

OCR A291 Controlled Assessment – 2010

Kelly C – Commentary

General Comments

This is a generally well balanced controlled assessment, with particularly strong marks on Investigations one and two. The fall off in performance on the final stages of Investigation 3 is a reminder to candidates to plan time carefully and make sure that standards are maintained throughout the assessment.

Investigation 1

There is good knowledge and understanding (AO1) of what makes a good entrepreneur, and how that would lead to the success of a business. Factors such as decision making, confidence and risk taking are explored very well, and most importantly are *applied* (AO2) to Heather and Matthew's particular circumstances. The section on business experience is especially relevant in this area of assessment, with limitations being recognised in the context of the scenario. The candidate has done all that can reasonably be expected at GCSE level with the data provided for assessment objectives one and two

The analysis and evaluation (AO3) within this investigation is good, though does not really explain why Matthew is 'better' than Heather. Matthew's skills are well developed, but a comment on why this skill set is better than Heather's would have confirmed the second mark. As there are only two AO3 marks for Investigation one, there is no need to write a detailed answer, but what must be contained within any answer for the full two marks is a comment on why one particular action is better than another, or in this case why Matthew would be more successful than Heather (or vice versa). This work falls *just* short of the full two marks

Investigation 2

There is evidence of very good subject knowledge within this investigation, with a clear understanding of the various methods of primary and secondary research. The work on the advantages and disadvantages of both elements of research is detailed and accurate.

Application of the knowledge and understanding is also very good, with the candidate looking carefully at the target market for this particular business. In choosing a method of research, the work on focus groups is perhaps too detailed in that other methods such as Internet, interviews/questionnaires, enquiries to other photography businesses which may be more relevant to his situation are not given the same time.

Analysis and evaluation would have benefited from some individual research into whether the target market prefer face to face questions, telephone interviews, filling in questionnaires themselves etc. This would have given rather more numerical information to analyse and then used to support any recommendations being made.

The focus group is the clear recommendation made for primary research, and this is supported by reference to Matthew getting on well with people and his general confidence in handling different situations. The pros and cons of this approach are also well developed. The Internet is the choice for secondary research and again this is supported by reference to Matthew's experience in a photographic studio. The graphs for Tonbury and Dyton are not really needed within the work.

Investigation 3

Knowledge and understanding of pricing strategies is at a high level, with a full range of potential strategies being covered.

Application of these strategies is a little mixed. Within skimming, there is a relevant reference to the fact the Matthew is just starting his business and so will not be able to call on any brand loyalty for higher price products and services. Penetration pricing is also applied well to Matthew's situation in that he may well need to lower prices for a while to break into a particular market. Psychological pricing is applied well, and competitor pricing is understood in the context of Matthew's business plans.

What is missing in the application is an appreciation of the different products and services that Matthew plans to offer. Would, for example the same pricing strategy apply to a full high quality wedding package and a more casual family photograph? It is vital for the higher ranges of marks that candidates fully understand the full scope of the scenario which they have been presented.

For the analysis and evaluation marks the assessment again lacks primary research which would have helped formulate and then justify any recommendations being made. Would for example a couple to be married look favourably at a cut price wedding deal from a new photographer (penetration pricing) or be drawn more to a high price product with a feeling that price was linked to quality? Could the same approach fit say a key ring with a photograph in it, or would a different approach be required? Questionnaire work from the candidate would have helped in this instance.

The candidate makes little reference to how the pricing strategy might change over time, apart from the general statement that penetration pricing would last for a short while before prices increase as the business becomes established. It may be the case that time was not available to develop this part of the work rather more. Planning the writing time in order to cover all elements of the assessment is vital.

The appendix section shows that good research was conducted. This could have been used rather more within the work to help justify possible strategies for the business to use. The different products and services such a business offers, along with approaches to pricing etc, could all have been usefully used.

	AO1	AO2	AO3	Total
Investigation 1	4	4	1	9
Investigation 2	7	9	5	21
Investigation 3	7	6	3	16

This gives a total of 46, placing the candidate just into a notional grade A.

Business Studies

**A291 Marketing and Enterprise
Unit Recording Sheet**

Centre number		Series and year	J
Centre name	1		
Candidate name		Candidate number	

Please fill out the mark awarded against each assessment objective for each investigation and comment on why the mark has been awarded.

Investigation 1	Max Mark	Mark Awarded
AO1 Well presented + organised, demonstrating good business knowledge	4	4
AO2 Application to case is competent, with work in context.	4	4
AO3 Reasoned judgement made - focus more on M than H.	2	1
Investigation 2 & C₁		9
AO1 Detailed recall of relevant business concepts. Well organised + structured. (Sec)	8	7
AO2 Knowledge + understanding has been applied to case material - relevant and appropriate	10	10
AO3 Analysis + evaluation of evidence has been used to make realistic recommendations.	7	5
Investigation 3		22
AO1 Detailed discussion of appropriate concepts with good work as to why some would not be suitable for M. (Good research etc.)	8	7
AO2 Work is in context of the case. Understanding of concepts is apparent.	10	5
AO3 Some analysis of research - but little carried out of case material. Some recommendations made	7	3
		15
Overall Mark (max 60)		0

OCR GCSE

Business Studies

Controlled Assessment for Unit
A291 Marketing & Enterprise.

(Controlled Assessment A)

Candidate number

Investigation one

Heather and Matthew are both entrepreneurs who both live in Dyton and both want to set up their own businesses. Heather wants to start her own business for making and selling budget priced jewellery. She is unsure where to locate her business but wants to have it in Dyton or nearby Torbury. Matthew wants to start a business offering wedding and portrait photography; he is thinking of locating the photographic studio in Dyton town, this is because it would still be easier to work around everywhere in the local area. Both Heather and Matthew think they have the skills of a good entrepreneur but which one of them is more likely to make there business successful? ✓

A01 To be a good entrepreneur you need to be able to take risks. In every business they have to take risks, big risks or small risks. You need to be able to take them because it would make your business bigger, more of a success; although if the risk fails and then it might make your business go on a down fall but if you didn't take a risk and then your business would stay the same and not get anywhere.

A02 Heather says that she wants to try and avoid risks and that she is always very careful. I think this is one bad point for her and doesn't show that she is a good entrepreneur. Mathew is very different and says that he is willing to take risks, which is good because he's company may grow from taking them. Although for a bad point he says that sometimes he can be rather reckless, this can also damage his business if he goes to far. He needs to be able to learn when to stop and choice the right choices and not go to far with it.

A01 Confidence is a very important part in being an entrepreneur i think because; you need lots of confidence and a positive attitude to believe that your business will

A02 be a success. This is again a bad point for Heather as she hasn't got complete confidence in herself and needs other people to reassure her. If you don't have full confidence in yourself then how do you believe that your business is going to come out well or grow? This shows a good point for Matthew as he has complete confidence in himself to believe that his business will turn out as a success.

