Unit 10: Marketing Decisions

A2 Single Award optional unit
A2 Double Award compulsory unit
Externally assessed

Introduction
Effective marketing campaigns do not just happen. They result from having a clear vision of the desired outcome, careful planning and thorough application of that plan.

This unit will provide you with the basis for effective decision making and planning in the marketing process. You will learn about the type of decisions that have to be made to bring a product to market. You will identify these decisions and how they contribute to the overall marketing plan.

Recommended prior learning
This unit has clear links with Unit 3: Investigating Marketing and should provide an overview of the most important elements of the marketing mix.

The unit also has links to the optional Unit 6: Investigating Promotion which provides a detailed understanding of the range and variety of promotional tools used to market a product or service. However, the completion of Unit 6 is not a requirement.

What you need to learn

10.1 Influences on marketing decisions
You need to understand the wide range of influences on an organisation, both internal and external, and the types of decisions that have to be made relating to these influences in order to keep the organisation moving forward in line with management plans. To achieve this, organisations have different marketing objectives, strategic or tactical, depending on how the objectives support the business plans.

Analysis of the organisation’s current and future situation can be made using planning tools such as SWOT and PESTLE analyses to inform marketing decisions in terms of:

- whether a product should be developed or launched
- whether these decisions are strategic or tactical
- competitive advantage
- whether the timing is right
- whether the correct market has been identified.

You also need to learn the impact these may have on the marketing mix. To do this you need to investigate influences that impact on the planning process, such as:

- marketing environment, both macro and micro
- competition
- social, cultural, environmental, economic issues.
10.2 Marketing decisions and the planning process

You need to understand how to produce plans for the development of the marketing mix using tools such as:

- product life cycle
- Ansoff
- portfolio analysis tools, eg the Boston Consulting Group (BCG) Matrix.

You also need to know how a business uses these tools to decide on a marketing strategy for:

- product development, eg supplementary products, add ons
- pricing strategy, eg market penetration, skimming the market, price competition, market-based competitive pricing
- promotional strategy, eg deciding what to say, deciding how to say it, unique selling points (USPs), above-the-line, below-the-line, use of new media, public relations, budget, timescales, media mix
- distribution channels, eg direct to end user, via a retailer, via a wholesaler
- target market, eg consumers, trade customers (b2b), retailers, wholesalers, large organisations, small organisations, new customers, existing customers.

10.3 Research to inform marketing decisions

The type of research carried out will depend on:

- the element of the marketing mix being addressed
- the type of market.

You need to understand the process of marketing research and how it informs the decision-making process. This will include:

- size, shape and dynamics of market
- sampling, eg deciding on sampling frame, random sampling, quota sampling, stratified sampling, cluster sampling
- information-gathering systems, eg primary and secondary sources, desk and field research
- results analysis.

10.4 Investigating marketing campaigns

You need to research real campaigns and draw conclusions about the effectiveness of the underlying marketing decisions. This will include how effective the campaign was, based on the following criteria:

- measuring and monitoring
- identifying the target market
- analysing the marketing processes
- constraints identifying the target market
- analysing marketing processes and constraints.
Assessment evidence

This unit will be assessed through an external assessment.

The mark you achieve for this assessment will be your mark for the unit.

The external assessment will be in the form of a graded test. This test will consist of short-answer and extended-answer questions based on a case study or a real business. The content of the external assessment will relate directly to what you should have learned as a result of the activities you have carried out as part of your work for this unit.

You will need to be able to apply the knowledge, skills and understanding of the unit to the demands of the questions set. The ability to transfer knowledge, skills and understanding to different situations is an invaluable preparation for employment, training and further and higher education.

External assessment is one example of where this transference is critical, eg coping with the controlled conditions of an external assessment, scenarios and responding to questions.

The external assessment will require evidence of:

(a) being able to demonstrate knowledge, skills and understanding of the subject content of this unit and relevant business skills
(b) being able to apply your knowledge, skills and understanding of the subject content of this unit and relevant business skills
(c) being able to use appropriate methods to carry out research and analysis relevant to the subject content of this unit
(d) some ability to evaluate and reach reasoned judgements on the suitability of planned campaigns or the results of campaigns carried out, based on the subject content of this unit.

Delivering this unit

Use of topical news items

There is a lot of business news coverage in the general media. This ranges from daily reports on the economy and the movement of the stock exchange, to specific news items concerning new products or business developments. Coverage of enquiries into the alleged wrongdoing of businesses is also treated as high-profile news. All of this can be used as real life examples to illustrate different aspects of this unit. In addition to examples, business news can be used to spark discussion based on the reasons and motivation behind events in the business world.

Use of case studies

Where specific, classic examples are required to illustrate a learning point from the unit, a case study may meet teaching needs better than waiting for an example to turn up in the news. This does not mean that the teaching of the unit should be based on case studies alone on the contrary — real-life examples will always be better from a learning and memory retention point of view.
Contact with real businesses

Experiencing something, or hearing about it first hand is even better than learning from case studies or business news items. This can be achieved by developing contacts with real business organisations. All sections of What you need to learn will benefit from input from real business organisations. It is unlikely that one organisation will be able to provide the range of examples covered by this unit, so it is advisable to develop as many business contacts as possible and call them in to support teaching and learning as and when appropriate. Real business contacts can be made directly with an organisation, through your local Education Business Partnership (EBP), through personal contacts, through learners’ work experience and in many other ways.

Primary marketing research

The What you need to learn item 10.3 Research to inform marketing decisions, is based on understanding and using marketing research. It is suggested that learners will learn more about the research process and the interpretation and use of marketing research if they have experience of conducting their own primary research. The project need not be big or extensive, so long as the steps in the process are experienced within a business context.

Secondary marketing research

Much of the investigative work that will need to be carried out by learners for this and other AS/A2 Business units will rely on secondary research. Learners need to understand that secondary research is not a poor substitute for primary research, but has its own strengths and uses. In this context the use of secondary research is part of the What you need to learn item 10.3 Research to inform marketing decisions. Secondary research techniques will also be essential to meet the needs of 10.4 Investigating marketing campaigns. Like primary marketing research, it is suggested that learners will learn more about the research process and the interpretation and use of marketing research if they have experience of conducting their own secondary research. The project need not be big or extensive, so long as the steps in the process are experienced within a business context and that it meets the requirements of 10.4.

The marketing planning process

Learners should be given the opportunity to plan real marketing campaigns within the context of what they will have learned during their study of this unit. This can be done through simulation or by planning a real campaign for the school, college or other organisation with which you or the learners have established contact. The most important factor of this activity should be that it is based on a real brief, with associated aims and objectives, rather than a theoretical exercise.

Use of learner’s own experience

Learners will have been exposed to a great deal of planning and marketing activity. They will each have an opinion or an interpretation of what they see, and how they have been affected by a marketing campaign. It is very useful to explore these opinions and interpretations and use the results to confirm their reading of a situation, or correct any misunderstanding. This process will help the learner’s understanding of the whole unit.
Links

Other units

Unit 3: Investigating Marketing should provide an overview of the most important elements of the marketing mix.

Unit 6: Investigating Promotion should provide a detailed understanding of the range and variety of communications that are used to market a product or service.

Resources

Books


Websites

www.coruseducation.com — The Corus Educational Support programme

www.business.com — Business search engine and directory

www.cim.co.uk — The Chartered Institute of Marketing

www.lsda.org.uk — Learning and Skills Development Agency

www.ft.com — The Financial Times website

www.marketing.haynet.com — Brand Republic — provides business and marketing news

www.new-marketing.org — Cranfield School of Management — new marketing research group

www.open.gov.uk — UK online government website

www.revolution.haynet.com — Revolution website — provides business news

www.wnim.com — Provides marketing news

www.videoarts.com — Video Arts website
Videos

Video Arts at www.videoarts.com — they have a range of videos that is particularly accessible to learners.

It may be worth investigating National Training Organisations (NTO) and Sector Skills Councils (SSC) for videos about their particular industries.

Television news reports and programmes concerned with reporting on business can be found on the BBC as well as on commercial channels, terrestrial, cable and satellite.

Multimedia

Hot Dog Stand Game, Sunburst Technology, Windows or Mac OS versions.

Learners run a stall at a football ground and try to maximise profits over an eight-game season. Learners must make real-life decisions as they work with unit cost, selling price, inventory, and sales predictions to try to reach their goals.

Industry Information Pack — Business and Retail: CD-ROM from LSDA, Ref No: IIPCDbusiness

Available from:

Learning and Skills Development Agency
Regent Arcade House
19-25 Argyll Street
London W1F 7LS

Telephone: 020 7297 9144
Fax: 020 7297 9242
Email: enquiries@LSDA.org.uk
Website: www.lsda.org.uk

Contains authentic documents from industry, resource lists and information on progression.

The UK Economy Explained HSBC CD-Rom, September 2003

Every school in the UK has received a free copy of The UK Economy Explained — a CD-Rom developed by HSBC’s economics experts in conjunction with teachers. It provides a wealth of up-to-date material in one place and, for learners, a handy text that is accessible and easy to understand. The material uses up-to-date examples and data to show the practical application of economic concepts in modern-day economics.

Other reading

Journal of Marketing
Management Today
Marketing
Marketing Week
10.1 Influences on marketing decisions

You need to understand the wide range of influences on an organisation, both internal (have looked at in past, far more important now) and external, and the types of decisions that have to be made relating to these influences in order to keep the organisation moving forward (business objectives, short term and long term) in line with management plans.

OPERATIONAL here and now
TACTICAL short term STRATEGIC long term

To achieve this, organisations have different marketing objectives, strategic or tactical, depending on how the objectives support the business plans.

HOW MARKETING CAN HELP AN ORGANISATION TAKE THE LEAD!

IPOD = COSTLY, WHEN FIRST CAME OUT, 200% MORE THAN RIVALS, THEY WORKED ON THE QUALITY IN ALL OF THEIR ADS

Four p’s
- Price (low = penetration, medium = market, high = skimming)
- Product (high / low quality) (waitrose v lidl)
- Place
- Promotion

Analysis of the organisation’s current and future situation can be made using planning tools such as SWOT (strengths, weaknesses, opportunities, threats) and PESTLE analyses to inform marketing decisions in terms of:

- whether a product should be developed or launched (you have a product which will be out of date in less than one year, product development has not finished yet, = launch or not?) ((Windows VISTA
- whether these decisions are strategic or tactical
- competitive advantage (it can, but only perceived quality)
- whether the timing is right (not selling easter eggs in september)
- whether the correct market has been identified (playstation – adults or kids) (mobile phones – 11 year olds have their own contracts!) (TV ADVERTS – what advertises when?)

You also need to learn the impact these may have on the marketing mix.

To do this you need to investigate influences that impact on the planning process, such as:

- marketing environment, both macro and micro competition
- social, cultural, environmental, economic issues.
**Assessment evidence - what will come up in the exam**

This unit will be assessed through an external assessment. (2 hour, Jan)

The mark you achieve for this assessment will be your mark for the unit.

The external assessment will be in the form of a graded test. This test will consist of short-answer and extended-answer questions based on a case study or a real business. The content of the external assessment will relate directly to what you should have learned as a result of the activities you have carried out as part of your work for this unit.

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(c) being able to use appropriate methods to carry out research and analysis relevant to the subject content of this unit

(d) some ability to evaluate and reach reasoned judgements on the suitability of planned campaigns or the results of campaigns carried out, based on the subject content of this unit.
You need to understand the wide range of influences on an organisation, both internal and external, and the types of decisions that have to be made relating to these influences in order to keep the organisation moving forward in line with management plans.

What is an internal influence?

What is?
An internal influence is situated within the organisation. This can be, for example, in head office, or a regional office. Generally, they are part of two...either human (worker) or non human (approach / hardware). THE COMPANY HAS CONTROL OVER THEM!

-Inside, problem? solution? It should up to the organisation to solve... it is their responsibility... they own it
- Control and Management of the resources effectively
- Individuals’ input and impact on the organisation
- If there is a problem... it is the organisation’s fault

Name ten internal influences that would effect the performance of an organisation...

• Workers ability >>>>>> train (methods)
• Workers dedication >>>>>> correct methods of motivation (unit 9)
• Working conditions >>>>>> improve >>>>>> conflict with profit
• Willingness to work >>>>>> increase the pay?
• Choice of equipment, eg Computers / Staple >>>>>> discuss with worker
• Short lunch / break time >>>>>> extend the break
• Company ethos (attitude) to work
• The risk that the company is willing to take,
• Company resources (what’s available),
• Organisation structure >>>>>> flat, tall, matrix
• Management style >>>>>> aut, dem, If
• Layout of the office >>>>>> open office, location of printer / water (Taylor)
• Work policies >>>>>> promotion, time, holiday, sick, wages
• Time of day they work / hours >>>>>> offer flexitime / work from home
• Approach to quality / personal development,
• How the company finds a hole in the market,

All of the above should / could be reflected in their marketing mix ... apart from when the influence is negative
What is an external influence?

What is?
An external influence is situated outside the business. Generally, they are part of two...either human (worker) or non human (approach / hardware). The company has little or no control over the external influences

Outside the organisation

Little control... is this right? Surely it should be NO CONTROL ... think of one company who seems to have control beyond their own organisation. Organisations (depending on their size) can throw their weight... Microsoft, The AA are actively campaigning for many causes (anti drink drive, insurance). BAA, Post Office Workers

Name ten!

• New laws >>>>> smoking law
• Competition in the market >>>>> enter price / quality war, take them over, killer pricing
• Government (tax, legal aspects) >>>>> Electricity suppliers, Metronet, Cross Rail
• Availability of workforce >>>>> Pay higher, Hire from Abroad, Call Centres in India
• Training that they receive in school / college / university,
• Min pay / Interest rates
• Availability of suppliers >>>>> merge with suppliers, go worldwide to look (24 hour world)
• Price of suppliers >>>>> bulk buying (economies of scale)
• Customers >>>>> surveys, do what they want! Advertise to them
• Customers income level / disposable income >>>>> If customers levels of income are dropping, then, lower the quality and price, only advertise new price! (or vice versa)
• Opportunities to expand (business space, office space)
• Rivals (quality, price, location)
• Perceived quality by the public,
  . Social
Why manage these influences? (internal and external)

Keeping the workers happy (internal) would lead to success in the business, Acknowledge that they exist!

THEY ARE TRYING TO MINIMISE THE IMPACT OF NEGATIVES

THEY ARE TRYING TO MAXIMISE THOSE THAT ARE BENEFICIAL

To meet the organisations objectives:

- operational
- tactical
- strategic

What might happen if it wasn’t managed?

The influences are likely to take over the product and, ultimately, lead to the product failing

If you have a negative impact that is not managed … They will cause hell!

If you have a positive impact that is not managed … Underachieving
Surely these influences (internal and external) have nothing to do with marketing decisions. Why do management pay attention to these?

**BY COMPANIES LOOKING AT THESE INFLUENCES, THEY ARE ATTEMPTING TO FIND AN OPPORTUNITY TO BEAT THEIR COMPETITION.**

**FOR EXAMPLE, A COMPANY REALISES THAT THE DISPOSABLE INCOME OF THEIR CUSTOMERS IS DECREASING. THEIR RIVALS HAVE NOT NOTICED THIS....WHAT SHOULD THE COMPANY DO? LOWER THEIR PRICE, INCREASE THEIR **PROMOTION**, MAY HAVE TO REDUCE THE **PRODUCT** QUALITY**

**FOR EXAMPLE, THE QUALITY OF PRODUCT HAS RECENTLY INCREASED AND STILL COSTS THE SAME TO PRODUCE....WHAT SHOULD THE COMPANY DO? IT IS POSSIBLE TO INCREASE THE **PRICE** BUT **PROMOTION** SHOULD HIGHLIGHT THE BETTER QUALITY**
Think of ten decisions that management in marketing would have to make regarding marketing and, for each, state an influence (internal or external) that they would have to consider. I’ve done the first one:

<table>
<thead>
<tr>
<th>Decision – about the 4 p’s</th>
<th>Influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether or not to take a dominant marketing strategy to beat rivals (four p’s, the best promotion, the most competitive price, the best quality, most accessible place) The company will have to be forceful with their suppliers (TESCO AND MILK)</td>
<td>Rivals</td>
</tr>
<tr>
<td>Whether or not to increase price</td>
<td>Suppliers, EX Customers, EX Rivals EX</td>
</tr>
<tr>
<td>To launch a national marketing strategy</td>
<td>Quality of product, INT rivals, cost of adverts</td>
</tr>
<tr>
<td>To change the style of the product (Coca Cola – Dasana, Changed recipe in past – complaints, Paddington Bear – Marmite)</td>
<td>Consumer views, rivals</td>
</tr>
<tr>
<td>Improve the quality of the product &gt;&gt; Higher costs (possibility of outsourcing to far east), Less control, exploitation? (eg Nike)</td>
<td></td>
</tr>
<tr>
<td>Introduce a new model / product (cars do this a lot), for some products, it’s essential. For others, it’s totally unsuitable (Coca Cola changing recipe)</td>
<td></td>
</tr>
<tr>
<td>Place – where to locate your shop, warehouse, whether to start an online business</td>
<td>Rent EX Rivals dominance EX</td>
</tr>
<tr>
<td>Where to advertise</td>
<td>Customers Rivals Cost</td>
</tr>
</tbody>
</table>
To achieve this, organisations have different marketing objectives, strategic or tactical, depending on how the objectives support the business plans.

What is meant by the term strategic? (medium term)

Decisions made by the company for the medium / long term (long term objectives are > 5 yrs)
Looking at 3+ years

It is hard to predict the future, especially that far ahead

Conduct market research......looking for trends (primary / secondary) [companies spend a lot of money on market research >>> keep it confidential and up to date] – golden handcuffs (cannot work for another company, scientific research – drug trials)

Clubcards, internet, telephone, stock control, bar codes

Umbrella – contains a lot of tactics (strategies for different outcomes)

Planning to succeed

Made up of a selection of tactical objectives

To get a job
-pass A levels
-go to Uni
-Work hard
-get a 1st or 2:1
-apply
-impress

What is meant by the term tactical? (short term)

Decisions made by the company for the short term

Looking at 1 day (operational) to 3 years

Bigger companies have the advantage (EPOS, bar codes, market research budget / department (200 to 500))

A lot of companies pinch their ideas of their rivals (four P’s) Tesco value Cola

PATENT ACT (register your idea) Intellectual Property (web)

Fashion industry . . . . . London fashion week is in Asda the next
Why is the difference important?

