

Collins

Cambridge IGCSE®

Business Studies

TEACHER'S GUIDE

Also for Cambridge O Level and Cambridge IGCSE® (9-1)

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Marketing

Introduction

The beauty of the marketing topic is that students tend to have plenty of prior knowledge – they usually know about branding, promotion and customer sensitivity to price, for example. This makes marketing a great topic for student-led activities, practical exercises and lots of real-life case studies.

The key, though, when teaching marketing is to ensure that students don't take their prior knowledge for granted – marketing deserves the same respect as other topics, and having a 'feel' for it is not enough.

The activities in this section aim to help students build on their prior knowledge and to develop a technical understanding of marketing. Each section includes a substantive activity that can be used, in a fun and engaging way, to develop knowledge, understanding and skills. These activities include:

- a pair work exercise on the **role of marketing**
- an investigation into the impact of **market changes**
- an investigation task to analyse **niche** and **mass marketing**
- an examination of **market segmentation** using a jigsaw reading activity
- a focus group role play to examine **market research**
- a data gathering and analysis exercise enabling **presentation of results**
- a categorisation exercise examining **product**
- a categorisation task to analyse **pricing** methods
- an examination of **place** using a jigsaw reading activity
- an investigation into types of **promotion**
- an evaluation of the **impact of technology** on the marketing mix
- marketing strategy examined through an investigation task
- an evaluation activity on **legal controls related to marketing**
- a snakes and ladders game requiring knowledge on **entering markets abroad**.

To introduce students to the various marketing concepts and to help gauge prior knowledge, a useful starter activity might be the Journey journal.

Journey journal

Before the first lesson on marketing, ask students to record all examples of marketing they see on their journey to/from school. If possible, ask them to take photographs or to bring into class examples of any particularly good marketing they notice. Don't explain what marketing is at this stage, but do instruct students to think about more than just promotion.

At the start of the next lesson ask students to share their examples. Use their responses to introduce the various topics and, importantly, to reinforce that marketing is not just about promotion.

As marketing is often delivered early in the course, students may not yet be familiar with the required examination skills. At this stage, it might be appropriate to focus on knowledge (encouraging students to write concise and technically correct answers rather than rely on general knowledge) and application (encouraging students to think about what types of marketing might be most relevant in different contexts).

3.1

Marketing, competition and the customer

3.1.1 THE ROLE OF MARKETING

Aims (3.1.1)

Knowledge

By the end of this section, students will understand:

- the role of marketing in identifying customer needs
- the role of marketing in satisfying customer needs
- the role of marketing in maintaining customer loyalty
- the role of marketing in building customer relationships.

Resources

- Student's Book pages 160–163
- Activity sheet 3.1.1
- Video clips of TV advertising; examples of other forms of promotion
- Presentation software for Activity 3.1.1 (optional)

Key business terms

added value; brand; brand image; brand loyalty; building relationships; competitive advantage; customer loyalty; differentiation; first mover advantage; market orientation; place; price; product; promotion; relationship marketing; unique selling point (USP)

Lesson ideas

You should aim to cover the materials in 3.1.1 in a single one-hour lesson, plus, as appropriate, a homework assignment. To achieve the Aims for this topic, we recommend doing some of the following activities over the course of the lesson.

Starter suggestions

Discussion: Start the lesson by showing students clips of TV advertising and other forms of promotion. Discuss other forms of promotion and broaden the conversation into other aspects of marketing. Ask questions such as: 'Why is popcorn so expensive at cinemas?' Use the answers to introduce price and place as aspects of marketing.

Definition: Write the word 'Marketing' on the board and ask students (without referring to the Student's Book) to define marketing. Use their responses to make a list of key terms on the board. Refer them to the definitions in the Student's Book (pages 160–163).

Main lesson activities

Discussion and note-taking (whole class): Talk students through the role of marketing, asking them to take notes as appropriate. Make sure that you cover customers' needs, customer loyalty and building customer relationships.

Customer loyalty and building customer relationships – create a character: Split the class into small groups. Assign each group a character (teenager, middle-aged parent, young single person, elderly couple, wealthy individual, and so on). Ask each group to create a story of what that character might buy and what they might do (hobbies, and so on). The purpose is to focus on these fictional consumers' 'needs'. Once students have created the characters, ask them to consider how a soft drinks manufacturer might attempt to meet these needs and how they might establish customer loyalty. Allow the conversation to be general and broad ranging at this point.

You as customer: Ask students to list three products they buy regularly, together with the reasons why they buy them. Then ask students to highlight how many of those reasons have been created by the company. Use this to discuss marketing as a creator of need and a satisfier of need. Develop the discussion by referring to brand loyalty and building customer relationships.

Skills activity: Ask students to do the investigation in the Skills activity on page 163 of the Student's Book. They choose a famous company from the list provided and analyse the marketing activities of their chosen company.

Student activity: Ask students to complete Activity 3.1.1, in which, they examine the role of marketing in creating customer loyalty and building customer relationships for a brand of their choice.

Knowledge check: Ask students to complete the Knowledge check questions on page 163 of the Student's Book.

Tip: This exercise could be given as a homework task.

Plenary suggestion

Write key terms from the lesson on the board and ask students to consider these questions:

- How do firms find out what makes customers loyal?
- What tactics will build relationships with customers?
- How can firms identify what customer needs actually are? (i.e. market research)

Conclude by indicating that it is marketing that satisfies those needs.

Answers to Student's Book activities

Skills activity (page 163): possible outcomes

Encourage students to refer to Section 3 in the Student's Book as part of this activity. At this stage, however, expect general answers focused on promotion. Use students' responses to lead into discussions of other elements of marketing and the role of marketing in satisfying customer needs.

Knowledge check (page 163)

1 Define marketing and **explain** how it is used to develop/maintain customer loyalty.

Marketing is the management process that identifies, anticipates and satisfies customer requirements profitably. Modern marketing, however, is not just about getting new customers; it is also about maintaining customer loyalty and building relationships with those customers. Many firms now use social media (such as Facebook and Twitter) to communicate with customers in an attempt to develop trust and loyalty. The two-way nature of internet marketing allows firms to listen to customers and respond to their needs much faster than they could previously. By engaging customers with websites, blogs, tweets and even online games, firms can build brand image, develop relationships with customers and improve brand loyalty. Relationship marketing involves communicating with customers regularly and encouraging repeat purchase (brand loyalty). Developing and maintaining customer loyalty means not just selling a product to customers and forgetting about them. Firms need to engage their customers with the brand regularly.

Accept other suitable definitions.

2 Define, using a suitable example, market orientation.

A business that is customer-driven: finding out what customers want before making decisions about product, price or promotion. Examples are McDonalds and Virgin Limited.

3 Identify one example of how marketing adds value.

Accept any reasonable example: branding; packaging; distribution; design; convenience.

4 Define the term unique selling point.

A USP is a feature of a product that makes it unique/different from competitors' products.

5 Explain the term first mover advantage. Why is being 'first mover' considered an advantage?

First mover advantage is being the first to enter a market with a new product. It is an advantage to securing an early market share, brand identity and (potentially) long-term brand loyalty.

6 Explain how marketing helps a firm to identify customer needs.

Marketing focuses the attention of managers on customer needs and, through market research, attempts to find out what those needs are (and identify when they have changed).

3.1.1

The role of marketing: Activity

Activity type

Pair-work information gap

Time

20 minutes

Content

The role of marketing in creating customer loyalty

Key terms

added value; brand; brand image; brand loyalty; building relationships; competitive advantage; customer loyalty; differentiation; first mover advantage; market orientation; place; price; product; promotion; relationship marketing; unique selling point (USP)

Aims

To introduce students to the role of marketing within a context they are familiar with (3.1.1)

- 1 Check that students understand the key terms in bold on Activity sheet 3.1.1. If necessary, elicit the meanings of these words.
- 2 Ask students to think of a particular product or brand that they like and are loyal to, for example, Apple, KitKat, Billabong, and so on.
- 3 Explain to students that they will use their experience as a loyal customer of this brand to individually answer the questions on the activity sheet. They will then share their answers with another student. Demonstrate the activity using one of the brands mentioned in step 2 above.
- 4 Allow students 10 minutes to answer the questions. Move around the room, ensuring that students are answering the questions correctly and in sufficient detail.
- 5 Following this, pair students up and give them 10 minutes to interview each other using the questions on the activity sheet. Students should listen to each other's responses and make brief notes in the second column.
- 6 Round off the activity by nominating students to share information about their partner's brand/product with the class. Use this to lead in to a discussion of the broader role of marketing and the main points presented in topic 3.1.1 of the Student's Book (pages 160–163).

Extension: Students could prepare a PowerPoint presentation on their brand/product using the questions on Activity sheet 3.1.1.

Teacher tip: As a way of reinforcing the key terms required for this topic, you could split the terms between the groups. Ask each group to define a few of the terms and then share their responses with other groups.

Skills practised

AO1: Knowledge and understanding	✓
AO2: Application	✓
AO3: Analysis	✓
AO4: Evaluation	✓

Preparation

Make one copy of Activity sheet 3.1.1 for each student in the class.

3.1.2

Market changes

Aims (3.1.2)

Knowledge

By the end of this section, students will understand:

- why customer/consumer spending patterns may change
- the importance of changing customer needs
- why some markets have become more competitive
- how business can respond to changing spending patterns and increased competition.

Resources

- Student's Book pages 164–167
- Activity sheet 3.1.2
- Newspaper articles or internet print-outs about a business's changing consumer spending and increased competition (optional)
- Websites of book and ebook retailers
- Presentation software (optional)

Key business terms

competition; competitive advantage; customer needs; customer spending patterns; disposable income

Lesson ideas

You should aim to cover the materials in 3.1.2 in two one-hour lessons, plus, as appropriate, a homework assignment. To achieve the Aims for this topic, we recommend doing some of the following activities over the course of the lessons.

Starter suggestions

Lesson 1 – Timeline: To introduce the concept of changing customer spending patterns, split the class into small groups.

Ask one third of the groups to draw a timeline for a person's life (from age 10 to age 90), indicating how an individual's purchasing habits might change.

Ask another third of the groups to draw a timeline of the last 20 years and to map the technological changes that have affected consumer behaviour and consumer spending.

Ask the remaining groups to draw a timeline of the mobile phone or computer market over the last 20 years, considering the extent of competition within the market. At this stage, discussion should be general and broad ranging; encourage students to use appropriate business language as required.

Ask students to keep copies of their timelines for the next lesson.

Lesson 2 – Timeline: Ask students to map onto their timelines some general thoughts about how a business might respond (or how businesses they know of have responded) to changing consumer spending patterns or changes in competition.

It may be useful to mix up the groups from the previous lesson and encourage students to question any aspects of the original timelines they are unsure of.

Main lesson activities

Discussion and note-taking (whole class): Talk students through market changes, instructing them to take notes as appropriate. Make sure you cover changing customer needs and market competitiveness.

Story time: Ask students to write a short story (maximum 300 words) of either changing consumer needs, changing spending patterns or increased competition. They should use their timelines from the starter activity as a guide and refer to the Student's Book (pages 164–167). Give students a series of topic-related key terms that they must include in the story, for example, customer spending patterns; customer needs;

disposable income; competition; competitive advantage. Ask some students to read their 'stories' to the whole class.

How, what, why?: Write the three headings 'How?' 'What?' and 'Why?' on the board. Ask students: 'How have businesses responded to changing consumer spending and increased competition?' Students use the headings to help them consider how a company they know has responded to consumer/market change, what the implications of the response have been and why the company chose that particular response.

Tip: Depending on the ability profile of your group, you may wish to choose a case study company and provide students with source material such as newspaper articles.

Student activity: Ask students to complete Activity 3.1.2, in which students analyse the changes that have taken place in their own country for a product/market of their choice. They present their findings in the form of a report.

Skills activity: Ask students to complete the Skills activity on page 167 of the Student's Book. They consider the market changes that have made publishing an increasingly competitive industry and present their findings in the form of a newspaper article.

Plenary suggestion

Knowledge check: Ask students to answer the Knowledge check questions on page 167 of the Student's Book. This could be done individually or you could allocate different questions to different groups of students, who then share their answers with the whole class.

Tip: This exercise could be given as homework.

