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Chapter 9 The Target Market

9.1 Appreciate the importance of market research in identifying the target market and discuss how businesses conduct market research.

OL Paper 1 Q1 (d)

Question 1 **The Business World** **(90 marks)**

EverGlow Organics Ltd Poised for Global Expansion

Irish Skincare Success Story Eyes Europe and Asia

EverGlow Organics Ltd is a successful Irish company specialising in organic skincare for men and women. The business has grown steadily in Ireland and now plans to expand into Europe and Asia. The company is motivated by a growing demand for organic products and the potential to save money through economies of scale.

Adapting to New Markets

While their products have been well-received in Ireland, the company's management team is mindful of differences in culture, language, traditions, and income levels in the new markets. The business may need to adjust elements of its marketing mix to appeal to international consumers. The company recognises that conducting market research will be crucial before entering these markets. They will need to receive direct feedback from potential consumers and analyse existing data on market trends in each country.

Funding and Financial Considerations

EverGlow Organics Ltd is considering various financing options, such as applying for a long term loan or seeking investors. In addition to the financial risk, the company is concerned about changing exchange rates and established businesses in the new countries.

Investing in People and Technology

To support its growth, the business will hire freelance content creators to promote its products to new audiences. The company also plans to invest in new technology to handle increased demand and ensure effective communication. Recently, the team conducted a force field analysis to examine the driving and restraining forces related to the expansion.

(d) *Conducting market research will be crucial before Everglow Organics Ltd enters these new markets.*

Discuss **two** types of market research EverGlow Organics Ltd may use before expanding their business.

1
2

OL Paper 2 Q2 (g) (i)

(g)

(i) Identify the intended target market for the game advertised above.

Justify your answer.

Target market:
Justify:

9.2 Outline the elements of the marketing mix and explain their significance for a business and how they are influenced by the target market.

OL Paper 1 Q4 (e)

(e) Businesses use a variety of techniques to promote their products and services to their target audience.
Explain **two** promotion strategies used by businesses.

1
2

OL Paper 2 Q2 (g) (ii)

(ii) The marketing mix should be strongly influenced by the target market.

Outline **two** ways the target market for a product or service might influence the Promotion element of the marketing mix.

1
2

OL Paper 2 Q3 (a)

(a) **(i)** Fill in the remaining Five P's of the marketing mix. (Two have been completed for you.)

9.4 Evaluate and suggest ways of improving an existing marketing mix.

OL Paper 1 Q1 (b)

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(b) Describe how EverGlow Organics Ltd may need to adjust its packaging (physical evidence) and price when expanding into international markets.

Packaging (Physical evidence):
Price:

9.6 Evaluate the influence of ethics and sustainability on marketing.

HL Paper 1 Q5 (b)

(b) As consumers grow increasingly conscious of corporate responsibility, aligning marketing strategies with ethical and sustainable practices isn't just commendable—it's crucial.

Outline **three** ways ethics is an important consideration when designing a marketing strategy.

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3

HL Paper 2 Q1 (c)

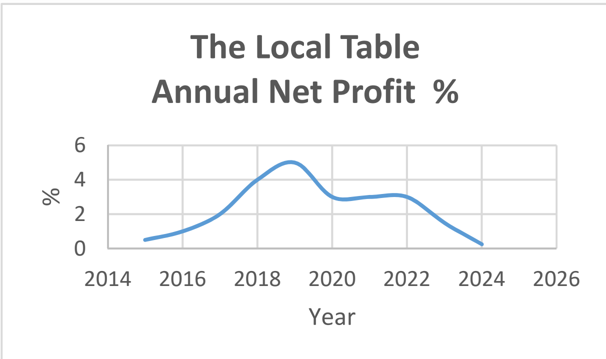
The Local Table Restaurant

The Local Table, an Irish restaurant, was founded in 2015 by two brothers, John and Mark Lee. The business is built around a unique selling point (USP) of using locally sourced ingredients, reflecting their commitment to quality and sustainability. However, this approach has introduced challenges, including supply chain issues, which mean not all menu items are available year-round. To adapt to this, The Local Table has embraced digital innovation by replacing printed menus with a daily updated menu application, allowing them to update offerings in real-time based on ingredient availability.

