

Cambridge

AS - Level

Business studies

CODE: (9609)

Unit 03- Chapter 19

The marketing mix – promotion and place



Introduction

The two components of the marketing mix considered so far have been product and price. No matter how good the product or how attractive the prices to consumers, businesses have to communicate with customers – or potential customers – to persuade them to purchase the good or service.

Why is promotion an important part of the marketing mix?

Promotion involves communicating with customers to increase product awareness and create recognizable images. It includes advertising, direct selling, and sales promotion offers. The promotion mix combines all forms of promotion, with the promotion budget being a key decision. Packaging, often considered a separate 'P' in the marketing mix, is closely tied to promotion and product imagery.


Promotional objectives aim to:

- increase sales by raising consumer awareness of a product – especially important for newly launched ones
- remind consumers of an existing product and its distinctive qualities
- increase purchases by existing consumers or to attract new consumers to the brand
- demonstrate the superior specification or qualities of a product compared with those of competitors – often used when the product has been updated or adapted in some way
- create or reinforce the brand image or 'personality' of the product – this is becoming increasingly important in consumer markets, where it is often claimed that 'all products look the same'
- correct misleading reports about the product or the business and to reassure the consuming public after a 'scare' or an accident involving the product
- develop the public image of the business – rather than the product – through corporate advertising
- encourage retailers to stock and actively promote products to the final consumer

Promotion decisions – key issues

The promotion mix

It is most unlikely that just one method of promotion will be sufficient to achieve promotional objectives. There are several elements of the **promotion mix**. They include all of the marketing tools that can be used to communicate with consumers.

 **KEY TERM**

Promotion mix: the combination of promotional techniques that a firm uses to sell a product.

Advertising

This form of promotion is sometimes referred to as '**above the-line promotion**'. So advertising is communicating information about a product or business through the media, such as radio, TV and newspapers. These advertisements are usually directed towards the appropriate target market by selecting the right media – but it is possible that many people who are unlikely to purchase the product may see the advertisements too.

Advertisements are often classified into two types, but in practice this distinction is often quite blurred.

1 Informative advertising – adverts that give information to potential purchasers of a product, rather than just trying to create a brand image. This information could include price, technical specifications or main features and places where the product can be purchased.

2 Persuasive advertising – adverts trying to create a distinct image or brand identity for the product. They may not contain any details at all about materials or ingredients used, prices or places to buy the product. This form of advertising is very common, especially in those markets where there might be little differentiation between products and where advertisers are trying to create a perceived difference in the minds of consumers.

Advertising agencies

These are firms who advise businesses on the most effective way to promote products. Although expensive, these specialists can offer a complete promotional strategy and this can be invaluable to a business that does not have its own marketing experts or to one that might be entering a new market for the first time.

These agencies will – for substantial fees – undertake the following stages in devising a promotional plan:

- Research the market, establish consumer tastes and preferences and identify the typical consumer profile.
- Advise on the most cost-effective forms of media to be used to attract these potential consumers.
- Use their own creative designers to devise adverts appropriate to the media to be used.
- Film or print the adverts to be used in the campaign.
- Monitor public reaction to the campaign and feed this back to the client to improve the effectiveness of future advice on promotion.

Advertising decisions – which media to use?

Communication with the public needs a message and a medium to transmit the message. The bigger the advertising budget, the more media choice there is. Limited resources will restrict options to the cheaper media. However, the most expensive forms of communication are not always the most effective. The choice of media requires consideration of the following factors:

1 Cost: TV, radio and cinema advertising can be very expensive per minute of advert. The actual cost will depend on the time of day that the advertisements are to be transmitted and the size of the potential audience. National newspapers will be more expensive than local ones.

2 Size of audience: This will allow the cost per person to be calculated. Media managers will provide details of overall audience numbers at different times of day or in different regions. Total numbers are of less importance than the 'profile' of the audience, as the advertisements need to be directed towards potential customers only and not 'wasted' on groups that are unlikely to ever buy the product.

3 The profile of the target audience in terms of age, income levels, interests and so on: This should reflect as closely as possible the target consumer profile of the market being aimed for. For instance, there is likely to be little point

in advertising a new children's toy after 10pm at night. Using a mass-market, low-priced daily newspaper to advertise a new range of exclusive clothing would be aiming at the wrong target.

4 Message to be communicated: Written forms of communication are likely to be most effective for giving detailed information about a product that needs to be referred to more than once by potential consumers.