Answers to Student's Book activities

Skills activity (page 167): possible outcomes

You may need to lead into this activity by demonstrating Amazon (or a similar website) to students, or confirming their general understanding through questions. Discuss the challenges facing these retailers in general terms. Ask students to use the questions from the activity (or close variations) as section titles for their newspaper/magazine article.

Tip: This activity makes a good extended homework task. You could also link it to the concepts of niche and mass marketing, which are covered in the next topic.

Knowledge check (page 167)

1 Identify two reasons why consumer spending patterns change.

Any two from: the economy; technology; fashion; age of consumer; life stage; income.

2 Explain, using an example, how life stages change consumer spending patterns.

Accept life stages such as single people, empty-nesters and DINKIES (Double Income, No Kids), with suitable example(s) of spending habits.

3 Explain why a competitive market may benefit consumers.

Answers should include: lower prices; greater choice; higher bargaining power; better service; frequent promotions; faster pace of invention/innovation.

4 Outline, using examples, two ways in which a firm might respond to a competitive market.

Accept any two from: branding; price reduction; USP; distribution strategy; promotional campaign; market exit; investing in employee training to improve quality of service; improving operations management to speed up delivery times; conducting research to develop new product; launching a promotional campaign to increase sales; using relationship marketing to develop brand loyalty; using pricing strategy to increase competitiveness.

5 Explain why knowledge of changing consumer spending patterns is vital to business success.

Knowledge of spending patterns is essential to: remaining relevant to the market; knowing how to adapt products to changing markets; knowing when and how to launch new products (and what those products should be); identifying possible new market opportunities; knowing when to close down unprofitable products/locations.

3.1.2

Market changes: Activity

Activity type

Investigation

Time

60 minutes

Content

Changing customer needs and spending patterns

Key terms

competition; competitive advantage; customer needs; customer spending patterns; disposable income

Aims

To investigate how customer needs and spending patterns have changed in the market for a product and the impact this has had on businesses in the industry (3.1.2)

Procedure

- 1 Tell students they are going to use what they have learned about market changes to investigate an industry of their choice. They will prepare a written report on the changes that have taken place in their chosen industry. Provide the following suggestions for students to investigate: fast food, organic food, health care, air travel or cars.
- 2 Give Activity sheet 3.1.2 to students and discuss the example about the market for TVs. Start by finding out what students already know about the TV industry by asking them questions, such as: 'How have TVs changed over recent years?' 'Which are the most popular brands of TV in your country?' 'Have these always been the leading brands?' 'Do people spend more on their TVs now than in the past?'
- 3 Allow students a few minutes to decide on a focus for their investigation.
- 4 Explain that students should use the information from Topic 3.1.2 (pages 164–167 in the Student's Book), as well as information from the internet (or other sources) to make notes on the changing market for their product. They should use the questions on the activity sheet to guide them.
- 5 Students then write the final version of their report.

Variation: Instead of a written report, you could ask students to present their findings in the form of a poster or PowerPoint presentation.

Teacher tip: Ask students to highlight the language devices used to link ideas and sentences together in the example report on the TV market. Examples include: 'this is due to'; 'have resulted from', 'such as', and so on. Encourage students to use similar linking words when preparing their final written reports.

Skills practised

AO1: Knowledge and understanding	
AO2: Application	✓
AO3: Analysis	✓
AO4: Evaluation	

Preparation

Make one copy of Activity Sheet 3.1.2 for each student in the class

3.1.3

Niche marketing and mass marketing

Aims (3.1.3)

Knowledge

By the end of this section, students will understand:

- the benefits and limitations of niche and mass marketing.

Resources

- Student's Book pages 168–170
- Activity sheets 3.1.3A and 3.1.3B
- Flashcards with the characteristics of niche and mass markets (made by the teacher – see below)
- A range of products used by students

Key business terms

economies of scale; focused marketing; mass market; niche market; product recall; target market; undifferentiated marketing

Lesson ideas

You should aim to cover the materials in 3.1.3 in a single one-hour lesson, plus, as appropriate, a homework assignment. To achieve the Aims for this topic, we recommend doing some of the following activities over the course of the lesson.

Starter suggestion

Product characteristics: Write suitable examples of niche and mass market products on the board. Write the niche products on one side and the mass market products on the other – don't indicate to students how you have organised the products. Without using the terms niche or mass market, ask students to identify the characteristics of the different products and to explain why you have grouped them in this way. Write the relevant adjectives used by the students next to each list of products and use these lists to introduce the terms 'niche marketing' and 'mass marketing'.

Main lesson activities

Discussion and note-taking (whole class): Talk students through niche and mass marketing approaches, asking them to take notes as appropriate. Make sure you cover the benefits and limitations of each marketing approach.

Props: Make a series of flashcards with the characteristics of niche and mass markets from pages 168 and 169 of the Student's Book (one characteristic per card). Make enough sets for students to work in groups on the following task:

Either ask students to bring to class or bring in yourself a range of different items they use (school bags and items of stationery can be used as well); one or two items per student is sufficient. Give out the flashcards and ask students to analyse each product using the characteristics. Ask them to write down their findings under the name of each item. They should finish by identifying each item as either a niche or mass market product.

Extension: Ask students to consider how each of the characteristics might change if the product they are analysing changed from a mass to a niche market product or from a niche to a mass market product.

Student activity: Ask students to complete Activity sheets 3.1.3A and 3.1.3B. It is an investigation of niche or mass markets with reference to a company of the students' choice.

Plenary suggestion

Skills activity: Ask students to complete the niche and mass market compare/contrast Skills activity on page 170 of the Student's Book.

Tip: This could be given as a homework task and linked to marketing strategy and/or the marketing mix.

Answers to Student's Book activities

Skills activity (page 170): possible outcomes

The main features of niche markets include: premium prices; small sales volumes; highly differentiated products; a high skills base. Mass markets, on the other hand, feature: low prices, high sales volumes, generic/undifferentiated products and a low skills base requirement.

Knowledge check (page 170)

1 Identify two characteristics of a mass market.

Any two from: low prices; high sales volume; undifferentiated/generic products; similar customer needs across the market; a wide range of sales outlets/wide availability; extensive promotion.

2 Identify one advantage of mass marketing.

Any one from: economies of scale; lower costs per unit (production, marketing and distribution); high sales volume with potential for large profits.

3 Explain one disadvantage of Coca-Cola's mass marketing approach.

Any one from: product not adapted to local markets; production mistakes affect large numbers of products; strategic overexposure to one product category.

4 Explain, using an example, what is meant by niche marketing.

Niche marketing means marketing to a small, clearly identifiable segment of a larger market.

Students should provide a suitable example.

5 'The toothpaste market is a good example of a niche market.' **Explain** this statement. To what extent do you believe it to be true?

The toothpaste market is highly segmented; niche products might include those for babies, sensitive teeth or dentures. The whole market can be considered mass, but there are niches within it.

3.1.3

Niche marketing and mass marketing: Activity

Activity type

Investigation

Time

40 minutes

Content

Niche and mass markets

Key terms

economies of scale; focused marketing; mass market; niche market; target market; undifferentiated marketing

Aims

To understand the concepts of niche marketing and mass marketing and the benefits and limitations of each approach (3.1.3)

Procedure

- 1 Tell students that they are going to investigate a business of their choice that operates in either a mass or a niche market. They will then share this information with another student.
- 2 Divide the class into two halves, A and B. Give a copy of Activity sheet 3.1.3A to all the students in group A and a copy of Activity sheet 3.1.3B to all the students in group B. Explain that the students in group A will be investigating a mass market product, while the students in group B will be investigating a niche market product.
- 3 Working with two other students in their group, ask students to decide on a product and answer the questions on their activity sheet. They should use their own knowledge of the product as well as information they can find on the internet (or from other sources).
- 4 Once students have completed their investigation, pair up each student from group A with a student from group B. Explain that each student will have a few minutes to explain the market for their product to their partner.
- 5 When students have completed their discussions, round off the activity by asking students to identify the main differences between mass markets and niche markets. Encourage them to use the contexts of their discussions when doing this.

Teacher tip: Encourage students to give detailed answers. If possible, avoid too much repetition of product types between students. The more varied the product types, the more valuable the sharing of ideas towards the end of the activity.

Extension: Once students have finished discussing their product with their partner (step 4), pair them up with another partner (from either group, but who analysed a different product) and ask them to discuss their products again. After their first discussion, students should be talking about the markets for their products with a higher level of confidence and fluency, which will enable them to complete their discussion in a shorter time. Ask students to repeat the process again with a new partner, if they are still enjoying the activity and benefiting from their discussions.

Skills practised

AO1: Knowledge and understanding	✓
AO2: Application	✓
AO3: Analysis	✓
AO4: Evaluation	

Preparation

Make enough copies of Activity sheet 3.1.3A for half the students in the class and enough copies of Activity sheet 3.1.3B for the other half.

3.1.4

Market segmentation

Aims (3.1.4)

Knowledge

By the end of this section, students will understand:

- how markets can be segmented, for example, according to age, socio-economic groupings, location, gender
- the potential benefits of segmentation to businesses
- how to recommend and justify an appropriate method of segmentation in given circumstances.

Resources

- Student's Book pages 171–173
- Activity sheet 3.1.4

Key business terms

demographic segmentation; differentiated; geographical segmentation; market segmentation; market segments; mass market; socio-demographic segmentation; target market

Lesson ideas

You should aim to cover the materials in 3.1.4 in a single one-hour lesson, plus, as appropriate, a homework assignment. To achieve the Aims for this topic, we recommend doing some of the following activities over the course of the lesson.

Starter suggestion

Reader profile (1): Display/write the segmentation statement from the Skills activity (page 173 of the Student's Book) on the board. Without introducing the concept of segmentation, ask students to identify the different ways in which the magazine reader is characterised. Write words such as age, gender, income, and so on, on the board. Tell students that such categorisation is known as 'segmentation'.

Tip: You can repeat this activity once students have studied this topic, using specific rather than general business language (see plenary suggestion).

Main lesson activities

Discussion and note-taking (whole class): Talk students through the different methods of market segmentation, asking them to take notes as appropriate. Make sure you cover the benefits of segmentation.

Student activity: Ask students to complete Activity 3.1.4, in which they analyse the target market of some well-known products and brands.

Segmenting the market: Write a list of products that will be familiar to students on the board. Ask them to work individually to recommend an appropriate method of segmentation for each product. Once they have finished, ask them to discuss their responses with a partner, adding to their list of recommendations as appropriate.

Extension: If time allows, ask students to justify why they made the recommendations.

Skills activity: To reinforce their understanding of the different methods of segmentation, ask students to complete the second part of the Skills activity on page 173 of the Student's Book, in which they prepare segmentation statements for different products.

Tip: This activity could be given as homework following on from the lesson plenary (see below).

Evaluation activity: Ask students to evaluate whether social class is a good way to segment the market. Ask them to consider issues such as whether occupation really determines social class and whether all people in similar occupations buy similar products. Ask students to debate these questions with a partner: one partner should argue that social class is a good way of segmenting markets, the other that it is not.

The simple answer is clearly no. The social class groupings are too simplistic and too narrow to be of significant practical use. That said, encourage students to balance their arguments by considering how segmentation like this might be useful. The groupings may not be relevant in every case, but they are arguably generally applicable and therefore of some use, especially for firms with mass market products.

Plenary suggestion

Reader profile (2): Display/write the segmentation statement from the Skills activity (page 173 of the Student's Book) on the board. Ask students to identify the different ways in which the magazine reader is segmented. Write topic-specific words such as demographic, geographic, and so on, on the board. If students also did this activity as the lesson starter, refer to their understanding at the beginning of the lesson and their (hopefully) more technical and precise knowledge at the end.

Answers to Student's Book activities

Skills activity (page 173): possible outcomes

Encourage students to be inventive and to use appropriate language. Allow their first attempt to mirror the example closely, but encourage them to develop a more sophisticated response using as many types of segmentation as possible.

Extension: Ask students to show their work to a partner, who should identify the different types of segmentation that have been used. If relevant, encourage the partner to recommend additions.

Knowledge check (page 173)

1 Explain, using an example, what is meant by a market segment.

The division (by age, gender, location, purchasing habits, and so on) of a larger market into smaller clearly identifiable segments.

