

## UNIT 2 (in teaching order): Marketing

**Recommended Prior knowledge:** It is assumed that Unit 1 has already been covered but that the students have no prior academic knowledge of the marketing function in business. As consumers, of course, they have all had exposure to product ranges, promotion offers, advertising and have doubtless made price comparisons and these experiences can be brought in to class discussions.

**The Unit in Context:** The Unit provides coverage of one of the key business functions. It explains the central role of marketing in successful businesses but also examines the need for integration of marketing planning with other business functions. Students are encouraged to use own country examples to illustrate marketing concepts and marketing practice. Student based activities can be extensively used in this Unit. For example, conducting market research, analysing pricing levels and promotion strategies and comparing marketing mixes for different products/businesses.

**Outline:** After examining the meaning and role of marketing, the Unit covers the main methods of market research, product portfolio analysis and the development of appropriate marketing strategies.

Learning Outcomes	Suggested Teaching and Student Activities	Resources	Online Resources
<b>a) The nature and definition of the market and the role of marketing</b>			
<p><b>Students should be able to:</b></p> <p>i.) define marketing and understand the key importance of it to business activity. Students should be able to distinguish between product led and market led businesses</p> <p>ii.) understand the relationship between marketing and other business functions e.g. marketing decisions have an impact on operations management, finance and people decisions too</p>	<ul style="list-style-type: none"> <li>encourage students to suggest their own definition of marketing – discuss these and then propose the ‘correct’ one. Marketing is more than just ‘selling’</li> <li>give notes on market led and product led businesses (market and product orientation)</li> <li>ask for suggestions of both. Discuss the dangers of product led – and the potential costs of market led</li> <li>students to investigate a recent promotion campaign for a well known product – they should examine why other departments of the business had to be involved before this was launched</li> </ul>	<ul style="list-style-type: none"> <li>Stimpson: Chapter 7. Activities on Tiny computers; Nike trainers; Furniture Metallica and Revision question on P.139</li> <li>Barratt and Mottershead: Chapter 11 and Daewoo case study on P. 115</li> <li>Jewell: Chapter 14</li> </ul>	<p><a href="http://www.marketingteacher.com">www.marketingteacher.com</a> is well suited for this whole Unit. It contains Powerpoint presentations, quizzes and exercises for use in the classroom.</p> <p><a href="http://www.tt100.biz">www.tt100.biz</a> is useful for e-learning exercises, case study downloads and – at the end of the unit – for revision notes.</p>

<p>iii.) understand that the market that a business operates in may be analysed in several ways: size, growth, market shares, different segments, number and sizes of competitors</p> <p>iv.) explain the difference between niche and mass marketing – and the relative advantages and disadvantages of each strategy</p>	<ul style="list-style-type: none"> <li>students to investigate using local sources or web sites, local/national data on certain markets to analyse overall size, growth rates, market share. Discuss which markets are most competitive e.g. most number of competitors</li> <li>give definitions of niche and mass marketing. Students to suggest examples – class discussion on benefits/limitations of each strategy</li> </ul>		
<p>v.) <i>analyse the purpose of market segmentation, the ways in which it might be achieved and its appropriateness in different circumstances</i></p> <p>vi.) <i>understand the purpose of marketing planning – the detailed report on the marketing objectives, marketing strategy and marketing budget of the business</i></p>	<ul style="list-style-type: none"> <li><i>segmentation can be effectively taught by means of examples e.g. clock and watch market and the many segments that exist. How could a manufacturer segment this market and what might the benefits be? Students should be able to discuss this type of question</i></li> </ul>		