5 Other aspects of the marketing mix: The need for integration of the mix is examined later in this chapter, but the link between the other parts of the mix and the media chosen for adverts could be crucial to success.

6 Legal and other constraints: A widespread ban on tobacco advertising in Formula One grand prix racing has forced many sponsors to use other media for presenting their cigarette advertising.

Advertising expenditure and the trade cycle

The evidence from the advertising industry is that, in most countries, firms tend to spend more when the economy is booming than when it is in recession.

Sales promotion

This form of promotion is also known as '**below-the-line**' promotion. **Sales promotion** is generally aiming to achieve short term increases in sales but advertising often aims to achieve returns in the long run through building customer

There is a huge range of incentives and activities that come under the umbrella term 'sales promotion'. They include:

- price deals – a temporary reduction in price, such as '10% reduction for one week only'
- loyalty reward programmes – consumers collect points, air miles or credits for purchases and redeem them for rewards
- money-off coupons – redeemed when the consumer buys the product
- point-of-sale displays in shops – e.g. an 'aisle interrupter' is a sign that juts into the supermarket aisle from a shelf, a 'dump bin' is a free-standing bin centrally placed full of products 'dumped' inside to attract attention
- BOGOF – 'buy one, get one free'
- games and competitions – e.g. on cereal packets.

In many cases of sales promotion, consumers already know about a product's existence and any promotion campaign is all about stimulating consumers to buy it. Sales promotion can be directed either at:

- the final consumer, to encourage purchase (pull strategy), or
- the distribution channel, e.g. the retailer, to encourage stocking and display of the product (push strategy).



KEY TERMS

Below-the-line promotion: promotion that is not a directly paid-for means of communication, but based on short-term incentives to purchase.

Sales promotion: incentives such as special offers or special deals directed at consumers or retailers to achieve short-term sales increases and repeat purchases by consumers.

Personal selling

Employing a salesperson to sell to each individual customer is a very expensive form of promotion. Personal selling is often used for expensive industrial products – and this is often one of the key differences between consumer marketing and business marketing.

Direct mail

This directs information to potential customers, identified by market research, who have a potential interest in this type of product. These 'mailshots' can contain a great deal of detailed information, e.g. about bank saving accounts, or they can just provide simple information, such as 'Sale next week at Hammonds bookshop'. They are well focused on potential consumers, using databases that filter out non target consumer groups\

Method	Method explained	Possible limitations
	Price promotions – these are temporary reductions in price, also known as price discounting. They are aimed at encouraging existing customers to buy more and to attract new customers as the product now appears more competitive.	<ul style="list-style-type: none"> Increased sales gained from price reductions will affect gross profit on each item sold. There might be a negative impact on the brand's reputation from the discounted price.
	Money-off coupons – these are a more versatile and better-focused way of offering a price discount. Coupons can appear on the back of receipts, in newspaper adverts or on an existing pack of the product.	<ul style="list-style-type: none"> They may simply encourage consumers to buy what they would have bought anyway. Retailers may be surprised by the increase in demand and not hold enough stocks, leading to consumer disappointment. The proportion of consumers using the coupon might be low if the reduction it offers is too small.
	Customer loyalty schemes, such as air miles or customer loyalty cards – these are focused on encouraging repeat purchases and discouraging consumers from shopping with competitors. The information stored through these loyalty cards provides a great deal of information about consumers' buying preferences.	<ul style="list-style-type: none"> The discount offered by such schemes cuts the gross profit on each purchase. There are administration costs to inform consumers of loyalty points earned and these may outweigh the benefits from increased consumer loyalty. Most consumers now have many loyalty cards from different retailers, so their loyalty impact is reduced.
	Money refunds – these are offered when the receipt is returned to the manufacturer.	<ul style="list-style-type: none"> These involve the consumer filling in and posting off a form, and this might be a disincentive. Delay before a refund is received may act as a disincentive.
	BOGOF – 'buy one, get one free' – this encourages multiple purchases, which reduces demand for competitors' products too.	<ul style="list-style-type: none"> There could be substantial reduction in gross profit margin. Consumers may consider that if this scheme is able to operate, are they paying a 'normal' price that is too high? Is the scheme being used to sell off stock that cannot be sold at normal prices – impact on reputation? Current sales might increase, but future sales could fall as consumers have stocked up on the product.
	Point-of-sale displays – maximum impact on consumer behaviour is achieved by attractive, informative and well-positioned displays in stores.	<ul style="list-style-type: none"> The best display points are usually offered to the market leaders – products with high market share. New products may struggle for best positions in stores – unless big discounts are offered to retailers.