The Local Table began as a single outlet, funded through John and Mark's personal savings. The venture quickly gained traction, attracting large volumes of customers and earning a profit. Motivated by this, the duo expanded their business by opening two additional outlets in nearby towns, financing the expansion with a long-term loan. They installed solar panels aiming to reduce energy costs and eventually generate surplus electricity to sell back to the grid.

The Local Table operates without a dedicated marketing team, with John handling marketing and personally managing social media updates when time permits. It primarily relies on word of mouth and has not actively sought customers reviews. Competition has intensified, making it difficult to retain a loyal customer base. Despite its growth, it has faced mounting challenges. Mark is struggling with managing human capital. Overseeing three outlets has also stretched their operational capacity, leading to increased staff turnover and inconsistencies in both service and product quality.

Economic pressures have added to their difficulties. Rising costs across various aspects of the business, coupled with changes in the minimum wage, have impacted profitability.



Faced with these challenges, John and Mark are considering their next steps to secure The Local Table's future. Among their potential strategies is the introduction of new plant-based menu options, aimed at diversifying their offerings and attracting a broader customer base. Their concerns reflect wider industry struggles, as the Restaurant Association of Ireland has expressed concerns about the viability of the industry under current economic pressures. The closure of 856 Irish restaurants and cafés in 2024, underscores the difficult road ahead. As The Local Table navigates these turbulent times, its ability to adapt and innovate will be critical in determining its future.

I would say you could link to 7 P's for this answer, but I wouldn't say its necessary.

(c) Discuss **four** ways The Local Table has planned to operate sustainably.

1
2
3
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9.8 Conduct a STEEPLE analysis* to develop greater understanding of the external environment and identify issues of concern for a business.

OL Paper 2 Q3 (a) (ii)

(ii) A **STEEPLE Analysis** may be used to gain an understanding of the impact of external factors on a business.
Write the name of the element from the list below beside the factor that best matches it. (Two have been completed for you.)

Social	Technological	~~Economic~~	Environmental	~~Political~~	Legal	Ethical

Factors	Name of element
Taxation/government spending/trade policies/government stability.	***Political***
Lifestyle changes/income distribution/fashion/trends.	
Carbon footprint/threats from natural events/waste disposal.	
Changes in IT and internet capability and range/new inventions.	
Inflation rates/exchange rates/consumer confidence and spending power.	***Economic***
Client confidentiality/corporate values/fairness/equality/wellbeing.	
Consumer and employee legislation/corporate governance.	

Chapter 9 The Target Market

9.1 Appreciate the importance of market research in identifying the target market and discuss how businesses conduct market research.

OL Paper 1 Q1 (d) Solution

Question 1 **The Business World** **(90 marks)**

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Adapting to New Markets

While their products have been well-received in Ireland, the company's management team is mindful of differences in culture, language, traditions, and income levels in the new markets. The business may need to adjust elements of its marketing mix to appeal to international consumers. The company recognises that conducting market research will be crucial before entering these markets. They will need to receive direct feedback from potential consumers and analyse existing data on market trends in each country.

Funding and Financial Considerations

EverGlow Organics Ltd is considering various financing options, such as applying for a long term loan or seeking investors. In addition to the financial risk, the company is concerned about changing exchange rates and established businesses in the new countries.

Investing in People and Technology

To support its growth, the business will hire freelance content creators to promote its products to new audiences. The company also plans to invest in new technology to handle increased demand and ensure effective communication. Recently, the team conducted a force field analysis to examine the driving and restraining forces related to the expansion.

(d) *Conducting market research will be crucial before Everglow Organics Ltd enters these new markets.*

Discuss **two** types of market research EverGlow Organics Ltd may use before expanding their business.

Discuss	Offer a considered, balanced review that includes a range of arguments, factors or hypotheses and is supported by appropriate evidence

1. Desk (Secondary) Research

Desk research uses existing information from sources like industry reports, CSO statistics, competitor websites, and media. It is quick and inexpensive, helping a business spot trends and assess market size before committing resources.

EverGlow Organics could use spending data from government reports to see income differences in Europe and Asia, before expanding. However, such data may be outdated or not fully relevant. Despite these limits, desk research is a low-risk and low-cost starting point to research their expansion strategy.

