

# **MARKETING / UNIT VI**

*“The business of America is business” –Calvin Coolidge*

## **Table of Contents**

### **LESSON 1: The Marketing Concept**

HANDOUT VI.1.A, “Book Cover”

HANDOUT VI.1.B, “Marketing Basics”

HANDOUT VI.1.C, “The Two Stages of Marketing”

### **LESSON 2: Identifying the Target Market**

HANDOUT VI.2.A, “Identifying the Target Market”

HANDOUT VI.2.B, “Reading”

HANDOUT VI.2.C, “Marketing Surveys”

HANDOUT VI.2.D, “Creating a Marketing Survey”

HANDOUT VI.2.E, “Sample Survey”

### **LESSON 3: Researching the Market**

HANDOUT VI.3.A, “Gathering Market Research”

HANDOUT VI.3.B, “The Research Process”

HANDOUT VI.3.C, “The Five Basic Methods of Research”

### **LESSON 4: Competitive Analysis**

HANDOUT VI.4.A, “Cartoon”

HANDOUT VI.4.B, “Competitive Factors”

HANDOUT VI.4.C, “Competitive Analysis Chart”

HANDOUT VI.4.D, “Sample Competitive Analysis Chart”

HANDOUT VI.4.E, “Sample Competitive Analysis”

### **LESSON 5: Market Niche**

HANDOUT VI.5.A, “Definition”

HANDOUT VI.5.B, “Speech”

HANDOUT VI.5.C, “Niche Marketing Mistakes”

## **LESSON 6: Creating a Marketing Strategy**

**HANDOUT VI.6.A, "Marketing Strategy"**

**HANDOUT VI.6.B, "Checklist"**

**HANDOUT VI.6.C, "Sample Marketing Strategy"**

**HANDOUT VI.6.D, "Create Your Own Marketing Strategy"**

## **LESSON 7: The Marketing Mix: Product, Features, Branding, and Positioning**

**HANDOUT VI.7.A, "Slide"**

**HANDOUT VI.7.B, "Product I"**

**HANDOUT VI.7.C, "Product II"**

**HANDOUT VI.7.D, "Branding"**

**HANDOUT VI.7.E, "Positioning"**

## **LESSON 8: The Product Life Cycle**

**HANDOUT VI.8.A, "New Product Development"**

**HANDOUT VI.8.B, "Product Life Cycle"**

**HANDOUT VI.8.C, "You Tube Video"**

## **LESSON 9: The Marketing Mix: Price and Break-Even Analysis**

**HANDOUT VI.9.A, "Slide"**

**HANDOUT VI.9.B, "Price"**

**HANDOUT VI.9.C, "Break-Even Analysis"**

**HANDOUT VI.9.D, "Pricing Objectives"**

## **LESSON 10: The Marketing Mix: Distribution**

**HANDOUT VI.10.A, "Chart"**

**HANDOUT VI.10.B, "Decisions"**

**HANDOUT VI.10.C, "Distribution Strategies"**

## **LESSON 11: The Marketing Mix: Promotion**

**HANDOUT VI.11.A, "Chart"**

**HANDOUT VI.11.B, "Promotions Mix"**

**HANDOUT VI.11.C, "Promotion Details"**

**HANDOUT VI.11.D, "Promotion Questions"**

## **LESSON 12: Advertising**

**HANDOUT VI.12.A, "How to Advertise"**

**HANDOUT VI.12.B, "Advertising Details"**

**HANDOUT VI.12.C, "Advertising Methods"**

## **LESSON 13: Selling**

**HANDOUT VI.13.A, "The Selling Process"**

**HANDOUT VI.13.B, "Sales Force Training"**

**HANDOUT VI.13.C, "Sales Force Evaluation and Control"**

## **LESSON 14: E-Commerce**

**HANDOUT VI.14.A, "What is E-Commerce?"**

**HANDOUT VI.14.B, "Forms of E-Commerce"**

**HANDOUT VI.14.C, "Advantages and Disadvantages"**

## **LESSON 15: Marketing Unit: Culminating Project**

**HANDOUT VI.15.A, "Marketing Plan"**

## UNIT VI/LESSON 1

# The Marketing Concept

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**Time Frame:**

**1 day**

**Standards**

**NES: Marketing – Explain the concept of marketing and market identification**  
**Explain methods to generate a product/service idea**

**NES: Skills – Prepare written reports**

**Follow directions**

**Apply effective listening skills**

**Make oral presentations**

### Guiding Question

Is marketing the critical factor in determining an entrepreneurial venture's success?

### Materials

Handouts VI.1.A-C

### Instructional Objectives

*Students will be able to:*

- describe the concept of marketing.
- discuss the two basic stages of marketing: the detective work and creative work.
- explain how successful businesses use the marketing concept to determine how to satisfy customers' wants and needs, develop and sell products/services that customers consider better choices than others, and operate profitably.

### Teacher Background

Marketing is everything a businessperson does to place his or her product or service in the hands of potential customers. It includes diverse disciplines like sales, public relations, pricing, packaging, and distribution.

In Handout VI.1.A, students will be asked to infer from a book cover some of the basic concepts related to marketing. Handout VI.1.B is a reading highlighting some ideas about marketing and the reasons for its importance to a business. The exercise associated with Handout VI.1.B asks students to identify three important ideas about marketing that they learned from the reading. The next handout discusses two important stages of marketing: the detective and creative stage. Finally, in the follow up activity, students are asked to apply what they learned in Handout VI.1.C to three potential business opportunities in their community.

## Teaching Strategies/Supporting Activities

- Tell students to assume they work for a book publisher. Today, their boss asked them to design a cover for a book titled, "The Basics of Marketing for Business." Have students explain their answers to the following:
  - What picture(s) / image(s) / word(s), would you put on the book cover? Explain.
  - Which picture(s) / image(s) / or word(s) suggested by class members best conveys the most accurate idea of what marketing is all about?
- Distribute Handout VI.1.A, "Book Cover." Have students complete the exercise on the handout, then have them explain their answers to the following:
  - What did you learn about marketing from the book cover?
  - How did you describe the marketing basics in the paragraph you wrote?
  - Based on what you see on this book cover, why is marketing such an important part of any business's success?
- Distribute Handout VI.1.B, "Marketing Basics." Have students complete the exercise on the handout, then have them explain their answers to the following:
  - What did you learn about marketing from this handout?
  - What did the author of this paragraph mean when he said, "Without a plan, your entrepreneurial dream is really wishful thinking?" Do you agree?
  - Explain what Mark Twain meant by saying, "You cannot depend on your eyes when your imagination is out of focus"? What does Twain's comment have to do with marketing?
  - What is most important idea about marketing that an entrepreneur can learn from this reading?
- Distribute Handout VI.1.C, "The Two Stages of Marketing." Have students complete reading and the two exercises found there. Then, have students explain their answers to the following:
  - Describe the detective and creative stages of marketing.
  - Why is the detective stage considered so important?
  - In what ways did the Wellses use their detective and creativity skills in their business?
  - Is creativity less important than, more important than, or about as important as the detective stage of marketing?

## Summary/Assessment

Ask students to explain their answer to the following question:

How critical a factor is marketing in determining success for an entrepreneurial venture?

## Follow-Up

For homework, distribute Handout VI.1.D, "You Be the Marketing Detective." Ask students to hand in the assignment to you, giving them sufficient time to complete it.

### Handout VI.1.A, “Book Cover”

**Directions:** Study the book cover below, about the concept of marketing, and complete the exercise that follows.



Adapted from MARKETING CONCEPT at [www.Dreamstime.com](http://www.Dreamstime.com)

**Exercise:** In the space that follows, write one paragraph describing the marketing concept, based on the book cover above.

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## Handout VI.1.B, "Marketing Basics"

**Directions:** Read the article below on marketing and underline the three most important ideas in the reading.

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### What is Marketing?

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**W**hat exactly is marketing and why is it important to you as an entrepreneur? Simply stated, marketing is everything you do to place your product or service in the hands of potential customers.

It includes diverse disciplines like sales, public relations, pricing, packaging, and distribution. In order to distinguish marketing from other related professional services, S.H. Simmons, author and humorist, relates this anecdote.

"If a person tells his/her date that he/she is intelligent, looks terrific, and is a great conversationalist, he/she is saying the right things to the right person and that's marketing. If the person tells his/her date how good-looking, smart and successful he/she is -- that's advertising. If someone else tells the man/woman how good-looking, smart and successful his/her date is -- that's public relations."

You might think of marketing this way. If business is all about people and money and the art of persuading one to part from the other, then marketing is all about finding the right people to persuade.

Marketing is your strategy for allocating resources (time and money) in order to achieve your objectives (a fair profit for supplying a good product or service).

Yet the most brilliant strategy won't help you earn a profit or achieve your wildest dreams if it isn't built around your potential customers. A strategy that isn't based on customers is rather like a person who has hundreds of ideas for a painting, but draws very poorly. Great in theory but unrewarding in practice.

If you fit the classic definition of an entrepreneur (someone with a great idea who's under-capitalized), you may think marketing is something you do later -- after the product is developed, manufactured, or ready to sell.

Though it may feel counter-intuitive, marketing doesn't begin with a great idea or a unique product. It begins with customers -- those people who want or need your product and will actually buy it.

Entrepreneurs are in love with their ideas, and they should be. After all, why would anyone commit their energy, life savings, and no small part of their sanity to anything less than a consuming passion. Because entrepreneurs are passionate about their idea, product, or service, they innocently assume other people will feel the same. Here's the bad news -- it just doesn't work that way!

People have their own unique perceptions of the world based on their belief system. The most innovative ideas, the greatest products, or a superior service succeed only when you market within the context of people's perceptions.

Context can be many things, singly or simultaneously. To name a few, you may market to your customers within the context of their wants, needs, problems solved, or situation improved. Entrepreneurs need to be aware of many other contexts, such as social and economic trends or governmental regulations, which we'll discuss another time.

### Handout VI.1.B, "Marketing Basics" (continued)

People don't just "buy" a product. They "buy" the concept of what that product will do for them, or help them do for themselves. People who are overweight don't join a franchise diet center to eat pre-packaged micro-meals. They "buy" the concept of a new, thin, happy and successful self.

Before you become consumed with entrepreneurial zeal and invest your life savings in a new venture, become a smart marketer. Take time at the beginning to discover who your potential customers are, and how to effectively reach them.

Without a plan, your entrepreneurial dream is really wishful thinking. While a marketing plan can be a map for success, remember that the map is not the territory. A strategy that ignores the customer isn't an accurate reflection of the landscape.

A good marketing plan can help you focus your energy and resources. But a plan created in a vacuum, based solely on your perceptions, does not advance the agenda. That's why market research, however simple or sophisticated, is important.

Just keep in mind that research attempts to predict the future by studying the past. It reveals what people have done, and extrapolates what people *might* do -- not what people *will* do.

Planning is imperative, research is important, but there's no substitute for entrepreneurial insight. After all, as Mark Twain wrote, "You cannot depend on your eyes when your imagination is out of focus."

*Taken from: <http://www.tenonline.org/art/mm1/9301.html>*



## Handout VI.1.C, "The Two Stages of Marketing"

Read the selections below and complete the exercises that follow.

### Marketing is a game of getting your product or service to the right person.

There are two stages to marketing, and must be followed in order!



#### 1. Detective work

Investigations are made regarding the people who need and want your product or service.

Additional investigations are made regarding other businesses that want the same customer as you.

#### 2. Creative Work

Based completely on an understanding of what you have learned as a detective, you then begin the process of developing a message that gets your prospective customers' attention and then persuades them to either learn about or use your product or service.



**Handout VI.1.C, "The Two Stages of Marketing"(continued)**

**Exercise 1:** Read the account of The Coffee Mug that appears below. Find one paragraph that describes how the owner of the Coffee Mug used detective work and another in which they used creative work in their business. In the margin next to the paragraph describing how the owners acted as detectives place the letter "D." Next to the paragraph describing how the owners used creative skills place the letter "C."

## The Coffee Mug

Joan and Fred Wells, owners of The Coffee Mug, say they watch the trends in their industry and the dynamics of the local market all the time, using the information gained to build their customer base.

Joan and Fred were in the computer business before deciding to move to Upstate New York and launch a very hip coffee shop.

When they decided to take a "coffee stand" in Albany, they saw that the market was wide open. Starbucks had not yet arrived. They also knew that Upstate New Yorkers drank lots of coffee.

The Albany area's legacy as a triple shift place of business, combining government sector work, agriculture, and manufacturing makes it essentially a 24-hour town. Even as factories disappear, the life style continues. They evaluated national trends, they studied the competition, and they honed in on a target market.

Next, they undertook the task of getting the word out about The Coffee Mug. In order to do this they decided to use three different approaches. The first was distributing leaflets in the downtown area. Second, they placed 15 commercials on some local cable television stations. Finally, they hired a web page designer, who linked their Internet page to a number of websites appealing to a variety of workers, in different age groups, in the Albany area.

Years later they run four highly successful Coffee Mug stores, and employ over 200 people.

**Handout VI.1.C, “The Two Stages of Marketing”(continued)**

**Exercise 2:** Complete the chart below, acting as the marketing detective by investigating three possible business opportunities in your community. Follow these instructions:

1. In Column 1, suggest three business opportunities (e.g. selling mobile telephones) that might have some success in the community in which you live.
2. In Column 2, suggest two to three different types of people (males, females, teenagers, etc.) who would make up the majority of customers who would use this business or service.
3. In Column 3, suggest up to three potential competing businesses within walking distance of your house.

In space below, write three different kinds of business of business opportunities you will be investigating.	In the space below, write in 2-3 types of people who would be the target customers for such a business	In the space below, write in the name of any potential competing business within walking distance of your house. In parentheses, write how many blocs from your house this competing business is located.
1.	1.  2.  3.	1.  2.  3.
2.	1.  2.  3.	1.  2.  3.
3.	1.  2.  3.	1.  2.  3.

## UNIT VI/LESSON 2

# Identifying the Target Market

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**Time Frame:**  
*2 days*

**Standards**  
*NES: Marketing – Select target markets*  
*Explain the concept of market and market identification*  
*NES: Skills – Prepare written reports*  
*Follow directions*  
*Apply effective listening skills*

### Guiding Question

How do entrepreneurs identify the target market?

### Materials

Handouts VI.2.A-E

### Instructional Objectives

*Students will be able to:*

- explain the importance of identifying the target market for an entrepreneur.
- compare and contrast the following approaches for targeting a market: personal interview survey, mail survey, and telephone survey.
- create sample questions for a marketing survey.
- examine how entrepreneurs determine target markets based on survey results.

### Teacher Background

Identifying a business's target markets helps focus marketing and sales efforts towards those customers most likely to buy one's products and services. A good target market selection creates an optimum environment for marketing campaigns to be successful. However, most small and mid-size companies give only scant attention to the discipline of mining a target market. In more cases than not, highly segmented target markets get used that represent a small portion of the actual available market. Companies fail to properly slice up the whole before getting into the parts.

Students will examine an illustration about target marketing and segmenting the target market in Handout VI.2.A. Next, in Handout VI.2.B, the class will be presented with a reading which discusses locating market segments and identifying target markets. The exercise in Handout VI.2.C engages the class in a cooperative learning exercise in which they will become familiar with five different types of marketing surveys. Finally, Handout VI.2.D will familiarize students with the procedures involved in creating market surveys. The follow up exercise will have students apply what they learned in Handout VI.2.D, by creating their own marketing survey. Handout VI.2.E presents student with a sample survey to evaluate.

## Teaching Strategies/Supporting Activities

- Distribute Handout VI.2.A, "Identifying the Target Market." Have students complete the exercise on the handout, then have them explain their answers to the following:
  - How would you describe target marketing from this illustration?
  - Explain one important idea you learned about target marketing from this illustration.
  - How would you describe the major differences among Tiers 1, 2, and 3 in terms of the target market segments?
  - Why is understanding the target market so important for an entrepreneur?
  - What questions do you have about target marketing after studying this illustration?
  - Tell the class what you suggested as a subtitle for this illustration. How do you explain the actual subtitle, which is "Match Marketing Efforts to Customer Segments?"
- Distribute Handout VI.2.B, "Reading." Have students complete the exercise on the handout, then have them explain their answers to the following:
  - What does the author mean by the opening sentence of the reading, which says "Locating market segments and identifying target markets is an important part of selling your product as effectively as possible?"
  - Discuss one important idea you learned about locating market segments and identifying target markets from this reading?
  - Why does the author think the most important tip he can offer to an entrepreneur is "When locating market segments and identifying target markets, it can help to think in terms of the problems that your product can solve?"
- Distribute Handout VI.2.C, "Marketing Surveys." Divide the class into groups of five students each. Assign one individual, in each group, the task of reading about one of the five survey techniques described on the handout and then explaining that technique to the other group members (in some cases it might be necessary to assign students more than one role). While in their groups, have students evaluate each survey technique and determine which they would most rely on. Then have the class come together and ask them to explain their answers to the following:
  - Describe each of the surveys you read about (ask each group to talk about only one type of survey).
  - What are the similarities and differences among these survey techniques?
  - If you could only had enough money to perform one type of survey, which would you choose?
- Distribute Handout VI.2.D, "Creating a Marketing Survey." Have students follow the directions of the handout. Then, have them explain their answers to the following:
  - Discuss one important idea you learned about creating a marketing survey?
  - Why is identifying your goal considered such an important step in creating a marketing survey?
  - Which of the eight steps in creating a marketing survey would you find the most challenging?

- Distribute Handout VI.2.E, "Sample Survey." Have students complete the exercise on the handout, then have them explain their answers to the following:
  - What data is being gathered in this survey?
  - How do you think this data will be used?
  - Are the questions easy to understand?
  - Which if any would you rewrite?
  - Which questions, if any, would you add?
  - To what extent will this survey meet the needs of the owner of the dog walking business?

### Summary/Assessment

Ask students to explain their answer to the following question:

If you had to answer the following the question from an entrepreneur, in fifty words or less, what would you say? What must I do as an entrepreneur to identify my target market as quickly as possible?

### Follow-Up

Using the ideas presented in this lesson (especially Handout VI.2.D), give students sufficient time to create a 10 question marketing survey for a product/service they think would sell well in their communities. On the day students bring their marketing surveys to class, pair students with a partner. As each pair member to critique his/her partner's survey. After this critique is completed, ask to students to explain their answers to the following:

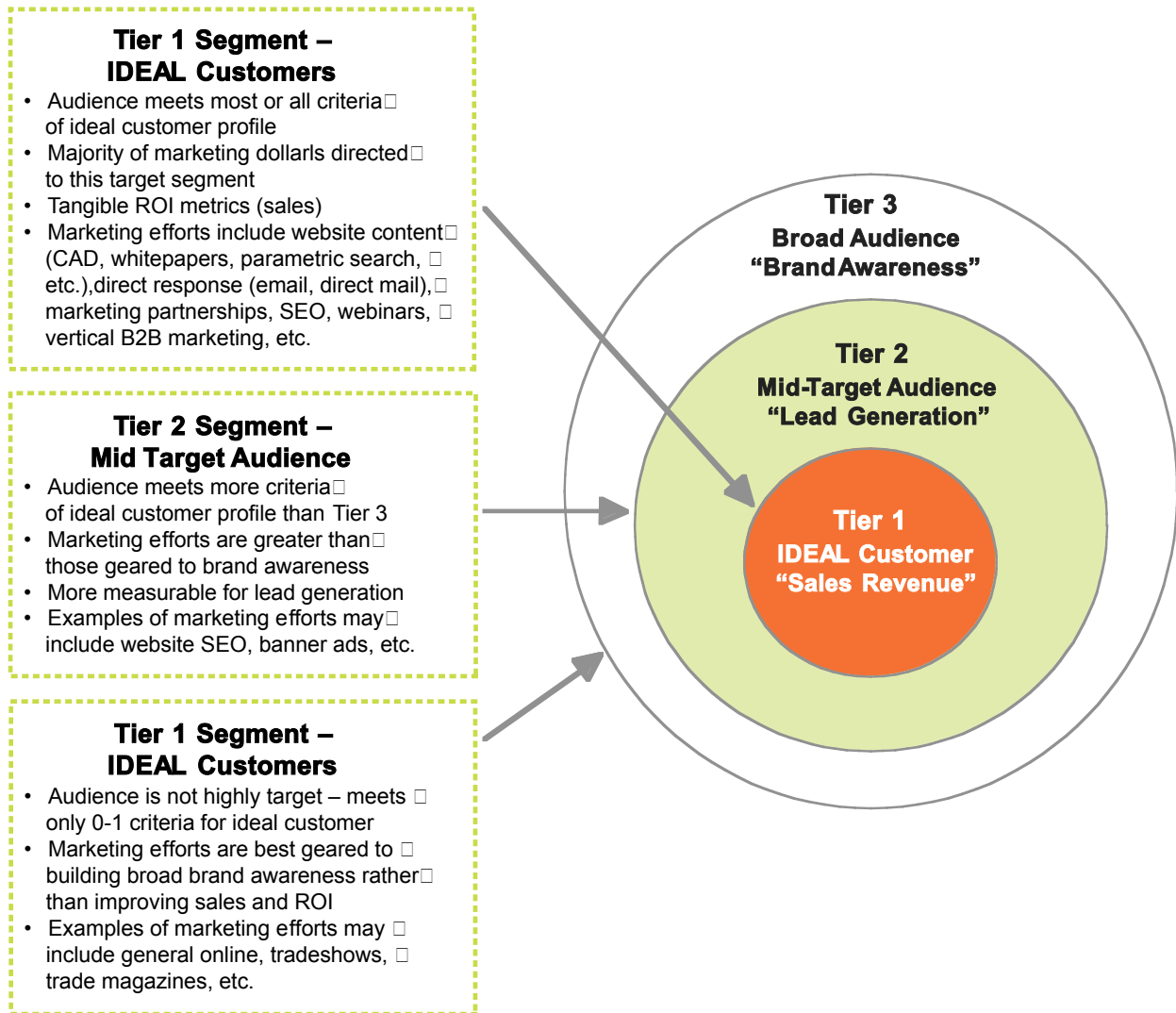
What did you learn about creating marketing surveys from this exercise?