2 Explain the key advantages of market segmentation.

Allows a company to: use marketing budgets effectively; target marketing campaigns accurately; spot gaps in the market and identify new opportunities; differentiate products from those of competitors (allowing higher prices to be charged).

3 Identify two examples of markets that might be segmented by age.

Examples include: transport; toothpaste; movies; magazines; clothing.

4 Identify two examples of markets that might be segmented by gender.

Examples include: hair care products; clothing; cars; exercise programmes; magazines.

5 'Segmentation is especially important for large firms.' **Explain** why this might be the case.

Reasons include: potentially selling to larger markets; may be selling multiple yet similar products across many segments; market may be more competitive and thus greater segmentation required for accurate/effective marketing.

3.1.4

Market segmentation: Activity

Activity type

Jigsaw discussion activity

Time

30 minutes

Content

Market segmentation

Key terms

demographic segmentation; differentiated; geographical segmentation; market segmentation; market segments; mass market; socio-demographic segmentation; target market

Aims

To understand and recommend how markets can be segmented, for example, according to age, income, location and gender (3.1.4)

Procedure

- 1 Tell students that they are going to analyse how some businesses segment the market for their products.
- 2 Divide the class into two groups, A and B, and give a copy of Activity sheet 3.1.4 to each student.
- 3 Demonstrate what students need to do using Sony PlayStation 4 Pro as an example.
- 4 Explain that the students in group A will complete the table for products/brands 1 and 2, while the students in group B will complete it for products/brands 3 and 4. Following this, each student from group A will be paired with a student from group B. Students will then take turns to explain the target market segmentation of the products/brands they analysed to their partner.
- 5 Students should listen to their partner and make brief notes. They should also offer their own opinions and ask clarifying questions if they don't understand.
- 6 Round off the activity by nominating students to share their analysis with the class.

Teacher tips: Remind students that this is a speaking activity and they should not simply give their completed activity sheet to their partner to copy. The objective here is for students to discuss marketing concepts in a meaningful context, not to complete the activity in the minimum time possible!

If any of the products/brands on the activity sheet are likely to be unfamiliar to your students, you may wish to change them to other examples.

Extension: Students discuss the potential benefits to each of these businesses of segmenting their markets. Ask them to write a response to the following question for one of the businesses on Activity sheet 3.1.4.

Discuss the potential benefits for [name of business] of segmenting the markets for its products.

Skills practised

AO1: Knowledge and understanding	✓
AO2: Application	✓
AO3: Analysis	✓
AO4: Evaluation	

Preparation

Make one copy of Activity Sheet 3.1.4 for each student in the class.

3.2.1 THE ROLE AND METHODS OF MARKET RESEARCH

Aims (3.2.1)

Knowledge

By the end of this section, students will understand:

- market-oriented businesses – uses of market research information to a business
- the benefits and limitations of primary research and secondary research
- different methods of primary research, for example, postal questionnaires, online surveys, interviews, focus groups
- the need for sampling
- the methods of secondary research, for example, online, accessing government sources, paying for commercial market research reports
- the factors influencing the accuracy of market research data.

Resources

- Student's Book pages 174–181
- Activity sheet 3.2.1
- Packaging of popular snack foods
- Students' mobile phones (optional)

Key business terms

cluster sampling; customer satisfaction survey; desk research; field research; focus group; market orientation; market research; market segment; marketing mix; primary research; prototype; qualitative data; quantitative data; questionnaire; quota sampling; random sampling; reliability; sampling; secondary data; secondary research; specificity; stratified sampling; systematic random sample; test marketing

Lesson ideas

You should aim to cover the materials in 3.2.1 in two or three one-hour lessons, plus, as appropriate, homework assignments. To achieve the Aims for this topic, we recommend doing some of the following activities over the course of the lessons.

Starter suggestion

Tweet it: As a recap, ask students to define market-orientation in fewer than 140 characters. If possible, encourage them to use a mobile phone to do this. You may wish to ask students to Tweet or Snapchat the definitions to one another, encouraging discussion as students pass the messages around the class. Alternatively, students could write their definitions on a card. Use the concept of market-orientation (understanding consumer needs) to introduce market research.

Main lesson activities

Discussion and note-taking (whole class): Talk students through market research, the different research methods and methods of sampling, asking students to take notes as appropriate. Make sure that you cover the limitations of the different methods and the factors influencing accuracy.

Half and half: Set students a small (imaginary) challenge. Tell them that they are going to conduct some market research. One half of the group will conduct primary research and the other half secondary research. Tell students that they are going to (pretend to) research the ages of all the teachers in the school.

Ask the two halves to consider how they will do the research. Once they have discussed their methods (with you guiding them), ask them to consider the benefits and limitations of the approaches. Use this as the basis for discussing the benefits and limitations of primary and secondary research.

Match it: Photocopy or print out a section of notes on the different types of market research, including both primary and secondary methods (see pages 176–180 of the Student's Book). Photocopy enough sets of

these notes to give to small groups within your class. Cut up the titles, descriptions and limitations of each method, mix them up and place each set in an envelope.

Divide the class into small groups and give each group one envelope. Ask students to match up the titles, descriptions and limitations.

Student activity: Ask students to do Activity 3.2. 1, in which they role-play a focus group and consider how certain products could be improved.

Class activity: Divide the class into small groups and assign a different method of primary research to each group. Ask students to consider how they would use that method to research the cinema-going habits of students in the school. Once they have decided on how they would use that method, ask them to consider how accurate their method would be.

Ask each group to present their method and justify its accuracy to the whole class. Using the terms 'reliability' and 'accuracy' as a guide, ask the whole class to vote on which method they think would be the best.

Use the issues that arise from this exercise (time, sample size, and so on) to introduce the concept of sampling (and the methods of sampling). Have students consider the benefits and limitations of sampling.

Skills activity: Ask students to complete the Skills activity on page 178 the Student's Book. Students consider the most appropriate primary research method for a variety of products and present their findings as a short report.

Plenary suggestion

Snowball: Ask students to write down one factor that influences the accuracy of market research data. Tell them to walk around the room adding influences from different classmates. Tell them that they can't use the same classmate twice and that they must write down four or five different factors.

Knowledge check: Ask students to answer the Knowledge check questions on page 181 of the Student's Book.

Answers to Student's Book activities

Skills activity (page 178): possible outcomes

Possible answers include:

- a new brand of female cosmetics: in-store questionnaire; observation; survey in female magazine
- a magazine for students: focus groups of 14–16-year-old students, small but focused sample
- a new tablet computer: online survey to computer buyers (linked to computer related websites); narrow sample
- a new Pixar movie: focus groups with children and parents OR observation of children watching Pixar movie clips.

Encourage students to justify their choices.

Knowledge check (page 181)

- 1 **Identify** the differences between primary and secondary research, supporting your answer with examples.

Secondary research (also accept desk research) is the process of gathering data that has already been collected or published. Secondary data may already exist within the business or may be gathered from elsewhere. Primary research (also accept field research) is the gathering of new and original, first-hand information.

- 2 **Explain** the difference between quantitative and qualitative data.

Quantitative data is data from a large group of respondents showing numbers, proportions or trends within a market (for example, sales data). Qualitative data is in-depth research into the reasons behind consumer decisions.

- 3 **Identify** two key advantages of secondary research.

Any two from: cheaper; easy to access; faster; potentially accurate (depending on source).

4 Define the term sampling.

Sampling is selecting a smaller research group from a larger population. The sample needs to be large enough to provide data that is reliable and representative of the attitudes and characteristics of the total population, but small enough to make research cost-effective.

5 Outline one limitation of primary research and one limitation of secondary research.

Primary research: *Any one from:* expensive; time-consuming; may contain interviewer bias; difficult to conduct accurately.

Secondary research: *Any one from:* may not be specific to a firm's needs; may be out of date; may not be reliable; large amount of data that needs sorting carefully.

6 Outline two reasons why market research may *not* be useful for a firm selling technology products.

Any two from: technology markets change rapidly so research may become quickly out of date; research may not be accurate; purchasing behaviour may not reflect survey response (a person who claims to 'dislike Apple' may still own an Apple phone); rapidly falling technology prices can affect purchasing decisions.

3.2.1

The role and methods of market research: Activity

Activity type

Focus group activity

Content

Market research: focus group

Time

30 minutes

Key terms

brand; brand image; field research; focus group; market orientation; market research; market segment; marketing mix; primary research; qualitative data; unique selling point

Aims

To understand the role and purpose of focus groups as one form of market research (3.2.1)

Procedure

- 1 Tell students they are going to be part of a focus group in which they will discuss a type of snack food. Elicit the meaning of 'focus group' and ask students what the purpose of a focus group is. Refer them to the section on primary research on pages 176–179 of the Student's Book.
- 2 Divide the class into groups of four and give a copy of Activity sheet 3.2.1 to each student.
- 3 In their groups, students choose one of the snack foods they have brought to class and discuss it, using the questions on the activity sheet. They should note down the main points of their discussion on the sheet.
- 4 Allow students 20 minutes to complete this task. If they finish discussing the first type of snack food, they should move on and discuss another type of snack, making notes on a second copy of the activity sheet.
- 5 To round off the activity, elicit suggestions from students as to how the snack foods each group discussed could be improved. Finally, discuss the possible value of this information to the business.

Variation: After discussing and making notes on a type of snack food in their group, ask students to briefly share their analysis with other groups.

Extension: Students summarise their findings in the form of a poster, listing what was good about the product and what the groups thought could be improved. You could use the posters to create a wall display.

Teacher tip: Ensure that students stay focused. The focus group discussion could easily move off-task. Redirect and encourage on-task analysis as necessary.

Skills practised

AO1: Knowledge and understanding	✓
AO2: Application	✓
AO3: Analysis	✓
AO4: Evaluation	

Preparation

Before the lesson, ask each student to bring a packet of their favourite snack food to class. Make one copy of Activity sheet 3.2.1 for each student in the class.

3.2.2

Presentation and use of market research results

Aims (3.2.2)

Skills

By the end of this section, students will understand:

- how to analyse market research data shown in the form of graphs, charts and diagrams, and draw simple conclusions from such data.

Resources

- Student's Book pages 182–183
- Activity sheet 3.2.2
- Examples of graphs and charts from newspapers/magazines or the internet – see below
- Photographs and pictures of toothbrushes from the past; a selection of new toothbrushes of different types
- Spreadsheet/presentation software (optional)

Key business terms

bar chart; closed questions; line graph; open questions; pictogram; pie chart; primary research; qualitative data; quantitative data; secondary research; table; tally chart

Lesson ideas

You should aim to cover the materials in 3.2.2 in two one-hour lessons, plus, as appropriate, homework assignments. You could assign some elements of Activity 3.2.2 as homework and/or as an activity during break/lunchtimes.

To achieve the Aims for this topic, we recommend doing some of the following activities over the course of the lessons.

Starter suggestion

How is it presented? Take into the class examples of graphs and charts from newspapers/magazines or the internet showing the different ways in which data can be presented visually. Hand out the examples to groups of students and ask them to identify and label each form of presentation (pie chart, pictogram, and so on).

Main lesson activities

Discussion and note-taking (whole class): Talk students through the various methods of presentation, asking them to take notes as appropriate. Make sure that you cover how to analyse data and draw simple conclusions.

Group activity: Using the materials from the starter activity, ask small groups of students to analyse the advantages and disadvantages of each form of presentation.

Extension: Ask students to consider the possible accuracy of the data, including both presenter and reader bias.

Skills activity: Ask students to complete the Skills activity (an analysis of a set of data) on page 183 of the Student's Book. Make sure that students focus on drawing conclusions from the data as well as on creating the graphs/charts.

Student activity: Ask students to complete the school-based survey in Activity 3.2.2, and ensure they present their findings in an appropriate format. You will need to carry out this activity over two lessons, with students conducting the survey as homework in between the lessons.

Plenary suggestion

Knowledge check: Ask students to answer the Knowledge check questions on page 183 of the Student's Book.

Tip: This could be given as a homework task.

Answers to Student's Book activities

Skills activity (page 183): possible outcomes

The most obvious forms that students might choose are bar charts or line graphs. Ensure that students draw their charts accurately and label them appropriately. The key to this exercise is to ensure that students focus on analysis of the data. Key issues they may draw attention should include:

Product A: very static sales.

Product B: decline in sales seems directly correlated (linked) to growth of product D sales.

