

UNIT 5 - MARKETING

GCSE

BUSINESS

**THEORY AND EXAM
QUESTION REVISION
BOOKLET**

GCSE Business is assessed by two final exams and is broken down in the following way:

Paper 1: Influences of operations and HRM on business activity	+	Paper 2: Influences of marketing and finance on business activity
What's assessed <ul style="list-style-type: none">• Business in the real world• Influences on business• Business operations• Human resources		What's assessed <ul style="list-style-type: none">• Business in the real world• Influences on business• Marketing• Finance
How it's assessed <ul style="list-style-type: none">• Written exam: 1 hour 45 minutes• 90 marks• 50% of GCSE		How it's assessed <ul style="list-style-type: none">• Written exam: 1 hour 45 minutes• 90 marks• 50% of GCSE
Questions <ul style="list-style-type: none">• Section A has multiple choice questions and short answer questions worth 20 marks.• Section B has one case study/data response stimuli with questions worth approximately 34 marks.• Section C has one case study/data response stimuli with questions worth approximately 36 marks.		Questions <ul style="list-style-type: none">• Section A has multiple choice questions and short answer questions worth 20 marks.• Section B has one case study/data response stimuli with questions worth approximately 34 marks.• Section C has one case study/data response stimuli with questions worth approximately 36 marks.

The exams will measure how you have achieved the following assessment objectives.

AO1: Demonstrate knowledge and understanding of business concepts and issues.

AO2: Apply knowledge and understanding of business concepts and issues to a variety of contexts.

AO3: Analyse and evaluate business information and issues to demonstrate understanding of business activity, make judgements and draw conclusions.

Unit 5: Marketing
What you need to know!

Target	3.5.1 Identifying and understanding customers	Insecure	Developing	Secure
T109	Explain the importance of identifying and satisfying customer needs in order for businesses to: provide a product or service that customers will buy, increase sales, select the correct marketing mix, avoid costly mistakes and be competitive.			
Target	3.5.2 Segmentation	Insecure	Developing	Secure
T110	Define what segmentation is. Explain how and why different businesses used segmentation to target customers.			
T111	Identify ways of segmenting a market <ul style="list-style-type: none"> • gender • age • income • location 			

Identifying and understanding customers and segmentation The theory

Key Term	Definition
Marketing	
Segmentation	
Sales volume	
Sales revenue	

Maths Moment

Formula to calculate market growth is:

$$\frac{\text{.....}}{\text{.....}} \times 100$$

An example of sales of a business, Easy Store, compared to the total market is given in the table:

	2013	2014	2015	2016
Easy Store sales	£2m	£3m	£4m	£3.5m
Total market sales	£20m	£24m	£36m	£28m
Easy Store % market share	10%	12.5%	11.1%	12.5%

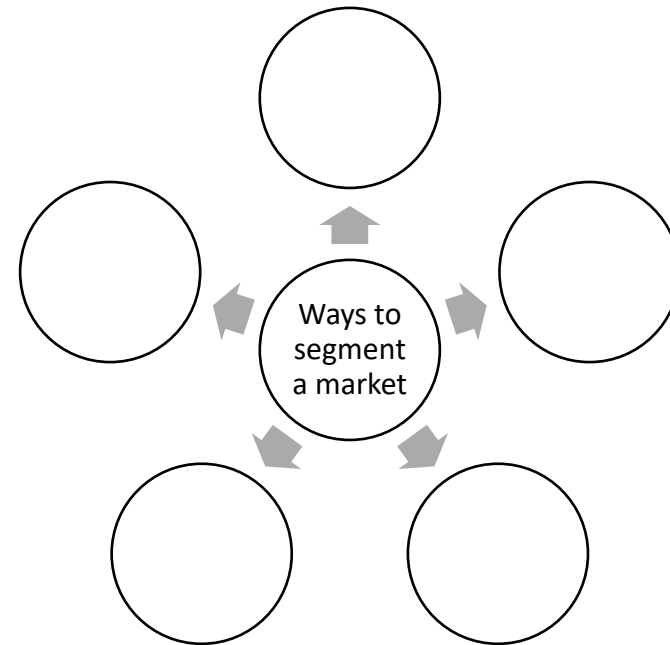
The data shows that:

