

Marketing is:

finding the needs of customers and demonstrating how a business fulfils those needs in order to increase sales

Marketing

Finding the needs of consumers and demonstrating how a business meets those needs

Market research

The collection of data to help business decisions

2:1 The Role of Marketing

How can a business increase sales?

1. Advertise the product or service more in order to raise awareness of what is on offer
2. Introducing a new model that will appeal to more customers
3. Increase the range of products or services available
4. Reducing the price to sell more products - but will profits increase?
5. Selling the product in different countries to target a wider range of customers
6. Selling by different methods i.e. Online or offering digital distribution

2:2 Market Research

Before a business starts, it is important that the owners know exactly who their customers are likely to be.

Primary	Pros	Cons
Questionnaire	<ul style="list-style-type: none"> ▪ Cheaper than interviews ▪ Easily target certain people 	<ul style="list-style-type: none"> ▪ Difficult to predict how many will be completed ▪ people may not understand the questions
Interviews	<ul style="list-style-type: none"> • Questions can be explained • Customers can be easily targeted 	<ul style="list-style-type: none"> • Expensive • Customers may feel uncomfortable
Trials	<ul style="list-style-type: none"> • Save money before making products widely available 	<ul style="list-style-type: none"> • Costly to set up
Focus groups	<ul style="list-style-type: none"> • Data is accurate to the target market 	<ul style="list-style-type: none"> • Only small groups that take part so expensive

Secondary sources include census data, websites, internal data and newspapers.

Pros: cheap and already available to use
Cons: not exactly what you need and could be out of date

Target market

The group of customers who a business aims to sell its products to

Primary research

Data collected first-hand (field research)

Secondary research

Data collected by others (desk research)

Qualitative data

Data based on opinions of those being asked

Quantitative data

Data based on facts or numbers

2:3 Market Segmentation

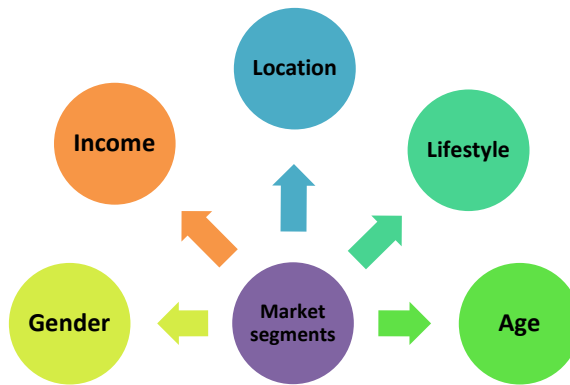
A watch can be segmented in a number of ways:

Age - Disney theme for children, plain for adults

Gender - made for men or women

Income - watches can be very cheap at £10 others can be very expensive at £1000's

Lifestyle - special watches for diving, running and other outdoor sports



Market segmentation

Splitting the market for a product into different parts, or segments

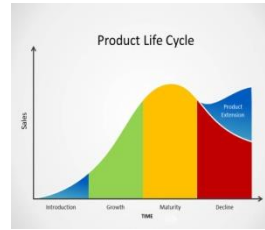
2:4 The Marketing Mix - Product

The product is a vital element of the marketing mix. The product or service must be something customers actually want.

Advertising a new product more widely can increase sales and extend the life of a product.

Reducing the price of a product can help to maintain sales and extend the life of a product.

Selling in new markets i.e. abroad, opens the product up to a wider range of new customers and so extends the life of the product



Introduction

A product is first made available for sale

Growth

Sales are growing strongly

Maturity

Sales are at their highest level

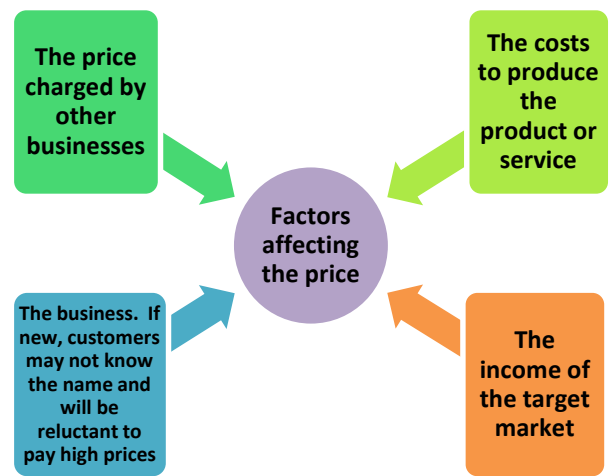
Decline

Sales are falling

2:4 The Marketing Mix - Price

- Competitor pricing**
A price is set based on prices charged by competitors
- Cost-plus pricing**
Adding a percentage of profit onto the total costs of making a product
- Penetration pricing**
A price is set lower than competitors
- Skimming**
A high price is charged initially for those customers who want the latest products
- Promotional pricing**
Prices are reduced to give sales a boost

A business must take great care when setting the price of products and services. Too low and the business won't make enough profit, too high and customers will not buy



Place is: concerned with where the product is sold from and the distribution of goods

- Physical distribution**
Distribution of goods using a physical presence
- Digital distribution**
Distribution of goods and services digitally by downloading from a website

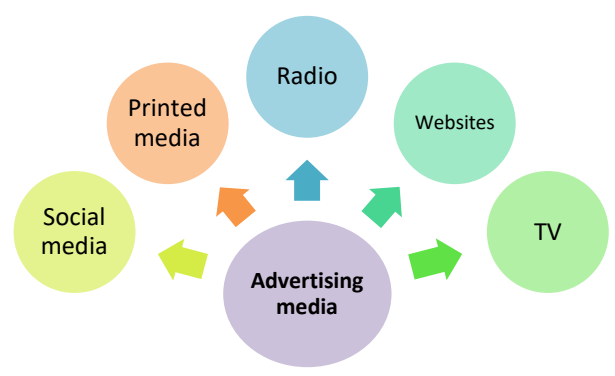
2:4 The Marketing Mix - Place



Advantages of digital distribution	Disadvantages of digital distribution
<ul style="list-style-type: none"> ▪ Customers can access products and services 24/7 ▪ Goods are downloaded so available quickly ▪ No physical product to deliver so the business saves money 	<ul style="list-style-type: none"> ▪ Not all goods are suitable for digital distribution i.e. bread ▪ Not all customers have access to the internet ▪ Easier for illegal content to be copied and distributed which means the business loses sales

2:4 The Marketing Mix - Promotion

- Aims of promotion**
- To inform customers about a product or service
 - To keep a business ahead of its competitors
 - To create or change the image of a business, its products and services
 - To maintain or increase sales



- Point of sale promotions**
Price reductions, loss leaders, competitions, free samples
- Advertising campaign**
A series of advertisements often using different advertising media
- Advertising media**
The methods by which a business can advertise a product

Assessment Information

Your assessment will take place during a normal timetabled lesson but you should be revising at home.

Number of marks available: 40
Time allowed: 50 minutes

Answer **ALL** of the questions

The first 10 questions will be multiple choice - you must only select **ONE** answer, selecting two will score 0 marks.

The other questions will include a range of 2, 3, 4, 6, 7, & 9 mark questions

- Possible questions**
1. Identify which price a business should charge.
 2. Explain one advantage and one disadvantage of using focus groups.
 3. Analyse one benefit of a businesses distribution channel.
 4. Analyse two benefits of using questionnaires to gather market research.
 5. Evaluate whether or not a business should use social media to promote its products.