance	RESEARCH	Technical research predominates and the consumer is of secondary importance
Market leader and consumer-oriented	BUSINESS IMAGE	Market follower and production-oriented
Marketing problems predominate	AREAS OF DECISION-MAKING	Production problems predominate
Focuses on creating new consumer needs	CONSUMER DEMAND	Focuses on satisfying existing consumer needs
Ideas have their origins in the needs and preferences of consumers	PRODUCT DEVELOPMENT	Ideas have their origins in the functional performance and cost savings
Style and appearance are the main considerations	PRODUCT DESIGN	Performance and application are the main considerations
Integrating facet of market presentation and is regarded as an important marketing communication medium	PACKAGING	Mainly to facilitate distribution and to protect goods
Produces what the business can market	MARKET PRESENTATION	Markets what the business can produce

(Source : Lucas, GHG. 1983. **Die taak van die bemarkingsbestuurder**. 1st Edition. Pretoria : JL van Schaik; p 28)

To conclude, the business which applies the marketing concept can be described as a business which:

- * focuses on the consumer;
- * co-ordinates all activities to an integrated plan of action;
- * pursue the economic principle; and
- * is focused on the market.

Kotler (1988:18) mentions that the application of the marketing concept is important in order to keep one's clients. An organisation's sales come from two groups of clients, namely new and existing clients. However, it is much more expensive to attract new clients than it is to retain existing ones. One can, therefore, conclude that the secret of keeping one's existing clients lies in consumer satisfaction and that consumer satisfaction leads to higher profits.

Research with regard to consumer satisfaction indicates that a dissatisfied client communicates negatively with up to twenty other clients (Kotler, 1988:19). This state of affairs can harm the public image of the enterprise and can put off potential consumers. A satisfied consumer, on the other hand, does the following:

- * communicates favourably with others regarding the business;
- * buys repeatedly;
- * pays less attention to competitive brands and advertisements; and
- * buys other products from the same business.

The application of the marketing concept is not a magic potion, nor will it guarantee success.

It will, however, prevent a situation where a business markets a product for which there is no need.

It is exactly the application of the marketing concept which will indicate whether a product should be withdrawn from the market or not (Lucas, 1983:29).

The acceptance of the marketing concept as a management philosophy has made marketing planning essential. In order to comply with the four management principles of the marketing concept, effective planning is essential. Scarce business resources should be used effectively for optimum utilisation of marketing opportunities.

2.4 MARKETING PLANNING AND THE MARKETING PLAN

Marketing planning can be seen as the planned application of marketing resources in order to achieve marketing objectives. It takes the form of a logical sequence of activities which will lead to marketing objectives being set and plans being formulated to achieve those objectives (McDonald, 1990:13).

Marketing planning is decision-making at a specific time about future marketing action (Lucas, 1983:573). The essence of marketing planning is to use the probable occurrence of future events to the advantage of the business.

The marketing plan is regarded as the instrument central to giving direction and co-ordination to the marketing effort (Kotler, 1988:65). The marketing plan can be described as the background against which all operational decisions are taken on an ongoing basis (McDonald, 1989:34). The main function of the marketing plan is to determine where the business stands at this moment, where it is going and what has to be done to get there.

The marketing plan is closely related to the income-generating activities of the undertaking.

These also affect other activities, such as the cash flow of the business, the size and composition of the labour force, the business resources, and so forth. The marketing plan cannot replace good management; it is merely a means of achieving good management.

The marketing plan is instrumental to the preparation of realistic budgets. If the budget is tackled with a marketing plan as basis, the budget will in all probability be a reflection of what will be advantageous to the business as a whole.

McDonald (1989:37) lists the following as the structure and contents of a marketing plan:

- * the mission statement which indicates the limits of the business as well as the way in which business is conducted;
- * a financial summary which gives a graphic representation of the budgeted income and profit for the planning period;
- * An overview of the market, which will indicate:
 - * what the market is,
 - * whether the market is growing or declining,
 - * how the market splits up into segments,
 - * what happens within each trend.
- * An identification of the main segments and a summary of a SWOT-analysis which has been done for each segment:
 - * a summary of the external influences of each segment;
 - * the critical success factors for each segment;

- * a summary of the differential strengths and weaknesses of the enterprise, compared to those of its competitors;
- * a summary of the matters to be addressed during the planning period;
- * a summary of the SWOT analysis in the form of a portfolio matrix in order to point out relations between the main points of the business;
- * a summary of the assumptions on prevailing circumstances concerning the marketing plan;
- * objectives and strategies; and
- * a summary of resource requirements for the planning period in the form of a budget.

2.4.1 The importance of marketing planning

According to McDonald (1990:21) the quantity and complexity of external factors which influence a business are increasing rapidly. Factors such as changes with regard to market environment, competition and technology all influence the success achieved when trying to attain business objectives. Marketing planning compels management to focus on external factors which affect the business.

McDonald (1990:21) further distinguishes between a variety of objectives within an organisation. Maximising income, return on capital, profit, and minimising costs could be regarded as the four most typical business objectives. These objectives cannot be considered to be equally important in the various functions of the organisation. Depending on the different functions within which the respective managers in the organisation are active, each manager attaches various degrees of importance to the objectives mentioned.

In reality the best situation would be a compromise between a combination of objectives. By applying marketing planning as an aid, management and other role players in the organisation are obliged to reach a compromise in respect of the importance of functions and objectives. Marketing planning forces the various functions in the business to form a synergy supporting the mission and objectives of the business.

McDonald (1990:20) suggests that there is sufficient proof to indicate that formal marketing planning usually leads to greater profitability and stability in the long term. Shapiro, Dolan and Quelch (1985:402) maintain that a predefined marketing plan could be regarded as an important contributory factor in the success achieved by a large number of businesses.

Figure 2.3 represents the importance of a marketing plan for the various role players in the organisation.

FIGURE 2.3: THE IMPORTANCE OF A MARKETING PLAN FOR THE VARIOUS ROLE PLAYERS IN THE ORGANISATION

ROLE PLAYER IN THE ORGANISATION	USEFULNESS OF A MARKETING PLAN
Marketing Manager	To identify sources of competitive advantage To have an organised approach To develop specific roles within the business To build consistent relationships within the business
Seniors (Top Management)	To inform
Non-marketing functions	To obtain resources
Subordinates	To obtain support To obtain commitment To set goals and strategies

(Source : McDonald, MHB. 1990. **Marketing plans. How to prepare them, how to use them.** 2nd ed. Oxford : Heineman; p 20)

2.4.2 Marketing planning within strategic planning

Marketing plans differ from the strategic plans of a business in that the former focus more on the product market and on the development of marketing strategies and plans with the purpose of achieving product objectives in a specific market. The marketing plan is the central tool which gives direction and also co-ordinates the marketing effort (Kotler, 1988:65).

Lucas (1983:578) states that marketing planning should be integrated into the strategic business planning process.

Input from a marketing perspective is becoming increasingly important in the development of the mission, objectives and strategies of an enterprise. Lucas (1983:574) further observes that the marketing sphere of influence has been enlarged to such an extent that instead of having a traditional, functional, decision-making domain, marketing has been given a business dimension.

In view of the above, it is clear that marketing planning cannot be considered in isolation, separate from the strategic planning of the enterprise, but that the two concepts are interdependent.

2.4.3 Levels of marketing planning

Two management levels may be distinguished in a business enterprise, namely a strategic management level and a product/market management level. Strategic management is undertaken by top management and departmental management, usually for a period of three years and even longer.

Departmental and functional/operational management on the other hand undertake tactical short-term planning. On strategic management level marketing management undertakes strategic marketing planning and on product/market management level functional or operational marketing planning is done.

As a member of top management and departmental management, the marketing manager provides valuable input in respect of strategic business planning and the final business strategy. This input comprises an analysis of internal and external marketing opportunities and an evaluation of the enterprise's ability to utilise these opportunities.

In view of the above, it is obvious that a long-term dimension could be attached to a strategic marketing plan, while a short-term dimension could be attached to tactical marketing planning. The success and survival of the business therefore depend on the effectiveness of the marketing strategy while the effectiveness of the marketing tactics indicates the pace at which the business is moving in a particular direction. Figure 2.4 shows a matrix indicating the connection between effective and ineffective marketing strategies and tactics, respectively.

FIGURE 2.4 : THE RELATIONSHIP BETWEEN THE EFFECTIVENESS OF MARKETING STRATEGIES AND TACTICS

Marketing Tactics	Marketing Strategy	
	Ineffective	Effective
Effective	The business declines rapidly	The business flourishes
Ineffective	The business declines slowly	The business survives


(Source : McDonald, M.H.S. 1990. **Marketing plans. how to prepare them, how to use them.** 2nd edition. Oxford : Butterworth - Heineman; p 17)

Successful businesses include all management levels in their strategic marketing planning (McDonald, 1990:17). The strategic marketing plan has to be developed by all management levels. This type of approach ensures involvement, commitment and greater focus on the opportunities and threats prevalent in the external environment.

The strategic marketing plan, which is usually implemented for a period of three to five years, should be followed up by the development of a one-year tactical marketing plan.

2.5 THE MARKETING PLANNING PROCESS

There is a large variety of marketing planning models. The differences are usually based on the type of business and the competitive situation within which the business operates. There are however common ideas in all marketing plans. Three basic questions are usually dealt with, namely:

- 
- * Where is the business at present?
 - * Where does the business wish to go?
 - * How will the business get there? (Shapiro et al, 1985:394).

The planning model forces the marketing planner to visualise the desired future position of the product or service, with due consideration of the realities within the market environment. Furthermore, the planner is forced to follow a plan of action in order to ensure that the visualized situation does, in fact, materialise.

2.6 PITFALLS IN MARKETING PLANNING

The main reasons why marketing planning is not successfully implemented in businesses are now discussed by referring to McDonald (1990: 265-268).

For every pitfall mentioned, a principle for overcoming the problem is recommended.

2.6.1 Confusion between marketing strategy and tactics

It often happens that the one-year marketing plan of a business extrapolates into the long term. This type of approach to marketing planning is a rather shortsighted one resulting in insufficient emphasis being placed on critical evaluation of the external environment and the influence which it has on the future marketing opportunities of the business.

McDonald (1990: 265) suggests that the strategic marketing plan has to be developed initially for a planning period of between three and five years. Only after the strategic marketing plan has been developed, can the one-year tactical marketing plan be developed.



2.6.2 Isolating the marketing and operational function

The isolation of the marketing function is contrary to the pursuance of the marketing concept as a management philosophy. It has already been mentioned that an integrated marketing approach has to be followed and that all business activities and functions should be co-ordinated into a synergistic totality. Separating marketing planning from the operational function of a business is contrary to the concept of consumer-orientation. The purpose of marketing planning is to be as close to the client as possible.

The underlying principle is that the marketing function and the operational function should not be separated but rather integrated.