Table 19.1 Common methods of sales promotion

Trade fairs and exhibitions

These are used in marketing to other businesses to sell products to the 'trade', i.e. retailers and wholesalers. These firms, if they stock the product after a trade fair, will then increase the chances of it gaining increased sales to consumers

Sponsorship

The 2016 Olympics in Rio de Janeiro has attracted much sponsorship from companies that wish to be associated with this event, which will be watched on TV and the internet by more people than any previous event in history. Sponsorship is now a big and rapidly growing part of the total promotion industry.

Public relations (PR)

PR aims to gain free media publicity, rather than paid advertising. Large businesses have PR departments that arrange positive press and TV coverage of their business. Enticements like press conferences, car tests, and free holidays can lead to positive media coverage. Sponsorship of major events also provides free publicity. PR departments also present the company's view on potential damaging incidents, reducing the negative impact of such incidents.

Branding

A brand is the name given by a firm to a product or a range of products. The aims of branding products include:

- aiding consumer recognition
- making the product distinctive from competitors
- giving the product an identity or personality that consumers can relate to.

Brand name selection is crucial for marketing strategy. Specialist agencies advise firms on name suitability, checking for registrations, translations, and consumer reactions. A survey is conducted to gauge consumer reactions.

It is claimed that an effective brand identity will have the following benefits for businesses:

- Increase the chances of brand recall by consumers, e.g. when shopping in a supermarket and there are several product options available.
- Clearly differentiate the product from others.
- Allow for the establishment of a 'family' of closely associated products with the same brand name
- Reduce price elasticity of demand as consumers have been shown to have preferences for well-known brands.
- Increase consumer loyalty to brands, which is a major marketing benefit.

KEY TERM

Sponsorship: payment by a company to the organisers of an event or team/individuals so that the company name becomes associated with the event/team/individual.



Figure 19.1 Sponsoring a team in the Tour de France is not cheap – but the benefits can be huge

KEY TERM

Public relations: the deliberate use of free publicity provided by newspapers, TV and other media to communicate with and achieve understanding by the public.

KEY TERM

Branding: the strategy of differentiating products from those of competitors by creating an identifiable image and clear expectations about a product.

Brand extension

A strong brand identity can be used as a means of supporting the introduction of new or modified products. For example, Mars extended its brand to ice cream, Caterpillar to shoes and watches, Adidas and Puma to personal hygiene and Dunlop from tyres to sports equipment.

Marketing or promotion expenditure budgets

These spending limits can be set by using a number of different approaches:



An example of informative advertising



An example of persuasive advertising

- **A percentage of sales:** Using this approach, the marketing budget for expenditure will vary with the level of sales. Thus, if sales increase, the department will have additional funds allocated to it for promotional activities.
- **Objective-based budgeting:** This approach starts out by analysing what sales level is required to meet objectives and then assesses how much supporting expenditure is required to reach such targets. This then becomes the promotion budget.
- **Competitor-based budget:** When two or more firms are of roughly the same size in terms of sales, it is possible that they will attempt to match each other in terms of marketing spending. This can lead to spiralling promotion costs as each tries to outdo the other's advertisements and below the-line spending.
- **What the business can afford:** Finance is often very limited in smaller businesses and it is quite common for managers to adopt the attitude that marketing is a luxury that can only be afforded after all other expenses have been met.
- **Incremental budgeting:** By taking last year's budget and adding on a percentage to reflect inflation or different sales targets, a new figure is set – and this is called incremental budgeting. One criticism of this approach is that it does not require marketing managers to justify the total size of the budget each year – just the 'increment' that is being asked for.

Is the marketing budget well spent?

From the viewpoint of society and the consumer

Billions of dollars are spent worldwide each year on all forms of promotion, including advertising. There are many observers who argue that this is a waste of resources and this money would be more effectively spent, in the interests of the consumers, in other ways. This view is also supported by those who believe that society itself has to bear an unreasonable burden from excessive advertising and promotional activity. Table 19.2 summarises some of the arguments.

From the viewpoint of the business

Promotional campaigns are crucial for businesses to assess their effectiveness and determine if they have achieved their aims cost-effectively. The main aim of advertising and sales promotion may be part of a long-term brand building exercise. Assessing the success of a campaign can be challenging, as Lord Leverhulme once said, "I know half of the money I spend on advertising is wasted, but I can never find out which half."

