

*Edexcel*

*AS Level*

*Business studies*

*(Code: WBS11 01)*

*Unit 01*

*Marketing and people*

*Section 01 – Meeting customer*  
*needs*



## Chapter 01

### 1.1 market

#### Markets and marketing

Business makes money by selling their goods and services in markets. There are different types of markets that can be seen.

- » Consumer good markets                      » Market for services                      » The housing markets.
- » Commodity markets                              » Financia markets

Marketing involves a range of activities that help a business sell its products. However, marketing is not just about selling, it involves:

- » Identifying the needs and wants of consumers.                      » Designing products that meet these needs.
- » Understanding the threats posed by competitors.                      » Charging the right price
- » Telling customers about products.                                      » Persuading customers to buy products.
- » Making products available in convenient locations.

#### The characteristics of mass markets and niche markets

Some businesses sell their products in a mass market. This is when a business sells the same products to all consumers and markets them in the same way. This means that businesses can produce large quantities at a lower unit cost by exploiting economics of scale. This might result in higher sales and higher profits.

A niche market is a small market segment – a segment that has something gone “untouched “by larger business. Niche marketing is the opposite of mass marketing. It involves selling to a small customer group, sometimes with specific needs.

They may also avoid competition. It is a lot easier to focus on the needs of the customer in a niche market.

#### Market size

- » Value - this is the total amount spent by customers buying products.
- » Volume – this is the physical quantity of products that are produced and sold.

#### brands

Many businesses try to establish themselves in markets by giving their products a brand name. branding might be used to:

- » Different the product from those of rivals.                      » Create customer loyalty.                      » Develop an image.
- » Help product recognition.                                              » Charge a premium price when the brand becomes strong.

#### Market share

Market share or market penetration is the term used to describe the proportion of a particular market that is held by a business, product, a brand or several businesses or products. The market share of a business can be calculated as above.

$$\frac{\text{Sales of a business}}{\text{Total sales in the market}} \times 100\%$$

### Dynamic markets

Most markets do not remain the same over- time – they tend to be dynamic, which means they are likely to change. They may grow, shrink, fragment, emerge or completely disappear. Dynamic markets can have a huge impact on business. A failure to adapt in a dynamic market can lead to the collapse of a business.

Eventually the market for these types of cameras collapsed and kodak went into liquidation. Those businesses that can adapt to changes in dynamic markets are more likely to survive in the long term.

### Online retailing

One of the biggest changes to occur in the marketing of products has been the development of **online retailing** or **e- tailing**. This is a popular branch of e- commerce that has emerged along with the development of the internet.

#### **Benefits from offering online retail services.**

- » Retailers can market their goods to people who prefer to shop from home or who find it difficult to get to traditional shops.
- » It is easier to gather personal information from customers.
- » Marketing costs will also be lower.
- » Selling costs, such as sale staff, rent and other store overheads can be avoided.
- » Online retailers can reach more customers.
- » Online retailers provide greater flexibility.

#### **How markets change.**

**The size of markets:** the size of some markets can remain quite stable over a period.

**The nature of markets:** Many markets are in a state of flux. This means that the structure and nature of the market is subject to constant change. It is also possible for consumer spending patterns to change.

**New markets:** While it is possible for some markets to completely disappear, new markets are always developing. One big source of new markets is the development of 'emerging economies'.

#### **Innovation and market growth**

**Innovations:** Businesses can grow their markets through the process of innovation. They can create new wants and needs and meet them with new products. A lot of innovation emerges through technological research and development.

**Social changes:** Changes in society can have a big impact on markets.

**Economic growth:** Global living standards tend to rise over time. This means that the world's population has more money to spend. As a result, businesses can supply more of their output to growing global markets. Also, as people get wealthier, they are likely to demand different types of goods.

**Changes in legislation:** new laws can affect the market. Tighter laws relating to **payday lending** have resulted in many firms leaving the market. A ban on tobacco advertising in some countries might have reduced the market size for cigarettes.

**Demographic changes:** Changes in the structure of the population can affect the size of markets. In most countries the population is ageing. This will help a lot of markets to grow because populations get bigger.

### Adapting to change

**Flexibility:** Businesses need to be prepared for change. One way is to develop a culture of flexibility within an organization. A business might need flexible working practices, machinery and equipment, pricing, and staff.

**Market research:** Businesses must keep in touch with developments in the market. One way to do this is to undertake regular market research. This might be aimed at current customers or potential customers.

**Investment:** Those businesses that invest in new product development are likely to survive for longer in the market. Although research and development are expensive, a failure to innovate could be costly.

