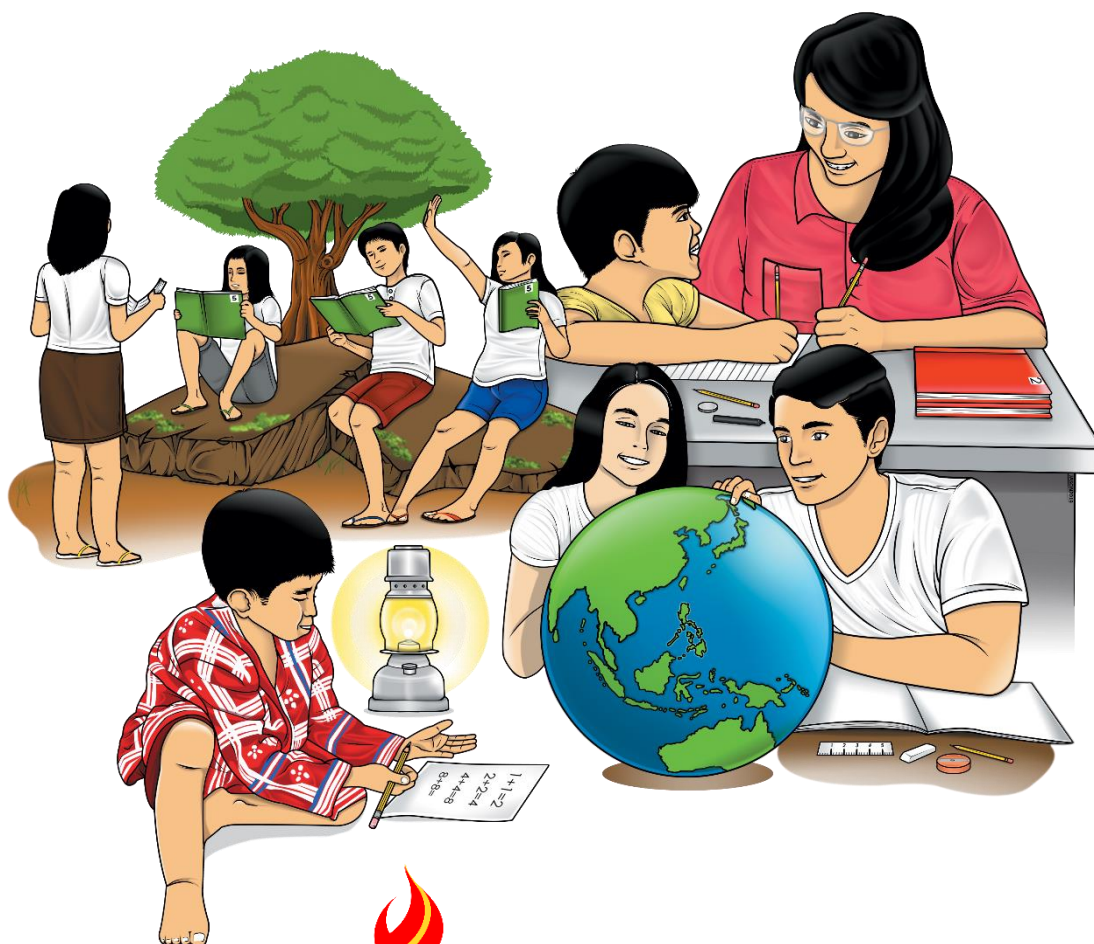


Senior High School

Entrepreneurship

Quarter 1 — Module 3

Recognize and Understand the Market



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Entrepreneurship – Grade 12
Alternative Delivery Mode
Quarter 1 - Module 3
Second Edition, 2021

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Published by the Department of Education – Region X – Northern Mindanao

Regional Director: Dr. Arturo B. Bayocot, CESO V

Development Team of the Module:

Authors:	Joel Y. Yacas Naneth M. Valdehuesa Mary Cris A. Maquilan Charity E. Parel Lorena Fe S. Anub	Janice B. Dominguez Ronee D. Quicho Marylinda T. Puzon Denver E. Neri Ethel Lalaine B. Morales
Evaluators:	Cherryl F. Descallar Eddy Lou T. Hamak Sherriemae V. Reazol	
Illustrator:	PSSg Edzel M. Dominguez	
Management Team:		
Chairperson:	Dr. Arturo B. Bayocot, CESO III Regional Director	
Co-Chairpersons:	Dr. Victor G. De Gracia Jr., CESO V Asst. Regional Director Mala Epra B. Magnaong CES, CLMD	
Members:	Dr. Bienvenido U. Tagolimot, Jr. Regional ADM Coordinator Elson C. Jamero EPS-Designate-TLE	