- Tactical needs to be flexible
- Strategic needs to be less so
- Shop floor workers need to know the tactical
- ALL WORKERS NEED TO KNOW THE AIMS FOR THE LONG TERM (memos, make the slogan reflect the aims)

Flexibility

- Target their own objectives
- Change / Modify
- Review progress

How can a marketing plan have very close links to the overall business plan?

- It is important for a business to fully incorporate marketing in to their business plan
- The marketing plan SHOULD incorporate the business plan
- Marketing should be an integral part to the company... it should not just ‘sit there’ alone
- Communication between all departments needs to be clear and precise
Homework

Complete the sheet below:

Think about when a marketing decision has close links to a business plan. For each one, state how it is linked to the business plan...

<table>
<thead>
<tr>
<th>Company and business objective</th>
<th>Marketing objective that helps the business objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waitrose</td>
<td>Waitrose adverts portray country life with animals (eg cows) roaming the fields. The adverts are of high quality to persuade the shopper that the shop is to</td>
</tr>
</tbody>
</table>

|                                |                                                      |
|                                |                                                      |
|                                |                                                      |
|                                |                                                      |
|                                |                                                      |
Analysis of the organisation’s current and future situation can be made using planning tools such as SWOT and PESTLE analyses to inform marketing decisions in terms of:

- whether a product should be developed or launched
- whether these decisions are strategic or tactical
- competitive advantage
- whether the timing is right
- whether the correct market has been identified.

You also need to learn the impact these may have on the marketing mix.

What is SWOT? EASYJET

<table>
<thead>
<tr>
<th>Strengths</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong brand name</td>
<td></td>
</tr>
<tr>
<td>Loyalty</td>
<td></td>
</tr>
<tr>
<td>Size of company</td>
<td></td>
</tr>
<tr>
<td>Cheap air travel</td>
<td></td>
</tr>
<tr>
<td>Large market share of sector</td>
<td></td>
</tr>
<tr>
<td>Efficient</td>
<td></td>
</tr>
<tr>
<td>Internet booking only – offers low costs passed on to customer</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weaknesses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Associated with low cost</td>
<td></td>
</tr>
<tr>
<td>Links to low quality</td>
<td></td>
</tr>
<tr>
<td>Internet only booking – eliminating some markets (eg old people)</td>
<td></td>
</tr>
<tr>
<td>Sell a lot to break even</td>
<td></td>
</tr>
<tr>
<td>Risky business – first seats are very cheap (£5 &gt;&gt;&gt; £120)</td>
<td></td>
</tr>
<tr>
<td>Some basics (eg meal) you have to pay for</td>
<td></td>
</tr>
<tr>
<td>No differentiation between classes</td>
<td></td>
</tr>
<tr>
<td>Runs short haul</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Long haul flights (to US)</td>
<td></td>
</tr>
<tr>
<td>Further expansion to other markets</td>
<td></td>
</tr>
<tr>
<td>To start long haul between London and New York</td>
<td></td>
</tr>
<tr>
<td>Merge with another company (eg RyanAir, Virgin Blue)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Threats</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Virgin</td>
<td></td>
</tr>
<tr>
<td>Taxes (Green Tax)</td>
<td></td>
</tr>
<tr>
<td>Global Warming (carbon footprint)</td>
<td></td>
</tr>
<tr>
<td>Night Flights (Ealing / Hounslow)</td>
<td></td>
</tr>
<tr>
<td>Eurostar (2hr40)</td>
<td></td>
</tr>
<tr>
<td>Petrol prices (going up)</td>
<td></td>
</tr>
<tr>
<td>Weather / climate</td>
<td></td>
</tr>
<tr>
<td>Staff (shortage of workers)</td>
<td></td>
</tr>
</tbody>
</table>
Draw a SWOT diagram below:
PESTLE is an acronym for **Political, Economic, Social, Technological, Legal and Environmental factors**, which are used to **assess the market** for a business or organisational unit.

The PESTLE analysis headings are a **framework** for **reviewing** a situation, and can also be used to **review a strategy or position, direction of a company, a marketing proposition, or idea**.

It is external to the company, therefore companies have little control over them (although some are internal)
<table>
<thead>
<tr>
<th>POLITICAL</th>
<th>ECONOMIC</th>
<th>SOCIAL</th>
<th>TECHNOLOGICAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>• trading policies</td>
<td>• home economy situation</td>
<td>• consumer attitudes and opinions</td>
<td>• competing technology development</td>
</tr>
<tr>
<td>• funding, grants and initiatives</td>
<td>• home economy trends</td>
<td>• media views</td>
<td>• research funding</td>
</tr>
<tr>
<td>• home market</td>
<td>• overseas economies and trends</td>
<td>• law changes affecting social factors</td>
<td>• associated/dependent technologies</td>
</tr>
<tr>
<td>• lobbying/pressure groups</td>
<td>• general taxation issues</td>
<td>• brand, company, technology image</td>
<td>• replacement technology/solutions</td>
</tr>
<tr>
<td>• international pressure groups</td>
<td>• taxation changes specific to product/services</td>
<td>• consumer buying patterns</td>
<td>• maturity of technology</td>
</tr>
<tr>
<td>• wars and conflict</td>
<td>• seasonality/weather issues</td>
<td>• major events and influences</td>
<td>• manufacturing</td>
</tr>
<tr>
<td>• government policies</td>
<td>• market and trade cycles</td>
<td>• buying access and trends</td>
<td>• maturity and capacity</td>
</tr>
<tr>
<td>• government term and change</td>
<td>• specific industry factors</td>
<td>• ethnic/religious factors</td>
<td>• information and communications</td>
</tr>
<tr>
<td>• elections</td>
<td>• market routes and distribution trends</td>
<td>• advertising and publicity</td>
<td>• consumer buying mechanisms/technologies</td>
</tr>
<tr>
<td>• inter-country relationships/attitudes</td>
<td>• customer/end-user drivers</td>
<td>• ethical issues</td>
<td>• technology legislation</td>
</tr>
<tr>
<td>• war</td>
<td>• international trade/monetary issues</td>
<td>• demographics (age, gender, race, family size,)</td>
<td>• innovation potential</td>
</tr>
<tr>
<td>• terrorism</td>
<td>• disposable income</td>
<td>• lifestyle changes</td>
<td>• technology access, licensing, patents</td>
</tr>
<tr>
<td>• political trends</td>
<td>• job growth/unemployment</td>
<td>• population shifts</td>
<td>• intellectual property issues</td>
</tr>
<tr>
<td>• governmental leadership</td>
<td>• exchange rates</td>
<td>• education</td>
<td>• issues</td>
</tr>
<tr>
<td>• government structures</td>
<td>• tariffs</td>
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<td>• internal political issues</td>
<td>• Inflation</td>
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<td>• shareholder/</td>
<td>• interest and exchange rates</td>
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<td>stakeholders needs/demands</td>
<td>• consumer confidence index</td>
<td>• immigration/emigration</td>
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<td>• health</td>
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<td>• housing trends</td>
<td>• uses/sources/fuels</td>
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<td>• fashion &amp; role models</td>
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<td>• attitudes to work</td>
<td>• rates of obsolescence</td>
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<td>• attitudes to people doing certain types of work</td>
<td>• health (pharmaceutical, equipment, etc.)</td>
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<td>• leisure activities</td>
<td>• manufacturing advances</td>
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<td>• occupations</td>
<td>• information technology</td>
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<td>• earning capacity</td>
<td>• internet</td>
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<td>• management style</td>
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<td>• organisational culture</td>
<td>• genetics</td>
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<td>• changes to education system</td>
<td>• waste</td>
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<td>• removal/recycling</td>
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<td>• RSI</td>
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How do companies use SWOT and PESTLE? (RELATE TO MARKETING)

Companies use these tools to highlight their STRENGTHS in all advertising while limiting their WEAKNESSES.

Companies would also assess OPPORTUNITIES and may change their PRODUCT accordingly.

For THREATS, they would actively be aware of rivals and MARKET their own strengths over those of their rivals... eg ‘We don’t spend money on food so you spend less’. Libel action! Companies have to be very weary when advertising their rivals’ weaknesses.

Overemphasise S O, under emphasise the W T. They might ask an independent company to assess their own SWOT... unbiased review.

IT IS BEST TO ADMIT WEAKNESSES THAN NOT AT ALL

How do companies use PESTLE?

Differently to SWOT! They should use PESTLE to analyse ALL EXTERNAL impacts on their business and change their 4 P’s accordingly.
**Using either PESTLE or SWOT, discuss how a company would use these tools to assess whether a product should be developed or launched**

SWOT, PESTLE, BOTH?

Give an example of it at work

**SWOT, if the swot analysis highlights weaknesses with product, then, perhaps, the launch should be delayed (windows vista) (audit tt)**

**P**

E – inflation (long term selling price), average income, tax

S – demand for the product (fur)

T

L – is it legal what / where you doing it

**E**

**Whether these decisions are strategic (LT) or tactical (ST)**

**SWOT (short term, eg next year) (long term, eg 3+ years)**

**PESTLE (short term, eg next year) (long term, eg 3+ years)**

SWOT is arguably an easier tool for a company to use as S and W are both internal to the organisation.

Some companies big up their strengths and limit their weaknesses!

PESTLE could also be used to assess the impact on both short and long term

**Competitive advantage**

S – what are we doing? (charging £10)

W

O – can we exploit before the rest?

T – what are our rivals doing? (charging £20)

In a closely competitive market (eg Supermarkets) a company (eg Asda) could complete a SWOT and PEST and use it to their advantage. EG >>>

**ASDA WOULD HIGHLIGHT THEIR STRENGTHS (PARTICULARLY THOSE THAT OTHER COMPANIES DON'T HAVE) 1) Price 2) Clothes range (womens magazines – free magazines in weekend papers) 3) Large 4) Out of town and easy access**

In markets that are continually changing (eg cars) a company might find an OPPORTUNITY to market a new PRODUCT. Eg Nissan, took the lead and in majority of their vehicles, SAT NAV is available. Adaptive cruise control on S class Mercedes (as standard). When exploiting an opportunity, there is likely to be an increase in price.
Whether the timing is right (launching a fur coat made of )

SWOT, Opportunities
PESTLE, Economic, Social (is it acceptable?)
BOTH?

In this example, S of PESTLE should indicate if it is okay

Releasing a costly product (eg Mercedes S65 AMG - £60k)
Economic

Releasing a rain jacket
PESLTE – Environment (seasons)

Whether the correct market has been identified.

SWOT,
PESTLE, BOTH?

Opportunities of SWOT
ES of PESTLE
Whether a product should be developed or launched
What role does marketing play?

Research
Focus group

Both SWOT and PESTLE

Whether these decisions are strategic or tactical
What role does marketing play?

Competitive advantage
What role does marketing play?

Promotion, people perceive your product as the best (levis)
Pricing, you take the lead through pricing (low, high)
Place, (you sell where no-one else does)
Product, (you have a unique product – copied quickly)

Whether the timing is right
What role does marketing play?

Market research

Whether the correct market has been identified.
What role does marketing play?

Research
Focus group

Often easier to do research than ask people afterwards
Fake details
People move on
Homework

“Why is marketing an integral role in any successful business?”

This work should be about 1 page, written on a PC”
To do this you need to investigate influences that impact on the planning process, such as:

- marketing environment, both macro and micro competition
- social, cultural, environmental, economic issues.
The key point here is how Market Research is as important as an effective marketing mix. If the research has been incorrectly completed, then the mix will be based on inaccurate information and be potentially damaging.

Companies need to invest resources (money, personnel and time) in order to get the research correct.

Key points for data collection:

- Should have a high reliability factor (ie, from a reliable source)
- Should be up to date
- Should be complete
- Should be relevant
Definitions of MARKET RESEARCH on the Web:

* A study of consumer groups and business competition used to define a projected market.
  www.motto.com/glossary.html

* the process of gathering, analyzing and interpreting information about a market; about a product or service to be offered for sale in that market; and about the past, present and potential customers for the product or service.
  www.ots.treas.gov/glossary/gloss-m.html

* Surveys, of the area in which a product or service is to be offered, which are done to determine the cost of doing business, any competition, potential sales, etc.
  www.new-york-new-york-real-estate.com/m1.html

* A systematic collection, analysis, and reporting of data about the market and its preferences, opinions, trends, and plans, used for corporate decision making.
  www.acceleratoronline.com/viewpage.asp

* the process of planning, collecting, and analyzing data relevant to marketing decision-making. Using a combination of primary and secondary research tools to better understand a situation.
  www.quintcareers.com/jobseeker_marketing_glossary.html

Companies will analyse the information

- Some may use Excel
- A lot of companies use specialist software, most common being a program called SPSS

The market research undertaken will relate directly to the element of the marketing mix being addressed.

It is important that you can state the different types of market research that would be completed for different elements of the marketing mix.
| Product       | Look at rivals  
|              | Go to a trade show  
|              | Go to country where they are ahead (Japan)  
|              | Questionnaire on customers – on web page  
|              | Analyse past sales over a year  
|              | Feedback or suggestion box  
|              | Review comments made by customers  
|              | Analyse complaints / faults  
|              | Focus Group (£20 per person) – drug trial  
|              | Ask for comments from rival?  
|              | Give to a suitable program (Top Gear)  
|              | Sales Records  
|              | Survey  
|              | Approach sales outlets and ask for info  

| Place        | Online (upmystreet.co.uk) (google maps)  
|             | Look for rivals  
|             | Walking around local area  
|             | Spend a day looking at who goes there  
|             | Statistics.gov.uk – local demographics  
|             | Online – findaproperty.co.uk  
|             | Written and verbal  

| Price        | Look at rivals (realistic...unlikely to be able to look at ALL rivals) – any product has upward of 100 rivals  
|             | DIRECT RIVALS – INDIRECT RIVALS  
|             | **Change price and analyse impact**  
|             | Wrangler jeans – inferior to Levi’s  
|             | Deawoo inferior to Ford  
|             | Inelastic (change has little impact) and Elastic change has large impact)  

| Promotion    | Look at rivals  
|             | Look at industry analysis  
|             | www.aqa.org.uk  
|             | Reports on advertising  
|             | Analyse impact of advertising ‘push’ on sales  

The type of market:

The market research methods undertaken will be directly influenced by the market that is being targeted.

What are some of the characteristics of a market that would determine the method of market research chosen?

**THAT DIFFERENT METHODS WORK FOR DIFFERENT TARGETS**

<table>
<thead>
<tr>
<th>Target Description</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children</td>
<td>Informal, verbal,</td>
</tr>
<tr>
<td>'Rich' adults, eg millionaires wanting to buy a Ferrari</td>
<td>Invite them for a track day at Silverstone</td>
</tr>
<tr>
<td>20 to 30 yr old at work</td>
<td>Internet is suited</td>
</tr>
<tr>
<td>20 to 30 yr old at home</td>
<td></td>
</tr>
<tr>
<td>30 to 50 yr old at work</td>
<td>Post</td>
</tr>
<tr>
<td>30 to 50 yr old at home</td>
<td></td>
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<tr>
<td>60+ yr old shopper at supermarket</td>
<td>Questionnaire, stop in shop</td>
</tr>
<tr>
<td>Low incomes</td>
<td>By post, give a free return envelope, ‘enter this free prize draw’</td>
</tr>
<tr>
<td>Generic, eg the Census (every 10 yrs, whole country interviewed)</td>
<td>Visit every home in the Country</td>
</tr>
</tbody>
</table>
market research - introduction

To undertake marketing effectively, businesses need information. **Information about customer wants, market demand, competitors, distribution channels etc.**

Marketers often complain that they lack enough marketing information or the right kind, or have too much of the wrong kind. The solution is an effective marketing information system.

The information needed by marketing managers comes from three main sources:

(1) **Internal company information**

E.g. sales, orders, customer profiles, stocks, customer service reports etc

(2) **Marketing intelligence**

This can be information gathered from many sources, including suppliers, customers, distributors. Marketing intelligence is a catch-all term to include all the everyday information about developments in the market that helps a business prepare and adjust its marketing plans. It is possible to buy intelligence information from outside suppliers (e.g. Mintel, Dun & Bradstreet, Mori) who set up data gathering systems to support commercial intelligence products that can be profitably sold to all players in a market.

(3) **Market research**

Management cannot always wait for information to arrive in bits and pieces from internal sources. Also, sources of market intelligence cannot always be relied upon to provide relevant or up-to-date information (particularly for smaller or niche market segments). In such circumstances, businesses often need to undertake specific studies to support their marketing strategy - this is market research.
market research - conducting market research

Depending on the situation facing a business, particularly the resources allocated to marketing research, there are four main ways of carrying out market research:

(1) Do it yourself - personally

This is often the case in smaller businesses. Here, marketing staff do the research themselves. Sample sizes tend to be small - which may be appropriate if there are a relatively small number of customers.

(2) Do it yourself - using a marketing research department

By employing a marketing research manager, a business may benefit from specialist research skills.

(3) Do it yourself - using a fieldwork agency

Often the design of a piece of market research can be completed using internal resources - particularly if the business employs a marketing specialist with knowledge of research techniques. However, the scope of the research (for example, interviewing a large sample of consumers in various locations) may be beyond the resources of a business. In this case, the fieldwork can be carried out by a marketing research agency.

(4) Use the full services of a marketing research agency

Where resources permit a business can invest in the full range of skills offered by marketing research agencies. A complete service would include:

- Preparation of the market research proposal (survey design, costs, timetable, method of feedback)
- Conduct exploratory research
- Design the research questionnaire
- Select the sample
- Choose the survey method (e.g. telephone, postal, face-to-face)
- Conduct the interviewing
- Analyse and interpret the results
- Prepare a report
- Make a presentation

There are thousands of market research agencies in the UK alone who provide such services.
market research - qualitative research

Qualitative Research is about investigating the features of a market through in-depth research that explores the background and context for decision making.

There are two main qualitative methods - depth interviews and focus groups. However qualitative research can also include techniques such as usability testing, brainstorming sessions and "vox pop" surveys.

Depth Interviewing

Depth interviews are the main form of qualitative research in most business markets. Here an interviewer spends time in a one-on-one interview finding out about the customer's particular circumstances and their individual opinions.

