



Unit 2

BTEC National Diploma In Business (Double)

Summer Independent Learning 2023

Teacher: _____

Student: _____

This SIL work is compulsory. It will be the basis for your initial assessment test.

Summary of assessment

The Part A Research Pack is released to candidates under low control conditions in the afternoon on the day before the Part B assessment, which is taken in the morning session.

During the low control session which is 2 hours in length, candidates will become familiar with a given market and make 2 sides of A4 notes that can be used in the exam.

During the supervised Part B assessment, learners will be required to complete a task where they prepare a **rationale** and then a Marketing Campaign for a given business.

The Exam board **sets** and **marks** the task.

The number of marks for the unit is 70.

The assessment availability is twice a year in January and May.

Assessment outcomes

AO1 Demonstrate knowledge and understanding of marketing principles, concepts, processes,

key terms, data sources and definitions

AO2 Analyse marketing information and data, demonstrating the ability to interpret the potential

impact and influence on marketing campaigns

AO3 Evaluate evidence to make informed judgements about how a marketing campaign should be planned, developed and adapted in light of changing circumstances

AO4 Be able to develop a marketing campaign with appropriate justification, synthesising ideas and evidence from several sources to support arguments

Introduction to the principles and purposes of marketing that underpin the creation of a rationale for a marketing campaign

The role of marketing

Principles and purposes of marketing:

Marketing involves a range of processes concerned with finding out what consumers want (products or services), and then providing it for them. This involves four key elements, which are referred to as the 4Ps—The Marketing Mix. A useful starting point therefore is to carry out market research to find out about customer requirements in relation to the 4Ps.

The principles of marketing are to generate customer demand, satisfaction and loyalty by:

- Identifying customer needs by carrying out research
- Provide quality products or services that the consumer will demand and build up a brand.
- Price the branded product or service appropriately
- Promote the product or service in various ways
- Distribute the product or service in the right location or ways (e.g. e-commerce or m-commerce)

By doing this the purpose of marketing is to generate demand and sales for the product or service, by: **Can you define the following terms?**

- anticipating demand

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- recognising demand

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- stimulating demand

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- satisfying demand.

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Marketing aims and objectives:

Successful marketing departments within businesses will devise marketing strategies (plans) so that their marketing activities are planned and structured. **Aims** will be drawn up to identify the purpose of the marketing campaign and **objectives** drawn up to establish how the aims will be achieved.

Successful marketing aims and objectives are drawn up from the following factors: (Can you define the following points?)

- understanding customer wants and needs

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- developing new products

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- improving profitability

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- increasing market share

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- diversification

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- increased brand awareness and loyalty.

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Marketing objectives should follow the SMART philosophy to be effective. This means they need to be specific, measurable, attainable, relevant, and time-based.



Types of market – mass and niche market.

Market

A market is where buyers and sellers come together in one place.

Types of Market

Markets can be categorised in the following ways:

| Type of market | How long the product lasts | Examples of products |
|----------------------|----------------------------|--|
| Non-durable consumer | Brief | Food, drinks, newspapers, ice- |
| Consumer durable | Years | Electrical goods, clothes, cars, re- |
| Industrial | Years | Ready-mixed concrete, industrial machinery, parts of large ma- |
| Services | As long as needs last | Education, loans, tourism |

A market can also be categorised according to the type of good / service for example, the food market, clothing market or finance market etc.

A Market Orientated Business

This type of business will produce products or services that the consumer wants. Market driven firms will use market research to find out what people want and, then make it. These products are useful—for example a mobile phone with a locking device so that it won't accidentally ring someone when it's in your pocket.

Can you name an example of a market orientated business?

A Product Orientated Business.

This type of business tends to develop and produce a product without market research, that is, it is unaware what the consumer wants. Product driven firms will design or invent a new product and then try to sell it. This often means that this type of business is far more risky than a market driven firm because the firm doesn't know whether or not there will be a demand for its product once it has been made.

Can you name an example of a market orientated business?

Product orientation can be successful if there is limited competition in a market. For example a **monopoly** is the term used when there is only one firm producing a certain good in a market and faces no competition from other firms - royal mail and stamps.