2.6.3 Confusion between marketing function and marketing concept

The marketing function and the marketing concept are very often confused with each other. If there is no agreement on the concept of marketing, endless confusion is created within the business.

Marketing comprises the application and utilisation of all business resources in order to achieve mutual client and business objectives, instead of following a range of functional activities. Marketing is often erroneously seen as sales promotion or communication.

The principle resulting from this dilemma is that a value system has to be developed and maintained in the business, concerning what is involved in marketing and the marketing concept.



2.6.4 Strict adherence to functional boundaries

Strategic business units are often not focused on the target market to be served, but rather on the specific function performed in the context of the business as a whole.

This type of approach results in a situation where business activities and resources are not optimally focused on the market.

The principle which crystallises from this problem is that marketing planning should be done for individual business units instead of for the business as a whole. Business units must be created around markets.

2.6.5 Superficial analysis of the environment

The marketing environment is sometimes not properly analysed on the basis of a structured marketing audit. This type of approach could result in a disregard for the impact of opportunities and threats on the business and in the self-destruction of the enterprise in the long term.

The principle underlying this problem is that the business is forced to tackle the marketing audit process in an effective manner. The following could serve as prerequisites for the effective implementation of the marketing audit:

- * Check lists have to be compiled according to the specific level in the business.
- * The components of the marketing audit have to be part of the formal management information system of the business.
- * The marketing audit must become a compulsory activity.
- * Managers must be compelled to use information resulting from the marketing audit.
- * The marketing audit should be employed as a tool by every manager in order to position the business strategically.

2.6.6 Confusion between procedure and output

Often, more emphasis is placed on the planning procedure than on the end result produced by it, and the consequential unsuccessful marketing planning.

The principle underlying this problem is that information should be summarised briefly and concisely in what is known as the SWOT analysis document.

Every segment considered to be crucial to the survival of the business should be put into focus.

The SWOT analysis should result from the marketing audit and should only focus on core aspects. Unrelated matters should be disregarded.

2.6.7 Lack of knowledge and skills

Marketing staff and other role players in the business need the following knowledge and skills:

- * A thorough understanding of marketing management, marketing planning and the whole concept of marketing.
- * Market segmentation and the use of aids such as Porter's or Ansoff's segmentation matrix.
- * The analysis of the product's life cycle.
- * Portfolio management.
- * How to combine price, product, promotion and place to create a consumer-oriented market presentation.

2.6.8 Lack of systematic marketing planning

Too often planning is considered to be a once-off exercise instead of a continuous process, with the result that the achievement of plans is not measured against actual objectives, and consequently the necessary adjustments are not made to the plan. The advantage of the planning process is that it creates a continuous learning process for management which benefits the whole organisation (Shapiro et al, 1985: 410).

It is therefore essential for marketing planning procedures to be set out clearly.

2.6.9 Negligence in prioritising marketing objectives

If marketing objectives are not prioritised, resources cannot be applied optimally and therefore the focus on the target market will not be strong enough.

The principle underlying this problem is that a system for prioritising objectives should be used for the purpose of focusing the marketing effort.

2.6.10 Hostility in the business culture

Marketing planning needs the support of the cultural leaders in the business to ensure its success. Some management levels and employees are critical of successful development and implementation of the marketing plan and are often left out of the planning process.

This type of situation usually leads to an incomplete plan being compiled, one in which all the role players are not fully committed to the successful implementation of the plan. The marketing plan is often regarded as something which is forced upon them by top management.

Consequently, the marketing plan merely becomes an annual ritual to keep top management happy and is not part and parcel of every employee's critical performance areas.

The marketing plan should be part and parcel of every employee's critical performance areas to avoid hostility in the business culture.

2.7 CONCLUSION

The aim of this chapter was to give a broad outline of the concept of marketing management and marketing planning as a part thereof. The marketing concept as an underlying fundamental principle in marketing management was highlighted.

It is obvious that the application of the concepts mentioned is an essential component of a successful business. The contents of the marketing plan and the process to be followed in order to create this type of plan were further highlighted. In the last part of this chapter mention was made of the main pitfalls in marketing planning which are encountered by businesses. Several principles were laid down to avoid these pitfalls.

In the next chapter the marketing planning process of McDonald is discussed.



CHAPTER 3

MCDONALD'S MARKETING PLANNING MODEL

3.1 INTRODUCTION

The marketing plan performs an essential implementation and control role, indicating what the strategic actions are expected to accomplish and how they are to be accomplished.

Marketing plans vary widely among organisations in scope and detail. Nevertheless, all plans should be based on analysis of the product-market and segments, industry and competitive structure, and competitive advantage (Cravens, 1994 : 107).

Plans are developed, implemented, evaluated and adjusted to keep the marketing strategy on target. Since the strategy typically spans beyond one year, implementation is aided by developing an annual plan to manage short-term marketing activities. Planning is really a series of annual plans guided by the marketing strategy (Cravens, 1994 : 107).

McDonald's marketing planning model corresponds to a large extent with various other marketing planning models, and is used as the basic point of departure for this technical report. This planning model is widely accepted in the marketing field, is logically structured and serves as a good guideline for marketing planning.

The model can be divided into three phases, namely:

- * Analysis of the existing situation:
 - * business objectives,

- * marketing audit,
 - * SWOT analysis, and
 - * assumptions regarding the existing situation.
- * Setting of objectives:
- * marketing objectives and strategy, and
 - * forecast of expected results.
- * Plans of action
- * identification of alternative plans and marketing mixes,
 - * compilation of programmes, and
 - * measurement of success and adjustment (McDonalds, 1990:17).

The end result of the marketing plan is a written document which, on completion, should include the following:

- * mission of the enterprise;
- * financial summary;
- * market review;
- * SWOT analysis;
- * assumptions;
- * marketing objectives and strategies;
- * programmes (with forecasts and budgets) (McDonalds, 1990:19).

The marketing plan should be an aid towards effective management within the organisation and not a substitute for it (McDonald, 1990 : 35). The purpose of this chapter is to discuss in broad terms the various steps followed in McDonalds marketing planning process.

In the discussion that follows, attention is given to the following aspects :

- business objectives,
- marketing audit,
- SWOT - analysis,
- marketing objectives and strategies, and
- measurement and review.

3.2 BUSINESS OBJECTIVES

The business objectives form part of the marketing environment. These objectives are guidelines laid down by top management for planning, implementing and controlling the strategies of the enterprise. Objectives are used to describe the mission of the enterprise in greater detail. The primary business objectives are maximising profitability over the long term, while secondary objectives are defined in accordance with the image of the undertaking, its growth, income and dividends.

The business objectives determine the broad framework in which marketing planning should take place (Lucas, 1983:29). Formal objectives provide the decision-making criteria which direct business units and employees to specific levels of performance. To be meaningful, the business objectives should be clear and measurable (Walker et al, 1992:42).

The business objective that enjoys general acceptance is the maximising of ownership interest. Various parties lay claim to this objective. As already mentioned, the owners lay claim to maximising the return on capital that was invested to make the return possible.

From the consumer's point of view, the objective is low prices, value and the impact of the product on the environment. To a certain extent this objective can be seen as being in conflict with the former.

It is clear from the divergent nature of business objectives that management should find a balance between the objectives of the various role players. These business objectives are also central to the formulation of the marketing objectives (Walker et al, 1992:44). They further state that management should guard against the detrimental effect of short-term profits at the expense of a beneficial long-term relationship with the client. It is possible for the enterprise to have an acceptable rate of return on capital in the long term and still maintain a positive relationship with the client.

3.3 MARKETING AUDIT



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A marketing audit is a systematic, critical and objective review and evaluation of the marketing environment. Information is gathered and analysed in a structured manner and is regarded as an essential element of problem solving (McDonald, 1990:22). The end result of the audit is an objective reply to the question: "Where do we stand now?" The audit is descriptive rather than normative (Shapiro et al, 1985:395).

The marketing audit deals with two types of variables, namely variables over which the enterprise has no control and those where there is a measure of control.

Environmental variables or external factors usually fall in the category where there is little or no control, while a greater extent of control can be exercised over internal factors and variables (Shapiro, 1985:395).

The external audit investigates the business and economic environment, the market in general and competitors, as shown in Figure 3.1.

FIGURE 3.1 : LIST OF EXTERNAL FACTORS TO BE INVESTIGATED

FACTOR	DESCRIPTION AND EXAMPLES
Business and economic environment	Economic, political, fiscal, legal, social, cultural, and technological.
Market	Total market, market size, market growth and trends, market characteristics. Development and trends in respect of products, prices, distribution channels, clients and consumers, communication and operational practices.
Competition	Most important competition, size, market share, market reputation, production capacity, distribution policy, marketing methods, degree of diversification, personnel matters, international contacts, profitability, key strengths and weaknesses.

(Source : McDonald, M.H.B. 1990. **Marketing plans: How to prepare them, how to use them.** 2nd Edition. Oxford : Butterworth - Heinemann; p 23).

The internal audit is used to investigate and analyse marketing operational variables such as marketing procedures and organisation, as shown in Figure 3.2.

FIGURE 3.2 : LIST OF INTERNAL FACTORS TO BE INVESTIGATED

FACTOR	DESCRIPTIONS AND EXAMPLES
Marketing operational variables	Own enterprise, sales (total, per geographical area, per type of industry, per client, per product), market share, profit margins, marketing procedures, marketing organisation, marketing information/research, market presentation variables such as product management, price, distribution, promotion, and so forth.

(Source : McDonald, M.H.B. 1990. **Marketing plans: How to prepare them, how to use them.** 2nd Edition. Oxford : Butterworth - Heineman; p 24).

McDonald (1990:26) suggests that the marketing audit should be undertaken at least once a year. The introduction of a process whereby important factors is analysed can only be to the undertaking's advantage. It should also be mentioned that greater objectivity is gained if the audit is undertaken by external consultants. However, over the long term this can become an expensive exercise.



The results of the marketing audit are used as input for the SWOT analysis to be discussed in the next section.

3.4 SWOT ANALYSIS

The expression SWOT is the name given to the process whereby the internal Strengths and Weaknesses of the enterprise are placed in context with Opportunities and Threats arising from the external environment. The internal strengths and weaknesses should be compared to those of competitors, and vice versa. The most important reasons for good and poor performances are indicated in the summary portion of the SWOT analysis.

A SWOT analysis should be undertaken for every segment or product crucial to the continued existence of the enterprise. Each point listed in a SWOT analysis should be queried to find out what it really means.

Furthermore, it is important that the end product of the SWOT analysis should consist of a brief and concise statement of the main reasons for good and poor performance.

Only relevant and important data should be discussed. The emphasis should be placed on creative analysis (McDonald, 1990:28).

3.5 ASSUMPTIONS

After completing the SWOT analysis, certain assumptions are made. In any undertaking there are certain main determinants of success for which assumptions have to be made before proceeding with the planning process.

Certain assumptions have to be made about trends in the market as they are influenced by the uncontrollable variables in the external environment. Assumptions are made in order to standardise the planning environment. Two product managers in the same industry could then, for example, make the same assumptions on market trends.

