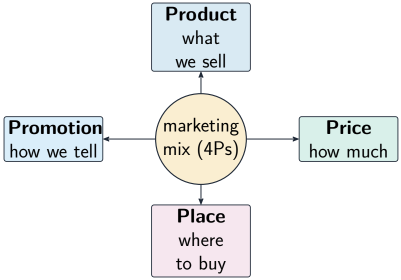
Marketing

IGCSE Business Studies ▪ Topic 3

IGCSE Business Studies

What we will cover

1. What marketing does
2. Market segmentation
3. Market research
4. The marketing mix (4 Ps)
5. Product life cycle
6. Place & distribution



the four Ps

1 Markets

What marketing does

the role

satisfy customers, grow **sales** 销售额 & **market share** 市场份额, build **loyalty** 忠诚度

markets

a **niche market** 利基市场 is small & special; a **mass market** 大众市场 is large

Advertising

What marketing is, and what it is for

marketing 营销	finding out what **customers** 顾客 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 顾客忠诚度	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.

Why customers matter

Customers bring in the money, so keeping them is vital.

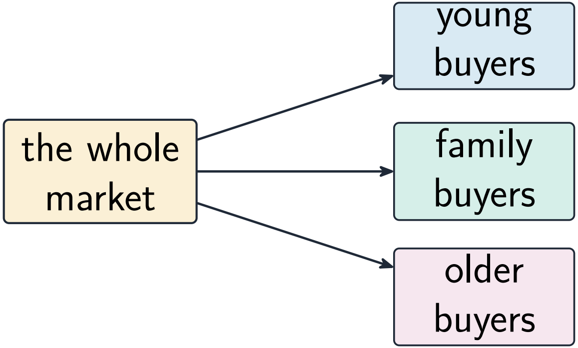
> Losing customers is costly: the business loses their future spending, and it must spend a lot on **advertising 广告** to win new ones.

Selling in other countries

A business can grow by entering an **international market 国际市场** in another country.

- Opportunities: many more customers, higher sales, and spreading risk across markets.
- Problems: different languages and tastes, higher transport costs, foreign laws and **tariffs 关税** (taxes on imports), and strong local **competition 竞争**.

Market segmentation



split into segments (here, by age)

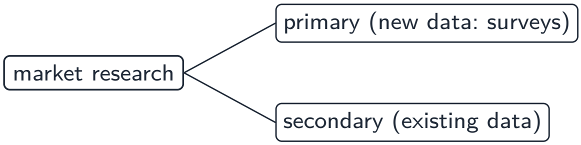
- the business can design a product to fit each group,
- it can aim its advertising at the right people,
- it can spot gaps in the market.

Segmenting a market, and why it pays

market segmentation 市场细分	splitting a market into groups of buyers who share something
the bases	age, income, gender, location – and lifestyle or interest
the benefit	product, price and promotion can each be aimed rather than averaged
niche market 利基市场	one small segment served closely – less competition, but limited size
mass market 大众市场	the whole market with one offer – huge volume, heavy competition

> Segmentation costs money – separate products, separate campaigns. It pays only when the segments genuinely want different things.

Market research



Market research 市场调研 informs decisions:

- **primary** 一手调研 – new data (surveys); fits, but costly
- **secondary** 二手调研 – existing data; cheap, but may be old

A good **sample** 样本 must be typical.

Primary and secondary research

primary research 一手调研	field research: you collect it yourself – questionnaires, interviews, observation, test marketing
its trade	exactly what you asked for and up to date – but slow and expensive
secondary research 二手调研	desk research using information that already exists: government reports, websites, past sales records
its trade	cheap and quick – but it was collected for someone else's purpose and may be out of date
reading the data	be able to find the most popular product in a table, or read a trend off a sales graph

> Most firms start with secondary research because it is cheap, then use primary research to answer the questions it left open.

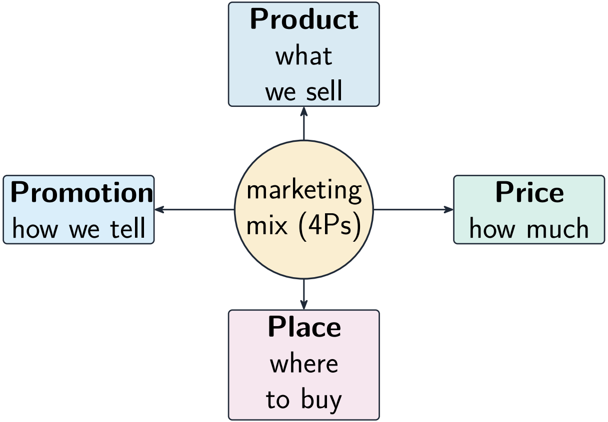
Sampling and reliable data

A business cannot ask everyone, so it asks a small group, called a sample.

> If the sample is too small or not typical, the **data 数据** will not be reliable, and decisions based on it may be wrong.