1 Sales performance before and after the promotion campaign: By comparing the sales of the product before the campaign was launched with the daily and weekly sales during and after the campaign, some conclusions could be drawn.

2 Consumer awareness data: Each week market research agencies publish results of consumer 'recall' or awareness tests based on answers to a series of questions concerning the advertisements they have seen and responded too. This gives the advertising agencies and their clients rapid feedback on the progress of a campaign, whether the advertisements or sales promotions have been seen and remembered.

3 Consumer panels: These were discussed in the market research chapter (17)– they are useful for giving qualitative feedback on the impact of promotions and the effectiveness of advertisements.

4 Response rates to advertisements: This is more than just checking on sales levels. Newspaper and magazine adverts often have tear-off slips to request more details and even TV adverts can ask for consumers to ring in, perhaps with the chance of winning a competition. Websites can record the number of hits and video-sharing sites the number of times an uploaded advert has been viewed.

Drawbacks to society from promotional expenditure	Benefits to society from promotional expenditure
Waste of resources – money spent on promotion could be used to lower prices instead.	It informs people about new products and this helps to increase competition between firms.
Promotion is such a powerful business tool that it can encourage consumers to buy goods that they do not need.	By helping to create mass markets, promotion can assist in reducing average costs of production through economies of large-scale production.
It promotes consumerism – a situation where people are judged by the quantity of goods they own.	It generates income for TV, radio and newspaper businesses, which helps to keep the prices of these lower than they would otherwise be.
It encourages consumption, and environmentalists argue this is against the need to conserve limited resources.	

Table 19.2 Arguments for and against promotional expenditure from the viewpoint of society

Consumer markets and industrial markets

Most of the references made so far concern promotion of consumer products. Industrial products – goods and services sold to industry – also need promoting.

Promotion and the product life cycle

Table 19.3 summarises some of the promotion-mix options at different stages of a product's life cycle

Stage of life cycle	Promotional options
Introduction	<ul style="list-style-type: none"> informative advertising to make consumers aware of the product's existence, price and main features sales promotion offering free samples or trial periods to encourage consumers to test the product – incentives may need to be offered to the trade to stock the product
Growth	<ul style="list-style-type: none"> to continue some informative advertising, but the focus may now move to brand building and persuasive advertising sales promotion to encourage repeat purchase attempt to develop brand loyalty
Maturity	<ul style="list-style-type: none"> advertising to emphasise the differences between this product and competitors – may be needed to remind consumers of the existence of the product sales-promotion incentives to encourage brand switching and continued loyalty
Decline – assuming no extension strategy	<ul style="list-style-type: none"> minimal advertising, apart from informing consumers of special offers sales promotion – there may be little additional support for the product if the intention is to withdraw it

Table 19.3 How promotional strategies may vary over the life cycle of a product

Packaging

The quality, design and colour of materials used in packaging of products can have a very supportive role to play in the promotion of a product. Packaging can perform the following functions:

- protect and contain the product
- give information, depending on the product, to consumers about contents, ingredients, cooking instructions, assembly instructions and so on
- support the image of the product created by other aspects of promotion
- aid the recognition of the product by the consumer

Why are 'place' decisions an important part of the marketing mix?

'Place' decisions are concerned with how products should pass from manufacturer to the final customer. Several different 'channels of distribution' are available for firms to use.



KEY TERM

Channel of distribution: this refers to the chain of intermediaries a product passes through from producer to final consumer.

Here are some reasons why the distribution channel choice is important:

- Consumers may need easy access to a firm's products to allow them to try them and see them before they buy, to make purchasing easy and to allow, if necessary, for the return of goods.
- Manufacturers need outlets for their products that give as wide market coverage as possible, but with the desired image of the product appropriately promoted.
- Retailers – firms that sell goods to the final consumer – will sell producers' goods but will demand a mark-up to cover their costs and make a profit, so, if price is very important, using few or no intermediaries would be an advantage.

Concept of distribution

Distribution involves delivering products to consumers at the right time and convenience, ensuring efficient and low-cost movement from creation to consumption. The term 'supply chain' encompasses all businesses involved in the process, including producers, manufacturers, wholesalers, transporters, and retailers.

Customer service as objective of distribution

Distribution is not about cost, but customer service. A farmer may sell products to local consumers, while a computer manufacturer may sell online. Cost is a factor, but it should not be the primary goal. Goods and services should be available to customers when they choose to purchase, not at the producer's convenience. Different distribution channels will be analyzed for their potential to provide good customer service.