Printed in the Philippines by: Department of Education – Regional Office 10
Office Address: Zone 1, Upper Balulang Cagayan de Oro City 9000
Telefax: (088) 880-7071, (088) 880-7072
E-mail Address: region10@deped.gov.ph

Senior High School

Entrepreneurship

Quarter 1 - Module 3

Recognize and Understand the Market



Introductory Message

For the Learner

Have you ever dreamed of becoming the next multi-millionaire? If you're thinking that winning the lottery is the only way to become one, well, think again. It is not chance that gives you millions, instead being a millionaire is a result of hard work and determination. Starting your own business is a good beginning towards fulfilling your dreams. Entrepreneurship is the way!

You may often hear the word entrepreneur and entrepreneurship. But what do these terms mean? You may refer to an entrepreneur as the person managing the business and entrepreneurship as the business venture. Some may say there is no difference.

So, what does this module provide you towards reaching your dreams?

1. It outlines the concepts and basic principles, and processes of developing a business plan.
2. It helps you understand the environment and market in your locality as a factor in developing a business concept.
3. It allows you to experience starting and operating your own business.

Substantial knowledge of entrepreneurial principles and processes is important as this increases the chances of making your business successful.

In this module, you are guided with a set of learning parts that will help you understand the underlying principles of entrepreneurship.

1. What I Need to Do – the part used to introduce the learning objectives in this module.
2. What I Know – this is an assessment as to your level of knowledge to the subject matter at hand, meant specifically to gauge previous knowledge.
3. What's In – the part used to connect your previous learning with the new lesson.
4. What's New – the part used to introduce new lesson through a story, an activity, a poem, song, situation or activity.
5. What is It – the part that will help you discover and understand entrepreneurial concepts.
6. What's More – the part that will help enrich your learnings of entrepreneurial concepts.
7. What I Have Learned – the part that will help you process what you have learned In the lesson.
8. What I Can Do – the part that allows you to apply what you have learned into real life situations.
9. Assessment – the part that evaluates your level of mastery in achieving the learning objectives.
10. Additional Activities – the part that enhances your learning and improves your mastery of the lesson.



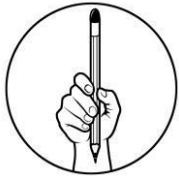
What I Need to Know

You are done in recognizing potential markets in the second module in Entrepreneurship. You already understand the best product or service that will meet the market needs. Now, you will continue to learn more about markets, and recognize and understand the market. In this module we're going to focus on what's at the heart of every new venture opportunity, the value proposition. A good value proposition is one that directly links the most important features of the product or service to the customer's plan. A good value proposition is one that directly links the most important features of the product or service to the customer's plan.

In creating a business, the vicinity map is the most important tool that will identify the key features of the solution and how they help the customer achieve those benefits or overcome those obstacles. Customers don't buy products. They don't buy brands and they don't buy technologies. Fundamentally, customers buy solutions, will continue learn more about markets, and recognize and understand the market.

This module has two objectives:

- 1 – *Describe the unique selling proposition and value proposition that differentiate one's product/service from existing products/services.*
- 2 – *Determine who the customers are in terms of:*
 - a. *Target market*
 - b. *Customer requirement*
 - c. *Market size*



What I Know

Before we begin with this module, answer the questions below. Let's see if you already have some ideas about Recognizing Potential Markets. Write **True** if the statement is correct and write **False** if not.

_____1. Value refers to what the product does for customers that they're prepared to pay.

_____ 2. The Marketing Concept that was first proposed as a theory to understand the pattern in successful advertising was called Unique Selling Proposition.

_____3. In creating value proposition, entrepreneurs will consider the four (4) basic elements.

_____4. Unique selling proposition is specific, often citing numbers or percentages.

_____5. Effective selling using advertising and marketing is part of value proposition.

_____6. Identifying and rank the uniqueness of the product or services is one tip for the entrepreneur on how to create an effective unique selling proposition.

_____7. The entrepreneurs should not consider the health benefits of the consumers.

_____8. Consumers have common wants and needs.

_____9. Market targeting is a stage in market identification process that aims to determine the set of buyers with common needs and characteristics.