**Continuous improvement in the increasingly competitive environment:** Businesses need to make continual improvements in all aspects of their operations. If new product ideas are encouraged, they may gain a competitive edge. A culture of continuous improvement can help businesses be more adaptable in the market.

**Develop a niche:** If a market is in decline and a business is unable to diversify, it may survive by serving a niche. A niche strategy is appropriate if groups of loyal customers can be served profitably.

### How coemption affects the market

Competition is the rivalry that exists between businesses in a market. It would be rare for a business to operate in a market where there was absolutely no competition. these methods include:

- » Offering better quality products.
- » Lowering prices.
- » Making their products appear different to those of rivals.
- » Using more powerful or attractive advertising or promotions.
- » offering 'extras', such as high-quality customer service.

**Consumers:** Consumers will generally benefit from competition in markets. In markets where there are lots of businesses competing, there will be more choice. Most people enjoy having lots of choice because it makes their life more interesting.

## The difference between risk and uncertainty

One of the challenges when running a business is dealing with risk and uncertainty. Although both risk and uncertainty are likely to pose threats to a business, they are not the same.

**Risk:** Owners take risks when running a business. This means they take actions where the outcomes are unknown. More specifically, they commit resources that could be lost. Initially, they take a risk when setting up a business.

This is because they invest their own money to get the business 'up and running' and there is a chance that the business will not succeed. If the worst happens and the business collapses it is possible that all the money invested by the owner is lost.

**Uncertainty:** The markets in which businesses operate are often subject to external influences. This means that events that are completely beyond the control of businesses can have an impact in the market, which can have financial consequences.

## Chapter 02

### 1.2 Market research

#### market research

Market research involves gathering, presenting, and analyzing information about the marketing and consumption of goods and services. Businesses spend money on market research because it helps to reduce the risk of failure. Products that are well researched are more likely to be successful. Market research data can be used for the following specific purposes.

**Identify and anticipate customer needs and wants:** Businesses will benefit if they can clarify the specific needs and wants of consumers. To design products that are likely to sell, they need to identify as precisely as possible the product features that people desire.

**Quantify likely demand:** It is important to find out how much of a product a business might expect to sell in a market. This data will be quantitative. This is discussed in detail later in this chapter. One reason for this is to help determine whether a particular product is going to be commercially viable.

**Gain an insight into consumer behavior:** Some market research is aimed at analyzing consumer behavior. Businesses might be more successful if they can identify and understand patterns of consumer behavior.

#### Primary research

Primary research or field research involves collecting primary data. This is information that did not exist before the research began. In other words, it must be collected by the researcher. It can either be carried out by a business itself or by a market research agency.

However, in all but a few instances this would be either impractical to carry out or expensive. It is usual to carry out a survey of a **sample** of people who are thought to be representative of the total market.

#### Methods of primary research

Some of the main methods of gathering data are discussed briefly below.

**Questionnaires/surveys:** A questionnaire is a list of written questions. They are very common in market research and are used to record the views and opinions of respondents.

- Have a balance of open and closed questions. Closed questions allow respondents a limited range of responses.
- Contain clear and simple questions. Questions must be clear, avoiding the use of jargon, poor grammar, and bad spelling.
- Not contain leading questions. Leading questions are those that 'suggest' a certain answer. They should be avoided because otherwise the results will be unreliable.
- Not be too long. If questionnaires are too long people will not give up their time to answer them. Questionnaires can be used in different situations.

**Focus groups or consumer panels:** If a business wants very detailed information from customers, it might use **focus groups or consumer panels**. A focus group is where several customers are invited to attend a discussion organized by market researchers.

**Face-to-face/telephone interviews:** Businesses may conduct face-to-face interviews in the street. Another approach is to interview people over the telephone. This is likely to be cheaper than questioning people in the street. Also, people from a wide geographical area can be covered.

**Product trials/test marketing:** Some businesses use product trials to get feedback from customers. This is where consumers are encouraged to examine, use, or test a product before it is launched fully onto the market.

Advantages	Disadvantages
Data can be collected that directly applies to the issue being researched. Secondary data will be data collected for another purpose.	It can be expensive to collect and may take longer than desk research.
The business that initially collects the data will be the only organisation with access to it. It can be used to gain marketing advantages over rival firms.	The sample taken may not represent the views of all the population.
Secondary data may be unavailable in a certain area.	If the research method is flawed, the findings will also be flawed. For example, a badly worded questionnaire may not provide the data a business requires.

### Secondary research.

Secondary research or desk research involves the collection of secondary data. This is information that already exists in some form. It can be internal data, from records within the business, or external data, from sources outside the business.