b) Market research			
<p><b>Students should be able to:</b></p> <p>i.) understand the purpose and role of market research</p> <p>ii.) explain the distinction between primary (field) and secondary (desk) methods of information gathering</p> <p>iii.) evaluate the appropriateness of different market research methods in different situations</p> <p>iv.) understand the main methods of sampling from a given population</p>	<ul style="list-style-type: none"> <li>the important methods of market research need to be explained and notes given</li> <li>market research is often best taught by encouraging students to do some! Primary research surveys should be encouraged – these could be school/college based if student safety is an issue. This type of assignment will give students the opportunity to judge the effectiveness of different research methods. The data gathered could then be presented using the most appropriate types of presentation</li> <li>secondary research should also be undertaken to give an awareness of the scope of what is available</li> <li>students could be asked to investigate a task such as ‘Which soft drinks are most popular at school and why?’ This would require both secondary data regarding the main products in the market, market share, prices etc. as well as primary research by means of a sample of students using interview/questionnaire</li> <li>students should be encouraged to explain the methods used and evaluate them</li> </ul>	<ul style="list-style-type: none"> <li>Stimpson: Chapter 8. Activities: Sanchez; Questionnaire (P150); ACM Ltd. Revision questions P 157</li> <li>Barratt and Mottershead Chapter 12 and Kellog’s case study P 129</li> <li>Jewell Chapter 15</li> <li>local libraries usually provide details of population figures for the region – and age/occupation distribution</li> <li>9707/3 June 2003 Q3</li> <li>9707/1 June 2002 Q6</li> <li>9707/2 Nov 2001 Q(c)</li> <li>9707/3 June 2002 Q(c)</li> </ul>	<p>Research into soft drinks could start with <a href="http://www.coca-cola.com">www.coca-cola.com</a> and <a href="http://www.pepsi.com">www.pepsi.com</a></p> <p>Market research agencies provide specialist (and expensive!) data on many markets. Try the website of one of the largest <a href="http://www.mori.com">www.mori.com</a> and you will discover brief extracts from recent reports. These are changed frequently but recent material included the finding that 96% of car buyers rate car safety as one of the most important criteria in their choice.</p>

<p>v.) evaluate the cost effectiveness and accuracy of market research – descriptive treatment only</p> <p>vi.) examine the uses of sales forecasting and be able to undertake simple forecasting using extrapolation (graphical) and time series analysis (moving average)</p> <p>vii.) evaluate the limitations of sales forecasting techniques</p>	<ul style="list-style-type: none"> <li>explain why even the most extensive research can lead to misleading results</li> <li>take an example of a fast changing industry – is sales forecasting possible? How useful is it likely to be?</li> <li>show both the graphical extrapolation and moving average methods.</li> <li>worked examples of both</li> </ul>	<ul style="list-style-type: none"> <li>Stimpson PP 153-156. Activity: Sodhi P156</li> </ul>	
<b>c) Demand concepts</b>			
<p><b>Students should be able to:</b></p> <p>i.) understand the main determinants of demand for a product – and how these can cause shifts in demand</p> <p>ii.) calculate price elasticity of demand and understand the business significance of the results. For example, the impact on revenue of a change in price depends on PED</p>	<ul style="list-style-type: none"> <li>introduce the normal demand curve and its inverse relationship with price</li> <li>class discussion on non-price demand factors – and shifts in demand curve</li> <li>introduce elasticity as a concept – show how slope of demand curve will influence demand changes following price changes</li> <li>explain price elasticity formula</li> <li>simple worked examples</li> <li>explain what the numerical results and the negative sign mean (no need to explain positive PED)</li> <li>explain how numerical PED result can influence price decisions</li> </ul>	<ul style="list-style-type: none"> <li>Stimpson: Chapter 10. Activities: Daily Times and Coffee prices</li> <li>Barratt and Mottershead Chapter 18 and Häagen Dazs case study p215</li> <li>Jewell Chapter 9 p119-123</li> <li>9707/2 Nov 2002 Q(b)</li> <li>9707/2 June 2003 Q(b)</li> </ul>	
<p>iii.) calculate income elasticity of demand and promotional (advertising spending) elasticity of demand. The significance of the results should be understood. For</p>	<ul style="list-style-type: none"> <li>extend elasticity concept to income and advertising spending changes</li> <li>simple worked examples</li> <li>analysis of results – how do they assist management decision making? E.g. should firms</li> </ul>		