**Handout VI.2.A, “Identifying the Target Market”**

**Directions:** The subtitle of the illustration about target marketing below has been intentionally omitted. After studying the handout below, write in what you think would be an appropriate subtitle in space provided.

**Target Marketing**

**Subtitle: Match Marketing Efforts to Customer Segments**



Taken from: <http://promoteyourbusiness.thomasnet.com/industrial-marketer/3-easy-steps-to-target-more-customers.html>

### Handout VI.2.B, "Reading"

**Directions:** The article below mentions five steps an entrepreneur should take to locate market segments and identify target markets. Circle the step that you think is most important.

## How to Locate Market Segments & Identify Target Markets

Locating market segments and identifying target markets is an important part of selling your product as effectively as possible. [Business](#) owners need to understand their market in order to target that market and make sure the right people know about and want to buy the product that is being sold. To locate the market segments and identify the target markets, the business owner needs to spend some time researching demographics and knowing how to reach the right ones.

Here are some of the things you'll need to accomplish the task of locating market segments and identifying target markets:

- Product to sell
- Demographic and geographic data about market
- Market research on customer behavior
- Research on competing products

Once you have the product, demographic and geographic data, market research on customers, and research on competitors, you have to take these five steps:

- 1) Identify the product you have to sell. Consider it carefully, and recognize who would be interested in this product and why. Think about the person for whom the product was designed. Be as specific as possible: The more you can narrow your market segment, the easier it will be to focus on this target market initially. Know what makes your product exceptional and why customers would want to buy it.
- 2) Know the specifics about your competition. It is not enough to know that you have an excellent product to sell. You also must know who is selling a similar product and how the competitor is marketing it—and to whom. Take notes on such information as packaging and advertisement language.
- 3) Utilize demographic and geographic data to identify the variables in the market. The demographic data will help you narrow differences in age groups, interests, income level, occupation, and so forth. The geographic data will help you place the product more effectively within different areas, whether they are different parts of the country or different parts of the state. The differences represent the variables that you will have to apply in getting the word out about your product to the people who will be most interested in it.
- 4) Utilize market research data to provide information about customer behavior. This kind of data can help you identify the types of customers within your target market and how their shopping behavior affects company marketing and profits. For instance, certain companies recognize that customers look into and purchase new products in part because they trust the company name and are loyal to the company products. Other companies recognize that their specific customers prefer a certain



quality in the products, so the companies take care to focus on the features of the product.

- 5) Set up a focus group to introduce the product to a selection of the public. Aim to invite those within your expected market segment to the focus group. The response from those who attend can help you understand what does and does not work about the product and about how you present it. Focus groups also can prevent costly mistakes in marketing or advertising.

### Tips & Warnings

When locating market segments and identifying target markets, it can help to think in terms of the problems that your product can solve. If you are selling adult bicycles, then the problem you are solving may be one of [exercise](#) opportunities or transportation options for adults. If you are selling a children's educational toy, then the problem you are solving may be the ability this toy has to tap into certain educational needs—spatial reasoning skills or language development abilities.

*Taken from: [http://www.ehow.com/print/how\\_6949817\\_locate-segments-identify-target-markets.html](http://www.ehow.com/print/how_6949817_locate-segments-identify-target-markets.html)*

## Handout VI.2C, "Marketing Surveys"

**Directions:** One of the most commonly used methods of identifying the target market is to conduct a market survey. You will be divided into groups for this exercise.

# Types of Market-Survey Techniques

By Rick Suttle, eHow Contributor

Market surveys are a way in which companies obtain information about their customers and non-customer consumers or businesses, and how these customers or consumers view a company's products and services versus competitive products. Market surveys can be either qualitative or quantitative. Qualitative surveys are used for obtaining information on a small scale while quantitative surveys are more predictable across the general population. There are a number of market-survey techniques that companies can use to acquire valuable information on their customers. Here are five survey techniques about which you should become more familiar.

### 1. Focus Groups

Focus groups are a qualitative market-survey technique. A company may interview customers from various demographic groups based on age, income or sex. The objective of a focus group is to get a general idea as to how these people shop for certain products, and which products they like best. The company may then introduce several new concepts, such as food, and survey people's likes and dislikes about the product.

### 2. One-on-One Surveys

One-on-one market surveys, another qualitative market-survey technique, are typically used for introducing new products. For example, a company may observe a customer operating a new type of software. The interviewer would then ask the customer and others how they like the new software and whether or not they would purchase it. One-on-one surveys are often used for beta tests to iron out problems before the product goes national.

### 3. Customer-Satisfaction Phone Surveys

Many surveys are conducted over the phone, such as customer-satisfaction surveys. Customer-satisfaction surveys measure satisfaction levels of customers with regard to the company's products, service, prices and other key attributes. These surveys are more quantitative in nature in that companies conduct hundreds of surveys so that they can determine where they have significant advantages or problems. Changes can then be made to correct these issues.

### 4. Mail-In Surveys

A company may use a mail-in survey to determine why some customers have stopped purchasing their products. Software companies sometimes use this quantitative market-survey technique. A small incentive such as \$1 or \$2 may be provided to respondents to fill out the information. Mail-in surveys are often very informative because a person can write in additional comments.

### 5. Online Surveys

Online surveys often appear on company websites in the form of a pop-up. These market-survey techniques can be activated at any time to start collecting demographic information or virtually any information for which a company is searching. The survey can then be terminated once enough questionnaires are completed. Online surveys can be unpredictable at times because there is no control over the type of person who responds, according to the All [Business](#) website (see References for a link).

Taken from: [http://www.ehow.com/print/list\\_6370118\\_types-market\\_survey-techniques.html](http://www.ehow.com/print/list_6370118_types-market_survey-techniques.html)

## Handout VI.2.D, "Creating a Marketing Survey"

**Directions:** Read the handout below.

# How to Create a Survey Questionnaire

If you want to create a consumer survey questionnaire for [business](#) market research, you need to have intelligent questions that target a specific market segment. Here are the steps to follow in creating a survey questionnaire.

### 1. Identify Your Goal and Target Market Segment

A consumer survey is useful for market research analysis if you receive relevant responses that give you answers that help you with understanding your customers. Before you create your consumer survey questionnaire, decide what your goal for creating the survey is and which market segment you want to target with your survey. You should be asking yourself "What specific useful information am I trying to collect and from whom do I want to collect it?" Try to narrow down your target audience and your end goal in order to get specific information.

### 2. Create Quantitative Multiple Choice Questions

Create specific questions relevant to your consumer with a set of possible answers. Limit your answer options to less than 6 in order to prevent information overload. Make sure you provide the "Other" choice with a drop down box for people to elaborate wherever there is a possibility that your audience may not choose one of the survey answer options. Keep the questions brief and clear and make sure that it doesn't take more than 10-15 minutes to answer your consumer survey so that you are valuing your respondent's time. This is especially necessary if you are not providing incentives to your respondents.

### 3. Add in a "Benchmark" Question

If you plan on sending multiple consumer surveys to the same audience, always add in a benchmark question such as "Are you satisfied with this service or product" so you can ensure that satisfaction levels are being maintained over time as you test out other metrics.

### 4. Use Survey Logic to Create Branches in Your Survey

If you know that your users will fall into different categories, you can choose to create different branches for your survey so that people can answer a subset of the questions based on a couple of initial questions that determine their category. As an example, you can ask if your target consumer drives [cars](#) and if he/she does, he/she can answer the next six questions. If not, he/she can move on to question 7. This will help you to filter your data further.

### 5. Add in "Weed Out" Questions

A lot of people go into autopilot when filling out surveys and may not be paying attention to the questions. When you are going through a data cleaning process based on consumer survey results, you need to be able to eliminate "faulty" data. Add in "weed out" questions with obvious answers. If the person answering gets the "weed out" question wrong, you know that the remainder of their survey may not have been filled out with a lot of thought, allowing you to eliminate that particular data point.

**Handout VI.2.D, "Creating a Marketing Survey" (continued)****6. Work on the Overall "Look" of Your Survey Questionnaire**

Use professional, clean, simple formatting preferably with no advertising so you can establish credibility with your respondent. Incorporate your business or personal logo so it is clear that the survey is coming from you.

**7. Send Out a Test Survey to a Sample of Your Target Audience**

Once you have created your consumer survey, send it out to a small sample audience as a test. When you get your results back, tweak your questionnaire if necessary if you find that you are not getting the information you need.

**8. Frame the Context of Your Survey Questionnaire**

When you are ready with the final version of your consumer survey, frame the context of your survey with an introductory paragraph prior to sending it out. Let the consumer know how the survey will benefit them and add value to your customer base. If people know that they will be benefiting more than just your business or your bottom line, they may be more open to answering your consumer survey. Creating a well thought out survey questionnaire will provide you with consumer insights and market research at a relatively low cost.

*Taken from: [http://www.ehow.com/how\\_5420169\\_create-survey-questionnaire.html](http://www.ehow.com/how_5420169_create-survey-questionnaire.html)*

## Handout VI.2.E, "Sample Survey"

**Directions:** Study the sample survey for a dogwalking business and complete the exercise on the next page.

### Market Research Survey

*Thank you for participating in this market research survey. We appreciate your assistance in helping us identify the needs of pet owners in our community.*

**PLEASE CHECK THE BOX THAT BEST DESCRIBES YOUR SITUATION.**

**Age:** UNDER 18  19–30  31–40  41–50  51–65  OVER 65

**Gender:** MALE  FEMALE

**Number of pets:** 0  1  2  3  4 or more

**Kinds of pets:** DOG  CAT  FISH  BIRD  OTHER (PLEASE SPECIFY)

**IF YOU OWN A DOG, PLEASE ANSWER ALL OF THE FOLLOWING QUESTIONS.**

**How often do you walk your dog?**

EVERY DAY  A FEW TIMES A WEEK  ONLY ON THE WEEKENDS  NEVER

**Would you be willing to pay someone you trusted to take your dog for walks?**

YES  POSSIBLY  NO

**If you would be willing to pay someone to walk your dog, how many times a week would you utilize this service?**

EVERYDAY  2–3 TIMES A WEEK  ONLY ON THE WEEKENDS

**How much would you be willing to pay to have your dog(s) walked for 30 minutes?**

\$10  \$15  \$20  \$25  I WOULD NOT PAY TO HAVE MY DOG WALKED

**How often do you travel out of town?**

ONCE A YEAR  2–3 TIMES A YEAR  SEVERAL TIMES A YEAR  NEVER

**Who takes care of your dog when you are out of town?**

KENNEL  FRIEND  NEIGHBOR  OTHER

**Would you be interested in having someone you trust take care of your pet while you are away?**

YES  POSSIBLY  NO

### Handout VI.2.E, “Sample Survey” (continued)

**Exercise:** Evaluate the market research survey that was created for a dog-walking business and answer these questions.

Are the questions on the survey easy to understand? \_\_\_\_\_

What questions need to be rewritten to make them clearer? \_\_\_\_\_

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Are the questions on the survey easy to answer? \_\_\_\_\_

How could questions be changed to make them easier to answer? \_\_\_\_\_

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What data are being gathered from the survey? \_\_\_\_\_

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How do you think the data will be used? \_\_\_\_\_

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What other questions could be included on the survey? \_\_\_\_\_

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*Taken from: Entrepreneurship: Ideas in Action, Cynthia L. Greene (Southwester-Cengage Learning, Mason, Ohio: 2008) Chapter IV, CD Activities*

## UNIT VI/LESSON 3

### Researching the Market

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**Time Frame:**

**1 day**

**Standards**

**NES: Marketing – Explain the concept of marketing and market identification  
Explain methods to generate a product/service idea**

**NES: Skills – Follow directions  
Apply effective listening skills  
Make oral presentations**

#### Guiding Question

What are the best sources for researching a target market?

#### Materials

Handouts VI.3.A-C

#### Instructional Objectives

*Students will be able to*

- describe the steps involved in gathering market research.
- examine the methods by which entrepreneurs can capture information that already exists about the market and the industry.
- evaluate the different existing sources of marketing information to determine which are the most valuable.

#### Teacher Background

Some businesses spend large sums of money gathering market research data. However, all business people realize the value of such data in determining the overall success of their businesses. This lesson focuses on the methods used for gathering market research.

Handout VI.3.A provides students with a look at some of the sources entrepreneurs can turn to gather data on the market for their products or services. In Handout VI.3.B, the class will examine the steps used to gather data for marketing. In the exercise provided, students will determine the most important step in the gathering of data for marketing. In the final exercise, students will be asked to select the method for research gathering that they believe is the most effective.

#### Teaching Strategies/Supporting Activities

- Distribute Handout VI.3.A, “Gathering Market Research.” Have students complete the exercise on the handout, then have them explain their answers to the following:
  - Which set of words most appropriately matches sources 2, 3, and 5? (2. C, 3. A and 5. B.)

- What are some of the important ideas you learned about gathering market research from this handout?
- Some people might say the best advice is to speak to the pros; why should that not be the only thing that you do to gather market research?
- Of the five sources mentioned in the handout for gathering marketing research, determine which would be most valuable to an entrepreneur.
- Distribute Handout VI.3.B, "The Research Process." Have students complete the exercise on the handout, then have them explain their answers to the following:
  - How would you summarize in your own words the five steps involved in the research gathering process?
  - Which the most important step in the research process? Explain.
  - How would you respond to someone who argued against following these steps because it takes too much time? Which step will take the most time to complete?
- Distribute Handout VI.3.C "The Five Basic Methods of Research." Have students follow the directions at the bottom of the handout to complete the exercise found there. Then, have students explain their answers to the following:
  - What is this handout about?
  - What are similarities and difference between these five methods of research?
  - What are the strengths and weaknesses of each method of research?
  - If you only had money or time to undertake one of these methods of research, which would you choose?

### Summary/Assessment

Ask students to explain their answer to the following question:

What is the best existing source for researching a target market?

### Follow-Up

For homework, ask students to gather in depth information about the five methods of gathering research for the purpose of marketing that appear on Handout VI.3.C. Provide some time in class to discuss the most effective of these methods.

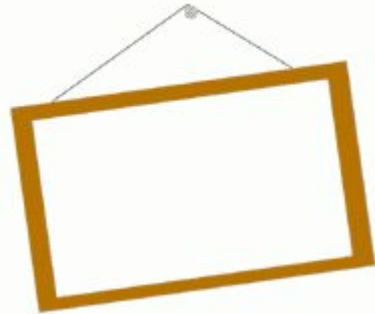


## Handout VI.3.A, “Gathering Market Research”

**Directions:** Read the handout below and see the exercise following the reading, for instructions.

### Always Start With the Big Picture

In gathering market research, read as much as you can about the industry you want to be in. Such research will help you determine where your business fits in the big picture. In the language of economics, you are trying to determine where your concept is in its economic life cycle. Is your business brand new and few people know about it, or is it a product or service that has been around for some time? Or has it possibly been around so long that it is reaching the end of its popularity (economic death!). Determining where your concept shows up in this economic life cycle will ultimately affect how you will try to introduce it to the customer.



Where do you get information on the type of business you are thinking about? How can you get the big picture? It is fairly easy! The handout below indicates five sources for getting the information you need to reach a decision about the industry you want to be in.



#### 1. The Public Library

- Trade Journals (these are super specialty magazines that talk ONLY about the particular product or service).
- Articles in national newspaper, e.g., New York Times, Wall Street Journal, The Washington Post.

The New York Times

THE WALL STREET JOURNAL

Washingtonpost.com

<http://www.nytimes.com>

<http://www.wsj.com>

<http://www.washingtonpost.com>

- Other magazines that may feature this product or service.
- Books.



#### 2. Internet \_\_\_\_\_

Hadout VI.3.A, “Gathering Market Research” (continued)

3. Yellow pages from different cities \_\_\_\_\_



4. Small Business Development Center

Call the local SBDC and see what type of information they have.

They might be able to do a full search for you if you decide to become one of their clients.

5. Talk to a Pro in the Industry \_\_\_\_\_

Taken from: Entreskills 2.0

**Exercise:** This handout lists five sources for gathering market research. Each source is supposed to appear like 1 and 4 above, with a few words of explanation about the source. However, the words that went with sources 2, 3, and 5 do not appear next to the source, but instead have been placed in columns A, B, C below. Match the words in columns A, B, and C below with the source to which they should be paired, by writing the letter A, B, or C next to source 2, 3, or 5 above.

<p>A.</p> <p>Look in your local directory to find listings for the type of business you are thinking about. Most directories contain ads, as well as telephone numbers, for various businesses. Check how the ads look.</p> <p>Are there a lot of these businesses, or are they hard to find?</p>	<p>B.</p> <p>Identify someone who has been in the business for years and who is willing to speak with you.</p> <p>(Example: you read an article in a trade journal about someone who has worked in the business for years. You call that person.)</p> <p>If you are friendly and sincere, they are very likely to talk to you! You get a crash course in a lot of what you need to know.</p>	<p>C.</p> <p>Do an online search on the product and/or service.</p> <p>Be careful—you may encounter unreliable sources.</p>
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## Handout VI.3.B, "The Research Process"

**Directions:** Read the handout below. Circle the step that includes the most important part of the research process.

### Start the Research Process

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*To successfully research your industry and market, you need a plan. An effective includes the following five steps:*

#### STEP 1: Identify Your Information Needs

Before you begin to collect data on your market, you should identify the kinds of information you need. For example, before opening a sporting goods store, you need to know who your first customer will be. You also should find out what that customer wants. You must gather information about the competition. Do you satisfy a need that your competitors cannot meet? Their deficiencies are your opportunities. Here are three questions to ask yourself when identifying your information needs:

1. How will the data be used?
2. What data needs to be collected?
3. What methods of analysis will be used?

#### STEP 2: Obtain Secondary Resources

Information that has already been collected by someone else is called secondary data. It is easily obtained and inexpensive. A good place to begin your search is the Internet. Consider the sources you find, particularly in you are not familiar with them. Just because information appears on Web page does not mean it is true.

Government and community organizations are excellent sources of secondary data. The Web site of the U.S. Census Bureau provides current U.S. census data. This information is helpful in defining our market by a number of demographics. Community organizations such as the chamber of commerce keep statistics on local population trends and other economic issues. You can also consult trade associations, trade publications, and commercial research agencies.

Keep these questions in mind when collecting secondary data:

1. What are the demographics of the customer?
2. What are the psychographics of the customer?
3. How large is the market?
4. Is the market growing?
5. Is the market affected by geography?
6. How can you reach your market?
7. How do your competitors reach the market?
8. What market strategies have been successful with these customers?

## Handout VI.3.B, "The Research Process" (continued)

### STEP 3: Obtain Secondary Resources

**Primary data** is information you obtain for the first time and use specifically for your study. Primary data is important because it is current, and it relates directly to your objectives.

The most common methods of gathering primary data about customers are observation, interviews, and surveys. For your sporting goods store, you might go to a competitor's site and observe the kinds of equipment people buy. In surveys, individuals answer questions in person, by telephone, or through the mail. In-person interviews produce a higher response rate than other methods. Focus groups, which are more efficient than one-on-one interviews, can also be used. Whichever type of data you collect, use several reputable sources.

Keep these questions in mind when collecting primary data:

1. What are the demographics of your customer?
2. Would potential customers purchase your product or service? Why or why not?
3. How much would customers purchase?
4. When would customers purchase?
5. How would customers like to find the product or service?
6. What do customers like about your competitors' products and services?

### STEP 4: Organize the Data

Categorized data based on the research question it answers. Working on each question, note how many of your sources supported a particular conclusion and how many did not. Then create charts and graphs to depict your findings. If you decide to start your venture, you can refer to this information or add to it as needed. This data can help you refine your market analysis. It can also serve as the basis for a marketing plan.

### STEP 5: Analyze the Data

Now that your information has been organized, ask yourself these questions to help you judge your chances of having a successful business:

1. Is there a market for the product or service?
2. How big is the market?
3. Will the industry support such a business?
4. What do substitute products/services reveal about demand for the product/service?
5. What do customers, end users, and intermediaries predict the demand will be?

## Handout VI.3.C, "The Five Basic Methods of Research"

**Directions:** If you ran a business and only had the time and money to conduct one of these methods of research, determine which it would be and circle it on the on the handout below.

While there are many ways to perform market research, most businesses use one or more of five basic methods: surveys, focus groups, personal interviews, observation, and field trials. The type of data you need and how much money you're willing to spend will determine which techniques you choose for your business.