If it is possible to prepare the marketing plan without assumptions, this step can be omitted. If not, as few assumptions as possible should be made.

3.6 MARKETING OBJECTIVES AND STRATEGIES

The next step in the marketing planning process is the writing down of marketing objectives and strategies.

An objective is what is to be attained, while strategy is the plan employed to attain the objective.

Marketing objectives flow from the SWOT analysis and should be compatible with the important questions identified in the analysis.

Marketing objectives only deal with products and markets. One or more of the following subjects are usually addressed:

- * existing products for existing markets;
- * new products for existing markets;
- * existing products for new markets; and/or
- * new products for new markets (McDonald, 1990:33).

Objectives that are not measurable can not be regarded as objectives. General expressions such as maximise, minimise, penetrate and enlarge should be avoided. Priority should also be assigned to objectives.

Marketing strategies are usually concerned with the “four P’s” of marketing, namely price, promotion, product and place. These “four P’s” are mixed harmoniously into a presentation to a particular target market. The choice of a target market is also an important component of the marketing strategy. The most important decision to be taken by any organisation is which market to serve with which products. The choice of a target market means that a commitment is made to certain clients, specific skills and technologies, and a particular competitive environment (Shapiro et al, 1985:625).

For a mature market, special strategies are to be defined as a whole new range of threats and opportunities arise.

Two important sets of strategies are necessary according to Walker et al.(1992:304):

- * develop a well-implemented business strategy to retain a competitive edge, and
- * develop a flexible and creative marketing programme so that any growth or business opportunity can be seized.

3.7 ESTIMATED RESULTS

After the objectives and the strategy have been clearly set out, they should be tested with regard to feasibility in terms of available resources, market share, sales, costs, profit, and so forth (McDonald, 1990:36).

Sound judgement, experience, field tests, and so forth, should be employed to measure the viability of the objectives and strategies. Depending on the viability, alternative plans will have to be drawn up.



3.8 IDENTIFICATION OF ALTERNATIVE PLANS

Alternative plans should be prepared and analysed with regard to profit/cost analyses until an acceptable strategy is found. McDonald (1990:34) indicates that the setting of objectives and the development of alternative strategies make up an interactive process that continues until the expected result is in synergy with business objectives and strategies.

3.9 PROGRAMMES

Strategies are broken down into specific subordinate objectives and tactical plans.

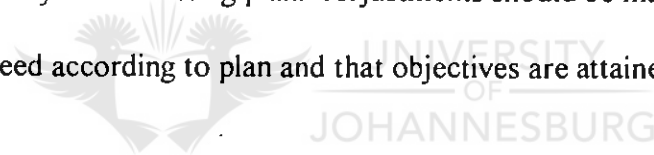
The detailed programmes appear only in the one-year operational marketing plan. Periods and responsibilities are linked to the activities of the tactical plans. Cost elements are reviewed until a budget is established.

For the three-year strategic marketing plan only the budgets of the agreed programmes are needed.

The dimensions for defining these programmes depend on the organisational structure. These can be compiled functionally, per product, per geographical area, or per client.

3.10 MEASUREMENT AND REVIEW

The implementation and results of marketing activity should constantly be tested against the actions as proposed by the marketing plan. Adjustments should be made continually to ensure that activities proceed according to plan and that objectives are attained.



3.11 CONCLUSIONS

The marketing plan should be an aid to effective management within the organisation, not a substitute for it. Its purpose is to consolidate that which the enterprise wishes to achieve and not what every functional department wishes to achieve.

In this chapter McDonald's steps for the marketing planning process have been discussed in broad terms. This process corresponds to a large extent with other marketing planning processes suggested in the literature.

However, no proposed process can be followed indiscriminately because the environment and circumstances of every organisation are unique.

The planning process is therefore used as basic guideline for compiling the marketing plan of Rand Airport.



CHAPTER 4

DRAFT MARKETING PLAN FOR RAND AIRPORT

4.1 INTRODUCTION

The importance of marketing management, the adoption of the marketing concept as management philosophy and marketing planning in support of the organisation have been discussed in the preceeding chapters. McDonald's marketing planning model has also been discussed. A draft marketing plan, based on the model of McDonald, for the Rand Airport are suggested in this chapter.

The draft marketing plan is presented under the following headings:

- * organisation objectives,
- * the marketing audit,
- * assumptions,
- * marketing objectives and strategies,
- * expected results,
- * identification of alternative plans,
- * programmes, and
- * measurement and review.



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4.2 ORGANISATION OBJECTIVES

4.2.1 Mission

During a strategic planning session held during November 1991, the top management of Rand Airport agreed on the following mission:

"To provide a safe, attractive and efficient air transport infrastructure for the benefit of our clients and the growth and prosperity of the Region" (Rand Airport, 1992:1).

This mission is in agreement with the broader vision of the Johannesburg Metropolitan Council under whose authority the airport falls, to create a new metropolis which will be a major city and a focal growth point of Africa.

4.2.2 Values

During the initial strategic planning session it was agreed that the following values be supportive towards the mission:

- * trust,
- * inter-dependancy,
- * mutual support,
- * mutual respect,
- * fearlessness,
- * transparency,
- * uniform behaviour,
- * honesty,
- * fairness,
- * commitment towards the achievement of objectives,
- * synergy, and



- * long term vision (Rand Airport, 1995:1-2).

Top management admits that the achievement of acceptable and measurable results, as well as the future of Rand Airport, is dependant on the quality of human relations, both within and outside the organisation.

Top management is committed to the abovementioned values system and endeavour to create a climate which will enable every employee to realise these values.

4.2.3 Strategic objectives

The following strategic objectives were defined at the initial strategic management session:

- * To optimise the development and use of the Rand Airport and it's environs.
- * To maximise return on land.
- * To offer rewarding development opportunities to the private sector.
- * To adopt a sound business approach towards assets.
- * To attract tourism and industry to the most important metropolitan area in South Africa.
- * To provide an attractive gateway to the area.
- * To maximise the utilisation of Airport facilities.
- * To develop a flexible, self-sufficient regional airport, catering for present and future demands.
- * To optimise unique urban exposure, views and vistas.
- * To optimise land use : aviation, office, industrial, hotel facilities, service industry - land use.

- * To adopt a sensitive approach towards the environment.
- * To play an active role in the planning, coordinating and integration of the metropolis.
- * To development and maintain cost-effective financial management systems.
- * To optimise the utilisation and development of all resources.
- * To actively determine the needs of the market, and to address the needs timeously and appropriately by continually staying in touch with the market.
- * To actively implement and maintain safety standards.
- * To develop and improve public perception of Rand Airport's services.
- * To rationalise existing organisation strategies, structures and systems.
- * To develop and implement suitable human resource systems in order to create an environment that contribute to the optimal achievement of staff

(Rand Airport, 1995:3).



The achievement of the abovementioned objectives will, according to management of Rand Airport, ensure that the business environment is efficient, effective and customer friendly and will address the needs of the market. These objectives form the basis for the execution of the marketing audit. It can be clearly seen from the aforementioned objectives that emphasis is placed on the internal functioning of Rand Airport. This is as a result of the reorganisation of Rand Airport.

4.3 THE MARKETING AUDIT

The execution of the marketing audit is an attempt to systematically and critically review the Rand Airport's operational variables and environment, with due allowance for the objectives

already covered.

The marketing audit is executed on the basis of the following categories :

- * external environment,
- * air transport market analysis, and
- * analysis of Rand Airport and environs.

4.3.1 External environment

In the ensuing sections the uncontrollable variables within the macro environment are explained.

4.3.1.1 Economic variables



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Economic trends (Rand Airport, 1995:7) indicate an increase in unemployment and the rapid development of the informal sector.

It is furthermore possible that the government will prioritise government expenditure which could be to the deficit of the transport industry. It is therefore important for decision makers of local authorities as well as national government to promote and market the role of air transportation as a means to create wealth.

Current and expected economical trends are as follows (Rand Airport, 1995:11):

- * The regional area/block developments,
- * international aid to Africa linked to economic/political reform,

- * development of a South African development region,
- * poverty in South Africa continues,
- * an increase in unemployment is anticipated,
- * the low growth rate continues,
- * an increase in the number of small businesses,
- * an increase in the informal sector,
- * an increase in the linkage between formal and informal sectors,
- * white business will begin to trade in black areas,
- * the restructuring of the South African economy will continue (eg VAT etc),
- * an increase in the number of black small-scale farmers,
- * foreign investment in South Africa will lead to foreign competition,
- * economic strategy to create jobs through export-led growth,
- * there will be an increase in foreign trade,
- * there will be an increased sensitivity of the South African economy to the world economy (ie instantaneous rather than the two year lag that has occurred in the past),
- * the Industrialisation Policy will be reviewed,
- * the redistribution of wealth will become a major issue (this is linked to the whole question of economic restructuring and will become highly politicised),
- * there will be a debate regarding decreased productivity vs increased wage demands,
and
- * there will be a move towards effective use of South Africa's asset base.

4.3.1.2 Social variables

A change in the demographics of a growing population will have a great influence on Rand Airport as well as on the future target market that must be serviced. An increase in the young black population and a white population that increase in age will change the composition of the future market.

Consumers at grass-root level will increasingly seek involvement in the decision making process, consultation and policy formation of Rand Airport

(Rand Airport, 1995 : 6):

The broad social trends expected are as follows :

- * there will be increased urbanisation,
- * there will be an increasingly youthful black population and an aging white population,
- * the effects of the black education crisis will remain (even though there is an increased initiative to develop strategies to rectify the situation),
- * there will be an increase in squatter developments, and a move towards vertical squatting (eg Hillbrow),
- * there will be an increase in the actual number of home-owners,
- * there will be increased "forced" integration between races (particularly at the work face with the removal of racial legislation) but at the same time the emergence of a polarised society based upon social groupings,
- * there will be increased health care costs,
- * Aids will continue to increase in both South Africa and Africa as a whole,
- * Aids will become a major Industrial Relations issue,
- * there will be increased unemployment, and

- * there will be increased grass-roots involvement and consultation in all spheres of decision making.

4.3.1.3 Political variables

From a political point of view the reality of an increasing democratisation of the decision making process will be seen. With the devolution of power to a lower level of government it will become more important for Rand Airport to influence new decision makers regarding the important role and function of Aviation within the region.

The expected political trends are as follows (Rand Airport, 1995:6) :

- * a move from apartheid dismantling to nation building,
- * the formation of political alliances,
- * mass action of the ANC continues,
- * continued violence,
- * normalising of international relations,
- * the development of a right-wing force/influence/reaction,
- * movements in the department of transport (ie a restructuring in the department - political appointments), and
- * devolution of power to regional authorities.

4.3.1.4 Technological variables

Should Rand Airport adopt the marketing concept, the computerisation of operational management systems could be applied as the most effective resource.