The majority of business depth interviews take place in person, which has the added benefit that the researcher visits the respondent's place of work and gains a sense of the culture of the business. However, for multi-national studies, telephone depth interviews, or even on-line depth interviews may be more appropriate.

Feedback is through a presentation that draws together findings across a number of depth interviews. In some circumstances, such as segmentation studies, identifying differences between respondents may be as important as the views that customers share.

The main alternative to depth interviews - focus group discussions - are typically too difficult or expensive to arrange with busy executives. However, on-line techniques increasing get over this problem.

Group Discussions

Focus groups are the mainstay of consumer research. Here several customers are brought together to take part in a discussion led by a researcher (or "moderator"). These groups are a good way of exploring a topic in some depth or to encourage creative ideas from participants.

Group discussions are rare in business markets, unless the customers are small businesses. In technology markets where the end user may be a consumer, or part of a team evaluating technology, group discussions can be an effective way of understanding what customers are looking for, particularly at more creative stages of research.
Quantitative research

Quantitative research is about measuring a market and quantifying that measurement with data. Most often the data required relates to market size, market share, penetration, installed base and market growth rates.

However, quantitative research can also be used to measure customer attitudes, satisfaction, commitment and a range of other useful market data that can tracked over time.

Quantitative research can also be used to measure customer awareness and attitudes to different manufacturers and to understand overall customer behaviour in a market by taking a statistical sample of customers to understand the market as a whole. Such techniques are extremely powerful when combined with techniques such segmentation analysis and mean that key audiences can be targeted and monitored over time to ensure the optimal use of the marketing budget.

At the heart of all quantitative research is the statistical sample. Great care has to be taken in selecting the sample and also in the design of the sample questionnaire and the quality of the analysis of data collected.

Market research involves the collection of data to obtain insight and knowledge into the needs and wants of customers and the structure and dynamics of a market. In nearly all cases, it would be very costly and time-consuming to collect data from the entire population of a market. Accordingly, in market research, extensive use is made of sampling from which, through careful design and analysis, Marketers can draw information about the market.
**Market Research - Sampling**

Market research involves the collection of data to obtain insight and knowledge into the needs and wants of customers and the structure and dynamics of a market. In nearly all cases, it would be very costly and time-consuming to collect data from the entire population of a market. Accordingly, in market research, extensive use is made of sampling from which, through careful design and analysis, marketers can draw information about the market.

**Sample Design**

Sample design covers the method of selection, the sample structure and plans for analysing and interpreting the results. Sample designs can vary from simple to complex and depend on the type of information required and the way the sample is selected.

Sample design affects the size of the sample and the way in which analysis is carried out. In simple terms the more precision the market researcher requires, the more complex will be the design and the larger the sample size.

The sample design may make use of the characteristics of the overall market population, but it does not have to be proportionally representative. It may be necessary to draw a larger sample than would be expected from some parts of the population; for example, to select more from a minority grouping to ensure that sufficient data is obtained for analysis on such groups.

Many sample designs are built around the concept of random selection. This permits justifiable inference from the sample to the population, at quantified levels of precision. Random selection also helps guard against sample bias in a way that selecting by judgement or convenience cannot.

**Defining the Population**

The first step in good sample design is to ensure that the specification of the target population is as clear and complete as possible to ensure that all elements within the population are represented. The target population is sampled using a sampling frame. Often the units in the population can be identified by existing information; for example, pay-rolls, company lists, government registers etc. A sampling frame could also be geographical; for example postcodes have become a well-used means of selecting a sample.

**Sample Size**

For any sample design deciding upon the appropriate sample size will depend on several key factors.
(1) No estimate taken from a sample is expected to be exact: Any assumptions about the overall population based on the results of a sample will have an attached margin of error.

(2) To lower the margin of error usually requires a larger sample size. The amount of variability in the population (i.e. the range of values or opinions) will also affect accuracy and therefore the size of sample.

(3) The confidence level is the likelihood that the results obtained from the sample lie within a required precision. The higher the confidence level, that is the more certain you wish to be that the results are not atypical. Statisticians often use a 95 per cent confidence level to provide strong conclusions.

(4) Population size does not normally affect sample size. In fact the larger the population size the lower the proportion of that population that needs to be sampled to be representative. It is only when the proposed sample size is more than 5 per cent of the population that the population size becomes part of the formulae to calculate the sample size.
<table>
<thead>
<tr>
<th>Sampling Method</th>
<th>Definition</th>
<th>Uses</th>
<th>Limitations</th>
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<tbody>
<tr>
<td>Cluster Sampling</td>
<td>Units in the population can often be found in certain geographic groups or &quot;clusters&quot; (e.g. primary school children in Derbyshire). A random sample of clusters is taken, then all units within the cluster are examined</td>
<td>Quick &amp; easy; does not require complete population information; good for face-to-face surveys</td>
<td>Expensive if the clusters are large; greater risk of sampling error</td>
</tr>
<tr>
<td>Convenience Sampling</td>
<td>Uses those who are willing to volunteer</td>
<td>Readily available; large amount of information can be gathered quickly</td>
<td>Cannot extrapolate from sample to infer about the population; prone to volunteer bias</td>
</tr>
<tr>
<td>Judgement Sampling</td>
<td>A deliberate choice of a sample - the opposite of random</td>
<td>Good for providing illustrative examples or case studies</td>
<td>Very prone to bias; samples often small; cannot extrapolate from sample</td>
</tr>
<tr>
<td>Quota Sampling</td>
<td>Aim is to obtain a sample that is &quot;representative&quot; of the overall population; the population is divided (&quot;stratified&quot;) by the most important variables (e.g. income, age, location) and a required quota sample is drawn from each stratum</td>
<td>Quick &amp; easy way of obtaining a sample</td>
<td>Not random, so still some risk of bias; need to understand the population to be able to identify the basis of stratification</td>
</tr>
<tr>
<td>Simply Random Sampling</td>
<td>Ensures that every member of the population has an equal chance of selection</td>
<td>Simply to design and interpret; can calculate estimate of the population and the sampling error</td>
<td>Need a complete and accurate population listing; may not be practical if the sample requires lots of small visits all over the country</td>
</tr>
<tr>
<td>Systematic Sampling</td>
<td>After randomly selecting a starting point from the population, between 1 and &quot;n&quot;, every nth unit is selected, where n equals the population size divided by the sample size</td>
<td>Easier to extract the sample than via simple random; ensures sample is spread across the population</td>
<td>Can be costly and time-consuming if the sample is not conveniently located</td>
</tr>
</tbody>
</table>
market research - types of market research

The main distinction between the different types of market research is between "ad-hoc" and "continuous" research:

**Ad-hoc Market Research**

Ad-hoc research studies focus on specific marketing problems. They collect data at one point in time from one sample of respondents. Good examples of ad-hoc studies include:

- Product usage survey
- New product concept tests (where consumers are asked to trial new brands, product prototypes etc)
- Advertising development (how does the sample of consumers respond to a specific advertising campaign? Most TV adverts are researched in this way)
- Corporate image surveys (often quite enlightening)
- Customer satisfaction surveys (these can often turn into continuous research)

**Continuous Research**

Continuous studies interview the same sample of people, repeatedly. The major types of continuous research are:

**Consumer panels**

Consumer panels are formed by recruiting large numbers of households who provide information on their buying over time. Research agency AC Nielsen has one of the largest consumer panels in the world, continuously interviewing 125,000 households in 18 countries. The main competitor for AC Nielsen is TNS which runs panels in 20 countries.

**Retail Audits**

By gaining the cooperation of retail outlets, sales of brands can be measured (using bar coded sales data) to track changes in brand loyalty, market share and effectiveness of different retail formats.

**Television Viewer ship / Radio Listening Panels**

These panels aim to measure Viewer ship or listening minute by minute. This data is critical information for broadcasters to determine their programme strategy (what kinds of programmes to produce and when to broadcast them) as well as for advertisers (who is watching, listening, and when?). In the UK, the main source of such data is produced by the Broadcasters’ Audience Research Board ("BARB").
**market research - uses**

A wide variety of information used to support marketing decisions can be obtained from market research. A selection of such uses are summarised below:

**Information about the market**

- Analysis of the market potential for existing products (e.g. market size, growth, changing sales trends)
- Forecasting future demand for existing products
- Assessing the potential for new products
- Study of market trends
- Analysis of competitor behaviour and performance
- Analysis of market shares

**Information about Products**

- Likely customer acceptance (or rejection) of new products
- Comparison of existing products in the market (e.g. price, features, costs, distribution)
- Forecasting new uses for existing products
- Technologies that may threaten existing products
- New product development

**Information about Pricing in the Market**

- Estimates and testing of price elasticity
- Analysis of revenues, margins and profits
- Customer perceptions of “just or fair” pricing
- Competitor pricing strategies

**Information about Promotion in the Market**

- Effectiveness of advertising
- Effectiveness of sales force (personal selling)
- Extent and effectiveness of sales promotional activities
- Competitor promotional strategies

**Information about Distribution in the Market**

- Use and effectiveness of distribution channels
- Opportunities to sell direct
- Cost of transporting and warehousing products
- Level and quality of after-sales service
10.2 Marketing Decisions and the planning process

From the spec

You need to understand how to produce plans for the development of the marketing mix using tools such as:

- product life cycle
- Ansoff
- portfolio analysis tools, eg the Boston Consulting Group (BCG) Matrix.

You also need to know how a business uses these tools to decide on a marketing strategy for:

- product development, eg supplementary products, add ons
- pricing strategy, eg market penetration, skimming the market, price leadership, market-based competitive pricing
- promotional strategy, eg deciding what to say, deciding how to say it, unique selling points (USPs), above-the-line, below-the-line, use of new media, public relations, budget, timescales, media mix
- distribution channels, eg direct to end user, via a retailer, via a wholesaler
- target market, eg consumers, trade customers (b2b), retailers, wholesalers, large organisations, small organisations, new customers, existing customers.
Introduction.
The need for immediate profit is not a pressure. The product is promoted to create awareness. If the product has no or few competitors, a skimming price strategy is employed (likely to be unique, Ferrari, Airplane manufacturers, Long Haul. MMC).

Limited numbers of product are available. (not always bad, exclusivity)

- Who might pressure the company to make a profit? Shareholders, Investors.
- They would be pushing for increased revenue as they believe it to be the ‘way’ of judging success. More people (investors) are investing for short term gain and, if initial results are not promising, can pull the plug on their investment.

- How might this change the four p’s that they adapt? Price and Promotion are the key P’s (why not Product?)
- They are going to really push promotion (see below) but this can have a negative effect on the final success of the business. The price is likely to be penetrative (below the market) in order to attract purchasers to the product. It is important that they get the right product sold as, without it, sales cannot be made.

- How could this lead to a ‘turn off’ for customers? If you overdo promotion, can lead to people not liking the product ... Inappropriate advertising
- Some people will be inundated with promotion for the new product: from tv to radio, press to email. They are likely to either: a) really want the product or b) refuse to buy it.
Growth. 16 – 25 yr olds – Set yourself up for life
Competitors are attracted into the market with very similar offerings. Products become more profitable (economies of scale, long term commitments to suppliers, loyalty) and companies form alliances (contract), joint ventures and take each other over. Advertising spend is high (facebook = $15bn = £8bn, facebook.fr) and focuses upon building brand. Market share tends to stabilise.

• This stage is often the hardest for any business and is likely to stretch the business to the max.
• Businesses may have to turn to long term investment in exchange for continued investment.
• The right growth stage can set up a business for life
• The wrong growth can have a massive negative impact on future sale.

Maturity.
Those products that survive the earlier stages tend to spend longest in this phase. Sales grow at a decreasing rate and then stabilise. Producers attempt to differentiate products and brands are key to this. Price wars and intense competition occur. At this point the market reaches saturation. Producers begin to leave the market due to poor margins. Promotion becomes more widespread and use a greater variety of media.

• What does the term saturation mean? A product or market that has become saturated has absolutely no opportunity to expand. All sales are taken by companies and differentiation avenues have been explored.
• How can a product be differentiated? In many ways. Often, rivals will copy each other’s products and change in a minimal way. It could be something small like an added feature or a unique aspect to the product.
• Companies will often try to maximise the life of the business and use the product to support other new product launches.

Decline.
At this point there is a downturn in the market. For example more innovative products are introduced or consumer tastes have changed. There is intense price-cutting and many more products are withdrawn from the market. Profits can be improved by reducing marketing spend and cost cutting.

• What is the big decision here? When to cut investment to the product.
• What type of business might struggle in making the decision? A business that has invested a large amount of money in to the product. A product that has high R+D costs (pharmaceuticals)
• What can happen if they choose incorrectly? The product will become a dog and will drain the business from its money.

Problems with Product Life Cycle.
In reality very few products follow such a prescriptive cycle. The length of each stage varies enormously. The decisions of marketers can change the stage, for example from maturity to decline by price-cutting. Not all products
go through each stage. Some go from introduction to decline. It is not easy
to tell which stage the product is in.

![BOSTON MATRIX Diagram](image)

It is important to recognise that, as a product goes through the life
cycle, its place on the BOSTON MATRIX can shift, move, change and
fluctuate daily!

Business is a demanding market that requires dedication, expertise
and knowledge throughout the organisation in an attempt to make a
success from the product.
## Pricing through the product life cycle

At different parts of the product life cycle, the company is likely to change the price that they charge for the product.

At each stage, explain suitable reasons:

<table>
<thead>
<tr>
<th>Stage</th>
<th>Raise Price</th>
<th>Lower Price</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Introduction</strong></td>
<td>+ Creates a feeling that the product must be good</td>
<td>+ Likely to increase sales (all other aspects being equal)</td>
</tr>
<tr>
<td></td>
<td>- Might put people off buying the product as it is too high</td>
<td>- Reduced income for future growth</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Are you putting out the right image for the product?</td>
</tr>
<tr>
<td><strong>Growth</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Maturity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Decline</strong></td>
<td>+ Maximise profit per item sold</td>
<td>+ Likely to sell all ‘dead stock’ and allow the business to move on</td>
</tr>
<tr>
<td></td>
<td>- Might never sell the remaining products</td>
<td>- Eliminates any possibility for the business to relaunch the product at the original price</td>
</tr>
</tbody>
</table>
Product life cycles can their ‘span’ for different products:

<table>
<thead>
<tr>
<th>Length of life cycle</th>
<th>Typical product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extra Short (1 month)</td>
<td></td>
</tr>
<tr>
<td>Short (1 – 3 months)</td>
<td>Celebrities (eg Big Brother)</td>
</tr>
<tr>
<td>Medium (3 – 12 months)</td>
<td>Many pop acts without talent</td>
</tr>
<tr>
<td>Long (1 to 5 years)</td>
<td></td>
</tr>
<tr>
<td>Extra long</td>
<td>Established food and drink products that cater for more than one target market. Must have a successful, well designed product</td>
</tr>
</tbody>
</table>

Extension Strategies: How can a business extend the product life cycle:
ANSOFF Matrix

You should be able to remember the key aspects of the Ansoff Matrix. Igor Ansoff developed the tool to identify which options a business had to increase its sales.

<table>
<thead>
<tr>
<th></th>
<th>Existing Product</th>
<th>New Product</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Existing Market</strong></td>
<td>Market Penetration</td>
<td>Product Development</td>
</tr>
<tr>
<td><strong>New Market</strong></td>
<td>Market Development</td>
<td>Diversification</td>
</tr>
</tbody>
</table>

For each of the four strategies, write in the box whether they are High Risk or Low Risk.

Also, in the boxes, put whether the option will be a High Cost or a Low Cost.

<table>
<thead>
<tr>
<th></th>
<th>Company can achieve this through:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Penetration</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Product Development</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Market Development</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Diversification</strong></td>
<td></td>
</tr>
</tbody>
</table>
**Market penetration**

Market penetration is the name given to a growth strategy where the business focuses on selling existing products into existing markets. Market penetration seeks to achieve four main objectives:

- Maintain or increase the market share of current products - this can be achieved by a combination of competitive pricing strategies, advertising, sales promotion and perhaps more resources dedicated to personal selling
- Secure dominance of growth markets
- Restructure a mature market by driving out competitors; this would require a much more aggressive promotional campaign, supported by a pricing strategy designed to make the market unattractive for competitors
- Increase usage by existing customers – for example by introducing loyalty schemes

A market penetration marketing strategy is very much about “business as usual”. The business is focusing on markets and products it knows well. It is likely to have good information on competitors and on customer needs. It is unlikely, therefore, that this strategy will require much investment in new market research.

**Market development**

Market development is the name given to a growth strategy where the business seeks to sell its existing products into new markets. There are many possible ways of approaching this strategy, including:

- New geographical markets; for example exporting the product to a new country
- New product dimensions or packaging: for example
- New distribution channels
- Different pricing policies to attract different customers or create new market segments

**Product development**

Product development is the name given to a growth strategy where a business aims to introduce new products into existing markets. This strategy may require the development of new competencies and requires the business to develop modified products which can appeal to existing markets.

**Diversification**

Diversification is the name given to the growth strategy where a business markets new products in new markets. This is an inherently more risk strategy because the business is moving into markets in which it has little or no experience.

For a business to adopt a diversification strategy, therefore, it must have a clear idea about what it expects to gain from the strategy and an honest assessment of the risks.
BOSTON CONSULTING GROUP (BCG) Matrix

Most businesses have a range of products that they sell to the public or to other companies. The key word, however, is range. Whilst some are good sellers, other products may find it difficult to sell and only survive from the strength of the other products.

Some products, although not ‘good’ sellers in comparison, are kept on to supplement the other products they sell. For example, an Audi garage stocking a spare radio aerial.

<table>
<thead>
<tr>
<th>Low Market Share</th>
<th>High Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Growth</td>
<td>Dog</td>
</tr>
<tr>
<td></td>
<td>Cash Cow</td>
</tr>
<tr>
<td>High Growth</td>
<td>Question Mark</td>
</tr>
<tr>
<td></td>
<td>Star</td>
</tr>
</tbody>
</table>

Wherever the product is on the grid, the company will have three choices to make:

Do nothing

Keep it where it is

Increase support

There is no right or wrong answer here and it is up to the company, along with their skilled workforce, to decide the best course of action to take.

