

BTEC Level 3 National in Business



Business

Sample Marked Learner Work

External Assessment- January 2018

Unit 2: Developing a marketing campaign

Task:

Set Task

You must complete BOTH activities.

You will need to refer to the additional task information on the following pages and your notes from the research and preparatory work undertaken in **Part A**.

Activity 1

Prepare a rationale for the marketing campaign to increase the sales of folding bicycles. This should include:

- marketing aims and objectives
- research data on the market, to include:
 - an analysis of your research using appropriate tools
 - target market
 - size, structure and trends
 - competition
- evaluation of the reliability and validity of the information researched
- justification for your rationale.

(Total for Activity 1 = 34 marks)

Activity 2

Based on your rationale from Activity 1, you must produce a plan for your marketing campaign for *The Bicycle Shop* which should include an appropriate:

- marketing mix
- marketing message
- selection of media
- campaign budget
- timescale.

You must produce this plan in an appropriate format for the owners of *The Bicycle Shop*.

(Total for Activity 2 = 36 marks)

Additional Task Information:

Part B Set Task Information

The UK Bicycle Market

The number of bicycles sold globally in 2015 was the same as it was in 2005.

During the same period:

- the number of bicycles sold in the UK decreased by around 10%
- spending on bicycles in the UK increased by over 40%.

In 2015 cycling contributed £2.9bn to the UK economy:

- 85% was from the sale of bicycles and cycling accessories
- 15% was from related services such as repairs.

In the UK 40% of all bicycle sales are through two retail chains, Halfords and Evans. There is a significant concentration of bicycle sales in UK 'urban cycling hot spots' including London, Leeds and Birmingham. In these cities the most popular cycling products are folding bicycles such as those produced by premium brands e.g. Brompton Cycles.

Approximately 3.6 million bicycles were imported into the UK in 2015, which was similar to the annual average for the previous 10 years. Many of these imported bicycles were manufactured in Taiwan. In 2014 Taiwanese manufacturers sold 588,000 bicycles to UK retailers, with an approximate average retail value of £179 each.

The national governing body for cycle sport in the UK, British Cycling, reported that applications for membership increased in 2015. There was also growing interest in different types of competitive cycling.

The Bicycle Shop

The Bicycle Shop is a medium-sized independent retail store. The business currently focuses mainly on sales of bicycles and accessories aimed at commuters.

The Bicycle Shop's customers include a mixture of affluent professionals and price-conscious customers. Sales revenues have been growing steadily from month to month, but the owners of the business believe that there is potential to further increase revenue by selling more from their existing range of products.

The owners wish to launch a marketing campaign that will focus on one particular segment of the market. They would like to attract more customers to the store and increase the probability of them making a purchase. The campaign should run for 12 to 16 weeks.

Promoting Existing Products

The owners of *The Bicycle Shop* set it up to capitalise on the popularity of cycling among urban commuters. Many of their existing customers buy bicycles that can be folded for storage while on a train or at work.

The owners would like to focus on one segment of the market to encourage more people to purchase folding bicycles from them. The campaign will focus on attracting a greater number of:

EITHER

1. affluent professionals

OR

2. price-conscious customers.

The marketing budget for the campaign is £10,000.

What is commuting by bicycle?

This is when a person regularly travels some or all of the distance from home to work by using a bicycle. Some commuters use a bicycle to travel the whole distance while others will use a bicycle alongside forms of public transport such as a train.

Learner work: Higher scoring learner response:

Activity 1:

In this marketing campaign, I am going to be conducting a rationale for The Bicycle Shop. The Bicycle shop wants to focus on one segment of the market to encourage more customers to their store and increase the probability of them making a purchase. The main focus of this business is to sell folding bikes to affluent professionals and their price-conscious customers who commute to work every day using public transport. "Office for National Statistics (ONS) figures show 3.7 million workers travel for two hours or longer every weekday." This is so that the business can help their customers have a more efficient and useful way of travelling to work or where ever their destination may be.

<https://www.totaljobs.com/insidejob/36-of-the-uk-population-still-drive-to-work-only-3-cycle/>

The marketing strategy will seek to first create customer awareness regarding The Bicycle Shops products to those who are not loyal customers, this therefore brings in new potential customers so they can build on their customer base to create a stronger brand and brand image.

Research shows that the bike market is growing by 5% each year in the UK with further growth anticipated and according to Mintel the total bicycle market in the UK is estimated to be worth £1.5 billion. For The Bicycle Shop, there is potential for growth within the market with huge opportunity for them to generate sales and income; providing that they have thoroughly researched the market and provide the right product at the right price. By conducting primary and secondary research, it will allow the business to anticipate demand of what the customers want and what products they want next to allow them to create the "perfect" product for their customers.

Marketing AIMS and OBJECTIVES:

The outcome of this marketing campaign is to diversify and extend their product range which will be targeted to a single segment of their customer base. This will then allow them to increase the sales and broaden the appeal rather than focusing solely on its current products so they have more than one source of income. For the Bicycle Shop to achieve these goals they need to set up different aims and objectives to what they previously had:

AIMS:

1. To attract 1,500 new affluent professionals to visit the store and increase brand awareness.
2. To develop a new product idea that will improve the profitability and income of the business.
3. To sell at least 250 folding bikes to customers by the first 8 weeks.

This are perfect aims for a medium sized independent retail store who want to increase their profitability and customer base. To help The Bicycle Store needs to set up SMART targets that allow them to meet the aims and objectives they have set. These aims are

specific and are clear and easy for employees to understand. This is vital for a growing business because they must have specific goals to meet so they know they are going along the right path to success. They need to increase market share by selling to more customers. A precise target to meet would be to create primary research to get in-depth qualitative and quantitative data, this is so it can highlight what the customers precisely want. This would lead the shop to success as they would have ideas of what to create as a new product and what they need to develop on as the primary data will also highlight weaknesses within their business. The aims are highly Measurable to meet and The Bicycle Shop will want to be able to track their process of how well they are to completing their aims to make sure they are staying on target. To make the aims **achievable**, there needs to be steps to reach the goals they have set. For example, the first step to creating a larger customer base would be to increase promotion and advertisement. By completing the SMART targets, the aims become **realistic** for the business to achieve. The **time bound** to reach the 3 aims is within a 12 to 16 week period.

