



Section 4.2

Activity 4.2.1

1. Elements of the marketing mix that do not fit with each product:
 - Mix A – radio advertising
 - Mix B – sold on the internet
 - Mix C – low-priced offers to families
 - Mix D – high-priced strategy.
2. Suggestions for changes in the marketing mix for two products include:
 - Mix A – advertise the product in a high quality motoring magazine, on a motoring cable TV show, at a motor show
 - Mix B – distribute the product through supermarket retailers, low-priced furniture retailers, DIY retailers.

Activity 4.2.2

1.
 - a. A 'niche market' is a small and specific part of a larger market.
 - b. A 'market segment' is a subgroup of a market made up of consumers with similar characteristics, tastes and preferences.
2. TI could set the price and product elements of the marketing mix to reach the ultra-premium cycle market segments by:
 - Setting a high (premium) price
 - Making very high-quality bicycles.
3. One problem TI might face entering the ultra-premium cycle market would be established competition.
4. Reasons why TI markets products in different market segments include:
 - Increasing revenue and profit opportunities
 - Spreading risk across different markets.



Activity 4.2.3

1. Market segmentation is identifying different segments within a market and targeting different products or services to them.
2. Market research has allowed the tourist market in Hong Kong to be segmented by:
 - Age
 - Income
 - Leisure and business customers.
3. The benefits of the Hong Kong travel company targeting different market segments might be:
 - Meeting the needs of different consumers precisely
 - Increasing revenue and profit opportunities
 - Spreading risk across different markets.

The limitations might be:

- The cost of separating markets
- Economies of scale
- Some markets have small numbers of consumers.

Activity 4.2.4

1. a. A 'target market' is the market segment a business sets its marketing mix to try to attract.
b. A 'niche market' is a small and specific part of a larger market.
2. Product positioning is the way a business communicates with its target market the characteristics of the product that will attract them. This might be targeting families with:
 - A membership scheme
 - Family-based classes.
3. Market segmentation has the following benefits to Le Sportif:
 - Meets the needs of target consumers precisely
 - Cost-effective marketing expenditure
 - Gaps in the market can be identified
 - Allows Le Sportif as a small business to compete against larger businesses.
4. The advantages of Le Sportif's method of differentiation might be:
 - Different target market to the competition



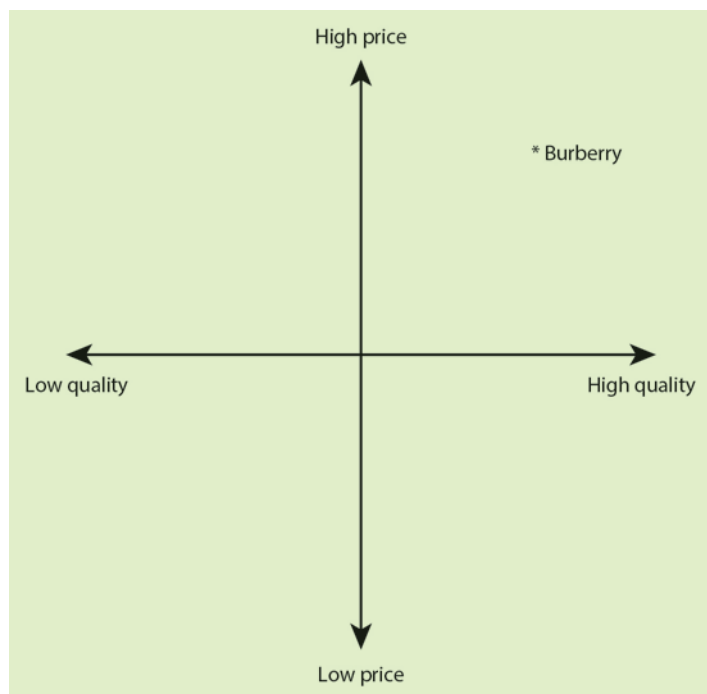
- Stable long-term market
- Children can become adult members in the long term
- Multiple members per family to generate revenue.

The disadvantages might be:

- Children do not generate much revenue
- Families might put off other types of customer
- If a family stops a membership a number of customers are lost.

Exam practice question

- a. Unique selling point (USP) is the factor that differentiates a product from its competitors.
 - b. A target market is the market segment a business sets its marketing mix to try to attract.
- Elements of Burberry's marketing mix are:
 - High-quality products
 - High-priced products
 - Exclusive retail distribution.
- Burberry product positioning map for female clothing:





4. The advantages of the way Burberry differentiates its products might be:

- High revenue streams from high-income consumers
- Clear identity in the market
- Growing market if incomes are rising
- Strong brand loyalty.

The disadvantages might be:

- Limited number of high-income consumers
- Declining market if income falls
- High costs of production and marketing
- Cheaper grey (fake) market alternatives.

Key concept question

Globalisation may bring the following changes to a business's marketing planning:

- Rise in competition from overseas
- Potential markets overseas
- Ability to produce more cheaply abroad and reduce costs and prices
- Cultural differences in the way products are marketed
- Language differences and marketing products
- Impact of income differences on the way products are priced
- Distribution in international markets.