A01 You do need to be a good decision maker to be a good entrepreneur who is starting out on a new business. Matthew again is very confidant on making decisions on his own and he can react quickly to opportunities. You need to have good decisions because if you make a bad decision and then it could affect your company badly. Decision making shows a bad and a good point for Heather. She

A02 can't make decisions on her own which is bad because it will be her own business so she needs her own decisions. But she says she takes in other peoples views of what they think, this is good because she gets other peoples ideas of what they would buy from her and what they would want, so heather can take into account of what kind of jewellery people would be willing to buy so she can do that. This a point that Matthew should take in for being a good entrepreneur, asking other what they also

A03 think, after he has made his own and see if they think that it is good and if they would buy it.

A01
A02 You need to be able to be good with working with other people. You need to keep your customers happy and your workers happy. This is a good point for both Heather and Matthew, Matthew gets on well with customers and so does Heather; Heather is also very popular at work.

A01
A02 I think that you need to be determined and passionate, which again is to do with confidence which Heather doesn't have much of. You need to be determined that your business will be a success and believe that you would be able to do it. So Matthew is determined and passionate about his business being a success, i think heather wants hers to be but she doesn't quite have the confidence to believe that it will be.

A01
A02 You defiantly need to be good at planning things out. You need to have Knowledge of business planning to be able to start a business. If you don't have the knowledge of planning a business and then your business will fail. It needs to be all organised and sorted out to know that it will be a success. You can't take this part by risks. This point is again another good point for Matthew on being a good entrepreneur and will be able to make his business a success because he is confident that he knows how to plan, how to start up a business and how to develop his business. Heather again has a weak point as she says she would need help; she says she has limited knowledge of business planning which is bad but then she says that she is keen to get help from organisations like the Princes trust. So Heather doesn't have full knowledge of knowing the skills of planning a business and she needs these skills to be able to have one.

A01
A02 A good side for Heather is that she does have experience of what it is like to run a very small business. She was in charge of a successful mini enterprise of making and selling jewellery to other students in her school. This doesn't say that she has all the skills to be able to go out and start her own business doing this properly; it just says that she knows what it would be like. Although it would be a lot harder and more challenging for her. Matthew has no background of running a business or mini enterprise at all but he has worked as an assistant in a photographic studio for four years. So he knows what its like and what people would be willing to or mainly buy. Heather has also had a small job for three years but this would be working in a supermarket which has nothing to do with what she wants to do in her business but it does show she has experience with working with customers.

You need to have knowledge of SWOT in your business, which is strengths weaknesses opportunities and threats. Matthew says that he has studied this already, so he does know everything about it and that he is confident enough to believe he can make his business a success without it. Heather doesn't no anything about it but she says that she is going to study it so this could be good for her business.

A03 Over all i think that if you put Heather and Matthew together and then they would make a very successful business. They both have very good entrepreneur skills

to make their business a success if they did work together. However I think that Matthew is the most likely to make his business turn out well. He is confident, willing to take risks, he works with other people very well, has his own knowledge of business planning, hard working, a good decision maker, he thinks he knows what his customers want, I think that he would be very persuasive and be able to make his customers come back and he thinks that he is able to do it. These are the skills that you need to be able to be a good entrepreneur and be able to make your own business a success.

9

Recommend market research methods which would help Matthew prior to starting his business.

Market Research Methods.

Primary Research:

A01

Primary Research is research where you collect the information yourself. All the information that you need to know about your business, you put it together yourself into a questionnaire, survey, etc. and then you go and get people to fill out your questionnaire. So it's collecting all the data you need to know yourself. It is important for new businesses to use primary research because the information you get from it is very relevant to the business and would give them all the answers they want, it's more accurate. There are different types of primary research including:

- Questionnaires
- Focus groups
- Surveys
- Interviews
- Observations
- Test markets
- Technology (Internet/email..)
- Field groups
- Phone interviews
- Letters.

A02

On the questionnaire that I made for Matthew, I put on those questions because all the questions are very relevant to what he needs to find out about his, and other businesses. He needs to know about the competition, the amount of people who would go there, how much money they would be willing to spend, What type of people the regular customers would be etc...

The advantages of primary research are:

A01

- No other business would be able to use the information that you have collected
- The information is up to date
- The questions are specifically about what the business wants to know
- The data that is collected on the telephone interviews and internet surveys, the data is obtained quickly

The disadvantages of primary research are:

- It isn't cheap and it can sometimes be very expensive
- Sometimes it can be difficult to collect the information
- It can sometimes take ages to collect the information
- It could be misleading (say if a question has been worded wrong or is the sample of the questionnaire is too big or too small)
- On the internet/emails/letters, quite a lot of people won't reply, complete the survey or would hang up on the phone interviews.

A01 Open questions are questions that have an explanation in the answer. For instance an open question that is asked involves asking why? (why they think this) or what est.. So these questions are like qualitative questions. Open questions are difficult to analyse because the detailed answers are most likely all going to be different.

Closed questions are questions with closed answers. For instance, the question that is asked is looking for a yes or no answer. So it's like quantitative questions. Closed question would also be a question that can involve more than yes or no but the person filling out the form has a choice of picking one, (for example, the person can choose from the answers: yes . no . maybe . sometimes .) closed questions are easy to analyse but the information you get from it is limited.

Secondary Research:

A01
A02 Secondary research is research that already exists, it's research that you have got of something/someone else. So the data has already been used before, it's second hand data. It can also be known as desk research. It can be important to new businesses because they might not have as much money because they are only just starting out there new business and secondary research is cheap. External research is important to Matthew because it would give him lots of information about his competitor businesses and how they have made there businesses successful. Different sources of secondary research that could be used are:

- Books
- Reports
- Newspapers
- The internet

The main source used is the internet, but when research for it on the internet you have to be careful, the data may be wrong, out of date, and the information can be used by everyone so it may be to general.

The advantages of secondary research are:

- A01
- It's cheap and can save you a lot of money
 - Collecting the information form other businesses saves a lot of time and effort
 - It can help made a larger scale studies at a small budget
 - It's easy to access

The disadvantages of secondary research are:

- The data has been collected by someone else for some other reason, so the data might be incomplete to you or the wrong format for what you need
- The information you get form it could be out of date
- If it's from the internet, you need to check who has done it because it might not always be correct. (Wikipedia – anyone can go onto that and change it, so it's not a reliable source)
- The data isn't original; it could have been used by many of other different businesses.

Target Market.

If i made a questionnaire and i had to go round and ask one hundred people by selecting the amount of people from Age groups and then i could divide them like this:

The age groups that have been given have been broken down into five different groups. 0-11, 12-19, 20-29, 30-59, 60+. In the age group 30-59 that has been given i would split it into two other groups of 30-45 and 46-59. This is because it would then give me more detailed figures. 30-45 is full of lots of people that are starting new families and getting married so the figures are bound to be higher. 46-59 is the later stages of families and most people are already married at this point and so they wont be as interested.

