

Economics at OASB - Year 11 holiday homework

Watch The Apprentice Series 10, Episode 10 using the following link below

<http://bit.ly/oasbeconomicssp>

Background

All contestants on the show are wanting to start their own businesses but cannot afford to do so. Instead of taking out a business loan from the bank (and paying interest and offering collateral), they are hoping to win the show and get the funds from Lord Sugar that they need to start out. Lord Sugar is a venture capitalist, who offers loans for businesses, in exchange for a percentage share of their profits. He will be hoping that whichever whoever's business he ends up investing in, will make a large profit. This is because he will then make back more money than he loaned them.

- 1) Why do you think Lord Sugar is putting them through all of these rounds of testes before deciding who to give his business loan to?

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- 2) Usually entrepreneurs will simply pitch their business ideas to venture capitalists. What kind of things do you think venture capitalists will be looking for when deciding who to lend to?

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During/after watching the episode:

- 1) What is the product that the groups have been asked to create?

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- 2) In Economics the 'Market' for a product is the buyers and sellers of a product. Explain why Lord Sugar thinks that the High-end pudding market is a good one for the teams to start a business in (you could use data to support your answer- this comes in the board room at the end).

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3) A market segment is the particular group of consumers that a product is aimed at. What market segment do you think the teams are supposed to be aiming their products at?

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4) A USP (Unique Selling Point) is the thing which makes a product different to all of the other products available on the market. What does each group claim is their USP?

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5) Businesses conduct market research in order to reduce the risk of their product being unsuccessful once they start selling it. Market research involves finding out what customers want and what is generally selling well in the market already. It involves any kind of activity that gives a business any kind of information about its product or service, its customers, its competitors or the market it operates in. Explain the market research that both teams conducted. Which approach to market research do you think was more successful and why?

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6) Suggest any further market research that you think the teams should have done before designing on their product and how they were going to brand it.

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7) Usually luxury products are aimed at a 'niche market'. A niche market is a small part of the overall market that has certain special characteristics like being high-end and expensive or vegan-friendly. However Lord Sugar wants them to sell luxury products to the 'mass-market'. The mass market. The mass market is a large market which includes the majority of the relevant population.

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8) Explain how they are planning to make a product which is made to look (branded), high-end and luxury, appeal to all consumers.

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9) Why do you think many businesses give customers the chance to try testers, even though it costs them a lot of money?

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10) Why do you think the businesses have chosen to distribute their products through supermarkets instead of setting up their own online businesses/ shops to sell them in?

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11) What does Asda believe to be the main issue with the Tea Cheesecake?

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12) Why do both teams think it is important to talk about their market research in their pitch to the three supermarkets?

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13) What is the main issue that is stopping Waitrose from wanting to buy the trifle?

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14) Why do you think it is unlikely that Asda, Tesco and Waitrose would all choose to stock the same dessert?

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15) What turned out to be the biggest issue for the Trifle team? Give three things you think they could have done to prevent this issue.

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