Channel strategy

In deciding on an appropriate channel strategy, a business must answer questions such as:

- Should the product be sold directly to consumers?

- Should the product be sold through retailers?
- How long should the channel be (how many intermediaries)?
- Where should the product be made available?
- Should the Internet be the main channel?
- How much will it cost to keep the stock of products on store shelves and in warehouses?
- How much control does the business want to have over the marketing mix?
- How will the distribution channel selected support the other components of the marketing mix?

The channel strategy must be integrated with the marketing objectives of the business.

Channels of distribution

The most common distribution channels are shown in Figures 19.2 to 19.4, with advantages and disadvantages summarized in Table 19.4. Direct routes, also known as direct selling or marketing, are popular for manufacturers who want complete control over marketing strategies. They are also used for goods bought infrequently but in large quantities, bulky, expensive to transport, or purpose-built for a specific customer. The traditional two-intermediary channel was the most common until recent developments in retailing and the internet.

Factors influencing choice of distribution channel include:

- Industrial products tend to be sold more directly, with fewer intermediaries than consumer goods.
- Geographical dispersion of the target market. If the target market is large but widely dispersed throughout the country, then the use of intermediaries is more likely.
- Level of service expected by consumers, e.g. after-sales servicing of a car, means that internet selling is not appropriate for most manufacturers.
- Technical complexity of the product, e.g. business computers are sold directly as they require a great deal of technical know-how among the sales staff and a supporting service team.
- Unit value of the product – it may be worth employing sales staff to sell directly to individual customers if the unit cost of

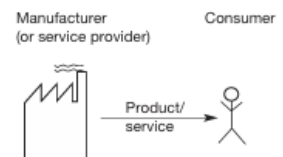


Figure 19.2 Direct selling to consumer

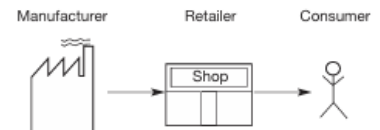


Figure 19.3 Single-intermediary channel

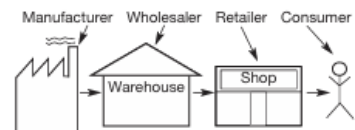


Figure 19.4 Two-intermediaries channel

Type and main features	Examples of products or services	Possible benefits	Possible drawbacks
1 Direct selling: no intermediaries. Can be referred to as 'zero-intermediary' channel.	<ul style="list-style-type: none"> mail order from manufacturer airline tickets and hotel accommodation sold over the internet by the service providers farmers' markets – selling produce directly to consumers 	<ul style="list-style-type: none"> no intermediaries, so no mark-up or profit margin taken by other businesses producer has complete control over the marketing mix – how the product is sold, promoted and priced to consumers quicker than other channels may lead to fresher food products direct contact with consumers offers useful market research 	<ul style="list-style-type: none"> all storage and stock costs have to be paid for by producer no retail outlets limits the chances for consumers to see and try before they buy may not be convenient for consumer no advertising or promotion paid for by intermediaries and no after-sales service offered by shops can be expensive to deliver each item sold to consumers
2 One-intermediary channel. Usually used for consumer goods but could also be an agent for selling industrial products to businesses.	<ul style="list-style-type: none"> holiday companies selling holidays via travel agents large supermarkets that hold their own stocks rather than using wholesalers where the whole country can be reached using the one-level route, e.g. a small country 	<ul style="list-style-type: none"> retailer holds stocks and pays for cost of this retailer has product displays and offers after-sales service retailers often in locations that are convenient to consumers producers can focus on production – not on selling the products to consumers 	<ul style="list-style-type: none"> intermediary takes a profit mark-up and this could make the product more expensive to final consumers producers lose some control over marketing mix retailers may sell products from competitors too, so there is no exclusive outlet producer has delivery costs to retailer
3 Two-intermediaries channel. Wholesaler buys goods from producer and sells to retailer.	<ul style="list-style-type: none"> in a large country with great distances to each retailer – many consumer goods are distributed this way, e.g. soft drinks, electrical goods and books 	<ul style="list-style-type: none"> wholesaler holds goods and buys in bulk from producer reduces stock-holding costs of producer wholesaler pays for transport costs to retailer wholesaler 'breaks bulk' by buying in large quantities and selling to retailers in small quantities may be the best way to enter foreign markets where producer has no direct contact with retailers 	<ul style="list-style-type: none"> another intermediary takes a profit mark-up – may make final good more expensive to consumer producer loses further control over marketing mix slows down the distribution chain