- Market size has increased from 2013 to 2015. It then decreases between 2015 and 2016
- In 2014, Easy Store's sales and market share had increased compared to 2013
- In 2015, Easy Store's sales had again increased, but the market size had increased faster so its market share had decreased compared to the year before
- In 2016, Easy Store's sales decreased, but because the market size had decreased faster than Easy Store sales, its market share increased

Based on this information what action's do you think the business should take?

The advantage of being customer focussed is that the business will:

1. be competitive because....
2. reduce costs because....
3. Create brand loyalty because...
4. Enable a business to choose the correct marketing mix because...



Limitations of segmentation

Whilst it is possible for businesses to gain considerable benefits from segmenting the market there are however some disadvantages:

- 1.
- 2.
- 3.

The benefits of segmentation for a business are:	This is a benefit because
Better able to match the needs of the customer	
Increased opportunities to grow	
More effective promotion	
Gain a greater market share	

Identifying and understanding customers and segmentation - Exam Questions

1. Suggest and explain two reasons why it is important for a business to identify its target market. (4)

2. How are the following products targeted at different age groups? Give examples to help explain your answer.

Chocolate bars



Bicycles



A business manufacturing razors wants to appeal to both the female and male market. How can they adapt their product to boost their sales?



Male market



Female market

Unit 5: Marketing

Market Research - What you need to know!

Target	3.5.3 The purpose and methods of market research	Insecure	Developing	Secure
T112	Explain the purpose of market research (collect information about: <ul style="list-style-type: none"> • demand • competition • target market. 			
T113	Describe the difference between qualitative and quantitative market research.			
T114	Identify the benefits and drawbacks for various market research techniques such as: Questionnaires .			
T115	Identify the benefits and drawbacks for various market research techniques such as: Surveys .			
T116	Identify the benefits and drawbacks for various market research techniques such as: Interviews .			
T117	Identify the benefits and drawbacks for various market research techniques such as: Focus groups .			
T118	Identify the benefits and drawbacks for various market research techniques such as: Internet research .			
T119	Identify the benefits and drawbacks for various market research techniques such as: Printed press e.g. Newspapers .			
T120	Be able to interpret and use qualitative and quantitative market research findings to help make appropriate decisions for different types of business.			
T121	Identify market size and market share.			

Market Research - The theory

Key Term	Definition
Market research	
Primary market research	
Secondary market research	

Market Research – Exam Questions

Item C – Where Is My Market?

Ellen, a former nurse, decided that it was time to change her lifestyle and begin working for herself.

After some research, thought and advice, Ellen concluded that there might be a small niche market for 'upmarket' top-quality business cards. She discussed the idea with her family who encouraged her to review her finances, research her set-up materials and costs, and undertake some further market research.

Although Ellen's budget was limited, initially to her personal savings of £5,000, she did as suggested, her initial basic market research costing her £1,500! Although this was a considerable amount of her personal savings, Ellen considered it money well spent.

The initial results appeared to show that there would indeed be a niche market for her 'classy' business cards. This positive result encouraged Ellen to give more serious consideration to her proposal and consider an appropriate marketing mix, including identification of unique selling points (USPs), to realise it.

Ellen was aware that choosing the correct marketing mix was essential as all its elements impacted on the sale of her business cards at home and abroad.

1. Identify two possible reasons why Ellen should undertake market research (2)

2. Identify two constraints on Ellen's market research as a consequence of having a limited budget (2).

3. Identify two possible methods of market research likely to be used by Ellen because she has a limited budget (2).

4. Explain two advantages of Ellen using primary market research (4).

5. Explain two disadvantages of Ellen using secondary market research (4).

6. Analyse the benefit of Ellen undertaking a focus group before launching her business (6).

7. Recommend to Ellen whether or not she should use a face to face interview or online questionnaire as a method to collect research for her business idea. Give reasons for your answer (9).