- 1. Surveys.** With concise and straightforward questionnaires, you can analyze a sample group that represents your target market. The larger the sample, the more reliable your results will be.
  - In-person surveys are one-on-one interviews typically conducted in high-traffic locations such as shopping malls. They allow you to present people with samples of products, packaging, or advertising and gather immediate feedback. In-person surveys can generate response rates of more than 90 percent, but they are costly. With the time and labor involved, the tab for an in-person survey can run as high as \$100 per interview.
  - Telephone surveys are less expensive than in-person surveys, but costlier than mail. However, due to consumer resistance to relentless telemarketing, convincing people to participate in phone surveys has grown increasingly difficult. Telephone surveys generally yield response rates of 50 to 60 percent.
  - Mail surveys are a relatively inexpensive way to reach a broad audience. They're much cheaper than in-person and phone surveys, but they only generate response rates of 3 percent to 15 percent. Despite the low return, mail surveys remain a cost-effective choice for small businesses.
  - Online surveys usually generate unpredictable response rates and unreliable data, because you have no control over the pool of respondents. But an online survey is a simple, inexpensive way to collect anecdotal evidence and gather customer opinions and preferences.
- 2. Focus groups.** In focus groups, a moderator uses a scripted series of questions or topics to lead a discussion among a group of people. These sessions take place at neutral locations, usually at facilities with videotaping equipment and an observation room with one-way mirrors. A focus group usually lasts one to two hours, and it takes at least three groups to get balanced results.
- 3. Personal interviews.** Like focus groups, personal interviews include unstructured, open-ended questions. They usually last for about an hour and are typically recorded.

Focus groups and personal interviews provide more subjective data than surveys. The results are not statistically reliable, which means that they usually don't represent a large enough segment of the population. Nevertheless, focus groups and interviews yield valuable insights into customer attitudes and are excellent ways to uncover issues related to new products or service development.
- 4. Observation.** Individual responses to surveys and focus groups are sometimes at odds with people's actual behavior. When you observe consumers in action by videotaping them in stores, at work, or at home, you can observe how they buy or use a product. This gives you a more accurate picture of customers' usage habits and shopping patterns.
- 5. Field trials.** Placing a new product in selected stores to test customer response under real-life selling conditions can help you make product modifications, adjust prices, or improve packaging. Small business owners should try to establish rapport with local storeowners and Web sites that can help them test their products.

## UNIT VI/LESSON 4

# Competitive Analysis

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**Time Frame:**  
*2 days*

**Standards**  
*NES: Marketing – Conduct market analysis*  
*NES: Skills – Follow directions*  
*Apply effective listening skills*  
*Make oral presentations*  
*Prepare written reports*  
*Analyzing*

### Guiding Question

How do entrepreneurs use competitive analysis in their businesses?

### Materials

Handouts VI.4.A-E.

### Instructional Objectives

*Students will be able to:*

- discuss the importance of knowing one's direct and indirect competition when operating a business and understanding the competition's strengths and weaknesses.
- examine the competitive factors entrepreneurs look at before establishing their businesses.
- determine which competitive factors an entrepreneur should focus on in establishing his or her business.
- describe the steps entrepreneurs take in conducting a competitive analysis.

### Teacher Background

Competing to win over a competitor's customers is crucial to a company's success. In order to accomplish this task, it is vital to have as much information as possible about a competitor's business operation. This lesson explores how a business person puts together and uses a competitive analysis.

In Handout VI.4.A, students will interpret a cartoon illustrating the importance for business people of knowing as much as they can about the competition. In Handout VI.4.B, students will make some judgments as to the most important factors to look at in sizing up the competition. Handout VI.4.C presents students with the steps required to prepare a competitive analysis. Finally, students will be given the opportunity to look at a competitive analysis in Handout VI.4.D and decide the business strategy they will employ based on that document. The follow up exercise for this lesson will have the class prepare a competitive analysis for a business the students would like to operate in their community.

## Teaching Strategies/Supporting Activities

- Distribute Handout VI.4.A “Cartoon.” Have students complete the exercise on the handout, then have them explain their answers to the following:
  - What is happening in this cartoon?
  - Who is the person in this cartoon and why is he using binoculars?
  - How can you explain the title of this cartoon?
  - What is the message of this cartoon for entrepreneurs?
  - What kinds of information about the competition would be important for an entrepreneur to know?
- Distribute Handout VI.4.B, “Competitive Factors.” Have students complete the exercise on the handout, then have them explain their answers to the following:
  - How would having this information about the competition help a businessperson?
  - How would you go about getting this information about the competition?
  - Which of these factors is it most important to know about? Explain.
- Distribute Handout VI.4.C “Competitive Analysis Chart.” Have students follow the directions at the bottom of the handout to complete the exercise found there. Then, have students explain their answers to the following:
  - How would you describe in your own words what a competitive analysis is?
  - How would you go about finding the information called for in Steps 2 and 5 of the competitive analysis?
  - Which of the steps in the competitive analysis is it most important for a businessperson to get right?
- Distribute Handout VI.4.D, “Sample Competitive Analysis Chart.” Have students follow the directions at the bottom of the handout to complete the exercise found there. Then, have students explain their answers to the following:
  - What were some of the important things you learned from this competitive analysis?
  - Which of these pieces of information would be most important for someone who was thinking about opening a store that sold athletic shoes to know?
  - What strategy did you recommend to the person preparing this analysis regarding each of the following competitors: Tip Top Sneakers, ABC Shoes for Men and Women, Juan’s for Athletes, and Mary Lou’s Custom Sports?
  - For which competitors did you recommend an “NS” strategy and what additional information would you want to know about these competitors?

## Summary/Assessment

Ask students to explain their answer to the following question:

How do you think an entrepreneur would use the information gained in a competitive analysis in running his or her business?

## Follow-Up

For homework, ask students to select a business to operate in the community in which they live, Distribute Handout VI.4.E, "Sample Competitive Analysis." Give students an appropriate amount of time to complete the analysis. On the day students bring their Competitive Analyses to class, ask them to explain their answers to the following:

- Describe the business or service you would like to operate and why you think it would be successful?
- Tell us what you learned about possible competitors?
- Based on what you learned about competitors, what is their greatest weakness?
- What is the greatest strength among your competitors? Which of these strengths will be most difficult to compete against?
- Based on what you learned are you more or less confident that the business you are planning will succeed?



### Handout VI.4.A, “Cartoon”

**Directions:** Study the cartoon below and answer the questions in the exercise that follows.

## Know Your Competition

©Michael H. Marks



Taken from: [http://www.toonsandtips.com/GrowBiz\\_4\\_9.html](http://www.toonsandtips.com/GrowBiz_4_9.html)

**Exercise:**

What is happening in this cartoon? \_\_\_\_\_

\_\_\_\_\_

What is the title of this cartoon? \_\_\_\_\_

\_\_\_\_\_

Who is the person in the tree and why is he using binoculars? \_\_\_\_\_

\_\_\_\_\_

What is the message the cartoonist is try to convey to entrepreneurs? \_\_\_\_\_

\_\_\_\_\_

## Handout VI.4.B, "Competitive Factors"

**Directions:** Entrepreneurs look at a number of factors in sizing up their competition. Some of those factors appear on the page below. Write the numbers 1, 2, and 3, next to most important, second most important and third most important factor in evaluating a business's competition.

     **Locations**

Are the competitors located within walking distance of customers, near public transportation, or close to places of work?

     **Price**

What are the key items or services provided by the competitors?

     **Hours of Operation**

Are the competitors' hours flexible, to accommodate customers, or do they open and close each day at the same time. Do they open early and stay late (every night, some nights)?

     **Expertise**

Does each employee at the business know his or her stuff?

     **Credit**

Does the competition take VISA, MC, or other forms of credit?

     **Quality**

Does the competition sell high-end, low-end, or middle of the range products or services?

     **Years in Business**

Has the competition a long track record or has it just opened?

     **Advertising**

What kinds and how much of the following kinds of ads does the competition run: radio, TV, Internet, magazines, newspapers, others

     **Employees**

How many employees work for the competitors, who are they, what is their knowledge level?

     **Customer Service**

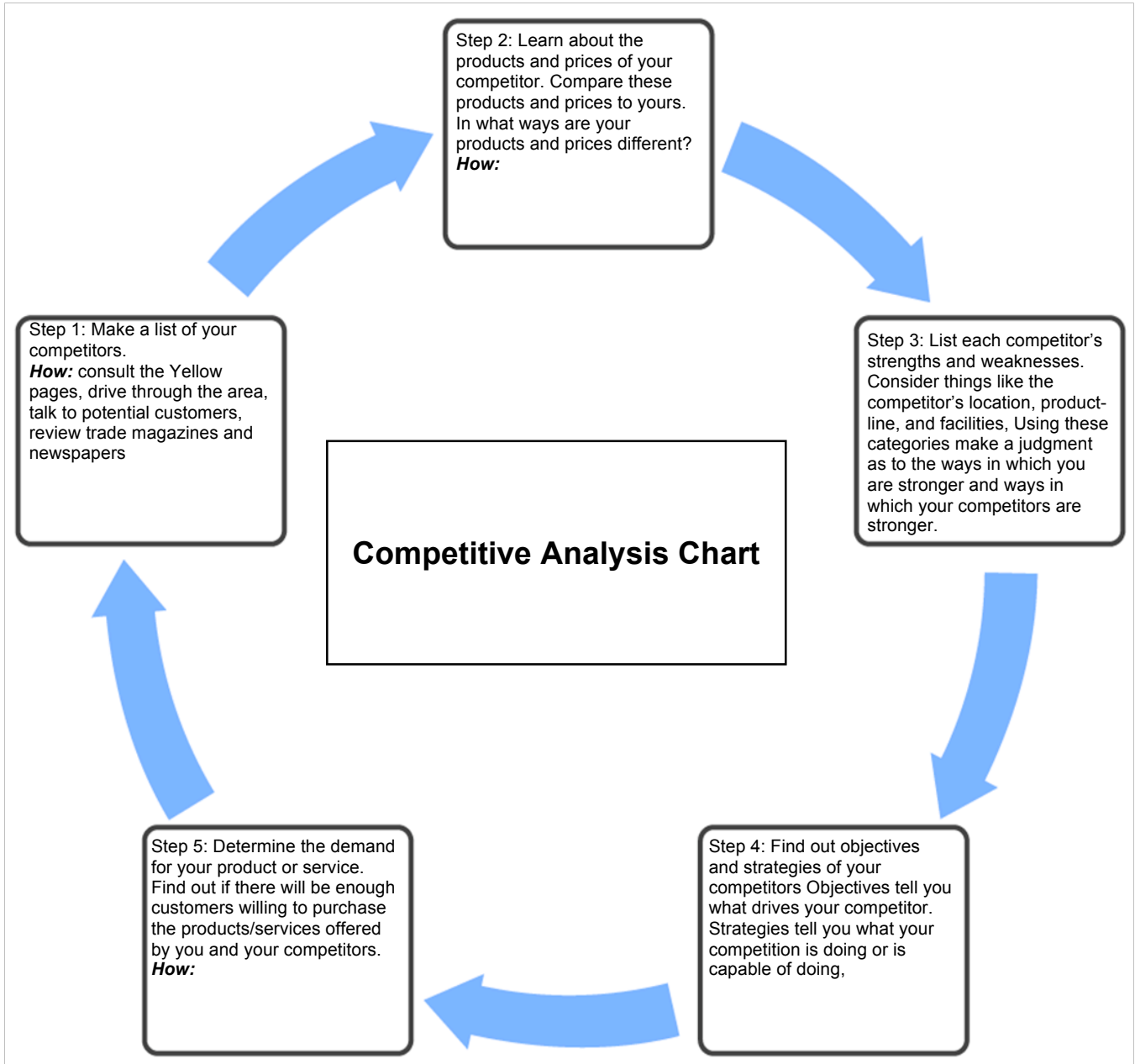
What do customers, vendors, other competitors say about the competition?

     **Weaknesses**

What kinds of things does the competition do poorly? What are their mistakes and missed opportunities?

### Handout VI.4.C , “Competitive Analysis Chart”

**Directions:** In growing a business, it is essential to consider what the direct competition (businesses that sell the same/similar products to your customers) and indirect competition (businesses that sell little in the way of same/similar products to your customers.) are doing. This can be accomplished by preparing a competitive analysis. The steps for preparing a competitive analysis appear in the chart below. Step 1 also indicates how to go about getting the information to complete it. Decide how you would go about getting the information to complete Steps 2 and 5 and write that information in the space provided in the chart, after the word “How.”



Adapted from: [www.netmba.com/strategy/competitor-analysis](http://www.netmba.com/strategy/competitor-analysis) and *Entrepreneurship In Action*, Cynthia L. Greene, Southwestern Cengage (Mason, Ohio: 2008), pp. 107-108.

### Handout VI.4.D, “Sample Competitive Analysis Chart”

**Directions:** Assume you will be opening a store selling athletic shoes, which you could purchase from the manufacturer for \$80.00 a pair. Prior to launching the business, you prepare the chart below about your four main competitors (Tip-Top Sneakers, ABC Shoes for Men and Women, Juan’s Shoes for Athletes, and Mary Lou’s Custom Sports). Based on the chart, decide which of these strategies you will pursue with regard to each competitor: 1) I will compete with that company, 2) I will avoid competing with that company, or 3) I am not sure about competing because I need additional information with regard to that company.

Indicate which strategy you will follow, with regard to your competitors, by listing in the column marked “Your Strategy” either the letter “C” if your strategy is to compete with that company, the letter “A” if your strategy is to avoid competing with that company, or the letters “NS” if you are not sure whether to compete with that company because more information is needed. In cases where you write “NS” indicate what additional information you would like to have.

Competitor	Average price of athletic shoes	Location	Facility	Strength	Weakness	Your strategy
1. Tip-Top Sneakers	\$90	Good	Somewhat run down	Very low price	Closes early	
2. ABC Shoes for Men and Women	\$92	Not so good	Good	Fairly low price	Poor location	
3. Juan’s Shoes for Athletes	\$100	Terrific	Good	Wonderful location	Prices are a little high	
4. Mary Lou’s Custom Sports	\$180	So-so	Spectacular	First-class facility	Location and Price	

### Handout VI.4.E, “Sample Competitive Analysis

**Directions:** In boxes 1a-1g, describe the business you would like to operate in your community, providing the information called for. In rows 2-4, provide the information called for, regarding three potential competing businesses in the community.

Your Business	Average Price	Location	Facility in which you would conduct business	Strengths	Weaknesses	Strategy
1a)	1b)	1c)	1d)	1e)	1f)	1g)
Competitor	Average Price	Location	Facility	Strength	Weaknesses	Strategy
2)						
3)						
4)						

Taken from: *Entrepreneurship in Action, Student Activity: CD Chapter 4*

## UNIT VI/LESSON 5

### Market Niche

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**Time Frame:**

**1 day**

**Standards**

**NES: Marketing – Explain the concept of market and market identification**

*Select target markets*

**NES: Skills – Follow directions**

*Apply effective listening skills*

*Make oral presentations*

*Prepare written reports*

*Analyzing*

*Multi-media presentation*

### Guiding Question

How do entrepreneurs find the right market niche?

### Materials

Handouts VI.5.A-C

### Instructional Objectives

*Students will be able to:*

- explain the term marketing niche.
- discuss the importance of finding the right marketing niche.
- examine the methods used by entrepreneurs to find the right market niche.

### Teacher Background

A market niche refers to a group of potential customers with similar characteristics and similar interests towards a particular product or service. The advantage of promoting a product for a niche market is the ease with which potential customers can be identified and targeted, thereby reducing the expenditure on promotion and launch activities.

The initial activity in this lesson presents students with the definition of the marketing niche. In Handout VI.5.B, students will evaluate some suggestions about creating a market niche. Next, the class will read about the ten biggest mistakes business people make with regard to creating a niche market. Finally, in the follow up activity, students will create Powerpoint slides related to the speech referred to in Handout VI.5.B.

### Teaching Strategies/Supporting Activities

- Distribute Handout VI.5.A “Definition.” Have students complete the exercise on the handout, then have them explain their answers to the following:
  - In your own words, how would you define the term “marketing niche?”

- Which words or phrases did you highlight as being the most important in this definition?
- Why is it important for entrepreneurs and others who run businesses to understand the term “marketing niche?”
- Distribute Handout VI.5.B, “Speech.” Have students complete the exercise on the handout, then have them explain their answers to the following:
  - What is this speech about?”
  - What questions would you have asked the person who gave this speech on creating a marketing niche?
  - How would a good understanding of the market niche help explain why so many beauty salons, web design companies, attorneys or ethnic restaurants can exist profitably in the same geographic area?
  - If you were starting a business, how useful would the contents of this speech be for you? What else would you want to know about creating a marketing niche?
- Distribute Handout VI.5.C, “Niche Marketing Mistakes.”. Have students follow the directions at the bottom of the handout to complete the exercise found there. Then, have students explain their answers to the following:
  - What did you learn from looking at this list?
  - Why do think it’s a mistake to market to a niche that is too large?
  - Which of the mistakes on this list would the owner of a new business be likely to make? Which would be the most difficult to overcome?

### Summary/Assessment

Ask students to explain their answer to the following question:

What’s the best way for entrepreneurs to find the right market niche for their products?

### Follow-Up

For homework, ask students to reread Handout VI.5.B and create three PowerPoint slides, including pictures and words to accompany the speech.

## Handout VI.5.A, "Definition"

**Directions:** A good starting point for learning about the term market niche is a business dictionary. Using such a source you might find something like the page below. Underline the words or terms in the definition that you think are the most important.

### Market Niche Definition: Targeting the right market

According to the [Business Dictionary](#), a market niche is a small but profitable segment of a market suitable for focused attention by a marketer. Market niches do not exist by themselves, but are created by identifying needs or wants that are not being addressed by competitors, and by offering products that satisfy them. Individuals or companies who make up target market must:

1. Need or want your product or service.
2. Have the ability to access your product/service.
3. Have the ability to pay.

*Adapted from: <http://marketnichedefinition.com/market-niche-definition/market-niche-definition-2#more-249> and *Entre-skills 2.0 Chapter 6**



## Handout VI.5B, "Speech"

**Directions:** Assume that the reading below was taken from a speech explaining the marketing niche, in which you were part of the audience. Think of two questions you would ask the presenter and write them below in the exercise section.

"Have you ever wondered how so many beauty salons, web design companies, attorneys or Mexican restaurants can exist in the same geographic area? Especially in small populated areas? Maybe the demand is high. Or, perhaps some of these businesses have set themselves apart by targeting a niche market.

A niche is a special area of demand for a product or service. Not all beauty salons, for example, are created equal in price, customer service, convenient location and hours, scheduling, stylist expertise and so on. The same is literally true for all businesses; web design, marketing consultants, hardware stores, and attorneys. The list goes on.

Creating a niche and marketing to both your general and niche markets is a smart business and marketing strategy. You cannot expect to start a business with millions of worldwide competitors (via the Internet), hundreds or thousands of regional competitors and a dozen or more local competitors, and instantly, or easily, gain a fair market share without creating a niche market.

Every business has a niche. The key is identifying what that niche is. An online retailer like Amazon.com has a different niche than competitors Barnes & Noble or Borders who rely more on developing a local presence and foot traffic. A few years ago DHL came out with a brilliant commercial pitting itself against the leading overnight delivery service. DHL did not claim to be number one or lower priced. Instead they capitalized on a niche market, being number two and a reliable back up service when you, the consumer, need it most. It was a brilliant campaign.

Identifying or creating a niche means digging deeper into what sets your business, product or service apart from the competition. The typical marketing question is "Why would I buy from you instead of Company X?" Your answer will likely just scratch the surface and match what many competitors could claim. This is where you dig deeper. Look at your location, hours of operation, years of experience, price point, friendly staff, response-time to customer inquiries or processing orders, the quality of your product or delivery of your service, personalized attention, and so on.

For example, marketing easy access to your business from a major road or highway is a niche that should drive traffic and make sales soar. If you are the only video store in your area play it up. If your video store carries a large selection of hard to find movies in VHS format and stays open until midnight, those are two more niche markets. Being a new wholesale supplier in a regional area is big news to your local city as well as the region, creating multiple niches for your business overnight. Claims of being the first, the only one or the original are unique niche selling points that no one else can (legitimately) claim.

Do not wait for your industry or market to become saturated to identify and market your niche. Start now. Work both your general market as well as your niche market to develop a solid foundation for success so you can survive when competition does heat up. As your business grows or your industry changes so will your niche opportunities grow and change."

*Taken from: [http://EzineArticles.com/?expert=Gabrielle\\_Melisende](http://EzineArticles.com/?expert=Gabrielle_Melisende)*

**Exercise:** Write two questions you would have asked the person who gave the speech above.

### Handout VI.5.C, “Niche Marketing Mistakes”

**Directions:** After completing the reading below, circle the number of the most serious mistake a businessperson could make in niche marketing.

**The following are the “BIG TEN MISTAKES” most often made in niche marketing and solutions to avoid them:**

<p><b>1.</b> <i>You think everyone loves you (your business).</i> <u>Solution:</u> To maximize your success, avoid marketing to a niche that is too large.</p>	<p><b>6.</b> <i>You think everyone can afford your product and or service.</i> <u>Solution:</u> Don't give in to the temptation of selling your products or services too cheaply, just to add a customer or two.</p>
<p><b>2.</b> <i>You target a portion of the market that is too limited.</i> <u>Solution:</u> Thoroughly research the market or you will be cutting yourself out of potential profit.</p>	<p><b>7.</b> <i>You think that everyone will know about your business the day you open.</i> <u>Solution:</u> Develop a marketing plan. If don't have the technical skills to do it yourself, pay someone to do it.</p>
<p><b>3.</b> <i>You think everyone will come to your store just because it is there.</i> <u>Solution:</u> Limit your non-internet marketing to areas within the geographic reach of your customers.</p>	<p><b>8.</b> <i>You think that people who need you don't need to be reminded about your business.</i> <u>Solution:</u> Good advertising, oftentimes, pays for itself.</p>
<p><b>4.</b> <i>You think you are the only one selling this product or service.</i> <u>Solution:</u> In order to reach your niche, you must find ways to make your product or service different from that provided by the competition.</p>	<p><b>9.</b> <i>You think that your product/service will sell itself.</i> <u>Solution:</u> Keep in mind all the things that fit under the umbrella of “good customer service.”</p>
<p><b>5.</b> <i>You think people of all ages want your product and or service.</i> <u>Solution:</u> Always remember, you can't be all things to people of all age groups.</p>	<p><b>10.</b> <i>You think that if you advertise to everyone you will be successful.</i> <u>Solution:</u> Remember the target market is the individual who needs or wants your service/product the most and has the ability to pay, not everybody.</p>

## UNIT VI/LESSON 6

### Creating a Marketing Strategy

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**Time Frame:**  
*2 days*

**Standards**

*NES: Marketing – Explain the concept of marketing strategies*  
*NES: Skills – Follow directions*  
*Apply effective listening skills*  
*Make oral presentations*  
*Prepare written reports*  
*Multi-media presentation*  
*Word-processing*

#### Guiding Question

What is the best way to create a marketing strategy?