Product C: seems correlated (linked) to sales of product E.

Product D: possibly a new product in direct competition with product B.

Product E: possibly an established product in competition with product C.

The implications for Product B might be the need to change, adapt or market the product to challenge the growing presence of Product D in the market.

Knowledge check (page 183)

1 Identify when a pictogram might be the most appropriate form of data presentation.

Answers might include: to present simple data; to include in a presentation; for a newspaper/TV report.

2 Identify appropriate methods of presentation for the following:

a) the sales of a product over time

b) a comparison of multiple product sales for one month

c) percentage responses to questions about movies viewed in the last month.

a) line graph b) bar chart c) pie chart

3 Present the following data in a suitable format (other than a table) and **identify** any conclusions that can be drawn.

Sales projections	Month 1	Month 2	Month 3
Sales @ \$1000	400 000	1 200 000	2 400 000
Sales @ \$750	300 000	900 000	1 800 000

Bar chart or comparison pie charts, but accept any appropriate method.

3.2.2

Presentation and use of market research results: Activity

Activity type

Data gathering and analysis

Time

90 minutes (over two lessons) plus homework

Content

Market research and presentation of data

Key terms

bar chart; closed questions; line graph; open questions; pictogram; pie chart; primary research; qualitative data; quantitative data; secondary research; table; tally chart

Aims

To gather market research data, present it in the form of graphs, charts and diagrams and draw simple conclusions (3.2.2)

Procedure

- 1 Tell students that they are going to design a questionnaire that they will use to gather market data. They will then present their findings using graphs, charts and diagrams and draw conclusions from the data.
- 2 Using the information on pages 176 and 182 of the Student's Book, discuss the difference between qualitative and quantitative data and the different ways in which quantitative data can be presented.
- 3 Explain that students are going to create a questionnaire designed to gather quantitative data on the teenage market for toothbrushes.
- 4 Show some pictures of different types of toothbrush and discuss how the design of toothbrushes has changed over time. If available, hand out a selection of (new) toothbrushes to students to prompt discussion.
- 5 Divide the class into groups of five and give a copy of Activity sheet 3.2.2 to each student. Explain that in their groups they should agree on five questions to gather quantitative data.
- 6 Explain that Questions 1 to 3 have been done for them as examples and they should design Questions 4 to 8 based on the areas suggested at the top of the activity sheet.
- 7 Allow groups 10 minutes to agree on their questions. While they are doing this, move around the room, checking that their questions are quantitative in nature and they have a clear purpose.
- 8 Explain that each group will have to survey at least 20 teenagers in their school using their completed questionnaire before the next lesson. Students may either interview respondents face-to-face or administer their questionnaire in another way, such as by email or Facebook. If necessary, make additional copies of the questionnaire for each group.
- 9 In the next lesson, ask each group to prepare a tally chart of their responses for each question using an Excel spreadsheet.
- 10 Groups then present their information graphically in Excel using at least one bar chart, one pie chart and one pictogram.
- 11 Finally, ask students to share their charts with the class and draw simple conclusions from the data.

Skills practised

AO1: Knowledge and understanding	
AO2: Application	✓
AO3: Analysis	✓
AO4: Evaluation	

Preparation

Make one copy of Activity sheet 3.2.2 for each student in the class. Prepare a selection of pictures showing different types of toothbrush from the past and present. If possible, bring a few different types of toothbrush to class.

Extension: Ask students to do some secondary research for homework. Using the internet (or other sources), they should find out useful information about the toothbrush industry in their home country, such as: the main competitors in the market; how companies differentiate their products; how they promote their products; how they innovate and add value to their products. Students should share their findings with the class at the beginning of the next lesson.

Teacher tip: *Ensure that students' questions are focused enough to be presentable in graphical form. They should, where possible, stick to closed questions and should provide limited response options as much as possible.*

3.3.1 PRODUCT

Aims (3.3.1)

Knowledge

By the end of this section, students will understand:

- the costs and benefits of developing new products
- brand image and its impact on sales and customer loyalty
- the role of packaging
- the product life cycle: the main stages and extension strategies; how to draw and interpret a product life cycle diagram
- how stages of the product life cycle can influence marketing decisions, for example, promotion and pricing decisions.

Resources

- Student's Book pages 184–191
- Activity sheet 3.3.1
- Examples of product packaging

Key business terms

brand image/branding; cash flow; competitive advantage; decline; economies of scale; extension strategy; growth; introduction; market segment; marketing expenditure; maturity; packaging; place; price; price flexibility; product; product life cycle; profit; promotion; research and development (R&D); unit cost

Lesson ideas

You should aim to cover the materials in 3.3.1 in two one-hour lessons, plus, as appropriate, homework assignments. To achieve the Aims for this topic, we recommend doing some of the following activities over the course of the lessons.

Starter suggestions

Pre-lesson Skills activity: As an introduction to the Marketing mix topic, ask students to consider the marketing activities of their school/institution (Skills activity on page 184 of the Student's Book). Use students' responses at the start of this series of lessons to draw out key topic-related themes. Encourage them not just to describe the marketing activities of the school/institution, but also to evaluate whether they think they are successful.

Lesson 1 Playing favourites: Ask students to work individually to list their five favourite products. Ask them to identify what it is about each product that they like (design, features, brand, and so on). Use their ideas to generate a list of topic-related key words on the board. Ensure that you discuss the impact on sales and customer loyalty.

Lesson 2 Props: Ask students to bring into the lesson various examples of product packaging from home. Organise them into small groups and ask them to analyse the packaging. Ask them to consider the following questions: 'How does the packaging help to promote the product; differentiate the product; protect the product from damage; make the product convenient to use; communicate information; make the product easy to store/display?'

Main lesson activities

Discussion and note-taking (whole class): Talk students through various aspects of product (knowledge of brand image and its impact on sales and customer loyalty, the role of packaging, the product life cycle), asking them to take notes as appropriate.

Flowchart: Ask students to work individually to draw a flowchart of what they think happens between a business having an idea for a new product and that product going on sale to customers. Use students' responses to introduce the concept of R&D. Link this understanding to the costs and benefits of developing new products.

Skills activity: Ask students to work in small groups on the Skills activity on page 187 of the Student's Book. They consider which elements of the brand and/or packaging make a range of famous products and services successful.

Student activity: Introduce the students to the concept of product life cycle (pages 188–191 of the Student's Book) and ask them to complete Activity 3.3.1. They categorise explanations of the different stages of the product life cycle.

Skills activity: Introduce students to alternative forms of the product life cycle (page 190 of the Student's Book). Ask them to work in pairs on the Skills activity on page 191 (identification of different forms of life cycle for different products). If group size allows, ask pairs to draw a copy of one of the diagrams on the board. Use their responses to reinforce how product life cycle might influence marketing decisions.

Knowledge check: Students answer the Knowledge check questions on page 191 of the Student's Book.

Tip: This exercise could be given as a homework task.

Plenary suggestion

Product profile: Ask students to select one product from their list of five favourites (from the starter activity). Instruct them to write a profile for that product using appropriate key terms from the topic. For example, they could write a short analysis of the product's marketing-related features (brand, design, packaging, and so on), draw a product life cycle for the product and prepare a brief evaluation of the product's strengths and weaknesses (from a competitive, market-focused perspective).

Answers to Student's Book activities

Skills activities: possible outcomes

Skills activity (Introduction to Marketing mix: page 184)

This activity would make a useful starter or plenary for the Marketing mix topic. As a starter, use students' responses to draw out key topic-related themes. As a plenary, ensure that students use appropriate marketing-specific language appropriately. Encourage students not just to describe the marketing activities of the school, but also to evaluate whether they think they are successful.

Skills activity (page 187)

A wide range of answers is possible here. Responses may depend on students' interests and product knowledge. Encourage them to research the brands and to use business-specific language when defining what makes each product successful. The following list of possible responses is not exhaustive:

- Mercedes-Benz: design, quality
- Justin Bieber: brand image
- Hilton Hotels: brand name, brand loyalty
- LUXE travel guides: design, brand, niche product
- Kellogg's breakfast cereal: brand loyalty
- Real Madrid football shirt: brand image, design.

Skills activity (page 191)

Suggested answers:

- PlayStation 4: slow start; multiple extension strategies
- iPad 3: rapid growth; multiple extension strategies
- skinny jeans: rapid growth; some extension strategies (carrot style, turn-ups); likely to be short/fashion life cycle
- DVD players: rapid growth; many extension strategies; long period of maturity/saturation but now (arguably) in decline
- Mars bar: rapid growth; possible fad.

Knowledge check (page 191)

1 **Explain**, using an example, what is meant by the term brand image.

The personality and values associated with a particular brand.

2 **Identify** one advantage of 'brand loyalty'.

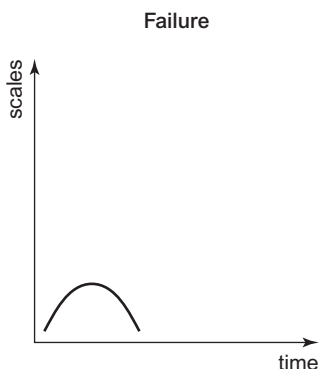
Any one from: repeat purchase; word-of-mouth promotion; price inelasticity.

3 **Identify** the main stages of the product life cycle.

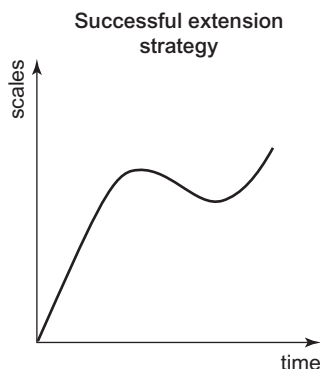
Introduction; growth; maturity/saturation; decline.

4 Outline the details and draw product life cycle diagrams for the following: a) a failed product; b) a successful extension strategy.

a)



b)



5 **Identify** one reason why packaging is an important additional element of the marketing mix.

Any one from: promote the product; differentiate the product; protect the product from damage; communicate information (ingredients, usage); make the product convenient to use; make the product easy to store/display.

6 **Outline** how the promotion of a product might be different in each stage of its life cycle.

Introduction: focus on awareness; Growth: generate brand preference; Maturity: retain brand loyalty; Decline: targeted promotions.

7 **Explain**, using an example, what is meant by the term R&D.

Research and development: the process of generating/developing new product ideas, inventing completely new technologies, making prototypes and testing products with consumers.

3.3.1

Product: Activity

Activity type

Categorisation activity

Time

30 minutes

Content

Characteristics of the product life cycle

Key terms

brand image/branding; cash flow; competitive advantage; decline; economies of scale; extension strategy; growth; introduction; market segment; marketing expenditure; maturity; packaging; place; price; price flexibility; product; product life cycle; profit; promotion; research and development (R&D); unit cost

Aims

To discuss the various characteristics at each stage of the product life cycle (introduction, growth, maturity and decline) (3.3.1)

Procedure

- 1 Tell students that they are going to complete a categorisation activity about the different stages of the product life cycle in small groups.
- 2 Divide the class into groups of three and give each group a set of cards from Activity sheet 3.3.1.
- 3 Students place the black cards (Introduction, Growth, Maturity, Decline) in the order of the product life cycle. They place the category cards (Product, Price, Promotion, Place (distribution), Marketing expenditure, Cash flow, Profit, Competitors, Unit cost) down the left-hand side to form a grid. You could draw the grid on the board. Students place the remaining cards face down in a pile.
- 4 Students take turns to draw one card from the pile and read it aloud to their group. They then discuss where to place the card in the grid. Students must collectively agree on the best place for each card. Debate is to be encouraged!
- 5 If students can't agree, or are unsure where to place a card, they can move on to the next card.
- 6 Emphasise that this is not a competitive activity; the objective is not to be the first to finish. Students should take time to discuss each card in detail, and support their opinions with sound justification.
- 7 Move around the class, ensuring that students are doing the activity correctly.
- 8 At the end of the activity, hand out complete copies of Activity sheet 3.3.1 so students can check their answers.
- 9 Round off the activity by reading a card aloud and nominating a student to identify the stage of the product life cycle which it belongs to, preferably without looking at their completed grid.

Teacher tip: You can make the activity cards more durable by photocopying them onto card before cutting them up.