- I would ask nobody in the age group of 0-11. This is because they are too young and would have no money to spend there.
- I would ask five people in the age group of 12-19. This is because they most likely do have money, but it is unlikely that they would want to spend it on going to a photography studio.
- I would ask sixty people in the age group of 20-29. This is because they will have money to spend there and this is the age group of where people are starting their families and getting married. So these people are more likely to go to Matthews photography studio because they might be interested in him taking photos of their new families or of their weddings.
- I would ask twenty people in the age group 30-45. This is also one of the latest stages of when people are starting to settle down with having new families and weddings. But there isn't as much people doing this as there is in the 20-29 age group.
- I would ask ten people in the age group 46-59. This is because this age group is the later stage in family life and there aren't as many people getting married. Most people are all ready married and settled down so they wont want to spend as much money there.
- I would ask five people in the age group of 60 and over. This is because not many people at this age wont want to spend their money at a photographic studio, they are most likely wanting to hoard their money and save it for their wills to pass onto their relatives.

If i made a questionnaire and i had to go round and ask one hundred people by selecting the amount of people from socio economic groups and then i could divide them like this:

- I would ask thirty people from the socio economic group A. This is because they have the most money out of all of the socio economic groups and so they wouldn't mind spending money there. They are most likely to spend the most money there and they are more likely to be the regular customers.
- I would ask twenty people from the socio economic group B. This group still earns a lot of money so they also would be likely to want to spend their money at a photographic studio and they would probably want to go back again.
- I would ask twenty people from the socio economic group C1. This group also has money to spend there and they could visit again if they were pleased with what Matthew produced for them the first time they went.

- I would ask fifteen people from the socio economic group C2. This group does have money and again would go back if they were pleased. But they are less likely to spend as much as the A, B and C1 groups.
- I would ask ten people from the socio economic group D. This group earn a bit of money, but they don't earn as much as other people and so there not likely to go back there if they have been there once already. And they also wouldn't spend as much money there
- I would ask five people from the socio economic group E. These people don't have much money and they are not likely to be wanting to spend it at a photographic studio and they are most defiantly aren't likely to go back after going there once.

Choice Of Research Methods.

A03 If Matthew is going to carry out some primary research to gain information that he needs to know about his business and then i would say that he should carry out a focus group.

A01 A focus group is a way of collecting qualitative research. It involves you gathering a number of people (usually 6-10 people) and asking them your questions and then they tell you what they think and feel about it. The group interacts and talks freely with one another about there opinions of the topic there discussing.

For Matthew to plan a focus group he needs to think about the following:

- A02
- A03
- Scheduling. A focus group session normally lasts for an hour and a half. And a good time to have this session would be at lunch time so from around the time of 12:30 – 3:00.
 - Place. He should hold his session in a conference room because it's more practical for a focus group. Getting a room can be pricey, so he would have to take time and research through the costs of renting out rooms and make sure that he gets a room that is a place so that everyone who would be attending the group can get there easily.
 - Refreshments. to keep his group happy, he would need to provide the group with food. Especially seeing as i have recommended him to have the meeting at a lunch time.
 - Rules. He wouldn't want to give the members in the group a list of rules, all Matthew needs to do is make sure that they are keeping focused, not wasting time and everyone is giving out detailed opinions/answers.
 - Members. There are usually 6-10 people in a focus group and they are all usually of a similar nature. So i suggest that Matthew gets 10 people. If he was asking the ten people by age groups then i would say he asks the ten people from the age group of 20-29. If Matthew was asking them by the socio economic group and then he should ask six people form the A group and then four from the B group.
 - Recording. Matthew should audio video record the session so that he can play back on it again. He should also write down notes through out the session but, to make sure he gets everything that is said he needs to record it.
 - Costs. All primary research is expensive and focus groups can be form \$4000 up to \$6000 or possibly over.

- Guide. (agenda) Matthew needs to schedule the session so that he can get through all of his questions and keep it moving swiftly. First he should introduce himself and tell the group why they are there to help him and about his business. Then he should explain why the session is being recorded. Matthew needs to remember to carefully word each question he asks. And when he has asked it he needs to give the group a few minutes to write down their answers and their thoughts. When they have all written what they think down, Matthew should go round everyone in the group and go through the answers. After each answer is given Matthew should write down brief notes of what he has heard. When the meeting has finished Matthew should thank every one of them and tell them that they will be provided with a copy of a report that would be made from the answers they have given him.

Matthew would be good at carrying out a focus group as he gets on well with other people /customers and is very, very confident in himself. He's confident in that he knows how to plan and thinks he's good at it.

The advantages of Matthew carrying out a focus group:

A02

- It will give him a very good idea of what his customers want and would be willing to pay.
- It would give him more accurate answers and lots of information.
- The results that he would get can be easier to understand.

The disadvantage of Matthew carrying out a focus group:

- It would be expensive
- He's only asking 10 people's opinions on what they think
- Group discussions can be difficult to control, the topic can turn irrelevant if it's not done very well.

Choice Of Research Methods.

If Matthew was to carry out secondary research to gain information he needs about his business and then I would suggest he researches on the internet.

A03

The internet is the most used source of finding secondary research. It is a huge, huge source of information and contains information about almost everything. Quite a lot of the data that Matthew would find on the internet would be low cost or free. But the data that Matthew would find very important, some important figures or a survey/questionnaire can be quite expensive to view.

Finding secondary research on the internet can take up to a huge amount of time. It could take from hours, to days, to weeks and months. It all depends on what he's researching. He needs to look into it, and go through many sources to see if they are all saying the same thing. This is so that he would know the information is correct. This is where it uses a lot of time.

The advantages of Matthew getting secondary research on the internet are:

- It can give him a large sample of information

- It's cheap/ cheaper than primary research and so would save him a lot of money
- It collects information of a huge sample of people

The disadvantages of Matthew getting secondary research on the internet are:

A01

- It can take up a huge amount of his time
- The internet isn't always that reliable.
- The questions could be miss leading to him, depends on how the question has been worded.
- The data may be out of date.
- The data could be to common.

Matthew has had four years of experience in a photographic studio, so he knows what he needs to research and what customers want. From researching on the internet, he could also research other businesses and find out more about his competition. And again he's confident in any task that he decides to take on.

This is the questionnaire that I put together that shows a sample of questions that i think Matthew needs to ask people to gain information about his business.