Remember too, that products can move around the grid, between boxes, vertically and horizontally. Some products will, in their life time, have been in all four boxes.
CASH COWS:
High market share, low costs, to be “milked”, paying for “stars” and “?” research

GOLDEN FLEECE:
Service that is well resourced but no longer meeting a key public need, likely to be viewed as overstaffed and a drain on resources, likely to be suffering budget cuts

STARS:
High market share in growing market but costs still high; both generating and using significant cash, likely to be future “cash cows”

PUBLIC SECTOR STAR:
High priority among the public and other stakeholders, likely to be well-funded

QUESTION MARKS:
Low market share in growing market, early stage of development, high costs, “jury out” regarding payback potential, research, investigation and evaluation needed

POLITICAL HOT BOX:
In high demand but too new or inadequately resourced to be delivered effectively

DOGS:
Low market share in low growth markets, likely to be draining organisation of cash and using up too much management time, sometimes a previous cash cow that has had its day (end of life cycle) or a question mark or star that has not made it!

BACK DRAWER ISSUE:
Low priority service with low funding, sometimes a previous golden fleece or a public sector star or political hot box that has not made it!
You also need to know how a business uses these tools to decide on a marketing strategy for:

- **Product development, eg supplementary products, add ons**

When a company wishes to add to their portfolio, they may choose to release a product that is supplementary (assists) or an essential ‘add on’ to another product. A good example of this is Apple and the range of accessories available for their Apple iPod.

**Continuous Innovation:** The company may pride itself on its’ approach to continually pushing the barriers that they find themselves in. Humans too, are seen as wanting to continually improve oneself. Links to Kaizen (continual improvement, step by step)

**Category Dominance:** This is where a company will attempt to freeze out all of the competition that they find themselves facing. Again, Apple is a good example. Their iTunes software can only be linked to an Apple iPod, effectively dominating the market.

**Niche Marketing:** A company may be extremely specific about the type of consumer that they are targeting and, as such, segment the market. The company may have been able to find a niche market (an area that no other company targets) and they become their sole seller. Urban Golf is a good example here...

**Mass Marketing:** This is the complete opposite to niche marketing and attempts to ‘paint all consumers the same’. One general approach is taken for everybody.

**Commitment to Quality:** The company may have a complete commitment to quality levels and set a minimum level for each and every good that they supply. A good example here could be the top chefs in the country in their restaurants.

**Standardising the Market:** The company could decide to supply one product, and only one product, to everybody. Similar to niche marketing, but, perhaps here, the company has three or four products that they have tailored for individual companies or customers. Similar to wedding cakes.

**Tailoring Products:** A company could decide that no two products are going to be the same and that they will tailor every good that they make to the individual that they are serving.

*It is important that you familiarise yourself with each of the above measures and be ready to discuss at least one company for each category.*

*Remember, these are approaches to the product that a company could take to become successful.*
You also need to know how a business uses these tools to decide on a marketing strategy for:

- pricing strategy, eg market penetration, skimming the market, price leadership, market-based competitive pricing

**Market penetration:** This is when a company will decide to put its prices below that of their competitors. This step could really capture the market when they are starting out. The idea is to sell a lot with a low profit margin per item sold. Like H+M the clothing store.

Remember, on some products, a lower price might actually lead to a drop in demand, also, Primark in the last two years.

When taking on a larger competitor, very risky.

**Skimming the market:** Perhaps the company has a new product that no other rival can create / copy or make for a while (niche / market dominance). If the product is enough in demand, then the company can choose to raise their price. For example, whenever a new games console gets shipped in from the US or Japan, then the first shops to sell can sell at a premium. However, rival firms are likely to force the company to lower their prices over time.

iPhone.... £599
iPhone = £299 + £35, £45 or £55

**Price leadership:** One of two measures: Either to sell at the highest price or, To sell at the lowest price. Either way, the company is taking a very bold step. Like the supermarkets (M+S and Waitrose = high, LIDL and Asda = low). Consumers remain happy as they know where to go depending on the price that they are willing to pay for an item.

**Market-based competitive:** A bit like follow-my-leader. A company will look at the price of their nearest rival and then either copy, lower or raise the price. There are quite a few markets that illustrate this: the newspapers, womens magazines and petrol prices.

Collusion
Example questions:

a) Jimmys Clothes shop sells items or clothing for fashionable males and females. Similar in size to a Top Shop or Gap, but with only one outlet, he has been thinking about which pricing strategy to use. Discuss three suitable approaches and, for each, back up with reasoning.

b) When entering a new market, any company will need to pay particular attention to the price that they are going to charge. If you were to launch a national newspaper, which pricing strategy would be most suitable and why? Support with reasoning.

<table>
<thead>
<tr>
<th>Newspaper</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sun</td>
<td>20p</td>
</tr>
<tr>
<td>Mirror</td>
<td>36p</td>
</tr>
<tr>
<td>Daily Express</td>
<td>40p</td>
</tr>
<tr>
<td>Telegraph</td>
<td>70p</td>
</tr>
<tr>
<td>Guardian</td>
<td>80p</td>
</tr>
</tbody>
</table>
In the first example we consider the huge increase in the market supply of low-cost flights available from airports across the United Kingdom. The market supply of flights has shifted out to the right, probably by far more than the increase in market demand. (New lost cost airlines have entered the market and existing airlines have expanded their route network and fleet capacity). The net result is a reduction in the average real price of flights to short-haul destinations in Europe.

Consider the possible effect on the domestic UK tourist industry. Assuming other factors remain constant (for example the exchange rate and the growth of incomes in other countries whose tourists might choose the UK as a venue for a holiday). A fall in the relative price of airline flights increases the market demand for overseas holidays (short city breaks, package holidays for example). Assuming that British tourists can choose to holiday at home or overseas and regard the two products as substitutes, then the effect is to reduce the demand for holidays in the UK – putting downward pressure on prices, profit margins and leading to the risk of excess capacity in the UK tourist industry.
The growth of market demand for digital cameras

Consider this example using an extract drawn from an article in USA Today in April 2004:

Global demand for digital cameras is expected to climb 39% in 2004 and top 100 million units by 2008, according to an industry report. Demand for digital cameras, which record images on memory chips instead of film, continues to grow as consumers become more comfortable with capturing, storing and printing their images. The dramatic year-over-year rise in shipments is likely to slow each year as the market becomes more mature and as mobile phone makers increase the picture-taking powers of their handsets. Point-and-shoot digital camera makers are expected to counter by offering more potent cameras, with higher resolution at prices comparable to current levels.

Sony led the global digital camera market in 2003, with an 18% share of units shipped. Canon was second at 16% share, followed by Olympus and Eastman Kodak.

What are the inter-relationships between markets in this example?

1. **Substitute products**: The growing demand for digital cameras is causing a fall in demand for analogue cameras that rely on taking film to developers – some producers including Eastman Kodak have stopped producing traditional film cameras due to falling demand. If others follow suit, then market supply will also shift inwards.

2. **Complementary products**: As demand for digital cameras increases, so too does demand for printing paper, inks and other accessories used by people who want to print out their favourite images from their desktop or notebook PC.

3. **Demand-side threat to other markets**: The change in consumer demand represents a competitive threat to mobile phone manufacturers – they are having to respond by becoming more innovative in terms of what their mobile phone handsets can do.
You also need to know how a business uses these tools to decide on a marketing strategy for:

- **promotional strategy**, eg deciding what to say, deciding how to say it, unique selling points (USPs), above-the-line, below-the-line, use of new media, public relations, budget, timescales, media mix

When promoting a product, company or range, there are some key questions that a company should think about, including:

- What to tell customers
- How to present the information
- Which above the line methods to use
- Which below the line methods to use
- How much to be spent on campaign
- The length of the production
- Which media will be used

(Above the line = tv, cinema, radio, newspapers) (Below the line = sponsorship, promotions, public relations)

Think of one promotional strategy that a company has used and think about all of the methods above:

<table>
<thead>
<tr>
<th>What customers were told</th>
</tr>
</thead>
<tbody>
<tr>
<td>How the information was presented</td>
</tr>
<tr>
<td>Which above the line methods were used</td>
</tr>
<tr>
<td>Which below the line methods were used</td>
</tr>
<tr>
<td>How much to be spent on campaign</td>
</tr>
<tr>
<td>The length of the production</td>
</tr>
<tr>
<td>Which media was used</td>
</tr>
</tbody>
</table>
Tactical Marketing is a term used to clarify the marketing plan as a competitive approach to dominating the market. Is simply puts the marketing plan in to an action plan.

Scenario:

‘Mr Wood’ floor polish has been around for 25 years and, although sales are okay, recently they have begun to dip. The Managing Director has asked you to design a tactical marketing plan involving the four P’s to help save the brand.
You also need to know how a business uses these tools to decide on a marketing strategy for:

- distribution channels, eg direct to end user, via a retailer, via a wholesaler

There are many different methods that company can use to sell their product to the public.

<table>
<thead>
<tr>
<th>Method</th>
<th>Positives</th>
<th>Negatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling directly with the customers (via shop)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Using wholesalers and distributors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling directly to the consumer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading only from one location</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Choosing the right location in the store</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positioned as an impulse buy in the shop</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling from the internet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Method</td>
<td>Example(s)</td>
<td></td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>------------</td>
<td></td>
</tr>
<tr>
<td>Selling directly with the customers (via shop)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Using wholesalers and distributors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling directly to the consumer</td>
<td></td>
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<tr>
<td>Trading only from one location</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Choosing the right location in the store</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positioned as an impulse buy in the shop</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling from the internet</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
You also need to know how a business uses these tools to decide on a marketing strategy for:

- **target market**, eg consumers, trade customers (b2b), retailers, wholesalers, large organisations, small organisations, new customers, existing customers.

These are markets that have been identified through research or sales analysis as being particularly important for the business.

**Consumers**: targeting at these individuals will involve communicating with the people they want to buy their product directly. Potential markets tend to be large, therefore there are no shortage of options.

**Trade customers**: not all products are aimed at individuals! Some are aimed at other companies. B2B stands for Business to Business.

**Retailers and wholesalers**: these are important links in a supply chain between the manufacturer and the consumer. It is important for the business to correctly identify which companies they are going to deal with.

**Large organisations**: like the school, some business may target a particular individual in the company or address it to the MD. I (Mr Holman) get a lot of junk mail from hopeful businesses addressing letter to `The Head of ICT’.

**Small organisations**: perhaps the company only has a few members. It then becomes important to know who to address the information to and then to market to those individuals specifically.

**New customers**: need to be identified before they can be targeted! Market Research (primary and secondary) can be helpful in trying to find out some of the details here.

**Existing customers**: many companies nowadays are spending a great deal of money on large databases to help track their customers. They know a lot of information about each individual and it is important to target their marketing accordingly. For example, the Tesco clubcard is very specific in the deals that they send out to their consumers. If you have Corn Flakes (Kellogs) every week, do not be surprised to find a voucher for Sugar Puffs in the reward voucher scheme.
The key point here is how Market Research is as important as an effective marketing mix. If the research has been incorrectly completed, then the mix will be based on inaccurate information and be potentially damaging.

Companies need to invest resources (money, personnel and time) in order to get the research correct.

Key points for data collection:

- Should have a high reliability factor (i.e., from a reliable source)
- Should be up to date
- Should be complete
- Should be relevant
Definitions of MARKET RESEARCH on the Web:

* A study of consumer groups and business competition used to define a projected market.
  www.motto.com/glossary.html

* the process of **gathering**, **analyzing** and **interpreting** information about a **market**; about a **product** or **service** to be offered for sale in that market; and about the **past**, **present** and **potential** customers for the product or service.
  www.ots.treas.gov/glossary/gloss-m.html

* Surveys, of the **area** in which a product or service **is to be offered**, which are done to determine the cost of doing business, any competition, potential sales, etc.
  www.new-york-new-york-real-estate.com/m1.html

* A **systematic collection**, **analysis**, and **reporting** of data about the market and its preferences, opinions, trends, and plans, used for corporate decision making.
  www.acceleratoronline.com/viewpage.asp

* the process of **planning**, **collecting**, and **analyzing** data relevant to marketing decision-making. Using a combination of **primary and secondary research tools** to better understand a situation.
  www.quintcareers.com/jobseeker_marketing_glossary.html

Companies will analyse the information

- Some may use Excel
- A lot of companies use specialist software, most common being a program called SPSS

The market research undertaken will relate directly to the element of the marketing mix being addressed.

It is important that you can state the different types of market research that would be completed for different elements of the marketing mix.
| **Product** | Look at rivals  
Go to a trade show  
Go to country where they are ahead (Japan)  
Questionnaire on customers – on web page  
Analyse past sales over a year  
Feedback or suggestion box  
Review comments made by customers  
Analyse complaints / faults  
Focus Group (£20 per person) – drug trial  
Ask for comments from rival?  
Give to a suitable program (Top Gear)  
Sales Records  
Survey  
Approach sales outlets and ask for info |
| **Place** | Online (upmystreet.co.uk) (google maps)  
Look for rivals  
Walking around local area  
Spend a day looking at who goes there  
Statistics.gov.uk – local demographics  
Online – findaproperty.co.uk  
Written and verbal |
| **Location / Channel** | **Price** | **Look at rivals** (realistic...unlikely to be able to look at ALL rivals) – any product has upward of 100 rivals  
**DIRECT RIVALS** – **INDIRECT RIVALS**  
**Change price and analyse impact**  
Wrangler jeans – inferior to Levi’s  
Deawoo inferior to Ford  
Inelastic (change has little impact) and Elastic change has large impact |
| **Promotion** | Look at rivals  
Look at industry analysis  
www.aqa.org.uk  
Reports on advertising  
Analyse impact of advertising ‘push’ on sales |
The type of market:

The market research methods undertaken will be directly influenced by the market that is being targeted.

What are some of the characteristics of a market that would determine the method of market research chosen?

**THAT DIFFERENT METHODS WORK FOR DIFFERENT TARGETS**

<table>
<thead>
<tr>
<th>Children</th>
<th>Informal, verbal,</th>
</tr>
</thead>
<tbody>
<tr>
<td>‘Rich’ adults, eg millionaires wanting to buy a Ferrari</td>
<td>Invite them for a track day at Silverstone</td>
</tr>
<tr>
<td>20 to 30 yr old at work</td>
<td>Internet is suited</td>
</tr>
<tr>
<td>20 to 30 yr old at home</td>
<td></td>
</tr>
<tr>
<td>30 to 50 yr old at work</td>
<td>Post</td>
</tr>
<tr>
<td>30 to 50 yr old at home</td>
<td></td>
</tr>
<tr>
<td>60+ yr old shopper at supermarket</td>
<td>Questionnaire, stop in shop</td>
</tr>
<tr>
<td>Low incomes</td>
<td>By post, give a free return envelope, ‘enter this free prize draw’</td>
</tr>
<tr>
<td>Generic, eg the Census (every 10 yrs, whole country interviewed)</td>
<td>Visit every home in the Country</td>
</tr>
</tbody>
</table>
To undertake marketing effectively, businesses need information. **Information about customer wants, market demand, competitors, distribution channels etc.**

Marketers often complain that they lack enough marketing information or the right kind, or have too much of the wrong kind. The solution is an effective marketing information system.

The information needed by marketing managers comes from three main sources:

1. **Internal company information**
   - E.g. sales, orders, customer profiles, stocks, customer service reports etc.

2. **Marketing intelligence**
   - This can be information gathered from many sources, including suppliers, customers, distributors. Marketing intelligence is a catch-all term to include all the everyday information about developments in the market that helps a business prepare and adjust its marketing plans. It is possible to buy intelligence information from outside suppliers (e.g. Mintel, Dun & Bradstreet, Mori) who set up data gathering systems to support commercial intelligence products that can be profitably sold to all players in a market.

3. **Market research**
   - Management cannot always wait for information to arrive in bits and pieces from internal sources. Also, sources of market intelligence cannot always be relied upon to provide relevant or up-to-date information (particularly for smaller or niche market segments). In such circumstances, businesses often need to undertake specific studies to support their marketing strategy - this is market research.
**market research - conducting market research**

Depending on the situation facing a business, particularly the resources allocated to marketing research, there are four main ways of carrying out market research:

**(1) Do it yourself - personally**

This is often the case in smaller businesses. Here, marketing staff do the research themselves. Sample sizes tend to be small - which may be appropriate if there are a relatively small number of customers.

**(2) Do it yourself - using a marketing research department**

By employing a marketing research manager, a business may benefit from specialist research skills.

**(3) Do it yourself - using a fieldwork agency**

Often the design of a piece of market research can be completed using internal resources - particularly if the business employs a marketing specialist with knowledge of research techniques. However, the scope of the research (for example, interviewing a large sample of consumers in various locations) may be beyond the resources of a business. In this case, the fieldwork can be carried out by a marketing research agency.

**(4) Use the full services of a marketing research agency**

Where resources permit a business can invest in the full range of skills offered by marketing research agencies. A complete service would include:

- Preparation of the market research proposal (survey design, costs, timetable, method of feedback)
- Conduct exploratory research
- Design the research questionnaire
- Select the sample
- Choose the survey method (e.g. telephone, postal, face-to-face)
- Conduct the interviewing
- Analyse and interpret the results
- Prepare a report
- Make a presentation

There are thousands of market research agencies in the UK alone who provide such services.
market research - qualitative research

Qualitative Research is about investigating the features of a market through in-depth research that explores the background and context for decision making.

There are two main qualitative methods - depth interviews and focus groups. However qualitative research can also include techniques such as usability testing, brainstorming sessions and "vox pop" surveys.

Depth Interviewing

Depth interviews are the main form of qualitative research in most business markets. Here an interviewer spends time in a one-on-one interview finding out about the customer's particular circumstances and their individual opinions.

The majority of business depth interviews take place in person, which has the added benefit that the researcher visits the respondent's place of work and gains a sense of the culture of the business. However, for multi-national studies, telephone depth interviews, or even on-line depth interviews may be more appropriate.

Feedback is through a presentation that draws together findings across a number of depth interviews. In some circumstances, such as segmentation studies, identifying differences between respondents may be as important as the views that customers share.

The main alternative to depth interviews - focus group discussions - are typically too difficult or expensive to arrange with busy executives. However, on-line techniques increasing get over this problem.

Group Discussions

Focus groups are the mainstay of consumer research. Here several customers are brought together to take part in a discussion led by a researcher (or "moderator"). These groups are a good way of exploring a topic in some depth or to encourage creative ideas from participants.