#### Methods of using social media

**Websites:** A business can carry out secondary research by gathering data from the websites of rivals. By analyzing the websites of competitors, a wide range of information can be gathered very easily and cheaply.

**Social media:** Few businesses can afford to neglect the role social media can play in marketing. An increasing number of businesses make use of social media. Social media can provide a cost-effective and in-depth tool for gaining insights into a firm's customers, market, brand appearance and other important market research aspects.

#### Advantages of using social media for market research

**Newspapers/ magazines-** Businesses can use newspapers and magazines for market research data, such as assessing competition through ads. Magazines may also conduct surveys to gather insights on reader preferences.

**Television/radio:** Programmers broadcast on television and radio may provide useful data for some businesses.

**Reports:** The reports published by a wide range of organizations might be used to gather secondary data. In many countries the government is likely to publish data that could be used by businesses.

<b>Broad reach</b>	It can reach millions of people all around the world.
<b>Ability to target</b>	Social media allows specific groups of people to be targeted.
<b>Free or low cost</b>	The use of social media may be free for businesses and paid options are usually cheap.
<b>Personal</b>	It allows communication on a personal basis with individual customers and groups.
<b>Fast</b>	Information can be collected very quickly from large numbers of people.
<b>Easy</b>	High-level IT skills and complex equipment are not needed.

### databases

A database allows a great deal of data to be stored. Every business that uses computers will compile and use databases. The information is set up so that it can be updated and recalled when needed. A good database will have the following facilities,

- » File-sorting facility for rearranging data in another order.
- » Be user definable (having a function or meaning that can be specified and varied by a user)
- » File-searching facility for finding specified information from a file.
- » Calculations on fields within records for inclusion in reports.

### QUANTITATIVE AND QUALITATIVE RESEARCH

Data collected through desk and field research can be either quantitative or qualitative in nature.

**Qualitative research** involves the collection of data about attitudes, beliefs, and intentions. Focus groups and interviews are common methods used to collect qualitative data.

**Quantitative research** involves the collection of data that can be measured. In practice this usually means the collection of statistical data such as sales figures and market share.

### Sampling methods

Ideally, when carrying out a survey, information could be gathered from every single member of the **target population**. The target population includes all those people whose views a business wants to explore. To overcome this problem businesses, collect information from a **sample** of people in the population. A **sample** is a much smaller group.

» **Random sampling**: Random sampling gives each member of a group an equal chance of being chosen. In other words, the sample is selected at random, rather like picking numbers out of a hat. Today computers can be used to produce a random list of numbers, which are then used as the basis for selecting a sample.

» **Quota sampling**: Quota sampling involves the target population being segmented into several groups that share specific characteristics. These may be based on the age and gender of the population.

» **Stratified sampling**: This method of sampling is also random. However, unlike the method described above, stratified sampling is where the sample is divided into segments or strata based on previous knowledge about how the population is divided up.

## Chapter 03

### 1.3 Market positioning

#### Product and market orientation

Some businesses are said to be relatively product orientated, or market orientated.

**Product orientation**: Many businesses in the past, and some today, could be described as product orientated. This means that the business focuses on the production process and the product itself. It puts most of its effort into developing and making products that it believes consumers want and which will sell well.



**Market orientation:** A business that is market orientated is one that continually identifies, reviews and analyses consumers' needs. It is led by the market. A business is much more likely to be engaged in effective marketing if it is market orientated.

A more market-orientated business may have several advantages over one which is more product orientated.

- It can respond more quickly to changes in the market because of its use of market information.
- It will be in a stronger position to meet the challenge of new competition entering the market.
- It will be more able to anticipate market changes.
- It will be more confident that the launch of a new product will be a success.

friendly. Whether a business places great emphasis on the product or on the market will depend on several factors.

**The nature of the product:** Where a firm operates in an industry at the edge of innovation, such as bio- technology, pharmaceuticals, or electronics, it must innovate to survive.

**Policy decisions:** A business will have certain objectives. When these are set in terms of technical quality or safety, the emphasis is likely to be on production.

**The views of those in control:** An accountant or a managing director may place emphasis on factors such as cash flow and profit forecasts, a production engineer may give technical quality control and research a high priority.

**The nature and size of the market:** If production costs are very high, then a company is likely to be market orientated.

**The degree of competition:** A company faced with a lack of competition may devote fewer resources to research with little concern about a loss of market share.

## Market positioning

Market positioning is concerned with the perceptions consumers have about products. To simplify the choice from a vast range of products, consumers categorize them according to a range of factors. Some approaches that a business might use to position its products are outlined below.

