Knowledge Organiser

Unit 2: Marketing

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	▪ Cheaper than interviews ▪ Easily target certain people	▪ Difficult to predict how many will be completed ▪ people may not understand the questions
Interviews	• Questions can be explained • Customers can be easily targeted	• Expensive • Customers may feel uncomfortable
Trials	• Save money before making products widely available	• Costly to set up
Focus groups	• Data is accurate to the target market	• 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Cons: not exactly what you need and could be out of date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

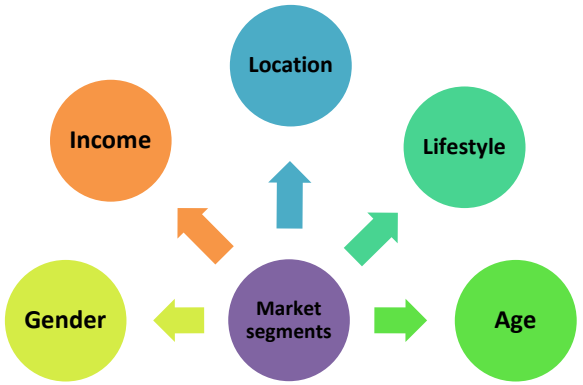
A watch can be segmented in a number of ways:

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

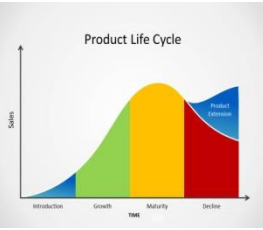
2:4 The Marketing Mix - Product

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

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2:4 The Marketing Mix - Price

Competitor pricing
A price is set based on prices charged by competitors

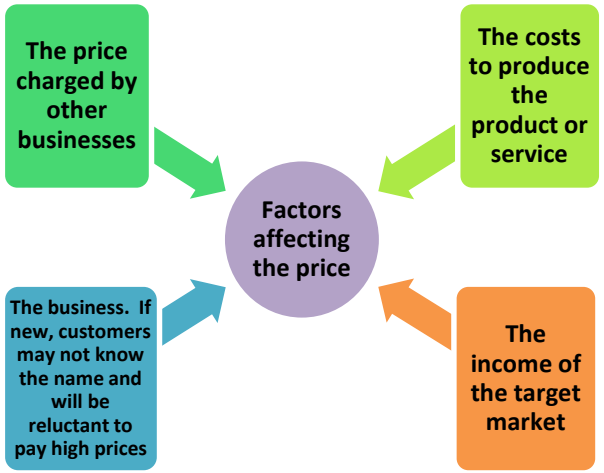
Cost-plus pricing
Adding a percentage of profit onto the total costs of making a product

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



2:4 The Marketing Mix - Place

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

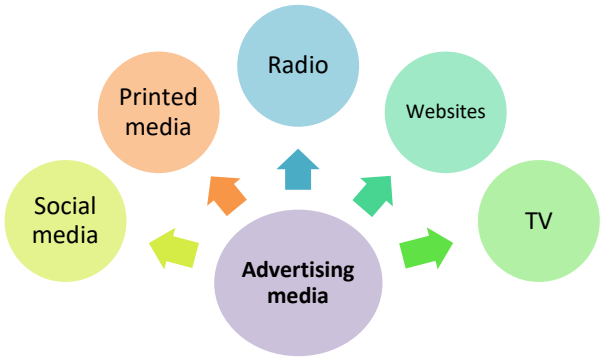


Advantages of digital distribution	Disadvantages of digital distribution
▪ Customers can access products and services 24/7 ▪ Goods are downloaded so available quickly ▪ No physical product to deliver so the business saves money	▪ Not all goods are suitable for digital distribution i.e. bread ▪ Not all 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.

State **Explain** **Analyse** **Recommend** **Evaluate**