
2.8

Using Skills for Business

The Marketing Mix

Learning Outcome Notes

LO 2.8 - Devise and apply a marketing mix in order to promote a new or existing product or service

CHAPTER QUESTIONS

By the end of this learning outcome you should be able to answer the following questions

1. Define the term marketing
2. List the different types of market segmentation strategies
3. Define the term target market
4. Create a marketing mix for a product / service of your choice
5. Draw and label the product life cycle
6. Explain the different types of pricing strategies
7. Describe the different types of promotional mix
8. Identify the different types of advertising
9. Explain the different way a product can get from the producer to the consumer (Place)

What is marketing

Marketing ^{Def} This is the process of identifying and satisfying customer needs and wants while making a profit

Market Research ^{Def} This is used to gather information about the consumer needs and wants. There are 2 types - Desk and Field

Market Segmentation

Marketing Segmentation ^{Def} This is when a business divides its market into different parts (segments). This means that they can target each of these parts meeting the customers' needs and wants

Some of the segments used by companies are Gender, Age, Income, Location

Selecting a target Market

Target Market ^{Def} These are the customers in a market that the business is hoping will buy their product or services

Marketing Mix

Marketing Mix ^{Def} This is also known as the 4Ps of marketing. It is made up of the product, price, place and promotion

Each element is used together in a way that will attract the customer to buy the business product.

1. Product

Product ^{Def} This is the item that the business is selling to meet the needs of the consumer

The product has the following features -

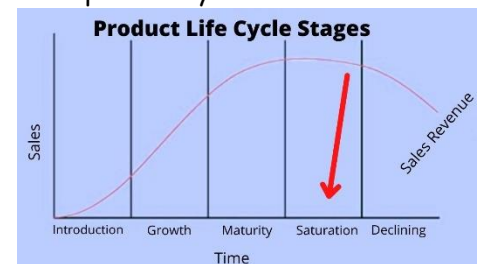
1. Design

This is how the product will look like, how it feels and used to attract the consumer to buy it

2. Product life cycle

This made up of - Introduction, Growth, Maturity Saturation and Decline. You must be able to draw this diagram and be able to explain it. A product life cycle can be expanded by

1. Improving the existing product
2. Changing the price of the product
3. Selling the product in new markets
4. Promoting the product again launce an advertising campaign



2. Branding

Brand ^{Def} This is a logo name or symbol that makes a product stand out from its competitors and easy to recognise by the consumer.

3. Unique Selling Point

Unique Selling Point ^{Def} This is what makes you product/service different from the competition. It is what makes your product/service stand out from what is already on the market

2. Price

Price ^{Def} This is the amount the supplier will charge for the product/service. IT is the amount of money the customer will pay

Factors when setting the price of a product

When setting the price of the product/service a business should look at the following factors

1. The cost of making the product
2. The profits the business wants to make
3. The stage the product is at I the product life cycle
4. What are competitors charging for the product
5. Who is our target market?

Pricing strategies

The following are some of the pricing strategies that a business can use to sell their products

Premium Pricing

Def This is when a business will charge a high price for the product.

This will give the product an image of quality and a status. For example, Hugo Boss clothes

Penetration Pricing

Def This is when the business charges a low price to enter a new market.

Once the product is known they will increase the price. For example, Magazines

Loss leaders

Def This is when a business sells a product below cost to attract customer into the shop in a hope, they will buy goods that are at a higher price. For example, petrol stations

Discriminatory Pricing **Def** This is charge people different prices for the same product or service

Cost-plus Pricing

Def This is when the business adds on a percentage to the cost of making the product. This percentage is the profit they will make

3. Place

Place **Def** This is where the customer will buy the product and how the business will get it to that location

Channels of distribution

Def This is how the product will get from the manufacture to the consumer

Channels of Distribution

The following are the main channel of distribution that a business uses to transport their Products to the consumer

Channel A (Corner Shop)

Manufacture → Wholesaler → Retailer → Consumer

Channel B (Argos)

Manufacture → Wholesaler → Consumer

Channel C (Supermarkets)

Manufacture → Retailer → Consumer

Channel D (Online shopping)

Manufacture → Consumer

Selecting a channel of Distribution

The following factors should be considered by a business when selecting a channel of distribution

1. The product - how long will the product last - fruit and veg needs to be delivery quickly else it will go off
2. Legal requirements - You have to sell certain products in shop and not over the internet. Medicines
3. Image - Some business will only want here product sold in certain shops. This will bring a positive image to the product. Brown Thomas

4. Promotion

Promotion ^{Def} This is how a business informs customer about their product. This will help to increase sales and brand recognition.