- The benefits offered by the product
- The unique selling points. **The unique selling point or unique selling proposition (USP)** of the product. This is the key aspect of the product or service that sets it apart from those of competitors.
- The characteristics/qualities of the product. This is a common method used to position products.
- The origin of the product. In the market for cheese, the names of many products are derived from where they were originally manufactured.

## Marketing mapping

Market research helps businesses understand customer perceptions of their brand, influencing sales. It helps identify target market characteristics, pricing, and promotional strategies. Results can be displayed on perceptual maps, but they have limitations, such as being two-dimensional, less relevant for corporate brand image, and requiring primary market research.



## Market segmentation

Markets can be divided into different sections or market segments. Each segment is made up of consumers that have similar needs.

Some businesses concentrate on producing one product for one segment.

- Some businesses produce a range of different products and target them at several different segments.
- Some businesses aim their products at nearly all consumers.

## Geographical and demographic segmentation

**Geographic segmentation:** Different customer groups are likely to have different needs depending on where they live.

**Demographic segmentation:** It is common for businesses to divide markets according to age, gender, income, social class, ethnicity, or religion of the population.

## Psychological segmentation

Geographic and demographic segmentation have limitations. Yet people in this consumer group share the same gender, age, and location. An alternative way of grouping customers is through psychographic segmentation.

- Sports products may be aimed at those who are interested in 'extreme' sports such as snowboarding.
- Chocolate manufacturers have identified two categories of chocolate eaters. 'Depressive' chocolate lovers eat chocolate to unwind, mainly during the evening. 'Energetic' chocolate eaters eat chocolate as a fast food and live life at a fast pace.
- People's attitudes to life may also be used to segment the market.
- Clothes may be geared at those who are interested in 'retro' fashions from earlier decades.
- Travel companies target holidays at families with younger children.
- Many newspapers are often targeted at readers with political views.

## Behavioral segmentation

Behavioral segmentation attempts to segment markets according to how consumers relate to a product. There are several different methods of behavioral segmentation.

**Usage rate:** This is when consumers are categorized according to the quantity and frequency of their purchases.

**Loyalty:** Consumers can be categorized according to their product loyalty.

**Time and date of consumption:** Consumers often consume products at times and dates. Businesses can take advantage of this to improve their marketing.

## Benefits of market segmentation

Generally, a business is more able to meet the needs of different customer groups if the market is segmented. Some specific advantages include the following.

- » Businesses that produce different products for different market segments can increase revenue.
- » Customers may be more loyal to a business that provides products that are tailored specifically to them.

» Businesses can avoid wasting promotional resources by not targeting products at customers that do not want them.

### Competitive advantage of product and services

A business is likely to be more successful if it can gain a competitive advantage in the marketplace. Competitive advantage is a set of unique features of a company and its products that are perceived by customers as significant and superior to the competition.

**Product design:** If a firm can develop a product that has superior design, this might appeal to a significant proportion of the market. A business may emphasize a specific design feature to differentiate its product from those of its rivals and gain a competitive advantage.

**Product quality:** Offering high-quality products is a common way of gaining a competitive edge in a market. The main advantage of this approach is that a premium price (higher than usual) can be charged.

**Promotion:** Effective promotion using creative advertising, the use of persuasive advertising may be capable of changing consumer perceptions so that they are more inclined to buy the product.

**Customer service:** Some businesses pay less attention to the product itself and rely on high-quality customer service to gain a competitive edge.

**Delivery times:** Some customers demand fast delivery of products. Where speed of delivery is important, a prompt service will be a way of gaining an advantage.

**Economies of scale:** Firms that can produce efficiently at low cost can afford to charge a lower price and therefore gain a competitive advantage by being a cost leader in their market. Larger firms are likely to be better placed to exploit this advantage.

**Flexibility:** Some customers appreciate a flexible service if they can speed up production to meet a more urgent delivery time.

**Ethical stance:** It might be possible to gain a competitive edge by adopting a particular ethical position.

**Focusing on a particular market segment:** For example, a gym could gain a competitive advantage by focusing on an audience not typically catered for by gyms and fitness clubs such as the over-60s or parents with young children.

### The purpose of product differentiation

**Flexible pricing:** If a business can demonstrate clear physical differences between their products and those of rivals, it may be able to charge higher prices. In the case of perceived differences, consumers sometimes

**Recognition:** One of the main purposes of product differentiation is to gain recognition in the marketplace. Consumers often find products more appealing if they stand out from the pack. Sweets tend to be packaged in attractive and colorful wrappings so that consumers are drawn to them.

**Extend product range:** If businesses can differentiate products, they may be able to serve more than one market segment in the same industry. For example, cruise ships offer different standards of cabin accommodation to consumers with different levels of spending power.