Group discussions are rare in business markets, unless the customers are small businesses. In technology markets where the end user may be a consumer, or part of a team evaluating technology, group discussions can be an effective way of understanding what customers are looking for, particularly at more creative stages of research.
Quantitative research

Quantitative research is about measuring a market and quantifying that measurement with data. Most often the data required relates to market size, market share, penetration, installed base and market growth rates.

However, quantitative research can also be used to measure customer attitudes, satisfaction, commitment and a range of other useful market data that can tracked over time.

Quantitative research can also be used to measure customer awareness and attitudes to different manufacturers and to understand overall customer behaviour in a market by taking a statistical sample of customers to understand the market as a whole. Such techniques are extremely powerful when combined with techniques such segmentation analysis and mean that key audiences can be targeted and monitored over time to ensure the optimal use of the marketing budget.

At the heart of all quantitative research is the statistical sample. Great care has to be taken in selecting the sample and also in the design of the sample questionnaire and the quality of the analysis of data collected.

Market research involves the collection of data to obtain insight and knowledge into the needs and wants of customers and the structure and dynamics of a market. In nearly all cases, it would be very costly and time-consuming to collect data from the entire population of a market. Accordingly, in market research, extensive use is made of sampling from which, through careful design and analysis, Marketers can draw information about the market.
market research - sampling

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Sample Design

Sample design covers the method of selection, the sample structure and plans for analysing and interpreting the results. Sample designs can vary from simple to complex and depend on the type of information required and the way the sample is selected.

Sample design affects the size of the sample and the way in which analysis is carried out. In simple terms the more precision the market researcher requires, the more complex will be the design and the larger the sample size.

The sample design may make use of the characteristics of the overall market population, but it does not have to be proportionally representative. It may be necessary to draw a larger sample than would be expected from some parts of the population; for example, to select more from a minority grouping to ensure that sufficient data is obtained for analysis on such groups.

Many sample designs are built around the concept of random selection. This permits justifiable inference from the sample to the population, at quantified levels of precision. Random selection also helps guard against sample bias in a way that selecting by judgement or convenience cannot.

Defining the Population

The first step in good sample design is to ensure that the specification of the target population is as clear and complete as possible to ensure that all elements within the population are represented. The target population is sampled using a sampling frame. Often the units in the population can be identified by existing information; for example, pay-rolls, company lists, government registers etc. A sampling frame could also be geographical; for example postcodes have become a well-used means of selecting a sample.

Sample Size

For any sample design deciding upon the appropriate sample size will depend on several key factors
(1) No estimate taken from a sample is expected to be exact: Any assumptions about the overall population based on the results of a sample will have an attached margin of error.

(2) To lower the margin of error usually requires a larger sample size. The amount of variability in the population (i.e. the range of values or opinions) will also affect accuracy and therefore the size of sample.

(3) The confidence level is the likelihood that the results obtained from the sample lie within a required precision. The higher the confidence level, that is the more certain you wish to be that the results are not atypical. Statisticians often use a 95 per cent confidence level to provide strong conclusions.

(4) Population size does not normally affect sample size. In fact the larger the population size the lower the proportion of that population that needs to be sampled to be representative. It is only when the proposed sample size is more than 5 per cent of the population that the population size becomes part of the formulae to calculate the sample size.
<table>
<thead>
<tr>
<th>Sampling Method</th>
<th>Definition</th>
<th>Uses</th>
<th>Limitations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cluster Sampling)</td>
<td>Units in the population can often be found in certain geographic groups or “clusters” (e.g. primary school children in Derbyshire). A random sample of clusters is taken, then all units within the cluster are examined</td>
<td>Quick &amp; easy; does not require complete population information; good for face-to-face surveys</td>
<td>Expensive if the clusters are large; greater risk of sampling error</td>
</tr>
<tr>
<td>Convenience Sampling</td>
<td>Uses those who are willing to volunteer</td>
<td>Readily available; large amount of information can be gathered quickly</td>
<td>Cannot extrapolate from sample to infer about the population; prone to volunteer bias</td>
</tr>
<tr>
<td>Judgement Sampling</td>
<td>A deliberate choice of a sample - the opposite of random</td>
<td>Good for providing illustrative examples or case studies</td>
<td>Very prone to bias; samples often small; cannot extrapolate from sample</td>
</tr>
<tr>
<td>Quota Sampling</td>
<td>Aim is to obtain a sample that is &quot;representative&quot; of the overall population; the population is divided (&quot;stratified&quot;) by the most important variables (e.g. income, age, location) and a required quota sample is drawn from each stratum</td>
<td>Quick &amp; easy way of obtaining a sample</td>
<td>Not random, so still some risk of bias; need to understand the population to be able to identify the basis of stratification</td>
</tr>
<tr>
<td>Simply Random Sampling</td>
<td>Ensures that every member of the population has an equal chance of selection</td>
<td>Simply to design and interpret; can calculate estimate of the population and the sampling error</td>
<td>Need a complete and accurate population listing; may not be practical if the sample requires lots of small visits all over the country</td>
</tr>
<tr>
<td>Systematic Sampling</td>
<td>After randomly selecting a starting point from the population, between 1 and &quot;n&quot;, every nth unit is selected, where n equals the population size divided by the sample size</td>
<td>Easier to extract the sample than via simple random; ensures sample is spread across the population</td>
<td>Can be costly and time-consuming if the sample is not conveniently located</td>
</tr>
</tbody>
</table>
market research - types of market research

The main distinction between the different types of market research is between "ad-hoc" and "continuous" research:

**Ad-hoc Market Research**

Ad-hoc research studies focus on specific marketing problems. They collect data at one point in time from one sample of respondents. Good examples of ad-hoc studies include:

- Product usage survey
- New product concept tests (where consumers are asked to trial new brands, product prototypes etc)
- Advertising development (how does the sample of consumers respond to a specific advertising campaign? Most TV adverts are researched in this way)
- Corporate image surveys (often quite enlightening)
- Customer satisfaction surveys (these can often turn into continuous research)

**Continuous Research**

Continuous studies interview the same sample of people, repeatedly. The major types of continuous research are:

**Consumer panels**

Consumer panels are formed by recruiting large numbers of households who provide information on their buying over time. Research agency AC Nielsen has one of the largest consumer panels in the world, continuously interviewing 125,000 households in 18 countries. The main competitor for AC Nielsen is TNS which runs panels in 20 countries.

**Retail Audits**

By gaining the cooperation of retail outlets, sales of brands can be measured (using bar coded sales data) to track changes in brand loyalty, market share and effectiveness of different retail formats.

**Television Viewer ship / Radio Listening Panels**

These panels aim to measure Viewer ship or listening minute by minute. This data is critical information for broadcasters to determine their programme strategy (what kinds of programmes to produce and when to broadcast them) as well as for advertisers (who is watching, listening, and when?). In the UK, the main source of such data is produced by the Broadcasters' Audience Research Board ("BARB").
market research - uses

A wide variety of information used to support marketing decisions can be obtained from market research. A selection of such uses are summarised below:

Information about the market

- Analysis of the market potential for existing products (e.g. market size, growth, changing sales trends)
- Forecasting future demand for existing products
- Assessing the potential for new products
- Study of market trends
- Analysis of competitor behaviour and performance
- Analysis of market shares

Information about Products

- Likely customer acceptance (or rejection) of new products
- Comparison of existing products in the market (e.g. price, features, costs, distribution)
- Forecasting new uses for existing products
- Technologies that may threaten existing products
- New product development

Information about Pricing in the Market

- Estimates and testing of price elasticity
- Analysis of revenues, margins and profits
- Customer perceptions of “just or fair” pricing
- Competitor pricing strategies

Information about Promotion in the Market

- Effectiveness of advertising
- Effectiveness of sales force (personal selling)
- Extent and effectiveness of sales promotional activities
- Competitor promotional strategies

Information about Distribution in the Market

- Use and effectiveness of distribution channels
- Opportunities to sell direct
- Cost of transporting and warehousing products
- Level and quality of after-sales service
Branding only works when an organisation behaves and presents itself in a consistent way. Marketing communication methods, such as advertising and promotion, are used to create the colours, designs and images, which give the brand its recognisable face. At McDonald’s this is represented by its familiar logo - the Golden Arches.

Marketing involves identifying customer needs and requirements, and meeting these needs in a better way than competitors. In this way a company creates loyal customers.

The starting point is to find out who potential customers are - not everyone will want what McDonald’s has to offer. The people McDonald’s identifies as likely customers are known as key audiences.

02_The marketing mix and market research
Having identified its key audiences a company has to ensure a marketing mix is created that appeals specifically to those people.

The marketing mix is a term used to describe the four main marketing tools (4Ps):
- product
- price
- promotion
- and the place through which products are sold to customers.

Using detailed information about its customers, McDonald’s marketing department can determine:
1. What products are well received?
2. What prices consumers are willing to pay?
3. What TV programmes, newspapers and advertising consumers read or view?
4. What restaurants are visited?

Market research is the format which enables McDonald’s to identify this key information. Accurate research is essential in creating the right mix to win customer loyalty.

In all its markets McDonald’s faces competition from other businesses.

Additionally, economic, legal and technological changes, social factors, the retail environment and many other elements affect McDonald’s success in the market.
Market research identifies these factors and anticipates how they will affect people’s willingness to buy. As the economy and social attitudes change, so do buying patterns. McDonald’s needs to identify whether the number of target customers is growing or shrinking and whether their buying habits will change in the future.

Market research considers everything that affects buying decisions. These buying decisions can often be affected by wider factors than just the product itself. Psychological factors are important, e.g. what image does the product give or how the consumer feels when purchasing it.

These additional psychological factors are significantly important to the customer. They can be even more important than the products’ physical benefits.

Through marketing, McDonald’s establishes a prominent position in the minds of customers. This is known as branding.

03 Meeting the needs of key audiences
There are a limited number of customers in the market. To build long-term business it is essential to retain people once they have become customers.

Customers are not all the same. Market research identifies different types of customers. For example:

| A parent with two children might visit | Visits McDonald’s to give the children a treat. |
| The children want to visit McDonald’s | As it is a fun place to eat. |
| A business customer | Visits McDonald’s during the work day, as service is quick, the food tastes great and can be eaten in the car, without affecting a busy work schedule. |
| Teenager visit McDonald’s | The Pound Saver Menu is affordable, and there is Internet access in some restaurants. |

These examples represent just a few of McDonald’s possible customer profiles. Each has different reasons for coming to McDonald’s.

Using this type of information McDonald’s can tailor communication to the needs of specific groups. It is their needs that determine the type of products and services offered, prices charged, promotions created and where restaurants are located.

To meet the needs of the key market it is important to analyse the internal marketing strengths of the organisation. Strengths and weaknesses must be identified, so that a marketing strategy which is right for the business can be decided upon.

The analysis will include the:
- company’s products and how appropriate they are for the future
- quality of employees and how well trained they are to offer the best service to customers
- systems and how well they function in providing customer satisfaction e.g. marketing databases and restaurant systems
- financial resources available for marketing.

Once the strengths and weaknesses are determined, they are combined with the opportunities and threats in the market place. This is known as SWOT analysis (Strengths, Weaknesses, Opportunities, Threats).

The business can then determine what it needs to do in order to increase its chances of marketing successfully.
**04. Marketing Objectives**

A marketing plan must be created to meet clear objectives.

Objectives guide marketing actions and are used to measure how well a plan is working.

These can be related to market share, sales goals, reaching the target audience and creating awareness in the marketplace.

The objectives communicate what marketers want to achieve.

Long-term objectives are broken down into shorter-term measurable targets, which McDonald’s uses as milestones along the way.

Results can be analysed regularly to see whether objectives are being met. This type of feedback allows the company to change plans. It gives flexibility.

Once marketing objectives are set the next stage is to define how they will be achieved. The marketing strategy is the statement of how objectives will be delivered. It explains what marketing actions and resources will be used and how they will work together.

**05. The 4Ps**

At this point the marketing mix is put together:

i. **Product**

The important thing to remember when offering menu items to customers is that they have a choice. They have a huge number of ways of spending their money and places to spend it.

Therefore, McDonald’s places considerable emphasis on developing a menu which customers want. Market research establishes exactly what this is.

However, customers’ requirements change over time. What is fashionable and attractive today may be discarded tomorrow. Marketing continuously monitors customers’ preferences.

In order to meet these changes, McDonald’s has introduced new products and phased out old ones, and will continue to do so.

Care is taken not to adversely affect the sales of one choice by introducing a new choice, which will cannibalise sales from the existing one (trade off). McDonald’s knows that items on its menu will vary in popularity. Their ability to generate profits will vary at different points in their life cycle.

Products go through a life cycle, which is illustrated below:

<table>
<thead>
<tr>
<th>The product life cycle</th>
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<tbody>
<tr>
<td>Introduction Growth Development Sales</td>
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</table>

The type of marketing undertaken and the amount invested will be different, depending on the stage a product has reached. For example, the launch of a new product will typically involve television and other advertising support.

At any time a company will have a portfolio of products each in a different stage of its lifecycle. Some of McDonald’s options are growing in popularity while arguably the Big Mac is at the ‘maturity’ stage.

ii. **Price**

The customer’s perception of value is an important determinant of the price charged.

Customers draw their own mental picture of what a product is worth. A product is more than a physical item, it also has psychological connotations for the customer.

The danger of using low price as a marketing tool is that the customer may feel that quality is being compromised. It is important when deciding on price to be fully aware of the brand and its integrity.

A further consequence of price reduction is that competitors match prices resulting in no extra demand. This means the profit margin has been reduced without increasing sales.

iii. **Promotions**

The promotions aspect of the marketing mix covers all types of marketing communications.

The methods include advertising, sometimes known as ‘above the line’ activity. Advertising is conducted on TV, radio, cinema, online, poster sites and in the press (newspapers, magazines).
What distinguishes advertising from other marketing communications is that media owners are paid before the advertiser can take space in the medium.

Other promotional methods include sales promotions, point of sale display, merchandising, direct mail, telemarketing, exhibitions, seminars, loyalty schemes, door drops, demonstrations, etc.

The skill in marketing communications is to develop a campaign which uses several of these methods in a way that provides the most effective results. For example, TV advertising makes people aware of a food item and press advertising provides more detail. This may be supported by in store promotions to get people to try the product and a collectable promotional device to encourage them to keep buying the item.

It is imperative that the messages communicated support each other and do not confuse customers. A thorough understanding of what the brand represents is the key to a consistent message.

The purpose of most marketing communications is to move the target audience to some type of action. This may be to: buy the product, visit a restaurant, recommend the choice to a friend or increase purchase of the menu item.

Key objectives of advertising are to make people aware of an item, feel positive about it and remember it.

The more McDonald’s knows about the people it is serving the more it is able to communicate messages which appeal to them.

Messages should gain customers’ attention and keep their interest. The next stage is to get them to want what is offered. Showing the benefits which they will obtain by taking action, is usually sufficient. The right messages must be targeted at the right audience, using the right media.

For example, to reach a single professional woman with income above a certain level, it may be better to take an advertisement in Cosmopolitan than Woman’s Own. To advertise to mothers with children, it may be more effective to take advertising space in cinemas during Disney films.

The right media depends on who the viewers, readers or listeners are and how closely they resemble the target audience.

iv. Place

Place in the marketing mix, is not just about the physical location or distribution points for products. It encompasses the management of a range of processes involved in bringing products to the end consumer.

06. Conclusion

Once the marketing strategy is in place various responsibilities are given to different individuals so that the plan can be implemented. Systems are put in place to obtain market feedback which measure success against short-term targets. McDonald’s has to ensure that this is done within the confines of a tightly controlled, finite marketing budget.

Benefits: aspects of products and services designed to meet specific customer needs.

Brand: representations of a product or company.

Key audiences: customers identified as being likely purchasers of specific products.

Market research: a systematic process of asking questions to find out about customers and market.

Marketing mix: an appropriate combination of the 4 Ps – product, price, promotion and place.

Marketing strategy: plan designed to meet needs of customers.

Objectives: ends that a business seeks to achieve.

For more information about McDonald’s please browse: www.mcdonalds.co.uk
Sponsorship and the marketing mix

Introduction

Vodafone is the world's largest mobile telecommunications community, employing over 65,000 staff and with over 130 million customers. The business operates in 26 countries worldwide. Vodafone is a public limited company with listings on the London and New York stock exchanges.

Global recognition of the Vodafone brand is growing as the company rolls out its identity into new markets. However, it retains local names and imagery in markets where this is essential to maintaining the trust of customers.

To help promote its image worldwide, Vodafone uses leading sports stars from high profile global sports, including David Beckham and Michael Schumacher. This Case Study concentrates on how such promotion can help to keep a leading brand at the forefront of public awareness.

The essentials of marketing

The world is a global market with few barriers, so Vodafone has to be highly visible as ‘the brand to buy’. Effective marketing is the key to high visibility.

Marketing involves anticipating customers' needs and finding the right product or service to meet those needs, thereby encouraging high sales levels. Vodafone goes further by looking to impress on its customers not merely what its products are i.e. features, but also what they can increasingly do i.e. benefits. This involves effective communication.

There is a slowdown in sales of mobile handsets, in some markets like the UK, as the mature part of the product lifecycle is reached. Customers are exposed to a barrage of different images and messages by mobile phone companies, as the competition gets tougher. Vodafone appeals to new customers and aims to keep its existing ones by emphasising the uniqueness of the brand.

A longer term marketing strategy is underpinned by careful planning and a successful marketing mix. The marketing mix is a combination of many features that can be represented by the four Ps.

Product - features and benefits of a good or service

Price - the cost of a good or service

Place - where the good or service can be bought

Promotion - how customers are made aware of a good or service.

Vodafone’s marketing mix

Vodafone’s aim is to grow its revenue and improve its profit margin by adding value to its products and services i.e. earning more from each product sold. The “Vodafone live!” service enables customers to use picture messaging and to download polyphonic ring tones, colour games, images and information, through an icon-driven menu.

This service will soon be further enhanced by picture messaging libraries, video clips and video telephony (seeing the person you’re calling) and improving download speeds. Another service is the Vodafone Mobile Connect Card, which enables customers to access their normal business applications on a laptop when out of the office. Such services add value to the product, and high profile effective promotion will help sell these services to existing and new customers.

Vodafone’s marketing mix

1. Above the line

Vodafone UK gives NECTAR reward points for every £1 spent on calls, text messages, picture messages and ring tones.

2. Below the line

Vodafone works with icons such as David Beckham to communicate its brand values.