Market Research:

It is essential to conduct both primary and secondary market research to identify wants and need of the customers.

I have conducted 2 days' worth primary research for The Bicycle Shop. As I live by Frinton-On-Sea town, it helped me to conduct my research as this is the location I looked into. I decided to start my research on the weekend (Saturday – Sunday) as I felt that more people would want to stop and answer my questionnaire than those who are rushing to work in the mornings and wouldn't have time to stop. Walking around Connaught Avenue and the train station, I asked 65 people if they'd answer my questions and I got 52 responses.

1. The average age range that I had interviewed was between 22-38.
2. I then asked them how do they commute to work, 28 said Car, 20 said Train, 5 walked, 2 cycled and 10 got the public bus to work.
3. 30 out of 65 said that they owned a folding bike which they use on public transport to get around quicker instead of walking.
4. I asked those who said no if they would ever consider using a folding bike and 75% of them said that they would.
5. The most known bike brands and shops were those of Brompton and Halfords store.
6. The most commonly used social media websites was Twitter and Facebook.

After collecting this data in, I then interviewed a family friend to get more in-depth knowledge on why she uses a folding bike and what encouraged her to purchase it. She was aged 21 and purchased her first folding bike a year ago. The folding bike that she owns is from Halfords and is called "Carrera InterCity Folding Bike - Red". This bike costs £350. She uses the bike to travel to and from work and also to and from town for shopping and to see friends etc. The most liked feature is that it is easy to use and easy

to fold down, it is lightweight and easy to carry around shops or to walk into work with them. She has the bars always facing down so that takes one step out of the folding process.

Collecting data can come with positives and negatives. Some strengths are that this data is highly valid as it is up to date as it was recently collected. It is also highly reliable due to the fact I collected it myself. There is a range of qualitative and quantitative data which allows the business to have statistics that they can analyse and in depth data that they can look into. The weaknesses of my primary research is that the sample is not very big. This makes it hard to generalize to the whole customer base, the data was also collected in one single location and it would increase validity if I had researched into busier towns and cities.

The target market for The Bicycle Shop should be selling folding bikes to females and males aged 22-38 who have limited space and storage within their homes and on their way to work. They should focus on city dwellers and commuters who travel a long distance to work in order to avoid traffic and the congestion of the city. Also, for those travelling for social events like meeting friends and family. Folding bikes are brilliant for commuters, city dwellers and everyone else short on space. They can be packed down small, so you can fit them into the busiest of trains or the smallest of apartments.

Market size, structure and trends:

My secondary research highlights the market size, structure and trends of bike stores and the folding bike market. Most of sales will be to the independent bicycle shops. The reason for this is most of the chains have a much uniformed product offering that does not deviate for specials and closeouts. The chains tend to value consistency of product offerings at the expense of increased profit margins on special items.

In the UK, there is an estimated 2,500 bike shops with a total market for the sale of new bikes being estimated to be worth £800 million.

However, the number of independent retailers has fallen by around 10% during the last 12 months so there is potentially a gap in the market for The Bicycle Shop to develop new products.

There are many new trends that have come into play recently. Cycling overall has become much more popular due to the roads being more congested and busier than ever before. The average amount of people who cycle each day is 1.9million aged 18+ and there are 35 million who don't cycle at all nowadays. The number is ever growing because it is a healthier life style to live.

<https://www.cyclinguk.org/resources/cycling-uk-cycling-statistics#How many people cycle and how often?>

Competitors:

There are not many well-known folding bike stores in the UK as folding bikes are a very small segment of the overall UK bicycle market, with a share of around 4% of all bicycles sold but there's a market leader and that is Brompton bicycle of west London. Brompton are an extremely popular bicycle brand and are mainly known for their folding

bikes. They currently manufacture around 45,000 bicycles per year, most of which are exported to Europe and the Rest of the World. In 2016, Brompton made sales of £8.7m in the UK meaning it is an increase of 8.8% on 2015. This suggests that the folding bike market is worth around £15-£20 million at retail price. Brompton has a unique selling point as their bikes are one of the only bikes that will fit easily onto bus luggage racks and in between seats on many train so it is the number one choice when someone is interested in purchasing a folding bike.

Moulton is another icon British design but it is a manufacturer. The bikes are separable rather than foldable and this means they split in two in a few minutes using an allen key, allowing you to stow them in your car boot.

Porter's five forces:

Threat of new entrants to a market: New entrants will gain market share and rivalry will intensify. If barriers to entry are low then the threat is high (more competition).

Barriers to entry are: investment costs to enter market, product differentiation need a strong USP, access to suppliers and distribution. There is not much competition in the bicycle market so The Bicycle Shop may have a lot of sole traders trying to start up in the local area.

Bargaining power of suppliers: If you have bargaining power then a firm will have power and will sell their products at a higher price. More powerful the customer, the lower the price that can be achieved. If the supplier forces up the price paid for imports, profits will be reduced. If The Bicycle Shop has strong links and bonds with their suppliers, they could get their deliveries for cheaper which would help cash flow as there would be less going out of the business.

Bargaining power of customers ("buyers"): Powerful customers are able to exert pressure to drive down prices, or increase the required quality for the same price, and therefore reduce profits in an industry. Factors that affect bargaining power: Number of customers, size of their orders, number of firms supplying the product, cost of switching – less likely to switch if customer is loyal to supplier.

Threat of substitute products: Produced in different industry, satisfy customer needs. There are substitute products to folding bikes that could massively affect The Bicycle Shop, if prices are too high for a folding bike, people will just go back to normal bikes but commuters on trains will get annoyed as they take up too much space. People can therefore just walk, and drive about instead.

Customers need a willingness to switch so if The Bicycle store is not producing the right product at the right quality and price then they are not going to encourage people to switch over to their shop.

Degree of competitive rivalry: If there is intense rivalry in an industry, it will encourage businesses to engage in Price wars (competitive price reductions), Investment in innovation & new products, Intensive promotion (sales promotion and higher spending on advertising) **Factors that affect:** Number of competitors, market size and growth, product loyalty, exit barriers.