Table 19.4 The main benefits and potential limitations of distribution channels

Recent trends in distribution channels in recent years include:

- Increased use of the Internet – often via mobiles and tablets – for direct selling of goods and services. In the service sector this can be seen with internet banking and direct selling of insurance policies online.
- Large supermarket chains perform the function of wholesalers as well as retailers, holding stocks in their own warehouses. By owning another link in the distribution chain, the business is engaging in 'vertical marketing'. Another example of this form of integration is Sony owning its own shops.
- Some businesses are increasingly using a variety of different channels, e.g. an ice cream manufacturer may have their own ice cream vans to sell directly as well as supplying retailers. Hotels may sell room accommodation directly as well as through travel agents and holiday companies.

- Increasing integration of services where a complete package is sold to consumers, e.g. air flights, car hire and hotel accommodation all sold or distributed to consumers at the same time.

The Internet and the 4Cs

It is not an exaggeration to state that the Internet is transforming the ways in which businesses market their products and manage relationships with customers.

Marketing over the Internet can involve several different marketing functions which impact on the 4Cs:

- Selling of goods directly to consumers (B2C) or other businesses (B2B) as orders are placed online through the company website or through an online retailer such as Amazon. This is known as e-commerce (convenience).
- Online and mobile advertising by using the company's own website, by placing a banner advert or 'pop-up' on another firm's website and by using social media
- Sales contacts are established by visitors to a site leaving their details and then the company emails them or calls on them to attempt to make a sale (communication).
- Collecting market research data by encouraging visitors to the website to answer questions that can provide important consumer data to aid the development of new products (customer solution).
- Dynamic pricing – using online data about consumers to charge different prices to different consumers over the internet, often these prices are much lower than those charged by traditional retailers (cost to customer).

Viral marketing

Viral marketing is based on this form of communication. Marketing managers try to identify individuals with high social networking potential – called 'influencers' – and create viral messages that appeal to them and have a high chance of being passed on to many people who may be impressed that the 'influencer' has contacted them about the product.

 **KEY TERM**

Viral marketing: the use of social media sites or text messages to increase brand awareness or sell products.

Business impact of Internet marketing

Internet marketing has had a huge impact on several industries that used to be entirely focused on retail stores to sell their products. These include music, film, banking, insurance, travel and tourism. The relative decline of the importance of traditional retail stores has been rapid.

Evaluation of promotion and place decisions

The importance of the final two ingredients of the marketing mix should not be underestimated. Promotion supports and helps to create the image of the product intended by its design and specification. It informs and persuades consumers. The rapid growth of promotion spending in all market-driven economies in recent years suggests that successful campaigns can make a difference to sales and market share

Benefits	Limitations
<ul style="list-style-type: none"> It is relatively inexpensive when compared to the ratio of cost and the number of potential consumers reached. Companies can reach a worldwide audience for a small proportion of traditional promotion budgets. Consumers interact with the websites and make purchases and leave important data about themselves. The Internet is convenient for consumers to use – if they have access to a computer. Accurate records can be kept on the number of clicks or visitors and the success rate of different web promotions can be quickly measured. Computer ownership and usage are increasing in all countries of the world. Selling products on the Internet involves lower fixed costs than traditional retail stores. Dynamic pricing – charging different prices to different consumers – is easier. 	<ul style="list-style-type: none"> Some countries have low-speed Internet connections and in poorer countries, computer ownership is not widespread. Consumers cannot touch, smell, feel or try on tangible goods before buying – this may limit their willingness to buy certain products online. Product returns may increase if consumers are dissatisfied with their purchases once they have been received. The cost and unreliability of postal services in some countries may reduce the cost advantage of Internet selling. The website must be kept up-to-date and user-friendly – good websites can be expensive to develop. Worries about Internet security – e.g. consumers may wonder who will use information about them or their credit card details – may reduce future growth potential.

Table 19.5 Benefits and limitations of internet marketing and e-commerce

An integrated marketing mix

■ If an expensive, well-known brand of perfume was for sale on a market stall, would you be suspicious?

■ If the most exclusive shop in your town sold expensive gifts and wrapped them in newspaper, would you be surprised?

■ If a cheap range of children's clothing was advertised in a glossy colour magazine aimed at professional women, would this advert lead to many sales?