#### Materials

Handouts VI.6.A-D

#### Instructional Objectives

*Students will be able to:*

- discuss the importance of creating a marketing strategy.
- identify the elements of a well-crafted marketing strategy.
- create a sample marketing strategy for a small business of their choice.

#### Teacher Background

Developing a comprehensive, coherent, concise, marketing strategy allows an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage. The marketing strategy is the precursor to the marketing plan

In Handout VI.6.A, students will learn about the concept of marketing strategies by creating a Powerpoint presentation about the topic. Handout VI.6.B features a check list for creating marketing strategies. The focus of Handout VI.6.C is a sample market strategy which the class will evaluate, using the checklist they found in Handout VI.6.B. Students will develop their own marketing strategies in Handout VI.6.D, in the follow-up exercise. On Day 2 of this lesson, the class will evaluate the individual marketing plans that students present to the class.

#### Teaching Strategies/Supporting Activities

- Distribute Handout VI.6.A, “Marketing Strategy.” Have students complete the exercise on the handout, then have them explain their answers to the following:
  - Based on what you read here how would you define the term “marketing strategy?”

- Why is it so important for an entrepreneur to prepare a marketing strategy for his or her business?
- What are some of the ideas you would include in a presentation on “marketing strategies”?
- Describe the PowerPoint slides you created for the presentation.
- Distribute Handout VI.6.B, “Checklist.” Have students complete the exercise on the handout, then have them explain their answers to the following:
  - What did you learn about creating a marketing strategy from this checklist?”
  - Which is the most important item on this checklist?
  - Why does the “strategy statement test” say “If the statements in your strategy are measurable and actionable and work to differentiate your company and products apart from the competition, congratulations!?” Why is it so important that the statements in the strategy be measurable and actionable?
  - Under what circumstances would you suggest that a business should change its marketing strategy?
- Distribute Handout VI.6.C, “Sample Marketing Strategy.” Have students follow the directions at the bottom of the handout to complete the exercise found there. Then, have students explain their answers to the following:
  - What information did you find out about this business from the sample marketing strategy?
  - What did you determine to be the greatest strengths of this sample strategy?
  - What did you determine to be the greatest weaknesses of this sample strategy? What suggestions would you make to correct these weaknesses?

## Summary/Assessment

Ask students to explain their answer to the following question:

Based on this lesson, what advice would you give to an aspiring entrepreneur about developing a market strategy for his or her business?

## Follow-Up

Distribute Handout VI.6.D, “Create Your Own Marketing Strategy.” Have students follow the directions on the handout to prepare their marketing strategies. On the day they bring their marketing strategies to class, ask at least five students to present theirs to the entire group. Then, have students explain their answers to the following, after each presentation:

- What were the strengths of this presentation and marketing strategy?
- What were the weaknesses of this presentation and marketing strategy?
- What suggestions do you have for improving this presentation and marketing strategy?

## Handout VI.6.A, “Marketing Strategy”

**Directions:** In this lesson, you will learn about the elements that make up a market strategy. Read the handout below and complete the exercise that follows.

### Marketing Strategy

Every business owner should develop written guidelines that set forth the business's marketing strategy. This document is used to judge the appropriateness of each action that the business takes. If a company has to take an action that is off-strategy, it may indicate a temporary emergency action prompted by the competition or other factors beyond normal management control. Or it may indicate the need to change or revise the company's marketing strategy.

The marketing strategy is shaped by your overall business goals. It includes a definition of your business, a description of your products or services, a profile of your target users or clients, and defines your company's role in relation to the competition. The marketing strategy is essentially a document that you use to judge the appropriateness and effectiveness of your specific marketing plans. It can include:

1. a description of the key target buyer/end user.
2. a description of the market segments the company will compete in.
3. distribution channels.
4. the unique positioning of the company and its products versus the competition.
5. the reasons why it is unique or compelling to buyers.
6. price strategy versus competition.
7. marketing spending strategy with advertising and promotion.
8. possible research and development.
9. market research expenditure strategies.

An overall company marketing strategy should also:

- define the business.
- position the business as a leader, challenger, follower, or niche player in the category.
- define the brand or business personality or image that is desired in the minds of buyers and end users.
- define life cycle influences, if applicable.

*Adapted from: <http://sbinfocanada.about.com/cs/marketing/a/marketingplan.htm?p=1>*

**Exercise:** Assume you are making a presentation on “Marketing Strategies.” Create a PowerPoint presentation of 3-5 slides to accompany the talk. Be prepared to give the talk before class, using the PowerPoint slides to support your presentation.

## Handout VI.6.B "Checklist"

**Directions:** Here is a checklist for creating a marketing strategy. Decide which three items are the most important as part of a marketing strategy and place a check mark on the line in front of that item.

### Marketing Strategy Checklist

- Define what your company is.
- Identify the products or services that your company provides.
- Identify your target buyers/end users.
- Establish the marketing category (e.g., fast food purveyor, high-end audio equipment sales, etc.).
- determine whether your company will be a market category leader, follower, challenger, or niche player.
- Describe the unique characteristics of your products or services that distinguish them from the competition.
- Define whether your pricing will be above, below, or at parity with your competitors and establish whether you will lead, follow, or ignore changes in competitors' pricing.
- Identify the distribution channels through which your products/services will be made available to the target market/end users.
- Describe how advertising and promotions will convey the unique characteristics of your products or services.
- Describe any research and development activities or market research plans that are unique to your business.
- Describe the image or personality of your company and its products or services.

**Strategy-statement tests.** If the statements in your strategy are measurable and actionable and work to differentiate your company and products apart from the competition, congratulations! If they are not measurable and actionable and do not differentiate your company from the competition, revise them until they are. A good working marketing strategy should not be changed every year. It should not be revised until company objectives (financial, marketing, and overall company goals) have been achieved or the competitive situation has changed significantly, e.g., a new competitor comes into the category or significantly different or new products emerge from existing competitors.

### Handout VI.6.C, “Sample Marketing Strategy”

**Directions:** Examine the sample marketing strategy for an “indoor park for pets” below and complete the exercise that follows.

## Marketing Theme: Fun without the Sun

Category	Strategy
<b>My reason for existence:</b>	To provide pet owners within the city of Springfield a safe and fun place for their pets.
<b>What sets my business apart from the rest:</b>	An indoor pet park and playland
<b>My ideal customer is:</b>	<ol style="list-style-type: none"> <li>1. Springfield professionals working in the 10 mile radius</li> <li>2.</li> <li>3.</li> </ol>
<b>What’s most important to my ideal customer when they are buying what I’m selling:</b>	<ol style="list-style-type: none"> <li>1. That their pets are safe</li> <li>2. Pets can have fun in any weather</li> <li>3. Exercise</li> </ol>
<b>What I want to accomplish this year:</b>	<ol style="list-style-type: none"> <li>1. Lease a building</li> <li>2. Recruit customers</li> <li>3.</li> </ol>
<b>The top 3 things that are going to get me there:</b>	<ol style="list-style-type: none"> <li>1. Direct mail in nearby developments</li> <li>2. Drop-offs in office parks</li> <li>3. Open house events</li> </ol>
<b>How much will each program contribute to my revenue/profitability:</b>	<ol style="list-style-type: none"> <li>1. Mail – 60%</li> <li>2. Drop offs – 15%</li> <li>3. Open House – 25%</li> </ol>
<b>What will trigger my ideal customer to think of me:</b>	<ol style="list-style-type: none"> <li>1. Being stuck at work and pet needs to be let out</li> <li>2.</li> <li>3.</li> </ol>
<b>Programs I am running to reach my goal:</b>	<ol style="list-style-type: none"> <li>1. Radio advertising</li> <li>2.</li> <li>3.</li> </ol>
<b>How much money will I need to get it done:</b>	<ol style="list-style-type: none"> <li>1. \$50,000</li> <li>2.</li> </ol>

Taken from: <http://smallbiztrends.com/2008/06/one-page-marketing-plan.html>

**Exercise:** Using the checklist on Handout VI.6.B as a basis, write a report of at least one page in which you evaluate the above sample market strategy, pointing out the strengths and weaknesses of the plan. For each of the weaknesses you indicate, suggest how to correct that weakness.

### Handout VI.6.D, “Create Your Own Marketing Strategy”

**Directions:** Think about a business you would like to start and create a marketing strategy using the form below.

**Business Name** \_\_\_\_\_ **For the Year** \_\_\_\_\_

Define what your company is.	
Identify the products or services that your company provides.	
Identify your target buyers/end users.	
What is your marketing category (e.g., fast food purveyor, high-end audio equipment sales, etc.)?	
Will your company be a market category leader, follower, challenger, or niche player?	
Describe the unique characteristics of your products or services that distinguish them from the competition.	
Will your pricing be above, below, or about the same as your competitors'?	
Will you lead, follow, or ignore changes in competitors' pricing?	
How will your products/services be made available to the target market/end users?	
Describe one advertising or promotion campaign that will convey the unique characteristics of your products or services.	
Describe any research and development activities or market research plans that are unique to your business.	
Describe the image or personality of your company and its products or services.	



## UNIT VI/LESSON 7

# The Marketing Mix: Product, Features, Branding, and Positioning

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**Time Frame:**  
*2 days*

### Standards

*NES: Marketing – Determine product/service to fill customer need  
Analyze product information to identify product features and benefits*

*NES: Skills – Follow directions  
Apply effective listening skills*

*Make oral presentations  
Multi-media presentation*

### Guiding Question

What role does the product play in the marketing mix?

### Materials

Handouts VI.7.A-E

### Instructional Objectives

*Students will be able to;*

- describe the concept of the marketing mix.
- explain the following elements of the product strategy of the marketing mix: features, branding, and positioning.
- examine how entrepreneurs go about creating a product strategy including features, branding, and positioning.

### Teacher Background

The marketing mix is the combination of elements that businesses use to market their products or services. There are four elements that make up the marketing: Product, Place, Price and Promotion. This lesson emphasizes the product element, focusing on the product features, branding, and positioning.

In Handout VI.7.A, students will be introduced to the concept of marketing mix by analyzing a Powerpoint slide dealing illustrating the concept. The core, actual, and augmented aspects of a product are explained in Handout VI.7.B. Next, students will encounter some of the various ways that products are differentiated in marketing (e.g., convenience goods, shopping goods, and specialty goods). In Handout VI.7.D, students will focus on the idea of branding and co-branding of products. The exercise for this handout is a true/false quiz to determine the students' reading comprehension skills. Finally, the topic of product positioning will be addressed in Handout VI.7.E. In the follow up activity students will create a product positioning strategy.

### Teaching Strategies/Supporting Activities

- Distribute Handout VI.7.A, "Slide." Have students complete the exercise on the handout, then have them explain their answers to the following:

- What are some of the things this slide tells us about the marketing mix?"
- Why is the concept pictured on this slide called the marketing mix?
- According to this chart, how important is the product part in the marketing mix?
- Distribute Handout VI.7.B, "Product I." Have students complete the exercise on the handout, then ask the class to respond to the following:
  - What information did you get from the handout about the role "product" plays in the marketing mix?
  - Describe the major difference between the core, actual, and augmented product levels.
  - Give an example of each of these three levels as applied to the product you selected.
  - How would an understanding of these three levels of product help a businessperson in developing a market plan?
- Distribute Handout VI.7.C, "Product II." Have students explain their answers to the following:
  - What did you learn about product part of the marketing mix from this handout?
  - Compare and contrast convenience goods, shopping goods, and specialty goods?
  - What's the difference between a company's product line and product mix?
  - What is the most important information a new entrepreneur can learn from this handout?
- Distribute Handout VI.7.D, "Branding." Have students complete the exercise on this handout. Then, have students explain their answers to the following:
  - Which of the statements in the exercise were true? Explain. Which of the statements were false? Explain
  - Why is branding such an important consideration in marketing a product?
  - What are some of the conclusions you can draw about branding from reading this handout?
  - If an entrepreneur asked you for one suggestion about branding, what would you tell him or her?
- Distribute Handout VI.7.E, "Positioning." Have students complete the exercise on the handout, then have them explain their answers to the following:
  - Explain the concept of product positioning in your own words.
  - Why does the author of this reading say, "Product positioning is a crucial ingredient in the buying process and should never be left to chance"?
  - Based on what you read about the five steps involved in creating a positioning strategy, what would you find to be the greatest challenge in creating such a strategy?

## Summary/Assessment

Ask students to explain their answer to the following question:

Based on what you learned about product features, branding, and positioning, what advice would you give an entrepreneur about the product part of the marketing mix?

**Follow-Up**

Tell students that they will be preparing a positioning strategy, based on the five-step approach appear in Handout VI.7.E for a product of their choosing (the product should be one that exists already as opposed to one they create). For purposes of this exercise, inform students that their fellow class members will make up the target market. Furthermore, tell the class they will be expected to prepare charts similar to the ones appearing in Steps 2, 4, and 5 of the handout, and conclude with a presentation devoted to Analyzing the Gap (Step 5), related to the positioning of the product they selected. Allow students an appropriate amount of time to prepare their positioning strategies.

**Handout VI.7.A, “Slide”**

**Directions:** Study the PowerPoint slide below, taken from a presentation on the “Marketing Mix” and complete the exercise that follows.



Taken from: [http://courseware.finntrack.eu/tutors/busadmin\\_teaching.htm](http://courseware.finntrack.eu/tutors/busadmin_teaching.htm)

**Exercise:** Based on the slide above list three things you learned about the marketing mix.

1.

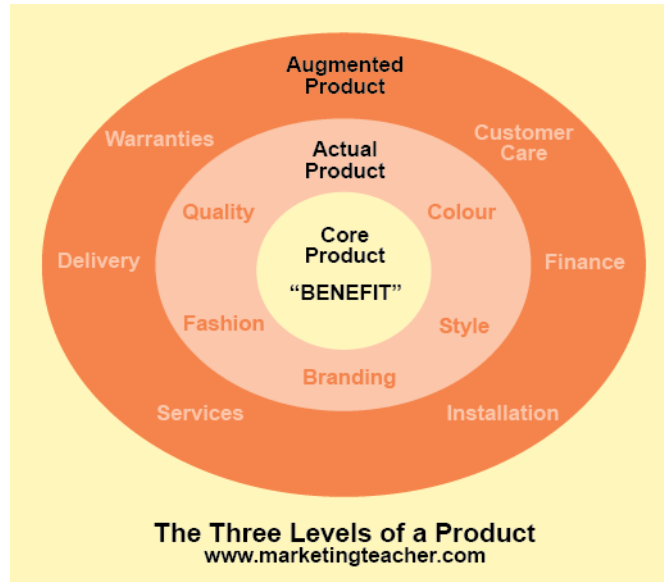
2.

3.

### Handout VI.7.B, “Product I”

**Directions:** Read the handout on this page and complete the exercise that follows.

For many people, a product is simply the tangible, physical entity that they may be buying or selling. You buy a new car and that's the product—simple! Or maybe not. When you buy a car, is the product more complex than you first thought? In order to actively explore the nature of a product further, let’s consider it as three different products: the **CORE** product, the **ACTUAL** product, and finally the **AUGMENTED** product. These are known as the “Three Levels of a Product.” So what is the difference between the three products, or more precisely “levels?”



The **CORE** product is NOT the tangible, physical product. You can't touch it. That's because the core product is the **BENEFIT** of the product that makes it valuable to you. So in the car example, the benefit is convenience, i.e., the ease at which you can go where you like, when you want to. Another core benefit is speed since you can travel around relatively quickly.

The **ACTUAL** product is the tangible, physical product. You can get some use out of it. Again with the car example, it is the vehicle that you test drive, buy and then collect.

The **AUGMENTED** product is the non-physical part of the product. It usually consists of lots of added value, for which you may or may not pay a premium. So when you buy a car, part of the augmented product would be the warranty, the customer service support offered by the car's manufacture, and any after-sales service.

*Taken from: <http://www.marketingteacher.com/lesson-store/lesson-three-levels-of-a-product.html>*

**Exercise:** Complete the chart below by writing in one important difference between the core product, the actual product, and the augment product. Using a product of your choosing, give an example of the core, actual and augmented products.

Product Name	Core Product	Actual Product	Augmented Product

## Handout VI.7.C, “Product II”

**Directions:** This handout presents another way to look at the “product” part of the marketing mix.

Products come in several forms. Consumer products can be categorized as *convenience* goods, for which consumers are willing to invest very limited shopping efforts. Thus, it is essential to have these products readily available and have the brand name well known. *Shopping* goods, in contrast, are goods in which the consumer is willing to invest a great deal of time and effort. For example, consumers will spend a great deal of time looking for a new car or a medical procedure. *Specialty* goods are those that are of interest only to a narrow segment of the population—e.g., drilling machines. Industrial goods can also be broken down into subgroups, depending on their uses. It should also be noted that, within the context of marketing decisions, the term product refers to more than tangible goods—a service can be a product, too.

A firm’s *product line* or lines refers to the assortment of similar things that the firm holds. Brother, for example, has both a line of laser printers and one of typewriters. In contrast, the firm’s *product mix* describes the combination of different product lines that the firm holds. Boeing, for example, has both a commercial aircraft and a defense line of products that each take advantage of some of the same core competencies and technologies of the firm. Some firms have one very focused or narrow product line (e.g., KFC does *only* chicken right) while others maintain numerous lines that hopefully all have some common theme. This represents a *wide* product mix 3M, for example, makes a large assortment of goods that are thought to be related in the sense that they use the firm’s ability to bond surfaces together. *Depth* refers to the variety that is offered within each product line. Maybelline offers a great deal of depth in lipsticks with subtle differences in shades while Morton Salt offers few varieties of its product.

Products may be differentiated in several ways. Some may be represented as being of superior quality (e.g., Maytag), or they may differ in more arbitrary ways in terms of styles—some people like one style better than another, while there is no real consensus on which one is the superior one. Finally, products can be differentiated in terms of offering different levels of service—for example, Volvo offers a guarantee of free, reliable towing anywhere should the vehicle break down. American Express offers services not offered by many other charge cards.

Taken from: [http://www.consumerpsychologist.com/intro\\_Product.html](http://www.consumerpsychologist.com/intro_Product.html)

## Handout VI.7.D, "Branding"

**Directions:** Read the handout below and complete the exercise that follows:

### Brands and Branding

An essential issue in product management is branding. Different firms have different policies on the branding on their products. While 3M puts its brand name on a great diversity of products, Proctor & Gamble, on the opposite extreme, maintains a separate brand name for each product. In general, the use of brand extensions should be evaluated on the basis of the compatibility of various products—can the same brand name represent different products without conflict or confusion? Coca Cola for many years resisted putting its coveted brand name on a diet soft drink. In the old days, available sweeteners such as saccharin added an undesirable aftertaste, implying a clear sacrifice in taste for the reduction in calories. Thus, to avoid damaging the brand name Coca Cola, Coke instead named its diet cola Tab. Only after NutraSweet was introduced was the brand extension allowed. Research shows that consumers are more receptive to brand extensions when (1) the company appears to have the expertise to make the product [McDonald's was not thought as credible as a photo-finishing service], (2) the products are congruent (compatible), and (3) the brand extension is not seen as being exploitative of a high quality brand name [e.g., one should not use a premium brand name like Heineken to make a trivially easy product like popcorn].

In many markets, brands of different strength compete against each other. At the top level are national or international brands. A large investment has usually been put into extensive brand building—including advertising, distribution and, if needed, infrastructure support. Although some national brands are better regarded than others—e.g., Dell has a better reputation than e-Machines—the national brands usually sell at higher prices than to regional and store brands. Regional brands, as the name suggests, are typically sold only in one area. In some cases, regional distribution is all that firms can initially accomplish with the investment capital and other resources that they have. This means that advertising is usually done at the regional level. This limits the advertising opportunities and thus the effect of advertising. In some cases, regional brands may eventually grow into national ones. For example, Snapple® was a regional beverage. While a regional beverage, it became so successful that it was able to attract investments to allow a national launch. In a similar manner, some brands often start in a narrow niche—either nationally or regionally—and may eventually work their way up to a more inclusive national brand. For example, Mars was originally a small brand that focused on liquor filled chocolate candy. Eventually, the firm was able to expand. Store, or private label brands are, as the name suggests, brands that are owned by retail store chains or consortia thereof. (For example, Vons and Safeway have the same corporate parent and both carry the "Select" brand.) Typically, store brands sell at lower prices than do national brands. However, because the chains do not have the external brand building costs, the margins on the store brands are often higher. Retailers have a great deal of power because they control the placement of products within the store. Many place the store brand right next to the national brand and place a sign highlighting the cost savings on the store brand.

