1 | What is the purpose of this survey?

The Innovation Survey will provide an internationally comparable report on innovation activities in the mining, manufacturing and services (including wholesale and retail trade) sectors of South Africa. The Department of Science and Technology has commissioned the survey and will use the results to improve policy and support measures for innovation in the economy.

2 | What will my business gain from completing the survey?

The published results of the Innovation Survey will offer your enterprise the opportunity to benchmark your activities against those of other enterprises in your sector or industry, both nationally and internationally. Such benchmarking is a valuable measure of the overall position of your company. The added benefit of completing the survey is the opportunity for an internal evaluation of potential development areas that might otherwise not have been explored. The collective benefit is thus twofold. In short, the survey highlights internal development needs that could secure a stronger relative position for your business in its sector.

3 | Why has my company been selected?

For the survey on innovation, Statistics South Africa has drawn a random sample of firms from the official business register in accordance with the Memorandum of Agreement on official national statistics with the Department of Science and Technology. This sample consists of a variety of businesses, ranging from very small to very large firms, that operate in the services, mining and manufacturing sectors.

4 | What will my company information be used for?

The Innovation Survey collects data from the individual firms that have been randomly selected. The data provided by each firm will become part of the overall aggregated result for the sector. Only these aggregated results will be published, and no data on individual firms will be made public or disclosed to a third party in any way.

Your firm is one of the firms included in this random sample.

5 | What if I need someone who speaks my mother tongue to assist me in answering the questions?

A survey call centre has been established to support this survey. Survey call centre staff are in place to deal with the questions and concerns of respondents.
Should you need to speak to one of the call centre staff in your mother tongue regarding the survey, they will gladly assist you in any of the following languages: English, Afrikaans, IsiXhosa, Sesotho, IsiZulu, Northern Sotho or Setswana.

6 | I own a very small business. Is this survey also intended for me?

Yes, the Innovation Survey aims to cover the innovation activities of small, medium and large enterprises in each of the sectors. It is very important for the outcome of the survey that small businesses complete the questionnaire.

7 | What if I do not wish to participate?

The Innovation Survey falls within the scope of the Memorandum of Agreement between Statistics South Africa and the Department of Science and Technology and is therefore an official survey. The Innovation Survey is being undertaken in such a way that the results will be comparable with those of European Union and other countries. In order for South Africa to achieve such comparability, the response rate for the survey must be at least 71%. It is extremely important that we are able to compare our economic status with those of other countries, and we are doing our utmost to ensure that we achieve the 71% response rate. The main function of the survey call centre is to boost the response rate by following up each targeted respondent and ensuring that each survey questionnaire is returned, complete with all the data requested.

8 | What are the criteria for deciding whether a change is an innovation?

In deciding whether an activity should be considered an innovation, two central criteria must be considered:
- Does the product or activity represent a significant change or improvement?
GENERAL QUESTIONS REGARDING INNOVATION

9 | What do these criteria mean?
With the above two criteria in mind, it is clear that a given change could be an innovation for one firm, while the same change may not be an innovation for another firm. Each firm thus has to decide for itself whether any particular change is new to the firm and/or whether the product, process or service has been significantly changed.

10 | How many types of innovation are there, and what are they?
- The Innovation Survey recognises four types of innovation in firms
- Product innovation (comprising both goods and services)
- Process innovation
- Organisational innovation
- Marketing innovation

11 | When does an innovation belong to my firm?
An enterprise can consider an innovation to be its own under the following circumstances:
- When the enterprise has implemented a new or significantly improved change, which may have originated elsewhere, such as your head office or a subsidiary company, another company, sector or country
- When your enterprise has internally developed and implemented its own significant changes
- When your enterprise has significantly improved or modified existing products, processes, services, methods or delivery processes, either by internal development or by introducing a new idea from external sources.
In short, an innovation belongs to your enterprise when the change is new or significantly improved.

INNOVATION EXPENDITURE

12 | How do I report expenditure data?
We request that you provide financial data for the financial year 2004/05. However, if financial data are not available for 2004, please provide estimates of the financial data for the latest financial year.

All financial data that you provide must be based on only one financial year.

We also remind you that all data provided in this section are kept strictly confidential and not made public in any way. All staff who work with the survey have signed strict agreements on the confidentiality of the data.
13] What is a ‘product innovation’?
Product innovation relates to both goods and services. When a good or service is introduced to the firm and:
- Is new to that firm

OR
- Shows significant improvement with respect to the capabilities or planned uses, then the change represents a product innovation. This may include significant changes in technical specifications, components and materials, incorporated software, user friendliness or other functional characteristics of the good or service.