2 The mix

The marketing mix: the four Ps



The **marketing mix** 营销组合:

- **Product** – what we sell
- **Price** – how much
- **Place** – where to buy
- **Promotion** – how we tell

Pricing methods, and what each is for

cost-plus 成本加成定价	add a fixed share of profit on top of the cost of making the item – simple, and it ignores what rivals charge
competitive 竞争定价	price at or near rivals' prices – safe in a crowded market
penetration 渗透定价	a low launch price to win market share fast
skimming 撇脂定价	a high launch price for a new product, lowered later
promotional 促销定价	a temporary low price to shift stock or attract attention
dynamic 动态定价	the price changes automatically as demand changes, as airlines do

> Match the method to the situation: skimming needs something rivals do not have; penetration needs the capacity to serve the volume it wins.

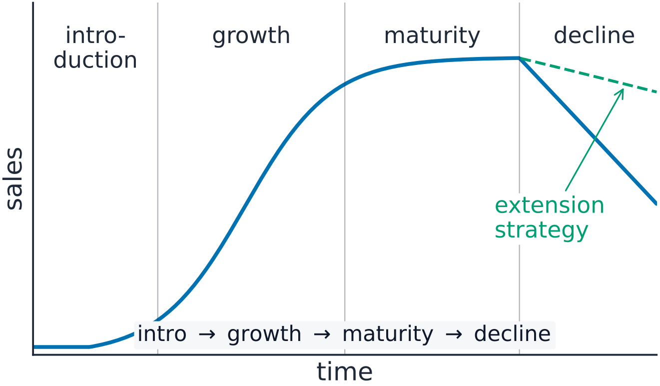
Four pricing methods

Cost-plus pricing	**Cost-plus pricing** 成本加成定价: work out the unit cost and add a mark-up. Simple, and it ignores what customers would pay.
Competitive pricing	**Competitive pricing** 竞争定价: price near the rivals'. Safe in a crowded market, and it invites a price war.
Price skimming	**Price skimming** 撇脂定价: launch high while the product is new and demand is inelastic, then lower it.
Promotional pricing	**Promotional pricing** 促销定价: a temporary low price to clear stock, launch a product or draw customers in.

> Match the method to the situation: a new product, a crowded market, or an old stock. The **internet** 互联网 makes every rival's price visible, which pushes most markets toward competitive pricing.

Product life cycle

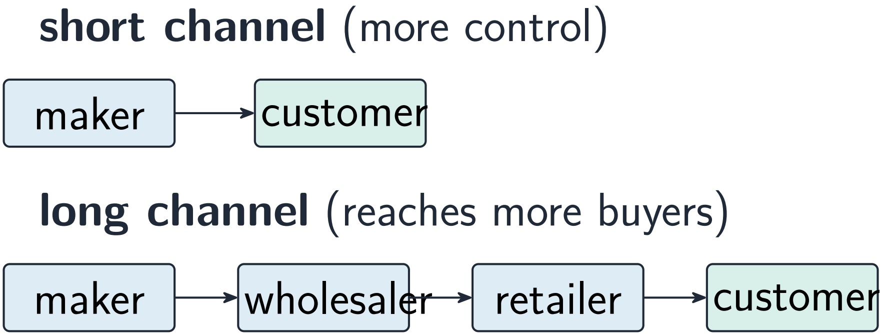
Sales over four stages: introduction, growth, maturity, decline. **Extension strategies** 延长策略 (a new use, new design or lower price) keep sales going.



Place and distribution

A **distribution channel** 分销渠道 is the path from producer to customer.

- short channel – more control
- long channel – wider reach



Promotion, and the law that limits it

promotion 推广	telling customers about a product and persuading them to buy it
advertising 广告	paid messages on TV, online, on posters and so on
sales promotion 促销	short-term offers – discounts, free gifts, "buy one get one free"
consumer protection 消费者保护	laws stopping the sale of unsafe or faulty goods
misleading 误导 promotion	banned – an advert may not lie about what a product can do

> A **channel of distribution** 分销渠道 is how the product reaches the buyer – directly, or through wholesalers and retailers. **E-commerce** 电子商务 shortened that chain for almost every product.

Marketing strategy

A branded shop window: branding helps a product stand out from rivals.

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.

3 Recap

Worked example – the marketing mix

A firm launches an energy drink aimed at students. Suggest its four Ps.

- Product: a drink and can designed for students – caffeine, bold branding.
- Price: penetration pricing – low, to win share in a market full of rivals.
- Place: campus shops, vending machines, online – where students already are.
- Promotion: social media and campus events ⇒ all four must fit each other and the customer.

The four Ps must be consistent: a premium price with cheap packaging fails. Always tie every P back to the target market in the question.

Topic 3 – key takeaways

1 **Segmentation**

split a market into similar groups

2 **Research**

primary (new) vs secondary (existing)

3 **Four Ps**

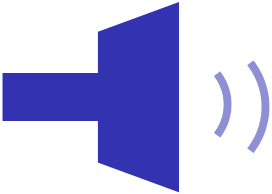
product, price, place, promotion

4 **Life cycle**

introduction, growth, maturity, decline

Check yourself

1. What is a niche market?
2. Which research collects brand-new data?
3. Name the four Ps.
4. What is the first stage of the product life cycle?



Answers **1.** a small market with special needs **2.** primary research **3.** product, price, place, promotion **4.** introduction