A01
A02

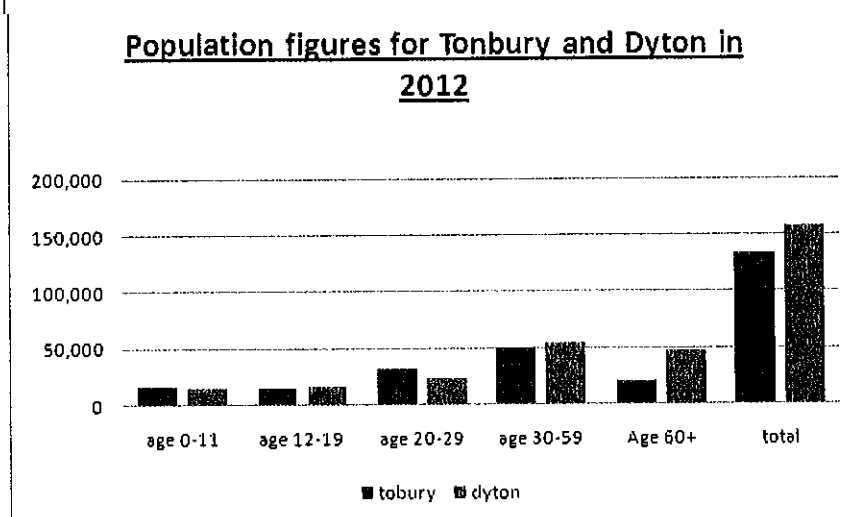
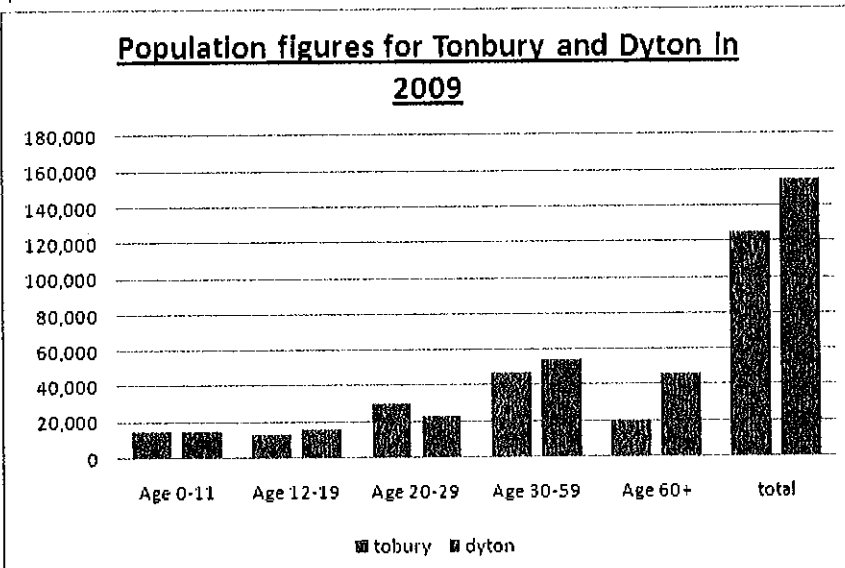
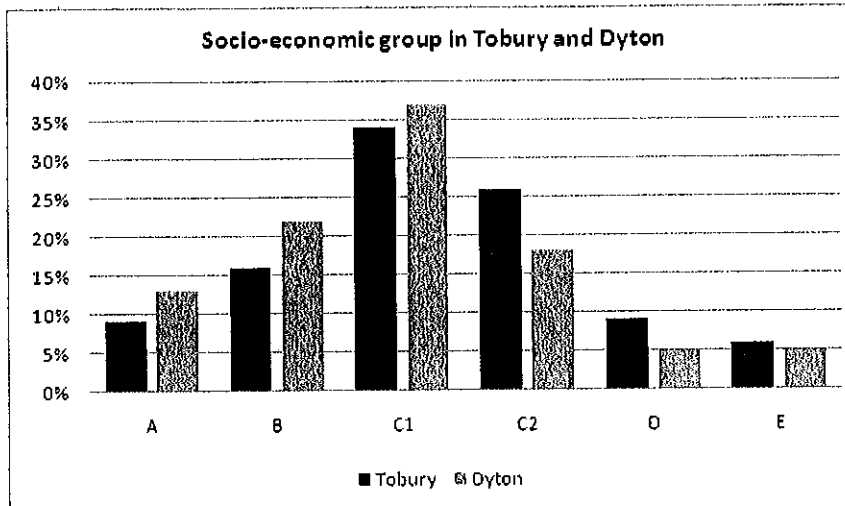
1) Gender	M	F			
2) Age	0-11	12-19	20-39	40-59	60+
3) Have you ever been to another businesses photography studio?	yes	no			

4) If yes which? _____

5) were you pleased with what they produced for you?	yes	No			
6) were you pleased with there prices?	Yes	No	Reasonable	Over priced	
7) If for a special occasion, say a wedding, what would you be willing to pay?	£0-£50	£51-£100	£101-£500	£501-£700	£701 +
8) If so, for what occasion?	Wedding event	Birthday celebration	Family occasion	For fun	Other..
9) would you visit our photography studio?	yes	No	Not sure		
10) how many times would you visit us?	More than once a year	Once a year	Once in two years	Once in five years	Once in ten years

These are graphs showing the information that was given about Tobury and Dyton.

A01
A03



22

Recommend a pricing strategy for Matthew to use with the different products and services he may offer in his photography business.

After researching through websites such as Venture, picture this and Michael Stockton Photography I have found out what prices they charge customers to have their photos taken at weddings and other important events. Using this information I found from those chosen websites I have been able to plan what pricing strategies Matthew should use to help him pick prices for his own business.

A01

To help Matthew with his business he should use the pricing strategy of cost plus pricing. This strategy is what businesses need to use before they decide on the prices they are going to charge their customers; it's where the business looks carefully at the prices that it would cost them to make their product and then add on money which would be the business's profit. However much profit the business wants to make out of their product, is how much they will add on to the price of the product. Matthew needs to use this pricing strategy

A02

because all businesses that turn out successful do it; if Matthew wants to end up making a good profit out of his business and so he can make his business more successful and then he needs to look at the prices that he needs to charge customers and from what they will be willing to pay. After looking at this he then needs to add on the profit he wants out of it so that he's making money from it and turning into a successful business.

A01

The pricing strategy called Skimming wouldn't help Matthew with his business. Skimming is where well known businesses bring out a high quality product (usually a technical product) and charge a very high price to go with it; even though the price of the product is high, customers are still willing to pay for it because it's the latest product brought out from that brand. Once the product has been out for a quite a while or if the brand is launching a new product and then the price of that product would be lowered. Matthew doesn't need to use this strategy because it wouldn't work for him. Matthew wants to start out a photography business, his business isn't

A02

known by anyone yet so he hasn't got any brand loyalty for that strategy to work for him; this means the customers wouldn't be willing to pay the high prices that Matthew would charge and so if Matthew starts out using this strategy his business is more than likely to fall through.

A03

A01

Matthew should use the strategy of differential pricing. This is a method of pricing that is used mainly quite a lot, it's where a product is the same but is charged differently by different groups of people (adults, children, senior citizens). Matthew should use this strategy because it is going to help him to attract more people, by the prices being different they think that they are getting a good deal for the different people in their families. This will attract more people to use the business and so Matthew's brand and brand loyalty will be growing.

