
Chapter 20

Marketing

Unit 5

Higher Level

Past Exam notes (For this chapter)

WHAT IS MARKETING

Years ago, companies produced whatever they wanted (Production concept). They tried to find customer to buyers (Sales concept). They did not take into consideration needs of the customer. Nowadays companies use the Marketing concept.

Marketing Concept

Marketing Concept

^{Def} The marketing concept refers to how the businesses should understand, analyse and anticipate the needs of consumers and then use this information to produce products that satisfy these needs more effectively than consumers. The marketing concept requires a business to understand and predict the needs of the market in order to develop an effective marketing strategy.

Past exam Questions
2020 Q7 b (i)

Marketing is different to selling

Selling

^{Def} Selling is about persuading customer to buy a product after it is developed

Marketing

^{Def} this means identifying the needs of customer and then producing and selling products and services to satisfy those needs

Marketing starts before the product or service has been developed and if done correctly will result in the company producing goods that customers will buy if they are sold at the right price and available in the right place.

WHAT IS A MARKETING STRATEGY

Marketing Strategy

Marketing Strategy

^{Def} This is setting out how a business will identify and satisfy the customer needs identified by market Research.

This involves the following steps

1. Researching - to identify opportunities
2. Segmenting - identify a suitable target market
3. Positioning -
4. Devise a suitable marketing mix

SEGMENTING THE MARKET

Segmenting

Segmenting

Def involves dividing up the market into **clearly identifiable sections**, which have **common characteristics**. It allows a firm to identify who their **target market is**. It allows a firm to identify who their target market is. Once the company has segmented their market, they can then design and implement strategies to target the customer in that segment.

Past exam Questions

2021 Q8 C (i)
2015 Q7 C (i)
2012 Q7 B (i)

The four main types are of segmenting are

- | | |
|------------------|---------------|
| 1. Demographic | 2. Geographic |
| 3. Psychological | 4. Behavioral |

Past exam Questions

2021 Q8 C (ii)
2018 Q7 B (ii)
2015 Q7 C (ii)

1. Demographic

This analyses consumers according to age, gender, family size, income, occupation. This is looking at who the business is targeting? A business can segment its markets into different parts or section. If a company groups its market by demographics, they can target their strategies to reach their customer specifically and using resources available to the business efficiently. For example - Age-Freddo bars for young children or Netflix developing tv series for different age groups.

2. Geographic location

This analyses consumers according to location: county, region, country. Geography can affect the type and taste of products being sold in different countries - Ireland is famous for its high dairy content. The business also looks at where they are targeting their product/service? By

using these segments, the business can design a marketing strategy to satisfy the chosen target markets and meet the needs of the customer in that segment.

For example - Hershey's the most popular US brand not popular in Ireland.

3. Psychological

This analyzing customers in terms of social class, lifestyle and personality type. This is when the business looks at why they are targeting a certain segment?

For example - Attitudes-organic chocolate, environmental concerns around cocoa bean production, Lifestyles-more health conscious (natural ingredients), sugar free chocolate

4. Behavioural

This analyses consumers according to their knowledge of and attitudes towards the use of or response to a product.

For example - impulse buying /Value for money (special price) /Celebration packs of chocolates as seasonal treats (Easter/Christmas etc.)

Benefits of market segmentation

1. Better matching of customer needs leading to increased sales.
The business is able to target particular customers who might have been overlooked in the past and provide offers suitable to their needs.
2. Position the product better in the mind of the consumers leading to greater customer satisfaction.
3. More focused and **targeted advertising** and marketing spend leading to **lower marketing costs**. There is also focused Communications therefore more of the target customers can be reached more often.
4. Can retain customers who might shift to competing products by altering the product due to changes in life circumstances.
5. Easier to compete with a niche market (small artisan manufacturer). This will result in Easier decision making as the focus is on a particular target group.
6. **Enhance profits for the business**-different customers have different disposable incomes/may be able to raise prices for a particular income group and thereby enhance profits.

Past exam Questions

2018 Q7 B (i)

2013 Q7 B (ii)

TARGET A MARKET NICHE

A niche market

Def This is a specific gap in the market for a new product or service. It is a small specialised segment of a larger market for a product or service. It is a specialised market with only a few suppliers. For Example Speciality 'Free From' foods - Vegan, lactose free or gluten free.

Past exam Questions

2023 Q8 A (i)
2019 Short Question 8
2017 Q7 A (i)

Normally small firms enter niche markets because of the specialist nature. The niche segment may be so small that the larger firms may not have the flexibility or desire to enter it. It is more efficient for a business to target a niche market than everyone. Successful business are quick to identify the niche market for a new product. The customers in the niche market will then become the companies target market. For example Diamond rings, specialist transport-wheelchair.

Implication of operating in a niche market

Past exam Questions

2023 Q8 A (ii)
2017 Q7 A (ii)

1. Little or no competition

Unlike in generalised marketing where market competition is stiff, niche marketers face less competition in the market as they deal with a specific product for a small market segment.

2. Less investment required

As they produce limited goods for the niche market, they may require less investment.

3. High cost base

The specialisation of products involves more expensive raw materials, highly skilled staff and job/batch production methods/personal service. The costs are very high for the business, therefore, they must charge a higher price to customers.

4. More focused marketing

There may be fewer risks/costs for the business as the marketing is focused on a very small segment of the market.

5. Loyal relationships with customers

Niche marketing makes it possible for businesses to build brand loyalty. The customers may continue to repeat the purchases of the same brand, and they may recommend it to their friends and others/ Better targeting of customers with focused advertising. They know their target customers so well that they meet their needs better.

