Exercise walk-through

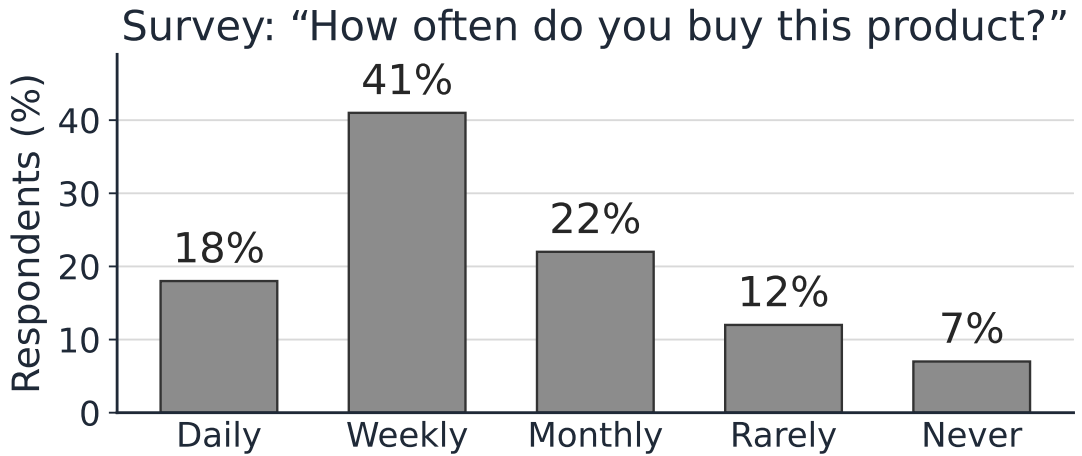
4.3
The marketing mix and international marketing

International Baccalaureate · IB Diploma · Business Management · HL

Marketing planning

- A **marketing plan** sets out the marketing objectives, the target market, the marketing mix, the budget and how success will be measured.
- Marketing objectives must fit the business's main objectives: for example, "raise market share from 25% to 30% in two years".
- 1. **Segmentation** : dividing a market into groups of customers with similar needs.
- Common ways: by **demographics** (age, income, gender), by geography, and by **psychographics** (lifestyle, values, interests). 2. **Targeting** : choosing which segments to serve.

Figure: Market research



primary research → quantitative data for decisions

- **Primary research** → **quantitative data** that guides marketing decisions
- Read the axes and units first.

The seven Ps of the marketing mix (2)

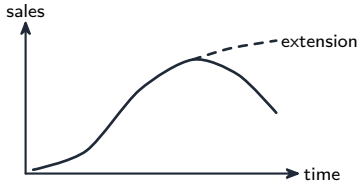
- **Dogs** : low share of a slow-growing market. Usually sold or closed. *Tyre sales, where large chains are much cheaper.*
- **Above-the-line promotion** uses paid mass media: television, newspapers, cinema, billboards and online adverts. It reaches many **people**, but it is costly and hard to target.
- **Below-the-line promotion** is targeted and often cheaper: sales promotions (discounts, free gifts), sponsorship, direct marketing, personal selling and **public relations** (PR).

Exercises 2.1·2.2

2.1 Distinguish between penetration pricing and price skimming. [2]



2.2 State **two** extension strategies for a product in the maturity stage of its life cycle. [2]



Exercises 2.1·2.2

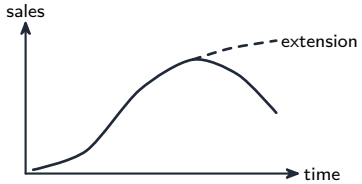
2.1 Distinguish between penetration pricing and price skimming. [2]



2.1

penetration: a low price at launch to gain market share quickly; skimming: a high price at launch for a new or unique product, lowered later

2.2 State **two** extension strategies for a product in the maturity stage of its life cycle. [2]



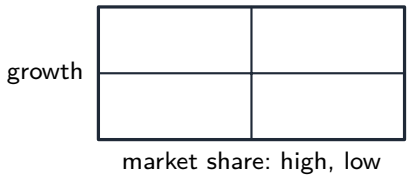
2.2

any two: new features or a new version; new packaging or design; new markets or uses; price reductions or promotions

exercises.lol exercises.com.cn

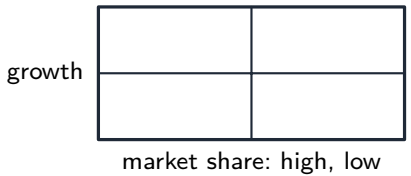
Exercise 2.3

2.3 A snack firm's products: A has a high market share in a fast-growing market; B has a low share in a slow-growing market; C has a high share in a slow-growing market; D has a low share in a fast-growing market. Classify each product using the BCG matrix. [4]



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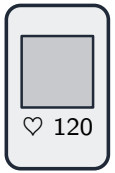


2.3

A: star; B: dog; C: cash cow; D: question mark (problem child)

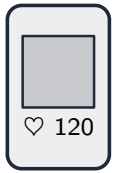
Exercise 2.4

2.4 Explain **one** advantage and **one** disadvantage of social media marketing for a small bakery. [4]



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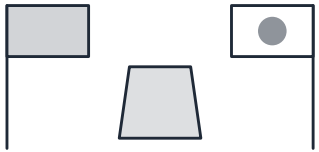


2.4

advantage: cheap and can target local customers; photos can be shared widely; disadvantage: needs time and skill to post regularly / negative reviews spread quickly and can damage reputation

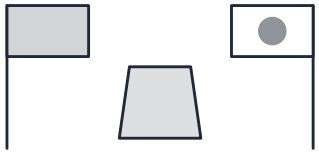
Exercise 2.5

2.5 A European snack firm plans to sell in Japan. Explain **two** cultural factors it should consider in its marketing mix. [4]



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any two, explained: tastes and food preferences differ, so flavours may need to change (product); language and meaning of brand names, colours and symbols (promotion); shopping habits, e.g. convenience stores, affect place; gift-giving customs affect packaging

Exercise 3.1 (a)

3.1 AquaPure is launching **Glow**, a reusable water bottle with a built-in filter. Its unit cost is \$12. Rival bottles without filters sell for \$15–\$25. AquaPure targets students and young professionals who care about the environment.

(a) AquaPure considers cost-plus pricing with a 40% mark-up. Calculate the price, and explain **one** limitation of this method. [4]



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(a) AquaPure considers cost-plus pricing with a 40% mark-up. Calculate the price, and explain **one** limitation of this method. [4]



(a) $12 \times 1.4 = \$\mathbf{16.80}$; limitation: ignores demand and competitors' prices / customers may pay more for a filter, so profit is lost

Exercise 3.1 (b)

3.1 AquaPure is launching **Glow**, a reusable water bottle with a built-in filter. Its unit cost is $12. Rival bottles without filters sell for $15–$25. AquaPure targets students and young professionals who care about the environment.

(b) Discuss an appropriate marketing mix for the launch of Glow. [10]

Exercise 3.1 (b)

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(b) Discuss an appropriate marketing mix for the launch of Glow. [10]

(b) award up to [10]: product: the filter is a USP; eco-friendly materials suit the target market; price: skimming (e.g. above $25) for a unique product, or competitive pricing near $20 to attract price-sensitive students; promotion: social media and influencers reach young buyers cheaply; sustainability message; place: online direct sales plus campus shops and outdoor retailers; people/processes/physical evidence: helpful online service, simple ordering, recyclable packaging; the Ps must fit together and with the target market; risks: rivals copy the filter; budget limits; judgement with a justified mix