Intermodal coordination, planning, operation and cooperation at regional level could be applied to the advantage of Rand Airport.

The following aspects are of importance :

- * computerisation of tariff systems; and
- * integration of tariff structures.

4.3.2 Air transport market analysis

This section firstly address airport classification, whereafter the broader market are explored.

Finally, a comparison between the various airports in terms of aircraft traffic and passenger movements are made.



4.3.2.1 Airport infrastructure

The purpose of this section is to suggest the possible future role that Rand Airport could play from an infrastructure and air operations point of view. An introduction to the International Civil Aviation Organization's (ICAO) classification system for airports are provided first, followed by a report on the present infrastructure and a discussion of possible improvements.

4.3.2.1.1 Airport classification

ICAO categorizes every aircraft according to the length of runway required for the operation of the aircraft (code number 1 to 4) and according to the physical dimensions of the aircraft, namely the wingspan and the outer main gear wheel track (code letter A to E).

Similarly, every airport could be categorized according to the physical characteristics of its runway and taxiway system. Should the airport be serving certain types of aircraft (i.e. design aircraft), ICAO recommends minimum dimensions for the runways, taxiways, runway strip and longitudinal slopes as well as sight distances for each category corresponding to the design aircraft category. The size and slopes of obstacle limitation surfaces associated with each runway category are also recommended by ICAO and differ considerably. Furthermore the presence of navigational aids on the airport influences the above-mentioned dimensions and categorises the runways as non-instrument, non-precision instrument or precision instrument.

The take-off and landing performance of aircraft depends on altitude and air temperature. The aeroplane reference field length used by ICAO for aircraft categorization is the minimum field length required for take-off at maximum certified take-off mass, sea level, standard atmospheric conditions, still air and zero runway slope (Lexetran, 1993 : 3-6).

The aircraft or aerodrome reference code as categorized by ICAO is shown in the table below.

TABLE 4.1 : ICAO REFERENCE CODE CATEGORIZATION

CODE NUMBER	AEROPLANE REFERENCE FIELD LENGTH	CODE LETTER	WING SPAN	OUTER MAIN GEAR WHEEL SPAN
1	Less than 800 m	A	Up to but not including 15 m	Up to but not including 4.5 m
2	800 m up to but not including 1 200 m	B	15 m up to but not including 24 m	4.5 m up to but not including 6 m
3	1 200 m up to but not including 1 800 m	C	24 m up to but not including 36 m	6 m up to but not including 9 m
4	1 800 m and more	D	36 m up to but not including 52 m	9 m up to but not including 14 m
		E	52 m up to but not including 65 m	9 m up to but not including 14 m

(Source : Lexetran : 1993. **Report on the development potential of Rand Airport.** Johannesburg. [Internal policy document : open to inspection at the General Manager]. [Unpublished].)

In terms of Table 4.1 above, Rand Airport has been categorized by the ICAO reference grid to carry code number 3 aircraft, whilst the aerodrome reference code letter is C.

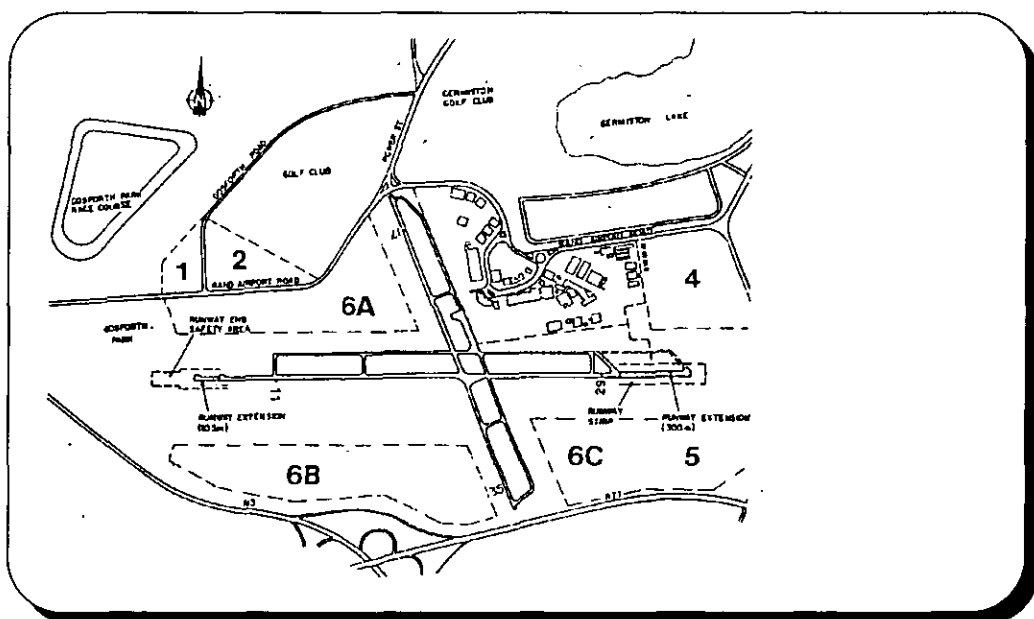
4.3.2.1.2 Report on current infrastructure

In this section, information is provided on the infrastructure and operation of aircraft at Rand Airport.

(i) **Airspace and navigational aspects**

Rand Airport can be conveniently reached from a large portion of Johannesburg and the East Rand but its proximity to these developed and industrialized areas has the drawback that the airport falls within one of the busiest airspace areas in South Africa. The layout of Rand Airport is shown in Figure 4.1.

FIGURE 4.1 LAYOUT AND RUNWAY EXTENSIONS AT RAND AIRPORT



The instrument approach procedure towards runway 03L Johannesburg International Airport is located approximately 4,51 kilometres to the east of threshold 29 on Rand Airport.

Movements towards threshold 29 (the easterly threshold), or departures in the 11 direction (eastwards), are affected and therefore discouraged. The included figure show the layout of the airport, and the runway designations that will be used.

The present approach procedure leads to runway 35 (approximately north), which is shorter than runway 11-29 and is not favoured by pilots for various reasons.

The approach procedure is based on VOR/DME instrumentation, giving guidance to pilots regarding both direction and distance to the airport. This is a cloud-break procedure, giving guidance to 500 feet above aerodrome elevation where visual flight conditions must prevail in order to proceed with the landing (Lexetran, 1993 : 4-6).

The aerodrome elevation of 1 668 metres above mean sea level (AMSL) compares with that of Johannesburg International Airport, but other airports such as Vereeniging (1 480 m AMSL) and Lanseria (1 380 m AMSL) provide better performance conditions for aircraft owing to their lower elevation.

The approach and take-off surfaces at the threshold (or displaced thresholds) provide for clearance of obstacles in the area if the current classification of the runways is considered.

The high masts (approach to 35) and mine-shaft, power-line and mine dumps (take-off towards the north), although not penetrating these surfaces, give pilots uneasy perceptions.


Although offering good navigational facilities, the airport is rather restricted in its air-space utilization and free choice of runways. This fact has to be accepted as an inherent characteristic of the airport that needs careful consideration in any future planning.

(ii) Runway system

The runway system comprises two runways. Runway 11-29 (approximately east-west) is 1 714 metres long and 15 metres wide. The threshold of runway 29 is displaced by 68 metres. Runway 17-35 (approximately north-south) is 1 494 metres long and 15 metres wide.

The threshold of runway 17 is displaced by 164 metres and the threshold of runway 35 by 107 metres (Lexetran, 1993 : 7).

The declared distances can be calculated as:



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Runway 11 :	TORA 1 646 m	(Take-off run available)
	TODA 1 714 m	(Take-off distance available)
	LDA 1 714 m	(Landing distance available)
	ASDA 1 714 m	(Accelerate stop distance available)
Runway 29 :	TORA 1 714 m	
	TODA 1 714 m	
	LDA 1 646 m	
	ASDA 1 714 m	
Runway 17 :	TORA 1 714 m	
	TODA 1 494 m	
	LDA 1 330 m	
	ASDA 1 494 m	
Runway 35 :	TORA 1 330 m	
	TODA 1 494 m	
	LDA 1 387 m	

Short take-off and landing (STOL) aircraft could also operate on the existing runway length, but other aircraft would not be able to do so. For example the DASH 7 is too large (50 seats, wing span of 28,34 metres, main wheel track width 7,96 metres) to operate on the 15 metres wide runway and 8 metres wide taxiway.

(iii) Aircraft parking

To date, there have been no serious problems with aircraft parking on the apron and available grassed areas. It is estimated \pm 70 stands could be provided for the present type of aircraft if the existing terminal apron and grassed areas are utilized (apron areas at the hangars excluded). This aspect is therefore not considered to be restrictive in any way.

4.3.2.1.3 Limitations for future improvements

There are a number of limitations for future developments at Rand Airport that must be considered by management. These are discussed in the ensuing sections.

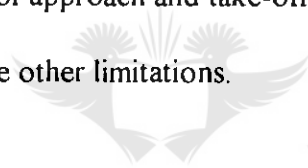
(i) Runway system

The only runway that could be lengthened is runway 11-29 (east-west runway). The second runway, 17-35 (north-south) stretches across the total available airport property, and could therefore not be lengthened.

Runway 11-29 at threshold 11 can be lengthened by only 105 metres with the provision of a 120 metres long safety area at the runway end. This extension would require about 150 000 cubic metres of fill.

Lengthening at threshold 29 is possible by 300 metres but this extension could only be used as a part of the take-off distance in direction 29. The existing position of threshold 29 should be maintained owing to the approach procedures to this runway. Such a lengthening together with the lengthening at threshold 11 will provide a runway reference length close to 1 300 metres which will make provision for the operation of larger aircraft with increased seating capacity, for example HS 748 (40 seats), Fokker 50 (50 seats), ATR 42 (42 seats) or BAE 146-100 (82 seats) (Lexetran, 1993 : 11-12).

It is, however, imperative that if the airport is upgraded to this standard, the runway be widened to at least 23 metres but preferably 30 metres, and the taxiway to at least 10,5 metres but preferably 15 metres. It should also be noted that increasing the runway category to code number 3 (1 200 m to 1 800 m reference length) will decrease the slopes of approach and take-off climb obstacle limitation surfaces which could in turn impose other limitations.



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(ii) Airspace and navigational aspects

Improvements to the airspace utilization and navigational aids, although theoretically possible, do not seem to hold much promise. On the one hand, the reality of the approaches (and sometimes departures) at Johannesburg International, to a large extent precludes improvement in the eastern sector of the airspace at the airport.

On the other hand, little improvement is possible in the approach procedure towards runway 35. The installation of an ILS (Instrumental Landing System), if physically possible, would only marginally improve on the altitude related to Visual Flight Rules (VFR) conditions. The cost of such an installation is out of proportion to the benefits that could be derived from it.

The prescribed slopes of approach and take-off surfaces vary according to classification of the runway and the approach procedure that is in place.