**Brand development:** A business that can differentiate its product successfully for a long period of time can develop a strong brand.

**Overcome competition:** Generally, a business will differentiate its products to try and win market share from their rivals. By creating real or perceived differences businesses can attract new customers and win larger market shares. With an increase in scale a business might also be able to lower costs and raise profits.

### Adding value to product and services

In highly competitive markets a business may try to add value to its product. This means that the business provides 'extra' features for the customer that go beyond their standard expectations.

**Bundling.** A business might be able to add value by putting together a 'package' of benefits or services that make up the whole product.

**Customer service.** Staff that come into direct contact with customers can play a very big role in adding value. Well-presented, friendly, thoughtful, and professional staff create a good image and make customers feel at ease.

**Speed of response to customers.** This is linked to customer service. A lot of people do not like waiting - this might include queuing at checkouts, waiting for appointments and waiting for deliveries.

**Packaging.** The packaging of products can add value. Many businesses try to present products in attractive wrappings.

## Exam style questions

### (1)2023 January Question number 01 (e) P1 (MARKS 10)

- (a) Assess the importance for Realm of increasing its market share in the smartphone market.
- (b) A retailer increased the price of the Apple smartphone by 8%. It has a price elasticity of demand (PED) of  $-0.5$ . Explain how the data above is likely to affect the revenue of the retailer.
- (c) Analyze two methods that Mr. Cory's Cookies may have used to build its brand.
- (d) Assess the decision by Mr. Cory's Cookies to use only online retailing to sell its cookies.

#### Extract A

China's smartphone market

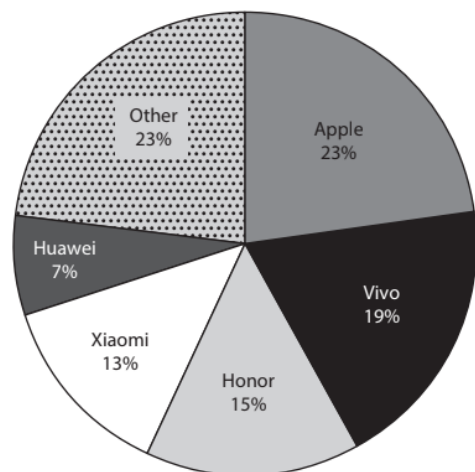
In 2021, the sale of smartphones in China decreased by 9% due to component shortages and lower consumer spending. Smartphone users in China are now keeping their devices longer before upgrading to new models. However, sales of Apple smartphones increased due to its new camera and 5G features giving it a competitive advantage.

#### Extract B

Market share of smartphone sales in China 2021

#### Extract C

The folding smartphone is likely to remain a niche product. In 2021, 1.3 billion smartphones were sold globally. Seven million of these were folding models. This represents 0.5% of the smartphone market. It is predicted that by 2025, this share could rise to 1.8%. One of the most popular folding phones is the Samsung Galaxy Z Flip3, priced at over \$1 000.



**Extract D****Realme aims to compete with Apple and Samsung**

*Realme* is a Chinese business that started in 2018. It manufactures and sells smartphones. *Realme* has been successful in markets where consumers are seeking high specification phones and fashionable designs at a low price. It is now the second-largest smartphone provider in India.

In 2021, *Realme* launched its smartphones in Europe and other regions outside of China to increase its 6% global market share. It sold 20 million smartphones in 2021, an increase of 48% from the previous year. In comparison, Apple sold 80 million smartphones in the period of October to December 2021. *Realme* aims to sell 85 million smartphones in 2022.

**Extract E****Mr Cory's Cookies**

Young entrepreneur Cory Nieves is also known as Mr Cory. When he was five years old, he started selling hot chocolate in his neighbourhood to raise money to buy a car for his family. Cory then began selling lemonade and cookies to increase the buying options for his loyal customers.

His passion and entrepreneurial spirit, combined with a love of treats, led him to be the owner of Mr Cory's Cookies at six years old. Cory's mother, Lisa, spent many months learning how to bake cookies. She then tests marketed each batch in the local area. The business became famous in the local community for Cory's chocolate chip cookies, which continue to be the best seller. The product line has expanded, and the cookies are manufactured using only natural and high-quality ingredients. The cookies are now only available online.

Due to the publicity, he received as a young entrepreneur, Cory has had many television appearances and has worked with large companies and brands such as Mercedes Benz, Ralph Lauren, TOMS and Macys. In addition, he has worked with non-profit organisations

such as the Children's Aid Society.

**2) 2022 OCT/NOV QUESTION NUMBER 01 (a) P1 (2 marks)**

(a) Define the term 'market share'. (Extract A, line 10)

**2022 OCT/NOV QUESTION NUMBER 02 (d) P1 (8 marks)**

(d) Discuss the advantages for Birkenstock of using focus groups when designing new shoes.