Variation: If students have not yet covered topics such as cash flow and unit cost, you could remove these cards from the set. Similarly, you could remove the marketing expenditure and profit cards if EAL or ability needs are likely to make these cards too challenging. Alternatively, you could leave them in as an extension for the more able members of the class.

Extension: In groups, students identify examples of specific products at each stage of the product life cycle. They must be prepared to justify their examples.

Skills practised

AO1: Knowledge and understanding	✓
AO2: Application	
AO3: Analysis	
AO4: Evaluation	

Preparation

Photocopy and cut up one set of the cards on Activity sheet 3.3.1 for each group of three students. Make one copy of Activity sheet 3.3.1 for each student for the answers.

Aims (3.3.2)**Knowledge**

By the end of this section, students will understand:

- pricing methods, for example, cost plus, competitive, penetration, skimming, promotional; and their benefits and limitations
- how to recommend and justify an appropriate pricing method in given circumstances
- the benefits and limitations of different pricing strategies
- the significance of price elasticity: difference between price elastic demand and price inelastic demand; importance of the concept in pricing decisions.

Resources

- Student's Book pages 192–198
- Activity sheet 3.3.2
- A variety of snack products

Key business terms

competitive pricing; cost plus; discriminatory pricing; geographical pricing; mark-up; penetration pricing; premium pricing; price elastic demand; price elasticity of demand; price inelastic demand; price skimming; promotional pricing; selling price; substitutes

Lesson ideas

You should aim to cover the materials in 3.3.2 in two one-hour lessons, plus, as appropriate, homework assignments. Cover pricing strategies in the first lesson and price elasticity of demand in the second. To achieve the Aims for this topic, we recommend doing some of the following activities over the course of the lessons.

Starter suggestions

Lesson 1: List five products on the board, the prices of which will be familiar to students (snack products, cinema tickets, and so on). Ask them to write down the approximate price of each product. Then ask them to talk in pairs about why they think the firm has priced each product at that level. Make sure they focus on marketing issues and not just the cost of production. Use their responses to introduce the concept of pricing strategy and the different methods of pricing.

Lesson 2: Take into the lesson some snacks that students are likely to want and some that they are likely to want less (or not at all). At the start of the lesson, set up a mock situation where you offer to sell the snacks to the students. Start at a low price and record the level of demand in the class. Increase the price until demand is close to zero. Do this for the different types of snack and use the student demand profiles to introduce sensitivity to price changes and (if time allows) the factors that affect that sensitivity.

Main lesson activities

Discussion and note-taking (whole class): Talk students through the various pricing strategies and the concept of price elasticity of demand. Ask them to take notes as appropriate. Ensure that you cover the need to recommend pricing strategies in different contexts and the significance of price elasticity of demand in pricing decisions.

Student activity: Introduce students to the concept of pricing strategy and ask them to complete Activity sheet 3.3.2, a categorisation activity. They group features of the various pricing strategies under the appropriate strategy headings.

Skills activity: Ask students to complete the Skills activity on page 195 on the Student's Book. They suggest an appropriate pricing strategy for different products/services.

Skills activity: Introduce the concept of price elasticity of demand and ask students to work in pairs on the Skills activity on page 198 of the Student's Book. Ask them to consider how their answer might affect the pricing strategy for each product.

Homework: A possible homework activity for this topic is included in the Extension at the end of the notes about Activity sheet 3.3.2; students find real-world examples on the various pricing strategies.

Plenary suggestion

Exit pass: Using the Knowledge check questions on page 198 of the Student's Book, ask pairs or small groups to answer a topic-related question. They should share their answers with the whole class. Allow other groups to 'steal' answers if the first group's response is incorrect or insufficient. This can be a fun activity, if context allows, before lunch, break or at the end of the school day. Students are motivated to answer a question correctly in order to be the first group out of the classroom.

Answers to Student's Book activities

Skills activities: possible outcomes

Skills activity (page 195)

A range of answers is possible. Encourage students to justify their choices. Possible responses include:

- a new magazine aimed at teenagers: penetration pricing
- a new concept mobile phone with a strong USP: price skimming
- a breakfast cereal re-launching in new packaging: competitive pricing, discounting
- a hair care product manufacturer with excess (too much) stock: promotional pricing.

Skills activity (page 197)

A range of answers is possible. Encourage students to justify their choices. Possible responses include:

- unbranded rice: price inelastic (low price so any percentage change would have to be significant to affect demand to a great extent)
- BMW cars: price inelastic
- Prada clothing: price inelastic
- iTunes music tracks: price elastic (many competing brands), though switching costs may lower the elasticity
- headache tablets: price elastic (many competing brands)
- IMAX cinema tickets: price elastic.

Knowledge check (page 198)

1 Identify three factors that will affect a firm's pricing decision.

Any three from: cost of production; market segment; amount of competition; business objectives; where the product is in its life cycle.

2 Explain when a firm might use price skimming.

When entering a new market with a new/unique product.

3 Explain an advantage and a disadvantage of using competitive pricing.

Advantage: Any one from: ensures product price is in line with competitor products; set at a level customers expect; demand is proven at that price point.

Disadvantage: Any one from: offers no advantage over competition; competitors may lower the price; takes no account of costs or other factors.

4 Identify which pricing strategy a firm might use when trying to gain a foothold in a competitive market.

Penetration pricing

5 Explain what the term price elasticity measures.

The responsiveness of demand to changes in a product's price.

6 Identify two types of goods that might be price inelastic.

Examples include: petrol; essential services (electricity, gas); cigarettes; basic/essential foodstuffs.

3.3.2

Price: Activity

Activity type

Categorising activity

Time

30 minutes

Content

Pricing methods

Key terms

competitive pricing; cost plus; discriminatory pricing; geographical pricing; mark-up; penetration pricing; premium pricing; price skimming; promotional pricing

Aims

To demonstrate an understanding of the different pricing methods as well as their benefits and limitations (3.3.2)

Procedure

- 1 Tell students that they are going to work in small groups to complete a categorisation activity about the different pricing methods used by businesses.
- 2 Divide the class into groups of three and give a set of the activity cards to each group.
- 3 Students remove the black title cards (Cost plus pricing, Competitive pricing, Penetration pricing, Price skimming, Promotional pricing) and put them on the desk in front of them. They place the remaining cards face down in a pile on the desk.
- 4 Students take turns to draw one card from the pile and read it aloud to their group. They then match the card with the correct pricing method and place it in the appropriate category. Students should collectively agree on the best place for each card.
- 5 If students can't agree or are unsure about where to place a card, they can put it to one side and move on to the next card.
- 6 Emphasise to students that this is not a competitive activity and the objective is not to be the first to finish. Instead, they should take their time to discuss each card in detail, making sure they support their opinions with sound justification.
- 7 Move around the class to ensure that students are doing the activity correctly.
- 8 Elicit the correct answers during the feedback stage of the activity. Alternatively, give students a complete photocopy of Activity sheet 3.3.2 so they can check their answers in their group.

Teacher tip: Before the final feedback stage of the activity, ask groups to briefly compare their answers with another group. This should encourage more discussion and debate among students, thereby enhancing their understanding of the different pricing methods.

Note: Although this activity is designed so there is an equal number of cards under each pricing method, some features can be matched to more than one method. For example, both penetration and promotional pricing may signal inferior quality to consumers, thereby harming the image of the brand. Both alternatives should be accepted. The important thing is that students are able to justify their decision.

Extension: For homework, ask students to find evidence of each of these pricing strategies being used by businesses. They could find these online or by taking photographs of promotional materials such as brochures, billboards, newspaper advertisements, and so on, on their mobile phones.

Skills practised

AO1: Knowledge and understanding	✓
AO2: Application	
AO3: Analysis	
AO4: Evaluation	

Preparation

Photocopy and cut up one set of the cards on Activity sheet 3.3.2 for each group of three students. Make one copy of Activity sheet 3.3.2 for each student for the answers (optional).

Aims (3.3.3)**Knowledge**

By the end of this section, students will understand:

- the advantages and disadvantages of different channels, for example, use of wholesalers, retailers or direct to consumers
- how to recommend and justify an appropriate distribution channel in given circumstances.

Resources

- Student's Book pages 199–204
- Activity sheet 3.3.3

Key business terms

agent; direct distribution; disintermediation; distribution channel; intermediaries; retail distribution; wholesale distribution

Lesson ideas

You should aim to cover the materials in 3.3.3 in a single one-hour lesson, plus, as appropriate, homework assignments. To achieve the Aims for this topic, we recommend doing some of the following activities over the course of the lesson.

Starter suggestion

Hot seat: Write 'Product distribution' on the board. Explain that distribution is about how products get from producer to consumer, not about location. Without giving any explanation, write the key terms for this topic on the board. Put yourself in the 'hot seat'. Students need to ask you questions about the meanings of the terms, but they can't ask direct questions (such as 'What is an agent?'). This is to help students develop questioning skills and make them think about the topic in analytical rather than knowledge terms. If they ask closed questions, give short, closed answers. Encourage them to develop their questioning and don't allow direct questions about the meaning of the key terms.

Main lesson activities

Discussion and note taking (whole class): Talk students through the various distribution strategies, asking them to take notes as appropriate. Make sure you focus on the need to recommend and justify appropriate distribution channels for different contexts.

Student activity: Introduce students to the various distribution strategies and ask them to complete Activity sheet 3.3.3. They read pages 199–202 in the Student's Book and make notes on an assigned method of distribution in the table on the sheet.

Tip: Once students have completed the activity in class, you could ask them to correct and expand on their notes as a homework exercise.

Skills activity: Ask students to work individually to complete the Skills activity on page 204 of the Student's Book. In this activity students suggest and justify distribution strategies for different products.

Plenary suggestion

Role play: Split the class into groups of three. Tell students that they are going to 'role-play' each distribution channel. For each channel, ask the students to take a role (producer, retailer, customer, and so on) and to explain their role. For example, 'I am a wholesaler. My role is ...' Students should rotate the roles around the group so that each member has the chance to role-play one of the key roles (retailer, wholesaler or agent).

Note: For the purpose of this exercise, exclude direct distribution, as there is no intermediary role for students to play.

Answers to Student's Book activities

Skills activity (page 204): possible outcomes

- a) a new breakfast snack: wholesale distribution
- b) a new book: direct distribution or wholesale distribution
- c) a Vietnamese firm exporting Vietnamese art: agent
- d) a Honda motorbike: retail distribution

Knowledge check (page 204)

- 1 Define the term intermediary.

An intermediary is a step/stage in the distribution chain (for example, a retailer).

- 2 **Explain** two factors that influence the choice of distribution channel.

Any two from: marketing aims; product characteristics; market coverage; cost considerations; customer expectations/brand image; stage of product life cycle.

- 3 **Explain** the role of a wholesaler.

Wholesalers buy in large quantities from manufacturers and then sell these products in smaller quantities to retailers.

- 4 **Identify** one disadvantage of using a wholesaler.

Any one from: wholesalers add their own mark-up to the price of the product (making the product uncompetitive); the additional stage in distribution increases the time for a product to reach consumers; increased handling increases the chance of product damage; loss of control over product storage environment (potentially leading to mishandling and damage).

- 5 **Explain** the role of a distribution agent.

Agents connect buyers and sellers and manage the transfer of the product. This distribution method is most often used by businesses involved in import/export.

- 6 **Explain** two benefits of using direct distribution methods.

Any two from: by cutting out the intermediaries products can be sold at a lower (and potentially more competitive) price; the producer is able to develop a direct relationship with consumers; the producer is able to react faster to consumers' needs and to changing market conditions.

- 7 **Identify** and **explain** the impact of the internet on distribution.

Lower prices for consumers; wider choice; lower profit margins for firms; buyers have perfect knowledge; more competitive markets; new distribution options (downloading).

- 8 **Identify** the relationship between cost of distribution and product price.

The longer the chain of distribution, the higher the price of the product and vice versa.