6. High profits

They achieve high margins because of the added value to the goods and services offered/Prices tend to be more expensive than mass produced goods/High quality products/High skilled labour.

A target market ^{Def} This is a precise description of the customers to which a product will be aimed at. The target market is usually decide after conducting market research

Position the product

Positioning ^{Def} This means creating an image for a product in the mind of consumers in the target market

THE MARKETING MIX

The Marketing Mix ^{Def} This consists of 4 elements used to turn the marketing strategy and product positioning into reality. The elements are 1. Product, 2. Price, 3. Place and 4. Promotion

WHAT IS THE PRODUCT

The Product focus on the following

1. Design
2. Quality
3. Branding
4. Packaging
5. Product Life Cycle

Past exam Questions
2015 Q7 A

The Product ^{Def} This is a good or service produced to meet the needs of a consumer Design is very important if this does not meet the needs of the customer the other 4 ps will not work. The Product range/ portfolio describes the range of products produced by a business Designing a good product

This is the item/service being sold. This means the product/service plus anything related to how it is made, packaged, and named. The company must take into account the design - what the product is supposed to do and the form - the appealing element of the product/service. The product/service must do what it is expected to do.

The product element of the marketing mix looks at the following

1. Product Design (Function and Form)
2. Quality
3. Branding
4. Packaging
5. Product life Cycle

1. Product design

The Product design Must consider function and form

Past exam Questions
2012 Q7 B

Function *Def* This does what the customer wants it to do (Merchantable quality - fit for purpose)

This is linked into the main clauses of the Sale of Goods and Supply of Services Act 1980 which puts a legislative onus on producers to manufacture goods that are of merchantable quality and fit for the purpose intended. The product must do what it is expected to e.g. a lawnmower should operate as expected and cut grass properly.

Evaluation - The value of this approach is that the specific needs of the consumer will be met in line with the marketing concept. This will lead to repeat purchasing, consumer loyalty and ultimately increased sales and profits for the business.

Form *Def* This Practical and appealing element of the product. What attracts the customer to buy the product (Colour, Style)

The product must be appealing in terms of shape, size, colour, style, image e.g. (iPad). The product must be practical and comply with safety standards; however it must also be appealing. For example car marketing campaigns emphasise efficiency, reliability and aesthetic appeal in their adverts.

Evaluation - Individuals are fashion conscious with unique tastes and preferences. If these needs can be satisfied by businesses then increased sales and profits will ensue.

2. Quality

Please see Quality from the Chapter on Control

3. Product branding

Branding	Def This means creating an identity for a product that clearly distinguishes it from the competitors. It consists of a brand name and logo, for example adidas, Nike.
Brand name	Def This is a distinctive name given to a product. for example, Pepsi Max.
Brand logo	Def This is a distinctive visual image that will help the product stand out from competitors. It can be written or visual. For example, a tick is Nikes logo.
Brand leader	Def This is the brand with the highest percentage share of a particular market.
Own label brands	Def These are products sold by retailers under the retailer's own name and logo. They are known as 'retailer brands'. Large retailers such as Tesco's and Dunnes use own label brands e.g. Tesco finest

Past exam Questions
2011 Short Question 1 (a)

Past exam Questions
2011 Short Question 1 (b)

REASON WHY RETAILER USE OWN BRAND PRODUCTS

- (i) The retailer can request the manufacturer to make the goods to certain specifications e.g. quality, size, shape. They have greater control over distribution channels and can seek bigger discounts from suppliers.
- (ii) The retailer can generally sell 'own- brands' at a cheaper price than the market leader and other brands/ 'value for money'.
- (iii) It can lead to customer loyalty to the retail outlet/shop, rather than the product, thereby increasing other product sales.
- (iv) Easily recognised and require very little advertising.
- (v) A large range of products can be sold under the own-brand label.
- (vi) They can increase the profit margin they earn from products, due to lower costs.

Benefits of Product BrandingConsumerPast exam Questions

2020 Q7 A

2010 Q7 B

1. **Recognition** - Having a brand name makes it easier to distinguish the product from competitor's products/it is instantly recognisable. Can be used as a **marketing tool** for advertising purposes. Supermac's is a well-known brand, and they have different promotions to keep the brand name to the fore of consumer's minds.
2. **Status or Beliefs** - The purchase and use of brands allows a consumer to fulfil their need of self-expression and also communicate their self-image. A consumer who believes in sustainability might buy an electric car.

Business

1. **Loyalty** - Brand loyalty occurs when customers repeat-purchase a particular branded product on a regular basis. Over time consumers become loyal to a particular brand and will not change. Consumers tend to eat the same brand each day. (Brennan's Bread). Branding allows a company to differentiate itself from the competition and, in the process, to bond with their customers to create loyalty. "Brennan's Bread, Today's Bread Today"
2. **Higher price** - A high quality brand image can allow a firm to charge a higher price. A well-known brand name can command a premium price. Kellogg's brands command higher prices than for instance own brand labels/ premium prices can be charged. May be perceived as high quality.
3. **New Products** - It is easier to introduce new products if the brand name is already well known. Different products are released under the Kellogg's brand e.g. All-Bran Breakfast Biscuits, Coco Pops, Frosted Flakes.

4. Product Packaging

The manager must consider the following when designing the packaging for a brand/ product

1. **Promotion** - Packaging helps market the product because it can draw attention through brands and logos, shape and colour.

