Marketing

IB DP Business Management Unit 4 Marketing full package

Marketing

- explain the role of marketing, market and **product orientation**, and calculate market share;
- segment, target and position a market, and use the **Ansoff matrix**;
- compare primary and **secondary research** and the methods of sampling;

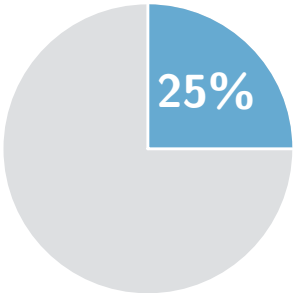
Marketing (2)

- apply the seven Ps of the marketing mix, including the **product life cycle**, the BCG matrix and pricing methods;
- at HL, forecast sales with moving averages and choose a method of entering a foreign market.

The role of marketing

- A business with **market orientation** starts with customers: it researches what they want, then makes it. This is the usual approach today, because tastes change fast.
- A business with **product orientation** starts with the product: it makes what it is good at, then tries to sell it. This can work for new technology, where customers do not yet know what they want, but it is risky.

Figure: The role of marketing



the business: 2,000 repairs
all other garages: 6,000

$$\text{share} = 2{,}000 \div 8{,}000 \times 100 = 25\%$$

- Market share = firm's sales / market sales x 100.
- Read the axes and units first.

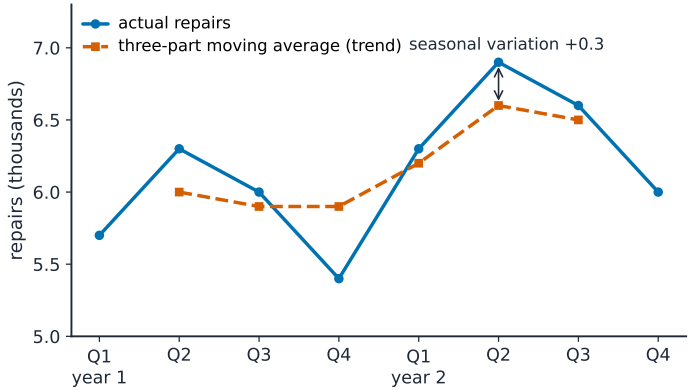
Marketing planning

- 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.

Sales forecasting (HL)

- A **sales forecast** predicts future sales.
- It helps the business plan its stock, staff, cash flow and production.
- A common method is the **moving average** : the average of a fixed number of periods, moved forward one period at a time.
- It smooths out short-term ups and downs so that the **trend** is clear.

Figure: Sales forecasting (HL)

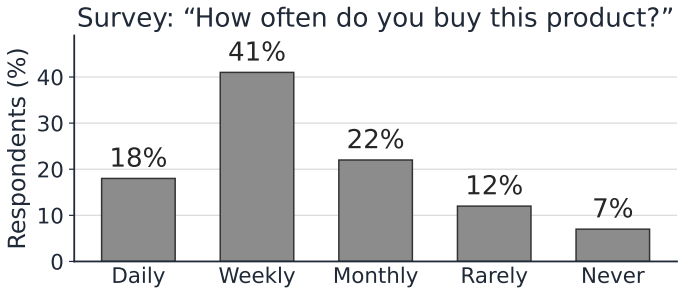


- The **moving average** shows the **trend**; sales swing around it
- **Seasonal variation** is actual minus trend.

Market research

- **Primary research** collects new data for the business's own purpose: **surveys**, interviews, **focus groups** (a small group discussing a product), observation and test marketing. It fits the question exactly and is up to date, but it is slow and costly.
- **Secondary research** uses data that already exists: government statistics, industry reports, newspapers, competitors' websites and the firm's own sales records. It is quick and cheap, but it may be out of date or collected for another purpose.

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

- **Stars** : high share of a fast-growing market. They need cash to keep growing. *EV battery servicing.*
- **Cash cows** : high share of a slow-growing market. They earn more cash than they need. *Ordinary car repairs.*
- **Question marks** : low share of a fast-growing market. Invest to build share, or drop them. *The new repair booking app.*

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).

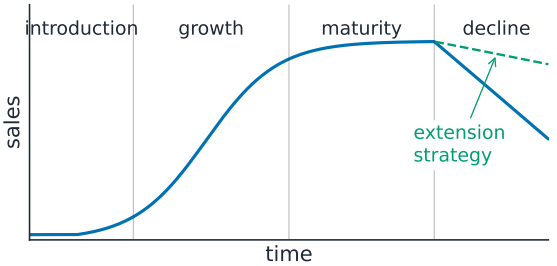
The seven Ps of the marketing mix (3)

- **Social media marketing** uses platforms such as WeChat, Douyin and Instagram. It is cheap and two-way, and messages can go viral, but bad comments spread just as fast.
- **Guerrilla marketing** uses surprising, low-cost stunts in public places to get attention.
- **People** : the staff who deal with customers. In a service, the mechanic who explains a fault clearly is part of the product.

The seven Ps of the marketing mix (4)

- **Processes** : how the service is delivered: online booking, waiting times, how complaints are handled.
- **Physical evidence** : what customers can see: a clean workshop, uniforms, a clear invoice, online reviews.