Can you name an example of a monopoly?

However, in today's global market it is much better for a firm to be market orientated as there is greater competition, consumers are more demanding, customers are more informed and choice is easier and competitors have a clearer idea of customer needs.

There are two types of market - Mass and Niche

Can you define and give an example of a mass market and a niche market?

Mass market

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Niche Market

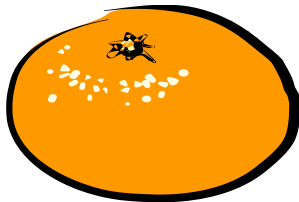
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Niche marketing has been introduced by firms because there are many groups of consumers who have very specific needs. For example, within the foods industry catering for vegetarians would be a market segment. However, producing food made with tofu would be providing for a niche market within the vegetarian market segment.

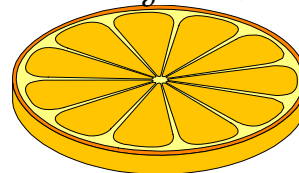
Market segmentation

To develop a meaningful marketing strategy a business needs to segment its market to identify its target market.

The whole market



Market segments



Consumers usually appear in more than one segment. You could, for example, be a girl (gender), aged 17 (age), who plays the guitar (hobby or pastime).

Can you name some products aimed at 17year olds?

The reason that a company analyses or breaks the market down into parts is to:

- ▶ Target advertising and promotion
- ▶ Make the good or service more attractive to a particular segment
- ▶ Maximise sales by targeting different goods or services, or variations of them, on different market segments.

| CLASSES | DESCRIPTION | Examples |
|---------|---|---|
| A | Higher managerial, administrative or professional | Judges, Doctors |
| B | Management | Accountants Solicitors, Teachers |
| C1 | Supervisory, clerical or junior management | Sales assistant, Secretaries |
| C2 | Skilled manual workers | Carpenters, plumbers, electricians |
| D | Semi skilled manual workers | Assembly line workers, packers |
| E | Unskilled manual workers & low income groups | State pensioners, widows or long term unemployed. |

Therefore market segmentation is ‘promoting a product in different ways to different groups of consumers’.

Another way of segmentation is by social class or socio-economic group based on the job of the head of the household.

Can you name a product that is aimed at each socio- economic group ?

| CLASSES | DESCRIPTION | Product example |
|---------|---|-----------------|
| A | Higher managerial, administrative or professional | |
| B | Management | |
| C1 | Supervisory, clerical or junior management | |
| C2 | Skilled manual workers | |
| D | Semi skilled manual workers | |
| E | Unskilled manual workers & low income groups | |

Branding

Branding is the term used for the brand name , the logo and perhaps a slogan, jingle, colours or shapes established by the business. It is a very powerful tool in getting a customer to recognise the business. Branding is important to businesses and because of this, these elements can be protected by way of trademarks to stop competitors from using similar branding. Branding can help businesses achieve objectives such as gaining a larger market share or increasing customer awareness of the company.

Below write down some well known brands and the methods of branding these firm use:

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Brand personality

A brand personality is the term used when a business shapes the way customers feel about its products. It can have a considerable influence over what a customer will buy. E.g. Apple has created a brand personality of sophistication with its phones. People feel important and successful if they have the latest I phone.

Below write down well known brand personalities. How do these 'brand personalities' make people feel?:

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Brand image

A brand image will stick in people's minds and helps them associate a particular supplier with a particular product. A strong brand can portray a particular image in the customer's eyes and help a company create demand for their products. E.g. The Body Shop creates an image of ethically sourced products that are natural.

Below write down well known brand images. What images are conjured up in peoples minds when thinking about the businesses products or services?:

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Unique selling point (USP)

A brand can help a company develop a unique selling point that will enable it to distinguish itself from the competition. E.g. Dyson vacuum cleaners use their unique vacuum systems to establish their USP. They state that the patented products ensures that the vacuum won't lose its suction power. Similarly GTECH sell their vacuum cleaners on the fact that they are light but very functional and cordless.

Implications of business size for marketing activity

A businesses size can influence its marketing activities. The bigger the business the more marketing it can invest in.