**Extract A**

The growth of the electric scooter market Over recent years, there has been a large increase in the popularity of electric scooters. These scooters are now a common sight on the streets and pavements of many cities around the world. They are used, mainly by younger people, for leisure use as well as by people travelling short distances to work. The scooters provide an alternative to electric bikes which have grown in popularity.

Supporters of electric scooters say they will help reduce the use of cars, buses, and trains, giving cities cleaner, quieter and safer streets. Opponents argue that they offer limited health benefits and can be a safety hazard.

Manufacturers of electric scooters are currently competing for market share. They sell business to business (B2B) to rental companies and business to consumer (B2C) for private sales. Globally, the supply of electric scooters is expected to peak in 2025 with a revenue value of £20bn.

In 2020 the UK Government allowed the trial of electric scooters by rental businesses. These businesses hire scooters for the public and charge an hourly fee. Unlike many countries, use of privately owned scooters remains illegal on roads and pavements in the UK. There has been an increase in the number of start-up businesses renting scooters in major cities of the UK.

**Extract B**

Total number of electric scooters available for hire in the UK



**Extract C****About Birkenstock**

Birkenstock is a German family-owned business founded in 1774. It produces high quality footwear that is sold globally at premium prices.

Birkenstock produces shoes, sneakers, boots and sandals for adults and children. They are used for leisure, walking and fashion. It has a wide range of designs in many colours and materials. The product portfolio includes a vegan collection of shoes which are made from plant-based materials. Its best-selling footwear is the Arizona sandal which has remained unchanged since 1973.

The high level of quality is the result of carefully selected materials. Birkenstock is known as the inventor of the footbed which refers to a unique shape to the sole of the shoe. The footbed provides a high level of comfort and has given Birkenstock a unique selling point (USP).

The business has received positive advertising from famous celebrities photographed wearing the Arizona sandals, which has contributed to the increase in revenue for the business. It was awarded footwear brand of the year in 2017 and 2020.

**3) 2022 January QUESTION NUMBER 01 (a) P1 (MARKS 2)**

(a) Define the term 'quantitative data'. (Extract A, line 12)

**2022 January QUESTION NUMBER 01 (d) P1 (MARKS 08)**

(d) Discuss the benefits for Vaibhav Anant of using secondary market research when starting his business.

**Extract A**

Indian based Bambrew is helping to put an end to single-use plastic straws.

For Vaibhav Anant to see a tortoise struggling in pain because it was caught up in plastic waste, was a difficult sight to witness. Plastic waste, including plastic straws, is accumulating in lakes and oceans, becoming a global crisis. Anant used product innovation to help tackle this problem and formed his business Bambrew.

After researching for over a year and a half for materials that do not harm the environment, Vaibhav Anant found that bamboo was the best alternative material to plastic to make straws. Bamboo is available in high quantities in India. Bambrew developed a technology for making straws from bamboo fibres and bamboo waste. These materials are natural and biodegradable which means the products can decay naturally and do not have a negative impact on the environment.

Secondary research helped him to collect quantitative data. He found that there are about 137 bamboo species, but not all of them are suitable for making straws. He researched the best areas in India to source the bamboo and identified communities in India who could manufacture the straws.

Bambrew is now developing disposable bamboo food containers and packaging as well as straws and exporting these to the US, UK, and Canada. The marketing strategy used by Bambrew is business to business (B2B). Customers include Zomato, a food delivery business, and Lalit Hotels, a luxury hotel chain.

According to reports, the global biodegradable packaging market, which was valued at \$3.92bn in 2018, will be worth \$21bn by 2025.

**(4) 2021 OCT/ NOV QUESTION NUMBER 01 (a) marks 02**

(a) Define the term 'niche market'. (Extract A, line 8)

**2021 OCT/ NOV QUESTION NUMBER 01 (e) marks 10**

(e) During its market research, Oppo used two primary research methods, interviews, and product trials.

Assess the advantages to Oppo of using these methods when developing its brand.

**Extract A****The Ice Cream Market**

The global ice cream market value is expected to reach \$89bn by 2023 and is attracting many new businesses to the market. Unilever dominates the global market with a 22% share. It owns 8 of the 15 top selling brands. Its brands include Magnum, Cornetto, and Ben & Jerry's. Nestlé is Unilever's closest rival having 4 brands in the top 15.