Any improvement to the present approach procedure would necessitate lowering the present slope of 5 percent to 3,3 percent. If the present windshear conditions experienced on approach and the lighting pole masts are considered, this is not advisable (Lexetran, 1993 :12).

(iii) Ultimate role

The airport could be upgraded to approximately twice the present rate of utilization if developed in an orderly and planned fashion. The question really revolves around the possibility of upgrading the airport to handle larger aircraft types, thereby moving into the field of scheduled services with corresponding demands for apron space and terminal facilities.



An analysis of limitations on improvements indicated that the runway system could be upgraded to cater for smaller commuter aircraft as far as take-offs are concerned.

Landing distance remains a problem, however, and careful consideration will have to be given to aircraft performance in considering the services to be provided. The airport infrastructure will therefore restrict some operators.

If demand warrants providing for the more expensive STOL (short take-off and landing) aircraft operators, the facilities could offer acceptable standards. The concurrent improvement and marketing of helicopter facilities are other prospects that hold promise, should the demand materialize (Lexetran, 1993: 13).

4.3.2.2 Historical and present operational data

The purpose of this section is to present current and historical data on operations at Rand Airport and the comparable airports in the Republic of South Africa. Air traffic movements (ATMs), which are a reflection of aeronautical activity at an airport, as well as passengers (PAX) passing through the airports, are discussed.

All data contained herein have either been obtained from the Department of Transport (DOT), or from Rand Airport itself when not available from these reports. The period covered is the last financial year of the central government, that is April 1996 up to the end of July 1997. Comparisons are made, firstly, between Rand Airport in general and all other airports in the country (state and regional) and secondly, only between airports in the vicinity of the Gauteng area. As a conclusion to this section, trends in both air traffic and passenger movements for the last ten years are discussed for the airports in the Gauteng area.

4.3.2.2.1 Rand Airport versus other comparable airports in South Africa

Table 4.2 presents figures for annual current ATMs and passengers at comparable airports throughout South Africa, including Rand Airport.

TABLE 4.2 : TOTAL ATMs AND PAX FOR ALL MAIN SOUTH AFRICAN AIRPORTS (1996-1997)

AIRPORTS (RSA)	ATMs	% OF TOTAL	PAX	% OF TOTAL
Rand Airport	88 234	15.8	59 831	0.5
Johannesburg International	80 824	14.4	6 093 684	49.1
Louis Botha (Durban)	35 767	6.4	1 860 032	15
DF Malan (Cape Town)	53 155	9.5	2 474 706	19.9
JBM Hertzog (Bloemfontein)	31 433	5.6	200 354	1.6
Ben Schoeman (East London)	17 615	3.1	316 764	2.6
BJ Vorster (Kimberley)	8 448	1.5	84 739	0.7
HF Verwoerd (Port Elizabeth)	37 676	6.7	675 700	5.4
Pierre van Rynveld (Upington)	6 260	1.1	27 653	0.2
PW Botha (George)	20 828	3.7	289 890	2.3
Wonderboom (Pretoria)	60 594	10.8	63 786	0.5
Welkom	6 637	1.2	23 967	0.2
Phalaborwa	4 847	0.9	8 235	0.1
Alexander Bay	3 460	0.6	31 721	0.3
Lanseria	85 959	15.5	186 596	1.5
Grand Central	17 910	3.2	10 848	0.1
TOTAL	559 647	100	12 408 506	100

(Source : Lexetran. 1993. **Report on the development potential of Rand Airport.** Johannesburg. [Internal policy document : open to inspection at the General Manager]. [Unpublished].)

From this table the importance of Rand Airport in terms of aircraft movements in the country is clear.

It had the highest number of air traffic movements in the country in the past year. It is also important to note that 58 percent of all air traffic movement occurs in Gauteng.

In terms of passenger movements, Rand Airport is comparatively rather insignificant. This can be directly attributed to the fact that the scheduled passenger market is concentrated on the Johannesburg-Durban-Cape Town triangle, accounting for 84 percent of all passengers at the airports shown in the table. Also, there is a clear distinction between airports that are part of the scheduled passenger market and the rest of the airports which depend mostly on commercial and general aviation.

4.3.2.2 Rand Airport versus main airports in the Gauteng area

The purpose of this section is to present Rand Airport in the context of the Gauteng area, with specific reference to the other main airports in the region, that can be considered its main competition in terms of market share.

Table 4.3 presents comparable ATM and passenger figures for the five main airports in the region for the 1995/1996 financial year.

TABLE 4.3 : TOTAL ATMs AND PAX FOR AIRPORTS IN THE GAUTENG AREA (1995-1996)

AIRPORTS	ATMs	% OF TOTAL	PAX	% OF TOTAL
Rand Airport	88 234	26,5	59 831	0,9
Johannesburg International	80 824	24,2	6 093 684	95,0
Wonderboom	60 594	18,2	63 786	1,0
Lanseria	85 959	25,7	186 596	2,9
Grand Central	17 910	5,4	10 848	0,2
TOTAL	333 521	100	6 414 745	100

(Source : Lexetran.1993. **Report on the development potential of Rand Airport.** Johannesburg. [Internal policy document : open to inspection at the General Manager]. [Unpublished].)

From the figure it can be seen that Rand Airport accounted for 27 percent of the total ATMs generated in the area in this period. In comparison ATMs were substantially more than at Wonderboom and Grand Central with only Johannesburg International and Lanseria offering any significant competition. Owing to the large number of scheduled passenger flights, both local and international, Johannesburg International dominates passenger movements. Rand Airport accounts for 0,9 percent of passenger movements generated in the Gauteng area.

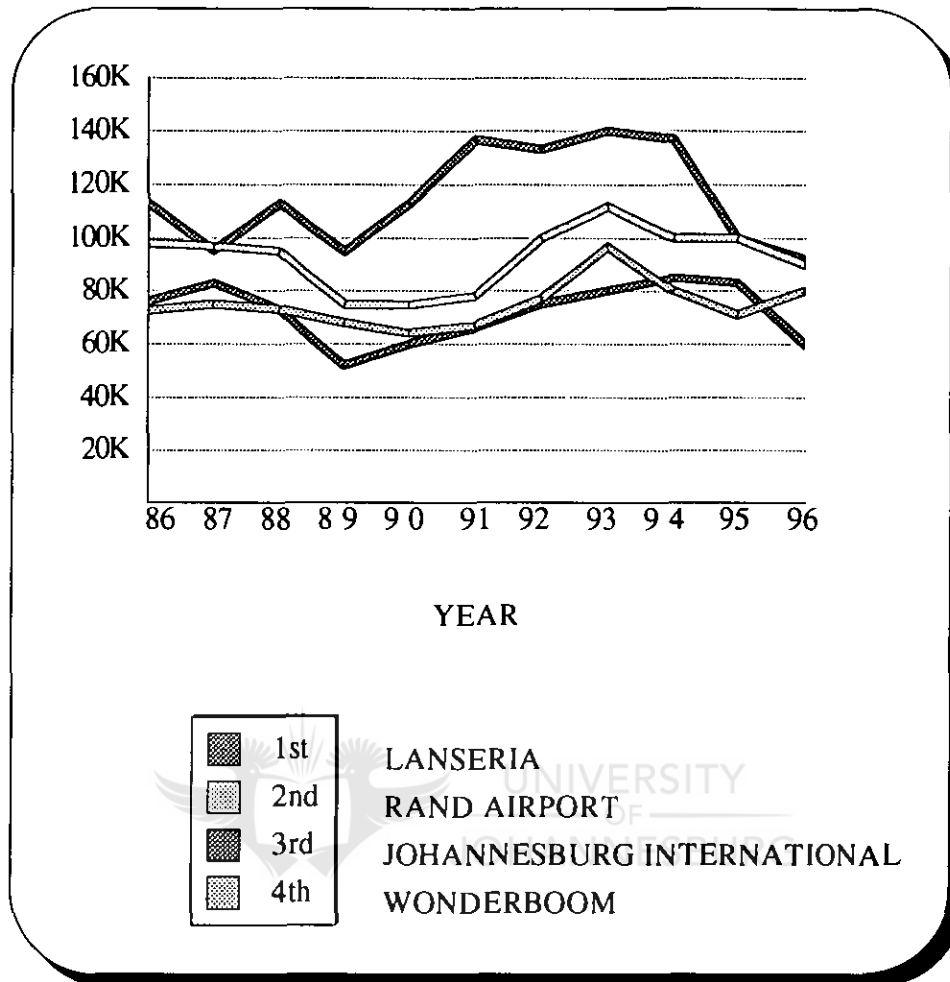
4.3.2.2.3 Trends in both ATMs and PAX at airports in Gauteng area over the last ten years

In this section, ATMs and passenger figures for the main airports in the Gauteng area are presented over a ten year period to identify regional trends in the air transport market.

Figure 4.2 presents ATM figures for the previous ten years.



FIGURE 4.2 : HISTORIC AIR TRAFFIC MOVEMENTS AT GAUTENG AIRPORTS



Of the airports with a higher share of ATMs, all except Johannesburg International have shown a steady decrease in activity in recent years. The increase in movements at Johannesburg International can be attributed to the increase in scheduled passenger demand as a result of deregulation of the international and domestic air transport sector five years ago, and the removal of sanctions pertaining to air traffic to and from South Africa. It must be noted that the decline in Rand Airport's figures is not as severe as that of Lanseria.

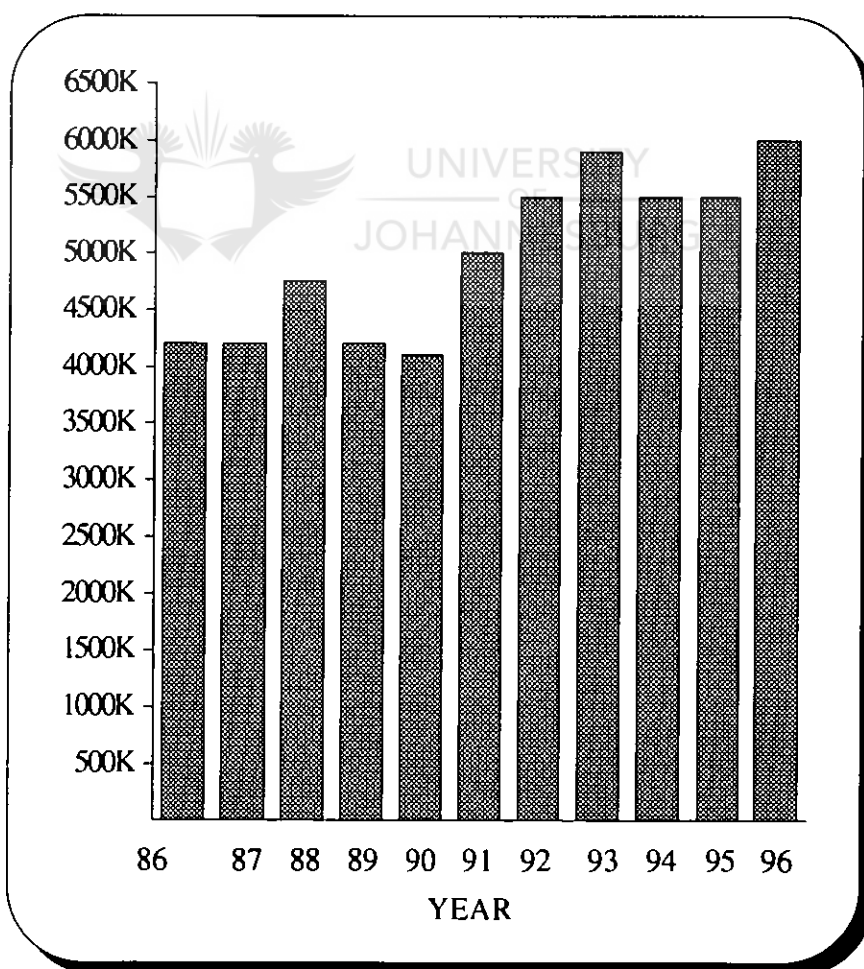
Grand Central has shown a steady increase in air traffic but this airport currently accounts for a very small share of the regional market.