<p>How to structure your answer:</p>	
<p>Paragraph 1: Should she use interview or questionnaire</p>	
<p>Paragraph 2: Disadvantage of the option you have not chosen.</p>	
<p>Use the steps below:</p>	
<p>Step 1 (P) - Make one point Step 2 (E) - Explain why/how your point is relevant.</p>	
<p>(C) Put your answer in Context by using evidence from the text to support the explanation of your point.</p>	
<p>Step 3 (An) - Analyse by writing about the impact and/or the consequence of your point.</p>	
<p>Paragraph 3: Conclusion A - Answer the question set. Make clear your decision.</p>	
<p>J - Justify your decision</p>	
<p>I - consider what the success of your decision depends on and the impact on the short and long term on the business.</p>	
<p>M - State the most important reason why you've come to your judgement</p>	

Question Paper 2 – Item C – It’s the Pitts Cleaning Services

Angelina and Brad started their cleaning business back in 2007 when they realised that there was a gap in the market for providing cleaning services to people with allergies. This included shops, offices and schools who wanted their premises deep cleaned by the pair.



Angelina and Brad have both worked for other cleaning companies for years, so services that they could provide included after-school cleaning for colleges and also night cleaning for offices. It’s the Pitts cleaning services were able to charge high rates per hour because of their specialism in removing all potential allergens and pollen. However, schools and colleges are very slow to pay and Brad often has to chase up the school secretaries on the phone to get them to pay the bills. This makes it hard for It’s the Pitts cleaning services to pay their own suppliers of cleaning materials and chemicals, who insist on payment when they collect the items. Angelina is worried that if Brad takes action against the schools and colleges that are late to pay they will lose valuable cleaning contracts. Most of It’s the Pitts’ customers come through word-of-mouth recommendations made by satisfied customers who have had their offices deep cleaned. It’s the Pitt’s cleaning services are also considering starting a website so customers can see their details online, similar to that of other competitors who are also cleaning companies. Angelina is also keen to swap the website for her having to answer the phone all day to potential customers; she is hoping to replace that with an online ‘contact us’ form for them to get in touch with their enquiry. This will free her up to manage the current clients and improve their customer service.

1. Analyse a method of market research which might help Angelina to make her business successful (6).

Unit 5: Marketing

The elements of the marketing mix: price, product, promotion and place - What you need to know!

Target	3.5.4 The elements of the marketing mix: price, product, promotion and place (4Ps)	Insecure	Developing	Secure
PRODUCT				
T122	Explain the benefits and risks of developing new products . Explain the importance of product design, image and the needs of the target market when designing new products.			
T123	Know the significance of having a USP (Unique selling point) in a competitive market and the importance of a good brand image .			
T124	Understand the product life cycle and demonstrate how demand for a product or service might change over time. Be able to evaluate the effectiveness of extension strategies and when they would be suitable.			
T125	Identify and explain the four categories of the Boston matrix . Explain how and why businesses might broaden and balance their product portfolio using the Boston Matrix.			
PRICE				
T126	Identify the features of the following pricing methods : • price skimming • price penetration • competitive pricing • loss leader • cost-plus.			
T127	Recognise the factors, internal and external , which might influence the pricing decision, particularly as businesses grow and expand.			
T128	Understand the basic relationship between price and demand ie as prices rise demand is likely to fall.			