Co-branding involves firms using two or more brands together to maximize appeal to consumers. Some ice cream makers, for example, use their own brand name in addition to naming the brands of ingredients contained. Sometimes, this strategy may help one brand at the expense of the other. It is widely believed, for example, that the "Intel inside" messages, which Intel paid computer makers to put on their products and packaging, reduced the value of the computer makers' brand names because the emphasis was now put on the Intel component.

**Handout VI.7.D, “Branding” (continued)**

Certain “peripheral” characteristics of products may “signal” quality or other value to consumers. For some products, packaging accounts for a large part of the total product manufacturing cost. A long warranty may signal to consumers that the product is of good quality since the manufacturer is willing to take responsibility for its functioning.

*Taken from: [http://www.consumerpsychologist.com/intro\\_Product.html](http://www.consumerpsychologist.com/intro_Product.html)*

**Exercise:** Based on the reading above, decide which of the statements below are true or false by placing a check mark in the appropriate box.

Statement	True	False
1. Branding is of little importance in product management		
2. Proctor and Gamble and 3M have different branding strategies.		
3. Research shows that consumers are more receptive to brand extensions, where the products are incompatible.		
4. Retailers can have some success selling their own “store brand” products by arranging them side-by-side with national brand products.		
5. Co-branding often promotes one product at the expense of another.		



## Handout VI.7.E, "Positioning"

**Directions:** Read the handout below and complete the exercise that follows.

Product positioning is what comes to mind when your target market thinks about your product compared to your competitor's products. When you hear Rolls Royce automobile, what do you think? Probably: highest-end luxury and exclusivity. That's their positioning. There's no confusing the positioning of Rolls Royce and Hyundai.

### Why is positioning important?

Product positioning is a crucial ingredient in the buying process and should never be left to chance. It's your opportunity to influence the market's perception of your products.

Failure to proactively address product positioning is unlikely to end well. With or without your input, customers will position your product—probably based on information from your competitors, which will not flatter you.

Clear, concise, meaningful product positioning also helps you cut through the relentless advertising and marketing noise of the marketplace. In your customer's mind, product positioning gives your messages some context so they can be better heard and accepted.

### Positioning characteristics

The goal of product positioning is to keep your product on top of your customers' mind when they're considering a purchase. To be successful, product positioning must achieve three objectives:

- Differentiate your product from the competition's
- Address important customer buying criteria
- Articulate key product (or company) characteristics

### Positioning strategies

The following is a list of some established product positioning strategies. Think about your product in terms of each one and see how they fit.

- **Against a Competitor:** Positioning your product directly against a competitor's typically requires a specific product superiority claim. A memorable example is Avis Rental Cars' "We're Number 2. We try harder."
- **Away from a Competitor:** Positioning yourself as the opposite of your competitor can help you get attention in a market dominated by some other product. A famous example is 7-UP calling itself the "Uncola."
- **Benefits:** This strategy focuses on a benefit your product provides to your target audience. Examples include Volvo's emphasis on safety and Crest toothpaste's focus on reducing cavities.
- **Product Attributes:** Highlighting a specific attribute of your product can also be compelling. For example, Ritz Carlton hotels focus on luxury; Motel 6 focuses on economy.

**Handout VI.7.E, “Positioning” (continued)**

- **Product Categories:** Comparing your product to a product in a different category can be an effective way to differentiate yourself. In a soap-compares-itself-to-lotion example, Palmolive dishwashing liquid claims that it softens your hands while you do the dishes.
- **Usage Occasions:** This kind of positioning stresses when or how your product is used by your target audience. Jeep’s focus on off-road driving is an excellent example.
- **Users:** Focusing on the unique characteristics of specific users can also be effective. The *For Dummies* series of instruction books are attractive to people who want to learn about a topic from a source that doesn’t assume any prior knowledge on the reader’s part.

The following five steps are involved in creating a positioning strategy.

**Step 1. Understand your target market.**

Learn which buying criteria your target audience uses:

- Which product features (i.e., size, speed...), if any, do they emphasize?
- Which product benefits (i.e., safety, comfort...), if any, do they emphasize?

List their buying criteria, in order of priority; if you can assign a quantitative weight to each criterion, do so.

<b>Target market buying criteria example</b> (prioritized and weighted)
40% – Color selection
30% – Length of warranty
20% – Service reputation
5% – Makes me happy/feel good
5% – High tech gadgetry

Uncovering this information typically requires primary research. If gathering data directly from your target audience is not feasible, consult with your sales force and industry experts to generate best-guess assumptions.

**Step 2. Understand your competition.**

Conduct primary and secondary research to determine how your competitors are positioning themselves, the strategies they’re using, and how successful they’ve been.

**Handout VI.7.E, “Positioning” (continued)**

**Step 3: Map buying criteria against competitive positioning.**

Add a column to the right of your list of buying criteria to note each competitor that positions its product against that criterion.

Target market buying criteria (prioritized and weighted)	Competitive positioning
40% – Color selection	Company C
30% – Length of warranty	Company B
20% – Service reputation	
10% – Makes me happy/feel good	Company A
5% – High tech gadgetry	Company B and D

**Step 4: Assess your product’s strengths against the buying criteria.**

Now add a column to the left of your buying criteria list to write your product’s relative strengths. Ask your customers how they rank your various strengths. Otherwise, just use your best judgment.

Your product’s strengths	Target market buying criteria (prioritized and weighted)	Competitive positioning
	40% – Color selection	Company C
2	30% – Length of warranty	Company B
1	20% – Service reputation	
3	10% – Makes me happy/feel good	Company A
	5% – High-tech gadgetry	Company B and D

**Step 5: Analyze the gaps.**

Review the information gathered above to determine if there are any vacant positions in the market. Is there one your product satisfies effectively? Would successfully positioning yourself there yield the returns you seek? If there are no unfilled positions (or there are but you’re not interested in any of them), then you will have to decide which competitor to battle and which position you can most effectively win.

Taken from [http://www.otmmarketing.com/Portals/42226/docs/product\\_positioning.pdf](http://www.otmmarketing.com/Portals/42226/docs/product_positioning.pdf)

**Exercise:** Assume to you are making a brief presentation on the Marketing Mix. Part of the presentation deals with product positioning. Using the PowerPoint program, create two slides, each with an illustration, about product positioning that incorporates the most important information about the topic.

## UNIT VI/LESSON 8

# The Product Life Cycle

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**Time Frame:**

*2 days*

**Standards**

*NES: Marketing – Analyze product information to identify product features and benefits*

*NES: Skills – Follow directions*

*Apply effective listening skills*

*Make oral presentations*

*Forecasting*

### Guiding Question

How important is an understanding of the product life cycle in creating a marketing plan?

### Materials

Handouts VI.8.A-C

### Instructional Objectives

*Students will be able to:*

- describe the concept of the product life cycle and the role it plays in a business's marketing plan.
- explain the different stages of the product life cycle.
- discuss the steps involved in new product development.

### Teacher Background

A product life cycle refers to the time period between the launch of a product into the market till the time it is finally withdrawn. In a nut shell, product life cycle or PLC runs from the new and innovative to the old and outdated. This cycle is split into four different stages, which encompass the product's journey from its entry to exit from the market.

In Handout VI.8.A, students will learn about the steps related to new product development, which begins the product life cycle. In the next handout, the stages of the product life cycle will be introduced. The exercise related to Handout VI.8.B calls for students to provide evidence that a product they select is in a particular phase of the life cycle. Finally, students will view a You Tube video presentation about the product life cycle. The related exercise here calls for them to devise and analyze extension strategies for products that may be in the decline phase of the product life cycle.

### Teaching Strategies/Supporting Activities

- Distribute Handout VI.8.A, "New Product Development." Have students follow the directions on the handout, then have them explain their answers to the following:
  - What is this handout about?

- Which steps did you identify as the three most important in product development?
- How can explain why the “Building the Business Case” and “Development” steps take the most amount of time?
- Which step in product development would you find the most challenging?
- Distribute Handout VI.8.B, “Product Life Cycle.” Have students complete the exercise on the handout, then have them explain their answers to the following questions:
  - What did you learn about the product life cycle from the chart and reading on this handout?
  - How is the information you learned about new product development in Handout #1 related to the product life cycle?
  - In your own words describe each of the four phases of the product life cycle?
  - Discuss the product you chose in the exercise and describe the evidence you presented about the phase of the life cycle in which you think it is in now.
  - Why should an entrepreneur be concerned about understanding the product life cycle?
- Distribute Handout VI.8.C, “YouTube Video.” Explain the directions on the handout, which is a video about the Product Life Cycle that was made in the United Kingdom.
  - Play the first 5:15 minutes of following video:  
<http://www.youtube.com/watch?v=CRfjJ9yOyp0&feature=relatedflv>.  
Then ask the class to respond to the following:
    - What additional information did you learn from video about the different stages of the product life cycle?
    - What questions would you have wanted to ask the presenter in the video about the product life cycle?
  - Continue the video, running it from the 5:15-5:30 playing time, asking the class to complete the assignment regarding Kellogg’s Corn Flakes discussed in the video. Specifically, ask students to:
    - Make a list of three possible extension strategies.
    - Analyze each strategy by listing the strengths and weaknesses of each.
    - After giving students sufficient time to complete 1 and 2 above, have them explain their answers to the following:
      - What three extension strategies did you come up with?
      - Explain what you found to be the strengths and weaknesses of each strategy?
      - Of the extension strategies suggested, which would you recommend to Kellogg’s?
  - Continue the video, running it from the 5:30 playing time to the end. Have students explain their answers to the following:
    - How did the extension strategies we created compare to those mentioned in the video?
    - Explain the concept of determinism that was mentioned in the video presentation?
    - Why is the issue of determinism an important consideration for businesses when using the product life cycle?

### Summary/Assessment

Ask students to explain their answer to the following question:

How important is an understanding of a product's life cycle in creating a marketing plan?

### Follow-Up

Have students select a popular product, like Kellogg's Corn Flakes, that might be in the decline stage of the product life cycle. Tell them to devise three possible extension strategies for the product, analyzing each strategy for its strengths and weaknesses. Finally, instruct the class to come up with the most effective extension strategy for prolonging the life of the product they selected.

## Handout VI.8.A, "New Product Development"

**Directions:** Read the handout below and circle the three most important steps in new product development on the chart.



### 1) Discovery Stage

In this stage we are generating breakthrough ideas for new products. We look to customers and consumers for unmet, unarticulated or under-met needs. External markets and competitive trends are examined. Brainstorming teams will vote on the top ideas to go into exploration. There is no gate at this stage.

### 2) Exploration Stage

In Exploration, we take the newly generated ideas from Discovery and then filter them through consumer qualitative and quantitative research. This brings our list of ideas to a more focused and on-target list of concepts to bring to life.

Deliverables for this stage are:

- Product ideas
- Written product concepts for consumer testing
- Consumer-qualified product ideas

## Handout VI.8.A, "New Product Development" (continued)

### 3) Scoping Stage

The scoping stage involves conducting consumer sensory testing to determine if the protocepts developed match the written concept and to get direction on improvements that need to be made. The sensory testing gives us direction for flavor, size and product interest. We also begin a preliminary project investigation using readily available sources to determine technical and market merits.

Deliverables for this stage are:

- Initial product definition
- Prototype development and testing
- Preliminary technical assessment
- Preliminary business and marketing assessment
- Partnership identification

### 4) Build the Business Case Stage

In this stage we conduct a detailed investigation leading to a business case. Critical work is required, considerably more resources and time needed.

The following tools are used to build the business case:

- Additional concept and protocept testing
- Refined protocepts
- Detailed market analysis
- Nutritional analysis
- Detailed R&D and technical assessment
- Legal and QA reviews
- Business plan
- Refined product definition
- Project plan initiated



## Handout VI.8.A, "New Product Development" (continued)

### 5) Development Stage

The development stage encompasses detailed design and development of the product and production process. The stage includes back and forth review with customers and end users.

Deliverables for the development stage are:

- Manufactured prototype of the product (pilot plant scale)
- Development of the packaging prototype for the product
- Additional prototype testing to gain consumer and customer feedback
- Full marketing plan including the go-to-market strategy
- Product production and procurement plans completed and approved
- Sales plan
- Updated financial analysis completed
- Resolution of any legal and regulatory issues

### 6) Testing and Validation Stage

In this stage, the product is tested in the market (beta), and commercial plant to verify and validate the manufacturing of the new product, its marketing, and its production. Consumers need to like this product better than what they are using right now; this will establish purchase intent.

Deliverables for this stage are:

- Results of in-house tests
- Trial production results
- Consumer in home usage tests
- Customer feedback obtained
- Test market results
- Updated marketing plan
- Updated operations plan
- Updated business and financial analysis

## Handout VI.8.A, "New Product Development" (continued)

### 7) The Launch Stage

In this final stage, the product enters the market and commercialization is complete but open to product revisions if necessary. It is the beginning of full production, marketing and selling and implementation of both the marketing launch plan and the production plan.

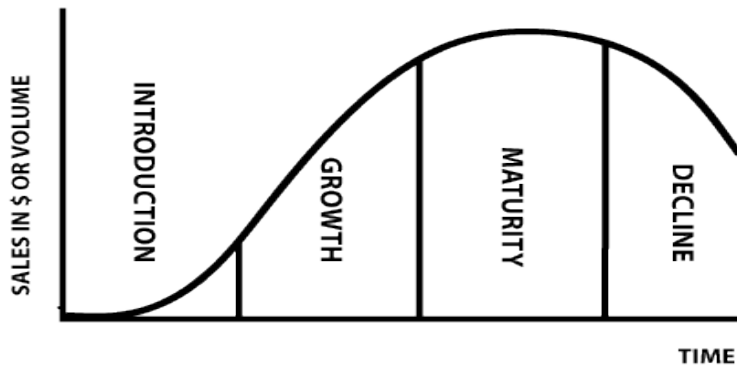
The new product should be reviewed 6-9 months after launch to determine whether actual financials are comparable to projections and review lessons learned.

*Taken from: <http://www.beefinnovationsgroup.com/newproductdevelopmentprocess.aspx>*

### Handout VI.8.B, “Product Life Cycle”

**Directions:** Each product created has a life cycle, consisting of four phases. That cycle is described in the chart and reading on this page. In the exercise at the bottom of the page, in the space marked “Your Product,” write the name of a product that you use frequently. In that space, give two pieces of evidence that support your opinion about whether that product is in the introduction, growth, maturity or decline phases of the product life cycle.

The following chart gives an indication of how sales will vary as a product goes through the various stages of its lifecycle.



Taken from: <http://billyfire.com/product-life-cycle.php>

**Introduction:** It takes time for a new product or service to take off. This can be explained by the fact that there may be a number of issues to resolve related to manufacturing or logistics. Also, customers need to become familiar with the product--creating awareness takes time. As a result, sales are usually slow during this phase of the product life cycle.

**Growth:** This is the second phase of the product life cycle. It is characterized by a rapid increase in sales volume. Increased product demand best explains the rise in sales. By this time, the problems related to manufacturing and logistics issues are likely solved. Also, customers are much more aware of the product. At the same time competition will begin to focus on this product or service.

**Maturity:** During this phase, sales volumes tend to level off. Also, competition is much stronger, often causing profits to weaken. Signs of getting to this stage are that rival companies start advertising more strongly or begin using other means to ramp up sales of their own product.

**Decline:** During this phase, sales of the product are falling. This falloff in sales, requires some serious decision-making about marketing. It may be possible to extend the life of a product by changing some of the features of the product, or by packaging it with other products. On the other hand, serious thought should be given to taking the product or service “off the shelves.”

**Exercise:**

Your Product	Phase of product life cycle it is currently in	Evidence
		1.
		2.

## Handout VI.8.C, "YouTube Video"

**Directions:** Based on the presentation on the YouTube video, take notes in the appropriate spaces below about the five phases of the product life cycle that are mentioned.

- Development:

- Introduction

- Growth

- Maturity

- Decline

## UNIT VI/LESSON 9

# The Marketing Mix: Price and Break-Even Analysis

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**Time Frame:**  
*2 days*

**Standards**  
*NES: Marketing – Select pricing strategies*  
*Establish pricing objectives*  
*Explain factors affecting pricing decisions*  
*Calculate the break-even point*  
*NES: Skills – Follow directions*  
*Apply effective listening skills*  
*Make oral presentations*  
*Prepare written reports*  
*Word-processing*

### Guiding Question

What role does “price” play in a business’s marketing mix?

### Materials

Handouts VI.9.A-D

### Instructional Objectives

*Students will be able to:*

- identify pricing objectives that an entrepreneur should consider in running his or her business.
- explain the different methods for calculating the price of a product.
- describe the various pricing techniques (e.g., introductory pricing, psychological pricing, and discount pricing) and factors that entrepreneurs should consider in setting prices.
- discuss the concept of “break-even” analysis and calculate the break-even point for a sample product.

### Teacher Background

Price is at the heart of the marketing mix. Business decisions about price require an understanding of pricing objectives, strategies, and break-even analysis.

In Handout VI.9.A, students will contemplate the role pricing plays in the marketing mix. Pricing strategies are described in Handout VI.9.B. Handout VI.9.C is a cooperative learning strategy in which the class considers various aspects related to the break-even analysis. The follow up exercise calls upon students to write a paper about the ingredients involved in pricing objectives.

### Teaching Strategies/Supporting Activities

- Distribute Handout VI.9.A, “Slide.” Have students complete the exercise on the handout, then have them explain their answers to the following:

- In your own words, explain what you think the following terms mean: cost-recovery pricing, penetration pricing, and price skimming.
- According to what we discussed in this lesson so far and PowerPoint slide, what is the role of cost-recovery pricing, penetration pricing, and price skimming in the marketing mix?
- Distribute Handout VI.9.B, "Price." Have students complete the exercise on the handout, then have them explain their answers to the following:
  - Explain the major differences between premium, penetration, skimming and discount pricing strategies?
  - Looking at the exercise, which price strategy would work best for each of the following situations?  
Situation 1, Situation 2, Situation 3, Situation 4
  - Why is it so important for an entrepreneur to have an understanding of these different pricing strategies?
- Distribute Handout VI.9.C, "Break-Even Analysis." Divide the class into eight equal sized groups. Have each group read the handout. Ask two of the groups to make a two-minute presentation on topic 1 "Defining Costs," two of the groups to prepare a two-minute presentation on topic 2 "Setting a Price," two of the groups to make a two-minute presentation on topic 3 "Formula," and two of the groups to make a two-minute presentation on topic 4 "Considerations." Ask four of the groups to actually present on Topics 1, 2, 3, and 4. Then have students explain their answers to the following:
  - What did you learn about the four different aspects of Break-Even Analysis from these presentations?
  - Why does the author of this handout say that the "calculation of break-even analysis is critical for a business owner?"

## Summary/Assessment

Ask students to explain their answer to the following question:

Why is pricing such an important part of the marketing mix?

## Follow-Up

Distribute Handout VI.9.D, "Pricing Objectives." Assign students to write a one-page paper following the directions on the handout.

**Handout VI.9.A, “Slide”**

**Directions:** Study the PowerPoint slide below, taken from a presentation on the “Marketing Mix” and complete the exercise that follows.



Taken from: [http://courseware.finntrack.eu/tutors/busadmin\\_teaching.htm](http://courseware.finntrack.eu/tutors/busadmin_teaching.htm)

**Exercise:** Use the numbers in the definitions column to match the terms with their correct definitions.

Terms	Definitions
____ Cost-recovery pricing	1. The technique of setting a relatively low initial entry price, often lower than the eventual price, to get into the market by attracting new customers. The strategy works on the expectation that customers will switch to the new brand because of the lower price.
____ Penetration pricing	2. The strategy by which a seller sets a relatively high price for a unique product or service, at first, to gain as much money as possible and then lowers the price over time. Such a strategy allows the firm to earn some profits quickly before competition steps in and lowers the market price.
____ Price skimming	3. This principle states that the seller should set prices with the primary goal of gaining back all costs incurred in providing the service or manufacturing the product.

### Handout VI.9.B, “Price”

**Directions:** Read the handout on this page and complete the exercise that follows

There are many ways to **price** a product. Here are the four major pricing strategies:

**1. Premium Pricing.**

Use a high price where there is a uniqueness about the product or service. This approach is used where a substantial competitive advantage exists. Such high prices are charged for luxuries goods or services such as Cunard Cruises, Savoy Hotel rooms, and First class air travel.

**2. Penetration or Introductory Pricing.**

The price charged for these products and services, which are intended for upscale customers, is set artificially low in order to gain market share. Once this is achieved, the price is increased. This approach was used by France Telecom and Sky TV.

**3. Economy or Discount Pricing.**

This is a no frills low price, intended to appeal to customers on a limited budget. The cost of marketing and manufacture are kept at a minimum. Supermarkets often have economy brands for soups, spaghetti, etc.

**4. Price Skimming.**

Charge a high price because you have a substantial competitive advantage. However, the advantage is not sustainable. The high price tends to attract new competitors into the market, and the price inevitably falls due to increased supply. Manufacturers of digital watches used a skimming approach in the 1970s. Once other manufacturers were tempted into the market and the watches were produced at a lower unit cost, other marketing strategies and pricing approaches are implemented.

