

What is market segmentation?

Market segmentation is when customers are divided into groups with different wants to provide a tailored product

What are the four main ways companies segment their market?

Age, Gender, Income, Geographical area

Why do market research?

To better understand your customers needs and wants

What is primary research?

Research carried out by yourself using own questions e.g. Questionnaire, focus group

What is secondary research? (Give an example)

Research carried out by someone else e.g. internet, government sources

Advantages of primary – up to date, reliable, can be more focused on what you are looking for

Disadvantages for Primary – Time consuming, often costly

Advantages for secondary – quick to get, cheaper

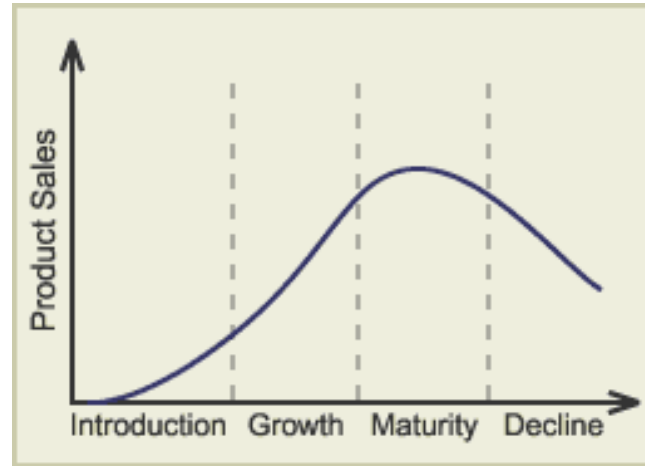
Disadvantages for secondary – might be out of date, not specific, biased

Quantitative market research – using data and figures.
E.g. 65% of people would buy the product

Qualitative research is based on **opinions, attitudes, beliefs and intentions**. This kind of research deals with questions such as **"Why"? "Would?", or "How?"**

Draw the product life cycle

The stages a product goes through from when it enters the market until it leaves.



- Introduction sometime called launch
- Development sometimes at the beginning where there are no sales
- Learners are expected to apply their knowledge of product life cycles to different business contexts

Marketing

What are the four parts of the marketing mix?

**Price
Product
Place
Promotion**

Learners need to understand that marketing strategies have to adapt to changing market conditions and the elements of the marketing mix may have to be altered to ensure business success

What is an extension strategy?

A strategy introduced during the maturity stage of the product life cycle to increase sales of a product and prolong its life

Extension strategies

**Lower price
New feature (Xbox Kinect)
New colour
Change brand name
Change packaging
New flavour**

Disadvantages for extension strategies

Lower price – Less profits

New feature – Expensive to design

**Change packaging/brand name –
Customers may not recognise product**

Change flavour – customers may not want it

QR Code for Marketing Videos



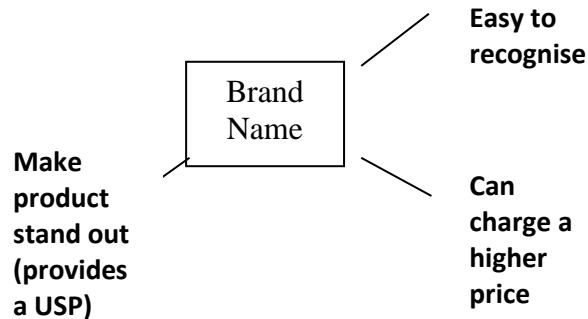
Product

What is a unique selling point? (Give an example)

A feature of your product that makes it different from competitors e.g. Wii remote. Called product differentiation

What is a product portfolio - the collection of all the **products** or services offered by a company

Why do companies give products a brand name?



Why do companies package their products?

To display information
E.G. ingredients

To attract target audience

Packaging

To stop product from being damaged

To keep product fresh

Pricing strategies

Penetration pricing - Charging a lower price at the start in order to gain market share

Skim pricing - Setting a high price initially and lowering it later on (Only for Expensive goods e.g. Xbox)

Competitor pricing - Setting a price based on the prices charged by competitors for similar products

Psychological pricing - Trying to make a product look cheaper than it is e.g. 99p

Loss Leader - Selling a product at a loss in the hope the customer will buy other goods from the store

Cost plus pricing - Adding a percentage profit margin to the cost of production

Need to know advantages of each one, watch video on it if you can't remember

Place

Distribution channels

Manufacturer - Wholesaler - Retailer - Consumer

Manufacturer - Retailer - Consumer

Manufacturer - Consumer

How the above affects the price

The role and increasing importance of e-commerce and m-commerce (online shopping)

Sales Promotional strategies

Loyalty cards (E.G. Nectar card)

Free gift

Coupons

Buy one get one free

Media / advertising promotions

TV

Radio

Billboards

Social media

Leaflets

Advantage and disadvantages of types of promotion

TV + Seen by a large audience

- Expensive, people now have Sky/Netflix

Radio + Cheap than TV, Can be more targeted e.g. radio 1 listeners younger

- Can't show the product

Leaflets + Good for small businesses as cheaper, target local people

- People don't read them as they get so many/ causes litter

Buy one get one free- cuts profit in half

Coupons - can cause queues

How has technology affected advertising

- Think pop ups, social media, search engines