



**FACULTY OF MANAGEMENT**  
**DEPARTMENT OF BUSINESS MANAGEMENT**  
**FINAL SUMMATIVE ASSESSMENT**

**MODULE:** COMMERCE  
**CODE:** COM100  
**DATE:** 28 November 2016  
**TIME ALLOWED:** 120 Minutes  
**TOTAL MARKS:** 100

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**EXAMINER(S):** Mrs S Bronkhorst  
**MODERATOR:** Mr J Davids  
**NUMBER OF PAGES:** 21

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**INSTRUCTIONS:**

- This is a closed-book assessment.
  - Question papers must be handed in together with your answer books.
  - Read the questions carefully and answer only what is asked.
  - Answer all the questions:
    - Answer **section A** on the answer sheet at the back of the book. Answer **section B** in the answer book.
  - Number your answers clearly.
  - Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.
  - Structure your answers by using appropriate headings and subheadings.
  - The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.
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**SECTION B****[60 MARKS]****QUESTION 1****[7 MARKS]**

1.1. The Human Resource department is aware of the chain effect that follow when a promotion takes place. For this reason they will consider internal recruitment methods. Discuss three methods and how it will be applied. (3)

1.2. Identify and discuss the objectives of an effective well-planned and established reward and remuneration system. (4)

**QUESTION 2****[4 MARKS]**

The internet links more than one billion people worldwide which makes e-business a significant factor in the global economy. As e-business improves, organisations will experience benefits and challenges. Discuss in detail FOUR tangible benefits from e-business.

**QUESTION 3****[4 MARKS]**

Considering the importance of internal and external communication Kulula.com established over the years a consistent, integrated strategy. Erik Venter, the CEO, confirms that the brand strategy is internally expressed before externally implemented. He emphasises that it is critical to make all aspects of the communication cohesive and consistent.

Discuss FOUR possible external communication instruments that may be used by Kulula.com as possible 'vehicles' or 'tools' to send a message to the various stakeholders.

**QUESTION 4****[9 MARKS]**

The Apple iPad was developed by Apple Inc specifically to make it easier to view audio-visual items as well as searchin the internet. Apple had to make decisions about what features should be included, which retailers should stock the iPad, how much the iPad should sell for as well as the most suitable marketing communication strategy.

As time goes on, their product range is extended and new product offerings added. It is therefore critical to ensure that the marketing strategy for the overall product range and that of each product complement one another, focusing on the specific target market, based on decisions made such as the features of the individual products.

- 4.1. Identify and define the original 4P's of the marketing mix and relate them to Apple Inc. (4)
- 4.2. In the process of marketing management, marketers have to put themselves into their consumers' shoes in order to understand them and appeal to them. One insight from this is a model that describes the stages of the buying decision process. Describe the buying decision making process from a customers' perspective with reference to Apple Inc. (5)

**QUESTION 5****[15 MARKS]**

Any company can be understood from a systems thinking perspective, there are inputs that are transformed into outputs. This perspective is specifically useful in understanding logistics and operations as they relate to a company.

- 5.1. In the "input" or "inbound logistics" phase companies engage in purchasing management. Each level of the organisation has certain purchasing responsibilities. Discuss, using examples, the strategic and operational level of purchasing management in your chosen organisation. (4)
- 5.2. Discuss the role that manufacturers and distributors have in a company. Begin by defining what they are and give relevant examples of each. (5)
- 5.3. Operations management can be said to be everyone's responsibility in the organisation as it is not just limited to the "transformation" phase of systems thinking, it is present in every business process. In order to support the value creation process operations requires that a defined set of objectives be met.

Identify and define three objectives that are applicable to all operations and discuss how a company has (or should) construct their operations to meet these objectives. (6)

**QUESTION 6****[6 MARKS]**

Koo Ltd manufacture a variety of canned food including exclusive blackberry jam sold at R2,10 each. Variable manufacturing costs amount to 70c per can and variable sales costs amount to 20c per can. Fixed costs consists of:

- Selling costs & Manufacturing costs R 216 000

Koo Ltd currently supplies blackberry jam to Woolworths.

Pick 'n Pay Ltd wishes to obtain blackberry jam from Koo Ltd and make the following proposal:

- Pick 'n Pay will purchase all blackberry jam from Koo Ltd
- Pick 'n Pay will take care of packaging and transporting the jam. This will lead to a saving of 10% in the variable selling costs and a 20% saving in variable manufacturing costs.
- Fixed costs remain constant

**YOU ARE REQUIRED:**

- 6.1. Calculate Break-even point in : Units  
Value (1)
- 6.2. Calculate the break-even point in : Units  
Value  
If it is assumed that Pick 'n Pay's offer is accepted (2)
- 6.3. Calculate the break-even point in units if the selling price is increased by 10%  
(only Woolworths is supplied) (3)

**QUESTION 7****[15 MARKS]**

Transnet is toying with the idea of developing two new railroads in the Eastern Cape which will be leased to industries in the area. Both are designed to provide a 10 year service.

The railroad over Terrain A requires an immediate investment of R6 000 000. The expected rental income is R700 000 in the first year and will increase thereafter by a further R100 000 per year.

The railroad over Terrain B requires an immediate investment of R5 500 000. The expected rental income from this track is R900 000 per year for the first 4 years and thereafter R1 000 000 per year.

This project will last 10 years

**You are required to:**

Propose one of these projects to the Transnet management using the Net Present Value method and assuming the cost of capital to be 10 % per year.

(15)

**Future Value Interest Factors:**

Time Period	Discount Factor at 10%
1	0.9091
2	0.8264
3	0.7513
4	0.6830
5	0.6209
6	0.5645
7	0.5132
8	0.4665
9	0.4241
10	0.3855

END OF PAPER