The sales of low-quality ice cream have been declining, due to the increased demand for premium ice cream. There are many factors contributing to the growth of the ice cream market. These include innovative flavours and the rise in incomes. Niche markets are developing to cater for an increase in demand for organic and naturally sweet desserts. There is an increase in demand for ice cream from consumers above the age of 50.

**Extract B****Oppo Ice Cream**

Everyone loves ice cream. We all know it is a delicious treat but know it is not a healthy one. However, a business called Oppo has created an ice cream with 60% fewer calories and less sugar than standard ice cream. Oppo claims that one portion of its ice cream contains fewer calories than an apple. Brothers Charlie and Harry Thuillier came up with the idea while on holiday in Brazil. When they returned home, Charlie left his graduate job to dedicate himself full-time to developing a healthier ice cream.

During their primary market research, the brothers used two methods, interviews, and product trials. They interviewed people who worked in the ice cream industry including a leading industry professional named Gary Martin who had worked on the Häagen-Dazs ice cream brand.

After months of experimenting with different recipes, Charlie and Harry developed a winning recipe that replaced cream and sugar with fresh milk, coconut oil and stevia leaf. Oppo initially conducted product trials in a few supermarkets to test if the product would sell, and now the ice cream is stocked in over 1,600 UK stores.

After two years of hard work in Harry's kitchen the brothers had achieved what they set out to do. Even though they were told by some industry professionals that they would not succeed, the pair persevered and their determination paid off. The business is now continuing to grow and is expanding internationally.

**(5) 2021 MAY/JUNE question number 01 (marks 02)**

(a) Define the term 'demand'. (Extract A, line 4)

**Extract A**

The global chocolate markets.

Chocolate is a multi-billion-dollar market and is expected to reach high levels of growth within the next few years. Rising incomes in many countries and the widespread availability of chocolate are leading to increased demand. However, uncertainty in the supply of cocoa, which is the main ingredient in chocolate, is likely to raise the cost of producing chocolate. This may be a major challenge for chocolate retailers.

There are suggestions in the media that there are health benefits from consuming chocolate, particularly dark chocolate that contains a larger proportion of cocoa. Analysts believe that as well as increased demand for dark chocolate, other areas of growth will be:

- Festive chocolate    · Seasonal chocolate
- Organic chocolate    · fair-trade chocolate

The global chocolate market is segmented by type and sale frequency. Based on chocolate type, the market is classified as milk chocolate, dark chocolate, and white chocolate. The milk chocolate segment remains the largest selling chocolate. Based on sale frequency, the market is categorised as daily chocolate, premium chocolate, and seasonal chocolate.

**Extract B**

The top five global chocolate manufacturers (2018)

**Extract c**

BiSU Water Delivery

In Turkey, most tap water is not drinkable. Delivery services in the past were slow and not well organized. On-demand delivery services such as BiSU have changed the water delivery market in Turkey.

Company	Revenue 2018 (\$USbn)
Mars Wrigley Confectionery (USA)	18.00
Ferrero Group (Italy)	12.40
Mondelēz International (USA)	11.80
Meiji Co Ltd (Japan)	9.70
Hershey Co (USA)	7.80

Customers can now order water using an app on their smartphone. They can have it delivered quickly and at a time to suit them. BiSU has a large team of delivery drivers. The business was launched in 2015 and has expanded to many cities in Turkey, receiving over 100,000 orders a month from 38,000 users. Water prices depend on the brand requested and the region the water is delivered to.

**(6) 2020 OCT/NOV question number 01 (a) marks 02**

(a) Define the term 'market share'. (Extract A, line 5)

**2020 OCT/NOV question number 01 (c) marks 06**

(c) Analyse two methods that Samsung might have used to build its brand.

**2020 OCT/NOV question number 01 (d) marks 08**

(d) Discuss the benefits, for a business such as Samsung, of using secondary research when developing new products.

**2020 OCT/NOV question number 01 (e) marks 10**

(e) Assess the advantages for a business, such as Samsung, of using a price skimming strategy for its new products.

**Extract A**

About Samsung

South Korean business, Samsung was founded in 1938. It designs and manufactures products including televisions, cell phones, tablets, and digital products. In 2017, it spent \$15bn on research and development of innovative products.

With more than a 20% market share of television sales in 2018, Samsung remained ahead of its competitors Sony, LG, and Toshiba. It kept its top ranking for television sales for the twelfth consecutive year.

In 2018, Samsung's new cell phone, the Galaxy Note 9, went on sale. The cell phone was launched at a New York press conference. On the day of the press conference, the cell phone was advertised in major cities around the world. The worldwide advertising detailed the innovative features of this new cell phone.

Samsung has set growth targets for 2020. These targets include annual sales of \$400bn and to become one of the top five most valuable global brands.