14] What are some examples of product innovations that relate to goods and services in my sector?

MINING:
Goods:
- Improved purity of final mining product

Services:
- New information technology applications in serving mine clients

MANUFACTURING:
Goods:
- Change of materials in goods, e.g. breathable textiles

Services:
- New type of paper for specific printers
- Services:
- Introduction of lifelong guarantees on new or used products
- Remote maintenance

SERVICES:
Goods:
- Introduction of central cards that enable direct clearance with hospitals
- Anti-fraud software that profiles and tracks individual transactions
1. **PRODUCT INNOVATION**

Services:
- New or significantly improved insurance services
- Introduction of modular life insurance concepts
- Ticket automation for cash or pay cards
- Remote software maintenance

**WHOLESALE AND RETAIL TRADE:**

Goods:
- Including eco-friendly products in the products range
- Introduction of client or loyalty cards

Services:
- New kinds of certification services
- Combining solutions, e.g. technical and consulting services in one
- Introducing client card systems
- Sales via the Internet or direct sales to end-user

15. **What, for example, would not be considered a product innovation?**

- Design changes that do not alter the function or technical characteristics of a good or service
- Routine upgrades
- Minor changes or improvements
- Customisation for a single client that does not include significantly different attributes compared to products made for other clients

2. **PROCESS INNOVATION**

16. **What is a ‘process innovation’?**

For the purpose of this survey, a process innovation relates to improvements in production methods, delivery methods or distribution methods. For these improvements to be considered innovations, they must be:
- New to the firm

OR

- Significantly improved.
  These significant changes include those that relate to:
  - Specific techniques
  - Equipment and/or software
  - Changes that are intended to improve the quality, efficiency or flexibility of a production or supply activity or logistics
  - Changes that reduce environmental or safety hazards

17. **What are some examples of process innovations for my sector?**

**MINING:**
- Introducing clean technology applications in ore extraction
- New methods that significantly reduce hazardous environmental waste
MANUFACTURING:
- Printing process made digital
- Automated packaging
- Computerised equipment for quality control of production

SERVICES:
- Online banking
- Introduction of new rating or scoring methods
- Improved premium clearing systems
- Electronic data interchange
- Case tools for customer-specific hardware

WHOLESALE AND RETAIL TRADE:
- Introduction of software to identify optimal delivery routes
- New or improved software or routines for purchasing, accounting or maintenance systems
- Scanner cash box

18) What, for example, would not be considered a process innovation?
- An increase in production or service capabilities through the addition of manufacturing or logistical systems that are similar to those already in use

ORGANISATIONAL INNOVATION

19) What is an ‘organisational innovation’?
Significant changes in workplace organisation, business practices and external relations implemented in the firm can be classified as organisational innovations if they are intended to significantly improve the firm’s innovative capacity or performance characteristics.

20) What would some examples of organisational innovations include?
- A reduction in the number of management levels to create greater flexibility in decision-making
- Integrated monitoring system for firm activities (production, finance, strategy, marketing)
21 | What, for example, would not be considered an organisational innovation?
- Changes in management strategy, not linked to significant organisational change
- Introduction of new technology that has limited benefits, restricted to a small division of the firm

4 MARKETING INNOVATION

22 | What is a ‘marketing innovation’?
The implementation of a significant change in sales and marketing methods would qualify as marketing innovation. Significant changes in this regard would include product appearance and packaging that is intended to increase product appeal or consumer awareness.

23 | What are some examples of marketing innovations?
- Bundling existing goods or services in new ways to appeal to market segments
- Design of new consumer products e.g. appliances designed for very small apartments

24 | What is not considered a marketing innovation?
- Routine or seasonal changes
- Minor updates in the appearance of packaging
- Advertising, unless based on the use of new media or a new advertising technique

OTHER EXAMPLES OF INNOVATION

25 | I own a business that operates in the services sector. What would examples of innovations in the services sector include?

PRODUCT (GOODS OR SERVICES) ORIENTATED:
- Ticket automation for cash or pay card
- Remote maintenance of software and remote consulting
- New methods of statistical analysis
- Development of flexible customer software
- Supply of new multimedia applications
- New logistics services
- Dial-in services

PROCESS ORIENTATED:
- Electronic data interchange
- Electronic banking
- Computational document creation
- Network monitoring systems
- Call management systems
- Internet based runtime tracking

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