2. Field (Primary) Research

Field research gathers first-hand information directly from consumers through methods like surveys, observation, customer feedback, and focus groups. It provides accurate, up-to-date insights tailored to a business's needs.

EverGlow Organics could run surveys in target countries to find out what packaging styles and product features local customers prefer. However, collecting and analysing this data can be time-consuming and costly. Despite these challenges, field research gives EverGlow detailed and relevant feedback to help adjust products and marketing for new markets.

OL Paper 2 Q2 (g) (i) Solution

(g)

(i) Identify the intended target market for the game advertised above.

Justify your answer.

Target market: Children

Justify: Ads that target younger children with games might features brighter colours, smiling kids and show a child playing with a toy or game to show the enjoyment they can get out of a product.

The Leap Frog game shown has bubbly colourful writing and a happy child playing, which is aimed at other children seeing it and wanting the game too.

9.2 Outline the elements of the marketing mix and explain their significance for a business and how they are influenced by the target market.

OL Paper 1 Q4 (e) Solution

(e) Businesses use a variety of techniques to promote their products and services to their target audience.
Explain **two** promotion strategies used by businesses.

1. Advertising

Advertising is paid communication through media such as TV, radio, social media, or billboards to create awareness and persuade purchases. Businesses choose styles like informative, persuasive, generic, or competitive depending on their goal. For example, Lidl runs competitive price ads to show value against rivals.

2. Public Relations (PR)

PR manages a business's profile and image by building positive relationships with the public and media. Strategies include press releases, sponsorships, community initiatives, and crisis responses. This helps enhance trust and reputation rather than directly driving sales.

Lidl Ireland has committed more than €10 million to the development and promotion of Ladies Gaelic Football since 2016.

3. Sales Promotions

Sales promotions are short-term incentives designed to encourage immediate purchases and boost sales. Techniques include discounts, buy-one-get-one-free offers, loyalty cards, and competitions. Digital discount codes and influencer partnerships make these promotions easy to share. For example, Dunnes offers €10 off every €50 spent to drive customers to return and shop again before the discount expires.

4. Direct Marketing

Direct marketing communicates straight to consumers via email, SMS, or post. Tools like Mailchimp allow businesses to segment customers and tailor messages to different personas. A/B testing helps identify the most effective approach. Push notifications also encourage purchases by alerting customers to new sales instantly.

5. Digital Promotion

Digital promotion uses online channels and influencers to promote products through content creation and endorsements. This strategy connects emotionally with audiences and some posts or campaigns can go viral, offering massive reach at lower cost. Businesses can also use very targeted channels that have direct links to their target markets to enhance the effectiveness of it.

6. Personal Selling

Personal selling is one-to-one communication between salesperson and customer, often for high-value or complex purchases. It builds trust by offering tailored advice and guidance. For example, a Currys staff member may help a customer choose a laptop by explaining features and matching it to their needs.

OL Paper 2 Q2 (g) (ii) Solution

(ii) The marketing mix should be strongly influenced by the target market.

Outline **two** ways the target market for a product or service might influence the Promotion element of the marketing mix.

1. Advertising choice
A business selects advertising channels and style based on where the target market spends time and what messages they respond to. For example, a brand targeting teenagers might use TikTok or Instagram instead of TV or radio to connect more effectively.

2. Sales promotions
Promotional offers are tailored to what motivates the target market to buy quickly. For example, younger customers may respond to influencer-shared discount codes, while families may prefer supermarket buy-one-get-one-free deals.

3. Public relations
PR activities are selected to match the target market's values. For example, a brand with an environmentally conscious audience could sponsor community clean-up events to build a positive image.

4. Digital promotion
Online promotion strategies reflect the target market's online habits. For example, a brand targeting adventurous young adults might use YouTube influencers to create lifestyle videos that appeal to their interests.

OL Paper 2 Q3 (a) Solution

(a) **(i)** Fill in the remaining Five P's of the marketing mix. (Two have been completed for you.)

Product Price Place People Process Physical Evidence/packaging Promotion

9.4 Evaluate and suggest ways of improving an existing marketing mix.

OL Paper 1 Q1 (b) Solution

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(b) Describe how EverGlow Organics Ltd may need to adjust its packaging (physical evidence) and price when expanding into international markets.