Past exam Questions

2023 Q8 B

2019 Q7 C

2012 Q7 B

2. **Differentiation from competitors** - The packaging should be different from competition indicating a unique selling point/competitive advantage. Keep it in the mind of the customer that it is available to buy.
3. **Image/Aesthetics** - It must look good using shape, size and colour. The product should have shelf appeal and stand out.
4. **Protection** - Packaging safeguards the product during transit, storage and handling. It also keeps the product fresh, preserving quality until it is used.
5. **Legal requirements** - What information must be displayed on the packaging. E.g. Bar code for scanning, best before, ingredients, sugar content, allergens, country of origin.
6. **Size/Convenience** - The unit size will depend on the marketing plan. Is the drink aimed at lunch boxes or the Keep-fit market.
7. **Recyclable** - To be environmental conscious/ reusable bottle.
8. **Cost**

Evaluation

Size and Quantity - Packaging can control the size and quantity of a product. Portion control helps control inventory, create product consistency and can help regulate prices.

Marketing - Packaging is the front line of marketing. Through design and marketing communications, packages can help sell a product and differentiate it from similar products. The packaging can also help promote product branding.

Security - Product security can be provided through packaging. Packing can make items tamper resistant, can help reduce theft and can help prevent harm from dangerous products.

These can be protected by

Patent Def This Provides legal protection of an invention or design of a product to the inventor/designer

Trademark Def These are logos that are legally registered by business to distinguish them and their product from competitors A fee must be paid to the Patents and trade mark office

5. The Product Life cycle

The product life cycle shows the level of sales products go through from being introduced into the market to the decline stage and sales start to dry up. It tracks sales growth of the product over a period of time. It consists of five stages - introduction, growth, maturity, saturation and decline.

Past exam Questions

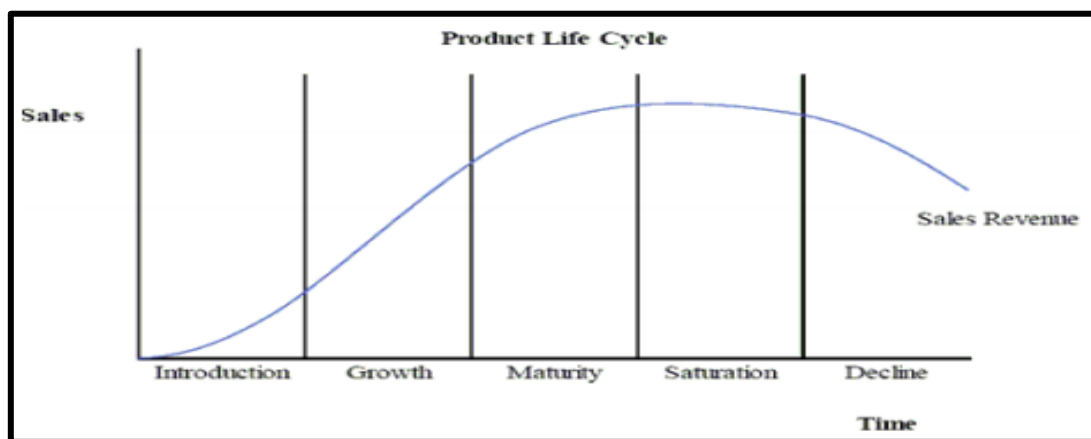
2023 Q7 B (ii) Deferred

2022 Short Question 3

2018 Q7 A (i)

2015 Q5 A (i)

2011 Q7 A (i)



This is the theory that most products pass through distinct life stages. These stages include

1. Introduction
2. Growth
3. Maturity
4. Saturation
5. Decline

1. Introduction

This is the first stage in the product life cycle. The product is launched onto the market (after the product development process). Sales may be low this results in costs of marketing the product will be high. This means profits will be low if at all. The aim is to create product awareness. The cash flow is still in negative as the company tries to get the name and the product known in the market.

2. Growth

The product becomes known and customer awareness of the product increases and sales begin to rise rapidly. The company profits should start to rise. The aim is to maximise market share and this Money may be used to expand the product to keep up with demand ensuring good quality. The companies cashflow should improve.

3. Maturity

Sales are at their peak and the product is commonplace and known in the market. The product is generating strong profits and 'copy-cats' products may enter the market. Firms often use special offers to keep customer interest in the product. The cash flow is now excellent for the company.

4. Saturation

Sales flatten out and profits should be steady. The market will have been fully exploited. Changes may occur in the marketing mix and planning needs to happen to prevent a decline and extend the life cycle. Competitive advertising and sales promotion often become common to prevent sale going into decline.

5. Decline

Sales fall along with profits. The marketing manager needs to determine whether to stop the product or try to rescue the product by redesigning the product mix. Many competitors will be in the market and new products will cause a decline in sales. Profits will also start to decline. The company may cut prices to sell and phase out weak products. The company may even be making a loss.

Every product will eventually decline and die. A business should constantly develop new product to bring to the market to replace these products. New product development should be developed from a positive cash flow generated in the maturity/saturation phase

Extend the product's life cycle.

1. Product

**Improve the product or introduce line extensions
(different flavours and sizes):**

Past exam Questions

2022 Short Question 3
2018 Q7 A (ii)
2016 Short Question 8
2015 Q5 (A) (ii)
2011 Q7 A (ii)

The business could improve the design of the product, tweaking a feature e.g. adding internet access to a mobile phone. May attract new customers or previous customers may retry the product to find out what has improved. Change the use of the product and may attract a wider consumer base/different market. Different product line extensions will appeal to different market segments and may increase sales. Alter the packaging which may appeal to a different market segment.

2. Price

Increase/decrease price:

The business could change its pricing strategy. Adopting a different pricing strategy may increase sales and revenue e.g. selling match tickets at a lower price, which in turn sells out the stadium and maximises revenue. Price rise may make the product more exclusive and attract customers. Price decrease may mean existing customers buy more of the product.

