

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

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**Cons:** not exactly what you need and could be out of date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**

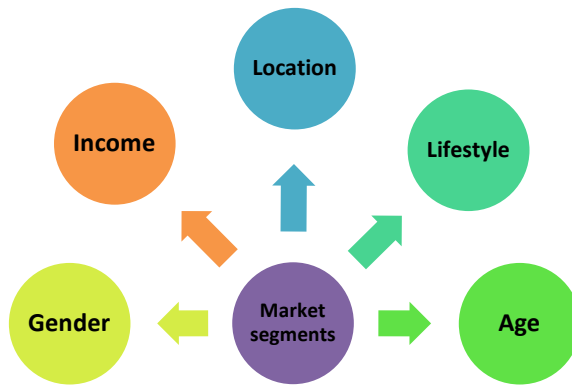
A watch can be segmented in a number of ways:

**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*

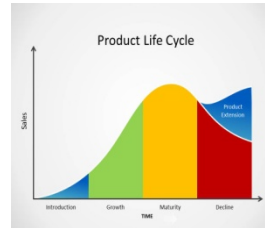
**2:4 The Marketing Mix - Product**

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*

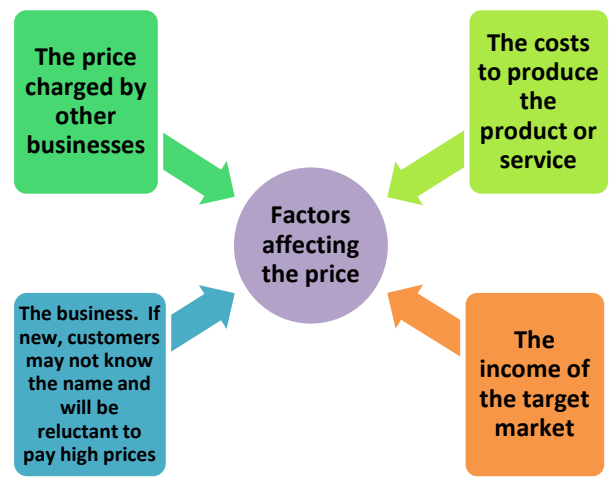
**Decline**

*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

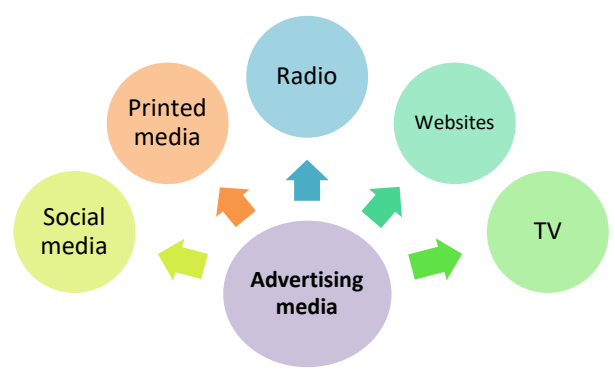
### 2:4 The Marketing Mix - Place



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

### 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.