

Exercise walk-through

3.4

Marketing strategy

IGCSE Business Studies

What marketing is, and what it is for

marketing

finding out what **customers** want, then making, pricing, selling and promoting products to meet those wants **at a profit**

identify wants

research first – a product nobody asked for is the most expensive kind

anticipate change

spot what customers will want next, before rivals do

satisfy them

keep the customers you have; retaining one costs far less than winning a new one

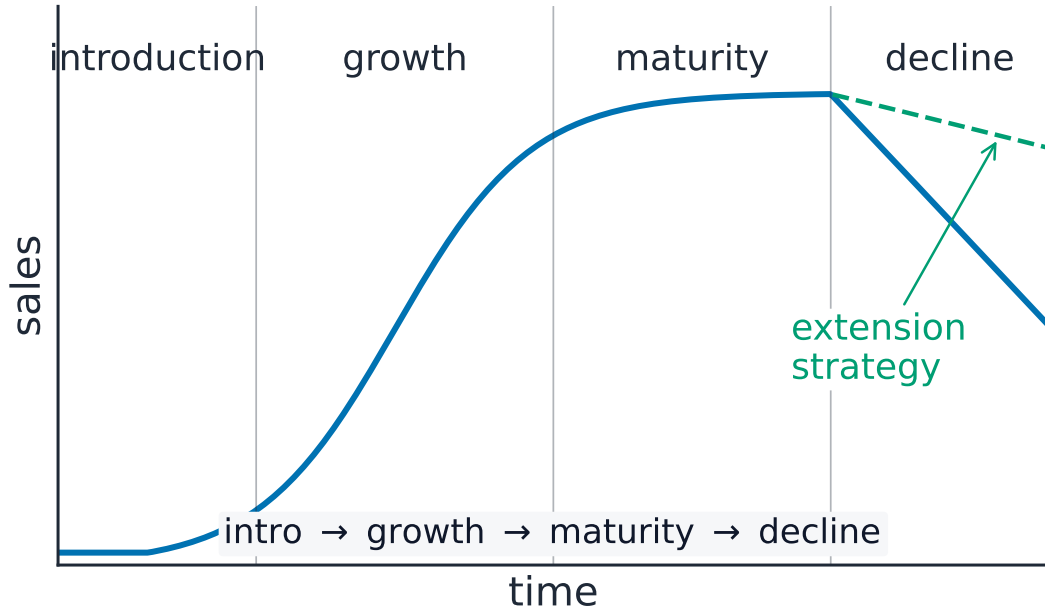
build customer loyalty

repeat buyers are cheaper to sell to and more forgiving of a mistake

Marketing is not just advertising. Advertising is one part of **promotion**, which is one of the four Ps.

Product life cycle

Sales over four stages: **introduction**, growth, maturity, decline. **Extension strategies** (a new use, new design or lower price) keep sales going.



Exam tips

- Learn the **four Ps** of the marketing mix – product, price, place, promotion – and remember they must fit each other and the target customer.
- **Primary** research collects new data (surveys, questionnaires; up to date but costly); **secondary** research uses existing data (cheap and quick but may be out of date).
- Know the **product life cycle** (introduction, growth, maturity, decline) and that an **extension strategy** revives falling sales.
- Match the pricing methods: **penetration** (low, to enter a market), **skimming** (high, for a new product), plus cost-plus, competitive, promotional and dynamic pricing.
- A **niche market** is small and specialised; a **mass market** is large, with many similar buyers.

Exercises 2.1-2.3

2.1 Define the term *marketing strategy*.

[2]

2.2 Identify two legal controls on marketing.

[2]

2.3 State one problem a business may face when selling in another country.

[1]

Exercises 2.1-2.3

2.1 Define the term *marketing strategy*. [2]

2.1

- a **marketing strategy** uses the **four Ps together** to reach marketing objectives (K)
-

2.2 Identify two legal controls on marketing. [2]

2.2

- any **two** of: consumer protection (no unsafe goods) / ban on misleading promotion (K, K)
-

2.3 State one problem a business may face when selling in another country. [1]

2.3

- any **one** of: different languages and tastes / higher transport costs / foreign laws and tariffs / local competition (K)

Exercises 3.1-3.2

3.1 Identify two opportunities of selling in an international market. [2]

3.2 Explain why the four Ps of the marketing mix must fit together. [6]

Exercises 3.1-3.2

3.1 Identify two opportunities of selling in an international market. [2]

3.1

- any **two** of: more customers / higher sales / spreading risk (K, K)
-

3.2 Explain why the four Ps of the marketing mix must fit together. [6]

3.2

- each P sends a message; if they **clash** (high price, cheap packaging), customers are confused ($K + A_n$)
- when the Ps **fit**, they reinforce each other and the product sells to the target customer (A_n)

Exercise 3.3

3.3 Do you think a business should always sell its products in other countries to grow?
Justify your answer. [6]

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3.3

- **for:** more customers, higher sales, spreads risk
- **against:** tastes, languages, transport, tariffs, local competition – costly and risky
- **judgement (Ev):** selling abroad helps growth only if the firm can adapt and afford the costs – it depends on size and the market