3. Promotion

Change the method of promotion

Use a different and more effective promotion technique. Changing to television advertising may be expensive but it could increase awareness of the product, encourage customer loyalty and increase sales. - Change the name of the product and new promotional techniques could then be used to attract attention.

4. Place

Alter the place the product is sold

Use a different distribution system e.g. direct selling to customers using the internet (Ryanair and Dell) may rejuvenate sales and extend the product's life cycle. - Selling online can attract a worldwide audience.

WHAT IS PRICE

This must be set a level that allows the business to earn a profit. The price also influences the

1. level of sales
2. The image
3. Positioning of the product

Past exam Questions
2015 Q7 A

Price is the amount paid for the product/service. This is how much the customer will pay for the product/service. The company needs to get back the cost of making the product plus a profit. The factors that will affect the price of the product/service will include the costs - of production. The level of demand for the product/service the price of competitors and product positioning.

Pricing Strategies`

^{Def} This aims to set a price that will help the firm to achieve its long-term marketing objectives.

This price must generate sales to earn a profit for the business.

Past exam Questions
 2023 Short Question 6
 2023 Q7 (B) (i) Deferred
 2020 Short Question 1
 2017 Q7 B (i)

There are 3 different pricing strategies that companies use. These are

1. General Pricing Strategies, 2. High Pricing Strategies and 3. General Pricing Strategies

1. General Pricing Strategies

This pricing strategy consist of the following

1. **Mark - up**

^{Def} This means adding a standard profit percentage to the direct costs of production (sales) of the item to arrive at the final selling price - $\text{Mark-up} + \text{Cost} = \text{S.P}$

2. **Psychological Pricing**

^{Def} This means setting a price based on the experience of the customer in the target market

For example, Perfume and car producers charge a higher price

Setting the price below this is also common €1.99 instead of €2

2. High Pricing Strategies

This pricing strategy consist of the following

1. **Price leadership/premium pricing**

^{Def} This occurs when a firm deliberately charges a higher price than competitors to create an impression of superior quality. It is Ideal for small businesses that sell unique products (bespoke diamond rings).It also combines marketing, promotion and product packaging to support

the premium price. Product may have a unique selling point (USP) or a distinct competitive advantage. For example BMW and Rolex Watch

2. Price skimming

^{Def} This is when a firm charges a high price at the launch of a new product trying to recover the high development costs as quickly as possible. Setting high prices during the introductory phase to maximise revenues will help cover R&D costs. It may suit businesses that have a significant competitive advantage. Allows businesses to earn high profits from "early adopters" who are prepared to pay the higher price to have the latest or best product on the market, before dropping the price for price sensitive consumers. It cannot last for long as rival products will come on the market. Ideal for introductory stage of a new product

For example - Apple products

3. Profit-maximizing pricing

^{Def} This means setting a price that will generate the largest amount of profit as quickly as possible. For example, setting prices for concert tickets

3. Low Pricing Strategies

1. Penetration pricing

^{Def} This is when an initial low price is charged in order to capture as much market share as quickly as possible. May be used to draw attention away from competitors and get consumers to try the product, even though it may result in a loss of income for the business initially.

However, overtime the increase in awareness can increase profits and help businesses stand out from competitors. In the long run they may raise their prices to reflect their market position.

The business competes for a large share of the market using price. The business tries to capture as much market share as possible. For example, promote the sale of mobile phone in Ireland. Ideal for introductory stage of a new product

2. Discriminatory pricing

^{Def} This means charging different prices to different customers for the same product/service
For example, rain ticket - students and adults

3. Predatory Pricing

Def This means setting prices below cost in order to drive a competitor out of the market

Price war - occurs when competing firms retaliate against price cuts with further reductions

For example, when Dunnes launch their own cola a soft drink war broke out. Coke 7 up and Club Orange all dropped the price except Finches.

4. Loss Leader

Def This is a product sold at or below cost price in the hope of generating other more profitable sales. For example, used by retailers to attract customers in

Factors that influence price

1. **Costs of production** - The price should cover the firm's costs (production, marketing, distribution etc.) and include a profit margin. Break-even analysis will help here (Cost plus pricing strategy).
2. **Level of demand** - New products launched by a business may be very popular so demand may increase. This increased demand may result in higher prices being charged at the introductory stage.
3. **Competitors prices** - if competition is very intense in this will influence the price to be charged. A Company could opt for a low pricing strategy such as 'penetration pricing' in order to capture market share from competitors.
4. **Product life cycle** - As the products are new and at the introductory stage a high price may be charged to help recover R&D costs (Price skimming strategy).
5. **Consumers** - The type of buyers will determine the price which can be charged. The target market may be a determining factor.
6. **Government taxes** - VAT will increase the price
7. **Legal restrictions** - freedom to set prices or prevent price fixing

Past exam Questions

2019 Q7 A (i)

2013 Q7 C

WHAT IS PLACE

This focus on where the customer will be able to access the product/service

Past exam Questions

2020 Q7 B (ii)
2015 Q7 A

Channels of distribution

Channel of Distribution

^{Def} This describes the various paths that goods may follow from produce to consumer. They are the channels of distribution used by the producer to get product/service to the market. This refers to how a business / manufacturer gets their product to a consumer

Past exam Questions

2022 Q7 A (i)

Place is how the consumer can buy the product - The place element is about distributing the product/service to the customer at the right place and at the right time. The most suitable channel of distribution must be used. Selling Direct is convenient for the consumer and cuts out the costs associated with other stage in the channel of distribution resulting in more profit form the business. It brings the organisation closer to the customer.

The Channels of distribution used depend on type of product, costs, market location. The distribution channel used can have an effect on the availability of the product and the profitability. of the business.