3. Promotion

Advertising on TV, on billboards, in magazines and in other media outlets reaches large audiences and spreads the brand image and the message very effectively. This is known as above the line promotion.

4. Place

Vodafone UK operates over 300 of its own stores.

5. Price

Vodafone wants to make its services accessible to as many people as possible: from the young, through apprentices and high powered business executives, to the more mature users.

Vodafone wants to make its services accessible to as many people as possible: from the young, through apprentices and high powered business executives, to the more mature users.

Getting the message across

Vodafone UK produces various publications for customers and staff, e.g:

- Vodafone Essentials: outlines the product range
- Vodafone Explore: helps customers to maximise their use of their purchase
- Direct mail: stimulates customers and potential customers to find out more
- Vodafone Life! A magazine for employees, detailing products, people and sponsorship deals

Visit www.tt100.biz for Downloads • Theory • Quizzes • Company Info • Current and Previous Case Studies
Vodafone and Beckham: Why the link?

David Beckham is more than a footballer. He is also regarded as a fashion icon, a caring family man and a nice guy: an overall image that attracted Vodafone to him.

Beckham’s popularity with football fans comes largely from his England team captaincy. As a footballer, he is well regarded around the world. Other young men who might aspire to his success and style also tend to identify with him. He appeals to many females because of his reputation as a fashion and lifestyle icon. He is also married to a female icon in her own right.

Vodafone’s sponsorship of the Manchester United team appeals to a broad section of the global football/sports audience, whereas aspects of Beckham’s broader image have grown to appeal to a much wider section of society. That suits Vodafone, who needs to appeal to different segments of the market.

Beckham’s healthy lifestyle allied to his talent suggests an energy and a controlled passion for life; an image that Vodafone would also like to project for itself. On a football field, Beckham is innovative, creative, exciting; characteristics that Vodafone aspires to. Beckham the family man comes across as caring and empathetic; Vodafone wants to communicate a similar image. The synergy is clear.

The campaign

Beckham is supporting the campaign to promote Vodafone Live! in the UK and in other markets. The UK campaign shows Beckham doing everyday things: a happy, relaxed, competent shopper sending pictures and accepting a message to remember to buy eggs. At the same time he is also clearly demonstrating what Vodafone Live! can do.

The TV campaign has been a huge success. Many people have seen it and can recall the ad. The campaign captured the imagination of the press, and many newspapers covered stories about Beckham’s sponsorship deal. Slogans such as ‘Send it like Beckham’ help to further promote the Vodafone message. Beckham’s image is also used on a variety of other customer communications including in-store posters, billboards, in the company’s magazines and catalogues and in leaflets mailed to customers.

Market Research

High profile campaigns are a gamble. The campaign’s impact has to justify the time, money and effort spent on it. The marketing team must evaluate the campaign’s success. Vodafone UK has asked people across different sectors of society about the campaign, and has analysed their responses. Individuals were asked what they could remember about the campaigns. This is known in the marketing industry as recall.

Recall %

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>David Beckham (any mention)</td>
<td>85</td>
</tr>
<tr>
<td>David Beckham queuing at the checkout</td>
<td>45</td>
</tr>
<tr>
<td>Man/person on tube/train</td>
<td>16</td>
</tr>
</tbody>
</table>

Another exercise assessed the effectiveness of the poster depicting Beckham being reminded to buy some eggs. People in the survey are able to recall and describe the Beckham scenes. People are able to recall and describe the advertisements without prompting.

Other data has been used to assess the success of the Beckham promotion. Findings from UK Brand Tracking data reveal that the TV campaign has increased awareness of Vodafone with above average efficiency as measured by the Awareness Index, primarily because of the Beckham scenes. People are able to recall and describe the advertisements without prompting.

The Beckham campaign has also helped to support Vodafone’s drive for brand migration. Vodafone can help to fulfil its aim to grow successfully by acquiring local companies in markets that Vodafone would like to enter. A good example of this is Vodafone’s purchase of J-Phone in Japan. The initial strategy was to use a dual J-Phone Vodafone logo alongside the powerful image of Beckham to emphasise the relationship between the two companies.

The final transition removed the J-Phone logo altogether to a sole focus on Vodafone (Vodafone KK). This strategy warmed J-Phone’s customers to the idea of a global brand replacing a local brand. David Beckham is a popular figure in Japan and helped to smooth the way for the substitution of the global brand in place of the local one.

Conclusion

In a highly competitive market, David Beckham is the latest in a number of high profile celebrities and sports personalities that Vodafone has used to promote Vodafone Live! Market research and increased sales indicate that using Beckham’s image has been highly effective. Sponsorship using stars involves a partnership between the star and the company, and success depends on both remaining high profile and in the public eye.

The Beckham campaign is seen in many countries worldwide and reinforces his own image as well as communicating Vodafone’s brand values. Beckham is something of a phenomenon whose star status shows no sign of waning. Vodafone believes that it has gained an important advantage in a highly competitive market place as a result of having such a high profile, admired star attached to its name and its product.

For more information about Vodafone please browse: www.vodafone.com
A visible aspect of its CR programme is **Cause Marketing**. This case shows how Vodafone has formed a Cause Marketing partnership with The National Autistic Society (NAS).

Vodafone is the third largest company in this country by **market capitalisation**. This is remarkable because Vodafone is a relatively new company. Most of the other companies in the **FTSE 100** (largest 100 companies in the UK) have been around considerably longer.

Most people in this country instantly recognise the Vodafone logo and know what the company does. Vodafone supplies customers with mobile telephone facilities including text, games, music, mobile TV, and Internet services.

In 2005 Vodafone had around 16 million UK customers, employed over 11,500 people across call centres, offices and retail shops.

The NAS is less well-known. It is a national charity working with children, adults, and families affected by **autism**, and those professionals who work alongside them. Autism is a complex life long developmental disability affecting an increasing number of children in the UK. The term autism covers a wide range of behavioural and communication difficulties. For example people with autism find everyday social interaction very difficult. Their ability to develop friendships is generally limited as is their capacity to understand other people’s emotional expression. People with autism can often have accompanying learning disabilities but everyone with the condition shares a difficulty in making sense of the world.

The NAS champions the interests of people with autism and provides services appropriate to their needs. Around 535,000 people in the UK have autistic spectrum disorders and 2 million parents, carers and friends are affected. Understanding of the condition remains limited.

**02. The nature of marketing and role of Cause Marketing**

**Marketing** involves finding out what your customers want and then providing it. At the heart of marketing lies the **market research** process. This involves identifying customer requirements and then meeting their needs.

As a minimum this involves asking customers such questions as:

- What size and shape mobile phone would you like to see us provide?
- What services do you want our phones to provide?
However, responsible companies go beyond that and ask:

- How would you like our company to behave?
- What part do you want us to play in building a better society?

It is the latter questions which translate the concept of being a responsible company into a visible reality via a Cause Marketing programme.

Cause Marketing can be defined as: ‘a commercial activity by which businesses and the wider community derive direct societal and commercial benefits through marketing led activity’.

03_Appropriate Cause Marketing

Cause Marketing makes sense and is supported by a range of stakeholder groups.

- Consumers and the public increasingly demand it.
- Employees are inspired by it.
- Government and industry regulators actively support it.
- Investors recognise the benefits of it.
- Causes benefit directly from it.

Goals are the end targets that an organisation seeks to achieve through its plans. Vodafone has six goals. Two of the most important of these are to ‘delight our customers and be a responsible business’.

The vision and goals therefore give important direction to the Cause Marketing programme.

Just as with any other form of marketing a great deal of research needs to be carried out to identify Cause Marketing that naturally fits with customers’ perceptions of what ‘their’ company should be doing. Therefore a fit between Cause Marketing and the overall vision and goals of a company is vital. A vision is a picture, set out in words, of what a business is seeking to achieve.

Vodafone’s vision is: ‘Enriching customers’ lives, helping individuals, businesses and communities to be more connected in a mobile world’.

04_Research and stakeholder engagement

As with any partnership, Vodafone was rigorous in researching an appropriate cause to partner. The research was carried out with a number of groups:

- customers
- employees
- public
- opinion formers (e.g. the press, CR experts)
- Cause Marketing experts.

A variety of research techniques were used, including:

- in-depth interviews with customers
- discussions with 60 charities
- identifying the best examples of Cause Marketing programmes
- testing of a number of propositions to see what customers, employees and members of the public thought.

The results of the research showed that partnering with an organisation dealing with communication disabilities was a clear choice.
Three charities from the original 60 were identified as having the closest fit. These three charities were then rigorously assessed in relation to 15 criteria, which included:

- impact on society
- clear fit with the Vodafone brand
- impact could be measured
- employees and customers felt that it would be an appropriate partnership
- fit with communication theme.

As a result of this research it became clear that the NAS provided the best fit. Communication is at the heart of Vodafone and people with autism find communicating with others very difficult. At the time, the NAS were not well-known, nor were they receiving significant support from other companies.

**05. The partnership**

Brand positioning involves creating an image that is understood by the wider public of what a brand stands for. Vodafone’s brand positioning is: ‘Vodafone helps people enjoy richer communication, anywhere, anytime. Always reliable, always easy, always great value ... passionately delivered’. The 3-year partnership programme with NAS fits neatly with this brand positioning.

A programme is a set of organisational activities that have clear objectives and timescales. A vision was created for the programme which was to: ‘create a best in class partnership between Vodafone and the NAS that breaks down barriers and makes more things possible for people affected by autism’.

The programme covers a 3-year period. There are 3 main elements of the programme:

- **Help!** is an intensive programme for parents and carers whose child has been recently diagnosed with an autistic spectrum disorder. The programme explains what autism is, how to explain the condition to siblings, teachers and relevant professionals. It also covers practical advice including techniques for improving communication and behaviour, specialist information on education, rights, entitlements and local support services. Help! provides parents with an opportunity to meet other parents and discuss their thoughts and emotional concerns in an informal manner.

- **PARIS** (Public Autism Resource and Information Service) is an online, interactive database of services for people with autism, their parents and carers. The service can be accessed in a variety of ways including by computer and mobile phone. This is a very useful service for parents with autistic children. For example, the database identifies services such as local playgroups or schools with specialist support for autistic children or a more practical service such as a hairdresser or dentist who has been trained in understanding autism and is aware of how to provide a more specialised service.

- **Awareness** is a media campaign sponsored by Vodafone which is designed specifically to raise public awareness of autism and the work of NAS. The posters used promote both the NAS and Vodafone brands.

Cause Marketing is not a form of corporate philanthropy, there are clear commercial objectives for both partners. However there is an element of raising money for the NAS, but utilising mechanisms which are embedded in Vodafone’s ‘business as usual’ activities. Vodafone has made it possible for customers to donate money to the NAS via text messaging and over the web. Vodafone’s handset recycling scheme, which is a key element of its CR programme, helps customers to recycle their unwanted handsets and ensures that all the money raised from the recycling process, almost £800,000, goes to the NAS.

The programme includes other ways for customers to engage with the charity such as sales of ‘Thomas the Tank Engine’ zip pulls and Christmas cards which are promoted through its retail stores.
Staff have also been very enthusiastic in taking part in voluntary activities and in raising funds for the NAS. At the start of the programme one of the goals was to engage and inspire staff to raise £50,000 over the 3-year life of the relationship. During the first year, staff raised £106,000. One of the reasons that staff have been so engaged and supportive is because they were involved early on in helping to determine what sort of Cause Marketing programme there should be.

Before starting the programme Vodafone set out a number of objectives which could be used to measure the success of the partnership. Typical examples of these were to:
- make Help! available to 2,710 families
- launch PARIS
- increase awareness of autism to 60% of the population
- raise £50,000 through staff fund raising activities
- raise awareness of Vodafone’s Charity work to 20% of the population
- increase employee enjoyment of work by encouraging at least 5% of employees to get involved in the partnership.

Having clear objectives makes it possible to measure the success of a programme.

06. Conclusion

Cause Marketing is a commercial arrangement. Cause Marketing helps Vodafone to humanise its brand in the eyes of stakeholders while providing much needed support for the NAS and those with autism.

Vodafone believe that Cause Marketing objectives must fit closely with their vision and overall business goals. Metrics (measurements) are therefore used to see how successful their Cause Marketing has been. In independent research carried out by MORI (a market research company) it has been shown that 55% of Vodafone customers identified the company as being a responsible business and this figure has risen by 10% in a year. At the same time awareness of autism has increased and there is more and more coverage in the media (particularly on television and in the press). Clearly this is not just as a result of the programme, but it has helped significantly.

Results have shown that Vodafone customers now have an increased awareness of NAS.

In addition to achieving its key metrics, the Cause Marketing programme received an Award for Excellence from Business in the Community. This award recognises companies for integrating responsible business practice into their mainstream operations resulting in a positive impact in the marketplace, the workplace, the environment and the community.

Autism: complex life long disability, characterised by lack of response to people and limited ability to communicate.

Cause marketing: a commercial activity by which businesses and the wider community derive direct societal and commercial benefits through marketing led activity.

Corporate responsibility: the wider responsibility of a business or organisation. Responsibility to a range of stakeholders including the community and society at large.

Criteria: standards by which something can be judged or decided.

FTSE 100: The Financial Times Stock Exchange list of the top 100 companies in this country by value of shares in these companies.

Goals: the objective towards which an endeavour is directed.

Market capitalisation: the value of all the shares in a company. In the UK this will be measured in pounds sterling.

Market research: a study of influences on customer behaviour and the analysis of market characteristics and trends.

Marketing: the process involved in anticipating, identifying and meeting customer needs and requirements.

Metrics: measurements.

Objectives: a goal to be aimed at.

Stakeholder: individual or group with an interest in the decisions made by an organisation.

For more information about Vodafone please browse: www.vodafone.co.uk
Creating the right marketing mix

01. Introduction

Marketing involves finding out what your customers want and then meeting their requirements. To satisfy its customers, a business must create a successful mix of:

• the right product or service
• sold in the right place
• at the right price
• using the most effective forms of promotion.

This is sometimes referred to as the 4Ps:

- Product
- Price
- Place
- Promotion

This Case Study shows how Motorola has created an effective marketing mix for its mobile phones in a highly competitive market place.

Motorola began life as The Galvin Manufacturing Corporation in Chicago in 1928. Its first product was a battery eliminator, enabling radios to operate from mains electricity rather than expensive batteries. In the 1930s it produced car radios using the brand name ‘Motorola’. The company later adopted Motorola as its name.

The company is now known around the world for innovation and leadership in wireless and broadband communications. Motorola’s vision is of Seamless Mobility, which the company defines as helping users get and stay connected easily to the people, information, and entertainment that they want and need. The company does this by designing and delivering “must have” products, “must do” experiences and powerful networks.

Applying this vision to mobile phones, Motorola has gone beyond just enabling users to make voice calls or send text messages. Depending on the models chosen, users can:

• share music files between the user’s PC and their phone
• play that music easily on stereo Bluetooth headphones
• in the car – as well as being able to use the phone with a hands-free car kit, play music through the car stereo
• at home, play the music through your stereo system.

02. Product

The first element in the marketing mix is the product itself. If you create products that customers want, the other parts of the mix can be designed to meet customer needs.

Motorola is a global leader in wireless and broadband communications technologies and related electronic products. It has significant operations in the UK employing approximately 2,400 people.
Mobile phones are among the most familiar products to consumers and the mobile phone is seen by many as an essential item. It can perform a number of functions, including:

- an essential means of communication
- a fashion statement
- a source of entertainment such as music and video games
- a safety precaution (e.g. to tell people where you are).

The mobile phone market has risen dramatically in size. In April 2005, the market research company Mintel produced figures which showed that 80% of the youth market in the UK has a mobile phone, and that over 61 million people subscribed to an airtime contract. The market is a very competitive one with a range of companies competing to provide mobile phone services.

With a 3G or WAP-enabled phone, customers can browse special Internet sites, which means they can look at football scores, search cinema movie times, or live-chat with friends. Motorola has partners such as MTV, with high quality sites providing diverse and entertaining content. 3G (third generation) phones offer much more effective access to music and video downloads, because the networks they work on provide faster connections for downloading content than previous generations of phones.

Text, Picture and Video messaging is phenomenally popular and is likely to become more so. Motorola mobile phones are increasingly being used to capture and share experiences, in addition to making arrangements, tell jokes, and flirt without the personal nature of a face-to-face or voice-to-voice contact.

In creating products Motorola concentrates on:

- attractive design
- excellent call-quality
- ease of use
- value-added features including music player, games, camera, and video features
- high quality, reliable products.

In order to remain competitive, the company continually seeks to innovate – for example by building phones that are slim and well designed. This is particularly important for one group or segment of the mobile market. An example of this is the Motorola RAZR phone.

The Motorola RAZR V3i is the thinnest clam-shell phone currently available (as at January 2006), just 13.9mm thin. The casing is made from aircraft-grade alloy, and the outer screen from glass, as no conventional plastic materials were strong enough. It has a built-in camera with 4X zoom and quick exposure controls. This also lets you watch and record video clips in full colour. You can also enjoy your favourite ring tones, music clips and games with a state-of-the-art polyphonic speaker sound and an integrated 3D graphics engine.

03_Price

Price is the one element of the marketing mix which creates sales revenue – all the others are costs. For companies like Motorola, price is a key element in the marketing mix. It is a critical selling point.

‘Getting the price right’ is a vital part of building relationships with customers.
As with other companies, prices charged by Motorola are linked to the product life cycle. When a new product is launched prices will typically be quite high. This is because a lot of product and market research has gone into producing the product. It usually takes time for large numbers of consumers to purchase new products. For example, 3G phones are only just beginning to sell in large quantities. As a product matures and sales increase, it is possible to reduce costs. Economies of scale are important. These come in when a firm is able to produce on a large scale. With high outputs of production, costs of research and development, software engineering and investment in plant (manufacturing machinery and tooling) can be spread. State-of-the-art products are sold at premium prices reflecting the high quality of the items and their innovative nature.

The costs to the users of Motorola mobile phones are kept down because they are subsidised by the network providers such as Vodafone. Network providers want as many people as possible to subscribe to their network. They therefore like to link with the producers of the best designed phones which feature the most exciting and effective technologies.

Phone retailers will often supply free accessories with a mobile phone to make it more useful to phone users and to encourage them to buy.