4.3.2.2.4 Passenger movements

Figure 4.3 presents historical passenger movements at the five regional airports in Gauteng over the past ten years.

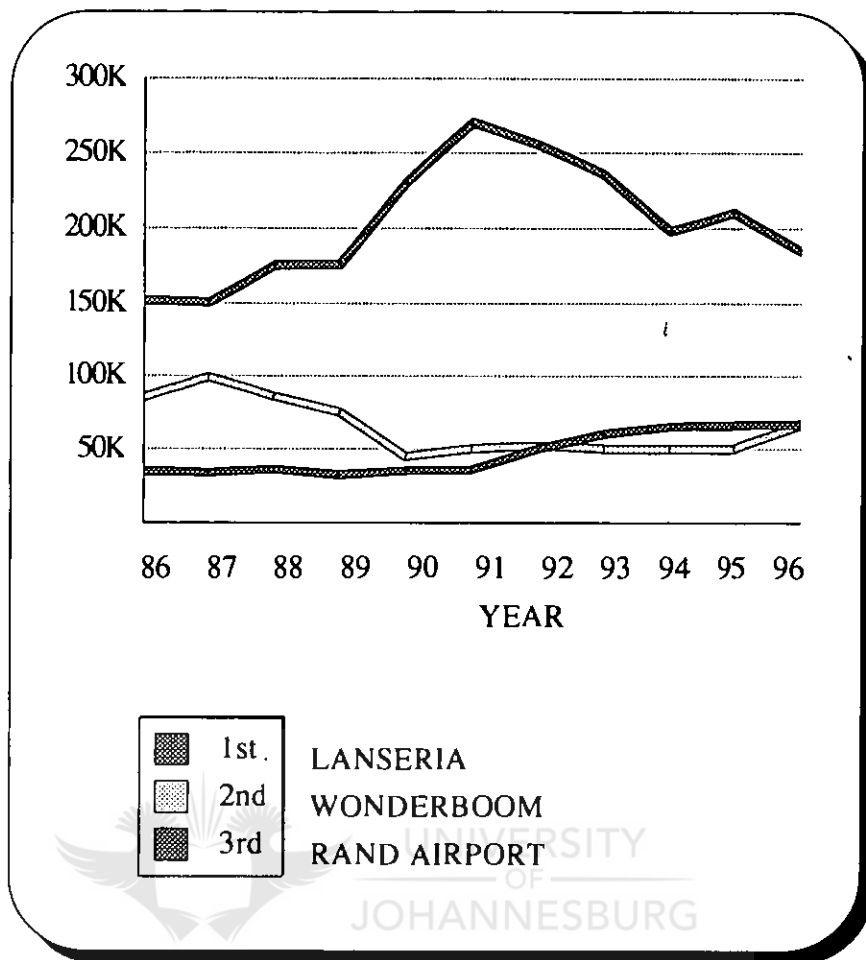
FIGURE 4.3 : HISTORIC PASSENGER MOVEMENTS AT GAUTENG AIRPORTS

(A) JOHANNESBURG INTERNATIONAL AIRPORT *



* Shown separately because of the vast difference in passenger movements compared to other airports

(B) OTHER MAIN AIRPORTS



The following is evident from the graph :

- * Johannesburg International has shown a steady increase in passengers over the past few years. The dominance of this airport as the main international and domestic air passenger transport hub in the region, and in South Africa for that matter, is underscored by these statistics. Again, this steadily increasing tendency is a result of deregulation and the lifting of sanctions on air travel.
- * Rand Airport has shown a slight increase in passengers with both Wonderboom and Lanseria showing declines.

4.3.2.3 Tariffs

The purpose of this section is to review the present tariff structures and levels that are in place at Rand Airport. These tariffs can be classified as aeronautical and non-aeronautical tariffs.

4.3.2.3.1 Aeronautical tariffs

(i) Landing Charges

The aircraft landing charges at Rand Airport are at present 80 percent of the landing charges at the airports of the Airports Company (previously State airports), and are shown in the table below, together with the landing charges at the other Gauteng regional airports. These figures apply to single landings from domestic origins.

**TABLE 4.4 : LANDING CHARGES PER AIRCRAFT MASS CATEGORY
IN RANDB (DOMESTIC SINGLE LANDINGS)**

MAXIMUM MASS (KG)	RAND AIRPORT	JOHANNESBURG INTERNATIONAL	GRAND CENTRAL	LANSERIA	WONDER BOOM
500	15-00	19-00	19-00	16-00	15,88
1 000	22-00	24-00	24-00	24-00	23,39
1 500	28-00	30-00	30-00	30-00	29,91
2 000	34-00	37-00	37-00	37-00	36,20
2 500	40-00	43-00	43-00	43-00	42,73
3 000	46-00	50-00	50-00	50-00	49,13
4 000	62-00	68-00	68-00	68-00	68,57
5 000	79-50	87-00	87-00	87-00	87,55
6 000	98-00	107-00	107-00	107-00	106-62
7 000	116-00	127-00	127-00	127-00	126-31
8 000	133-50	146-00	146-00	146-00	145,41
9 000	151-50	166-00	166-00	166-00	166,70
10 000	170-50	185-00	185-00	185-00	183,81
and thereafter, for every additional 2 000 kg or part thereof	27-00	29-00	29-00	29-00	27,81

(Source : Lexetran, 1993. **Report on the development potential of Rand Airport.** Johannesburg. [Internal policy document : open to inspection at the General Manager]. [Unpublished].)

An additional fee is levied at Rand Airport for aircraft landing at night or landing from cross-border origins. It is clear from this table that the landing charges at Rand Airport are highly competitive when compared to the charges levied at other airports in the region.

(ii) Aircraft parking charges

The aircraft parking charges at Rand Airport are 40 percent of the levels at the airports of the Airport Company. These levels are presented in the table below, together with the levels at other regional Gauteng airports.

TABLE 4.5 : PARKING CHARGES PER AIRCRAFT MASS CATEGORY IN RANDS

MAXIMUM MASS (KG)	RAND	JHB INTERNATIONAL	GRAND CENTRAL	LANSERIA	WONDERBOOM
2000	6,50	13-00	13-00	11,00	9,23
3000	12,97	28-00	28-00	22,00	9,23
4000	18,77	40-00	40-00	32,00	19,10
5000	25,26	54-00	54-00	43,00	26,85
10 000	48,97	80-01	80-01	64,00	36,94
15 000	61,94	106-00	106-00	83,00	54,21
20 000	73,55	134-00	134-00	105,00	71,42
25 000	97,43	160-00	160-00	125,00	89,89
50 000	116,84	160-00	160-00	166,00	107,10
75 000	116,84	160-00	160-00	182,00	141,59
100 000	116,84	189-30	160-00	182,00	176,07
150 000	116,85	238-20	160-00	182,00	176,07
200 000	116,84	287-40	160-00	182,00	176,07
300 000	116,84	328-60	160-00	182,00	176,07
400 000	116,84	414-30	160-00	182,00	176,07
and thereafter, for every additional 100 000 kg or part thereof	25,48	63-70			

(Source : Lexetran, 1993. **Report on the development potential of Rand Airport.** Johannesburg. [Internal policy document : open to inspection at the General Manager]. [Unpublished].)

It is evident that Rand Airport is very competitive in terms of aircraft parking charges for aircraft in the lighter mass categories, but not in the heavier categories. It should however be noted that parking charges usually account for only a small portion of total aeronautical revenue.

(iii) Passenger departure charges

The current level of domestic passenger departure charges at regional airports is shown in Table 4.6 below.

TABLE 4.6 : DOMESTIC PASSENGER DEPARTURE CHARGES AT REGIONAL AIRPORTS (IN RANDS)

RAND AIRPORT	JOHANNESBURG INTERNATIONAL	GRAND CENTRAL	LANSERIA	WONDERBOOM
-	19,00	8,00	12,50	7,38

(Source : Lexetran, 1993. **Report on the development potential of Rand Airport.** Johannesburg. [Internal policy document : open to inspection at the General Manager]. [Unpublished].)

It is evident that Rand Airport is the only airport in the region with no passenger departure charges, with Johannesburg International with by far the highest departure charges of all the regional airports.

4.3.2.3.2 Non-aeronautical tariffs

(i) Hangar rental

**TABLE 4.7 : HANGAR RENTAL CHARGES FOR REGIONAL AIRPORTS
(RAND/m²)**

RAND AIRPORT	JOHANNESBURG INTERNATIONAL	GRAND CENTRAL	LANSERIA	WONDERBOOM
8	Variable	Dependant on aircraft size	8-15	10

(Source : Lexetran, 1993. **Report on the development potential of Rand Airport.** Johannesburg. [Internal policy document : open to inspection at the General Manager]. [Unpublished].)

The rental rate at Rand Airport is an average value. The corresponding figures of other airports in the region indicate that the tariff at Rand Airport compares favourably. At Johannesburg International and Grand Central Airports, although no average value could be obtained, the tariffs are generally higher than at Rand Airport.

(ii) Office rental



TABLE 4.8 : OFFICE RENTAL FOR REGIONAL AIRPORTS (RAND/m²)

RAND AIRPORT	JOHANNESBURG INTERNATIONAL	GRAND CENTRAL	LANSERIA	WONDERBOOM
26	Variable	±26	40-50	16-28

(Source : Lexetran, 1993. **Report on the development potential of Rand Airport.** Johannesburg. [Internal policy document : open to inspection at the General Manager]. [Unpublished].)

Prime office rental at Rand Airport costs R26/m². This compares relatively favourably with corresponding charges at other airports in the region.

4.3.2.4 The state of air transport in South Africa

Deregulation of both the international and domestic air transport market was undertaken in 1990. The initiative enabled domestic operators to enter the market on domestic routes far more easily than before, if they met basic safety and technical requirements. This, together with the lifting of sanctions on air travel to and from South Africa, has had a distinct impact on air traffic and especially the number of passengers transported by air in the country.