Channels of distribution

There are four channels of distribution. These include

1. Channel A
2. Channel B
3. Channel C
4. Channel D

Past exam Questions

2022 Q7 A (ii)

1. Channel A

Producer  Wholesaler  Retailer  Consumer

A Wholesaler is a business that buys in very large quantities from producer and sells in smaller quantities to retailers. This is known as break buying. It is used for distributing goods to small independent retailers who stock a variety of goods. For example, corner shop

Benefits	Problems
1. Distribution is simplified (Break buying)	1. End product may be more expensive for consumers
2. Costs are reduced	
3. Market is very large	

2. Channel B



Retailers are outlets at the end of the chain of distribution that sell the goods and services to the consumer. Large retail stores such as Dunnes, Aldi, Lidl bypass the wholesaler and buy directly from manufacturers at a discount. Goods can then be sold more cheaply

Benefits	Problems
1. Distribution is simplified	1. Producer profit can be reduced due to discounts been given for bulk buying
2. Costs are reduced	2. Competition:
3. A mass market can be reached by producers	3. Restrictive conditions
4. National Promotion Campaign	
5. Consumer Feedback	

Implications of using this channel of distribution

1. Reach a wider audience

Past exam Questions
2022 Q7 A (iii)

When a business chooses to distribute their product via retailers, the business will reach more potential consumers i.e. put the product in front of a large proportion of their target market.

2. Profit margin per unit

The business would retain more of the selling price if selling direct to consumers e.g. Manufacturer - Consumer. They business must sacrifice not generating as much profit per unit when selling to a retailer. However, in the long term, the use of retailers can increase profitability due to economies of scale.

3. Economies of scale

If a manufacturer uses a retailer who has a large amount of shops nationally, this might lead to economies of scale. Production of the products will have to increase as this in turns leads to bulk buying of raw materials so the cost per unit decreases on each product. This increases profitability and competitiveness.

4. Channel C



Agents are businesses that are contracted to sell goods on behalf of a producer in a particular area. In return the agents earn a commission. This is not a common channel of distribution Foer example, Avon cosmetics

Benefits	Problems
1. Larger profit margins (no wholesaler or retailer)	1. Good selling agents can be hard to find
	2. Difficult to reach a mass market

4. Channel D

Past exam Questions
2018 Q7 C



This channel suits perishable goods (Farmer markets or craft jewelry). It is becoming more popular as producer can use the internet to sell their products (Dell)

Benefits	Challenges
1. The shortest and simplest form of distribution channel (factory outlet to consumer)	1. Cannot compete with geographical reach and business volume of a distribution channel that includes major wholesalers and retailers.
2. Low overheads	2. Customers may be asked to shoulder the burden of the shipping costs if phone, mail or internet is involved.
3. Potential Global reach (internet/eBay)	4. Some competitors may be using different channels.
5. 24/7 (convenient for consumers)	4. Lack experience and may be better off using the expertise of an established and reputable wholesaler.
6. Higher rates of profit than indirect distribution channels/Profits given directly to producers.	
7. More control over distribution-the longer the channel the less control is available.	

Choosing a Distribution channel

Producers want to make as much profit as possible by reaching as many target consumers as possible. They need to consider

1. **Target market** - The company will have to consider its target market and choose a channel which allows it to reach its target market of their consumers. For example the company can advertise and sell its products on line using a web site. Consumers place orders and goods are delivered using the postal system or a courier delivery service.
2. **Product image** - will the channel affect the brand image (Chanel - no supermarkets)
How easy will it be to transport.

Past exam Questions

2014 Q7 B
2012 Q7 A

3. **Cost** - Cost is a factor in choice of channel of distribution. The more stages in the channel of distribution the more expensive the product will be for the consumer as each middleman will require a cut or mark-up. Ryanair was motivated by cost factors when it cut travel agents out of its ticket sales distribution network. Tesco and Dunnes Stores purchase directly from manufacturers
4. **Type of good/durability** - Some goods are bulky, others fragile and more perishable. Perishable goods must be distributed quickly to the market e.g. fresh fish/flowers are delivered directly to the retailer. High quality products may be sold directly to consumer.
5. **Market size** - If the market is large then using a wholesaler to break bulk, store goods and transport products to the retailer may be the most economical distribution option. Cadburys distributes their products through wholesalers like Musgrave Group.
6. **Special conditions** - agreement before distributing a manufacture good - not been allowed to supply good to rivals retailers
7. **E-business** - Companies can advertise and sell their products online using a company web site. Consumers place orders and goods are delivered using the postal system or a courier delivery service. Dell computers is an example.
8. **Technological development** - Have enabled direct contact between business and the consumer e.g. direct banking and insurance services. Customers can get quotations over the telephone, pay for services with a credit card, transfer funds. These services were originally carried out in a branch or by agent or broker.

HOW CHANNEL OF DISTRIBUTIONM BENEFIT INTERNAIONAL TRADE

1. Direct Export

The business may sell directly from the factory to customers from all over the world. This allows the business to spread the costs of manufacturing

Past exam Questions
2017 Q3 B

and achieve economies of scale. The increased sales and productivity will increase profits. This can be done through E-Commerce or creating a website to sell products.

2. Expansion of own facility

It will help with organic expansion into foreign markets the company could set up a manufacturing facility in another country to manufacture the product there products. This could save on transportation costs

3. Licences/franchising

The business could produce the goods locally under licence. This is given permission to a company in the local area to make the goods there. For example Nike

4. Agency

An export agent is an independent person or firm who will sell the goods in the target market for you in return for a commission. This means the company doesn't have to set up their own stores. For example the national lottery

5. Joint Venture

The firm will set up a joint venture with a local firm to produce for a local market.