**04. Place**

Though figures vary widely from product to product, roughly a fifth of the production cost of an item goes on getting it to the customer. The term ‘place’ deals with various methods of transporting and storing goods and then making them available to the customer.

Getting the right product to the right place at the right time involves the distribution system. Distribution is the process of moving goods and services to the places where they are wanted. There are a number of ways in which Motorola distributes its phones.

If you want to buy a Motorola mobile phone there are a number of distribution channels that you can use.

Many people like to buy phones from independent retailers such as Carphone Warehouse. These can offer advice about a variety of different phones and suggest the one best suited to your needs. A second source is a retail outlet belonging to a network provider such as Vodafone.

Nowadays, increasing numbers of people buy through the Internet. This is an example of e-commerce. The great thing about buying online is that you can spend as long as you like and examine a lot of information. You can buy a Motorola phone from the Motorola website. It will tell you about different models of phones, their prices and features etc. An advantage of buying online is that prices are typically cheaper because you are cutting out the middle person. The site is managed for the company by a third party who processes the orders and delivers the mobile phones/accessories to customers.

The place where you are able to buy sometimes depends on the product. Some companies like Motorola often give exclusive offers to certain retailers. For example, when Motorola first introduced the pink RAZR in the UK, it was exclusively available through Carphone Warehouse. In contrast, 3G phones are mainly sold through retail outlets of 3G networks. The reason for this is that the product fits closely with the distribution channel.
05_Promotion
Promotion includes all of the techniques that a company uses to communicate with other individuals and organisations. Companies like Motorola send communications and consumers receive them.

An important avenue for communication is advertising. Advertising is referred to as ‘above the line’ promotion. Other types of promotion such as special offers and discounts are referred to as being ‘below the line’.

The type of promotion that is used depends on the stage in the product life cycle. For example, when a new product is launched, such as the RAZR, it makes sense to make people aware. Advertising will communicate the desirability, emotional benefits and exclusive features of the product.

Motorola works in close partnership to promote its phones with retailers. Promotion costs are shared with retailers. The more retailers sell – the more Motorola is able to help them.

06_Conclusion
Motorola is an exciting high-tech company. Its vision is to provide seamless mobility. In the modern age, communication and the sharing of information is a major goal of consumers. They want to be able to share a joke with friends, access important information on the move, listen to music of their choice, in short, to make best use of their time and the communications available to them. Motorola has invested heavily in providing a range of products that enable people to communicate on the move. These products are supported by other elements of the marketing mix – the right price, in the right place, with appropriate promotion. In a highly competitive market Motorola needs to regularly adjust this marketing mix in line with the changing requirements of millions of customers.
Definition of key terms

Cluster Sample
Respondents drawn from a relatively small area selected to represent a particular aspect of a product’s target market. For example, the cluster may be a seaside town chosen by a producer of sun lotion.

Macro (economic)
A term indicating the study of the whole economy (macro means ‘large’). The main elements within the macroeconomy are firms, consumers, the government and other countries. The way they depend on each other is shown by the circular flow of national income. Macroeconomics is concerned with aggregate demand and aggregate supply, and with total consumption, investment and expenditure. Thus the sales revenue of an individual firm is a part of the macroeconomy; by adding up the sales revenue of all firms (their aggregate income) the size of the macroeconomy can be measured. The study of the macroeconomy leads on to consideration of macroeconomic policy. As there are large areas of macroeconomics which are still poorly understood, policy prescriptions are usually controversial.

Marketing Mix
The main variables through which a firm carries out its marketing strategy, often known as the four Ps:

1. Product (including range of pack sizes and/or flavours or colours)
2. Price (long-term pricing strategy and pricing method)
3. Promotion (branding, advertising, packing and sales promotions)
4. Place (choosing distribution channels and seeking shop distribution)

Textbooks tend to treat each of the elements of the mix with equal importance. Few marketing companies would agree. The most important element of the mix is the product, which needs to be designed to meet the requirements of those within the target market. If this process has been achieved successfully (probably through extensive market research) the other three elements of the mix become clear. The price must be suited to the pockets of the target Market and to the image of the product. The promotion will be through the media that they watch or read, while the place should be the shops visited by those types of people.

The only one of these elements that is outside the company’s control is place, for obtaining shop distribution is a very difficult task in crowded modern market-places. No retailers have spare shelving, so in order for your product to gain distribution, another product will probably have to be removed from the shelves. Needless to say every manufacturer is fighting hard to keep its distribution as high as possible, so it is never easy to gain or to keep hold of high distribution levels.

Micro (economic)
Is the study of how individual markets work. It includes price theory, the theory of the firm, and the study of labour markets. It provides a theoretical framework for analysis of decisions made by firms and individuals concerning consumption, production and the way factors of production are to be put to use. Analysis may be of one particular market (partial equilibrium analysis) or it may involve the interrelationships between different markets (general equilibrium analysis). The former would, for example, look at the way an increase in demand for bicycles might affect the price and quantity of bicycles sold, while the latter would go on to look at the impact on numbers employed in the industry and their wage rates, and the secondary effects on any other products.
PESTLE

Audits the external environment in which the organisation operates to identify the key influences on the organisation, and to identify key changes that are taking place which will influence the organisation in the future. The categories include the following:

- Political change
- Economic change
- Socio-cultural change
- Technological change
- Legal change
- Environmental change.

Portfolio Analysis

Is the examination of all the brands held by a firm to identify their strength and potential. A useful method is the Boston Matrix, which analyses products in terms of their market share and market growth. This helps a firm allocate its resources, usually away from brands in declining markets and towards those with growth prospects.

Pricing Strategy

Is the medium- to long-term plan of the price level that a firm wishes to set for a product. For a new product there are two fundamental strategies market penetration (pricing low to maximise sales) or skimming the market (pricing high to maximise profit margins). A further possibility for an existing product is price leadership. This is only feasible if the product in question has the dominant image within the mass market (examples would include Hellman’s Mayonnaise and Benson & Hedges King Size cigarettes). There are many other ways in which a firm might determine the price of a product.

Product Development

Fulfilling marketing objectives by developing new products or upgrading existing ones. This might be in order to boost sales/market share or to add value and therefore price. Successful product development relies upon excellence in research and development and in design, plus the technical ability to turn good designs into well engineered products or services. Product development can be through marginal changes (low risk, small reward) such as ‘new improved Ariel’ or major innovations (high risk, high reward) such as Sony’s wide-screen TV.

Quota Sample

Is the recruitment of respondents to a market research exercise in proportion to their known demographic profile. Therefore if you know that 25 per cent of your buyers are men, you would instruct interviewers to recruit one man for every three women within your sample. This is a far cheaper method of recruitment than random sampling.

Random Sample

Contacting survey respondents so that every member of the population has an equal chance of being interviewed. This sounds straightforward but is, in fact, both hard and expensive to achieve. The reason is that random must not be confused with haphazard. If all that an interviewer did was to stand outside Marks and Spencer on Tuesday afternoon and interview as many people as necessary, various distortions would occur in the sample:

- relatively few men would be interviewed
- few working women would be interviewed
- few hardworking students would be interviewed.

In other words, the sample would be mainly pensioners, parents of preschool children and the unemployed.
In order to avoid these pitfalls, random samples are drawn from local electoral registers, and interviewees are contacted at home. The interviewer must call three times before giving up on an address. This is to overcome the problem that busy people are the least likely to be at home. The need to visit and revisit specific addresses adds considerably to fieldwork costs. So although random sampling is common in social research, businesses tend to use quota samples.

Sample
A group of respondents to a market research exercise selected to be representative of the views of the target market as a whole. There are four main methods of sampling: random, quota, stratified and cluster. In consumer research, the quota sample is the one used most commonly.

Stratified Sample
A research sampling method that draws respondents from a specified subgroup of the population. An example would be a lager producer deciding to research solely among 18-30 year-old men, since they represent the heart of that market-place. Within the chosen group, individuals might be chosen on a random basis, hence the term ‘stratified random sample’.

SWOT
Is the assessment of a product, division or organisation in terms of its strengths, weaknesses, opportunities and threats. Its simple, four box format makes it easy to use as a visual aid in a management meeting or conference. The strengths and weaknesses are the actual position of the product or company, while opportunities and threats represent future potential.

Target Market
The precise profile of the customers a firm wishes to sell to. For a new cider, the target market may be working women aged 18-30; for an iced lolly it might be children aged 8-12. A firm will decide on its target market after conducting extensive market research including, perhaps, a market segmentation analysis. The choice of the target market will then affect every section of the marketing mix, including:

- distribution outlets: supermarkets or sweet shops?
- pricing
- style of advertising and choice of advertising media
- product characteristics such as sweetness or colour.
Section 10.1

Complete the following using the Internet to help (try to limit this):

1. List five internal influences on a business’ marketing decisions
2. List five external influences on a business’ marketing decisions
3. Discuss five decisions regarding marketing that might need to be made for a typical business (try to relate to four P’s)
4. What is a typical strategic decision?
5. What is a typical tactical decision?
6. What is a SWOT analysis?
7. What is a PESTLE analysis?
8. Complete a SWOT analysis for Waitrose
9. Complete a Pestle analysis for Waitrose
10. What is meant by the term ‘competitive advantage’?
11. What is a target market?
12. How can target markets change?
13. What is meant by the macro environment (in marketing)
14. What is meant by the micro environment (in marketing)
15. What is competition for a business?
16. List five:
   a. Social
   b. Cultural
   c. Environmental
   d. Economic influences on a business
Complete the following using the Internet to help (try to limit this):

1. What are the key stages in a product life cycle?
2. How are marketing strategies changed through the product life cycle?
3. When is marketing likely to be at its strongest?
4. What is the Ansoff tool used for?
5. What is the Boston Consulting Group matrix?
6. How can a product be developed?
7. Name one brand who has developed a wide range of products
8. How can pricing be developed?
9. Name the different methods of pricing available to a business?
10. What promotional strategies are available to a business?
11. What is a USP?
12. What is meant by the term ‘above the line’?
13. What is meant by the term ‘below the line’?
14. What distribution methods are available to a business?
15. Name five different target market audiences
1. Name different methods of research that a business can complete?
2. What is meant by ‘size, shape and dynamics’ of a market?
3. Define market research
4. Which methods of market research can be used to help:
   a. Price
   b. Product
   c. Place
   d. Promotion
5. How can a company produce information itself?
6. What is qualitative research?
7. What is quantitative research?
8. What is sampling?
9. What’s the difference between primary and secondary research?
10. What is
    a. Desk research
    b. Field research
    c. Random sampling
    d. Sampling frame
    e. Stratified sampling
    f. Quota sampling
    g. Cluster sampling
Section 10.4

1. Name and discuss five campaigns that you have read or researched
2. How do companies try to make their campaigns stick out?
3. How can companies discover how successful their campaigns are
4. Why is it important for a business to monitor their performance?
5. State how one company you have looked at has identified their target market
6. State one company whose target market has shifted dramatically
7. Discuss the marketing processes undertaken from a business of your choice
8. List 10 constraints on a marketing campaign
Edexcel GCE
Applied Business
Unit 10: Marketing Decisions

Materials required for examination
Nil

Items included with question papers
Nil

Instructions to Candidates
Your candidate details are printed next to the bar code above.
Answer ALL the questions in the spaces provided in this question paper.
Check that these are correct and sign your name in the signature box above. Use blue or black ink only.

Information for Candidates
There are nine questions in this paper. There are 16 pages in this question paper. All blank pages are indicated.
The total mark for this paper is 90. The marks for the various parts of questions are shown in round brackets eg (2).

Advice to Candidates
You are reminded of the importance of clear English and careful presentation in your answers.

Time allowed: 1 hour 30 minutes
Scenario

Great Walls Ltd and the problem with their Wallfiller product

Great Walls Ltd is a leading manufacturer of DIY and home decorating materials. Its most well known product is Wallfiller. This is a powder that is mixed with water to produce a paste that is used to fill and repair cracks in walls in the home before they are decorated.

Wallfiller accounts for 30% of Great Walls Ltd’s income and 50% of its gross profit (GP).

Wallfiller is widely available in all leading DIY retail outlets and other places that sell decorating materials. The product has been on the market for 20 years and is the brand leader in filling materials with a 70% market share in terms of unit sales. The remaining market share is retailer’s own brand. In recent years it has received little promotional support from Great Walls Ltd, as its market dominance means that it sells itself. Great Wall Ltd have used its market position and lack of effective competition to keep the price high and ‘milk’ profit from the product. The market for wall fillers is large, but has been has been static for a number of years.

This year, 2004, has seen the launch of a new product to challenge the market dominance of Wallfiller.

The new product, Redifill, is a readymixed filler that can be used straight from the tub that it is packaged in — without the need for mixing. Redifill is being advertised on television and is being stocked by a growing number of DIY outlets.

In the large DIY superstores, like B&Q, a 1.8kg packet of Wallfiller retails for £4.98 and a 1kg tub of the new Redifill retails for £4.98.

Redifill has been developed and marketed by two ex-employees of Great Walls Ltd, and has no previous history in the marketplace. However, after just four months on the market Redifill is starting to take market share from Wallfiller.

The management team at Great Walls Ltd has to make some important decisions

! do they start to support Wallfiller to defend its position in the market?

! do they launch a new product and introduce their own readymixed product to compete directly with Redifill?

! or is there some other approach that they could take?
1. A SWOT analysis is often used to analyse a current business situation.
   a) Use the headings below to conduct a simple SWOT analysis of the current position of Wallfiller. Give two examples under each heading.

   **Strengths**
   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________

   **Weaknesses**
   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________

   **Opportunities**
   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________

   **Threats**
   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________

   (8)

   b) Explain one main difference between a weakness and a threat in the context of a SWOT analysis.

   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________

   (2)
c) Identify one unique selling point (USP) that Redifill appears to have, from the description in the case study. Explain why this would be considered to be a USP.

USP for Redifill

____________________________________________________________________

____________________________________________________________________

Why this is a USP

____________________________________________________________________

____________________________________________________________________

____________________________________________________________________

(3)

Total 13 marks
This page contains information to use to answer Question 2.

Figure 1: Change in National Sales of Wall Filler products 1995-2003

Figure 2: Boston Matrix

<table>
<thead>
<tr>
<th>Market Growth</th>
<th>Low 0%</th>
<th>High 10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low 0%</td>
<td>Market Share</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Low 0%</td>
<td>High 100%</td>
</tr>
</tbody>
</table>

- Problem Child
- Star
- Dog
- Cash Cow
2. The Boston Matrix is often used to help the marketing planning process.

a) (i) Refer to Figure 1 and the case study. On Figure 2 identify where Wallfiller was at the end of 2003 by placing a ‘W’ on the matrix. Justify your answer.

____________________________________________________________________
____________________________________________________________________
____________________________________________________________________
____________________________________________________________________

(ii) Identify where Redifill was at the beginning and end of 2003 by placing a ‘S’ for the start position and a ‘F’ for the finish position on Figure 2. Justify your answer.

____________________________________________________________________
____________________________________________________________________
____________________________________________________________________
____________________________________________________________________

(2)

b) In the early 1990s Wallfiller was in the Star sector of the Boston Matrix.

(i) Explain what changes it would need to make to its marketing plans in order to achieve that position again.

____________________________________________________________________
____________________________________________________________________
____________________________________________________________________
____________________________________________________________________

(3)

(4)
(ii) Explain why it would be very difficult for Wallfiller to get back to this position.

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

(2)

c) Explain one advantage of using a Boston Matrix to analyse the relative position of products rather than using a simple product lifecycle.

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

(2)

Total 13 marks

3. A thorough understanding of the current marketing environment is important before making marketing decisions.
   a) Describe the marketing environment into which Redifill has been launched, based on information in the case study.

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

(4)
b) Describe **two** of the implications for *Great Walls Ltd* if the management decide that they do want to introduce their own readymixed product.

1
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________(4)

2
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________(4)

c) The management team at *Great Walls Ltd.* believe that they have to make a quick decision about what to do in the marketplace.

Identify from the case study why they think that a quick decision is important.
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________(1)

**Total 9 marks**

4. The Sales Director at *Great Walls Ltd.* wants to cut the selling price of *Wallfiller* to £1.00 below the selling price of *Redfill*, for a three-month period, in an attempt to drive *Redfill* out of the market.

a) Would this strategy be described as strategic or tactical? Justify your answer.
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________(3)
b) Evaluate this price cut from the retailer’s point of view.

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

(4)

c) What other problems is this strategy likely to produce for Great Walls Ltd.
   (i) in the short term and (ii) in the long term?

   (i) Short-term problems

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

(2)

(ii) Long-term problems

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

(2)

Total 11 marks
5. Before they make any major decisions, the Marketing Director at *Great Walls Ltd.*, Joe Dewell, wants to find out why *Redfill* appears to be so successful.

He suggests a research programme, which includes surveying

- retailers that are stocking *Redfill*
- consumers who are buying *Redfill*.

a) Explain how the information produced by this research will help Joe.

Researching the retailers

____________________________________________________________________

____________________________________________________________________

____________________________________________________________________

Researching the consumers

____________________________________________________________________

____________________________________________________________________

____________________________________________________________________

____________________________________________________________________

(4)

b) Based on the work you have done for this unit, describe an appropriate method of researching consumers to find out why they are buying *Redfill*.

____________________________________________________________________

____________________________________________________________________

____________________________________________________________________

____________________________________________________________________

____________________________________________________________________

(6)
c) State **two** examples of information that Joe would want to know about, when researching consumers, to find out why they are buying *Redifill*.

1

2

(2)

d) Joe is planning to buy continuous retail audit information about products in the wall repair market. Explain what is meant by continuous retail audit in the context of marketing research, and how it could provide Joe with vital knowledge and information about the competitive position of *Redifill* compared to *Wallfiller*.

(4)

e) Explain how secondary research sources could be used to help inform any marketing decisions made by the management at *Great Walls Ltd*.

(2)

**Total 19 marks**
6. Using his business to business contacts, the Sales Director of *Great Walls Ltd*, telephones a senior manager at one of the major DIY chains to question him about the new product. This manager is a buyer who will have decided that his shops will stock *Redifill*.

Evaluate this method of obtaining marketing research information.

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

(4) Total 4 marks
Questions 7–9 are based on your own investigation of marketing campaigns that you have done as part of your studies for this unit.