A02

A01

Matthew should also use the pricing strategy called penetration pricing. This pricing strategy is where a business (usually a new business) is unknown to the public and can't attract any customers (this is usually because people are already using a different brand and they don't want to break the brand loyalty they have with them because they trust them and the prices). To break this brand loyalty that the customers are giving other businesses, the new business lowers its prices and makes it 'cheap' for the customers and so that they try the new business which is breaking the loyalty between them and the other business. Once the new business has done this and is getting well known and having more customers, then they raise their prices to what they originally were making more profit for themselves whilst having growing customers. Matthew is going to start out a

A02

business that is going to be new and unknown and so people are going to be reluctant to use his business. To break that Matthew needs this strategy to break people's brand loyalties with other businesses; he also needs it because Matthew is going to have to attract customers and the way to do this is by the price being lowered, this will gain the customers and his brand name and company will be getting more known to the public. Once he's got his customers and his name is known and then he can put the price higher to make himself a bigger profit and a more successful business.

A03

A01

Matthew should use the pricing strategy psychological pricing. This is a commonly used method of pricing which is where the price of the product is made to look cheaper by knocking off, say, 1p or a pound of the original price just because it looks cheaper. (For example, if Matthew put the price of a wedding package as £650.00 it looks expensive, where as say he put the cost as £649.00 and then it looks cheaper). Matthew should use this strategy because usually photography studios and businesses are quite expensive and so people can be put off, but if Matthew did this and then when his customers look at the price which has this strategy used, it looks cheaper to them and so it will attract them to use his business, to them it looks like they're getting a bargain, but when really, they're not.

A02

A01
A02

Matthew should also use the pricing strategy called competitor pricing. This method of pricing is where businesses research and look at other businesses that are selling the same products and look at the prices that they are charging. By doing this it's helping the business to know whether they need to lower or higher the prices they have to beat the competitors at attracting customers. Matthew will need to use this because he could use it as a boundary for setting his own prices; if he's already thought out of what prices he is going to charge, and then he should compare them against other businesses because they are going to be his competition. This is important because if Matthew has set his prices higher than other photographer companies have and then Matthews business isn't going to attract many people; if Matthew has set his prices quite a lot lower than other businesses and then this means he's loosing out on the profit, he won't be making much of a profit which he needs to make because the first few months of a new business is vital so he can't miss out on the profit he needs to make..

A01
A02

There is a pricing strategy called promotional pricing which I think Matthew doesn't need to use. This strategy is where a business puts on a 'sale' to sell of old products that they are either finding hard to sell or have new products coming in and need to get rid of them. Matthew is starting a new business and so he doesn't have any old products that he will need to sell off. So there is no need for Matthew to use this method to begin with.

A03

I think Matthew should use the method called Penetration pricing. Matthew would need to use this method because he is starting out a new business which is going to be unknown to the public. To attract customers Matthew is going to have to lower his prices whilst he launches his business, then he will gradually receive more and more customers and his company name will get bigger and more known, this is when he can put his prices up making a good and better profit. The bad side to this is that for when Matthew starts off his business he's not going to get as much profit as he could, so the company wont be making as much money as they could. Although is this strategy turns out successful and then this wont be a problem so he can raise the prices. It's all about taking risks.

Appendix 4 – Pricing Research

In my research I looked at three different photography websites and tried to find the prices for what they are promoting. I looked at Venture, Picture This Photographers and Michael Stockton Photography.

Venture:



A01
A03

In this print screen it's showing you that Venture is giving out special offers by giving out 'the perfect gift experience for JUST £25'; this is an offer for you to buy for a gift for your friends or family. The offer is for your friend or family to have an hour in venture's photography studio and then receiving

one framed photo from what was taken in the studio afterwards. The price of the gift is £25 when it is usually at the price of £145. So here is an example of promotional pricing which is what I am advising Matthew to use.

I found out that Venture only specialise in family and friend portraits which are only taken in Ventures own studios

Venture do not show the prices on their website, this shows that maybe it's very expensive and so when people look at their website and are really interested, their not put off by the prices. Although they don't show any prices, they do show the price of the voucher which is £25. This is showing that they are using promotional pricing because the voucher is actually cheap for a photography studio. This also may show that Venture is a recently starting out business and have used the penetration pricing strategy. I think this business is using the competitor pricing and cost plus pricing strategies as well, I just simply think this because they are commonly used strategies and venture is a successful business.

A03

Picture This photographers:

The screenshot shows the website for 'Picture This... PHOTOGRAPHERS'. At the top right, a quote from Sarah Rolls says: 'Quite simply an amazing photogrpaher, with amazing results'. Below this is the phone number 01462 454131. The main content area is titled 'Portrait Gift Vouchers' and features a '*SPECIAL PROMOTION*' of £30.00 for a one-hour studio experience voucher. A list of voucher options is shown: One Hundred Pounds, One Hundred & Fifty Pounds, Two Hundred Pounds, Three Hundred Pounds, and Five Hundred Pounds Portrait Voucher. The selected price is £30.00, with an 'add to basket' button. A navigation menu on the left includes links like Home, About Us, Products, and various photography services. A search bar is at the bottom left. An arrow points from the text below to the £30.00 price tag.

In this print screen it's showing gift vouchers that the company is giving out. They are offering a number of different vouchers which you can buy depending on how much you want to pay. The voucher is for your friend and family (like venture is giving out) and depending on the voucher you pick, having time in the studio and then receiving one of those photos afterwards. This company is also using promotional pricing; they are giving out special offers to attract more customers into using the business.

This photography studio specialises in:

- Portrait photography (of family and friends est.)
- Wedding photography
- School photography

On the picture this photographers website they don't show many prices (like venture) and I could only find the prices of the gift vouchers, which are much more expensive than the price of Ventures Voucher. The vouchers are showing that the company use the promotional pricing strategy, they would probably also use the methods of competitor pricing and cost plus pricing, but you can't tell by the prices if the businesses are doing those two strategies.