WHAT IS PROMOTION

Promotion

Past exam Questions
2020 Q7 B (ii)

Def This refers to all the efforts (excluding price) made by the seller to communicate and influence the target market to buy a product. It is all methods used by the business to create awareness of the product/service

Promotion may involve advertising, sales promotion, public relations, or direct selling. The methods used depend on the type of product, budget available, position in product life cycle.

For Example Nike uses a variety of methods of promotion. They use advertising - some of Nikes TV ads are famous. They also use PR. Nike were one of the first companies to use Celebrity Endorsements - they use sports stars such as Michael Jordan, Rory McIlroy

It is used for the following reasons

1. When a new product is being introduced to the market
2. When an existing product is at maturity saturation or decline to boost sales

TYPES OF PROMOTIONAL TECHNIQUES

There are four different types of Promotion techniques. These included

1. Advertising
2. Sales Promotion
3. Direct selling and
4. PR - Public Relations

1. Advertising

Advertising

Def This Consists of messages designed to inform persuade or remind people to buy a product/service

Past exam Questions
2014 Q7 A

Advertising media

Def This refers to communication channels available to a business for its advertising

Point of sale advertising

Def This uses promotional displays at the place of purchase. It is eye catching and attractive so the customer will impulse buy

Merchandising

Def This refers to point of sale promotional displays designed to attract attention to a product and increase sales (Window displays, cardboard boxes)

The purpose of advertising is to

1. Inform the market that the business has something for sale
2. Convince someone to actually purchase it.
3. Remind customers about the product and its attributes.
4. Influence customers towards a particular product or service.

TYPES OF ADVERTISING

1. Persuasive advertising

This advertising attempts to persuade the consumer that they need the product. Persuasive advertising attempts to convey the message that this product/service will bring value to the consumers life. For example - L'Oréal try to persuade the consumer they will have healthier hair as a result of using their products.

Past exam Questions
2023 Q8 C

2. Informative advertising

Informative advertising conveys facts or data for the purposes of educating an audience, rather than increasing sales revenue. They are providing information the consumer who will then make up their own mind before purchasing a product or service. For Example - Covid-19 advertising from the Department of Health in April 2022

3. Generic advertising

Generic advertising attempts to convey the importance of one particular type of good. This refers to advertising a particular good, industry or service rather than one particular brand. For Example, The National dairy council advertising the benefits of drinking milk.

4. Competitive/Comparative advertising:

The brand or product is advertised as superior to those of other competitors based on the price comparisons, quality of the products. Supermarkets will often use print advertising in newspapers to highlight the price difference between their products and those of competitors.

The medium used or advertising selected will depend on the market segment, the type of product or service, the message and the cost effectiveness involved.

Choosing an advertising media

The type of advertising used will depend on

1. The target market - A mass market needs a mass media (Radio)
2. Cost - the advertising budget

2. Sale Promotion

Sales Promotion

^{Def} This refers to specific incentives offered to customers to attract their attention, increase sales and encourage customer loyalty

Past exam Questions

2014 Q7 A
2010 Q7 B

Sales Promotion is the use of short-term incentives/ "gimmicks" to attract customers to the product or services on offer. It adds to the attractiveness of the product. It is useful for stimulating sales by offering customers price reductions, buy one get one free, coupons, samples, prizes, free draws, in-store displays. It aims to attract new consumers for the product, rewarding loyal consumers and increasing buying frequency among occasional consumers. Sales promotion is less expensive than advertising which may make it attractive for a new company.

Techniques used to promote a business product includes the following

1. Special offers
2. Free samples/Competitions
3. Money-off coupons
4. Customers Loyalty cards

1. Special Offers

Free gifts - adding a free gift "dry clean suit - shirt and tie cleaned for free"). May encourage the occasional customer to avail of the service more often. (Get suit cleaned every 2 weeks rather than every month) OR Introductory Offer

2. Competitions

Could run competitions on social media. Could encourage customers to share posts on Facebook by offering the winners €100 worth of dry cleaning etc. This could be a reward for the loyal customers.

3. Money off coupons

Putting coupons in local papers and magazines for reduction in cost of dry cleaning/alteration service. May attract new customers to the service.

4. Customer Loyalty programmes

offering discounts, cash back, points to regular customers (through key fob, customer cards).

This will reward the loyal customers. One free dry clean for every five shirts dry cleaned.

3. Direct Selling`

There are 3 main types of direct selling

1. **Personal selling** ^{Def} This Refers to contacting existing and potential customers in person to generate sales. (Reps - Product knowledge/communication skills)
2. **Telemarketing** ^{Def} This Means communicating with customers by telephone to generate sales and deal with customer enquiries and complaints. It reduces the cost for reps, saves on travel costs and provides instant feedback form customers
3. **Direct mail** ^{Def} This Involves sending promotional messages directly to target customers most commonly by post door-to-door leafing or e-mail. It is also known as junk mail (Spam) and a lot of it is thrown away.

4. Public Relations (PR)

Public Relations ^{Def} This Means communicating with the media using stories to create good publicity for a firm or its products or to respond to negative publicity. All efforts used by a business to create and maintain good public image of the business It tries to protect and enhance the reputation of the company. They may use a PRO - Public Relations Officer.

Past exam Questions

2019 Q7 B (i)
2015 Q7 B (i)
2010 Q7 B

PR Generates a positive image for a company - This means communicating with the media using stories to create good publicity for a firm or its products or to respond to negative publicity. It tries to protect and enhance the reputation of the company. They may use a PRO - Public Relations Officer to help build a good corporate image for the business promoting a positive image

The aim of PR is to

1. achieve favourable publicity and build a good corporate image for the business.
2. its concern is the long-term objective of promoting a favourable image of the business.
3. Defend the reputation of the business from criticism (in times of crisis).