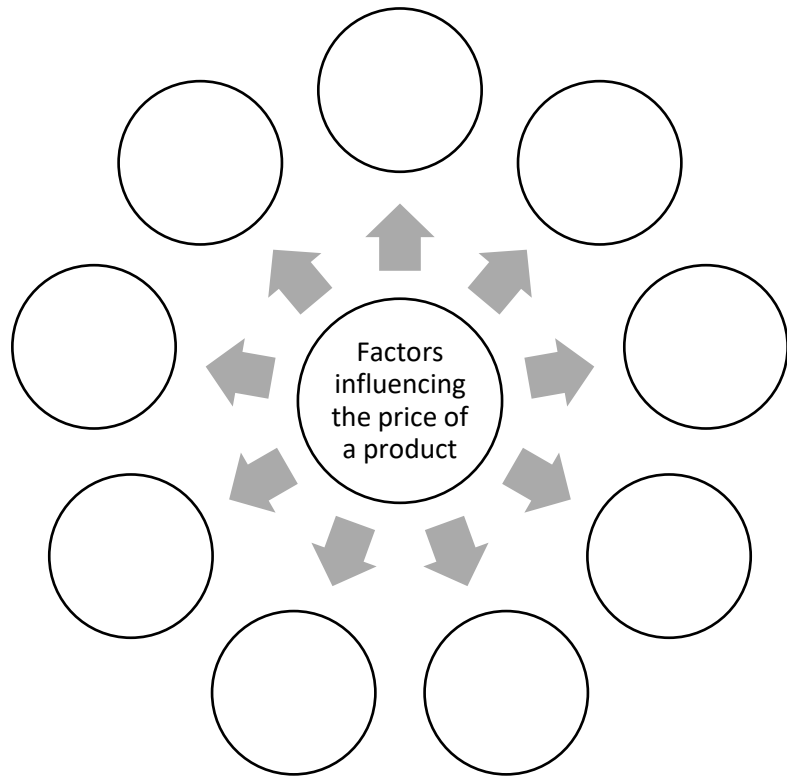
T129	Identify the promotional methods which are likely to be used by a given business: <ul style="list-style-type: none"> • advertising, including: • newspapers • magazines • television • internet • billboards. • PR • sales promotion • point of sales displays • 2 for 1 offers • free gifts • samples • coupons • competitions. • sponsorship • social media. 			
PROMOTION				
T130	Explain the benefits and drawbacks of promotional methods used by a business.			
T131	Identify and explain the factors influencing the selection of the promotional mix: <ul style="list-style-type: none"> • finance available • competitor actions • the nature of the product or service • the nature of the market • target market. 			
T132	Explain the reasons for promotion: <ul style="list-style-type: none"> • inform/remind customers about the product • create or increase sales • create or change the image of the product • persuade customers to buy the product. 			
PLACE				
T133	Identify the different channels of distribution used by businesses to gain access to potential customers: <ul style="list-style-type: none"> • retailers • wholesalers • telesales. 			
T134	Analyse the growing importance of e-commerce and m-commerce and how it can extend the reach of businesses to include international markets.			
T135	identify the benefits and drawbacks of a business using e-commerce and m-commerce.			
T136	Explain the importance of the four elements of the marketing mix and how they work together. Recommend appropriate marketing activities for a given business. Recognise how the marketing mix evolves over time and evaluate how businesses may react to this.			

The elements of the marketing mix: price, product, promotion and place - The theory

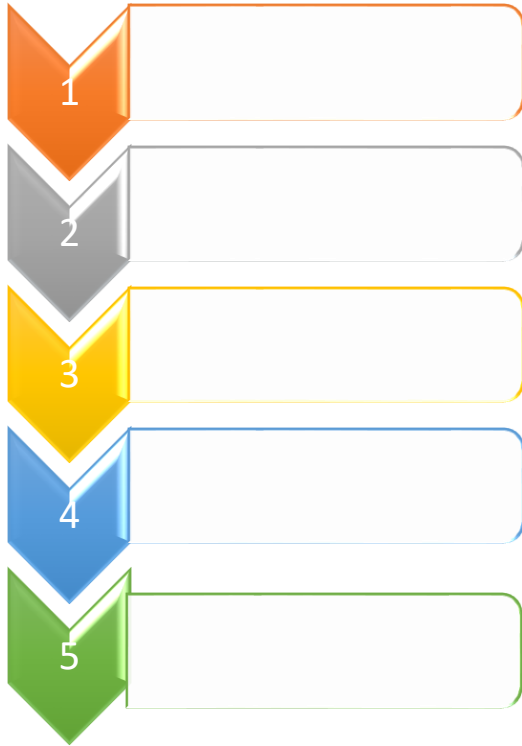
Key Term	Definition
Marketing Mix	
Product portfolio	
Product life cycle	
Extension strategies	
Product differentiation	
Boston matrix	
Price penetration	
Price skimming	
Competitive pricing	
Loss Leader	