One of the first impacts that was visible was the entry of Flitestar to the domestic market in October 1991. This airline concentrated on the Johannesburg-Cape Town-Durban triangle, also referred to as the "Golden Triangle". Comair, although operating on several secondary routes for many years, entered the highly lucrative but competitive Johannesburg-Cape Town route after Flitestar and has recently started operating on the Johannesburg-Durban route as well, with very competitive air fares. In addition, a fourth operator named Lion Air is also expected to start operating on the Johannesburg-Cape Town route soon.

The result of deregulation is that overall scheduled flight operations and especially passenger numbers in South Africa have increased drastically over the past few years. This increase can however largely be attributed to the main carriers and the traffic on the "Golden Triangle".

The impacts, if any, on the rest of the scheduled air transport market and aviation in general are less clear. While some additional scheduled operators have started operating on the so-called secondary routes, such as Johannesburg-Nelspruit, there is no clear evidence that the secondary market is growing.

The effect of deregulation on airports and their associated activities, except for Johannesburg International, Louis Botha and DF Malan, has not been noticeable.

In fact, the airports that do not offer scheduled operations but which are dependant on general aviation, such as Rand Airport, Grand Central and Wonderboom, have shown a decrease or stagnation in ATMs and passengers over the past year, as is evident from Figures 4.2 and 4.3. General aviation includes corporate flights, chartered flights, training flights and recreational flying.

In summary, it can be stated that if Rand Airport wants to attract increased activity, it will have to attract either scheduled operators in this expanding market, or otherwise attract existing activity in the stagnant market of general aviation. This will be a daunting task, because other airports in the region, namely Grand Central, Lanseria and Wonderboom, are all vying for these markets.

4.3.3 Analysis of Rand Airport and environs

During 1990 the potential for upgrading Rand Airport was realised and an urban design framework was developed by the Planning Department and Jan van Wyk Partnership (Lexetran, 1993 :13). The proposed urban design framework for the 8 Parcels of land, shown in Figure 4.4, were sent out in 1992, the results of which are summerised hereunder :

* **Parcel 1 (approx 3 ha)**

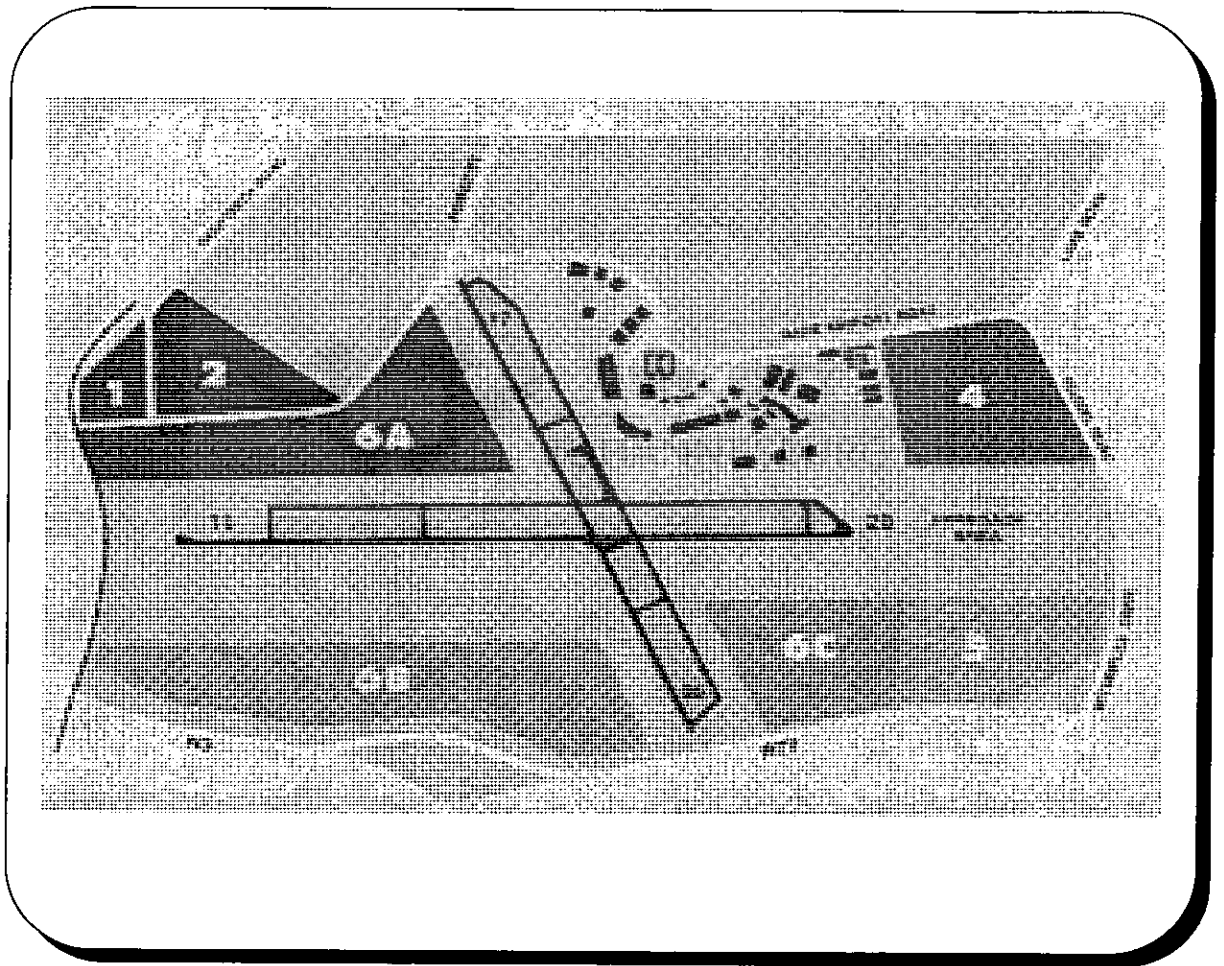
This area, presently vacant and linked to the airport by Rand Airport Road, provides an excellent opportunity for development as an office park and gateway to the airport.

* **Parcel 2 (approx 13 ha)**

This area, also vacant, with its easy access to Rand Airport and common boundary

with the Germiston Golf course, is earmarked for development as an office park. This development should blend in with the existing environmental and aesthetic quality of the area to ensure that the existing golf course and lake are complemented by the development.

FIGURE 4.4 RAND AIRPORT'S LAND PARCEL DEVELOPMENT OPTIONS



* Parcel 3 (approx 43 ha)

This area consists of the existing main terminal building, flight control centre,

erven zoned for business purposes, airport purposes and parking as well as a heliport. This area is known as Airport Park and is in the process of being declared a proclaimed township. It has reached its full development potential.

* Parcel 4 (approx 17 ha)

Historically, the Germiston Government Village, a residential development stemming from Second World War requirements for barracks near the airfield, was situated on this parcel. Airport personnel residences and the Wits Rifles Command Headquarters are still situated on part of this site. This parcel is however ideal for office and aviation related development.

* Parcel 5 (approx 22 ha)

This area consists of a large tract of vacant undeveloped land outside the perimeter fence of the airfield. This area is earmarked for a hi-tech industrial park development of high quality to act as a buffer zone between the airport and the residential area in Lambton.

* Parcel 6

This area forms the remainder of the airfield and consists of the two main runways and associated taxiways which could be upgraded, with areas of undeveloped land in between.

These vacant areas are earmarked for the following :

* Quadrant 6a (approx 24 ha)

The area immediately to the south of Rand Airport Road is envisaged as an area for hangar and airport-related office use in order to strengthen the gateway and to make maximum use of the opportunities for advertisement. Within this quadrant provision is also made for a site for a new terminal building and sites for hangar facilities catering for passenger-orientated organisations. The site for the new terminal building provides future developers with a unique opportunity to make a lasting and meaningful contribution to the future development of Rand Airport.

* **Quadrant 6b (approx 41 ha)**

This area is earmarked for future fixed-wing aircraft hangars. This quadrant is seen as the most suitable area for the development of new, modern and efficient hangars and facilities for aircraft-related industry.

* **Quadrant 6c (approx 20 ha)**

This area is envisaged as the future heliport in order to ensure that fixed-wing aircraft and helicopters are separated. Hangars and service facilities will also be catered for.

Germiston City Council recognised the potential in the area and proposed a joint development, with Stocks & Stocks of the Victoria Lake Shore, adjacent to the Rand Airport which would have a direct impact on the future operations of the airport.

4.3.3.1 Location

The present site of Rand Airport was first suggested by Major Allister Miller in 1917 while he was engaged in recruiting young South Africans for the Royal Air Force.

Today Rand Airport is ideally situated within 2 kilometres from Greater Germiston CBD and a mere 15 minutes away from the city of Johannesburg. Rand Airport is located in a prime position in terms of accessibility from Johannesburg and the East Rand. Besides being relatively accessible, all the major routes around and in the vicinity of Rand Airport have the spare capacity to absorb an increase in traffic volumes from any fair-sized development, especially in the off-peak periods. Any future planning regarding regional accesses will benefit Rand Airport.

A more recent report by Lexetran (1993 : 18) has highlighted the need to attract scheduled operators to ensure the long term sustainability of the airport.



4.3.3.2 Existing situation

The airport and associated land is owned by the GJMC but is situated within the jurisdiction of the Germiston Council. With the exception of Parcel 3, which is subject to a township application, the land is zoned as mining land, subject to Surface Rights Permit A62/1935 "an aerodrome and all buildings incidental to an airport with fencing".

4.3.3.3 Future land use options

The future land use options will now be discussed with specific reference to influential factors, perceived opportunities and constraints, possible constraints to development and areas of concern relating to the proposed lake development.

4.3.3.3.1 Influential factors

Germiston Victoria Lake Development is a commercial, retail and entertainment area on the southern side of the Lake and linked to the airport by a passenger concourse with aprons for aircraft parking which will result in the following far reaching consequences:

- * relocation of the Germiston Technical High School to Parcel 4,
- * relocation of the Heliport and hangars,
- * changes to the road system and hangar access,
- * removal of buildings,
- * delay in the township proclamation, and
- * changes to engineering services.

Noise contours show that parts of the airport land is subject to noise levels of 65dBA and above.

The Lexetran Report shows that the long term viability of the airport is dependant upon the attraction of scheduled operators. The E/W runway should be lengthened to accomodate STOL and small passenger aircraft, with an upgrade of airside facilities to a Category B2 airport.

4.3.3.3.2 Perceived opportunities and restraints

The following table indicates perceived opportunities and restraints for each parcel at Rand Airport.