Marketing campaign:

- *#TRYBrompton*: Encouraging members of the public to try out Brompton and experience the benefits. They launched the campaign with a video competition to win a month long loan on a Brompton model, delivered directly by the brand's Brompton Bike Courier. Creative agency Corke Wallis helped the brand target those who live for spontaneity, adventure and intrigue, encouraging them to take part in a film challenge.
- Red Bee Media created "the bike whisperer" campaign, which will air on Halfords' YouTube channel from today (30 June). The campaign is designed to be shared online in an attempt to reach people who are not familiar with Halfords and would not normally come into contact with the brand.
- "As soon as they pitched the idea we were sold. It represents our brand and our passion for cycling perfectly, at the same time as having a tongue-in-cheek, incredibly funny style that will make all our viewers laugh."

PESTLE:

Political: The government have recently brought in more cycle lanes and have painted them all over busy cities. "As part of a £913 million project by former mayor Boris Johnson, a network of so-called cycle superhighways has sprung up across the capital, segregating road space for the exclusive use of cycles." They have also now introduced Phased traffic lights. These allow for bikers to have a head-start over cars, the idea of this is to enable cyclists to travel safely on the roads and so they more importantly feel safe, encouraging more people to ditch four wheels for two, and it also reduces the amount of pollution.

<http://www.dailymail.co.uk/debate/article-3822518/Cycle-lanes-lunacy-built-Britain-causing-gridlock-pollution-maddest-thing-empty.html>

https://en.wikipedia.org/wiki/Cycle_to_Work_scheme

There was a 'Cycle to Work' scheme introduced in 1999 to promote healthier journeys to work and to reduce environmental pollution. You choose a bike, hire it for an agreed length of time, and then snap it up for a fraction of its original value. It's like a year-round sale, with interest free credit available in over 2,000 retailers nationwide.

Economic: With Great Britain leaving the EU, (Brexit) This means that there will be higher cost for imports and export due to lack of being in the trading bloc, this makes producing products more expensive if you have to ship in parts for the bike. Inflation would play a huge role in the amount of sales a business has as it decreases spending power and increases interest rates.

If you can't afford your own car, folding bikes are a more cost effective method. Bicycle commuting saves you on parking fees, fuel costs, auto maintenance costs, and transit fares. If more commuters bicycled, taxes could be reduced because governmental costs

would decrease in terms of highway & roadway maintenance, construction and infrastructure, traffic control and manpower.

Social: By cycling to work, there are huge health benefit due to encouraged exercise and getting out and about. “The study’s authors tracked the health of more than a quarter of a million people over five years and recorded 37 deaths among regular cyclists. In comparison, the researchers said that 63 would have died if they had all commuted by car or public transport.” <http://www.telegraph.co.uk/health-fitness/body/get-bike-statistics-show-should-cycle-work/>

Technological: Due to technological advances, there are new bikes in the market such as electric bikes and e-bikes. In countries such as the Netherlands, Germany, Denmark, Belgium and France where cycling has a high participation rate amongst the general public, consumers have taken to the e-bikes. E-bike sales in the UK have so-far been relatively low, however they rose from 5% of the UK bike market in 2015 to 12% in 2016. “Halfords dubbed 2017 the “year of the E-bike” after achieving 220% sales increase.” Because of the new advances in technology, more people are taking up gaming and social media and this is making them less active and social. More people are working from home so don’t actually need to commute to work, this is affecting the bike market as less people are purchasing bikes.

There’s an open market for online businesses as well.

Environmental: Cycling to work reduces the carbon emissions due to things like the cycle to work scheme, the carbon footprint of those who cycle is significant lower. . Renewable materials, can use recycled material for their bikes. “A major 2013 study by the European Cyclists Federation estimated that a car belches out 271g of carbon dioxide per kilometre of travel, whereas a bike emits just 21g.” <http://www.telegraph.co.uk/health-fitness/body/get-bike-statistics-show-should-cycle-work/>

Legal: Bikes must meet specific laws to be able to be sold and there are specific laws to abide on the roads e.g. The High way code: Cycle Routes and Other Facilities. Use cycle routes, advanced stop lines, cycle boxes and toucan crossings unless at the time it is unsafe to do so. Use of these facilities is not compulsory and will depend on your experience and skills, but they can make your journey safer.

Ethics: “**The Consumer Protection Act 1987**; this protects the public by:

- prohibiting the manufacture and supply of unsafe goods
- making the manufacturer or seller of a defective product responsible for damage it causes
- allowing local councils to seize unsafe goods and suspend the sale of suspected unsafe goods
- prohibiting misleading price indications

The Trade Descriptions Act 1968

The Trade Descriptions Act makes it an offence for a trader to make false or misleading statements about goods or services. It carries criminal penalties and is enforced by Trading Standards Officers, making it an offence for a trader to:

- apply a false trade description to any goods
- supply or offer to supply any goods to which a false trade description has been applied
- make certain kinds of false statement about the provision of any services, facilities or accommodation”

By sticking to laws like these, it creates a much better brand image and reputation for the business. This is vital for business who are not global and are only a medium-sized business like The Bicycle Shop as you do not want to lose loyal customers and a secured income.

<http://www.bbc.co.uk/schools/gcsebitesize/design/resistantmaterials/designsocialrev10.shtml>

SWOT:

Strengths:

Convenience – Folding bikes are very convenient as a bike that can pack down small and can come with you anywhere such as on the bus or train, in the car or even on holiday, exploits the most of your ability to snatch precious cycling opportunities. They are ideal for flat dwellers where they have minimum space to put and store a bike, but with a folding bike they can pack it down and keep it stored inside where it is warm, dry and safe, ready to go at a moment’s notice.

Multi Modal - A folding bike will allow you to combine cycling with other forms of transport like trains, allowing you to make quick, independent, door-to-door journeys faster than with any normal bike or mode of transport. Folding bikes makes tourist travel easier and fast, they can travel further than public transport can take them instead of walking everywhere. This makes the situation more enjoyable as well as easier.

Security – With a folding bike you don’t have to worry about your bike being stolen off the bike rack as you can take your folding bike with you where ever you want as it is easily transported. Most compact folding bikes are small enough to sit under your desk at work or you can even take it into the shops with you. Also, can store it in your house so it is in a much more secure place than your shed or garage.

Another security point is that folders are a niche product that most thieves won't touch.