Packaging (Physical Evidence)

EverGlow Organics may need to adjust packaging design, materials, and messaging to appeal to customers in different countries. For example, in environmentally conscious markets in parts of Europe, they could change to biodegradable jars with clear sustainability messaging on the label. This would work because it aligns with local consumer values and differentiates them from less eco-friendly competitors, reinforcing their organic brand image.

Price

Pricing strategies may need to reflect differences in disposable income, price sensitivity, and perceived value in each target market. For example, in high-income urban areas, EverGlow could adopt premium pricing to reflect the luxury quality of their organic skincare. In more price-sensitive regions, penetration pricing could be used at launch to attract new customers and build brand loyalty. This would work because it balances profitability in wealthier markets with accessibility in emerging ones, maximising global reach.

9.6 Evaluate the influence of ethics and sustainability on marketing.

HL Paper 1 Q5 (b) Solution

(b) As consumers grow increasingly conscious of corporate responsibility, aligning marketing strategies with ethical and sustainable practices isn't just commendable—it's crucial.

Outline **three** ways ethics is an important consideration when designing a marketing strategy.

1. Builds Trust and Loyalty

Ethical actions, such as using fair trade ingredients or recyclable packaging, show customers the business cares about people and the planet. This strengthens trust and encourages repeat purchases.

2. Creates Powerful Marketing Stories

Sustainable practices give marketers authentic content to share, such as eco-friendly packaging or charity partnerships. These stories connect emotionally with consumers and enhance brand image.

3. Provides a Competitive Advantage

Promoting ethical sourcing or lower carbon footprints can differentiate a brand in crowded markets. It can also justify higher prices to eco-conscious customers.

The Local Table Restaurant

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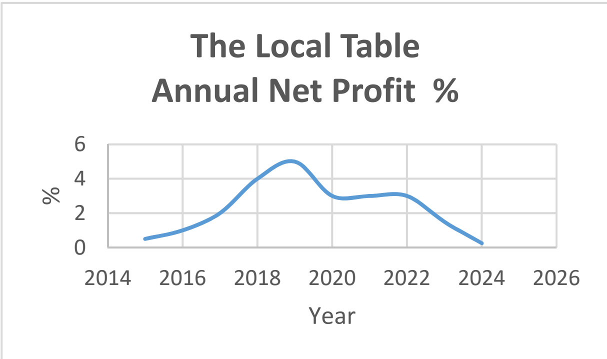

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This is a very broad question that I don't think needs to link to 7 P's for this answer, but I felt it was a useful way to answer the question here.

(c) Discuss **four** ways The Local Table has planned to operate sustainably.

Product – *Source local ingredients (environmental sustainability)*
The Local Table ensures its products have a lower carbon footprint by sourcing ingredients locally, reducing food miles and packaging waste. This appeals to environmentally conscious consumers who value fresh, eco-friendly produce.

Place – *Source local ingredients (social sustainability)*
By sourcing from Irish farmers and suppliers supports the local economy and community. This is an example of social sustainability, as it avoids reliance on imports and fosters strong relationships with local producers. It also positions the business as socially responsible, which can strengthen customer loyalty.

Promotion – *Digital menu instead of printed menu*
The Local Table has embraced sustainability in **Promotion** by replacing printed menus with a digital menu system accessed through QR codes. This reduces paper waste and printing costs while also signalling to customers that the business prioritises eco-friendly practices. This promotional method doubles as a brand message about their environmental values.

Physical Evidence – *Solar panels on premises*
The installation of solar panels provides visible proof of the business's commitment to renewable energy. This not only reduces reliance on non-renewable energy sources and lowers operational emissions, but also reinforces their green credentials to customers who see the panels in use.

9.8 Conduct a STEEPLE analysis* to develop greater understanding of the external environment and identify issues of concern for a business.

OL Paper 2 Q3 (a) (ii) Solution

(ii) A **STEEPLE Analysis** may be used to gain an understanding of the impact of external factors on a business.
Write the name of the element from the list below beside the factor that best matches it. (Two have been completed for you.)

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