_____10. Identifying the unique selling proposition will not require marketing research.

_____11. Targeting a specific market does not mean that you are excluding people who do not fit your criteria.

_____12. Demographic segmentation is the total market divided according to geographic location.

_____13. Knowledge and awareness are variables to consider in behavioral segmentation.

_____14. Service requirement is an intangible thing or product that cannot be touched, but can be felt.

_____15. Market size is like a world globe measurement.

Lesson

1

Recognize and Understand the Market



What's In

In the previous lesson we learned about the creation of entrepreneurial ideas that lead to the identification of entrepreneurial opportunities, which in turn results in the opening of an entrepreneurial venture. There are three processes in creating a new venture, **Entrepreneurial mind frame**, **Entrepreneurial heart flame**, and **Entrepreneurial gut game**. In opening a new venture or business, you need to determine the Unique Selling Proposition (USP) and Value Proposition (VP) of your product as well as your target market.



What's New

Activity 1.

Identify whether the following is a Unique Selling Proposition or Value Proposition of a product/service.

Example: Langhap Sarap

Example: Unique Selling Proposition

1. Safeguard _____
2. Love ko to _____
3. Supermarket _____
4. Surf _____
5. Bukas kahit anong oras _____

Activity 2.

Determine what method of market segmentation (Geographic, Demographic, Psychological and Behavioral Segmentation) will be used for the following items.

1. We have Climate Change. _____
2. Over 60 years of age. _____
3. Branded (US Levi's). _____
4. This product is good for my health. _____
5. Most People in the community are Roman Catholic. _____



What is It

What is Unique Selling Proposition (USP) and Value Proposition (VP)? This part allows the entrepreneur to prepare himself on how to advertise and sell his product even if it is similar to others. In this lesson, you will find out the answers and understand more about the market.

Value Proposition (VP) - is a business or marketing statement that summarizes why a consumer should buy a company's product or use its service. This statement is often used to convince a customer to purchase a particular product or service to add a form of value to their lives. In creating Value Proposition, entrepreneurs will consider the basic elements:

- Target Customer
- Needs/opportunity
- Name of the product
- Name of the enterprise/company

There are many competitors in the market who establish superiority over other entrepreneurs. Entrepreneurs should think of other alternatives to make their products better. An important aspect in Value Proposition is that it must be truthful and that it should establish credibility to the consumers.

Example: Potential value proposition is most common in small businesses of your locality.

Aling Charing Sari-Sari Store opens only from 6:00 am to 6:00 pm, but Aling Charing noticed that there are customers who go to a nearby town to look for a convenience store at around 10:00 pm to 6:00 am. She believes that this is a great opportunity for her store to operate 24/7. In this example, the proposed value proposition is: *“Charing sari-sari Store, open 24/7”*.

The business describes a *sari-sari store* – a basic retail store. The assurance from this value proposition is because of the phrase *“open 24/7”*, Aling Charing’s sari-sari store opens 24/7, which makes it different from other competitors.

Unique Selling Proposition (USP) – refers to how you sell your product or services to your customer. You will address the wants and desires of your customers.

As an entrepreneur, you should think of marketing concepts that persuade your target customers. You may ask the following questions in doing this: What do the customers want? What brand does well? What does your competitor sell well?

Some tips for the entrepreneur on how to create an effective unique selling proposition to the target customers are:

- Identify and rank the uniqueness of the product or services character
- Be very Specific
- Keep it Short and Simple (KISS)

As an entrepreneur, present the best feature of your product or service that is different from other competitors. Identifying the unique selling proposition requires marketing research that you will learn from the other modules. In promoting your products or services, make sure that it is very specific and put details that emphasize the differentiator against the competitors. Keep it short and simple and think of a tagline that is easy to remember. Right now, the proposed unique selling proposition is: *“Charing sari-sari store, open 24/7”*

Readers get confused between value proposition and unique selling proposition. The two propositions are used to differentiate the products from competitors. For example, Jollibee is known to have a Filipino taste burger. This brand has a unique selling point because of its tagline “Langhap Sarap”

Unique Selling Proposition and Value Proposition are two of the most famous tools used to explain why prospect customers buy each product and service. Base on each definition, we learn that USP and VP are frameworks of each business industry. The two propositions are valuable for the entrepreneurs. Make sure that you're focusing on a solution that is a need, and make sure that you are targeting a customer segment that's large enough and cares enough about your solution so that you can build a viable business. We'll talk more about determining the size of your target market in our next lesson.

After you understand the value proposition and the unique selling proposition, now it's time to understand the target market, customers requirement

and market size. As you might expect, the market is right at the center of our word cloud for this lesson. Understanding your market is critical in building your business model. There are three factors that will determine your customers.