Environment - a folding bike is more convenient than any other type of bike. This means that you'll use it more and find more opportunities to replace carbon heavy journeys. By not getting in the car, bus or train, you are reducing your carbon footprint and therefore polluting the world less. It is more economical to store your bike inside the car than on a roof rack or rear mounted rack as it uses up less fuel. It is a practical mode of transport.

Weaknesses:

Rolling Resistance - Many folding bikes use smaller wheels, which are not very good at coping with road irregularities as easily as larger ones. “This can be partially alleviated by

good tyres (the Schwalbe Big Apple being the folding bike equivalent of full suspension) or suspension, in the case of the Brompton, Birdy, Moulton and others.”

Stiffness – “compared with a diamond framed bike, can be an issue, though this varies immensely from model to model - best advice would be to test ride the bike of choice to make sure that the level of stiffness of your bike is an acceptable compromise.”

Diversifying into a new market –The Bicycle Shop may struggle to enter as there are some major businesses with strong customer bases who dominate the market such as Brompton.

Lack of knowledge as to how to target consumers effectively.

Folding bikes can be an expensive price to pay for a bicycle which sometimes be difficult to work and may put people off.

Opportunities for market growth in the bicycle market are positively affected by factors like:

- Participation levels in the UK remain much lower than in many other European countries. Despite the increase in popularity of the sport in recent years, the number of bikes sold in the UK has remained broadly flat.
- Less people are buying bikes as it has decreased by 10% in 2015 but more people are spending more money on bikes (over 40%). This means people are willing to spend more money on a good quality bike.
- The level of female participation also remains very low. Recent data suggests that, in the UK, women make up to 27% of cycle journeys.
- The health and wellbeing benefits associated with cycling; Can create a campaign like “cycle to work” to encourage more people to enter the market and get out on a bike rather than use their car etc.

Threats: A big threat is the existing competitors in the market as they have strong financial backing and it can be difficult to enter the market where there are already well established brands.

Different brands of bikes are becoming popular such as the Electric bikes.

Product life cycle:

Development: Where a new product is introduced into the market, it is often complex, absorbs significant resources, There is a possibility that it may not be successful, and involves a long time before sales are achieved.

Introduction: A new product is launched, the sales are usually low.

Low capacity utilisation and high unit cost, businesses use heavy promotion to make customers aware of product and to come purchase it. Usually negative cash flow.

NEED to encourage customer adoption, high promotional spending to create awareness.

Growth: There are much faster growing sales as the product gains market acceptance, unit costs fall and market grows so profits rise. Therefore, cash flow is positive.

There is a threat of entry of new competitors.

The business need to promote brand awareness and improve the product.

Maturity: Slower sales growth, low unit cost, high profits for those with high market share, weaker competitors start to leave, prices start to fall.

The Bicycle Shop is in the development and introduction phase, this is because folding bikes are not popular yet and there is much more growing to do in this market. Once they have built up their market share they will be able to conduct a new product which will enter the product life cycle.

Activity 2:

The Marketing Campaign:

In this section, I will be talking about The Bicycle Shop and the market where I will be analysing the information and formatting it bases on my previous research into a valid marketing message, media, campaign budget and timescale.

The Marketing Mix:

Product:

Folding bikes are set apart from other machines on the market by one defining characteristic: they fold. The structure of the bike means that they are ideal for people who want to cycle to a train station, and take their bike with them so when they get off at their destination, they can continue to cycle further without having to walk anywhere. However, not all folding bikes aim to pack down as small as possible. It's possible to buy folding bikes with full-size wheels that offer the exact same riding position. Many folding bikes come with luggage racks or fixings.

Most folding bikes don't offer accessories such as lights and mudguards.

The smaller-wheeled versions suit shorter journeys best, this is not a negative aspect of a folding bike, they still ride well and the quality can be very impressive. The larger-wheeled ones offer a more familiar feel, but they can't be easily collapsed into a small package and stowed away on a busy train or bus. If the Bicycle Shop want to expand their products, they need to look for a USP that no other folding bike has that will intrigue customers and make them want to switch retailers.

Price:

Folding bikes can be found at nearly every price point, from a couple of hundred pounds up to the multiple thousands. Herer are some examples of the ranges of brands and their prices:

Brompton S Type: £815, Evans Cycles **Tern Verge N8:** £490, Triton Cycles **Dahon Vigor P9:** £400, Amazon

Average price of bike - Mintel has revealed that the average price of a bicycle in the UK is just £233.

<http://www.bikebiz.com/news/read/average-price-of-a-bike-is-just-233/016304>

If The Bicycle Shop is targeting affluent professionals then the price of their bikes can be relatively high as thig particular segment want a good, high quality folding bike that they can afford and that won't full part after a couple weeks of purchase.

Promotion:

Average cost of cinema advertising	£30,000 per week
Glossy magazine	£80,000 per month
1000 glossy leaflets	Round a bout £20-£40
Daily telegraph	Full colour - £59,000 Half page - £43,500
Radio advertising	Local station - £500 for 30 second week long Regional station - £2,500 National station - £10,000
TV	Day time – 30 seconds £5,725 Peak average - £32,000
Trade shows	75% of the retail bicycle shops attend at least one trade show a year. The shows provide retailers an opportunity to view upcoming products and chat with representatives from the companies as well place pre-season orders.
Media Opens up opportunities to promote businesses, rapid promotion – good for small businesses on a tight budget.	Social media can be free but good quality social media is pricy. Free advertisement only goes to those who are subscribed to your channel or page, for example if you had 100 subs then they are the only people who are going to see the advert. Pay others to advertise your product so it is shown to new potential customers. YouTube: TrueView in-stream video ads only charge you when a viewer watches at least 30 seconds of your video, watches your video in its entirety (if shorter than 30 seconds) or interacts with it. Whichever event occurs first is when you pay. Instagram: per click \$0.70-\$1.00 Facebook: Average cost per click is \$0.23
If it is a big business and A WELL known brand	Sponsorships: In order to be more creative with their finances.

Twitter is also the ideal social media page for posting announcements about contests and events. Brompton Bicycle has strong links with other cycling channels on Twitter, retweeting them and forming partnerships to promote joint ventures. Facebook, Brompton Bicycle combines more detailed text descriptions with photographs and links to promote Brompton’s projects and media coverage. The Bicycle Shop should invest in an online website where their customers can bourse their products at the comfort of

their home, on the website there should be full descriptions of what the bike has to offer, reviews from other customers and the price of each product. By making a website, it widens the amount of customers they are targeting as they are not just looking for people who are out and about but those who are at home and maybe cannot get directly to the store but still want to have a look at what they offer.