Why does this matter? The impact a product has on consumers is explained by human psychology – as complex beings we are influenced by a range of different messages before we decide on taking an action, such as buying a product.

■ If the messages we are receiving about a product appear to be confused or lacking in focus, then we often fail to identify the true identity or 'personality' of the product.

■ If the product looks cheap but is highly priced, are we being ripped off – or is quality more than skin deep?

■ If the product looks expensive but is priced cheaply, are we about to buy the bargain of a lifetime – or are appearances deceptive and the product is actually of very low quality?

The best-laid marketing plans can be destroyed by just one part of the marketing mix not being consistent or working with the rest. The most effective marketing-mix decisions will, therefore, be:

■ based on marketing objectives and affordable within the marketing budget

■ integrated and consistent with each other and targeted at the appropriate consumers.



KEY TERM

Integrated marketing mix: the key marketing decisions complement each other and work together to give customers a consistent message about the product.

Revision questions

Q43: Case Study 105: Peterson Manufacturing (PM) 9609/21/M/J/16/Q1 (d)

Explain how PM could use the 4Cs to improve its customer relationships. [8]

Q44: Case Study 109: Sailing Shop (SS) 9609/23/M/J/16/Q1 (a) (i)

Analyze two suitable promotional methods that Steve could use to raise awareness of SS in the town. [8]

Q45: Case Study 114: Fire Fly EBooks (FFE).9609/22/O/N/16/Q2 (a)

Analyze the importance of two elements of the marketing mix to FFE. [8]

Q46: Case Study 51: (Kids) 9707/22/O/N/11/Q1 (b)

Analyze possible changes to the marketing mix of kids if it decides to extend the product change to include school uniforms. [8]

Q47: Case Study 97: Pet Care (PC).9707/21/O/N/15/Q1 (a) (ii)

Analyze the advantages and disadvantage to PC of using cost- based pricing. [8]

Q48: Case Study 139: Swimming Pools (SP) 9609/21/O/N/18/Q1 (a) (i)

Analyze the one advantage and one disadvantage to SP of using price discrimination. [8]

Q49: Case Study 140: Katie's Cakes (KC) 9609/21/O/N/18/Q2 (a) (i)

Explain one possible impact on KC of reducing the product portfolio of the business. [8]

Q50: Case Study 148: Planet Internet (PI).9609/21/M/J/19/Q2 (a) (ii)

Analyze one above the line promotional method and one below the line promotional method which PI could use to gain new customers. [8]

Q51: Case Study 8: (Rite on Clothes Ltd) 9707/02/O/N/04/Q2 (c)

Assuming Rite on decide to enter the fashion market, evaluate a possible marketing strategy that the company could use. [10]

Q52: Case Study 10: (Our News Ltd) 9707/02/M/J/05/Q2 (a) (i)

Evaluate the decision of our News Ltd to replace daily newspaper monthly magazines. [10]

Q53: Case Study 11: (The Read & Learn Bookshop) 9707/02/O/N/05/Q1 (c)

Using Table 1 evaluate the usefulness of the Product Life Cycle to Sophia when deciding on the future product mix of her business. [10]

Q54: case study 15: (Eldorado restaurants) 9707/02/O/N/06/Q2 (d)

Recommend changes to the current marketing mix that might be needed for the restaurant at the international airport. Justify your answer. [10]

Q55: Case Study 16: (Tech New) 9707/02/M/J/07/Q2 (b)

Discuss the marketing and other factors that Tariq should consider before deciding whether to sell components on the internet. [10]

Q56: Case Study 19: (Excellent Training) 9707/02/O/N/07/Q2 (d)

Discuss the factors that ET will need to consider when marketing their courses to schools and colleges. [10]

Q57: case study 21: (Gambro Cars) 9707/02/O/N/08/Q1 ©

Discuss the factors that would influence GC's choice of a marketing mix. Price inelastic. [10]

Q58: Case Study 22: (Paperclips) 9707/02/O/N/08/Q1 (a) (ii)

Advise Ling on the factors that she will need to consider in recommending a marketing mix for PC. [10]

Q59: Case study 24: (Jane's book) 9707/21/M/J/09/Q1 (d)

Discuss methods that Jane could use to promote her book. [10]

Q60: Case Study 25: (Bob's Band) 9707/22/M/J/09/Q1 (a) (ii)

Discuss the factors that FB needs to consider in promoting the concept. [10]

Q61: Case Study 32: (Fruity Surprises) 9707/21/M/J/10/Q1 (c)