Cost plus pricing	
Promotion	
Sales Promotions	
Advertising	
Promotional Mix	
Channel of distribution (Place)	
Wholesaler	
Agents	
Retailers	
E-Commerce	
M-Commerce	
Direct Marketing	
Intermediary	

Pricing strategy	Benefit	Drawback
Cost plus pricing		
Loss Leader		
Competitive pricing		
Price skimming		
Penetration pricing		

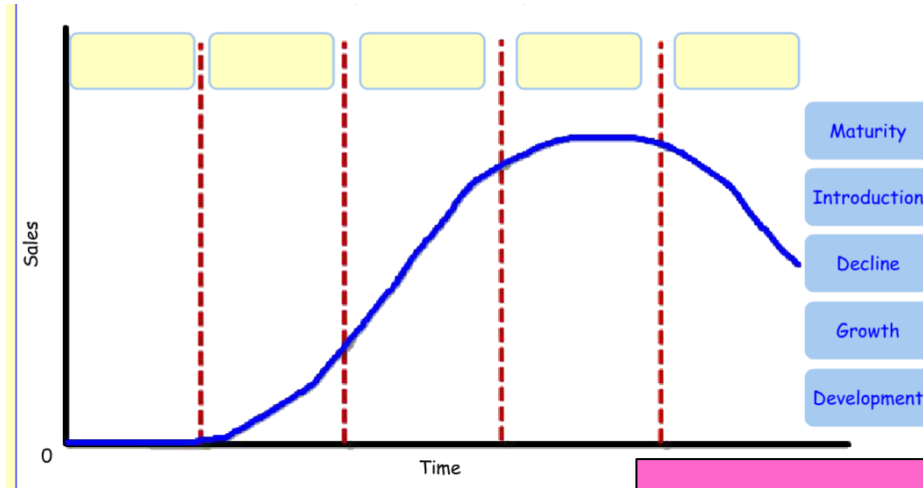


Task: Identify the stages in the product development process



Question: What are the benefits and risks of developing new products?

Task: Correctly label the product lifecycle and then identify the point on it where businesses would invest in extension strategies

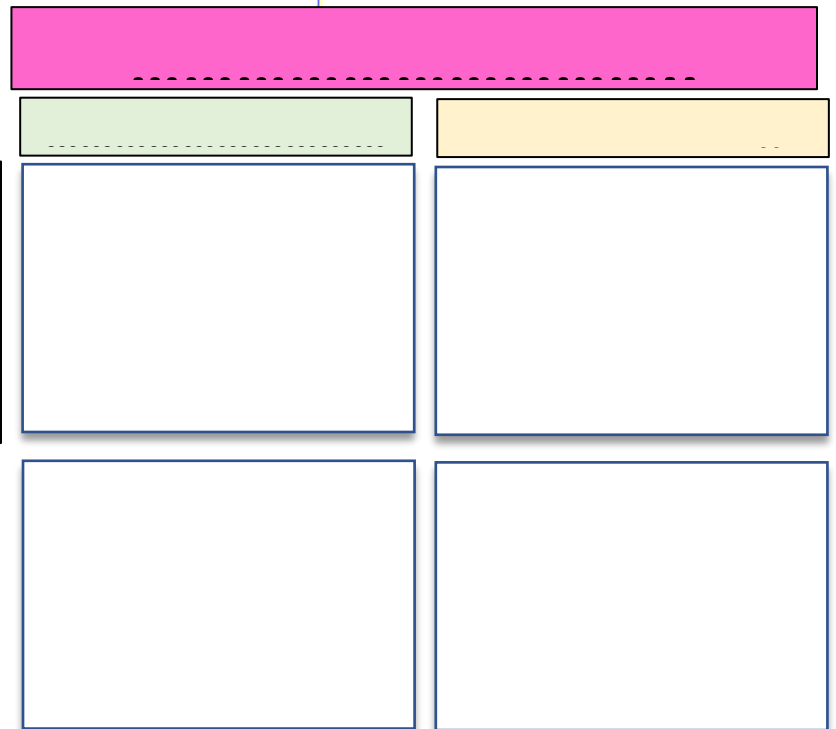
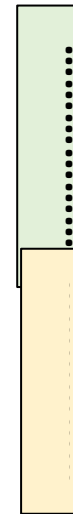
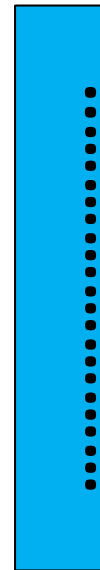