<p><i>example, an economic recession will reduce demand for income elastic products</i></p> <p>iv.) <i>evaluate the usefulness of the concept of elasticity to business. For example, its usefulness might be limited by inadequate data and constant changes in other factors</i></p>	<p><i>making income elastic luxury goods introduce cheaper versions during a recession?</i></p> <ul style="list-style-type: none"> <li>• <i>students should be encouraged to evaluate the concept – it is based on other factors remaining unchanged, for example</i></li> </ul>		
<b>d) Product portfolio analysis</b>			
<p><b>Students should be able to:</b></p> <p>i.) classify products e.g. consumer/producer goods</p> <p>ii.) understand the concept of the product life cycle and the main stages</p> <p>iii.) use the PLC to analyse appropriate changes in marketing strategy at different stages. Understand the importance of a balanced product portfolio and the need for research and development into new products</p> <p>iv.) evaluate the usefulness of the product life cycle</p>	<ul style="list-style-type: none"> <li>• explain the difference and ask for actual examples</li> <li>• student groups to make suggestions for products that have a long 'life' and a short 'life'. Examples of recently launched products and those just taken off the market</li> <li>• use examples to introduce the product life cycle – show diagram on OHT and explain the main stages</li> <li>• explain the link between sales and cash flow during a product's life</li> <li>• ask for suggestions of firms with well balanced portfolios – and those with too many 'maturing' or 'declining' products</li> <li>• take a well known consumer product. Ask groups of students to suggest how price, place and promotion decisions could be affected by different stages of life cycle</li> <li>• debate usefulness of the life cycle concept – notes essential</li> </ul>	<ul style="list-style-type: none"> <li>• Stimpson: Chapter 9. Activities: Body Shop; Dyson; Nestle. Revision question P 173. <i>Extended work for A level P172-173 and 'Cash cow' activity</i></li> <li>• Barratt and Mottershead Chapter 16 <i>and case study on p192 for A level concepts.</i></li> <li>• Jewell Chapter 18</li> <li>• 9707/1 Nov 2002 Q(b)</li> <li>• 9707/1 June 2002 Q6</li> </ul>	<p>Try the site of a major multinational with a large product range such as <a href="http://www.unilever.com">www.unilever.com</a> to experience a comprehensive product portfolio. How many of these products are sold in your own country? Are the brand names the same? Why does the firm introduce so many new products?</p>

<p>v.) understand the main stages in research and development</p> <p>vi.) evaluate the likely effectiveness research and development expenditure on product development</p> <p>vii.) use the Boston Matrix to analyse the current position of products within a firm's portfolio</p> <p>ix.) evaluate the usefulness of the Boston matrix</p> <p>viii.) understand the process of value analysis – detailed study of each aspect of a product to assess cost against value</p>	<ul style="list-style-type: none"> <li>explain the nature of R and D. Why do firms spend money on this?</li> <li>does R and D spending guarantee success for a firm? – class debate based on students research into the main R and D spenders either in own country or internationally</li> <li>introduce Boston Matrix and use actual business example to classify products</li> <li>debate the usefulness of it – notes essential</li> <li>explain and evaluate value analysis by using a simple product and identifying the key features of it that could be analysed cost effectively</li> </ul>		<p><a href="http://www.dyson.com">www.dyson.com</a> explains the importance of Research and Development and examines how new products are developed from research findings. Try <a href="http://www.bpamoco.com">www.bpamoco.com</a> and <a href="http://www.celltech.co.uk">www.celltech.co.uk</a> as well.</p>
<p><b>e) Marketing mix and marketing strategy</b></p>			
<p><b>Students should be able to:</b></p> <p>i.) define the marketing mix</p> <p>ii.) understand the importance of the product in the mix (links in with product portfolio analysis)</p> <p>iii.) understand the importance of price within the mix</p> <p>iv.) explain different pricing strategies and methods including: skimming, penetration, cost plus, market based, price discrimination. Evaluate the appropriateness of each to different business situations</p>	<ul style="list-style-type: none"> <li>this is a key part of the Unit. Encourage student based investigations into different business' pricing/promotion strategies. Encourage feedback on findings to rest of the group</li> <li>introduce the marketing mix</li> <li>use examples of well known businesses and products to demonstrate how the 4 P's link with each other</li> <li>the importance of product – consumers will rarely buy a faulty or poorly designed product twice</li> <li>price – explain why this is important in the mix. Remind students of the downward sloping demand curve – but negative</li> </ul>	<ul style="list-style-type: none"> <li>Stimpson Chapter 10 and activities: PC price war, Dell computers; Hartwood Hats</li> <li>Stimpson Chapter 11 and activities: Gap; Olympus; Nescafe, Golf equipment and Apple computers</li> <li>Barratt and Mottershead Chapters 17, 19, and 20. Case studies on Pages 205, 228, 245</li> <li>IGCSE CD Rom class activity on the marketing mix plus worksheets – good for an introductory exercise</li> <li>9707/1 Nov 2002 Q7(b)</li> </ul>	<p>Best to use a case study approach e.g. by referring to the Times 100 and selecting one of these based on marketing. These are changed each year but recent effective examples include: Seventh edition Australian High Commission (tourism segmentation) and Nestles (marketing a product). Eighth edition: United Biscuits (product relaunch of Phileas Fogg snacks) and Kellogs</p>