Samsung's new products

- A smartwatch with innovative technology that recognizes its owner by the pattern of veins on their wrist.
- The launch of Relumino, an application that will help people with poor vision to see more clearly when reading or viewing paintings.
- The first 360-degree video screen, installed in the basketball arena of the Atlanta Hawks in America.

**Extract B**

Lehman's: Who we are.

We sell simple, low-tech tools and equipment in a high-tech world. Most of the goods we sell are non-electrical such as wood-powered heaters and oil lamps. We are a family-owned business and have operated since 1955. We began by making tools for our local community. We now send our products to over 85 countries. Our success has been built on product differentiation and we are known worldwide for our range of high quality, non-electrical goods.



We make products including farm and garden tools, wooden toys for children, household equipment and outdoor furniture. We supply a wide range of tools that are no longer stocked elsewhere.

Our mission is to provide a simpler life based on good values and traditions. We have skilled craftsmen who handmake tools for everyday tasks as well as design products and gifts to meet the needs of individual customers. Most of our products are made locally by skilled workers, many of whom have worked at Lehman's for most of their lives. Many of our suppliers are based within 40 miles of our business in Ohio, America.

Our products, such as furniture, oil lamps and tools have been featured in many well-known American Hollywood films, such as The Gangs of New York, Back to the Future and Pirates of the Caribbean. We can provide furniture and products for the film sets that match the historical time periods of the films.

**(7) 2020 January question number 01 (b) P1 marks 04**

(b) Construct a supply and demand diagram to show the impact of increasing farming costs on the Bulgarian food market.

**2020 January question number 01 (d) P1 marks 08**

(b) Discuss the advantages for small businesses, such as the farms in Bulgaria, of using an online retailing service to sell their products.

**2020 January question number 02 (a) marks 02**

(a) Define the term 'secondary market research'. (Extract C, line 6)

**2020 January question number 02 (c) marks 06**

(c) Analyse two advantages of using focus groups for a business such as Skechers.

**Extract A**

Fresh food from small farms Farm hopping is an online retailing service, started by Rossi Mitova, which lets small farms in Bulgaria sell their products directly to customers. Rossi started the business when a local farmer, who was struggling with rising farming costs and competition from larger farms, asked her for help.

Farm hopping is now a successful business that employs 15 people and allows people to shop online for fresh food from more than 100 small farms across Bulgaria. The online service enables the farmers to get a fair price for their produce and reduces the need to sell to intermediaries such as wholesalers and supermarkets. Farmers pay a fee to Farm hopping for using the website.

To sell on the Farm hopping website, farmers must share the same social objectives as Farm hopping. Farmers must support environmentally friendly farming methods such as not using chemicals and pesticides, ensuring fair treatment of farm animals, and respecting the landscape and wildlife. Food sold on the website must be fresh, natural, and organic and packaged using recyclable materials.

In 2017, Rossi Mitova, was recognized as one of the top 100 women entrepreneurs and Forbes magazine included her in its social entrepreneurship awards.

**Extract B**

**About Rossi Mitova**

Rossi has always been inspired by challenging what she saw and acting. When she was asked to help save the small farm in Bulgaria that was struggling to survive, it gave Rossi a perfect opportunity to combine her biggest passions, which were nature, food, and business. Rossi worked hard to create the Farm hopping website and convince farmers to use her online service.

In an interview Rossi said "The most challenging parts of starting the business were learning to deal with uncertainty and to be a good leader. I have worked hard at selecting the right team and motivating them while ensuring we are true to the social objectives of Farm hopping. I have made many mistakes on the way but learn from my mistakes. I always listen to the feedback from others and work hard on continually improving the business. The one thing I am most proud of is that I never give up despite the many setbacks and challenges I have faced in business.

**Extract C****About Skechers**

Skechers is a global footwear company that designs and develops shoes for men, women, and children. It sells its products online and in more than 2,700 shops in 170 countries through its established distribution channels. The annual sales revenue of the business increased from \$3.52bn in 2016 to \$4.16bn in 2017.

The Skechers marketing department uses both primary and secondary market research. Focus groups and interviews are used during the design stage to collect opinions on new shoes before they are launched onto the market. Focus groups are also used to gain feedback on the performance and comfort of existing styles of shoes. Since 1992 when it launched its first shoe, the company has diversified into several new lines, targeting different market segments and different activities.

The range is updated regularly and includes shoes for walking, work, and casual wear. The portfolio includes 3,000 different styles of footwear for all ages that offer quality and comfort. Its best-selling shoe is the Go-Walk brand, sold globally. More recently the company has designed and sold shoes for athletes and is now competing with companies such as Nike and Adidas.