**Exercise:**

		Quality	
		Low	High
Price	Low	<b>ECONOMY</b>	<b>PENETRATION</b>
	High	<b>SKIMMING</b>	<b>PREMIUM</b>

**Pricing Strategies Matrix**

www.marketingteacher.com



**Handout VI.9.B, "Price" (continued)**

**Exercise:** Based on the information on this handout and the chart, decide in which of the four situations below a high pricing or low pricing strategy is most appropriate. In the space in front of the four situations, write the letters "HP," where a higher pricing strategy is most appropriate and the letters "LP," where a lower pricing strategy is most appropriate. Also, identify which of these pricing strategies you would apply in this situation: economy, penetration, skimming or premium.

- \_\_\_\_ 1. You are selling a unique product or service to an elite clientele. Even though this product has been on the market for some time, it still enjoys a substantial competitive advantage.

In this case, I would be applying the \_\_\_\_\_ pricing strategy.

- \_\_\_\_ 2. You are introducing a new luxury product or service to the market, which has a number of competitors. Your goal is to gain market share as quickly as possible.

In this case, I would be applying the \_\_\_\_\_ pricing strategy.

- \_\_\_\_ 3. You are selling a no frills item. This product is intended to appeal to customers on a limited budget.

In this case, I would be applying the \_\_\_\_\_ pricing strategy.

- \_\_\_\_ 4. You are selling a product or service that at presently enjoys a substantial competitive advantage over other competitors. However, you believe that this competitive advantage will not last very long.

In this case, I would be applying the \_\_\_\_\_ pricing strategy.

## Handout VI.9.C, "Breakeven Analysis"

**Directions:** Read the handout below about Breakeven Analysis. You will be assigned to one of eight groups, responsible for reporting back to the class about one of the four topics discussed on this page.

# Breakeven analysis helps determine when your business revenues equal your costs

From Daniel Richards

If you can accurately forecast your costs and sales, conducting a breakeven analysis is a matter of simple math. A company has broken even when its total sales or revenues equal its total expenses. At the breakeven point, no profit has been made, nor have any losses been incurred. This calculation is critical for any business owner. Four of the major factors involving in calculating a business's break-even analysis are:

### 1. Defining Costs

There are several types of costs to consider when conducting a breakeven analysis, so here's a refresher on the most relevant.

- **Fixed costs:** These are costs that are the same regardless of how many items you sell. All start-up costs, such as rent, insurance and computers, are considered fixed costs since you have to make these outlays before you sell your first item.
- **Variable costs:** These are recurring costs that can change from period to period. These costs you absorb with each unit sold. For example, if you were operating a greeting card store where you had to buy greeting cards from a stationary company for \$1 each, then that dollar represents a variable cost. As your business and sales grow, you can begin appropriating labor and other items as variable costs if it makes sense for your industry.

### 2. Setting a Price

This is critical to your breakeven analysis; you can't calculate likely revenues if you don't know what the unit price will be. Unit price refers to the amount you plan to charge customers to buy a single unit of your product.

- **Psychology of Pricing:** Pricing can involve a complicated decision-making process on the part of the consumer, and there is plenty of research on the marketing and psychology of how consumers perceive price.
- **Pricing Methods:** There are several different schools of thought on how to treat price when conducting a breakeven analysis. It is a mix of quantitative and qualitative factors. If you've created a brand new, unique product, you should be able to charge a premium price, but if you're entering a competitive industry, you'll have to keep the price in line with the going rate or perhaps even offer a discount to get customers to switch to your company.
- One common strategy is "**cost-based pricing**", which calls for figuring out how much it will cost to produce one unit of an item and setting the price to that amount plus a predetermined profit margin. This approach is frowned upon since it allows competitors who can make the product for less than you to easily undercut you on price.

### Handout VI.9.C, "Breakeven Analysis" (continued)

- Another method, referred to by David G. Bakken of Harris Interactive as "**price-based costing**" encourages business owners to "start with the price that consumers are willing to pay (when they have competitive alternatives) and whittle down costs to meet that price." That way if you encounter new competition, you can lower your price and still turn a profit. There are always [different pricing methods](#) that can be used.

3. **The formula:** Don't worry, it's fairly simple. To conduct your breakeven analysis, take your fixed costs, divided by your price, minus your variable costs. As an equation, this is defined as:

$$\text{Breakeven Point} = \text{Fixed Costs} / (\text{Unit Selling Price} - \text{Variable Costs})$$

This calculation will let you know how many units of a product you'll need to sell to break even. Once you've reached that point, you've recovered all costs associated with producing your product (both variable and fixed).

Above the breakeven point, every additional unit sold increases profit by the amount of the unit contribution margin, which is defined as the amount each unit contributes to covering fixed costs and increasing profits. As an equation, this is defined as:

$$\text{Unit Contribution Margin} = \text{Sales Price} - \text{Variable Costs}$$

Recording this information in a spreadsheet will allow you to easily make adjustments as costs change over time, as well as play with different price options and easily calculate the resulting breakeven point. You could use a program such as Excel's Goal Seek, if you wanted to give yourself a goal of a certain profit, say \$1 million, and then work backwards to see how many units you would need to sell to hit that number.

#### 4. Considerations

It is important to understand what the results of your breakeven analysis are telling you. If, for example, the calculation reports that you would break even when you sold your 500th unit, decide whether this seems feasible. If you don't think you can sell 500 units within a reasonable period of time (dictated by your financial situation, patience and personal expectations), then this may not be the right business for you to go into. If you think 500 units is possible but would take a while, try lowering your price and calculating and analyzing the new breakeven point.

Alternatively, take a look at your costs - both fixed and variable - and identify areas where you might be able to make cuts.

Lastly, understand that breakeven analysis is not a predictor of demand, so if you go into market with the wrong product or the wrong price, it may be tough to ever hit the breakeven point.

*This About.com page has been optimized for print. To view this page in its original form, please visit:*

Taken from <http://entrepreneurs.about.com/od/businessplan/a/breakeven.htm>

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## Handout VI.9.D, "Pricing Objectives"

**Directions:** Write a one-page paper on "Pricing Objectives," in which you will:

- discuss three of the pricing objectives listed below, identifying at least one current product that follows each objective.
- explain why each of these three objectives is so important in running a business.
- describe the role that these pricing objectives play in creating the pricing element of the marketing mix.

### Pricing Objectives

The firm's pricing objectives must be identified in order to determine the optimal pricing. Common objectives include the following:

- **Current profit maximization** - seeks to maximize current profit, taking into account revenue and costs. Current profit maximization may not be the best objective if it results in lower long-term profits.
- **Current revenue maximization** - seeks to maximize current revenue with no regard to profit margins. The underlying objective often is to maximize long-term profits by increasing market share and lowering costs.
- **Maximize quantity** - seeks to maximize the number of units sold or the number of customers served in order to decrease long-term costs as predicted by the experience curve.
- **Maximize profit margin** - attempts to maximize the unit profit margin, recognizing that quantities will be low.
- **Quality leadership** - use price to signal high quality in an attempt to position the product as the quality leader.
- **Partial cost recovery** - an organization that has other revenue sources may seek only partial cost recovery.
- **Survival** - in situations such as market decline and overcapacity, the goal may be to select a price that will cover costs and permit the firm to remain in the market. In this case, survival may take a priority over profits, so this objective is considered temporary.
- **Status quo** - the firm may seek price stabilization in order to avoid price wars and maintain a moderate but stable level of profit.

Taken from: <http://www.netmba.com/marketing/pricing/>

## UNIT VI/LESSON 10

# The Marketing Mix: Distribution

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**Time Frame:**

**1 day**

**Standards**

**NES: Marketing – Describe the elements of involved in the product distribution**

**NES: Skills – Follow directions**

**Interpretation of charts**

**Apply effective listening skills**

**Make oral presentations**

### Guiding Question

What must an entrepreneur know about distribution in order to be successful in his/her business?

### Materials

Handouts V.10.A-C

### Instructional Objectives

*Students will be able to:*

- describe the options of channels of distribution.
- explain why the channels of distribution are different for retail, service, and manufacturing businesses.
- examine the factors to consider in the physical distribution of products.

### Teacher Background

Place, or distribution, is the part of the marketing mix that identifies how goods or services go from the producer to the consumer. Handout VI.10.A allows students to examine the direct and indirect channels of distribution and the advantages and disadvantages of each. In Handout VI.10.B students will consider a number of the decisions about how and who should distribute their goods or services. The last handout of this lesson calls upon the class to compare and contrast the intensive, exclusive, and selective distribution strategies.

### Teaching Strategies/Supporting Activities

- Distribute Handout VI.10.A, “Chart.” Have students complete the exercise on the handout, then have them explain their answers to the following:
  - Describe what the chart tells us about the direct and indirect methods of distribution of goods and services.
  - What are some of the advantages of the direct method of distribution? What are some of the disadvantages?
  - What are some of the advantages of the direct method of distribution? What are some of the disadvantages?
  - Which method of distribution is most effective in your opinion?

- Distribute Handouts VI.10.B, "Decisions." Have students complete the exercise on the handout, then have them explain their answers to the following:
  - What did you learn about distribution from this handout?
  - Of all the decisions mentioned on this page, which is the most important one for an entrepreneur?
- Distribute Handout VI.10.C, "Distribution Strategies." Have students follow the directions at the bottom of the handout to complete the exercise found there. Then, have students explain their answers to the following:
  - What are the major differences between the three types of distribution strategies?
  - What are some of the advantages of the intensive distribution strategy? What are some of the disadvantages?
  - What are some of the advantages of the exclusive distribution strategy? What are some of the disadvantages?
  - What are some of the advantages of the selective distribution strategy? What are some of the disadvantages?
  - Besides the product you were selling, what other things would you consider before deciding on which of these three distribution strategies to use?

### Summary/Assessment

Ask students to explain their answer to the following question:

What must an entrepreneur know about distribution in order to be successful in his/her business?

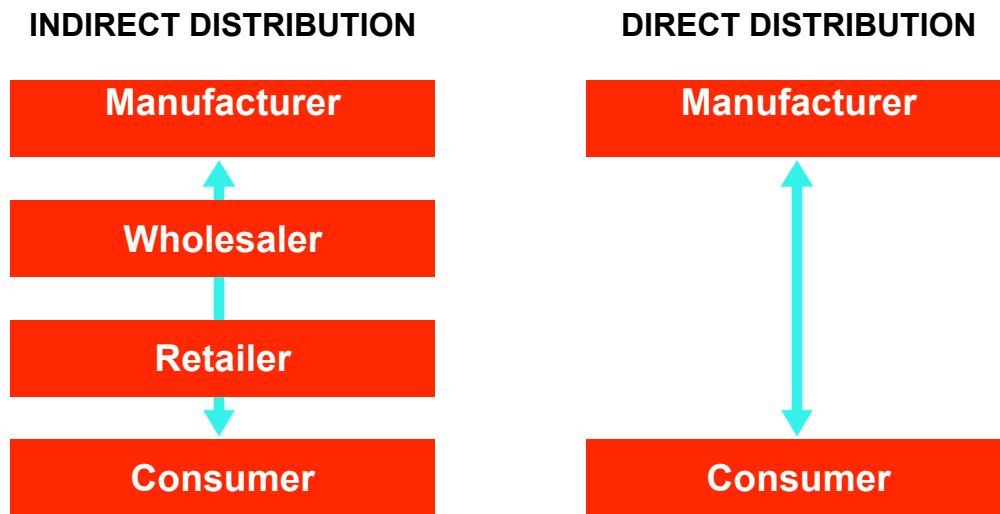
### Follow-Up

Ask students to select one product or service they use on a regular basis. For that product or service, have them answer the following questions:

- Is it sold using a direct or indirect channel of distribution?
- Is it sold using an intensive, exclusive or selective distribution strategy?
- Is the method of distribution current in use the most effective possible?

**Handout VI.10.A, “Chart”**

**Directions:** Place, another of the four “Ps” in the marketing mix, refers to the means by which goods or services for sale are distributed to customers. Study the graphic below, which illustrates the two types of channels of distribution methods available—indirect and direct. After studying the illustration, complete the exercise that follows.



Taken from [www.learnmarketing.net](http://www.learnmarketing.net)

**Exercise:** Based on the graphic above, fill in the chart below by adding the information that is missing.

Channel of Distribution	Indirect	Direct
1. One difference between the two methods of distribution.		
2. One advantage of each specific method of distribution.		
3. One disadvantage of each specific method of distribution.		

## Handout VI.10.B, "Decisions"

**Directions:** Entrepreneurs must make a number of important decisions about how to distribute their product or services and who should be the distributor or distributors. Read the handout below and complete the exercise that follows.



**There are five basic decisions to make about how to distribute your product or service:**

1. Should you use direct or indirect channels? (e.g., "direct" to a consumer, "indirect" via a wholesaler).
2. Should you use single or multiple channels (i.e., meaning one or more than one direct or indirect distributor)?
3. What types of intermediary channels should you use? (See below.)
4. How many intermediary channels should you use at each level (e.g., How many retailers in any one geographic location)?
5. Which companies should you use as intermediary channels to avoid "intrachannel conflict" (i.e., infighting between local distributors)?

**In selecting a distributor you should take into account the following five points:**

1. To what extent is the distributor you are considering familiar with your target consumer and segment?
2. In what stage of the product life cycle (PLC) is your product or service? Different channels of distribution can be used to your advantage at different points in the PLC (e.g., foldaway scooters are now available everywhere. Once they were sold via a few specific stores.)
3. Is there a match or fit between your policies, strategies, and image, and the distributors?
4. What is the experience and track record of the intermediary distributor you are considering?
5. How much training and support will your distributor require?

*Taken from: <http://www.marketingteacher.com/lesson-store/lesson-place.html>*

**Exercise:** Place an "X" in front of 1) the most important decision an entrepreneur must make about how to distribute one's good or service, and 2) the most important consideration when selecting a distributor.



### Handout VI.10.C, “Distribution Strategies”

**Directions:** The three major distribution strategies appear below. After each strategy is explained, write in one advantage and one disadvantage of that strategy in the space provided

Depending on the type of product there are three common distribution strategies available:

**1. Intensive Distribution:** Aims to provide saturation coverage of the market by using all available outlets. For many products, total sales are directly linked to the number of outlets used (e.g., cigarettes, beer). Intensive distribution is usually required where customers have a range of acceptable, competing brands to choose from. In other words, if one brand is not available, a customer will simply choose another. Used commonly to distribute low priced or impulse-purchase products such as chocolates and soft drinks.

Advantage	Disadvantage

**2. Exclusive Distribution:** Involves limiting distribution to a single outlet. The product is usually highly priced, and requires the intermediary to place much detail in its sell. An example of would be the sale of vehicles through exclusive dealers.

Advantage	Disadvantage

**3. Selective Distribution:** A small number of retail outlets are chosen to distribute the product. Selective distribution is common with products such as computers, televisions, and household appliances, where consumers are willing to shop around and where manufacturers want a large geographical spread.

Advantage	Disadvantage

Adapted from [http://tutor2u.net/business/marketing/distribution\\_channel\\_strategy.asp](http://tutor2u.net/business/marketing/distribution_channel_strategy.asp) and [www.learnmarketing.net](http://www.learnmarketing.net)

## UNIT VI/LESSON 11

### The Marketing Mix: Promotion

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**Time Frame:**  
*2 days*

**Standards**  
*NES: Marketing – Describe the elements of a promotional mix  
Develop a promotional plan for a business*  
*NES: Skills – Follow directions  
Apply effective listening skills  
Make oral presentations  
Interpret a chart  
Write persuasive messages*

#### Guiding Question

Why is it essential for an entrepreneur to effectively promote his or her product/service to the target market?

#### Materials

Handouts VI.11.A-D

#### Instructional Objectives

*Students will be able to:*

- describe the range of methods business owners utilize to promote their products or services to the target market.
- explain the ingredients of a promotional plan.
- evaluate the various forms of promotion to determine their effectiveness.

#### Teacher Background

Nothing is more important to the success of a business, than getting out a clear and convincing message about its products/services. Promotion is obviously a vital part of the marketing mix.

In Handout VI.11.A, students are asked to interpret a chart that lays out the promotional process.

Handout VI.11.B, explains the promotional process in some details. The class will evaluate some of the elements that make up a promotional campaign in the exercise that accompanies Handout VI.11.C.

Last, the students will examine some of the questions that business people should ask before initiating a promotion campaign.

#### Teaching Strategies/Supporting Activities

- Distribute Handout VI.11.A, “Chart.” Have students complete the exercise on the handout, then have them explain their answers to the following:
  - What did you write in your paragraph about the information contained in the chart?”
  - What does this chart tell us about how businesses of promote their products/services?

- To what extent do messages from competitors shape all aspects of a company’s promotional campaign?
- Which part of the promotional campaign is the most important for the business owner? The customer?
- Distribute Handouts VI.11.B, “Promotions Mix.” Have students complete the exercise on the handout, then have them respond to the following:
  - What headline did you create for this story?”
  - What does this story tell us about the promotional mix?
  - In creating a promotions mix why is it so important that each of the elements are integrated to form a coherent campaign?
  - To what extent would the promotion mix change based on the product being sold or the target audience the business is looking to reach? What other factors might determine which elements are used in a promotion campaign?
- Distribute Handout VI.11.C, “Promotion Details.” Have students follow the directions at the bottom of the handout to complete the exercise found there. Then, have students explain their answers to the following:
  - What did you learn about the promotion mix from this handout?
  - What are the advantages and disadvantages of the following types of promotions: direct mail, sales promotion, public relations, sponsorships, personal selling, trade fairs/exhibitions, and advertising?
  - If you were an entrepreneur opening a new business and could afford only one form of promotion, which would it be?
- Distribute Handout VI.11.D, “Promotion Questions.” Have student explain their answers to the following:
  - Why is it suggested that before a businessperson starts on his/her promotional campaign he/she should ask these questions?
  - Why is it important to ask about how a competitor promotes his or her product?
  - Which is the most important question to ask?
  - Are there any questions that were left off this list that you think should be asked?

## Summary/Assessment

Ask students to explain their answer to the following question:

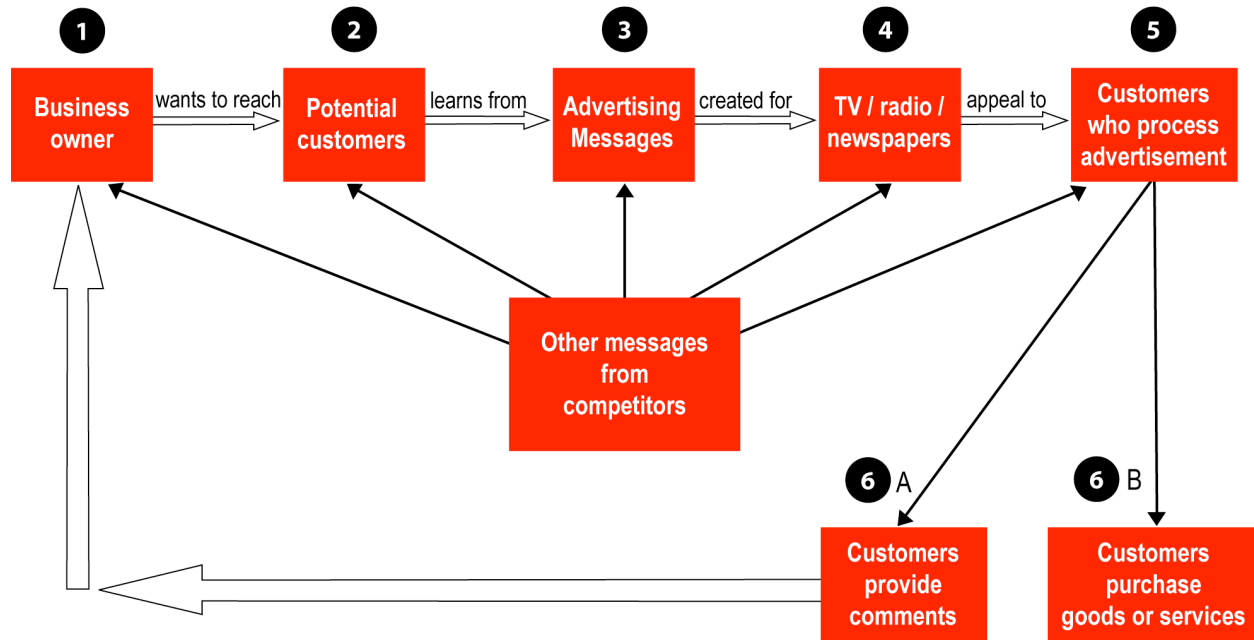
What is the key ingredient in creating an effective promotional campaign?

## Follow-Up

Using a product of their choosing, have students create a promotional campaign (e.g., create the advertisement, write the direct mail letter, etc.), using three of the components mentioned in Handout VI.11.C.

### Handout VI.11.A, "Chart"

**Directions:** You can get some idea of the steps involved in a promotion campaign from the chart on this handout. After studying the chart, complete the exercise below.



**Exercise:** In the space below, write a paragraph explaining the information contained in this chart about how businesses use promotion campaigns to reach their customers.

### Handout VI.11.B, “Promotions Mix”

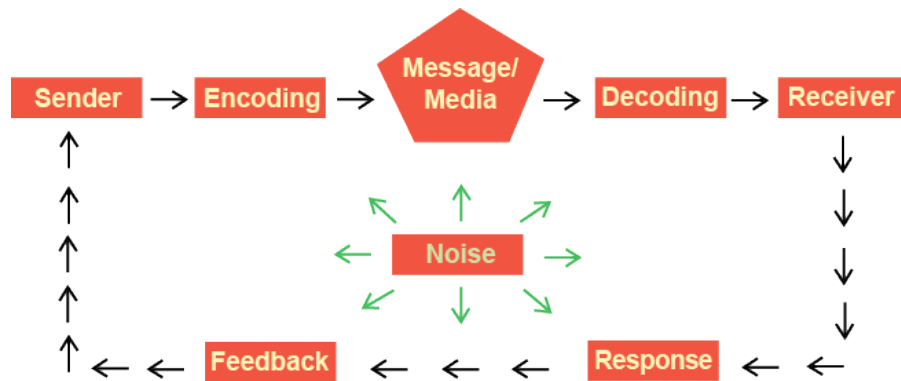
**Directions:** Assume the reading below was from an article appearing on the Internet. Create a headline for the reading and write it in the space provided below.