Place:

The shop needs to suit the environment of the business. There should be space to move about inside for people to have a good look at the bikes they offer so they feel comfortable inside the store. This will also encourage them to return.

The shops should be in common, busy places so it catches the eyes of passers-by.

Direct to end (online) - sells and distributes to customers direct.

Retailers- operate on a greater profit margin, can exploit savings to market their business and what they offer.

Wholesalers: focus campaign on bulk buying, sell at low margins and less packaging.

People:

Any business is only as good as the people it employs. "RELATIONSHIP marketing"- focuses on fostering customer's loyalty and have interactions and long term engagement.

The employees of The Bicycle Shop need to recognise where they need to improve and things the business needs to work on overall so they can get repeat business. If they don't already, Offer a level of customer care after the initial purchase. For example, when a customer purchases a bike they could offer free insurance of up to a year to encourage customers to purchase a product. It also shows customers that you care and are there for them to help them out and it can resolve problems.. The Bicycle Shop should invest in training for their workforce so they have the right skill to represent the culture of the business.

Physical environment:

Make the shop up to date and clean to attract customers, show them that The Bicycle Shop is professional. Maximise every inch of space to return maximum profit where the goods generate small profit margins.

Processes:

Create and maintain a positive brand image. Use technology to improve services e.g. devices inside the store that show you how to work a product or show you the offers that could be possible if you purchase other accessories as well. The employees can help customers create accounts quickly and track their orders. The Bicycle Shop could introduce a "test cycle" which means a customer can take the bike out for a couple minutes for a small deposit so they don't steal the bike or product they are using. This allows the customer to get a feel of what they are buying and see if the frame and brand suits them.

Marketing Message:

Throughout this marketing campaign, the message must be constant. The Bicycle Shop is targeting affluent professionals that are willing to purchase a folding bike for a reasonable price as long as the quality is up to scratch. The business must offer the best quality possible that they can to develop customer loyalty so they know that they can trust the brand and the business.

Selection of media and campaign budget:

Marketing is the best investment so The Bicycle Shop needs to secure the best investment for their business. Due to The Bicycle Shop being a medium sized independent retail store, there needs to be a reasonable amount of advertising to allow them to meet their aim of attracting 1,500 new customers. The store is not on the same level of as Halfords, Evans or Brompton but it can still attract customers if using the right advertisement methods.

The marketing budget for this campaign is £10,000.

To advertise on Facebook is £0.23 cost per click.

Due to my research, the most popular form of social media is twitter and Facebook. This is why firstly, The Bicycle Shop should set up free accounts for twitter and Facebook and start to follow other bike shops and people who are interested in folding bikes. The Bicycle Shop should tweet out and post thing on both these medias regularly about their sales, discounts, new products, location of where they are etc. so customers who hear about the shop through word of mouth can look them up quick on social media and find out all they need to know about The Bicycle Shop.

The Bicycle shop should also entre trade shows as 75% of the retail bicycle shops attend at least one trade show a year. The shows provide retailers an opportunity to view upcoming products and chat with representatives from the companies as well place pre-season orders. The will let The Bicycle Shop get to know their competition and what they have to face if they enter a new product into the market.

1000 glossy leaflets: £40 $£10,000 - £40 = £9960$

I have chosen to use 1000 glossy leaflets as it is a cheap method of advertising and these leaflets can be handed out in the store or posted through letter boxes in the local area. This means that the business will be handing out a leaflet with all their information off that customers can give to friends and family.

TV: Day time- 30 seconds for £5,725 $£9960 - £5,725 = £4235$ – (production cost)
 $£2000 - = £2235$

I have also chosen day time telly as it is a popular form of media and everybody watches the adverts between TV shows, films etc. The Bicycle Shop need to create a punchy, catchy TV advert that catches the eye of those watching and makes them listen in and intrigued to know what business is behind this.

Radio Advertising: lovastatin for £500 for 30 seconds (week long) £2235 - £500= £1735 – (production cost) £1000 = **£735**

A weeklong of advertising will be a great help to The Bicycle store as people will hear the same advert many times and it will get stuck in their head. The Bicycle Store therefore needs to create an advert that will have all the following information that a customer will need to know, such as where the shop is, what they offer and an idea of the price.

Gantt chart:

Allows you to check the process of the business and the products. The BICYCLE Shop should launch their product during April and may time. This is beach, in the UK this is when the weather will be much nicer and more people will be interested in purchasing a folding bike, especially those who commute to work as they will not want to be locked up in their cars on such a nice day. Always update social media on what you are up to so customers feel like they always know what is going on. Never forget to monitor and review everything you are doing to check you are doing it correct and not making a mistake. Make sure everything is leading to success.

activities	WEEK 1	WEEK 2	WEEK 3	WEEK 4	WEEK 5	WEEK 6	WEEK 8	WEEK 9	WEEK 10	WEEK 11	WEEK 12
Market research	■	■									
Develop products			■	■	■						
Update social media			■	■	■	■	■	■	■	■	■
Create TV advertising			■								
Launch TV advert				■							
Create radio advert					■						
Launch radio advert						■					
Monitoring and reviewing						■	■			■	

KEY: Black = completed task

Lower scoring learner response:

A rational for the Bicycle Shop:

Despite the fact that the number of Bicycles sold globally remained the same in 2015 as compare to 2005, the UK bicycle market has been set to grow around 3%, making it worth a added predicted £1.25 billion by 2021. Therefore there is much opportunity for the Bicycle shop to expand and gain a larger market share. Due to the fact that 40% of all Bicycle sale go through either Halfords or Evans, The Bicycle shop's aims would be to grow from a medium sized independent retail store, to a large retailer able to compete with both Halfords and Evans; making themselves a larger company will allow them to attract more customers to their stores, increasing the probability of them purchasing from their store. The objectives needed to achieve this would be to build a brand specialising in the sale of foldable bikes aimed at urban commuters, along with products linked to cycling and services such as repairs and upgrades being available at a low cost in order to attract the target market. They can also gain brand awareness by expanding into well-known commuter cities such as London, Birmingham and Leeds, which could aid them in their growth.