A. Target Market

Market Targeting is a stage in market identification process that aims to determine the buyers with common needs and characteristics. Prospect customers are a market segment that an entrepreneurial venture intends to serve.

In targeting a specific market, it will exclude people if it will not fit your criteria. Rather, target marketing allows you to focus your marketing money and brand message on a specific market that is more likely to buy from you than other markets. Choose a product that is more affordable, efficient, and effective to reach potential clients and generate business.

Commonly used methods for segmenting the markets are follows.:

1. Geographic segmentation – the total market is divided according to geographical location.
 - Variables to consider
 - a. Climate
 - b. Dominant ethnic group
 - c. Culture
 - d. Density (either rural or urban)
2. Demographic Segmentation – divided based on consumers
 - Variables to consider
 - a. Gender
 - b. Age
 - c. Income
 - d. Occupation
 - e. Education
 - f. Religion
 - g. Ethnic group
 - h. Family size

3. Psychological Segmentation – divided in terms of how customers think and believe
 - Variables to consider
 - a. Needs and wants
 - b. Attitudes
 - c. Social class
 - d. Personality traits
 - e. Knowledge and awareness
 - f. Brand concept
 - g. Lifestyle
4. Behavioral Segmentation – divided according to customers' behavior pattern as they interact with a company.
 - Variables to consider
 - a. Perceptions
 - b. Knowledge
 - c. Reaction
 - d. Benefits
 - e. Loyalty
 - f. Responses

B. Customer Requirements

Customer requirements are the specific characteristics that the customers need from a product or a service.

There can be two types of customer requirements:

1. Service Requirement
2. Output Requirement

Service Requirement:

An intangible thing or product that cannot be touched but the customer can feel the fulfillment. There are elements in service requirement like on-time delivery, service with a smile, easy-payment etc. It includes all aspects of how a customer expects to be treated while purchasing a product and how easy the buying process goes.

Output Requirements:

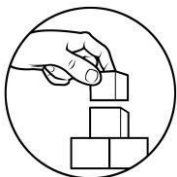
Tangible thing or things that can be seen. Characteristic specifications that a consumer expects to be fulfilled in the product. Customers will avail services as a product, then various service requirements can take the form of output requirements. For example, if the consumer hires a multi cab, then on-time arrival becomes an output requirement. Customer buys gadgets (phone speaker) the specification like the loudness and clarity are the output requirements.

C. Market Size

The entrepreneur's most critical task is to calculate the market size, and the potential value that market has for their start-up business. Market research will determine the entrepreneurs' possible customers in one locality.

What is Market Size?

Market size is like a size of the arena where the entrepreneurs will play their business. It is the approximate number of sellers and buyers in a particular market. Companies are interested in knowing the market size before launching a new product or service in the area. In determining the market size, the entrepreneur will conduct a strategic marketing research from reliable sources using the following method. The first step is to estimate the potential market – approximate number of customers that will buy the product or avail your services. The second step is to estimate the customers who probably dislike to buy your product or avail the services. The third step is for the entrepreneur to estimate the market share, that means plotting and calculating of the competitor's market share to determine the portion of the new venture. Market size becomes the most important factor if you ever need to raise funding for your business.



What's More

To apply what you have learned in the previous discussion, answer the question below. Your answers should be at least 50 words.

1. How would you differentiate Value Proposition and Unique Selling proposition?

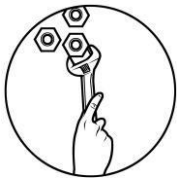


What I Have Learned

Fill in the blanks:

Entrepreneurs will take a look at each customer's demand in the market. Understanding your market will help reach your goal to compete with bigger competitors. Building positive relationships with customers require more understanding in customers' purchasing motivations and habits. _____ and _____ basically join hand in hand to promote its product and services. _____ is a sage in market identification process that aims to determine the buyers' common needs and behavior. There are four (4) methods for segmentation, _____, _____, _____, and _____. There are two types of customer requirements, the _____ and _____, the tangible and intangible things.

Understanding your market will help reach your goal to compete with bigger competitors.



What I Can Do

As an entrepreneur, you are planning to have a business. Using the following guide questions, answer them so you can now start drafting your business plan.

1. What product do you want to sell?
2. How will you apply the concept of value proposition and unique selling proposition?
3. What is the best tagline of your chosen product?
4. Who is your target market?



Assessment

Multiple Choice: Select the best answer and write the letter only on the space provided.

