

Edexcel GCSE - Business (9-1) worksheet

1.2.4 The competitive Environment



Definition

Write that here:

Example of very competitive market _____

Price competition

What 3 things may happen if a business decides to compete on price?

- 1 _____
- 2 _____
- 3 _____

Quality competition

What 3 things may happen if a business decides to compete on quality?

- 1 _____
- 2 _____
- 3 _____

Location competition

What were the 3 examples of using location as a way to compete in a competitive market:

- 1 _____
- 2 _____
- 3 _____

Product range competition

Customer service competition

Why do retailers try and give good customer service? _____

What is the Marks and Spencer goodwill policy? _____

The impact of competition on business decision making

Business decisions

For each of these ways that a business can decide to compete in a competitive market – can you think / research an example

A. Make their brand stand out

Your example _____

B. Be customer orientated

Your example _____

C. Build customer loyalty

Your example _____

D. Differentiate the product or service

Your example _____

E. Add value to the product or service

Your example _____



TRUE OR FALSE

1) In a competitive market a business may lower its prices

2) In a competitive market a business may need find ways to add value to their product or service

3) In a competitive market a business may need to differentiate their product

4) In a competitive market a business will need to be more product orientated

Explain **one** disadvantage to a business of operating in a competitive environment.

(3)

Sally will charge £25 per hour. She is flexible in terms of the location of her customers and will travel within a 10-mile radius. She hopes to attract a younger market segment by using social media and online promotion. She aims to differentiate her service in a number of ways:

- Using social media to communicate directly with her customers, offering daily motivational reminders.
- Filming parts of the customer's training session and posting it online for them to evaluate their performance on their own device.

Sally is currently well paid and has saved up enough money to start up on her own. She is considering buying a franchise. There are a number of national franchise operators that she could use. However, she is concerned about the current economic climate. She has seen reports that unemployment is rising and that consumer incomes are falling.

Sally is a fitness instructor at a local sports centre (Figure 4). She is now considering setting up her own business as a personal trainer (Figure 5). Sally's research shows that people are more interested in health and fitness. Although there are a number of gyms in her local area, there are not many personal trainers.



Figure 4

Sally has conducted some research into who her main competitors will be. A summary of the research is shown in Figure 6.



Figure 5

	Price per hour session	Strength	Weakness
Competitor 1: 'Vitality' personal instructor	£22	Experienced personal trainer with good local reputation	Operates in only a small geographical area
Competitor 2: 'Bootcamp' personal trainer	£220 for an 11-session block	Ex-soldier using military training methods	Limited number of training methods used

Figure 6

(b) Identify which of Sally's competitors is the most expensive per hour.

(1)