SWOT ANALYSIS OF THE BICYCLE MARKET:

Strengths:

Despite no growth internationally, the UK bicycle market has seen growth of around 5% and is set to grow by 3%. This continued growth will increase the value of the bicycle market, especially due to spending on bicycles in the UK increasing by over 40% in 2015. Cycling has already contributed £2.9 billion to the UK economy in 2015 and so continued growth will only aid the UK globally in the long run.

Weaknesses:

The number of bicycles sold in the UK has decreased by around 10% which may hamper the growth of the bicycle market. Furthermore, the market is dominated by to large firms who own monopolies over the market, around 40% combined, this may result in low competitiveness in the market and bicycles being sold for higher prices due to a lack of competition.

Opportunities:

Increased interest in cycling in cities like London and Birmingham, especially in foldable cycles, by urban commuters. Furthermore, British Cycling has reported that applications for membership increased in 2015 and growing interest in different types of cycling may all contribute towards further growth in the UK bicycle market. New technology like E-bikes are a huge opportunity for the bicycle market to expand into, news of smart bikes may allow the bicycle market to grow rapidly in the next decade.

Threats:

There are many threats facing the Bicycle market in the UK, the largest threat being the impact of BREXIT on the market as if the government go with a hard BREXIT it may result in European markets being cut off from them. Even the fact that no decision has yet been

made has caused uncertainty in the UK by foreign investors which threatens the market even more.

SWOT ANALYSIS FOR THE BICYCLE SHOP:

Strengths:

The Bicycle shop is already a medium sized retail store meaning it already has a base to grow from rather than starting of fresh, they already have experience in the sale of bicycle's and accessories aimed at commuters, their target market. This means they will already have primary research on trends effecting commuters and what they like. They also already have data on the each of the segments they may wish to attract, as there customer base include both affluent professionals and price-conscious customers.

Weaknesses:

As compared to large retailers like Halfords and Evans, The Bicycle Shop cannot compete with them due to their large market share and the fact that they cater to a mass market by selling all types of bicycles as compared to the niche market of foldable bicycles catered to commuters. Foldable cycles only made up 4% of the total bicycle market in 2016, which is relatively small compared to the other bicycle types. Furthermore, The Bicycle Shop has a small budget of on £10,000 to spread over 12-16 weeks of campaigning, which will be a difficult task if not planned properly. A lack of a repair system as compared to Evans and Halfords puts the company at an immediate disadvantage as it cannot offer this service to any customers whose cycles may have broken down therefore pushing them towards Halfords for repairs.

Opportunities:

The growing popularity of cycling amongst urban commuters will no doubt serve as an advantage for The Bicycle Shop. The trend of increased membership in British Cycling can also be capitalised upon in their marketing campaign. In addition, the shop also sells accessories alongside the sale of foldable bicycles, the sales revenue of parts and accessories in 2016 was in total £750 million and is only set to grow further. Perhaps by focusing on accessories as well as the sale of cycles can aid the shop and make them even more profit. Finally, technology like E-Bikes can be imported and sold by them as this growing trend of smart bikes can be capitalised upon by the Bicycle shop. The sale and distribution of highly sophisticated bicycles would attract affluent professionals, which is one of the segments the Bicycle shop wishes to attract.

Threats:

Larger retailers like Halfords would easily be able to outcompete The Bicycle Shop in sales pricing of foldable bikes as it appeals to a larger market and is able to use the revenue generated from sales of other bicycle types to finance their foldable bike sales. Also purchasing from internet distributors such as Amazon will no doubt threaten the company.

To understand outside external influences on The Bicycle Shop a PESTLE analysis would be required for the bicycle market. This would help them understand how political, economic, social, technological, legal and environmental impacts affect the market as a whole.

PESTLE ANALYSIS FOR THE BICYCLE MARKET:

Political:

BREXIT has no doubt affected the bicycle market and thus The Bicycle shop itself. The sudden change in Britain's membership in the European Union has caused mass uncertainty and speculation in the UK as a whole; with foreign investors unlikely to invest until the issue is resolved. A hard BREXIT may completely halt the growth in the Bicycle market as the EU were the UK's largest trade partner and this would eliminate a whole market for British cycle companies alongside distributors to expand into and trade with.

Economic:

The UK imported approximately 3.6 million bicycles in 2015 similar to the annual average for the previous 10 years. Most of these were manufactured in Taiwan. However, the current conservative government's stance on the UK's trade deficit may reduce imports as a whole, as their focus is to reduce the trade deficit through raising tariffs on foreign made goods. After the 2008 recession, the government introduced huge austerity measures to reduce the effects of these, but now these measures have stopped and this would allow the Bicycle market to expand.

Social:

Urban cycling is already on the rise and membership of British Cycling has already increased in 2015. Yet, cycling is speculated to increase in 2020 due to the Olympic Games in Japan that year. This would be similar to the growth experienced by Halfords after the London Olympics in 2012, where the huge success of the British cycling athletes stimulated sales by 14% and so if there is further success for Great Britain in the 2020 Olympics than it could result in a short term boost of growth in the market.

Technological:

The rising growth of new technologies related to cycling like E-bikes, would stimulate growth in the future, with companies like Halfords and Evans already investing in cycles with GPS on them and Wi-Fi features. Though still in development this new trend will no doubt influence the market massive as any company who can invest early into well priced E-Bikes would have an instant advantage over competitors.

Legal:

Due to Cycling being considered a merit good by the government, Bicycle distributors could apply for subsidies and grants from the government, though the process is lengthy, a subsidy would lower the overall cost of purchasing cycles to sell and boost profits made by Bicycle retailers. Furthermore, health conscious pressure groups like the BMA lobby the government for healthier alternatives to travelling lowering the cost per year for the NHS, and so pro cycling bills would aid the bicycle market as a whole.

Environmental:

The UK has recently taken part in the Paris climate change summit and has signed an agreement with many other countries to lower their CO2 output per year, this agreement has resulted in the government raising road tax to combat car usage. As an economic

substitute to car travel this would be the bicycle market as a whole as more people would demand cheaper cost effective bicycles for short journeys and commuting.