Describe four extension strategies that businesses could use to extend the life of their product.

- 1.
- 2.
- 3.
- 4.

Task1: Label the Boston Matrix
Task 2: Below explain each of the four segments of the Boston Matrix.

- 1.
- 2.
- 3.
- 4.



The elements of the marketing mix: price, product, promotion and place - Exam Questions

Item C - Where Is My Market?

Ellen, a former nurse, decided that it was time to change her lifestyle and begin working for herself.

After some research, thought and advice, Ellen concluded that there might be a small niche market for 'upmarket' top-quality business cards. She discussed the idea with her family who encouraged her to review her finances, research her set-up materials and costs, and undertake some further market research.

Although Ellen's budget was limited, initially to her personal savings of £5,000, she did as suggested, her initial basic market research costing her £1,500! Although this was a considerable amount of her personal savings, Ellen considered it money well spent.

The initial results appeared to show that there would indeed be a niche market for her 'classy' business cards. This positive result encouraged Ellen to give more serious consideration to her proposal and consider an appropriate marketing mix, including identification of unique selling points (USPs), to realise it.

Ellen was aware that choosing the correct marketing mix was essential as all its elements impacted on the sale of her business cards at home and abroad.

1. Identify two possible methods of sales promotion for Ellen's business (2)

2. Identify two unique selling points that Ellen could use to promote her business cards (2)

3. Ellen's business will face competition in her niche market and she must therefore be willing to alter her product to meet her customers' needs. Identify two ways that she might do this (2).

4. Explain two factors that might influence the price at which Ellen sells her business cards in the home market (4).

5. Analyse how Ellen could manipulate the marketing mix in order to increase the sales of her product (6).

Item B – Applying the 4Ps

At the start of their second year of trading, Richard and Dorothy decided that it was time to expand their business. They opted to keep Blue-Print a private limited company and to contact their old friends, Jamal and Bozydar, to offer them the chance of buying shares in Blue-Print Ltd. Both Jamal and Bozydar accepted the offer. The expanded business altered the 'old' marketing mix, added to its product portfolio and took on four new worker-employees. Two of the new employees will install kitchens and fittings, under the supervision of Dorothy. One of the others will be responsible to Jamal and the other to Bozydar. Richard will become the overall managing director and Dorothy, Jamal and Bozydar will all become second-level managers, with specific areas of responsibility.

Marketing, selling and installing flat-pack kitchen units is a very competitive business. Richard, in particular, realised the importance of tweaking Blue-Print's old marketing mix in order to get a competitive business advantage over their rivals. Richard also knows that in order to be really effective, the marketing mix should be considered as an integrated package. He was aware that their current product will, like all products, have a finite life cycle, and a rather long one in their product's case! Consequently, he decided to develop a product extension strategy and to increase Blue-Print's product portfolio in order to facilitate its new growth. Richard, with the agreement of all the other shareholders, decided that the expanded company should offer a kitchen design service, sell associated kitchen appliances and employ a team of specialist kitchen fitters.

