# 4.1 Marketing

Name: _____ Class: _____ Date: _____ **Total: 25 marks**

**KEY WORDS** market share • marketing mix

## Marketing

## Objective

Distinguish the orientations, plan S–T–P and the seven Ps, judge market research and (HL) sales forecasts, and evaluate international entry (syllabus 4.1–4.6).

## 1 Key knowledge and worked examples

**Unit 4 toolkit.** Market orientation researches customers first; product orientation leads with what it makes. Marketing objectives descend from corporate ones via the marketing audit; market share $= 2\,000/8\,000 \times 100 = 25\%$. Plan: S–T–P plus the 7Ps (product, price, place, promotion; people, process, physical evidence) under Porter's cost leadership, differentiation or focus. Research: primary (surveys, focus groups) vs secondary; quantitative vs qualitative. HL forecast: four-period moving average $(1\,900 + 2\,050 + 2\,100 + 1\,950)/4 = 2\,000$. Boston: stars, cash cows, question marks, dogs. HL international: standardise or adapt; enter by export, licence/franchise, joint venture, acquisition.

## 2 Practice

**2.1** Distinguish a market-oriented business from a product-oriented one, with one drawback of each. [4]

**2.2** The firm completes 2 000 repairs a month in a local market of 8 000. Calculate its market share. [2]

**2.3** Distinguish primary from secondary research, with one example of each. [2]

**2.4** Name the seven Ps. [2]

**2.5** Monthly repairs for the last four months were 1 900, 2 050, 2 100 and 1 950. Calculate the four-period moving average and state one reason a manager should not simply extrapolate the trend. [3]

## 3 Exam-style questions

**3.1** *(Original, Paper 1 style.)* The firm will launch an e-bike subscription service. Explain penetration pricing AND price skimming, and recommend which the firm should use. [4]

**3.2** *(Original, HL international.)* The firm will enter a neighbouring country whose riders value long warranties and pay monthly. Recommend standardisation or adaptation of the marketing mix for this market, and one suitable entry method. [4]

**3.3** *(Original, Paper 1 style.)* Repair services are in maturity in the home market. Using the product life cycle and one extension strategy, evaluate how the firm can sustain revenue. [4]

## Solutions

**2.1** A market-oriented business identifies customer wants through research and supplies them (responsive to demand), but can become a follower of trends (2). A product-oriented business develops what it can make and sells the benefits (distinctive, innovation-led), but risks making products customers do not want (2).

**2.2** Market share = $2\,000/8\,000 \times 100 = 25\%$ (2).

**2.3** Primary research gathers new data for the purpose – a customer survey or a focus group; secondary research reuses existing data – government statistics or trade-association sales figures (2).

**2.4** Product, price, place, promotion; people, process, physical evidence (2 – 1 for either three or four named).

**2.5** Moving average = $(1\,900 + 2\,050 + 2\,100 + 1\,950)/4 = 8\,000/4 = 2\,000$ (2). Any one: the swings around the average ($-100$, $+50$, $+100$, $-50$) suggest SEASONALITY, so the trend understates peaks and overstates troughs; past data assumes the market repeats; a competitor opening or closing changes everything; forecasts are hypotheses, not promises (1).

**3.1** Penetration prices LOW at launch to buy market share quickly – volume, word of mouth, and a barrier to imitators, but little early profit and a "cheap" image hard to raise later (2). Skimming prices HIGH at launch to recover development costs from early adopters, then lowers the price – profit per customer and a premium signal, but slow share growth and inviting competitors (2). Recommendation: penetration suits the subscription market – switching costs lock subscribers in early and scale matters more than early margin (accept skimming argued from brand quality).

**3.2** Adaptation: warranties lengthened and monthly billing built in – the local values differ (culture, income patterns, law), so price place and promotion must respond; the core repair brand stays standard (2). Entry method: LICENSING or a JOINT VENTURE with a local partner – the partner carries local knowledge and share of risk at lower capital cost than acquisition; export is cheaper but cannot deliver the local warranty network (2).

**3.3** Maturity: sales plateau, competition on price, profits squeezed. Extension strategies: new uses or users, repackaging (the subscription service), minor upgrades, new markets (the neighbouring country from 3.2), promotion refresh (2). Evaluation: extensions slow decline rather than reverse it – the Boston matrix reads a mature 25%-share repair service as a cash cow, so the sound policy is to harvest it and fund the star/question-mark subscription, not to over-invest in a plateaued service (2).

Local review guidance: both strategies explained with a benefit AND a cost before the recommendation; (R1 3.3) the evaluation names the strategy's ceiling (slowing decline) and links to the Boston reading; show the substitution before the answer. This is authored classroom guidance.