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.

1. 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.

1. 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.

1. One problem TI might face entering the ultra-premium cycle market would be established competition.
2. 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.

1. 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.

1. 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.

1. 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.

1. 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**

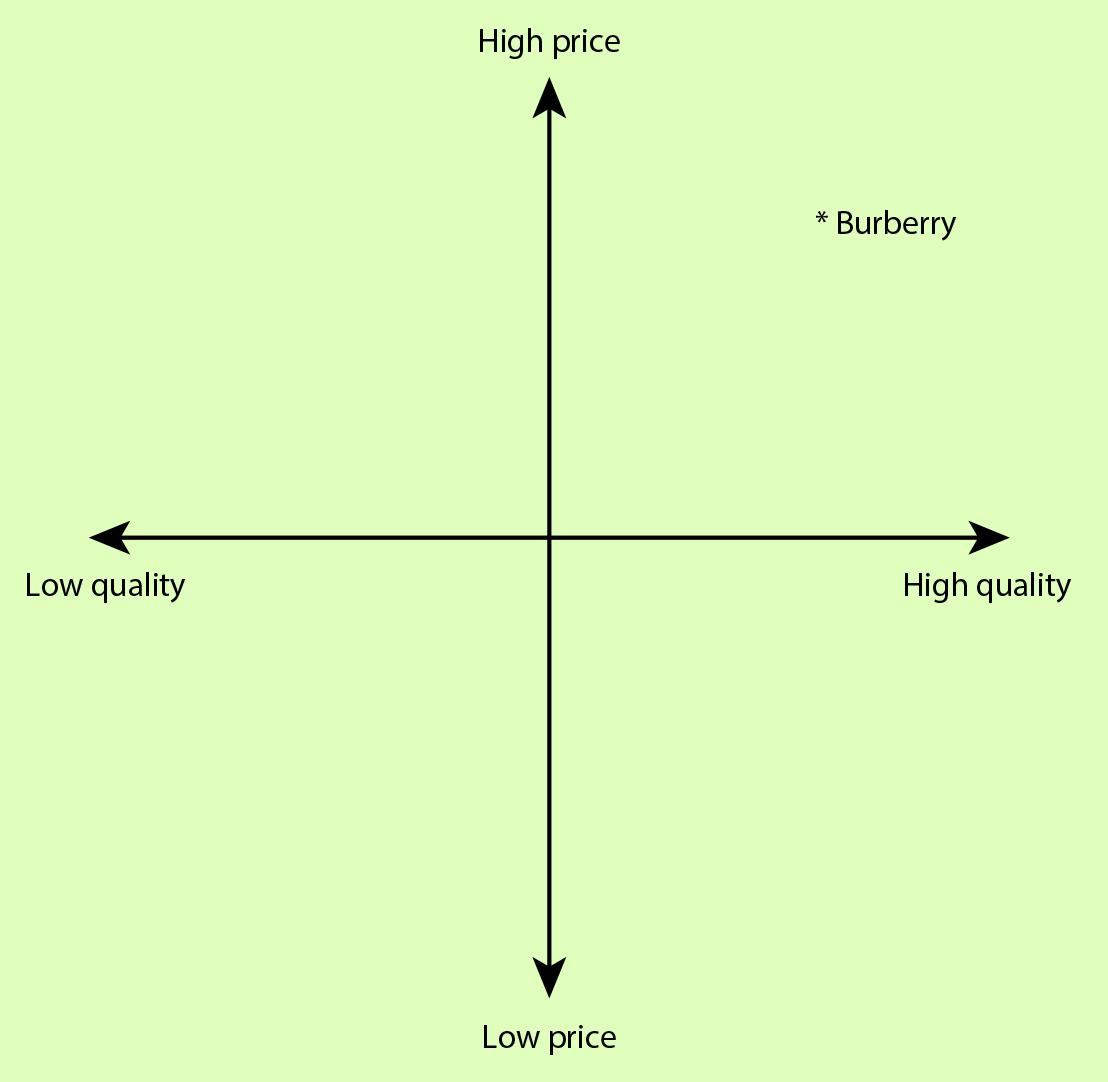
1. a. Unique selling point (USP) is the factor that differentiates a product from its competitors.

b. A target market is the market segment a business sets its marketing mix to try to attract.

1. Elements of Burberry’s marketing mix are:

* High-quality products
* High-priced products
* Exclusive retail distribution.

1. Burberry product positioning map for female clothing:



1. 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.