TABLE 4.9: PERCEIVED OPPORTUNITIES AND RESTRAINTS

PARCEL	OPPORTUNITIES	CONSTRAINT
1	Office Park Development	Within 65dBA noise level
2	Office Park Development	Largely within 65dBA noise level.
3	Existing functional core of Airport activities.	Limited potential apart from Lake proposal.
4	Office park development including business and filling station or - High income cluster residential plus business node.	Partly within 65dBA noise level contour. Germiston must relocate High School to unused Golf Course ground outside the 65dBA level area.
5	High Tech Industrial - this development is totally independant of the airport improvements or Lake development.	Isolated form airport facilities and Lake development.
6A	Hangars and facilities for new scheduled operators linked to the new terminal building.	Within 70dBA & 65dBA zones.
6B	Hangar and freight handling cold storage and general storage - upgrade to Category B2 will allow airport to operate freight within S.A area.	Local access only also within 65dBA noise level. No taxi ways, uneven topography.
6C	Not suitable for development due to restrictions in the vicinity of the VOR building.	

(Source : Lexetran.1993. **Report on the development potential of the Rand Airport.** Johannesburg.[Internal policy document : open to inspection at the General Manager].[Unpublished].)

4.3.3.3 Possible constraints to development

The following factors could place serious constraints to future development at Rand Airport.

- * regional Route Access - no direct link to major road network,
- * power Line Servitudes are in the way of aircraft landing and taking off,
- * ergo surface right permit 127/89 slimes pipe effects further development, and
- * lake and Airport proposals will place additional burden on existing services.

4.3.3.3.4 Proposed lake development : areas of concern

The proposal shows large areas to be developed without identification of time scale which would result in competition with any development of the airport. The major income generating land uses are located on Germiston property while the non-income generating land use i.e. the High School is located on Parcel 4 where it will seriously inhibit future airport options. There is the distinct possibility that any final proposal for the Lake Development will be confined to the lake shore with no benefit to the airport.

The proposal by Germiston and the Stock & Stocks Group will have a major impact on the area in general and the airport in particular. The Metro Council must ensure that the proposed Development benefits both parties.

4.3.4 SWOT analysis

The broad trends present or expected in the internal and external environment have been discussed in the preceding section. The opportunities and threats derived from the external environment and the internal strengths and weaknesses are summarised in Table 4.10.

TABLE 4.10 : SWOT ANALYSIS FOR RAND AIRPORT

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> * Long term leases for tenants promotes investment * Lengthen and widen runway to promote bigger aircraft * Large undeveloped tracks of land-huge earnings potential * Ties with Lake development (Stocks & Stocks) * Potential for Regional and Corporate aircraft operators base * Potential gateway to all game parks and lodges * Improvement in image of Rand Airport (physical) * Down town heliport 	<ul style="list-style-type: none"> * Lanseria and Wonderboom Airport's developments * Johannesburg International building Regional Airline facilities * Financing of services for land requiring development * Restrictions of Government Transport Policy might have an influence on Airport's viability * Major tenants are moving to other airport's because of short term (30 day) lease agreements * Re-zoning not being approved timeously
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> * Locality of Rand Airport, 15 minute drive to Johannesburg CBD * Ease of access * Well-established tenants * Tenant commitment * Local Government owned * Development of surrounding areas - Hotel, Mall 	<ul style="list-style-type: none"> * Short term (30 day) lease arrangements * Runways to short to accomodate bigger aircraft * Restrictions in terms of letdown procedures for aircraft due to closeness of Johannesburg International * Old looking airport * Lack of hangars * GJMC's poor understanding of real asset and development potential * Poor security of airport * Poor restaurant and catering facilities * Lack of baggage and freight handling facilities * Variety of aviation services for example : charter flights, aircraft maintenance, hangarage, fuel suppliers, pilot training etc. * Lack of marketing orientation * No formal marketing plan or marketing planning cycle * No marketing information system * No master plan for the development of Rand Airport exists * Poor service delivery at Rand Airport

The above table refers to the principal strengths and weaknesses, opportunities and threats that could have an impact on the Rand Airport's ability to select and serve it's main market. These factors must be considered when developing marketing objectives and - strategies.

4.4 ASSUMPTIONS

In order to place the future objectives and strategies of Rand Airport in the correct context, the following assumptions must be made:

- * That subsidization of the Airport at or near the present level will continue until further development takes place.
- * That approval is given to operate and develop the Airport outside the strict control of GJMC in some sort of partnership agreement with private enterprise.

4.5 MARKETING OBJECTIVES AND STRATEGIES

The assumptions that could be applicable in the operating environment of the Rand Airport have been indicated. There will subsequently be continued with the marketing objectives and strategies. The marketing objectives are first described whereafter the proposed strategies to realise the objectives are discussed.

4.5.1 Marketing objective 1

The first marketing objective revolves around the introduction of a strategic marketing planning process for Rand Airport. To achieve this, the following strategies are recommended:

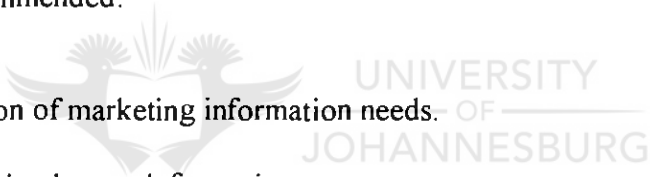
- * Establish the marketing concept as a management philosophy by introducing the principles of the marketing concept to all levels of management, change agents, informal leaders and trade union leaders.
- * Introduce measures to monitor the effect of the introduction of the marketing concept.

The marketing concept should be introduced over a period of time and should not be seen as a "once off" introduction period.

- * All plans and activities should be realistically planned. More damage will be caused by introducing training programmes which do not follow any actions, as compared to no training whatsoever. The planning of activities must be realistic in order to provide for the total completion thereof.

4.5.2 Marketing objective 2

The second marketing objective revolves around the development and implementation of marketing information systems for Rand Airport. To achieve this objective the following strategies are recommended:

- 
- * Identification of marketing information needs.
 - * Design and implement information systems.
 - * Continually update and adapt information systems.

The information system must provide the following information about Rand Airport and its competitors:

- * Classification of airports.
- * Airspace and navigational aspects.
- * Runway system.
- * Availability of aircraft parking.
- * Air traffic movements.
- * Passenger movements.

- * Landing charges.
- * Aircraft parking charges.
- * Passenger departure charges.
- * Hangar rental charges.
- * Office rental charges.

The following aspects must be considered when identifying information needs and designing information systems:

- * Information is expensive and takes time to obtain.
- * Priorities and dimensions of time must be defined.
- * The need for marketing information will change when the external environment changes.
- * Care should be taken against the tendency of gathering information for the sake of gathering information. Information gathered should be useful to the planners who will use it to formulate marketing strategies.

4.5.3 Marketing objective 3

The third marketing objective is to pro-actively co-ordinate and develop all sectors of the airport infrastructure and operation to maximise it's potential and to optimally satisfy customer needs.

To achieve this objective the following strategies are recommended:

- * The main thrust in achieving this goal is to structure the control, development, operations and administration of the airport in such a way that decisions are made

expeditiously on commercial principles with all stakeholder involvement, including private developers (a joint venture development project using non-Government funding).

- * To achieve the above a Management Board representing major stakeholders must be constituted and detailed market research, development plan and timetable must be produced by them for approval by the TMC by the end of 1997.
- * These development plans must be geared to increasing income in order to disperse with TMC subsidies within three years.

4.5.4 Marketing objective 4

The fourth marketing objective is to pro-actively co-ordinate the development of the Rand Airport environs to ensure they integrate with and are complementary to an overall master plan which maximises the airport's usefulness to customers and the adjacent community. To achieve this objective the following strategies are recommended:

- * The main thrust of this goal is to ensure the best possible utilisation of and return on assets, and to influence other major developers in the area to co-ordinate and integrate their plans by actively involving all major stakeholders and thereby securing their commitment to a mutually beneficial plan.
- * To achieve the above, the proposed Management Board members must be in constant contact and involved with other developers in the area. Results must be regularly assessed by the Management Board and developments reported to the TMC.

4.5.5 Marketing objective 5

The fifth marketing objective is to pro-actively co-ordinate the development and to monitor the subsequent operation of the Down-Town Heliport. To achieve this objective the following strategies are recommended:

- * The main thrust is to secure a developer that can develop and finance the facilities required by helicopter operators to allow them to supply the improved rotor wing transport service that is urgently needed for both local and national advancement and prosperity.
- * To achieve this, negotiations with the Director : Commerce & Industry and potential developers must be initiated, proposals assessed and findings reported to the TMC as soon as suitable plans are formulated.

4.5.6 Marketing objective 6



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The sixth marketing objective is to progressively restructure staff levels and duties to ensure the best possible service delivery is maintained while educating, advancing and empowering staff. To achieve this objective the following strategies are recommended:

- * The main thrust in achieving this goal is the creating of the right environment, business culture and work ethic that allows and encourages productivity, advancement, empowerment and professional service delivery by undertaking major education programmes using progressive and enlightened change management principles.
- * To achieve this, resources including manpower, time and finance must be channelled into the management of change processes. Staff should be empowered and encouraged to utilise their abilities in order to deliver the required level of service demanded for

Airport safety and the needs of the customer. Regular assesment of progress must be assessed by the Management Board and reported to the TMC where necessary.

4.6 EXPECTED RESULTS

The implementation of the above strategies is expected to achieve the following results:

- * An increase of 10 percent in aircraft movements, although the theoretical capacity of the airport is more than double its present usage.
- * An increase of 10 percent in income as soon as other areas on the airfield are made available for development.
- * Timeous, reliable and accurate marketing information available to take strategic marketing decisions and to formulate further strategic marketing plans.
- * Increase the income percentage from 89 percent to 94 percent within the next financial year.
- * Maintenance of closer contact with developments in the external environment.

4.7 IDENTIFICATION OF ALTERNATIVE PLANS

As discussed in the first chapter, the purpose of this technical report is to set up a strategic marketing plan which will serve as a guideline for further development.

It must be pointed out that this plan must be expanded and that alternative plans must be formulated as the future vision of the Rand Airport crystallises.

4.8 PROGRAMMES

Following the exposition of strategic objectives and plans, the strategy should be broken down into more detailed action plans. It is important that the action plans and programmes be developed in cooperation with the staff members who will be responsible for the physical implementation of the plans. When the programme is completed it should be drawn up in schedules which contain time dimensions and must be communicated on a continuous basis.

It must be ensured that the tasks arising from the programmes form part of the staff member's job descriptions and performance management.

4.9 MEASUREMENT AND REVIEW

Measurement and revision of the plan must take place on a monthly basis, with both managers and trade unions being involved.

4.10 CONCLUSION

This chapter attempted to establish a draft strategic marketing plan for the Rand Airport which can serve as a guideline for further development.

This draft marketing plan is to be presented to the executive management of Rand Airport and the Greater Johannesburg Metropolitan Council to ensure that the plan is developed in accordance with the strategic vision of the mentioned parties.

Once adopted all parties responsible for the successful implementation of this plan must be involved in the further development and execution of this plan.

=====END=====



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