<p>v.) understand the importance of distribution channels (place) to the mix</p> <p>vi.) explain the different channels. Evaluate the appropriateness of each to different business situations</p> <p>vii.) understand the importance of promotion (including packaging) to the mix</p> <p>viii.) explain different promotional strategies e.g. above and below the line. Evaluate their appropriateness to different business situations</p>	<p>psychological impact of prices set too low is important too</p> <ul style="list-style-type: none"> <li>explain, with examples, different pricing techniques and strategies. Students could be given examples of products and asked to suggest and evaluate a pricing method for each one</li> <li>the importance of distribution channels is often overlooked – explain the options and refer to how the Internet is having an impact on 'place' or distribution decisions. How many students have used Internet to buy products?</li> <li>ask groups to bring in examples of advertisements, PR articles and promotional offers. Classify into above and below the line</li> <li>discuss how much firms should spend on advertising. Introduce the idea of the marketing budget. Try to obtain details of how much local advertising might cost e.g. local papers, posters, local radio etc. Discuss how firms might assess whether promotion is successful or not</li> <li>group work on launching a new consumer product. Group presentations (OHP, powerpoint, posters etc.) on the suggested marketing mix – whole class to discuss how effective it might be</li> <li>how might the mix be changed when selling to other countries – pan-world strategy or new strategy for each market?</li> </ul>	<ul style="list-style-type: none"> <li>9707/1 June 2003 Q6</li> <li>9707/2 Nov 2001 Q(d)</li> <li>9707/3 Nov 2002 Q(e)</li> <li>9707/2 June 2003 Q(d)</li> <li>9707/1 June 2001 Q4</li> <li>9707/1 Nov 2001 Q5</li> </ul>	<p>Winders (Internet based marketing of a new brand). <a href="http://www.tt100.biz">www.tt100.biz</a></p> <p>Try the web sites of these companies too:  <a href="http://www.kellogs.co.uk">www.kellogs.co.uk</a>  <a href="http://www.philleasfogg.com">www.philleasfogg.com</a></p>
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<p>ix.) understand the importance of marketing strategy being based on objectives</p> <p>x.) understand the importance of an integrated marketing strategy/mix. The main elements of the mix should be consistent with each other and integrated with other departments</p>	<ul style="list-style-type: none"><li>• examine how the marketing mix is dependent on the corporate/marketing objectives e.g. sales growth/ high market share will require different marketing strategy to an objective that is aiming to establish exclusive image</li><li>• discuss the need for integration between the 4 P's and between marketing and other business departments</li></ul>		
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Mega Lecture