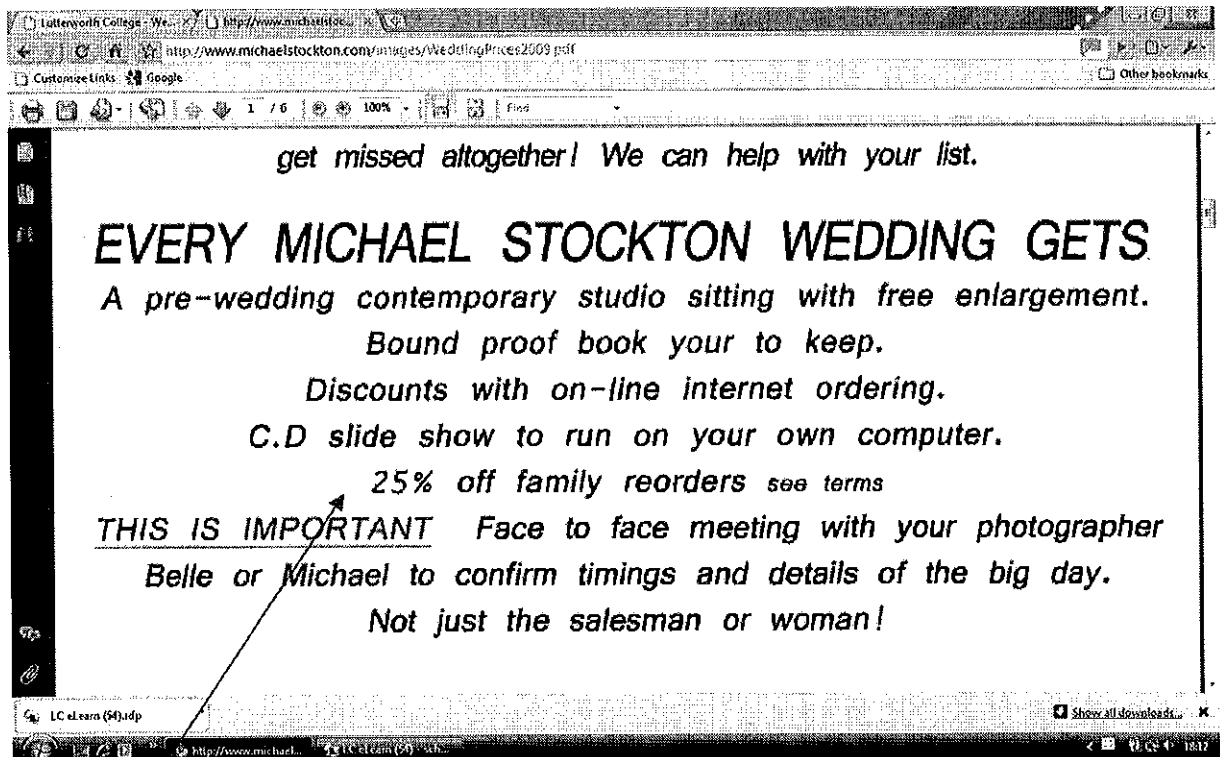
Michael Stockton Photography:

On this website I researched the prices for wedding photography; this is because Matthew would like to base his business on wedding and portrait photographs.

- important!)
3. **A special 25% discount off the cost of ALL wedding reprints and parents albums if ordered at least 4 weeks before the wedding.**
After the wedding you will be given a pre-view book containing all of your wedding shots to show to the family and

This is a print screen from the Michael Stockton Photography studios; it's showing an offer they have which again is the promotional pricing strategy. Although, this offer is offering discount for wedding reprints and parents albums; this encourages people to buy the reprints and parents albums because it's 25% cheaper, so they think they're getting a barging when really, the company is still making a very good profit out of it. This may be an example of cost plus pricing.

A03

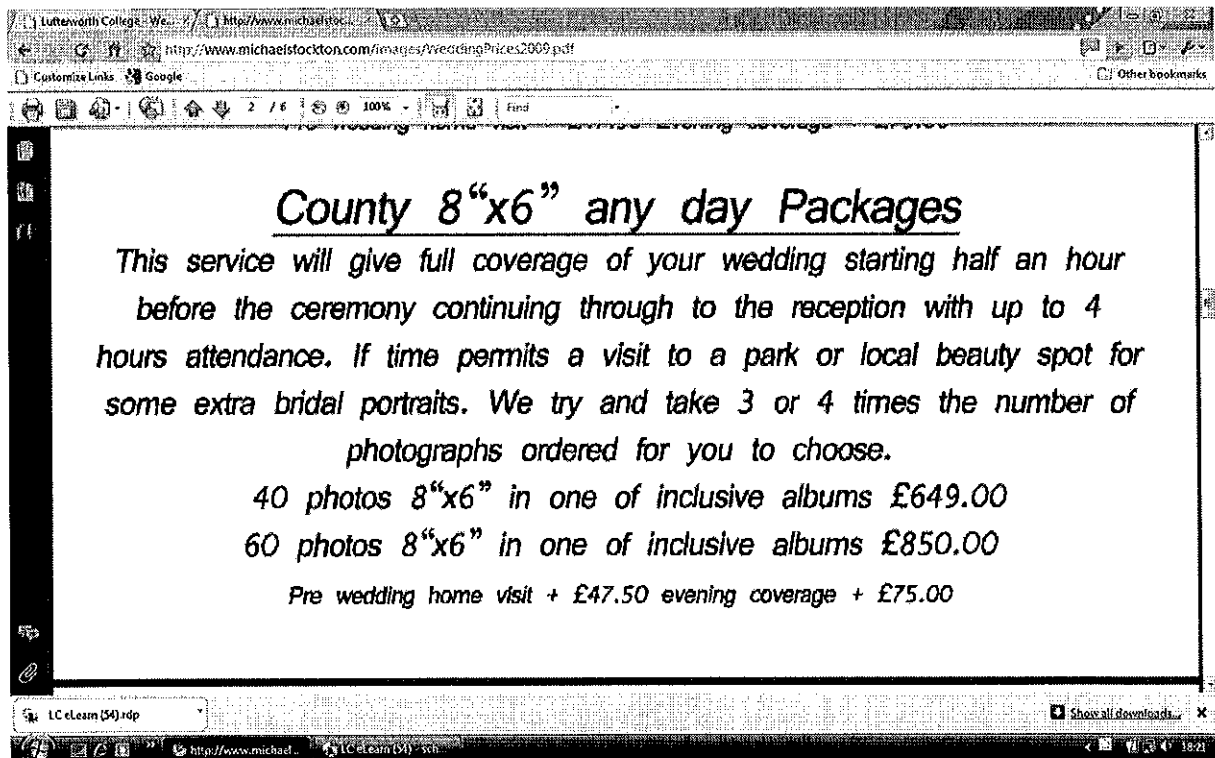


This is also an example of promotional pricing. They are promoting what they offer with every wedding.

Studio Only

AOL
A new service we started in 2008. Ideal for couples that just want first-rate studio wedding portraits. Sittings start from just £37.50 Reprints are extra. Or you can have an studio album with 10 8"x6" enlargements for £197.50 including sitting fee. No extras given

↑
This here is also showing for weddings as well, it's showing the prices and telling you that there are added on costs for certain things, but not telling you the price of those extras. This probably means the extras are expensive. This method has probably used the cost plus pricing, were the company adds up how much it is going to cost this company to make and then adding on profit. By making customers pay for the extras as well, this is making a lot more profit for the company as well.