The selling prices of the new Blue-Print's products were also given consideration. Richard's business studies background, along with Jamal's accounting knowledge, combined to decide which of the various pricing techniques could most effectively facilitate the new Blue-Print's growth and expansion. Both Richard and Jamal also recognised the significance of the relationship between a product's cost and its selling price. They also realised the importance of always maintaining a competitive pricing policy for Blue-Print Limited as a whole. However, the former students were also aware that in a free market, price is, in theory, determined by the interaction of supply and demand.

All managers knew that effective promotion, be it above or below the line, was vital if the business were to succeed, and so they agreed that Blue-Print Limited needed to have an effective promotional mix, as well as a successful marketing mix. Richard and Jamal suggest that the expanded business should investigate how it can benefit from advertising, sales promotion, sponsorship and direct marketing. However, they also advise that careful attention should be paid to factors that might influence Blue-Print Limited's promotional mix.

The management team are also very aware that getting their products to customers, on time and in good condition, is an essential element of customer satisfaction, and that to achieve this it is essential that Blue-Print Limited uses the most appropriate channel of distribution to access their customer base.

1. Identify ways Blue-Print Limited has broadened and balanced its product portfolio as it has grown (2).

2. Blue-Print grew as a business and decided to expand its product portfolio. Explain one benefit and one drawback for Blue-Print of extending its product portfolio (4)

10. Do you think that Blue-Print should use an indirect distribution system, with one or more intermediaries, to access UK mainland customers? Give reasons for your answer (9).

<p><u>How to structure your answer:</u></p>	
<p>Paragraph 1: Yes they should</p>	
<p>Paragraph 2: Not they should not</p>	
<p>Use the steps below:</p>	
<p>Step 1 (P) - Make one point</p>	
<p>Step 2 (E) - Explain why/how your point is relevant.</p>	
<p>(C) Put your answer in Context by using evidence from the text to support the explanation of your point.</p>	
<p>Step 3 (An) - Analyse by writing about the impact and/or the consequence of your point.</p>	
<p>Paragraph 3: Conclusion</p>	
<p>A - Answer the question set. Make clear your decision.</p>	
<p>J - Justify your decision</p>	
<p>I - consider what the success of your decision depends on and the impact on the short and long term on the business.</p>	
<p>M - State the most important reason why you've come to your judgement</p>	

Question Paper 4 – Item C – Retro Sweet Shop

Kirsten Stuart and Rob Patterson met in college and started a retro sweet stall, where they sold sweet hampers and sweet bundles as gifts to their friends and family. When they left college, they thought that they should open up a sweet shop in town; they found a shop to rent and approached the bank for a loan. The bank agreed the loan and they were able to borrow the rest of the money to start up from their family.

They are now considering buying a new colour printer that can print photos onto icing, and they could sell these icing toppers for cakes in their shop. They are taking on two new employees to help them increase sales and improve customer service at busy periods in the shop. Kirsten and Rob are aware that the sweet market is becoming more competitive and their profits are falling. Many customers are cutting back on the amount that they spend, and the hamper side of business has not been very profitable lately. They realise that there are many rivals on the high street offering similar sweets, but that their hampers are unique, and they hope to build that side of the business.

1. In order to increase their profits, Kirsten and Rob have decided to increase their promotion. Recommend which promotional method The Retro Sweet Shop should use in order to increase their profits. Give reasons from your recommendation. (9)

How to structure your answer:	
Paragraph 1:	
Paragraph 2:	
Use the steps below:	
Step 1 (P) - Make one point	
Step 2 (E) - Explain why/how your point is relevant.	
(C) Put your answer in Context by using evidence from the text to support the explanation of your point.	
Step 3 (An) - Analyse by writing about the impact and/or the consequence of your point.	
Paragraph 3: Conclusion	
A - Answer the question set. Make clear your decision.	
J - Justify your decision	

