Exercise walk-through

The marketing mix ▪ 3.3

eXercise

You must be able to

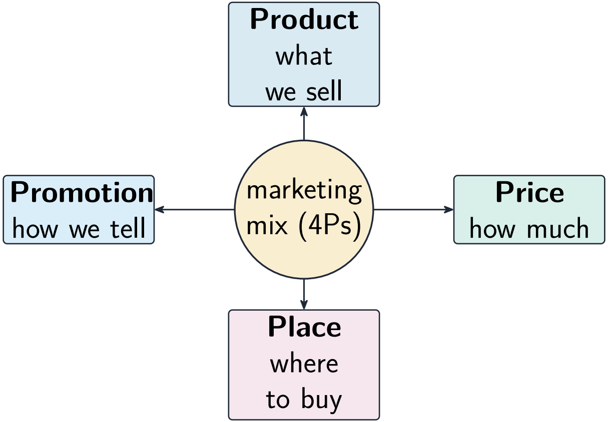
- name the 4Ps and explain how they work together
- describe the product life cycle and extension strategies
- analyse pricing and promotion choices and evaluate the mix for a product

Method — The 4Ps and the product life cycle

- **Life cycle:** introduction → growth → maturity → decline; **extension strategies** (new packaging, new uses, new markets) hold up sales in maturity.
- **Pricing:** *penetration* (low price to win share), *skimming* (high price for a new product, then lower), *cost-plus* (margin added to cost).
- **Promotion:** *above-the-line* (mass-media advertising) and *below-the-line* (targeted: discounts, samples, direct mail).

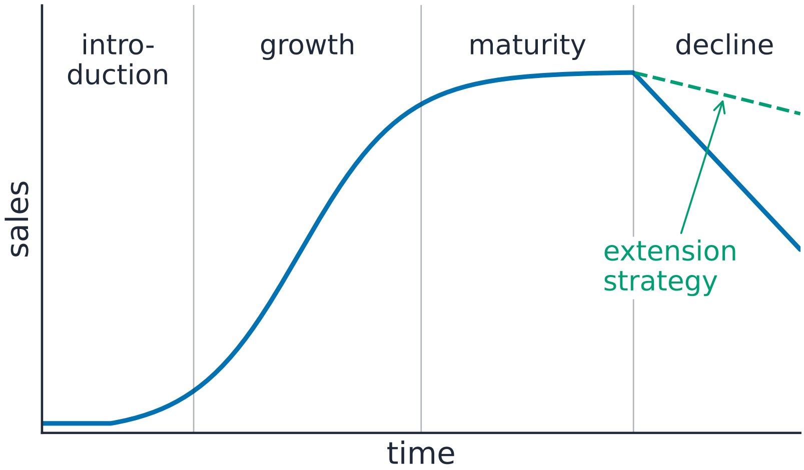
Answer shapes: an **Evaluate [12]** on "the most important P" must weigh the Ps **against each other** and decide *for this product and market*.

Method — The 4Ps and the product life cycle

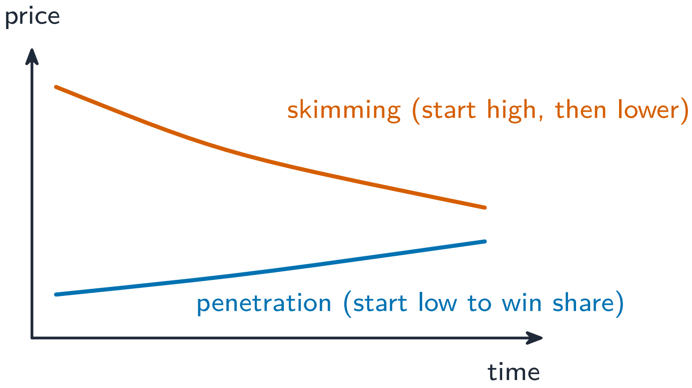


The marketing mix combines the four Ps

Method — The 4Ps and the product life cycle



Method — The 4Ps and the product life cycle



Penetration starts with a low price to win share; skimming starts high then lowers

Practice 2.1 ▪ 2 marks

State what the **4Ps** of the marketing mix stand for.

Solution 2.1

Worked steps

Product, Price, Place, Promotion (2 for all four; 1 for two or three).

Practice 2.2 ▪ 2 marks

Define the term *penetration pricing*.

Solution 2.2

Method: The 4Ps and the product life cycle

Worked steps

setting a low price to enter a market and win market share quickly (2 for a clear definition; 1 for a partial idea).

Practice 2.3 ▪ 2 marks

State the four stages of the product life cycle, in order.

Solution 2.3

Method: The 4Ps and the product life cycle

Worked steps

introduction, growth, maturity, decline (2 for all four in order; 1 for a partial list).

Exam-style 3.1 ▪ 3 marks

Explain one reason a business might use **price skimming** for a new product.

Solution 3.1

Method: The 4Ps and the product life cycle

Worked steps

[3] **AO1** 1 — state a reason (the product is new/unique; to recover development costs; to signal high quality). **AO2** up to 2 — develop it, e.g. early buyers will pay a high price for a new phone → high revenue per unit while there is little competition → development costs recovered quickly (2 developed / 1 limited).

Exam-style 3.2 ▪ 8 marks

Analyse two **extension strategies** a business could use to keep sales of a product high.

Solution 3.2

Method: The 4Ps and the product life cycle

Worked steps

[8] For **each** of two strategies: **AO1** 1 + **AO2** 1 + **AO3** up to 2. Example chains — *new uses/markets*: selling the product to a new group → reaches buyers it did not have → sales rise again. *Restyling/new packaging*: a fresh look attracts attention → existing customers re-buy and new ones try it → maturity is extended. Maximum 4 per strategy, 8 total.

Exam-style 3.3 ▪ 12 marks

A firm is launching a new smartphone. Evaluate which element of the marketing mix (the 4Ps) is most important to its success.

Solution 3.3

Method: The 4Ps and the product life cycle

Worked steps

[12] **AO1** 2 / **AO2** 2 / **AO3** 2 / **AO4** up to 6. Argue for more than one P: *product* (a phone must work well and stand out), *price* (skimming vs penetration affects sales and image), *promotion* (a crowded market needs strong advertising), *place* (must be easy to buy). Judgement: for a new smartphone the Ps must be **integrated**, but product quality and promotion often matter most at launch — the answer depends on the competition and the target customer.