3.3.3

Place – distribution channels: Activity

Activity type

Jigsaw reading activity

Time

30 minutes

Content

Channels of distribution

Key terms

agent; direct distribution; disintermediation; distribution channel; intermediaries; retail distribution; wholesale distribution

Aims

To understand the advantages/disadvantages of different distribution channels (3.3.3)

Procedure

- 1 Tell students that they are going to read about one of the methods that businesses use to distribute their products and explain it to other students.
- 2 Divide the class into four equal groups, A, B, C and D, and give a copy of Activity sheet 3.3.3 to each student.
- 3 Assign a different distribution channel to each group and ask them to read about their assigned channel in the Student's Book and make notes using the table on the activity sheet. For example, the students in group A read about direct distribution on pages 199–200 and complete the relevant section of their table, while the students in group B read about retail distribution on page 200, and so on.
- 4 Allow students 10 minutes to complete the relevant section of the activity sheet and compare their notes in their group.
- 5 Following this, reorganise students so there is one student from group A, one from B, one from C and one from D in each new group.
- 6 Tell students that they have three to four minutes each to describe their allocated channel of distribution to the members of their new group and explain its advantages and disadvantages. Other group members should listen and ask for clarification if they don't understand. Allow them to make brief notes if they want, but they don't need to write down every word as the information is in their Student's Book. Emphasise that the focus of this activity should be on listening and speaking, not reading and writing. They must not simply copy what each group member has written about a particular channel of distribution.
- 7 Move around the room, ensuring that students are following instructions and doing the activity correctly.
- 8 To round off the activity, and ask different students to outline the differences between the various distribution channels. Refer to the Suggested answers provided.

Teacher tip: You can organise step 5 of the activity by numbering the students in each group and asking the number 1s to form a new group in one part of the classroom, the number 2s to form a new group in another part of the classroom, and so on.

Extension: For homework, you could ask students to complete the table on Activity sheet 3.3.3, using what they learned from their discussion and the information on pages 199–202 of the Student's Book.

Skills practised

AO1: Knowledge and understanding	✓
AO2: Application	✓
AO3: Analysis	
AO4: Evaluation	

Preparation

Make one copy of Activity sheet 3.3.3 for each student.

3.3.3 Place – distribution channels: Activity: Suggested answers

	Direct distribution	Retail distribution	Wholesale distribution	Distribution through agents
Explanation	The producer sells goods directly to the end customer.	Goods are sold to a retailer, who then sells them on to the end customer.	Goods are sold to a wholesaler, who then sells them on to retailers in smaller quantities (breaking bulk).	An agent connects a producer with a retailer and manages the transfer of the goods, usually to overseas markets.
Example	A small local baker or a firm that sells products directly to customers over the internet.	The majority of goods are sold in this way.	Large supermarket chains.	Distribution of goods in overseas markets.
Advantages for producers	<p>By cutting out intermediaries, the product can be sold at a lower price.</p> <p>Producers benefit from feedback about the product from customers and are able to respond to their changing needs quickly.</p> <p>A direct relationship may lead to increased customer loyalty.</p>	<p>Producers are able to achieve a wide distribution.</p> <p>Selling through specialist or high-end retail outlets could help to improve the image of the brand.</p> <p>Retailers can help to promote and merchandise a producer's products.</p> <p>Retailers may allow consumers to purchase items on credit.</p>	<p>Increases the number of smaller retailers able to stock the product.</p> <p>Reduces the cost of distributing the products to retailers for the producer.</p> <p>Wholesalers are sometimes able to store large quantities of the product, which reduces storage costs for the producer.</p>	<p>Agents have knowledge of the distribution network in their country and know how to get the product to the consumer as quickly and efficiently as possible.</p> <p>Agents understand the language, culture and tastes of the local market.</p> <p>They also understand the laws and regulations involved in selling goods in their country.</p>
Disadvantages for producers	<p>Many consumers will not be able or willing to travel to the producer to purchase products.</p> <p>It may be impractical or expensive to send items ordered over the internet by post.</p>	<p>Retailers also sell competing brands.</p> <p>Retailers add a mark-up, which makes products more expensive.</p>	<p>As each intermediary adds a mark-up, the price charged to consumers increases.</p> <p>This method increases the time for goods to reach the customer, which may result in more wastage, especially in the case of perishable items.</p>	<p>The producer may have little or no control over where the product is sold, which may affect brand image.</p> <p>Due to transport costs and the mark-ups taken by the agent and other intermediaries, the price charged to the consumer may be high and uncompetitive.</p>

Aims (3.3.4)**Knowledge**

By the end of this section, students will understand:

- the aims of promotion
- the different forms of promotion and how they influence sales, for example, advertising, sales promotion
- the need for cost effectiveness in spending the marketing budget on promotion.

Resources

- Student's Book pages 205–213
- Activity sheet 3.3.4
- A range of promotional materials: an advertisement from a newspaper or magazine, a brochure or leaflet, a photo of a billboard taken on a mobile phone, a TV commercial on YouTube, a free sample, and so on.

Key business terms

advertising media; customer service; direct mailing; informative advertising; marketing budget; merchandising; personal selling; persuasive advertising; promotional strategies; public relations; relationship marketing; sponsorship; target market; viral marketing

Lesson ideas

You should aim to cover the materials in 3.3.4 in two one-hour lessons, plus, as appropriate, homework assignments. To achieve the Aims for this topic, we recommend doing some of the following activities over the course of the lessons.

Starter suggestion

Snowball: Ask students to individually list all the types of promotion they can think of. Make sure they focus on promotion generally and not just advertising.

Ask them to move around the room, swapping ideas with classmates and trying to develop as large a list as possible.

Use students' responses to introduce promotion and to reinforce the fact that promotion is not just advertising.

Main lesson activities

Discussion and note-taking (whole class): Talk students through the aims of promotion, the various methods and the importance of the marketing budget. Tell them to take notes. Make sure you focus on the need for cost-effectiveness in spending the marketing budget.

Taboo: Students should work in pairs to discuss as many aims of promotion as they can think of. Add challenge (and fun) to the activity by telling them they are not allowed to say 'improve sales' (or similar).

Student activity: Introduce the various methods of promotion and ask students to complete Activity 3.3.4. They should bring examples of various promotional campaigns to the lesson. They will then analyse this promotional material in terms of topic theory (refer to pages 205–213 of the Student's Book).

Skills activity: If Activity 3.3.4 is not practical, ask students to work in small groups to complete the Skills activity on page 211 of the Student's Book. They will need to analyse appropriate promotion methods for a product of their choice.

Tip: This exercise could be given as homework.

Budget allocation: Put the students into small groups and ask them to complete the following budget allocation exercise:

Project: Marketing campaign for local school (to attract new students)					
Budget: \$100 000					
Promotion options					
TV campaign	\$1 000 000	Internet advertising	\$20 000	Billboard campaign	\$100 000
Radio campaign	\$500 000	Direct mailing	\$10 000	PR event	\$5000
Magazine advert	\$50 000	Sponsorship of local hockey team	\$25 000	Cinema campaign	\$500 000

Encourage students to consider the effectiveness of each method given the context. A PR event supported by a direct mailing campaign may, for example, be both the cheapest option and the most effective.

Exam-style question: Ask students to think about the following evaluation question and discuss in pairs:

'Marketing can never be truly cost-effective.' To what extent do you agree with this statement?

Student responses are likely to be broad; teacher support and guidance will be vital. Encourage the development of exam-related skills by getting students to focus on the need to evaluate. Ask them to develop arguments in support of the statement and arguments against.

Plenary suggestion

Knowledge check: Split the class into four groups. Ask each group to consider one product from Question 7 of the Knowledge check questions (page 213 of the Student's Book). Each group should present their suggestions and justification to the whole class.

Answers to Student's Book activities

Skills activity (page 211): possible outcomes

The following table summarises some of the key advantages and disadvantages of the different promotion methods. You could photocopy the table and give it to students to support their notes once they have completed this exercise.

Promotional media – advantages and disadvantages		
Media type	Advantages	Disadvantages
Television	<ul style="list-style-type: none"> Reaches a wide audience Product demonstration possible Colour, movement, sound and special effects possible High impact ads possible Can be targeted regionally High repetition value Good consumer recall rates Cost-effective 	<ul style="list-style-type: none"> Expensive production and air-time (though low cost per 1000) Difficult to win new customers – consumers may ignore ads Message must be brief and simple Difficult for consumers to retain important information Long lead times
Radio	<ul style="list-style-type: none"> Wide coverage Regional and specific interest group targeting possible Short lead times Use of sound Relatively cheap 	<ul style="list-style-type: none"> No movement or colour Commercial stations often disliked due to advertisements Ads may be ignored Difficult for consumers to retain important information

Promotional media – advantages and disadvantages

Media type	Advantages	Disadvantages
National newspapers	<ul style="list-style-type: none"> • National coverage • Colour possible • Consumer can retain a copy of the advert • Ads can be detailed • Relatively cheap 	<ul style="list-style-type: none"> • ‘Noisy medium’ – lots of other advertisements competing for attention • No movement or sound • Younger audience not reached
Regional newspapers	<ul style="list-style-type: none"> • Very cheap • Closely targeted/can be adapted to suit specific region 	<ul style="list-style-type: none"> • Limited circulation • Occasionally poor quality • Limited readership data
Magazines	<ul style="list-style-type: none"> • Colour possible • Targeting possible • Information can be retained • Often read by more than one person • Message has a long life (i.e. one month) • Advertisements can be linked to or designed as features 	<ul style="list-style-type: none"> • No movement or sound • Very ‘noisy’ medium • Long lead times (advertisements have to be booked and designed months before publication) • Specific placement is expensive (i.e. opposite a related article)
Cinema	<ul style="list-style-type: none"> • Young audience • Colour, movement, sound and special effects possible • Captive audience – ads often watched • High impact • Targeting possible • Relatively cheap (if combined with TV) 	<ul style="list-style-type: none"> • Limited coverage • Some segments not reached • Difficult for consumers to retain important information • Expensive to produce advertisements just for cinema • No repetition of message
Outdoor	<ul style="list-style-type: none"> • National coverage • Colour possible • Can be regionally targeted • Can be innovative (for example, London taxi designs) • Relatively cheap 	<ul style="list-style-type: none"> • Message must be short • Difficult for consumers to retain important information • ‘Noisy’ medium • Often ignored
Internet	<ul style="list-style-type: none"> • Very close targeting possible – can be linked to direct marketing • Cheap and easy to produce/maintain • Colour and movement possible 	<ul style="list-style-type: none"> • Very low ‘hit’ rate • Advertisements can be filtered out • ‘Pop-up’ ads considered a nuisance
Trade journals	<ul style="list-style-type: none"> • Very close targeting possible • Relatively cheap • Colour possible • Journal may convey ‘authority’ 	<ul style="list-style-type: none"> • Critical, knowledgeable readership • Advertising alongside competition • Trade only • Sometimes low production values

Knowledge check (page 213)

1 Identify the aims of promotion.

To increase demand for products; to establish a price for products; to create, enhance or maintain a brand image; to raise awareness, emotion or concern for an issue or product; to maintain, protect or increase market share.

2 Identify three methods of promotion.

Any three from: TV, radio, magazines, internet, new media, newspaper, billboards (and other outdoor methods), cinema, viral marketing.

3 Explain, using an example, one of the benefits offered by TV advertising.

Any one from: easy to reach mass market; can show product in action; easy to build brand image; can be targeted to particular viewers (depending on programming slot).

4 Explain the role of public relations.

Press releases and press conferences, and so on, designed to ensure constant communication with a firm's stakeholders.

5 Explain why promotion might be important early in a product's life cycle.

To develop brand awareness; to inform customers about the product/its usage.

6 Explain why new media advertising might be important to a firm targeting teenagers.

Teenagers engage frequently with new media and less frequently with other forms; new media can help viral marketing and thus appeal to teenagers; a product may benefit from modern status if promoted using new media.

7 Justify appropriate methods of promotion for the following:

a) a new brand of shampoo: TV, radio, magazines

b) a new smartphone aimed at teenagers: internet/new media (Facebook, Twitter, SMS promotion)

c) holidays for the over 60s: magazine, newspaper, direct mail, radio

d) the latest James Bond movie: TV, internet, magazines

8 Define the term marketing budget.

The marketing budget outlines how much money is allocated to the marketing function and on what types of marketing it will be spent.

Student demonstrates basic/good understanding of marketing budget.

9 Explain two factors that determine how much a firm allocates to its marketing budget.

Any two from: the firm's marketing objectives; how much competitors spend; the nature of the market (how disbursed, and so on); how much money the firm has; the cost of different promotion methods; where a product is in its life cycle.