- ◆ Larger businesses can invest more in product development to meet customer needs as they generally have more manpower and the financial resources to do so.
- ◆ Products and services that have experienced a significant drop in sales can be withdrawn from the market if they are no longer financially viable. Larger businesses might find this easier than smaller businesses.
- ◆ Larger businesses might find it easier to develop marketing methods for brand promotion. They tend to have the resources necessary to establish the most cost effective methods that will maximise returns in the shortest of time frames.
- ◆ Smaller businesses might find it more difficult to change its branding because it places stresses on its smaller workforce.

Budgetary constraints.

All businesses are constrained by marketing budgets. However, larger businesses have the financial resources to maximise their marketing plans whereas, a smaller business don't have this luxury. Large businesses such as, Marks and Spencer can advertise extensively on TV or through social media. Whereas, a smaller local convenience store might have to limit their advertising to a board outside their shop.

Availability of specialist staff.

Smaller businesses tend not to have specialist marketing staff or departments and therefore developing a brand can prove difficult for the firm. They can, however, employ specialist support from outside the firm but this would be costly and put pressure on their marketing budget.

Influences on marketing activity

Marketers are interested in finding out about both the internal factors and external factors that influence their marketing activity.

Why are the points below important when designing an advertising campaign?

Internal influences:

- cost of the campaign

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- availability of finance

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- expertise of staff

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- size and culture of the business.

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External influences: Can you name examples of each factor shown below– what’s going on in the current environment and how will this impact on a marketing campaign for McDonalds.

○ Political

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○ Economic

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○ Social

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○ Technological

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○ Legal

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○ Environmental

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○ ethical.

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Using information to develop the rationale for a marketing campaign

Purpose of researching information to identify the needs and wants of customers– can you define the points below

- To identify target markets.

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- To identify size, structure and trends in the market.

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- To identify competition.

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Market research methods and use

There are two main types of Market Research:

1. Field Research / Primary Research.

This is where the company will go out into the market to ask questions. Therefore they gain new first hand information. The information gathered is specific to the firm and is therefore very useful because it has been tailor made to suit the firm's information needs. This form of research can be very expensive.



- ◆ Internal— sales figures for the businesses own products that they have sold
Customer data held of the businesses own database.
- ◆ External—questionnaires and surveys such as online feedback forms
Interviews and focus groups
Mystery shoppers and other observation techniques
Trials of new products

Which research method do you believe is the most valid?

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The steps to carrying out market research are as follows:

1. What information does the company need?
2. Who do we need to ask?
3. What type of questions do we ask?
4. How do we ask the questions?
5. How do we show the results?

2. Desk Research / Secondary Research.

This is where the research is gathered from existing sources. It is found from documents such as, government statistics, marketing reports, newspapers and previous market research etc. This type of research is a lot less expensive than field research because it already exists.

- ◆ internal – business data on customers and financial records to include loyalty cards and sales records
- ◆ external – commercially published reports, government statistics, trade journals, media sources.



Can you name advantages and disadvantages of using internal and external data?

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Quantitative and qualitative data, when and where used.

Research data can be gathered in different ways, it can either be quantitative or qualitative.

Quantitative data

This information gathered by a firm comprises of numerical data. It is generally thought of as objective data. It can be analysed mathematically and presented in graphical form. Examples of quantitative data include;

- Sales data, market values etc.

Quantitative data can be gathered using;

- Questionnaires
- Surveys
- Online feedback forms
- Face to face interviews

Analysis of quantitative data produce **objective** results and the data can be validated (checked against something else for accuracy). However, you must be aware that if the data has been gathered by questionnaire, the questions asked, can produce skewed results because they can be interpreted differently. Any interviewer asking questions might also unwittingly introduce bias into the data

responses and you need to be aware of this.

Qualitative data

Qualitative data are **subjective** and based on somebody's opinions, personal experience, feelings and expectations. Qualitative data are gathered to add reasons or comments about, for example, a company's products.

Analysing qualitative data takes time because everyone's answers and opinions are different. This type of data is also difficult to record, it's time consuming and costly.