Reason for promotion

Business use promotion for the following reasons

1. To help launch a new product
2. To remind customer of their product to increase sales
3. To help customer recognise their product over competitors' products

Promotional Mix

Promotional Mix Def this is the use of different promotional activities to inform customer about their product

The following are example of promotion activities

- | | | |
|--------------------------|----------------------|---------------------|
| 1. Advertising | 2. Sales promotion | 3. Public relations |
| 4. Sponsorship | 5. Personal Selling | 6. Social Media |
| 7. Celebrity Endorsement | 8. Product Placement | |

1. Advertising

Advertising Def This is communicating with the public to let them know about a product and to get them to buy it

Informative advertising Def This is information the public about the product. It provides information about the product to potential customers

Persuasive advertising Def This tries to get the customer to buy the product. It gets them to believe that they need the product

Competitive advertising Def This is when the business tells customer that there product is better form the competition

Reminder Advertising Def This is used to remind customer that the product is still available. It is used towards the end of the product life cycle to try and increase sales

Generic advertising Def Business in the same industry come together to try a persuade customer to buy a particular type of product for example an Bord Bia - pork products

Advertising Method	Definition	Advantages	Disadvantages
Television	This is the use of television to promote a product or service.	<ol style="list-style-type: none"> 1. Can reach a large audience, 2. Can use both visuals and audio to create a strong impact, 3. Allows for targeting specific demographics 	<ol style="list-style-type: none"> 1. Expensive production costs, 2. High airtime costs 3. Limited ability to target specific geographic regions
Radio	This is the use of radio to promote a product or service.	<ol style="list-style-type: none"> 1. Relatively inexpensive compared to television 2. Can reach a large audience, 3. Can use sound effects & music to create a message 	<ol style="list-style-type: none"> 1. Limited ability to provide visual cues or imagery, 2. Limited ability to specific geographic regions
Newspapers	This is the use of print newspapers to promote a product or service.	<ol style="list-style-type: none"> 1. Ability to target specific geographic regions, 2. Can be more cost-effective than television or radio 3. Readers may spend more time with the ad than with other types of advertising 	<ol style="list-style-type: none"> 1. Limited ability to use visuals or audio, 2. May have limited reach compared to other types of advertising
Cinema	This is the use of advertisements played before or during a movie in a cinema.	<ol style="list-style-type: none"> 1. Can reach a captive audience, 2. Can use both visuals and audio to create a strong impact, 3. Allows for targeting specific demographics 	<ol style="list-style-type: none"> 1. Limited reach compared to other types of advertising, 2. May be more expensive than other types of advertising
Internet	This is the use of the internet to promote a product or service.	<ol style="list-style-type: none"> 1. Can be highly targeted based on demographics, and interests, 2. Can be more cost-effective than traditional advertising methods, 3. Allows for more interaction with potential customers 	<ol style="list-style-type: none"> 1. May be seen as intrusive or annoying, 2. May be subject to ad-blockers, 3. May require specialised knowledge and skills to implement effectively

It is important to note that the effectiveness of any advertising method depends on a variety of factors, including the target audience, the product or service being promoted, and the overall marketing strategy of the advertiser.

ASAI ^{Def} This is the Advertising Standards Authority of Ireland (ASAI). They make sure that all advertising is legal, honest and truthful

2. Sales Promotion

Sales promotion ^{Def} These are offers to customer to try and persuade them to buy your product

Examples include the following

- | | |
|-------------------------|-----------------------|
| 1. Buy one get one free | 2. Free Samples |
| 3. Loyalty cards | 4. 50% Free |
| 5. Competitions | 6. Gift with purchase |

3. Public Relations

Public Relations ^{Def} Their role is to give a positive image of the business. This is usually achieved by organising events in the local area, reacting to negative publicity quickly and making it a positive

Press Release ^{Def} This is when a business gets in contact with a local paper to print an article about a new product, they are releasing

4. Sponsorship

Sponsorship ^{Def} This is when a business gives financial support to an event or team in return for promotion of the business

This gives a positive image of the business and customer in the local area or team with start to Buy from the business

5. Social Media

Social Media ^{Def} This is where businesses advertise online in a quick, cheap and easy way to promote their product. They can get in touch with a global market. For example, Facebook Instagram

6. Celebrity Endorsement

Celebrity Endorsement

^{Def} This is when business used famous people to promote their product. In return the famous person will get free samples or a money reward

7. Product Placement

Product Placement

^{Def} This is when business pay to have their product seen on TV programmes. The presence is enough to bring attention to the product. For example Audi in captain America

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Past Exam Questions and Answers

NOTE - Very Important

It is very important when answering exams question that you use the following steps -

1. That you know the information for the learning outcome
2. That you understand the information form the learning outcome
3. That you can apply the information form the learning outcome to the question
4. Be able to give at least two full sentences for your answer (Fill up the space)

Questions are changing from rote learning to applying the knowledge to the Question

QUESTIONS

2019 - Question 6



Explain two factors that a business should consider when deciding on the selling price for a product

1	
2	

2019 - Sample paper - Question 12

(a) On the diagram below complete the remaining three elements of the marketing mix.



Suggested Solutions

2019 - Question 6



Explain two factors that a business should consider when deciding on the selling price for a product

1. **The cost of making the product** - refers to the expenses incurred by the business in producing the product, including the cost of materials, labour, and overhead. the price must be set high enough to cover these costs while still remaining competitive
2. **The profits the business wants to make** - This amount of money the business aims to earn on top of the cost of production The desired profit varies depending on the goals of the business, the industry, and the competition.

2019 - Sample paper - Question 12

(a) On the diagram below complete the remaining three elements of the marketing mix.