Target market:

The target market for The Bicycle Shop is mainly commuters in city centres, by specialising in the sale of foldable bicycles, they appeal to this demographic who demand compact, light and easy to assemble modes of transport. The shop owners also plan to target specific segments of the market, being either affluent professionals or price-conscious customers. I would suggest targeting price-conscious customers as many commuters in city centres are price-conscious and aware of alternatives to high priced cycles.

Overall whilst my research has been detailed and I have analysed both the bicycle market and the Bicycle shop, there may be reliability and validity issues concerning this research. Firstly most of the market research gathered is 2 or 3 years old and the position of the market may have changed a lot since then. Meaning that The Bicycle shop may be operating on old data rather than current and up to date research. Furthermore, there is no indication of the successfulness of independent companies like themselves. Finally, most of the PESTLE factors may not apply to the company as much as predicted and some may not affect them at all such as BREXIT which has affected large firms but not small firms which never traded as much with Europe.

Yet, this was the most recent data available from both specialised online bicycle pages and government websites. Most government statistics have yet to be updated and so this information is the most relevant available.

Plan for marketing campaign:

The budget for this marketing campaign is £10,000 and the campaign is expected to go on for 12-16 weeks. The company would need to set out a marketing mix using the 7p's. Out of the 7P's of marketing I will only be using 2 that apply to this campaign:

Price:

The price strategy that the Bicycle shop would use would be penetration pricing which is when a company sets low prices initially to attract customers, which is crucial for the beginning of the marketing campaign. They would set the prices far lower than their actual price attracting a large group of buyers boosting sales temporarily and then after a few weeks raising the price of these goods back to their original price once a loyal customer base is achieved. This pricing strategy heavily appeals to the Price-conscious customer demographic they are aiming for as they would pick up on these deals quickly.

They would then use another price strategy, being customer reaction, which is gaining customer feedback on a business, this would allow them to gain data for future campaigns allowing them to plan effectively for future customer reactions. It also serves as a form of primary research.

Promotion:

Promotional strategies they could use would be, social media, promotional advertising, sponsorship and public relations. The use of social media is essential in gaining feedback and a cost effective version of advertising. By having a social media account on well-known platforms such as Facebook and Twitter they could combine with a Public relations team to

solve queries or issues concerning their products and advertise deals online appealing to a mass market. Being a sponsor would boost the company's sales such as using a celebrity as a form of endorsement for their company. Perhaps acting as a sponsor for young British athletes they can gain more customer attraction for their shop.

Media and Budget:

The financial position of The Bicycle Shop would not allow them to advertise the same way as their large competitors such as Halfords. So they would mainly rely on the internet as a form of advertisement. The use of YouTube as a platform to advertise is relatively new but it has become a key in any marketing campaign. By endorsing multiple channels by placing advertisements before the start of any video it can appeal to the huge audiences that follow these channels, especially spots based channels. They could combine this new form of advertising with traditional forms such as leaflets and billboard advertising which would be cost effective for their small budget. Even purchasing ad-space in sports and health magazines would also aid in their campaign. They should avoid TV advertising as they are not as large as Halfords or Evans who can easily fund these costs and can host advertisements for longer periods of time.

BREAKDOWN OF COSTS:

Market research- £1500 (2-3 weeks before the campaign)

Promotions and advertisement effort- £4000 (cost throughout the 16 weeks of campaigning)

Staff- £2000 (Cost throughout the campaign)

Media- £2000 (done from the 4th week to the 12th week)

How I would monitor the campaign would be through observing the sales quantity of each product during these 16 weeks and another observation of sales quantity 1 year after the campaign to see if the campaign's impact still remained. Furthermore, I would check the businesses growth after 1 year to see if they have expanded or remained the same.

Finally, the success of this campaign would heavily depend on whether it achieved the marketing aims and objectives I set out at the beginning. If they manage to build a brand and become a large retailer after 2-3 years then the campaign can be considered a success. As well as having at least 2 more stores in any commuter city like London or Leeds.

Assessment Focus 1 Structure

Higher scoring response

Annotation's box

This assessment focus requires learners to provide a well written rationale that has a logical structure. The learner is also expected to apply a variety of marketing concepts and use relevant marketing terminology.

Marks for structure are awarded based on the work that learners produce in response to Activity 1.

In this piece of work, the learner was awarded 4 marks. This is because the learner has produced a piece of work with a clear structure. A number of appropriate subheadings are used to divide activity one into relevant sections.

The work is well written. The learner writes coherent sentences that can be easily understood by the reader.

The work also uses a range of marketing concepts. A number of different theories and concepts have been accurately applied throughout this activity.

Lower scoring response

Annotation's box

This piece of work was awarded two marks for this assessment focus. The learner has produced a piece of work that has a basic structure and is easy to follow. This piece of work is considered to have a basic structure because, while it is divided into a small number of relevant sections, there is no further subdivision of these sections apart from where the learner uses the names of each section of their SWOT and PESTLE analysis.

The application of marketing theories and concepts is relatively simplistic and somewhat superficial. In the SWOT and PESTLE analysis the learner is largely stating data from their research with no further analysis of the significance of this information to marketing activity.

The remaining sections of Activity One ("A rationale for the Bicycle Shop" and "The Target Market"), contain relatively little marketing theory and this is not always well applied – for example, one of the aims suggested for the business is to "gain brand awareness by expanding into well-known commuter cities", with no further explanation of how these two points are linked.

Assessment Focus 2 Marketing Aims and Objectives

Higher scoring response

Annotation's box

This piece of work was awarded 5 marks for this assessment focus. This is because the learner has written relevant objectives and has provided some development that is relevant to context.

The learner has written a series of statements under the heading 'aims'. These statements more closely resemble objectives, but this error is not taken into account when awarding marks. Learners are always rewarded for what they have done correctly, not penalised for making errors.

Each objective is relevant to the context of a small bike shop, to some extent. These three statements alone would have earned the learner a mark in band two. This piece of work moves into mark band three for this assessment focus because the learner has written a short analysis of their objectives. Ignoring the fact that the learner suggests setting SMART targets in order to meet their objectives, the learner does make a number of relevant points about how the objectives could be met (e.g. "the first step to creating a larger customer base would be to increase promotion and advertisement")

This piece of work could have been improved to achieve a mark in band 4 in a number of ways. For example, the learner could have used their research data to justify their choice of marketing objectives.