The screenshot shows a web browser window with the address bar displaying <http://www.michaelstockton.com/images/WeddingPrices2009.pdf>. The main content area features the following text:

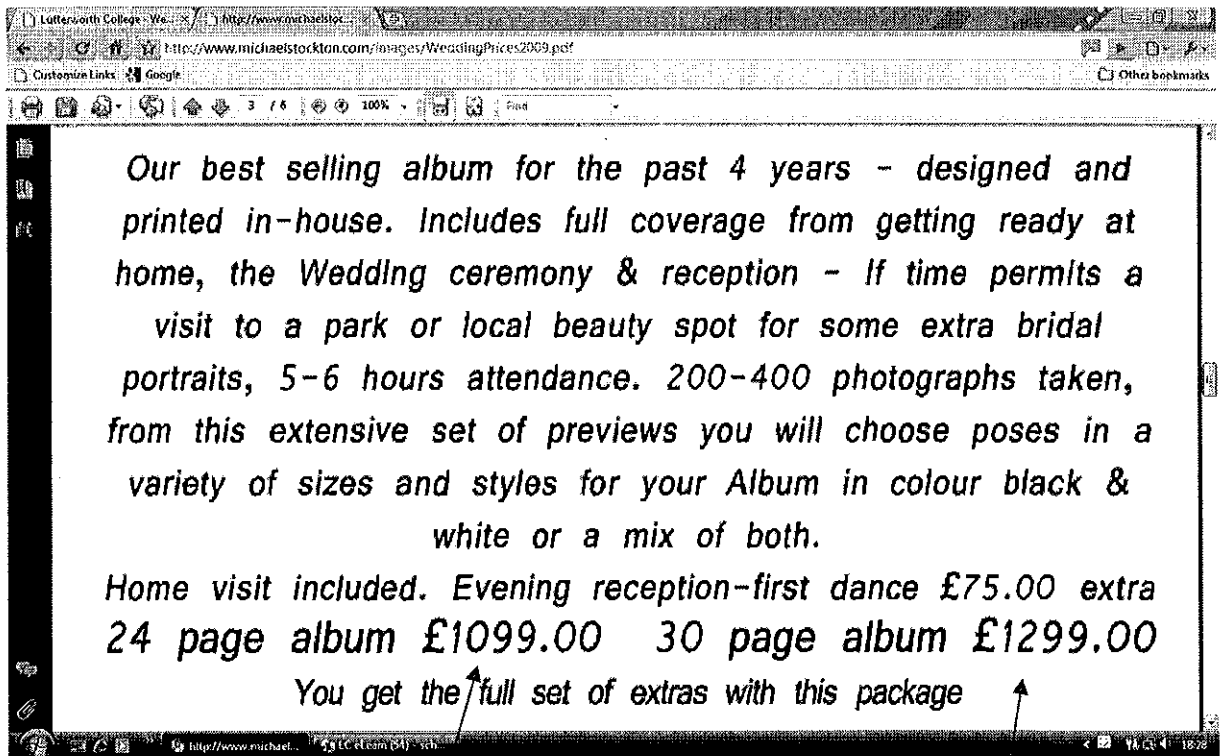
County 8"x6" any day Packages

This service will give full coverage of your wedding starting half an hour before the ceremony continuing through to the reception with up to 4 hours attendance. If time permits a visit to a park or local beauty spot for some extra bridal portraits. We try and take 3 or 4 times the number of photographs ordered for you to choose.

40 photos 8"x6" in one of inclusive albums £649.00
60 photos 8"x6" in one of inclusive albums £850.00

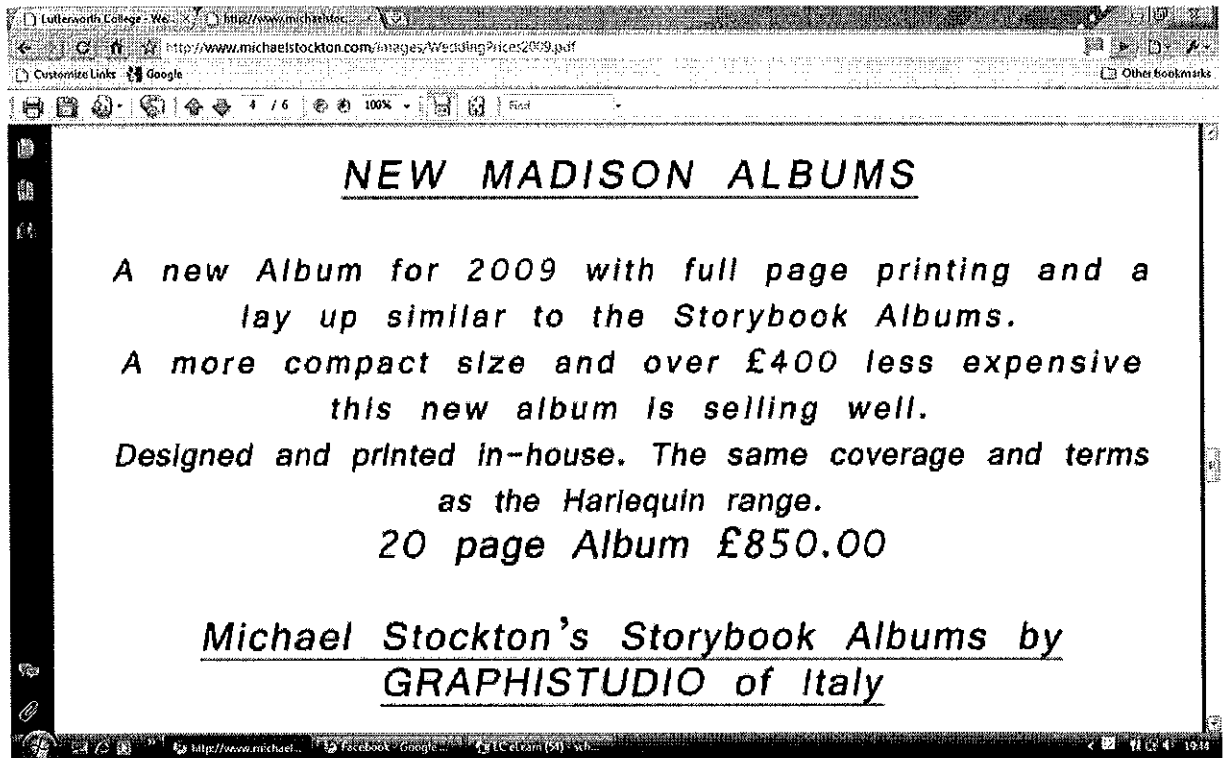
Pre wedding home visit + £47.50 evening coverage + £75.00

The browser's taskbar at the bottom shows several open windows, including 'LCLearn (54).rdp' and 'http://www.michael...'. The system tray on the right indicates the time as 18:21.



A01

The company has used the psychological pricing strategy here, they have knocked off a pound from the price just for the fact that it makes it look cheaper, when really it's not. I think Matthew should use this strategy in his work also, it makes customers think that they are getting it for a bargain when they really are not.



style Album is printed in Italy, giving a very contemporary feel.
 This fully inclusive coverage. With home start – the wedding service and reception inc the first dance. 200-400 photographs taken, from this extensive set of previews you will choose poses in a variety of sizes and styles for your Album in colour black & white or a mix of both.