This type of data can be used to find out;

- How customers think about a brand or organisation
- How customers might react to changes in price and how they might affect their spending decisions.
- The business can investigate the preferences, tastes and opinions of customers.

The differences between quantitative and qualitative data:

| QUANTITATIVE DATA | QUALITATIVE DATA |
|--|--|
| Objective | Subjective |
| Research questions ask include: How much? The percentage? | Research questions asked include: What? Why? In your opinion? |
| The focus is concise and narrow | The focus is broad and complex |
| Analysis is based on numbers | Analysis is based on word and ideas |
| Establishes relationships, causation | Describes meaning, discovery |

Importance of validity, reliability, appropriateness, currency, cost.

When collecting data it is important that firms check its validity and reliability because it will form the basis of their decision making. All questionnaires need to be proofread and tested before releasing to the general population. This allows the firm to make sure that what they intended to ask is being interpreted correctly and any misconceptions can be ironed out at this stage. This avoids costly mistakes from happening.

The business also needs to consider if the methods being used for the data collection are appropriate. For example are they ethical? Is there a risk of anyone being harmed (physically or emotionally)? Are the methods the most appropriate to gather the best data possible? Is unnecessary data being collected? This has implications as far as the Data Protection Act is concerned.

Another consideration is currency. What this means is, is the data up-to-date? This ensures that the data is both valid and reliable.

Another consideration for businesses are the costs involved in conducting research. There may be costs of physical resources needed or of personnel required to conduct, gather and analyse the data

Sufficiency and focus of the research.

Businesses carrying out research need to consider what they are trying to find out very carefully. They need to consider what they are trying to gain by carrying out the research. They also need to consider who they are going to ask. It could be very expensive to ask everyone in a population or target market to answer questions! Instead businesses tend to use samples of their identified population to represent the views of the whole target market. Choosing a sample needs to be thought out carefully.

Sampling

Any research can be very expensive.

If you were thinking of manufacturing goods aimed at a teenage market and you wanted to find out how well received your proposed product would be if launched onto the market, it would be highly impractical to interview every teenager in the country to find out their views. For this reason companies would probably use a **sample** of this population to represent the views of the group as a whole. Usually a few thousand people would be questioned.

Sampling finds out the view of a smaller number of people in a target market. This information is then used to represent the views of people in the whole target market.

There are different ways of choosing a sample, **explain each of the sampling methods below:**

⇒ RANDOM SAMPLING

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⇒ QUOTA SAMPLING

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⇒ STRATIFIED SAMPLING

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⇒ CLUSTER SAMPLING

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NOTE : Do NOT confuse this method of choosing a sample to represent a population with the tasting sessions put on by supermarkets to try to get customers to buy certain products.

SWOT Analysis

An analytical tool that businesses often carry out is called a SWOT Analysis, this look at the strengths, weaknesses, opportunities and threats of a business.