3.3.4

Promotion: Activity

Activity type

Investigation

Content

Advertisements and advertising media

Time

50 minutes

Key terms

advertising media; customer service; direct mailing; informative advertising; marketing budget; merchandising; personal selling; persuasive advertising; promotional strategies; public relations; relationship marketing; sponsorship; target market; viral marketing

Aims

To understand the aims of promotion and the different forms of promotion and how they influence sales, for example, advertising, sales promotion (3.3.4)

Procedure

- 1 Tell students they are going to analyse a range of different promotional methods and discuss the advantages and disadvantages of each.
- 2 Before starting the activity, ask students to review the advantages and disadvantages outlined on pages 207–211 of the Student's Book.
- 3 Divide the class into groups of three or four and give each student a copy of Activity sheet 3.3.4.
- 4 Ask students to select four different forms of promotion from the examples they have brought to class. They should discuss each method of promotion in their groups and complete the activity sheet by answering the questions and making brief notes.
- 5 Give students 25 minutes to complete this task. Move around the room, making sure students are on task and correctly identifying and elaborating on the main advantages and disadvantages.
- 6 To round off the activity, ask each group to present to the class one of the promotional methods they discussed in their group. They should speak for one minute, summarising their responses to the questions on the activity sheet.

Teacher tip: Allow students to use their mobile phones or computers to view commercials on YouTube or photos they have taken of promotional methods and advertising media in preparation for this lesson.

Variation: Organise the activity as a jigsaw discussion activity.

- After they have discussed at least two promotional methods in their initial group, pair students up with a student from another group.
- Students discuss the promotional methods they analysed previously with their new partner.
- For variety, ask students to share one promotional method with one student before moving on to discuss another promotional method with another student.
- Give each student exactly one minute of speaking time (two minutes in total), before asking them to change partners.

Extension: Students could prepare a more detailed presentation in their group (using PowerPoint if possible) evaluating one of the promotional methods they examined. They could prepare this for homework and deliver it in the next lesson.

Skills practised

AO1: Knowledge and understanding	✓
AO2: Application	✓
AO3: Analysis	✓
AO4: Evaluation	✓

Preparation

Make one copy of Activity sheet 3.3.4 for each student in the class. Before the lesson, ask students to bring two or three examples of different promotional materials to the lesson. These could include an advertisement from a newspaper or magazine, a brochure or leaflet, a photo of a billboard taken on their mobile phone, a TV commercial on YouTube, a free sample, and so on. It is also a good idea for you to gather a range of promotional materials yourself to give to any students who do not bring any examples.

3.3.5

Technology and the marketing mix

Aims (3.3.5)

Knowledge

By the end of this section, students will understand:

- how to define and explain the concept of e-commerce
- the opportunities and threats of e-commerce to business and consumers
- the use of the internet and social networks for promotion.

Resources

- Student's Book pages 214–220
- Activity sheet 3.3.5
- Good-quality card

Key business terms

blog; business to business (B2B); business to consumer (B2C); consumer to consumer (C2C); e-commerce; email; internet; newsletter; social media; social networks

Lesson ideas

You should aim to cover the materials in 3.3.5 in a single one-hour lesson, plus, as appropriate, a homework assignment. To achieve the Aims for this topic, we recommend doing some of the following activities over the course of the one-hour lesson.

Pre-lesson task: As students will be familiar with the content of this topic, consider setting Skills activity 1 on page 217 of the Student's Book as a pre-lesson task. Students will review their favourite e-commerce websites and could then feed back their findings after the lesson starter.

Starter suggestion

Internet shopping: Ask students to make a list of all the times when they (or their parents) use the internet for commercial purposes (for example, buying cinema tickets). Use their lists to define and explain the scope of e-commerce.

Main lesson activities

Discussion and note-taking (whole class): Talk students through the concept of e-commerce, the opportunities and threats it poses to businesses and consumers, and the use of the internet/social networks for promotion. Ask them to take notes as appropriate.

Student activity: Students should complete Activity 3.3.5 to help them evaluate the opportunities and threats to business and consumers of e-commerce.

Log on: If appropriate, ask students to log on to their Facebook, Twitter, Instagram and/or Pinterest account(s). They should review the sites as tools for promotion.

- What types of promotion(s) are found on the different sites?
- How effective do students find promotions on the different sites?
- Why do firms choose to use these social sites?
- What are the advantages of social marketing?

Use students' answers as the basis for a class discussion on social marketing.

Skills activity: As an alternative to the Log on activity (or perhaps as a homework extension), students could complete Skills activity 2 on page 220 of the Student's Book. They should design their own e-commerce promotional campaign.

Plenary suggestion

Knowledge check: Ask students to answer the Knowledge check questions on page 220 of the Student's Book.

Tip: This task could be given as a homework activity.

Answers to Student's Book activities

Skills activities: possible outcomes

Skills activity 1 (page 217)

A wide range of responses is possible here. Encourage students to use topic-specific vocabulary.

Skills activity 2 (page 220)

A wide range of responses is possible here. Students should focus their suggestions on aspects that relate to elements of the Business Studies specification. Encourage them to use topic-specific vocabulary.

Knowledge check (page 220)

1 Define the term e-commerce.

The buying and selling of goods over the internet or via similar electronic means.

2 Explain two benefits to a business of e-commerce.

Any two from: direct access to customers; lower costs; reduction in the number of intermediaries lowering prices at point of sale; customers get better information faster, and are therefore more likely to purchase; use of modern media helps to target younger consumers; can include images, sounds and movies as part of marketing activities; allows cheap access to a global customer base.

3 Explain two potential threats to a customer from e-commerce.

Any two from: closure of local (physical) branches of firm; danger of internet fraud; difficulty of returning faulty or damaged goods; online identify theft.

4 Identify two important features of a successful website for a business.

Any two from: up-to-date; relevant; easy to navigate; easy to place orders; includes company contact details; error free.

3.3.5

Technology and the marketing mix: Activity

Activity type

Evaluation activity

Time

20 minutes (or at teacher's discretion)

Content

Opportunities and threats of e-commerce to business and consumers

Key terms

blog; business to business (B2B); business to consumer (B2C); consumer to consumer (C2C); e-commerce; email; internet; newsletter; social media; social networks

Aims

To evaluate the opportunities and threats of e-commerce to business and consumers (3.3.5)

Procedure

- 1 Split the class into groups of three.
- 2 Explain that two students in each group will carry out the activity, while one will act as 'judge'.
- 3 Give a pack of cards to each group. Ask students to shuffle the cards before starting the activity.

Note: The pack does not need to include the Opportunity, Threat and Neutral headings.

- 4 Give a complete copy of Activity sheet 3.3.5 to the judge in each group. The judge should not show this sheet to the other two students in the group.
- 5 With the cards face down on the table, the two 'players' take turns to draw a card from the pack.
- 6 On their turn, the student should read the situation aloud and then make a judgement as to whether e-commerce presents an opportunity, a threat or is neutral in that context.
- 7 If their evaluation corresponds with the answer on Activity sheet 3.3.5, they keep the card. If not, the other player can try to 'steal' the card by offering another answer. If correct, they win the card.
- 8 The winner is the student holding the most cards at the end of the game.

Teacher tip: The key to this game is to encourage students to evaluate and justify their answer. Simply stating 'opportunity', 'threat' or 'neutral' is not enough. Encourage students to debate the validity of the suggested answers on the activity sheet.

You might find it useful to talk the class through an example before starting the activity.

Variation: If you feel this activity will be challenging for the students, consider running it as a teacher-led whole-group task.

Extension: If you feel the students are capable, you can set a task before starting the activity.

- Ask students to write on the blank cards examples of situations where e-commerce presents an opportunity, a threat or is neutral.
- Distribute these cards among the groups so that students can use them alongside the ready-made cards.

Skills practised

AO1: Knowledge and understanding	
AO2: Application	
AO3: Analysis	
AO4: Evaluation	✓

Preparation

Create enough copies of Activity sheet 3.3.5 to give one set of cards to groups of three within the class. It is preferable to photocopy the sheet onto good-quality card. Cut up the cards before the lesson. Also make one intact (not cut up) copy of Activity sheet 3.3.5 for each group of three students.

3.4.1 APPROPRIATE MARKETING STRATEGIES

Aims (3.4.1)

Knowledge

By the end of this section, students will understand:

- the importance of different elements of the marketing mix in influencing consumer decisions in given circumstances
- how to recommend and justify an appropriate marketing strategy in given circumstances.

Resources

- Student's Book pages 221–224
- Activity sheet 3.4.1
- Presentation software (optional)

Key business terms

cost leadership; differentiation; market challenger; marketing mix; marketing strategy; mass marketing; niche marketing; place; price; product; promotion

Lesson ideas

You should aim to cover the materials in 3.4.1 in a single one-hour lesson, plus, as appropriate, a homework assignment. To achieve the Aims for this topic, we recommend doing some of the following activities over the course of the lesson.

Some of the lesson time should be devoted to preparing for Activity 3.4.1 or Skills activity 1.

Starter suggestion

Elevator revision: Organise students into pairs. Recap the marketing section by asking students to stand up and imagine they have the length of an elevator ride (two minutes) to tell a partner everything they can remember about the marketing topic so far. As the (imaginary) lift goes back down (another two minutes), the partner writes down the key points they heard (without help). Repeat the 'lift rides' until students have covered sufficient material.

Main lesson activities

Discussion and note-taking (whole class): Talk students through the various aspects of marketing strategies. They should take notes as appropriate. Focus on recommending appropriate marketing strategies in given circumstances.

Activity: Ask students to complete Activity 3.3.1. They should identify the marketing strategy of a product they know well – this will help them understand the importance of the different elements of the marketing mix in influencing consumer decisions.

Skills activity: Using the details in the Skills activity on page 223 of the Student's Book, ask students to compare and contrast the marketing strategies of two different products/firms.

Knowledge check: Ask students to answer the Knowledge check questions on page 224 of the Student's Book. You may wish to focus on Question 3 in particular.

Plenary suggestion

Group exercise: As a summary of this topic, ask students to investigate and evaluate the marketing mix of Red Bull. Give them the following questions to consider:

- Does the marketing strategy for Red Bull focus on one element of the marketing mix or does it use a blend of all elements?

- How successful do you think Red Bull marketing is?
- Recommend and justify one change Red Bull might make to its marketing strategy.

A wide range of responses and approaches to this task is possible. Make sure students do not just describe the marketing activities for Red Bull; reward critical analysis and evaluation of the suitability of the marketing.

Ask students to consider why Red Bull has such a strong presence in Formula 1 motorsport. How does this link to the marketing strategy for Red Bull?

Tip: A useful way to start this exercise is to show students some examples of Red Bull marketing. These are readily available on the internet or in any extreme sports magazine.

Answers to Student's Book activities

Skills activity (page 223): possible outcomes

A wide range of responses and approaches to this task is possible. Make sure students do not just describe the marketing activities for their chosen products. Reward students' critical comparison and evaluation of the success and appropriateness of the marketing strategies.

Knowledge check (page 224)

- 1 Identify** two examples of marketing objectives.

Any two from: increase market share; increase product awareness/brand recognition; increase product usage; expand into new market segments; develop new products.

- 2 Outline**, using appropriate examples, two factors that might affect choice of marketing strategy.

Any two from: corporate objectives; stage of product life cycle; competition; type of product; type/state of market; availability of finance.

- 3 Justify** the element or elements of the marketing mix that might be most appropriate for:

- a new magazine aimed at teenagers: price, promotion
- a laptop aimed at graphic designers: product
- a plain chocolate bar: promotion, place
- a new book in a popular series: place, promotion.

3.4.1

Appropriate marketing strategies: Activity

Activity type

Investigation

Content

Marketing strategy

Time

45 minutes

Key terms

cost leadership; differentiation; market challenger; marketing mix; marketing strategy; mass marketing; niche marketing; place; price; product; promotion

Aims

To identify the marketing strategy of a firm and understand the importance of the different elements of the marketing mix in influencing consumer decisions (3.4.1)

Procedure

- 1 Students are going to work in small groups to analyse the marketing strategy of a product of their choice, but first they look at an example as a whole class.
- 2 Using some of the questions below, ask students to give you details about the different elements of the marketing mix used by Kit Kat. Write them on the board.

Product:

- What differentiates Kit Kat from its competitors' products?
- What is its USP?
- How is Kit Kat packaged and sold?
- How have Kit Kat products changed over time?
- Where is Kit Kat in its product life cycle?