Discuss the factors that SFF would need to consider in promoting Fruity Surprises. [10]

Q62: Case Study 33: (Sassy Suits) 9707/22/M/J/10/Q1 (c)

Discuss the marketing issue that SS might consider if they decide to produce ready-made suits. [10]

Q63: Case Study 36: (Vegetables Soup) 9707/23/M/J/10/Q2 (a)

Discuss the factors that SF would need to consider in marketing Seasonal Choice. [10]

Q64: Case Study 39: (Big Boxes) 9707/22/O/N/10/Q1 (a) (ii)

Discuss how BB might change their marketing mix in response to the change in the market for its products. [10]

Q65: Case Study 49: (Newtown Arts Center) 9707/21/O/N/11/Q1 (a) (ii)

Recommend changes to the marketing mix if Now introduces a range of maternity clothes. Justify your answer. [10]

Q66: Case Study 53: (Suave Case Study: 123) 9707/23/O/N/11/Q1 (b)

Recommend a marketing mix for a new range of casual clothes. Justify your answer. [10]

Q67: Case Study 55: Advanced Control System (ACS).9707/21/M/J/12/Q1 (a) (i)

Discuss whether competitive pricing (line 10) is best method to use in setting the prices for the new contract. [10]

Q68: Case study 57: Bright Air conditioning (BAC) 9707/22/M/J/12/Q1 (d)
Recommend to changes to BAC's marketing mix if BAC decides to introduce Ecocon. Justify your recommendations. [10]

Q69: Case Study 59: Turboprop (TP).9707/23/M/J/12/Q1 (a) (i)
Discuss how TP's approach to promotion should change if the company decides to start marketing Ecogen. [10]

Q70: Case Study 63: Burbank (BB) 9707/22/O/N/12/Q1 (c)
Discuss the extent to which e-commerce could be important to BB. [10]

Q71: Case Study 64: King Kites (KK) 9707/22/O/N/12/Q2 (b)
Evaluate a suitable marketing mix that KK could use to launch Robokites. [10]

Q72: Case Study 66: Junior Games (JG) 9707/23/O/N/12/Q2 (c)
Discuss the factors that JG should consider when marketing MFB. [10]

Q73: Case Study 70: Trendy Paints (TP) 9707/22/M/J/13/Q2 (c)
Evaluate changes to the marketing mix if TP decides to enter the house paint market. [10]

Q74: Case Study 76: School Sports Shop (SSS) 9707/O/N/J/13/Q2 (a) (i)
Discuss suitable methods that Diwan could use to promote SSS. [10]

Q75: Case Study 85: Classic Cars (CC) 9707/21/O/N/14/Q1 (a) (ii)
Discuss a suitable pricing strategy that could be used by CC when launching its new car. [10]

Q76: Case Study 91: (Best Books) 9707/21/M/J/15/Q1 (a) (ii)
Recommend an appropriate marketing mix for the launch of BB's new e-books. [10]

Q77: Case Study 95: Enterprise Electricals (EE).9707/23/M/J/15/Q1 (b)
Calculate the importance to EE of applying the concepts of the 4Cs to improve the relationship between EE and its customers. [10]

Q78: Case Study 104: Fruit Fusions (FF).9609/22/F/M/16/Q2 (b)
Discuss appropriate pricing strategies for launch of Fusion Plus. [11]

Q79: Case Study 107: Scented Candles (SC) 9609/22/M/J/16/Q1 (b)
Recommend an effective marketing mix for SC's second year of trading. Justify your answer. [11]

Q80: Case Study 111: Barbeque House (BH) 9609/21/O/N/16/Q1 (b) (i)
Recommend whether BH should start to sell oriental food. Justify your answer. [11]

Q81: Case Study 115: Exam Success (ES) 9609/23/O/N/16/Q1 (c)
Recommend whether Amaya should develop a new range of internet courses. Justify your view. [11]

Q82: Case Study 118: Clean and Tidy (CT).9609/22/F/M/17/Q2 (b) (ii)

Discuss how CT's marketing mix might need to change to target customers in the industrial market. [11]

Q83: Case Study 130: Prefix Plumbing (PP) 9609/23/O/N/17/Q2 (b)

Evaluate promotional methods that PP could use to grow in the future. [11]

Q84: Case Study 142: Wet Water (WW).9609/22/O/N/18/Q2 (a) (ii)

Recommend suitable promotional methods for the launch of WW bottled water. Justify your recommendations. [11]

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