7. The case study at the start of this paper is based on a new product entering an existing market.

   Based on what you have studied for your work on this unit describe an example of a **new product** introduction that you have seen or learned about.

   a) You need to include

      Market or sector eg ‘confectionery’, or ‘white goods’ __________________________

      Name of new product ______________________________________________________

      Brand _________________________________________________________________

      Type of product _________________________________________________________

      Manufacturer/owner of new product ________________________________________

      Target market ____________________________________________________________

   (2)

   b) Describe **TWO** features that make this a new product

      Feature _________________________________________________________________

      ______________________________________________________________________

      Feature _________________________________________________________________

      ______________________________________________________________________

      Feature _________________________________________________________________

      ______________________________________________________________________

   (4)
c) Identify **ONE** area of marketing planning or decision making that needed to be considered when preparing for the introduction of this new product. Evaluate this in the context of the introduction of the new product.

_________________________________________________________________
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________

(5)
**Total 11 marks**

8. Based on your studies, describe how successful the new product/campaign that you have named been in terms of

(i) Meeting the needs of the organisation
(ii) Meeting the needs of customers

Justify each answer that you give and explain how you have arrived at your conclusion.

(i) Meeting the needs of the organisation
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________

(3)

(ii) Meeting the needs of customers
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________
9. Every marketing campaign is affected by constraints.
   (i) Identify one constraint on the marketing campaign for the new product that
       you have named.

   (ii) Explain how this constraint changed the course of the marketing campaign.

   (iii) Describe the effect that this constraint had on the outcome of the marketing
         campaign.

TOTAL FOR PAPER: 90 MARKS

END
Mark Scheme

Edexcel Advanced Subsidiary GCE in
Applied Business (Single Award)

Edexcel Advanced Subsidiary GCE in
Applied Business (Double Award)

Edexcel GCE in Applied Business (Single Award)

Edexcel GCE in Applied Business (Double Award)

Unit 10

Marketing Decisions
### Applied Business Unit 10: Marketing Decisions: Mark Scheme

<table>
<thead>
<tr>
<th>Question</th>
<th>Expected answer</th>
<th>Mark allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 a)</strong></td>
<td><strong>Strength</strong></td>
<td>1 mark for each example (maximum 2 marks for each heading)</td>
</tr>
<tr>
<td></td>
<td>! Well-known product.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>! Produces high % of income for <em>Great Walls Ltd.</em></td>
<td></td>
</tr>
<tr>
<td></td>
<td>! Produces high % profit for <em>Great Walls Ltd.</em></td>
<td></td>
</tr>
<tr>
<td></td>
<td>! Widely available.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>! Has been around for 20 years.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Weakness</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>! Business overly reliant on continued generation of high % income.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>! Business overly reliant on continued generation of high % profit.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>! Lack of recent investment.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>! Uncompetitive on-shelf retail price.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Opportunity</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>! To support/protect <em>Wallfiller</em>.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>! To introduce a ready mixed version.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Threats</strong></td>
<td>(8 marks)</td>
</tr>
<tr>
<td></td>
<td>! Redfill.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>! Own brand fillers.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>! Sales decline.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>! Profitability decline.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>! Loss of market share.</td>
<td></td>
</tr>
<tr>
<td><strong>1 b)</strong></td>
<td>! Weakness is based on internal features — threat is based on external factors.</td>
<td>1 mark for aspect of a weakness</td>
</tr>
<tr>
<td></td>
<td>! Weakness is something that you can address/affect directly/do something about — a threat is beyond your direct control.</td>
<td>1 mark for aspect of a threat</td>
</tr>
<tr>
<td><strong>1 c)</strong></td>
<td>! Ready mixed — easier and cleaner for consumers to use — no other product like this on the market.</td>
<td>1 mark for USP for <em>Redfill</em></td>
</tr>
<tr>
<td></td>
<td>! It’s in a tub — modern form of packaging — gives them a modern image compared to other products.</td>
<td>1 mark for stating why it is USP</td>
</tr>
<tr>
<td></td>
<td>1 mark for application to <em>Redfill</em></td>
<td>(3 marks)</td>
</tr>
</tbody>
</table>
Question 2

<table>
<thead>
<tr>
<th>Expected answer</th>
<th>Market share</th>
<th>Mark allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High 10%</strong></td>
<td>Problem Child</td>
<td>Star</td>
</tr>
<tr>
<td><strong>Low 0%</strong></td>
<td>Dog</td>
<td>Cash Cow</td>
</tr>
</tbody>
</table>

**Market Growth**

**Low 0%**

---

2 a) (i) *Wallfiller* W in ‘cash cow’ because *Wallfiller* has high/70% market share — and Figure 1 shows that market between 200 and 2003 has flattened out having grown steadily since 1995.

1 mark for correct location of W
1 mark for justification

2 a) (ii) Redfill starting point S in ‘dog’.
Redfill finishing position F in ‘star’.

(F1) refers to low market growth/low market share for overall filler market.
(F2) refers to growing market for readymixed filler/growing share of market achieved by *Redfill*.

1 mark for correct location of S
1 mark for correct location of F
1 mark for justification

2 b) (i) ! More advertising — try to raise brand share/stimulate market.
! New packaging — to generate interest/trial/usage.
! New formula — relaunch as a new product.
! Will need to open up new markets/move into new markets — expand usage into different areas/tasks.

1 mark for change (maximum 2 marks)
1 mark for explaining what change is likely to achieve (maximum 2 marks)
<table>
<thead>
<tr>
<th>Question</th>
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</table>
| 2 b) (ii) | ! Will be very difficult because Wallfiller has been used for 20 years for just one task in one market — very hard to change consumer usage/perception of use.  
! Will be very expensive to grow market as it is based on consumer need/usage — impossible for Wallfiller to create more cracks in walls. | 1 mark for stating why very difficult  
1 mark for explaining why (2 marks)                                                                 |
| 2 c)     | ! Looks at the market as a whole and competitive product positions can be assessed — whereas PLC just concentrates on one product.                                                                                 | 1 mark for advantage  
1 mark for comparison (2 marks)                                                                 |
| 3 a)     | ! Dominated by one product/Wallfiller.  
! Not much competition/only Wallfiller and own brand.  
! Consumers being exploited by relatively high priced products due to lack of competition.  
! Products widely available in retail outlets.  
! Little marketing support until introduction of Redifill.  
! Great Walls Ltd. content to milk the market and have not invested in recent years. | 1 mark for elements of description of marketing environment (4 marks)                                                                 |
| 3 b)     | ! Will need a suitable product — need to source product or develop own product.  
! Need NPD programme — to develop a competitive product based on marketing specification.  
! Could affect sales/market position of Wallfiller — will need to support brand with marketing activity to protect market share/position. | 1 mark for implication (maximum 2 marks)  
or 1 mark for implication + 1 mark for explanation (4 marks) |
<table>
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</tr>
</thead>
</table>
| 3 c)     | ! Redifill only on market for 4 months and already taking market share from Wallfiller.  
! Redifill being advertised on TV/television advertising known to have an immediate and dramatic effect on sales of product being advertised/conversely will depress sales of similar products that are not advertised/can have a halo effect on main brand.  
! Retailers will see an immediate effect on their sales of Redifill/will very quickly expect Great Walls Ltd to respond. | 1 mark for reason | (1 mark) |
| 4 a)     | ! Tactical — as this would need re-evaluating quickly — as currently the product is the main revenue earner and to cut margin would impact on retailers/lose good will/lose shelf space/reduce income to company.  
! Not strategic — as this is a short-term initiative — strategic decisions planned to take place over time. | 1 mark for correct strategy  
1 mark for reason  
1 mark for justification | (3 marks) |
| 4 b)     | Positive  
! price cuts generate sales  
! generate sales volume  
! customers are kept happy as price is reduced  
! stimulates the market by encouraging competition  
! could see it as a way of putting pressure on GW to improve their own margin.  
Negative  
! it could cut their profit margins  
! discount will have to come from somewhere  
! manufacturer will try to cut price to protect their own product/not in interests of retailers to cut price  
! product is established, needs little support/costs little to sell  
! currently they are stelling reasonable volume with good margin. | 1 mark for each distinct point of evaluation, based on validity of method of obtaining marketing information.  
Evaluation should be from both points of view  
Positive (maximum 3 marks)  
Negative (maximum 3 marks) | (4 marks) |
| 4 c) (i) | Short term problems  
! Lower revenue.  
! Retailer problems.  
! Redifill could also cut price. | 1 mark for short term problem  
(maximum 2 marks)  
or  
1 mark for basic problem  
1 mark for development | (2 marks) |
<table>
<thead>
<tr>
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<th>Mark allocation</th>
</tr>
</thead>
</table>
| 4 c) (ii) | Long term problems  
! Will not be able to return to higher price.  
! Consumer perception could be affected.  
! The prime positioning that Wallfiller has could be under threat due to price cuts. | 1 mark for long term problem (maximum 2 marks)  
or  
1 mark for basic problem  
1 mark for development (2 marks) |
| 5 a) | Researching the retailers  
! To establish how the retailers view Redfill — GWL can make changes as required.  
! Establish the terms and conditions offered by Redfill — GWL can make appropriate decisions and take action where required.  
Researching the consumers  
! Identify market opinion and perception of the competition — this will help in terms of NPD and future of current product.  
! Will be able to identify strengths/weaknesses of Redfill — will help marketing planning. | 1 mark for how researching retailers will help  
1 mark for application to GWL (maximum 2 marks)  
1 mark for how researching consumers will help  
1 mark for application to GWL (maximum 2 marks) (4 marks) |
| 5 b) | Face-to-face intercept surveys — prepare questionnaire — wait outside/inside DIY stores — select people who have just bought Redfill — ask why/what they are expecting — because that have just made purchasing decision and must have a reason.  
! Hall tests — asks respondents to use products — compare products — question respondents after using products — record findings — because this is a practical test and will throw up any user benefits/problems with products. | 1 mark for selection of appropriate method  
1 mark for aspects of method selected (maximum 4 marks)  
1 mark for why appropriate (6 marks) |
| 5 c) | Interest/attitudes to repair products.  
! Product performance.  
! Customer brand perception.  
! Why customers are buying Redfill.  
! Why customers may not be buying Wallfiller. | 1 mark for kinds of information (2 marks) |
<table>
<thead>
<tr>
<th>Question</th>
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<th>Mark allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 d)</td>
<td>Researchers measure deliveries, current stock, and sales through a panel of stores — then extrapolate figures to indicate position across the entire marketplace — will show the ‘real’ positions/market share/rates of sale of Redfill compared to Wall filler — because the data is based on actual sales and deliveries rather than speculation or opinion like other research methods.</td>
<td>1 mark for stating what is a continuous retail audit 1 mark for explanation 1 mark for how continuous audit provides information (maximum 2 marks)</td>
</tr>
</tbody>
</table>
| 5 e)     | ! Investigate trade press.  
! Check published reports on the market. | 1 mark for each way or 1 mark for way + 1 mark for explanation | (2 marks) |
| 6        | ! Valid as they are primary data — honest/personal opinion from a key person in the industry — they are the personal opinion-based on actual sales data from a key organisation.  
! Not valid as they are partial and biased — only represents the opinion of one organisation — also, the buyer will know the Sales Director well and may not want to offend so does not tell the truth/SD may not like the answers and the conversation could become difficult. | 1 mark for stating how valid answers are 1 mark for why Max 2 marks for explanation | (4 marks) |
| 7 a)     | **Market or sector** ‘confectionery’/‘white goods’.  
**Name of new product** ‘White Maltesers’/‘Ice Diamond’.  
**Brand** ‘Maltesers’/‘Hotpoint’.  
**Type of product** ‘white chocolates with crisp, light, honeycomb centre’/‘refrigerator’.  
**Manufacturer of new product** ‘Masterfoods’/‘Merloni Elettrodomestici’.  
**Target market** ‘children, aged 5-8’/‘adults looking for novelty sweet for children’/‘home owners, 18–45’. | 1 mark for including two to three pieces of market information 1 mark for including four to six pieces of information | (2 marks) |
| 7 b)     | **White Maltesers**  
! Packaging — it was printed red and white to show the white Maltesers as snowballs in a snow scene.  
! Price — they were 5p more expensive than standard Maltesers.  
**Ice Diamond**  
! Energy efficiency — new range claims to use less electricity than other brands.  
! Retro styling — designed to be different to other white goods. | 1 mark for new feature 1 mark for new feature described | (4 marks) |
<table>
<thead>
<tr>
<th>Question</th>
<th>Expected answer</th>
<th>Mark allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 c)</td>
<td>White Maltesers</td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td>! New product packed in small display boxes to fit on shop counters next to till.</td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td>Evaluation</td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td>! Creates impulse sales.</td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td>! Opportunity to deliver new packaging in addition to standard packaging.</td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td>! Looks different to standard packaging.</td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td>! Could become dates if still on sale out of snowy season.</td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td>! May stop sales of standard product.</td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td>! Likely to cost more as the packaging is different.</td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td>Ice Diamond</td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td>! High cost of development/higher manufacturing cost.</td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td>! Evaluation.</td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td>! Attractive to ‘green consumers’.</td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td>! Makes competition look irresponsible.</td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td>! Positive development in a relatively static market.</td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td>! Higher retail price.</td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td>! New technology could cause problems in long term.</td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td>![5 marks]</td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td>8 (i)</td>
<td><img src="https://example.com/campaign-details.png" alt="Campaign did appear to meet the needs of the organisation because market share increased from 6.2% to 8.9% — this conclusion is based on declared intention to increase market share which was well publicised in the trade press — the increase was confirmed by later press releases/reports in the trade press." /></td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td><img src="https://example.com/campaign-details.png" alt="Campaign did not meet needs of the organisation — they spent a reported £2million on television airtime — but the product failed to move out of the shops as witnessed by later price cuts to clear stocks." /></td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td><img src="https://example.com/justification-mark.png" alt="1 mark for justified conclusion" /></td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td><img src="https://example.com/conclusion-mark.png" alt="1 mark for how conclusion arrived at" /></td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td><img src="https://example.com/explanation-mark.png" alt="1 mark for explanation" /></td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td></td>
<td><img src="https://example.com/total-marks.png" alt="3 marks" /></td>
<td><img src="https://example.com/mark-allocation.png" alt="Mark allocation" /></td>
</tr>
<tr>
<td>Question</td>
<td>Expected answer</td>
<td>Mark allocation</td>
</tr>
<tr>
<td>----------</td>
<td>-----------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>8 (ii)</td>
<td>! Campaign appeared to meet the needs of customers as there is now a high market penetration for this product — commercial reports state that consumers like the product — I obtained copies of reports from an internet site. ! Campaign did not meet the needs of consumers as it is reported that there have been a lot of product returns — advertising built up high performance expectations — disappointment set in when performance turned out to be no better than existing similar products.</td>
<td>1 mark for justified conclusion 1 mark for how conclusion arrived at 1 mark for explanation (3 marks)</td>
</tr>
</tbody>
</table>
| 9 (i)    | **Resource based**

! Not sufficient money.
! Not sufficient product.

**Legislation based**

! Could not use actors in the commercial who appeared to be younger than 18 years old.
! Could not mention the reported health giving properties of the product.

**Regulation based**

! Deemed to be an adult product could only show commercial after 9.00pm.
! Had to modify claims in line with industry guidelines. | 1 mark for constraint on marketing campaign (1 mark) |
### Question 9 (ii)

<table>
<thead>
<tr>
<th>Resource based</th>
</tr>
</thead>
<tbody>
<tr>
<td>! Not sufficient money — could only make commercial on video — with consequent lack of quality/production values.</td>
</tr>
<tr>
<td>! Not sufficient product — initial promotion cleared stock from stores — could not replenish stock so fined by retailers/lots of frustrated consumers.</td>
</tr>
</tbody>
</table>

**Legislation based**

| ! Could not use actors in the commercial who appeared to be younger than 18 years old — had to use older actors — not necessarily right to appeal to target market. |
| ! Could not mention the reported health giving properties of the product — USP’s could not be stated explicitly — had to promote secondary benefits which are based on measurable facts. |

**Regulation based**

| ! Deemed to be an adult product could only show commercial after 9.00pm — showed commercial after 9.00 — not the best time as target market have already left home and will not be watching TV. |
| ! Had to modify claims in line with industry guidelines — this meant that product appeared to be similar to competitors — could not exploit unique features. |

**Mark allocation**

1 mark for how constraint changed marketing campaign

1 mark for explanation

(2 marks)
<table>
<thead>
<tr>
<th>Question</th>
<th>Expected answer</th>
<th>Mark allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>9 (iii)</td>
<td><strong>Resource based</strong>&lt;br&gt;Not sufficient money — campaign/commercial did not impress customers/consumers — sales did not happen as expected.&lt;br&gt;Not sufficient product — could not meet anticipated sales targets — and lots of upset customers.&lt;br&gt;<strong>Legislation based</strong>&lt;br&gt;Could not use actors in the commercial who appeared to be younger than 18 years old — did not create sufficient awareness amongst target market — did not meet sales or profit targets.&lt;br&gt;Could not mention the reported health giving properties of the product — product ignored by most consumers — only sold to consumers who had researched use of product themselves.&lt;br&gt;<strong>Regulation based</strong>&lt;br&gt;Deemed to be an adult product could only show commercial after 9.00pm — had to switch media from TV to posters — made a good impact but not as immediate as would have happened if TV advertising used.&lt;br&gt;Had to modify claims in line with industry guidelines — decided that PR would be a better way of promoting product — have yet to see if this is effective so generation of forecast sales/profits is delayed.</td>
<td>1 mark for effect constraint had on outcome of marketing campaign&lt;br&gt;1 mark for explanation</td>
</tr>
</tbody>
</table>

(2 marks)
## Content area distribution

<table>
<thead>
<tr>
<th>Question</th>
<th>Content area</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10.1</td>
</tr>
<tr>
<td>1 a)</td>
<td>8</td>
</tr>
<tr>
<td>1 b)</td>
<td>2</td>
</tr>
<tr>
<td>1 c)</td>
<td></td>
</tr>
<tr>
<td>2 a) (i)</td>
<td></td>
</tr>
<tr>
<td>2 a) (ii)</td>
<td></td>
</tr>
<tr>
<td>2 b) (i)</td>
<td></td>
</tr>
<tr>
<td>2 b) (ii)</td>
<td></td>
</tr>
<tr>
<td>2 c)</td>
<td></td>
</tr>
<tr>
<td>3 a)</td>
<td></td>
</tr>
<tr>
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