It is not directly linked to increasing sales but rather to increasing the reputation of the business which in turn increases sales.

PR Methods

1. Sponsorship

Sponsorship is one way companies can use to promote themselves.

This is where businesses pay money so that their product name will

be displayed by individuals, organisations or at particular events. It can be very effective at positioning a business and promoting themselves as big, national, popular company. For example - AIG and Dublin GAA

Past exam Questions

2019 Q7 B (ii)

2015 Q7 B (ii)

2012 ABC

2. Celebrity endorsements/influencers

Celebrity endorsements is another type of promotion for a business. This is where celebrities are paid to endorse or be associated with the business and its brand. The celebrities market the product through television or radio advertisements, hoping to drive up sales and have a positive impact on profits. For Example, Amy Huberman and Newbridge Silverware

3. Press Conferences

The official launch of the product should be profiled to attract the public and create a good image of the company's brand.

Chapter 20

Marketing

Unit 5

Higher Level

Past Exam Questions (For this chapter)

SHORT QUESTION

2023 - Question 6

Distinguish between penetration pricing and price skimming

2023 - Question 9

		True / False
1	The Aviva Stadium is an example of a company using the Public Relations method known as <i>Celebrity Endorsements</i>	
2	McDonalds selling a rice burger and teriyaki burger in Japan is an example of the need to adapt the <i>Global Product</i> element of the marketing mix.	
3	An impact of moving from job production to batch production is that the business may lose their <i>Unique Selling Point</i> .	
4	Capital Acquisitions Tax is a tax on the profits made on the sale of assets.	
5	The Q Mark is a quality standard awarded by Excellence Ireland Quality Association.	

2022 - Question 3

(a) Explain the term Product Life Cycle

(b) Outline two methods firms such as coke cola could use to extend a product life cycle

(i)
(ii)

2020 - Question 1

Column 1 is a list of business terms. Column 2 is a list of possible explanations for these terms.

(One explanation does not refer to any of these terms.)

Column 1: Terms	Column 2: Explanations
1. Premium Pricing	A. Below cost selling to encourage consumers to visit the retailer.
2. Penetration pricing	B. Charging different prices to different segments of the market for the same product or service
3. Loss Leader	C. In order to recover development costs a business charges a high price when a product is launched
4. Price Skimming	D. Pricing products based on a customer's budget
5. Price Discrimination	E. High prices are charged to consumers to create an impression of exclusivity/superior quality
	F. A business charges a lower price than its competitors to gain a greater share of the market quickly

Match the two lists by placing the letter of the correct explanation under the relevant number below.

1	2	3	4	5

2020 - Question 9

(i) Study the table below and fill in an appropriate stage of the Product Life Cycle for each product.

Apple ipad Touch Release date Sept 2007	New Apple Watch series 5 Release Date 2019	Apple i phone Release date Sept 2016
Stage in Product Life Cycle: _____	Stage in Product Life Cycle: _____	Stage in Product Life Cycle: _____

(ii) Outline two methods a business could use to extend a product's life cycle

(i)
(ii)

2019 - Question 8

Explain the term niche market and provide an example to support your answer.

Example

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2016 - Question 8

Outline two methods of extending a product's life cycle and provide one example to illustrate your answer.

(i)

(ii)

2011 - Question 1

(a) Explain the meaning of the term 'Own - brand products'.

(b) Outline two reasons why retailers use 'Own - brand products'

(i)

(ii)

LONG QUESTIONS

2023 - QUESTION 8

EPIK Media

EPIK Media produce, shoot and package behind the scenes content for movies, tv series and events. The business has worked on movies such as 'Jurassic Park Dominion' and 'The Banshees of Inisherin'.

- (A) (i) Illustrate your understanding of the term niche market.
 (ii) Outline two implications for a business of operating in a niche market. (15)

2023 - QUESTION 7 Deferred

Read the information supplied and answer the questions which follow.

Irish Brands Forge Ahead In Checkout's Top 100 Brands

Coco-Cola named as Ireland's biggest selling brand for the 18th year in a row. Irish brands featured in the top ten include Tayto, Avonmore, Brennans and Jacobs.

Adapted from Checkout.ie

- (A) Illustrate, using examples, the benefits of branding as a marketing tool for business (20)
- (B) (i) Explain the pricing strategies a marketing manager may use when launching a new product.
 (ii) Draft and label the product life cycle diagram. (25)
- (C) Outline the factors Coca-Cola should consider before choosing an appropriate medium of advertising for their business. (15)

2022 - QUESTION 8

- (C) Outline your understanding of any three of the following types of advertising listed below. Provide an example in each case to support your answer

1. Persuasive advertising
2. Informative advertising
3. generic advertising
4. Competitive advertising (20)

2021 - QUESTION 8

- (C) (i) Define the term market segmentation.
- (ii) Illustrate two different ways a market can be segmented. (20)

2020 - QUESTION 7

Read the information supplied and answer the questions which follow.

Amazon is the world's most valuable brand for the third consecutive year. Google was in second place. Huawei made it into the top ten for the first time. www.branddirectory.com

- (A) Discuss the benefits for a business of having a strong brand image.
Provide examples to support your answer. (20)
- (B) (i) Explain the term marketing concept.
- (ii) Evaluate the Promotion and Place elements of the Marketing Mix for a product or service of your choice. (25)

2018 - QUESTION 7

Read the information supplied and answer the questions which follow.

Irish people are spending more on chocolate than ever before - and market experts say movie streaming services like Netflix could be partly to blame for our increased spend on chocolate, as more of us stay in with treats to watch a movie or our favourite TV show. Source: Irish Independent, July 2017

- (B) (i) Discuss the benefits for a large chocolate manufacturer of engaging in market segmentation.
- (ii) Illustrate two different ways the chocolate market could be segmented. (20)

2018 - QUESTION 7

Read the information supplied and answer the questions which follow.