The Standard Album with 30 pages £1299.00
 40 pages £1425.00

Lots of colour & sizes + extras and customizing available

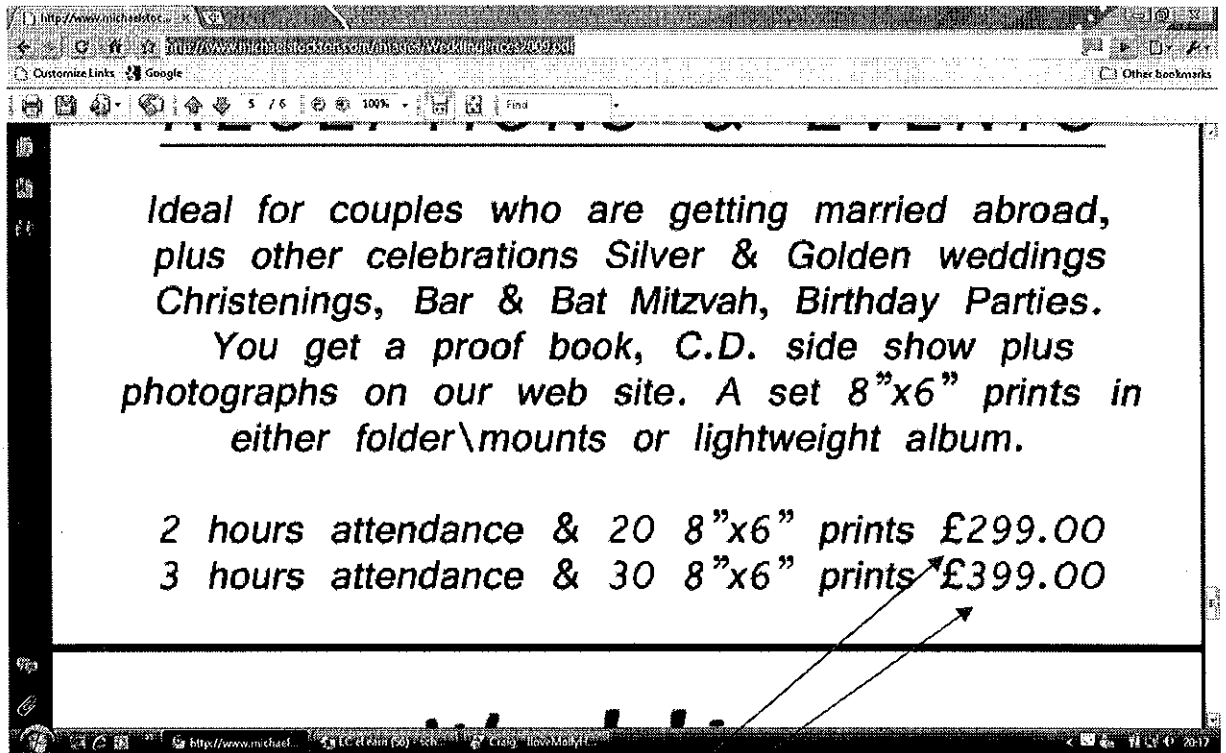
Here they are using the psychological pricing strategy by taking off a pound to the price of a book with 30 pages and taking off five pounds from a book with forty pages. This strategy is very commonly used in almost every business.

standard! Coverage will be the same as our other packages, Giving you peace of mind that this special day will be photographed in a professional way.

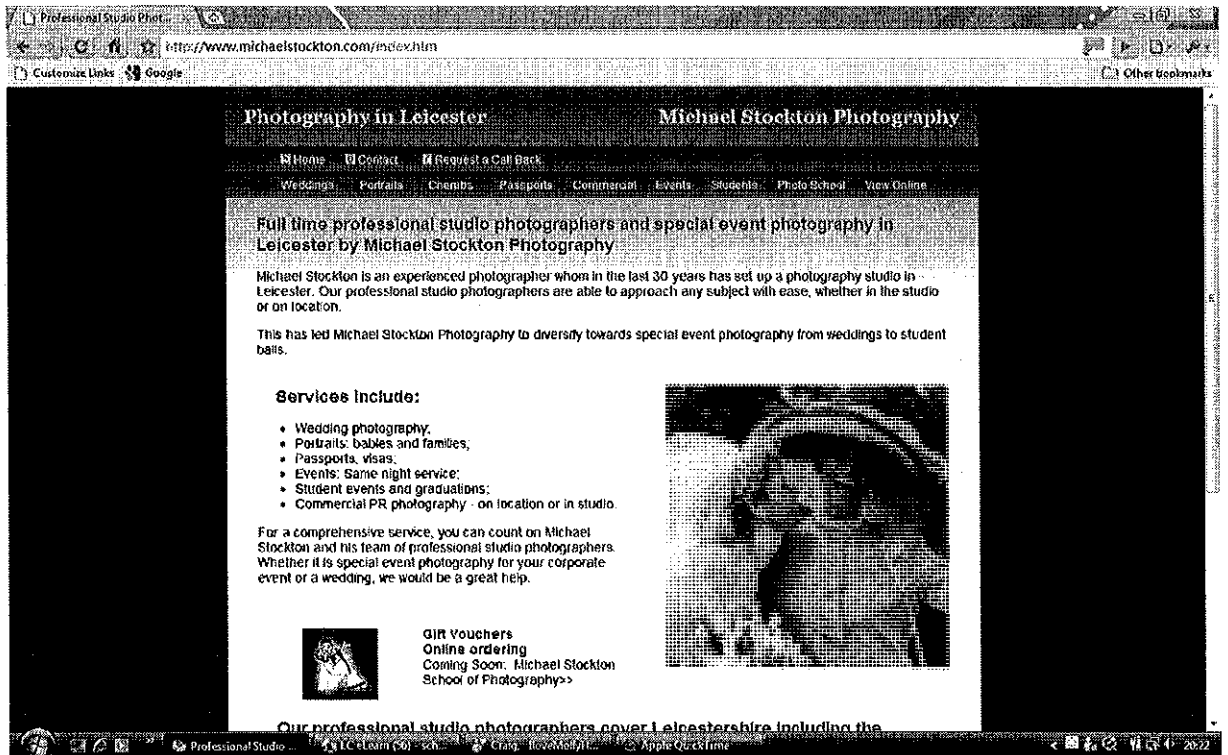
3 hours attendance taking about 200 shots £575.00
 6 hours attendance taking about 400 shots £750.00

RECEPTIONS & EVENTS

Ideal for couples who are getting married abroad, plus other celebrations Silver & Golden weddings Christenings, Bar & Bat Mitzvah, Birthday Parties.
 You get a proof book, C.D. side show plus



A01 The psychological pricing strategy is being used here as well.



This is the homepage of Michael Stockton Photography, they clearly show what they specialise in which is:

- Wedding photography
- Portraits of babies and families

- Passports
- Visas
- Big and small events
- Student events and graduations
- Commercial PR photography (on location or in a studio)

Michael Stockton Photography uses the commonly used strategy which is called Psychological pricing. He also uses the strategy promotional pricing. You can't tell by looking at his prices but I suspect that the business has used competitor pricing and cost plus pricing; this is because these strategies are important to be used by businesses to end up successful.