SWOT ANALYSIS



Create a SWOT Analysis for Apple



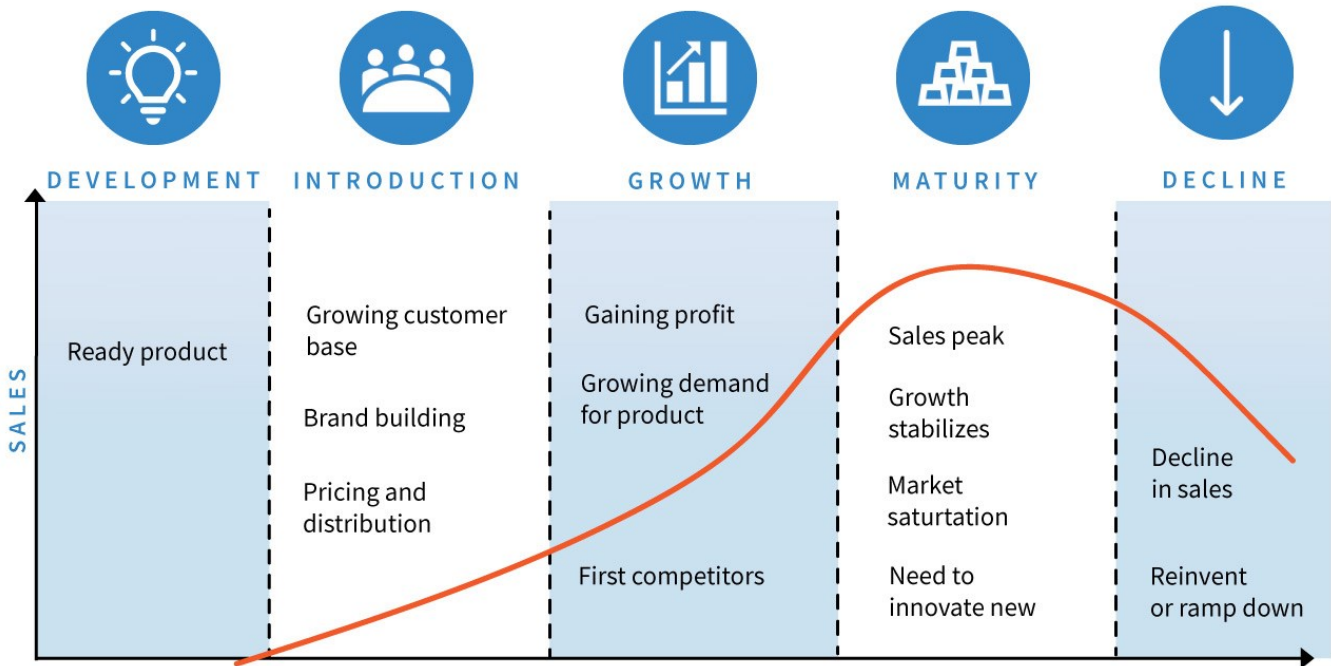
| Strength | Weakness |
|---------------|----------|
| | |
| Opportunities | Threats |
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Product Life Cycle

The product life cycle shows the stages a product goes through from its development to the time it is withdrawn from sale.

Products have a limited life, not only from the customer's viewpoint, but also as far as the producer is concerned.

Products, with their limited lives, have a "Life Cycle". They have limited lives because of, for example, new technology and inventions and consumer tastes and fashions. Different products last for different lengths of time but their life cycles have certain common elements



Identify products that are currently in the stage of the product life cycle?

- Development
- Introduction
- Growth
- Maturity
- Decline

Extending the life cycle

The length of the product's life cycle can often be extended by modifying the product in some way. Companies often use a "new, improved" style of modification, linked to changes in packaging, an advertising campaign and sales promotion (e.g. the free gift approach) to keep their products on the market for a longer period.

A PESTLE analysis may help you establish the environment your business is operating in.

PESTLE Analysis

| P | E | S | T | L | E |
|---|--|---|---|---|--|
| POLITICAL | ECONOMICAL | SOCIAL | TECHNOLOGICAL | LEGAL | ENVIRONMENTAL |
| Example: <ul style="list-style-type: none"> • Current tax policy • Brexit • Trade policies • Political stability • Government policy | Example: <ul style="list-style-type: none"> • Inflation rate • Exchange rates • Economic growth • Interest rates • Disposable income • Unemployment rate | Example: <ul style="list-style-type: none"> • Lifestyle attitudes • Cultural barriers • Population growth • Population age • Health consciousness • Target demographics | Example: <ul style="list-style-type: none"> • Level of innovation • Automation • Technological awareness • Cybersecurity • Technological change • Internet availability/speed | Example: <ul style="list-style-type: none"> • Employment laws • Discrimination laws • Health and safety • Copyright protection • Consumer safety | Example: <ul style="list-style-type: none"> • Weather • Climate change • Environmental policies • NGO pressure • Recycling • Pollution • Sustainability |

Using one Factor from each write a PSETLE Analysis for Apple

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|-----------|
| POLITICAL |
| |
| ECONOMIC |
| |

SOCIAL

TECHNOLOGICAL

LEGAL

ENVIRONMENTAL



Research and explain each of the 7P's in the Marketing mix

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|-------------------|--|
| Product | |
| Place | |
| Price | |
| Promotion | |
| People | |
| Physical Evidence | |
| Processes | |



Unit 2