Lower scoring response

Annotation's box

This piece of work was awarded two marks. The learner has made only passing reference to aims and objectives at the end of the first paragraph of activity one.

The goals suggested (building a brand and gaining brand awareness) are largely generic and, although the learner attempts to place them into context, only manages to do so superficially.

Assessment Focus 3 Research and Analysis of Market Information

Higher scoring response

Annotation's box

This learner was awarded 8 marks, the midpoint in mark band 3 for this assessment focus.

Looking throughout both activity one and two, the learner makes a number of references to the case study and to their own research into both the case study business and the wider business environment which are largely relevant to context.

There is some effort by the learner to analyse their research and some relevant and balanced conclusions are present.

The work is not at the top of mark band three because the learner's interpretation of validity and reliability is weak. For example, statements such as "the data is reliable because I collected it myself" suggest that the learner does not have the "good understanding" of validity and reliability, and their relevance in this context, that is required to reach the top of this mark band.

Lower scoring response

Annotation's box

This learner was awarded 4 marks, placing this work at the bottom of mark band two.

The learner has made references to both the case study and to their own data. This is not always relevant to the context of the activity. For example, the learner includes a number of points about EBikes – a different product category to folding bikes.

One significant weakness of this piece of work is the lack of analysis of the research presented. While this learner has found some interesting and relevant facts (for example, that "health conscious pressure groups such as the BMA lobby the government for healthier alternatives to travelling"), they do not analyse this data. For example, this point could be considered in terms of its impact on demand for bikes.

Assessment Focus 4 Justification

Higher scoring response

Annotation's box

This learner has been awarded 7 marks for this assessment focus, placing their work at the bottom of mark band 3. This is because although the learner has used a variety of analytical tools (SWOT, PESTLE, Product Life cycle and Five Forces) the work does not lead to a justified evaluation. This learner could have improved this aspect of their work by using fewer analytical models in a more sophisticated way.

After placing research into models such as SWOT and PESTLE, the learner should analyse their findings and make clear judgements about how the data will inform their marketing decisions.

By replacing one or two of these analytical models with a conclusion explaining how their situational analysis will inform their marketing campaign, this learner would have achieved a mark in band four for this assessment focus.

Lower scoring response

Annotation's box

This learner achieved 7 marks for this assessment focus because they used a variety of analytical models (SWOT and PESTLE). However, they did not provide a clear conclusion.

Assessment Focus 5 The Marketing Mix

Higher scoring response

Annotation's box

This response was awarded 15 marks, placing it towards the top of mark band three.

This is a good example of a piece of work where the learner has produced a contextualised 7P marketing mix along with a relevant marketing message and an explicit selection of appropriate media channels for their campaign.

Not all elements of the marketing mix are fully contextualised. For example, coverage of place is entirely generic. Had all of the 7p's been examined in context then this piece of work would have been placed into mark band four.

The work was not placed at the top of mark band three because the marketing message for the campaign was not clear – the message was, in fact, somewhat vague – a general point about providing good value and quality for customers.

Had the learner provided a clear and explicit marketing message, this piece of work would have been at the top of band 3.

Lower scoring response

Annotation's box

This piece of work was awarded two marks for the marketing mix, placing it at the bottom of mark band one.

This is because the learner has provided an outline marketing mix which is generic and incomplete. The learner has only covered two of the seven P's and, in each case, the points that they make are relatively generic definitions. For example, the learner gives a simple definition of penetration pricing without explaining why this approach might be appropriate for the sale of folding bikes at "The Bicycle Shop".

There is no clear marketing message provided. Although the learner has shown some evidence of considering the most appropriate media channels for this campaign, this is limited to generic detail.

Assessment Focus 6 Budget

Higher scoring response

Annotation's box

This piece of work has been awarded 6 marks, placing it at the top of mark band three for this assessment focus. The learner has shown a detailed understanding of costs by using data on the cost of different forms of promotional in order to calculate precisely how much their proposed campaign should cost. For example, the learner has considered not only the cost of air time for an advertisement but also the cost of production for a television advert.

This work was not placed into mark band four because the planned use of the budget was not always realistic. For example, using around three quarters of the budget on a single television advert that would only air once seemed implausible.

Lower scoring response

Annotation's box

This work has been placed into the bottom of mark band two, earning 3 marks.

The learner has allocated a sum of money to a number of marketing activities, showing a basic understanding of costs.

The work has not been placed at the top of this mark band because there is no clear indication that the work has been placed in context.

Assessment Focus 7 Timescale

Higher scoring response

Annotation's box

This piece of work was placed into mark band three, gaining three marks.

The learner has created a Gantt chart-style layout by shading in boxes on a table.

This has allowed them to show which activities will run in certain weeks.

The learner has also included a short rationale for their timeline, highlighting when the campaign will take place (April and May, due to better weather.)

It was the inclusion of this information that moved the work from band two to band three (i.e. a precise choice of date and a realistic reason for choosing it.)

Had the learner produced a more thorough timeline – e.g. highlighting key dates such as the launch of their campaign - then the work would have been placed in mark band four.

Lower scoring response

Annotation's box

This piece of work has been given one mark, placing it in mark band one. The learner has not indicated an explicit timeline, but has indicated within their budget approximate lengths of different marketing activities.

Assessment Focus 8 Presentation

Higher scoring response

Annotation's box

This assessment focus is awarded based on work produced by the learner in Activity B. This assessment focus depends on evidence that the learner has presented their work in a professional manner, made no obtrusive communication errors (e.g. no significant errors in spelling, punctuation and grammar) and has used appropriate marketing terminology.

This learner has achieved 4 marks, placing the work in mark band four for this assessment focus. The work is well presented, with appropriate use of headings, sub-headings and other presentational devices such as lists.

There are no significant errors in communication and relevant marketing terminology has been used throughout part B.

Lower scoring response

Annotation's box

This learner has been awarded 2 marks, placing this piece of work into mark band two for this assessment focus. This is because the work has a basic standard of presentation, with inconsistencies in the way that the material is laid out and errors in presentation such as splitting paragraphs over two pages. The work contains a number of minor errors of spelling and grammar and some references to marketing terminology.

The work could have been moved into mark band three if there had been fewer communication errors and the standard of the presentation had been improved.