- _____ 1. What is the relationship between unique selling proposition and value proposition?
- a framework of each business industry
 - meets your competitors needs wants
 - persuades another to exchange money for a product or service
 - connected with only one particular thing
- _____ 2. The following variables are to be considered in behavioral segmentation, except
- perception
 - brand concept
 - reaction
 - benefits
- _____ 3. What is the function of Value Proposition?
- used to power up sales
 - used to convince customer to purchase a particular product or services.
 - help customers buying habits
 - provide value to your customers
- _____ 4. Give an example in promotion using Value Proposition and Unique Selling proposition.
- with the slogan “Langhap Sarap”
 - ordinary sari-sari store
 - multinational business
 - fruit shake stand
- _____ 5. _____ will determine possible customers in one locality.
- | | |
|--------------------|--------------------|
| a. Market design | c. market research |
| b. Market strategy | d. market size |

- _____6. The term behavioral segmentation refers to:
- divided based on consumers
 - divided in terms of how customers' think and believe
 - divided according to geographical location
 - divided according to customers behavior pattern as they interact with a company
- _____7. What is market size?
- Tangible things that can be seen
 - Size of arena where the entrepreneur will play their business
 - The most important part to the success of the company
 - Another variation of segmentation marketing.
- _____8. These are considered favorable indicators for doing business in that particular location.
- structure of the segment
 - capability of the business
 - size and growth of the segment
 - segmentation marketing
- _____9. This selects the type of customer requirement
- | | |
|------------------------|---------------------------|
| a. service requirement | c. service responsibility |
| b. service oriented | d. service fulfillment |
- _____10. This refers to how you sell your products or services to your customer.
- | | |
|-------------------------------|------------------------|
| a. Value proposition | c. Selling proposition |
| b. Unique selling proposition | d. Marketing concept |
- _____11. The following are tips for the entrepreneur on how to create an effective unique selling proposition to the target customers, except
- Identify and rank the uniqueness of the product or services characteristic
 - Be very specific
 - Keep it short and simple
 - Completeness of proportion
- _____12. Geographic segmentation refers to:
- Divided according to geographical location
 - Divided based consumers.
 - Divided in terms for customers think and believe

d. All of the above

_____ 13. Service requirement is a/an _____ thing or product that cannot be touched but customer can feel he fulfillment.

- a. Tangible
- b. Intangible
- c. Service
- d. Output

_____ 14. Tangible things that can be seen refers to

- a. Service requirement
- b. Output requirement
- c. customer requirements
- d. Entrepreneur's output

_____ 15. What is the first step in conducting strategic marketing?

- a. Estimate the potential market
- b. Estimate the customers who are probably dislike to buy your product
- c. Estimate the market share
- d. Estimate business funding.

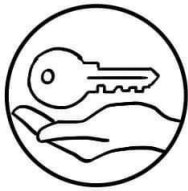


Additional Activities

Give at least 5 products being advertised or promoted on television. Evaluate each one according to its USP, VP and method of segmentation used, customer requirements, and who are the customers.

Product Name	USP	VP	Method of Segmentation	Customer Requirements	Target customers
Ex. Jollibee	Langhap Sarap	Filipino taste burger	Psychological	Service & Output	All people
1.					
2.					
3.					
4.					
5.					

Kudos! You have finished Module 3. Get to know more about Market Research in Module 4.



Answer Key

		10. B
		9. A
		8. C
		7. B
	15. A	6. D
	14. B	5. C
	13. B	4. A
	12. A	3. B
	11. D	2. B
	10. B	1. A
What I Have Learned		Assessment:
1. Unique Selling Proposition		
2. Value Proposition		
3. Target market		
4. Geographic		
5. Demographic		
6. Psychological		
7. Behavioral		
8. Service		
9. Output		
		15. F
		14. T
		13. F
		12. F
		11. T
		10. F
		9. T
		8. T
		7. F
		6. T
		5. F
		4. F
		3. T
		2. T
		1. T
What's new:		What I know:
Activity 1:		
1. Unique Selling Proposition		
2. Value Proposition		
3. Unique Selling Proposition		
4. Value Proposition		
5. Unique Selling Proposition		
Activity 2:		
1. Geographic		
2. Demographic		
3. Psychological		
4. Behavioral		
5. Demographic		



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For inquiries or feedback, please write or call:

Department of Education - Bureau of Learning Resources (DepEd-BLR)

Ground Floor, Bonifacio Bldg., DepEd Complex
Meralco Avenue, Pasig City, Philippines 1600

Telefax: (632) 8634-1072; 8634-1054; 8631-4985

Email Address: blr.lrqad@deped.gov.ph * blr.lrpd@deped.gov.ph