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(write a headline in the space above)

Promotion includes all of the tools available to the marketer for “marketing communication.” As with the marketing mix, marketing communications has its own “promotions mix.” Think of it like a cake mix, the basic ingredients are always the same. However, if you vary the amounts of one of the ingredients, the final outcome is different. It is the same with promotions. You can “integrate” different aspects of the promotions mix to deliver a unique campaign. The elements of the promotions mix are:

- Personal Selling.
- Direct Mail.
- Advertising.
- Sales Promotion.
- Trade Fairs and Exhibitions.
- Sponsorship.
- Public Relations.



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The elements of the promotions mix are integrated to form a coherent campaign. As with all forms of communication, the message from the marketer follows the “communications process” as illustrated above. For example, a radio advertisement is made for a car manufacturer. The car manufacturer (sender) pays for a specific advertisement which contains a message specific to a target audience (encoding). It is transmitted during a set of commercials from a radio station (Message / media).

The message is decoded by a car radio (decoding) and the target consumer interprets the message (receiver). He or she might visit a dealership or seek further information from a web site (Response). The consumer might buy a car or express an interest or dislike (feedback). This information will inform future elements of an integrated promotional campaign. Perhaps a direct mail campaign would push the consumer to the point of purchase. Noise represents the thousands of marketing communications that a consumer is exposed to everyday, all competing for attention.

*Taken from: www.marketing teacher.com*

### Handout VI.11.C, “Promotion Details”

**Directions:** The individual components of the promotions mix appear on this handout. Place a check mark in front of the three components which have been most effective in getting you to buy a good or service in the past.

<p><b>___ 1. Direct Mail.</b></p> <p>Direct mail is very highly focused on targeting consumers based upon data. As with all marketing, the potential consumer is “defined” based upon a series of attributes and similarities. Creative agencies work with marketers to design a highly focused communication in the form of a mailing. The mail is sent out to the potential consumers and responses are carefully monitored. For example, if you are marketing medical text books, you would use a database of doctors’ surgeries as the basis of your mail shot.</p>	<p><b>___ 4. Personal Selling.</b></p> <p>Personal Selling is an effective way to manage personal customer relationships. The salespeople act on behalf of the organization. They tend to be well trained in the approaches and techniques of personal selling. However salespeople are very expensive and should only be used where there is a genuine return on investment. For example, sales staff are often used to sell cars or home improvements where the margin is high.</p>
<p><b>___ 2. Sales Promotion.</b></p> <p>Sales promotions tend to be thought of as being all promotions apart from advertising, personal selling, and public relations. For example the BOGOF, or Buy One Get One Free, promotion. Others include coupons, money-off promotions, competitions, free accessories (such as free blades with a new razor), introductory offers (such as buy digital TV and get free installation), and so on. Each sales promotion should be carefully costed and compared with the next best alternative.</p>	<p><b>___ 5. Trade Fairs and Exhibitions.</b></p> <p>Such approaches are very good for making new contacts and renewing old ones. Companies will seldom sell much at such events. The purpose is to increase awareness and to encourage trial. They offer the opportunity for companies to meet with both the trade and the consumer. Expo has recently finished in Germany with the next one planned for Japan in 2005, despite a recent decline in interest in such events.</p>
<p><b>___ 3. Public Relations (PR).</b></p> <p>Public Relations is defined by the Institute of Public Relations as “the deliberate, planned and sustained effort to establish and maintain mutual understanding between an organization and its public.” It is <i>relatively</i> cheap, but certainly not cheap. Successful strategies tend to be long-term and plan for all eventualities. All airlines exploit PR; just watch what happens when there is a disaster. The well planned PR machine clicks in very quickly with a very effective rehearsed plan.</p>	<p><b>___ 6. Advertising.</b></p> <p>Advertising is a “paid for” communication. It is used to develop attitudes, create awareness, and transmit information in order to gain a response from the target market. There are many advertising “media” such as newspapers (local, national, free, trade), magazines and journals, television (local, national, terrestrial, satellite), cinema, outdoor advertising (such as posters, bus sides).</p>
<p><b>___ 7. Sponsorship.</b></p> <p>Sponsorship occurs when an organization pays to be associated with a particular event, cause, or image. Companies will sponsor sports events such as the Olympics or Formula One. The positive attributes of the event are then associated with the sponsoring organization.</p>	

### Handout VI.11.D, "Promotion Questions"

**Directions:** Business owners deciding on the appropriate promotion for their products or services should answer these four questions:

- Where and when can you get across your marketing messages to your target market?
- Will you reach your audience by advertising in the press, or on TV, radio, or billboards?  
By using direct marketing mails? Through PR? On the Internet?
- When is the best time to promote? Is there seasonality in the market? Are there any wider environmental issues that suggest or dictate the timing of your market launch or the timing of subsequent promotions?
- How do your competitors do their promotions? And how do their promotions influence your choice of promotional activity?

*Adapted from: [http://www.mindtools.com/pages/article/newSTR\\_94.htm](http://www.mindtools.com/pages/article/newSTR_94.htm)*

## UNIT VI/LESSON 12

### Advertising

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**Time Frame:**

**1 day**

**Standards**

**NES: Marketing – Develop a promotional plan for a business**

**NES: Skills – Follow directions**

**Apply effective listening skills**

**Make oral presentations**

**Working in teams**

### Guiding Question

How should an entrepreneur use advertising to sell his/her product or service?

### Materials

Handouts VI.12.A-C

### Instructional Objectives

*Students will be able to:*

- describe the various forms of advertising used in promoting products and services.
- examine the advantages and disadvantages of the various forms of advertising.
- create an advertising campaign for a sample product or service.

### Teacher Background

Perhaps the most prominent feature of “promotion” in the marketing mix is advertising. Billions of dollars are spent each year by businesses on advertising their products, using various media, to reach local, national, and global audiences.

Handout VI.12.A calls for students to identify some of the advantages and disadvantages of the various types of advertising media. In Handout VI.12.B, students will engage in a cooperative learning exercise in which different groups will present on one of seven types of advertising media including, television, newspapers, radio, direct mail, telemarketing, magazines, and the yellow pages. The three most significant advertising techniques are featured in Handout VI.12.C. Using this handout, students are asked to provide examples of how these techniques are used in commercials. Finally, in the follow up exercise, students will create an advertising campaign about a product of their choosing.

### Teaching Strategies/Supporting Activities

- Distribute Handout VI.12.A, “How to Advertise.” Have students complete the exercise on the handout, then have them explain their answers to the following:
  - If you were starting a business, what would be some of the things you would want to know about advertising?”
  - What information do we get from the picture on this handout about advertising?



- Mention some of the advantages and disadvantages you identified about the different forms of advertising that appear on this handout?
- Distribute Handout VI.12.B, "Advertising Details." Divide the class into seven groups, with about four students in each group. Assign each group to study a different one of the following advertising media: newspapers, radio, television, direct mail, telemarketing, magazines, and yellow pages. Have each group prepare a presentation of about two minutes in which they explain the type of advertising they studied and summarize its advantages and disadvantages. After all presentations have been completed, allow one or two questions per group. Then, ask students to respond to the following:
  - What did you learn about the different medium of advertising?"
  - Which type of advertising has the greatest advantages?
  - Which type of advertising has the greatest disadvantages?
  - If you only had enough money to invest in one form of advertising, which would it be?
- Distribute Handout VI.12.C, "Advertising Methods." Have students explain their answers to the following:
  - In your words summarize the three different advertising methods you read about?
  - Give an example of an advertisement you think is effective and explain which method it uses?
  - Which of these three methods has the greatest appeal to you?
  - Can all products be sold using any of these methods or should the product dictate the method used to advertise it. Give an example to support your opinion.

### Summary/Assessment

Ask students to explain their answer to the following question:

Based on what you learned in this lesson, what advice about advertising would you give to someone opening his or her first business?

### Follow-Up

Assign students the task of creating an advertising campaign, in which they select the medium they will be using for advertising and one advertisement using that medium. Depending on the form of advertising selected, student should prepare either the actual hard copy for a print ad or a script for a television or radio ad.

### Handout VI.12.A, “How to Advertise”

**Directions:** One of the biggest decisions for any business is how to advertise effectively. If you searched the Internet to get some advice about advertising, you might find a page like the one below. Complete the exercise on this handout, by writing in one advantage and one disadvantage for each piece of advertising media listed in the chart.

#### LOOKING FOR THE RIGHT PLACE TO ADVERTISE



There are a variety of media that can be used for advertising. Each has its advantages and disadvantages. A list of the most popular advertising media and an advantage and disadvantage of each appears in the chart below.

Advertising Medium	One advantage of this advertising medium is...	One disadvantage of this advertising medium is...
1. Newspaper		
2. Television		
3. Radio		
4. Direct Mail		
5. Internet		

## Handout VI.12.B, “Advertising Details”

**Directions:** You will be assigned to a group that focuses on one of the advertising media below.

Advertising is one the elements that make up “Promotion” in the marketing mix. More specifically, it is the paid, non-personal presentation of ideas, goods, or services. In advertising, the sponsor creates the message, which is directed toward the public at large. The two types of traditional advertising media are print (e.g., newspapers, magazines, direct mail, outdoor billboards, yellow pages, etc.) and broadcast (e.g., television, radio, and the Internet, telemarketing). Here is some explanation of some of the different types of advertising and the advantages and disadvantages of each:

### PRINT

<p><b>Newspapers</b> are one of the traditional mediums used by businesses, both big and small alike, to advertise their businesses.</p>	
<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Allows you to reach a huge number of people in a given geographic area.</li> <li>• You have the flexibility in deciding the ad size and placement within the newspaper.</li> <li>• Your ad can be as large as necessary to explain as much of a story as you care to tell.</li> <li>• Exposure to your ad is not limited; readers can go back to your message again and again if so desired.</li> <li>• Free help in creating and producing ad copy is usually available.</li> <li>• Quick turn-around helps your ad reflect the changing market conditions. The ad you decide to run today can be in your customers' hands in one to two days.</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Ad space can be expensive.</li> <li>• Your ad has to compete against the clutter of other ads, including your competitor's.</li> <li>• Poor photo reproduction limits creativity.</li> <li>• Newspapers are a price-oriented medium; most ads are for sales.</li> <li>• Expect your ad to have a short shelf life, as newspapers are usually read once and then discarded.</li> <li>• You may be paying to send your message to a lot of people who will probably never be in the market to buy from you.</li> <li>• Newspapers are a highly visible medium, so your competitors can quickly react to your prices.</li> <li>• With the increasing popularity of the Internet, newspapers face declining readership and market penetration.</li> </ul>

<p><b>Magazines</b> are a more focused, albeit more expensive, alternative to newspaper advertising. This medium allows you to reach highly targeted audiences.</p>	
<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Allows for better targeting of audience, as you can choose magazine publications that cater to your specific audience or whose editorial content specializes in topics of interest to your audience.</li> <li>• High reader involvement means that more attention will be paid to your advertisement.</li> <li>• Better quality paper permits better color reproduction and full-color ads.</li> <li>• The smaller page (generally 8½ by 11 inches) permits even small ads to stand out.</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Long lead times mean that you have to make plans weeks or months in advance.</li> <li>• The slower lead time heightens the risk of your ad getting overtaken by events.</li> <li>• There is limited flexibility in terms of ad placement and format.</li> <li>• Space and ad layout costs are higher.</li> </ul>

Handout VI.12.B, “Advertising Details” (continued)

PRINT (CONTINUED)

<p><b>Direct Mail</b> is a marketing technique in which the seller sends marketing messages directly to the buyer. It includes catalogs, sales letters; and sales letters with brochures.</p>	
<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• The message is targeted to those most likely to buy your product or service.</li> <li>• Marketing message can be personalized.</li> <li>• Your message can be as long as is necessary.</li> <li>• Effectiveness of ad can be easily measured.</li> <li>• You have total control over the presentation.</li> <li>• Your ad campaign is hidden from your competitors.</li> <li>• Target audience is hit once mail is opened.</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Some people throw-out mail offers without reading them.</li> <li>• Resources need to be allocated in the maintenance of lists, as the success of this approach depends on the quality of your mailing list.</li> <li>• Long lead times are required for creative printing and mailing.</li> <li>• Producing direct mail materials can be expensive, involving payment to various professionals copywriter, artists, photographers, printers, etc.</li> </ul>

<p><b>Yellow Pages</b> refers, for the most part, to the traditional telephone directories, which generally, reach a very large audience.</p>	
<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Wide availability, as mostly everyone uses it.</li> <li>• Non-intrusive.</li> <li>• Action-oriented, as the audience is actually looking for the ads.</li> <li>• Ads are reasonably inexpensive.</li> <li>• Responses are easily tracked and measured</li> <li>• Frequency.</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Pages can look cluttered, and your ad can easily get lost in the clutter.</li> <li>• Your ad is placed together with all your competitors.</li> <li>• Limited creativity in the ads, given the need to follow a pre-determined format.</li> <li>• Ads slow to reflect market changes.</li> </ul>

Handout VI.12.B, “Advertising Details”

BROADCAST

<b>Radio</b>	
<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Most people listen to the radio at one time or another.</li> <li>• There are many formats to target advertising dollars to narrowly defined segments of consumers most likely to respond to your offer.</li> <li>• Gives your business personality through the creation of ads using sounds and voices.</li> <li>• Free creative help is often available.</li> <li>• Rates can generally be negotiated.</li> <li>• Radio rates have seen less inflation than those for other media.</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Since listeners are spread over many stations, you may have to advertise on several stations.</li> <li>• Listeners cannot go back to your ads to go over important points.</li> <li>• Listeners may "tune-out" message as result of the ad interrupting the entertainment.</li> <li>• Radio is a background medium. Most listeners are doing something else while listening, which means that your ad has to work hard to get their attention.</li> </ul>
<b>Television</b>	
<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Television permits you to reach large numbers of people on a national or regional level in a short period of time.</li> <li>• Independent stations and cable offer new opportunities to pinpoint local audiences.</li> <li>• It offers the ability to convey your message with sight, sound and motion.</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Message is temporary, and may require multiple exposure to take hold.</li> <li>• Ads on network affiliates are concentrated in local news broadcasts and station breaks.</li> <li>• Preferred ad times are often sold out.</li> <li>• Limited length of exposure, (e.g., 30 seconds).</li> <li>• Relatively expensive to create and pay for.</li> </ul>
<b>Telemarketing or telephone sales, is an effective system for introducing a company to a prospect and setting up appointments.</b>	
<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Enables you can easily interact with customers, answering any questions or concerns they may have about your product or service.</li> <li>• It's easier to find the right person to talk to.</li> <li>• It's cost-effective compared to direct sales.</li> <li>• Results are highly measurable.</li> <li>• You can get a lot of information across.</li> <li>• If outsourcing, set-up cost is minimal.</li> <li>• You can reach many more prospects by phone than you can with in-person sales calls.</li> <li>• Great tool to maintain contact with existing customers, as well as to introduce new products to them.</li> <li>• Makes it easy to expand sales territory beyond your locality.</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Many people are hostile to telemarketing.</li> <li>• Many people are using technology to screen out telemarketers.</li> <li>• Government regulations make telemarketing more difficult.</li> <li>• Lots of businesses use telemarketing.</li> <li>• If outsourcing, there is less control in the process.</li> <li>• It can be extremely expensive, with payments going to scriptwriters and telephone “callers.”</li> <li>• It is most appropriate for high-ticket retail items or professional services.</li> </ul>

Taken from: "How to Start and Operate a Successful Small Business: Winning the Entrepreneurial Game" by David E. Rye; and contributions from PowerHomeBiz.com writers.

### Handout VI.12.C, “Advertising Methods”

**Direction:** No matter the medium, advertisers use the three major methods below for reaching potential customers. The handout on this page explains the three methods, giving an example of how a diamond ring might be advertised using each method.

## Advertising Methods: Reaching the Customer

### APPEALS TO EMOTION

<p><b>Explanation</b> When advertisers use this technique, they attempt to appeal to those emotional needs experienced by all humans. The text will be worded to emphasize those needs. Advertisers generally look to appear to the emotional needs:</p> <ul style="list-style-type: none"> <li>• to be accepted</li> <li>• to be part of an elite group</li> <li>• for security</li> <li>• for excitement</li> <li>• for family</li> <li>• for self-acceptance</li> <li>• for change</li> <li>• for love and romance</li> </ul>	<p><b>Example</b> A visual of a woman peering longingly at a tray of diamond rings displayed in a storefront window, while her husband, with a smile on his face, watches from a short distance away.</p> <p>The text reads "Show your love."</p>
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### ASSOCIATIONS

<p><b>Explanation</b> When advertisers use association, they attempt to associate their product with the people, values and lifestyles depicted in the ads. Associations are positive and rely heavily on the visual image created in the ad, but the text enforces the association. Products are commonly associated with:</p> <ul style="list-style-type: none"> <li>• excitement/adventure/youthfulness/health</li> <li>• independence/individuality/non-conformity</li> <li>• wealth/luxury</li> <li>• happiness</li> <li>• fame/prestige</li> <li>• patriotism</li> </ul>	<p><b>Example</b> A visual of a handsome man offering the ring to a beautiful woman; a luxuriously furnished apartment; a table set with wine and candles; and, a text which reads "Love has no price."</p>
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### FEAR TACTICS

<p><b>Explanation</b> When advertisers use such an approach, they attempt to sell their product by playing on our fears. The reasoning is that if consumers buy the product the fear is abolished. Some common fears advertisers play on are:</p> <ul style="list-style-type: none"> <li>• death/aging/sickness</li> <li>• failure</li> <li>• poverty</li> <li>• violence</li> <li>• bodily embarrassments</li> <li>• sexual failure</li> <li>• failing to provide</li> </ul>	<p><b>Example</b> A man and woman warmly embracing while visibly displaying the diamond ring on her finger. The text on the ad reads, "He just gave her a diamond. She thinks it's absolutely perfect. She thinks he is, too."</p> <p>The fear implied here is fear of failure to provide for a woman as other men do or possibly fear of rejection if the viewer were to buy anything less than what the intended woman thought was a perfect gift.</p>
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## UNIT VI/LESSON 13

### Selling

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**Time Frame:**

**1 day**

**Standards**

**NES: Marketing – Analyze technology for use in the sales function**

**NES: Skills – Follow directions**

**Apply effective listening skills**

**Make oral presentations**

### Guiding Question

Are good salespeople born that way or can one learn to be a good salesperson?

### Materials

Handouts VI.13.A-C

### Instructional Objectives

*Students will be able to:*

- explain the role of selling in a business.
- discuss the relationship between selling and meeting customers' needs and wants.
- examine the necessary elements in an effective sales training program.

### Teacher Background

The last step in the marketing process is selling. Few businesses can succeed without an effective sales force. That is why so much money goes into training salespeople and why good salespeople are compensated well.

In Handout VI.13.A, students look the sales process and are given the task of creating PowerPoint slides about that process. Next, the class examines the ingredients in sales force training and in the exercise for Handout VI.13.B, students are asked to identify the most essential elements of that training. For Handout VI.13.C, students will create a "Salesperson's Report Card" based on what they learn in reading about how salespeople are evaluated. Finally, in the follow up activity, the class is given the task of interviewing three different kinds of salepeople in order to learn about the rewards and challenges of that career.

### Teaching Strategies/Supporting Activities

- Have students explain their answers to the following:
  - What were the traits in a good salesperson whom you have dealt with? What made that person effective?
  - What were the traits in a poor salesperson whom you have dealt with? What made that person ineffective?
  - Can anyone learn to be a good salesperson?

- Distribute Handout VI.13.A, "The Selling Process." Have students complete the exercise on the handout, then have them explain their answers to the following:
  - In your own, words, summarize the six steps in the selling process (call upon six different students, with each explaining one of the steps).
  - Describe the six slides you created for this exercise.
  - Which of these steps is the most important?
  - Which of these steps would be most difficult to learn as a beginning salesperson?
  - Based on what you learned about the selling process, what topics would you include in a training course for new salespeople?
- Distribute Handouts VI.13.B, "Sales Force Training." Have students complete the exercise on the handout, then have them explain their answers to the following:
  - What did you learn about sales force training from reading this handout?
  - How would you compare what you previously said should be included in sales force training with what you just learned actually is included?
  - If you could only give one half-day of training, what elements appearing on this handout would you definitely include?
  - Which elements of this training could be learned best "on the job?"
  - In selling, what does "overcoming objections" involve? How could a new salesperson learn to become good at overcoming objections?
  - Why is closing a sale considered so important? How does a salesperson learn to do that well?
- Distribute Handout VI.13.C, "Sales Force Evaluation and Control." Have students explain their answers to the following:
  - Describe to us the measures you included in your report card?
  - What are the most important differences between objective and subjective measurements of a salesperson's performance?
  - If you were a sales manager, which would you find the more accurate measure of a salesperson's performance: objective or subjective measures?
  - If you were a salesperson, would you prefer to be evaluated more on subjective or objective measures?

## Summary/Assessment

Ask students to explain their answer to the following question:

Are good salespeople born that way or can one learn to be a good salesperson??