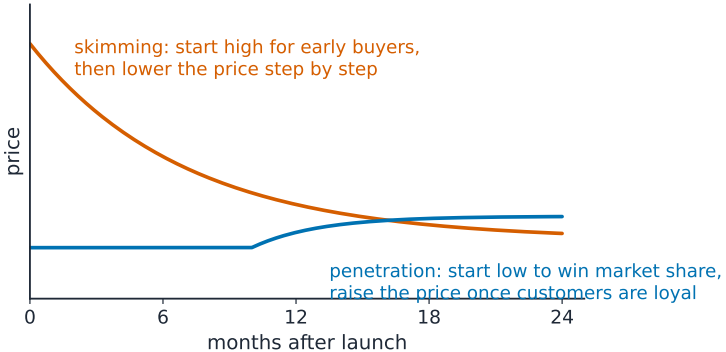
Figure: The seven Ps of the marketing mix



introduction → growth → maturity → decline (sales over time)

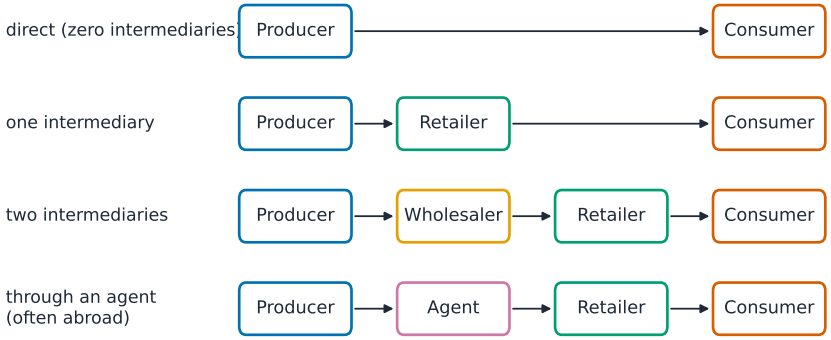
- Sales through introduction, growth, maturity and decline; an extension strategy can delay the decline
- Read the axes and units first.

Figure: The seven Ps of the marketing mix ·



- Skimming and **penetration pricing** move in opposite directions after launch
- Match each part of the diagram to the text.

Figure: The seven Ps of the marketing mix ..



- Each **intermediary** adds reach but takes a share of the price
- Match each part of the diagram to the text.

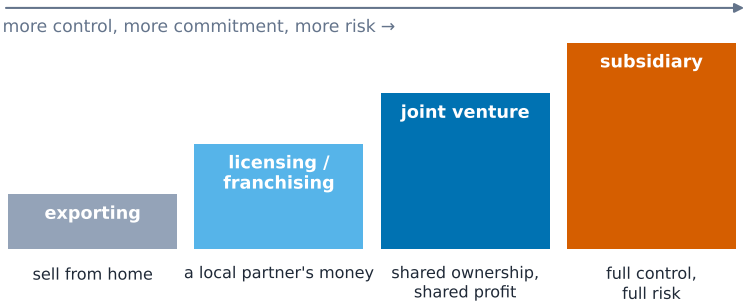
International marketing (HL)

- Firms market abroad to find new customers when the home market is **saturated** (full), to spread risk across countries, to gain economies of scale, and to extend a product's life cycle.
- Entry methods, from lowest risk and control to highest:

International marketing (HL) (2)

- A key choice is whether to **standardise** the marketing mix (the same product and message everywhere, which saves money) or to **adapt** it to local tastes, laws, language and culture.
- Many firms "think global, act local": KFC in China serves rice dishes, soy milk and youtiao for breakfast, while keeping its global brand.

Figure: International marketing (HL)



- Entry methods from lowest to highest risk and control.
- Match each part of the diagram to the text.

Sources for this lesson

- International Baccalaureate, *Business Management guide* (first assessment 2024).
- Luckin Coffee, annual reports 2019 and 2023, and its 2020 internal investigation announcement.
- H. I. Ansoff, "Strategies for Diversification", *Harvard Business Review* (1957).

Sources for this lesson (2)

- Boston Consulting Group, "The **Product Portfolio**" (B. Henderson, 1970).
- P. Kotler and K. L. Keller, *Marketing Management* (16th edition, 2021).

Common errors

- Saying a business is doing well because its sales rose; if the market grew faster, its market share fell.
- Confusing a market segment (a group of customers) with a target market (the segment the business chooses to serve).
- Putting a product in the BCG matrix by its sales alone; the axes are market growth and **relative** market share.

Common errors (2)

- Choosing a sampling method without saying why it fits the budget, time and population in the case.
- Listing the seven Ps instead of showing how they fit together for one target market.
- Treating **penetration pricing** and predatory pricing as the same; predatory pricing aims to drive rivals out and may be illegal.

Key terms

- **Market share**: a business's sales as a percentage of total sales in the market.
- **Market segmentation**: dividing a market into groups of customers with similar needs or features.
- **Unique selling point (USP)**: a feature that makes a product different from its rivals' products.

Key terms (2)

- **Primary research**: new data collected first-hand for a particular purpose.
- **Product life cycle**: the stages a product passes through: development, launch, growth, maturity and decline.
- **Penetration pricing**: setting a low price at launch to win market share quickly.
- **Above-the-line promotion**: paid promotion through mass media, such as television, newspapers and online adverts.

Check yourself

- 1.
- The city's market grows from 8,000 to 10,000 repairs a month and the repair business's repairs rise from 2,000 to 2,400.
- Calculate its market share before and after, and comment. 2.
- Name three ways to segment the market for coffee, with an example of each. 3.