Price:

- Which products are Kit Kat's main competitors?
- How much does Kit Kat cost?
- How does this compare to the prices of competitors?
- What pricing strategies does Kit Kat use?

Place:

- Where are Kit Kats sold?
- What distribution channels are used to get Kit Kat to the customer?

Promotion:

- What methods does Kit Kat use to promote its products?
- How effective are they?

- 3 Ask students which they think is the most important element of Kit Kat's marketing mix and why. Then give them each a copy of Activity sheet 3.4.1. They should read the information about Kit Kat's marketing strategy and compare the main points with those that they identified in their discussion (which are displayed on the whiteboard).

Skills practised

AO1: Knowledge and understanding	
AO2: Application	✓
AO3: Analysis	✓
AO4: Evaluation	

Preparation

Make one copy of Activity sheet 3.4.1 for each student in the class.

- 4 Working in groups of three, students create a poster outlining the marketing mix of a product of their choice. Later they will present this to the class. They will need to use their own knowledge of the product, combined with information they find online. Explain that the posters may be used for a classroom display, so the information must be well organised and well presented. Some products students might like to research are:
 - flights by Air Asia
 - a particular model of car
 - a service provided by HSBC
 - a stay at an IBIS hotel
 - an Apple iPhone.
- 5 Put students into groups of three and allow them enough time to decide on a product and to prepare an outline for their poster. Encourage students to use their tablets and laptop to find information to include in their presentation.
- 6 If they run out of time in class, ask students to complete their poster for homework. Tell them that each group will have three to four minutes to present their analysis to the class in the next lesson. They will be assessed on the following criteria:
 - detail of analysis
 - visual appeal of the poster
 - clarity of explanations
 - teamwork.

Teacher tips:

You could choose another example if students are not familiar with Kit Kat.

Presenting information to the class can be challenging for EAL and non-EAL learners alike. To help their confidence, it is a good idea to give students an opportunity to practise their presentations in their groups before asking them to speak in front of the class.

Variation: Instead of producing a poster, you could ask groups to prepare a PowerPoint presentation. The advantage of posters, however, is that they can be used to create a wall display of students' work after they have completed the activity.

3.4.2

Legal controls related to marketing

Aims (3.4.2)

Knowledge

By the end of this section, students will understand:

- the impact of legal controls on marketing strategy, for example, misleading promotion, faulty and dangerous goods.

Resources

- Student's Book pages 225–226
- Activity sheet 3.4.2

Key business terms

fit for purpose; marketing strategy; misleading; quality

Lesson ideas

You should aim to cover the materials in 3.4.2 in a single one-hour lesson, plus, as appropriate, a homework assignment. To achieve the Aims for this topic, we recommend doing some of the following activities over the course of the lesson.

Starter suggestion

Start the lesson by asking students to come up with the most outrageous marketing promises they can think of. You may need to give an example to start them off. For example: 'I used a new moisturiser last night, the marketing said it would make me the most attractive person on the planet!'

Discuss why laws exist in most countries to protect against false promotion and dangerous/faulty goods.

Main lesson activities

Discussion and note-taking (whole class): Talk students through the nature and impact of legal controls on marketing activities, telling them to take notes as appropriate. Focus on the impact on marketing strategy.

Group task: Split the class into small groups and assign one legal control on marketing activities (misleading promotion, faulty goods, and so on) to each group. Ask each group to:

- define the relevant legal control
- describe a related case study
- discuss the implications for a firm's marketing strategy of that control.

They should present their findings to the rest of the class.

Student activity: Ask students to complete Activity 3.4.2, either individually or in small groups. They will evaluate a variety of marketing strategies and discuss what legal controls might be relevant in each case.

Skills activity: Ask students to work individually or in small groups to identify which legal controls might be most relevant for the products listed in the Skills activity on page 226 of the Student's Book. They should feed back their findings via teacher-led questions and answers.

Tip: Alternatively, you could give this activity as homework, with students feeding back at the start of the next lesson.

Plenary suggestion

Rephrase it: Referring back to the starter activity, ask students to rephrase their outrageous marketing promise into something that is both legally and ethically acceptable. Encourage other students to challenge on the basis of points of law where relevant.

Answers to Student's Book activities

Skills activity (page 226): possible outcomes

- A car: laws relating to safety, product description, faulty goods.
- A fizzy drink: laws relating to food safety, product description.
- A computer game: laws relating to faulty goods.

Knowledge check (page 226)

1 Identify two ways in which a business might mislead customers in its marketing campaign.

Any two from: misleading prices; misleading features; misleading benefit claim(s); misleading/unclear terms and conditions.

2 Explain why there are laws to protect consumers when buying a product.

Accept any from: to prevent firms from making false or misleading claims about products; to protect consumers from harm caused by products; to prevent firms selling products that are illegal; to prevent exposure to inappropriate material (particularly for products aimed at young people); to protect consumers from unfair sales/pricing tactics.

Students should demonstrate basic/good understanding of legal controls on marketing activities and suitable explanation with supporting reference to appropriate laws/legal controls (and the implications of no legal control).

3 Explain two possible impacts of a business selling faulty or dangerous goods.

Customer complaints; threat of legal action if faulty product causes harm; damage to reputation; cost of refunds.

3.4.2

Legal controls related to marketing: Activity

Activity type

Evaluation activity

Content

The nature and impact of legal controls on marketing

Time

20 minutes (or at teacher's discretion)

Key terms

fit for purpose; marketing strategy; misleading; quality

Aims

To evaluate the types and impact of legal controls on marketing strategy

Procedure

- 1 Students could do this activity individually or in small groups.
- 2 Tell students that they are going to undertake the work of the legal body responsible for consumer protection. Their task is to discuss a variety of situations in which consumers have made complaints and to decide what, if any, action should be taken.
- 3 As part of their role, they are also required to advise the business on possible changes to (or restrictions on) its marketing strategy for the future.
- 4 Students should write their responses in the boxes provided under each case study.

Teacher tip: This exercise could be given as an individual homework. The starter activity for the following lesson would then be small group discussions where students could compare their responses.

Extension: Ask students to research (using the internet or other sources of information) other examples of legal cases related to marketing activities. Searches for 'advertising standards' or 'consumer protection' are useful starting points.

Skills practised

AO1: Knowledge and understanding	✓
AO2: Application	
AO3: Analysis	
AO4: Evaluation	✓

Preparation

Make enough copies of Activity sheet 3.4.2 for each student or group.

Aims (3.4.3)**Knowledge**

By the end of this section, students will understand:

- the growth potential of new markets in other countries
- the problems of entering foreign markets, for example, cultural differences and lack of knowledge
- the benefits and limitations of methods to overcome such problems, for example, joint ventures, licensing.

Resources

- Student's Book pages 227–232
- Activity sheet 3.4.3
- Good-quality card; dice

Key business terms

culture; economic growth; gross domestic product (GDP); language; laws/regulation; market research

Lesson ideas

You should aim to cover the materials in 3.4.3 in a single one-hour lesson, plus, as appropriate, a homework assignment. To achieve the Aims for this topic, we recommend doing some of the following activities over the course of the one-hour lesson.

Skills activity: Students should work individually or in small groups to complete the research exercise described in Skills activity 1 on page 228 of the Student's Book. They will investigate a business that has expanded into new markets. This makes a useful pre-lesson homework.

Starter suggestions

List race: Split the class into groups of about six students. Split these groups into two, with three students in each. Ask one half of each group to think of as many opportunities of entering new markets as they can and the other half to think of as many problems as they can. The winning group is the one with the longest (and most accurate) list.

Tip: This exercise works best if you give students a tight timescale.

Main lesson activities

Discussion and note-taking (whole class): Talk students through the opportunities and problems of entering new markets abroad, telling them to take notes as appropriate. Focus on the methods for overcoming the problems of entering new markets, as well as the limitations and benefits of these methods.

Second guess: After a basic introduction to the opportunities and problems and an overview of methods to overcome these problems, put students into the same groups as for the starter activity.

- Ask one half of each group to think of as many problems of entering foreign markets as they can.
- Tell the other half they must anticipate these problems and think of solutions to each problem.
- They must be prepared to debate why their proposed solutions are appropriate.
- Give the two halves time to prepare their problems and solutions.

Bring the exercise to a close with a class discussion of the problems, and of the benefits and limitations of the solutions.

Skills activity: Ask students to work in pairs to complete Skills activity 2 on page 232 of the Student's Book. They will consider the benefits of a joint venture as one possible way of entering a new market. Students will report their findings in a short presentation.

Plenary suggestion

Student activity: Activity 3.4.3, a snakes and ladders game that reinforces key topic knowledge, is designed as a fun plenary to this lesson.

Answers to Student's Book activities

Skills activities: possible outcomes

Skills activity 1 (page 228)

A wide range of responses is possible here. You may need to provide students with examples of businesses and, if possible, access to research material (newspaper or internet articles, financial accounts, and so on) for these firms.

Skills activity 2 (page 232)

Benefits: access to foreign market at only 40 per cent of cost; support and expertise of the larger firm.

Drawbacks: retain only 30 per cent of the profit; larger firm may control activities (decision-making power).

The large firm may have approached the smaller firm to access a particular expertise (product or market knowledge).

Knowledge check (page 232)

1 Define the term cultural difference.

Cultural difference can mean: a difference in attitude, values, beliefs, norms, routines and expectations between individuals and groups of differing nationalities (or geographic locations).

2 Identify two potential reasons why a business would want to expand into a new market.

Any two from: spread the risk of operating in one market; increase sales/profits; benefit from lower labour costs; prestige; increased customer base; opportunity to create culture-specific products.

3 Explain two reasons why a business might not succeed when moving into a new market.

Any two from: cultural differences; language barriers/differences; legal barriers; lack of knowledge/expertise; competition; unfavourable economic conditions in new market.

4 Explain one way in which a business may overcome problems when entering a new market.

Any one from: joint venture; use of agent; develop local expertise.

5 Explain one potential benefit and one potential limitation of a joint venture for a business.

Benefits: spreads risk across more than one firm; shared expertise; lower investment requirement.

Limitations: shared profit; potential for disagreement.

Students need to demonstrate knowledge of the benefits and limitations of a joint venture, with suitable examples and appropriate explanation.

3.4.3

Entering foreign markets: Activity

Activity type

Snakes and ladders game

Time

20 minutes (or at teacher's discretion)

Content

Opportunities and problems of entering new markets abroad

Key terms

culture; economic growth; gross domestic product (GDP); language; laws/regulation; market research

Aims

To understand the opportunities and problems of entering new markets abroad (3.4.3)

Procedure

- 1 Split the class into pairs or small groups. Tell them they are going to play a game that will help them learn the opportunities and problems of entering new markets abroad.
- 2 Ask them to choose a small playing piece from their pencil case (an eraser, a pen lid, and so on). Each student should have a different playing piece.
- 3 Give each group a dice.
- 4 Students should take turns to roll the dice and move their piece on the board.
- 5 If they land on a ladder (an opportunity), they move their piece up the ladder to the appropriate square. If they land on a snake (a problem of entering markets abroad), they move the piece down to the square where the snake's head is pointing. They **do not** get a follow-on go if they land on a snake or a ladder.
- 6 The winner is the student who reaches the finish square first.

Teacher tips: *The game can last an indefinite amount of time, so it is a good idea to use this activity as a plenary up to the end of a lesson.*

To reinforce learning, you could ask students to explain to the group WHY a snake or ladder is a problem or benefit BEFORE allowing them to move their piece.

Extension: Before students start playing, ask them to write additional opportunities and threats in the blank squares and to add snakes and/or ladders as appropriate.

Skills practised

AO1: Knowledge and understanding	✓
AO2: Application	
AO3: Analysis	
AO4: Evaluation	

Preparation

Make enough copies of Activity sheet 3.4.3 for each pair or group of 3–4 students. Ideally, photocopy the sheet onto good-quality card. You will also need a dice for each pair/group.

Define each term and give an example or explanation. There are 2 marks per definition.

Term	Description/Definition
brand loyalty	
differentiation	
e-commerce	
first mover advantage	
market segment	
marketing mix	
niche marketing	
penetration pricing	
price inelastic	
primary data	
product life cycle	
relationship marketing	
unique selling point (USP)	