Cadbury is a confectionery company operating since 1932. It produces several well-known chocolate brands such as Dairy Milk, Crunchie, Flake, Milk Tray, Roses and Creme Eggs. In the Irish chocolate market Dairy Milk is the number one brand.

- (A) (i) Draw a product life cycle diagram and explain each stage.
 (ii) Outline two methods a business could consider to extend the product life cycle. (25)
- (C) Evaluate the benefits and challenges for a small start-up business of choosing a direct channel of distribution rather than selling through wholesalers and retailers (15)

2019 - QUESTION 7

Read the information supplied and answer the questions which follow.

Intezz - Sugar Free Soft Drink

Beveraton PLC is a global manufacturer of soft drinks. It developed Intezz, a new sugar free soft drink which will be launched in the market in September 2019.

- (A) (i) Explain the factors that should be considered before deciding on the price to charge consumers for a product.
 (ii) Outline the pricing strategy best suited to the introductory stage of Intezz and Explain the reason for your choice. (25)
- (B) (i) Describe the role of Public Relations (PR) in a business.
 (ii) Discuss the methods Beveraton could consider to develop good PR, providing examples to support your answer. (20)
- (C) Outline the factors the marketing manager of Intezz should consider when designing the packaging for the brand. (15)

2017 - QUESTION 3

- (B) Discuss the different channels of distribution that Irish businesses may consider when introducing their products to international markets. (15)

2017 - QUESTION 7

Read the information supplied and answer the questions which follow

Fantasia Clothing Ltd

Amy Carroll noticed that a lot of children's clothes available in the market are mini-versions of adult clothing. She identified a gap in the market for clothes which are bright, colourful and fun, designed specifically for children. She established Fantasia Clothing Ltd which, in two years, has earned a loyal customer base. Her unique designs, produced using quirky and comfortable fabrics, ensure her children's clothing stand out in the saturated children's clothing market.

- (A) (i) Explain the term niche market with reference to Fantasia Clothing Ltd.
(ii) Illustrate the implications for a business operating in a niche market (20)
- (B) (i) Outline three pricing strategies a marketing manager could consider in setting a selling price for a product or service.
(ii) Name one pricing strategy suitable for a product or service of your choice, explaining the reason for your choice of pricing strategy. (20)

2015 - QUESTION 7

(A) Read the information supplied and answer the question which follows.

Kurve Ltd provides broadband, phone and television services to homes in the Irish market. In January 2015 it launched its new digital television service 'VISION', providing different bundles of channels at different prices. It charges a reduced subscription for the first six months to new customers. Orders can be placed directly online. The business operates in a highly competitive market and plans to increase its sales revenues by 20 % over the next two years.

- (A) Explain the product, price and place elements of the marketing mix. Relate your explanations to Kurve Ltd. (25)

- (B) (i) Explain the term Public Relations (PR).
(ii) Discuss methods a business could consider to generate good Public Relations. (20)
- (C) (i) Define the term market segmentation.
(ii) Illustrate two methods a business could consider to segment its market. (15)

2015 QUESTION 5

- (A) (i) Draft and label a product life cycle.
(ii) Describe one characteristic of each stage of the product life cycle with reference to a product of your choice. (25)

2014 - QUESTION 7

Read the information supplied and answer the questions which follow.

Maria Noone is the entrepreneur who owns Sensible Foods Ltd. This new company intends to manufacture a range of low calorie confectionery products. Initially consumers will be tempted by special offers. There will also be frequent coverage on national and local radio. Goodbuys, a leading supermarket chain, has agreed to stock the range, while wholesalers will distribute them to small independent shops.

- (A) Evaluate the role of advertising and sales promotion as elements of the promotional mix at Sensible Foods Ltd. (25)
- (B) (i) Describe two factors Sensible Foods Ltd should consider when choosing a suitable channel of distribution for its products.
(ii) Outline one positive and one negative implication for Sensible Foods Ltd of using a leading supermarket chain such as Goodbuys to sell its products. (20)

2013 - QUESTION 7

- (B) (i) Explain the term 'market segmentation' with reference to 'All-Weather Wellies Ltd'.
(ii) Discuss the reasons why the marketing department of 'All-Weather Wellies Ltd' might engage in market segmentation. (20)

Read the information supplied and answer the questions which follow.

An Irish company, 'All-Weather Wellies Ltd' identified a niche market for colourful wellington boots of all sizes. The wellington boots are sold mainly on-line to people who enjoy the 'great outdoors' and festival-goers. The company wishes to expand and add accessories, such as, umbrellas, scarves and hats to the product range.

- (C) Outline the factors a marketing manager might consider in determining the selling price of products at 'All-Weather Wellies Ltd'. (20)

2012 - ABQ

Evaluate the promotional techniques undertaken by RIM Ltd

2012 - QUESTION 7

- (A) Outline the factors a business should consider when choosing a suitable Channel of Distribution. Provide examples to illustrate your answer. (20)
- (B) Within the product element of the marketing mix, evaluate "product design" and "product packaging." (20)

2011 - QUESTION 7

- (B) (i) Draw and label the 'product life cycle' diagram.
- (ii) Illustrate the methods a business could use to extend a product's life cycle. (25)

2010 - QUESTION 7

- (B) Evaluate 'Sales Promotion' and 'Public Relations' as forms of promotion. (20)
- (C) 'Many businesses spend large sums of money developing a brand name'. Illustrate the benefits of branding for the business and the consumer. (25)