**Follow-Up**

Ask students to interview three salespeople, each of whom works in a different kind of business from the others. Have them pose the following five questions to the salespeople:

1. What kinds of products and services do you sell?
2. Describe the kinds of customers you sell to?
3. What gives you the greatest satisfaction on the job?
4. What aspect of your job is the most challenging?
5. (Question of the students choosing.)

Give students sufficient time to complete their interviews and then discuss students' findings in class.

## Handout VI.13.A, “The Selling Process”

**Directions:** Read about the steps involved in the selling process on this handout and complete the exercise on the next page.

### The Selling Process: Steps to Success

By Peter Matthews

Business owners understand the importance of fulfilling the needs of existing customers who are usually easier to work with and less time consuming. However, to be successful and grow your business you need to direct a lot of energy and effort toward landing the new customer. This means that you have to sell and not just be an order taker.

We have all experienced the salesperson that seems disinterested in what we want and uninformed about the products and services of the company that they represent. This is a sure sign of the need to introduce that salesperson to the selling process.

The selling process involves a series of steps that may appear to be a straight-line process, but there is a lot of movement back and forth between the different steps that will ultimately lead to closing the deal. The selling process will vary by industry and personal preference, but these six essential steps will help you close more deals.

1. The Meet and Greet This initial introduction will set the stage for the

rest of the selling process. This is the icebreaker, the time to get the customer to relax and feel comfortable. This is your chance to build rapport with the customer so you need to be sincere, friendly and humorous. You try to capture the customer’s interest by asking them questions that make them think.

2. Qualifying the Customer’s Needs This is the step where you ask questions to help you identify what the customer wants. It really is the who, what, where, when, why and how of the selling process. If you qualify the customer properly you will be able to fulfill his/her needs and wants. Don’t rush through this step; time spent qualifying will allow a smooth transition into the next step.

3. Presentation or Demonstration This is the step where the salesperson can show all they know about their products or services. Naturally, the presentation will cover the features of the products, the physical characteristics. But, you need to concentrate on the benefits of your products or services, as well. The

benefits will show the customer “what is in it for them” and benefits are why people buy the products/services that they do.

4. Overcoming Objections This step is critical to the selling process since objections are usually the customer’s reasons for not buying your product or service. Objections are just another step in the selling process and give you the opportunity to reinforce in the customer’s mind the benefits to them while you move them toward completing the deal. Now is not the time to give up. Ask them why they feel like they do and respond directly to their statements.

5. Closing After you have handled the objections that the customer presents, you must ask for their business. Generally, the customer will have given you signals along the way. Your job is to pick up on those signals and ask for their business. There are many techniques that can be employed in closing the sale, and you need to find the techniques that you can use comfortably.

6. Follow Up Now that the sale has been made, don’t just let that hard work go to waste. Follow up with the customer and start building that long-term relationship that will assure you

#### Business Sense



of a satisfied repeat customer who will most likely send referrals your way.

Remember, your future success relies upon making the sale. So, always try to improve the quality of your salespeople through training and skills development.

*Peter Matthews is a business consultant with the Floyd College SBDC. To find your local SBDC, call the state office at 706-542-2762 or locate it on the web at [www.sbdc.uga.edu](http://www.sbdc.uga.edu).*

Taken from the following sources: <http://www.knowthis.com/principles-of-marketing-tutorials/the-selling-process/the-selling-process/and faculty.bus.olemiss.edu/dvorhies/.../6e%20SM%20Module02.ppt>

**Handout VI.13.A, "The Selling Process" (continued)**

**Exercise:** Assume you were asked to make presentation about the selling process to your class. In the six boxes below create the wording for six PowerPoint slides you would use in this presentation. Do not include any pictures or charts on these slides and following a rule many presenters use, limit the wording to no more than 7 lines with 7 or fewer words per line.


### Handout VI.13.B, "Sales Force Training"

**Directions:** The reading below describes six elements that should be included in sales force training. In the spaces following the six elements below write "\*\*\*," next to that element to which the most time should be given, "\*\*" to the element to which the next greatest amount of time should be given, and "\*" to the next to the element to which the third greatest amount of time should be given.

Training often takes place in a sales office. Training of a sales force should be an ongoing effort to accommodate new hires, and to hone advanced sales skills for existing staff. Various types of sales force training should be offered to ensure that salespeople are well-rounded in the necessary skills. Sales force training should consist of the following:

**1. Expectations \_\_\_\_\_**

Basic sales force training involves explaining the company's expectations for the staff. Some companies have an employee manual or corporate policy manual that covers basic information such as attire, hygiene, attendance and other expectations in the office.

**2. Closing Skills \_\_\_\_\_**

Closing the sale is an advanced selling skill that includes training on ways to ask for the sale and writing contracts.

**3. Overcoming Objections \_\_\_\_\_**

Each industry has objections that are unique to its products or services, and are common for all customers. The sales force must be trained in how to overcome these common objections.

**4. Prospecting \_\_\_\_\_**

Sales force training on prospecting is important because referrals and self-generated leads are higher quality prospects than those reached via cold calling. Train the sales force how to maximize their referral base, as well as how to sell additional products to their existing customers.

**5. Attitude \_\_\_\_\_**

Attitude can be reinforced by training, which should be an ongoing task, as attitude is critical to reducing attrition and turnover among employees. Motivating the sales force with contests and incentives is effective, but training the sales staff on how to not be defeated by rejection is an important skill as well.

**6. Product Knowledge \_\_\_\_\_**

Sales force training always includes teaching the staff members about their products or services, so they can answer customers' questions while making the sale.

### Handout VI.13.C, "Evaluating the Sales Force"

**Directions:** In the same way your teachers grade you in your classes, salespeople are also graded. Grades are awarded using two major criteria: objective measures (usually a numerical measure, those items that are not open to interpretation and have nothing to do with the opinion of the grader) and subjective criteria (items whose grades are awarded solely on opinion of the grader). Read the handout and complete the exercise described below. Circle the three most important items of the objective measures for a salesperson and the three most important items of the subjective measures.

<p><b>Objective measures</b></p>	<ul style="list-style-type: none"> <li>• <b>Number of calls made</b></li> <li>• <b>Selling expenses per sale</b></li> <li>• <b>Reports submitted</b></li> <li>• <b>Dollar sales volume</b></li> <li>• <b>Last year/current year sales ratio</b></li> <li>• <b>Number of new accounts</b></li> <li>• <b>Sales of specific products</b></li> </ul>
<p><b>Subjective measures</b></p>	<ul style="list-style-type: none"> <li>• <b>Attitude</b></li> <li>• <b>Attention to customers</b></li> <li>• <b>Product knowledge</b></li> <li>• <b>Selling and communication skills</b></li> <li>• <b>Appearance</b></li> <li>• <b>Professional demeanor</b></li> <li>• <b>About 60 U.S. companies now include customer satisfaction as a behavioral measure of salesperson performance.</b></li> </ul>

Taken from: [http://www-rohan.sdsu.edu/~renglish/370/notes/chapt20/steps\\_in\\_sales\\_cycle.gif](http://www-rohan.sdsu.edu/~renglish/370/notes/chapt20/steps_in_sales_cycle.gif)

**Handout VI.13.C, “Evaluating the Sales Force” (continued)**

**Exercise:** Based on the evaluation items appearing on this handout, create a report card for a typical salesperson in the space below. Your task is to determine five criteria upon which to grade a salesperson, using both objective and subjective measures. Place these criteria in the left hand column. In the right hand column write the percentage of the overall grade that should be given to each criterion. For example, if you thought a salesperson’s appearance was very important, you would write “Appearance” under “Criteria” and “50%” under “Weight of Importance.” Remember: all of the numbers in the “Weight of Importance” column must total 100%.

SALESPERSON’S REPORT CARD	
Criteria	Weight of Importance
1.	
2.	
3.	
4	
5.	

## UNIT VI/LESSON 14

### E-Commerce

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**Time Frame:**

**1 day**

**Standards**

**NES: Marketing – Analyze technology for use in the sales function**

**NES: Skills – Follow directions**

**Apply effective listening skills**

**Make oral presentations**

**Working in teams**

**Prepare written reports**

### Guiding Question

Does E-commerce play an essential role in the marketing of an entrepreneurial venture today?

### Materials

Handouts VI.14.A-C

### Instructional Objectives

*Students will be able to:*

- discuss the role of E-commerce as a marketing tool.
- describe the different forms of E-commerce.
- discuss the advantages and disadvantages of using E-commerce as a marketing tool.

### Teacher Background

E-commerce has become a huge business over the past few years and a very valuable marketing tool. In fact, almost all businesses are involved in E-Commerce to some extent.

Handout VI.14.A describes the concept of E-Commerce, accompanied by an exercise in which students write a paragraph about E-Commerce based on a Powerpoint slide. In Handout VI.14.B, students participate in a cooperative learning exercise in which groups deliver presentations on the different forms of E-Commerce. In the last handout, the class examines the advantages and disadvantages of using E-Commerce. The follow-up activity asks students to gather research and prepare an in depth report on one of the forms of E-Commerce mentioned in Handout VI.14.B.

### Teaching Strategies/Supporting Activities

- Have students explain their answers to the following:
  - How many of you have bought anything online?
  - Tell the class about your experience buying online.
  - From the perspective of the businessperson, what are the greatest advantages and disadvantages of selling online?
  - If you were opening a business soon, to what extent would consider using E-Commerce in the marketing mix?

- Distribute Handout VI.14.A, "What is E-Commerce?" Have students complete the exercise on the handout, then have them explain their answers to the following:
  - What did you learn about E-Commerce from this exercise?
  - Why is important for someone opening his or her own business to know about E-Commerce?
  - What is the greatest advantage of E-Commerce for the businessperson?
  - What is the greatest disadvantage of E-Commerce for the businessperson?
- Distribute Handout VI.14.B, "Forms of E-Commerce." Have students complete the exercise on the handout. Then have them explain their answers to the following:
  - What did you learn about the various forms of E-Commerce from reading this handout?
  - What are the similarities and differences between the four forms of E-Commerce you heard about?
  - Think about a business you would be interested in opening. To what extent would the use of E-Commerce play a role in that business?
- Distribute Handout VI.14.C, "Advantages and Disadvantages." Have students complete the exercise on the handout, then have them explain their answers to the following:
  - What would identify as the greatest advantage of E-Commerce?
  - What would identify as the greatest disadvantage of E-Commerce?
  - From the perspective of the businessperson, do the advantages of E-Commerce outweigh the disadvantages?
  - From the perspective of the consumer, do the advantages of E-Commerce outweigh the disadvantages?

### Summary/Assessment

Ask students to explain their answer to the following question:

To what extent should E-Commerce play an essential role in the marketing mix of an entrepreneurial venture today?

### Follow-Up

Allow students to research one of the forms of E-Commerce described on Handout VI.14.B and prepare a one-page paper describing that form of E-Commerce, some of challenges involved in using it, and a description of what the future holds for that form of E-Commerce.



### Handout VI.14.A, "What is E-Commerce?"

**Directions:** Below you will find a slide from a presentation about "E-Commerce." In the space provided, write a memo to an entrepreneur consisting of at least four sentences, describing E-Commerce, providing some examples, and giving reasons why an entrepreneur should consider using it in his or her business.

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## E-Commerce Includes:

- Online business-to-business transactions.
- Online business-to-consumer transactions.
- Digital delivery of products and services.
- Online merchandising.
- Automated telephone transactions, e.g., phone banking.
- EFTPOS and other transfer systems.

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*Taken from: [www.cyberlawcentre.org/genl0230/e-commerce.ppt](http://www.cyberlawcentre.org/genl0230/e-commerce.ppt)*

**To:** Entrepreneur

**From:** Me

**Subject:** E-Commerce

I am writing this note to describe "E-Commerce" and explain why you should consider it for your business.

## Handout VI.14.B, "Forms of E-Commerce"

**Directions:** Read the handout below. Underline the one sentence in each of the four descriptions below about the forms of E-Commerce that reveals something you didn't know about that form of E-Commerce.

### Definition and Types

**E-Commerce**, or **electronic commerce**, a subset of **ebusiness**, is the purchasing, selling, and exchanging of goods and services over computer networks (such as the Internet) through which transactions or terms of sale are performed electronically. Contrary to popular belief, E-Commerce is not just on the Web. In fact, E-Commerce was alive and well in business-to-business transactions before the Web back in the 1970s via EDI (Electronic Data Interchange) through VANs (Value-Added Networks). E-Commerce can be broken into four main categories: B2B, B2C, C2B, and C2C.

1. **B2B (Business-to-Business)**

Companies doing business with each other such as manufacturers selling to distributors and wholesalers selling to retailers. Pricing is based on quantity of order and is often negotiable.

2. **B2C (Business-to-Consumer)**

Businesses selling to the general public typically through catalogs utilizing shopping cart software. By dollar volume, B2B takes the prize, however B2C is really what the average Joe has in mind with regards to E-Commerce as a whole.

Having a hard time finding a book? Need to purchase a custom, high-end computer system? How about a first class, all-inclusive trip to a tropical island? With the advent of E-Commerce, all three things can be purchased literally in minutes without human interaction.

3. **C2B (Consumer-to-Business)**

A consumer posts his project with a set budget online and within hours companies review the consumer's requirements and bid on the project. The consumer reviews the bids and selects the company that will complete the project. Some sites empower consumers around the world by providing the meeting ground and platform for such transactions.

4. **C2C (Consumer-to-Consumer)**

There are many sites offering free classifieds, auctions, and forums where individuals can buy and sell thanks to online payment systems like PayPal where people can send and receive money online with ease. eBay's auction service is a great example of where person-to-person transactions take place everyday since 1995.

Companies using internal networks to offer their employees products and services online—not necessarily online on the Web—are engaging in B2E (Business-to-Employee) E-Commerce.

G2G (Government-to-Government), G2E (Government-to-Employee), G2B (Government-to-Business), B2G (Business-to-Government), G2C (Government-to-Citizen), C2G (Citizen-to-Government) are other forms of E-Commerce that involve transactions with the government—from procurement to filing taxes to business registrations to renewing licenses. There are other categories of E-Commerce out there, but they tend to be superfluous.

Taken from: <http://www.digitSmith.com/ecommerce-definition.html>

## Handout VI.14.C, "Advantages and Disadvantages"

**Directions:** This handout lists the major advantages and disadvantages of E-Commerce. Circle what you consider to be the most important advantage and disadvantage of E-Commerce.

### Advantages and Disadvantages of Electronic Commerce

Like any conventional business, electronic commerce is also characterized by some advantages and inherent drawbacks. Let's have a look at some of these important advantages and disadvantages of electronic commerce.

#### Advantages of Electronic Commerce

1. The greatest and the most important advantage of **E-Commerce**, is that it enables a business concern or individual to reach the global market. It caters to the demands of both the national and the international market, as your business activities are no longer restricted by geographical boundaries. With the help of electronic commerce, even small enterprises can access the global market for selling and purchasing products and services. Even time restrictions are nonexistent while conducting businesses, as E-Commerce empowers one to execute business transactions 24 hours a day and even on holidays and weekends. This in turn significantly increases sales and profit.
2. Electronic commerce gives the customers the opportunity to look for cheaper and quality products. With the help of E-Commerce, consumers can easily research on a specific product and sometimes even find out the original manufacturer to purchase a product at a much cheaper price than that charged by the wholesaler. Shopping online is usually more convenient and time saving than conventional shopping. Besides these, people also come across reviews posted by other customers, about the products purchased from a particular E-Commerce site, which can help make purchasing decisions.
3. For business concerns, E-Commerce significantly cuts down the cost associated with marketing, customer care, processing, information-storage, and inventory management. It reduces the time period involved with business process re-engineering, customization of products to meet the demand of particular customers, increasing productivity and customer care services. Electronic commerce reduces the burden of infrastructure to conduct businesses and thereby raises the amount of funds available for profitable investment. It also enables efficient **customer care services**. On the other hand, It collects and manages information related to customer behavior, which in turn helps develop and adopt an efficient marketing and promotional strategy.

## Handout VI.14.C, "Advantages and Disadvantages" (continued)

### Disadvantages of Electronic Commerce

1. Electronic commerce is also characterized by some technological and inherent limitations, which have restricted the number of people using this revolutionary system. One important disadvantage of E-Commerce is that the Internet has still not touched the lives of a great number of people, either due to the lack of knowledge or trust. A large number of people do not use the Internet for any kind of financial transactions. Some people simply refuse to trust the authenticity of completely impersonal business transactions, as in the case of E-Commerce. Many people have reservations regarding the requirement to disclose personal and private information for security concerns. Many times, the legitimacy and authenticity of different **E-Commerce** sites have also been questioned.
2. Another limitation of E-Commerce is that it is not suitable for perishable commodities like food items. People prefer to shop in the conventional way than to use E-Commerce for purchasing food products. So E-Commerce is not suitable for such business sectors. The time period required for delivering physical products can also be quite significant in case of E-Commerce. A lot of phone calls and e-mails may be required till you get your desired products. However, returning the product and getting a refund can be even more troublesome and time consuming than purchasing, in case if you are not satisfied with a particular product.
3. Thus, on evaluating the various pros and cons of electronic commerce, we can say that the advantages of E-Commerce have the potential to outweigh the disadvantages. A proper strategy to address the technical issues and to build up customers trust in the system, can change the present scenario and help E-Commerce adapt to the changing needs of the world.

Taken from: <http://www.buzzle.com/articles/advantages-and-disadvantages-of-electronic-commerce-e-commerce.html>

## UNIT VI/LESSON 15

### Marketing Unit: Culminating Project

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**Time Frame:**

**1 day**

**Standards**

**NES: Management – Develop a marketing plan**

**NES: Skills – Prepare written reports**

**Make oral presentations**

**Work in teams**

#### Guiding Question

How can we apply what we learned in the marketing unit to develop a marketing plan?

#### Materials

Handout VI.15.A

#### Instructional Objectives

*Students will be able to:*

- review the components that make up the marketing mix (“the 4 Ps”).
- work in teams to create and present their own marketing plans.

#### Teacher Background

Marketing is perhaps the most important activity in a business because it has a **direct effect on profitability and sales**. Larger businesses will dedicate specific staff and departments for the purpose of marketing. It is important to realize that marketing cannot be carried out in isolation from the rest of the business. For example, the marketing section of a business needs to work closely with operations, research and development, finance and human resources to check their plans are possible. Operations will need to use sales forecasts produced by the marketing department to plan their production schedules. Sales forecasts will also be an important part of the budgets produced by the finance department, as well as the deployment of labor for the human resources department. A research and development department will need to work very closely with the marketing department to understand the needs of the customers and to test outputs of the R&D section.

Lesson 15 is the culminating activity of the Marketing Unit. In the activity, the class will be divided into groups of about four each. Each group’s task is to create and deliver a 10-minute presentation of a marketing plan for an actual or “group-created” product or service. Each of the four group members will be responsible for one of the following elements of the marketing mix for the product or service they will be presenting on: Product, Place, Promotion, and Price. The culminating activity will conclude with the teacher asking some debriefing questions.

## Teaching Strategies/Supporting Activities

- Handout VI.15.A, “Marketing Plan.” Have students read the handout and ask any questions they have about their assignment. For this activity, students should be given sufficient in-class and out-of-class time to prepare.
- On the day of the culminating activity, allow each group to deliver their presentations, based on the directions appearing on Handout VI.15.A. After all the presentations have been completed, conclude the lesson by asking students to explain their answers to the following debriefing questions:
  - Which features did you like best in each group’s marketing plan?
  - What did you learn about marketing from this activity?
  - What were some of the challenges those of you faced who prepared: the product piece/ the price piece/ the placement piece/ the promotion piece/ of this marketing plan?
  - To what extent do you think it is important that all businesses prepare a marketing plan similar to the one you worked on in this activity?

## Summary/Assessment

Ask class to answer the following:

Why is it said that marketing is the most important activity for a business to succeed at?

## Follow-Up

Have students gather research on one actual company’s marketing plan. The students should prepare a brief written paper in which they:

- compare the actual company’s marketing plan to the one their group developed for the culminating activity;
- discuss the major similarities and differences between the two actual plan and theirs;
- explain the strengths and weaknesses of the actual company’s plan;
- make one suggestion that would improve the actual company’s plan.

### Handout VI.15.A, "Marketing Plan Culminating Activity"

**Directions:** This handout explains the culminating activity for the Marketing Unit section of the Entrepreneurship Course. For this activity, which will take place on the last day of lessons of the Marketing Unit, you will be divided into groups, made up of about four students each. The group will develop a marketing plan for an existing or "group-created" product or service, which it will present to the class. Thus, the group's assignment involves three tasks:

1. Selecting the product or service around which to create the marketing plan.
2. Creating a marketing mix for the selected product or service. In creating the marketing mix, a different member of each group will be responsible for the following:
  - a. Product decisions: this includes decisions about the product features, branding, positioning, labeling;
  - b. Pricing decisions: this includes decisions about price for the product or service, pricing objectives, pricing strategy, and break-even point;
  - c. Place or distribution decisions: this includes the form of distribution (using direct or indirect channels, intermediary or no intermediary distributors) and the distribution strategy; and
  - d. Promotion decisions: this involves decisions about which of elements of the promotion mix to use and what will be the contents included in the promotion (e.g., direct mail, personal selling, public relations , advertising, etc.), and answering questions posed in Marketing Lesson 11, "The Marketing Mix: Promotion," Handout VI.11.D, "Promotion Questions".)
3. Delivering a 10-minute presentation on the marketing plan that incorporates at least five PowerPoint slides describing the product, pricing, place, and promotion decisions.