Lesson 1: Identifying and understanding customers

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🎯 Learning goals

- ✓ Explain the purpose of marketing
- ✓ Explain why identifying and satisfying customer needs matters
- ✓ Describe the benefits of meeting customer needs
- ✓ Explain what the marketing mix is

🔑 Key words

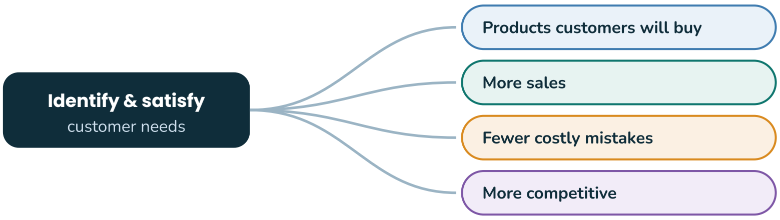
Marketing Identifying and satisfying customer needs in order to sell profitably.

Customer needs What customers want from a product or service.

Marketing mix The four Ps — price, product, promotion and place — working together.

Competitive Able to compete well against rival businesses.

📘 What you need to know



Meeting customer needs leads to sales, fewer mistakes and a stronger position.

1. The purpose of marketing

Marketing is everything a business does to **identify, attract and keep customers** profitably. At its heart, marketing means working out **what customers need and want**, and then giving it to them better than rivals do. It is not just advertising — advertising is only one small part.

> *"Marketing starts with the customer: find out what they want, then build the business around it."*

2. Why identifying customer needs matters

If a business understands its customers, it can **provide a product or service people will actually buy**, **increase sales**, choose the **correct marketing mix**, **avoid costly mistakes** (like launching something no one wants), and stay **competitive**. A business that guesses, rather than finding out, risks wasting money on products that flop.

3. The marketing mix

Once a business understands its customers, it builds a **marketing mix** — the **four Ps**:

price **product** **promotion** **place**

These must fit the customer and work together: a premium product needs a premium price, stylish promotion and the right place to sell it. We study each P in turn in the lessons ahead

✅ Test yourself

Cover the answers below, answer Q1–Q5, then check.

Q1 What is the purpose of marketing?

Q2 Why is identifying customer needs important?

Q3 Give one benefit of satisfying customer needs.

Q4 What can happen if a business ignores customer needs?

Q5 What is the marketing mix?

ANSWERS

A1 To identify and satisfy customer needs in order to sell products and make a profit.

A2 So a business can provide a product customers will buy, increase sales, choose the right marketing mix, avoid costly mistakes and stay competitive.

A3 Increased sales (also repeat custom, or staying competitive).

A4 It may make costly mistakes and lose sales to competitors.

A5 The combination of price, product, promotion and place (the four Ps).

Lesson 2: Segmentation

🎯 Learning goals

- ✓ Explain what market segmentation is
- ✓ Describe ways a market can be segmented
- ✓ Explain why businesses segment their market
- ✓ Apply segmentation to a real business

🔑 Key words

Segmentation Dividing a market into groups of similar customers.

Market segment A group of customers who share similar characteristics or needs.

Target market The group of customers a business aims its product at.

Demographics Customer characteristics such as age, gender and income.

📘 What you need to know

One market → targeted segments

Age	Gender	Location	Income
students / adults	men / women	town / city	budget / premium

Businesses split a market into segments to target customers.

1. What segmentation is

No business can please everyone, because different customers want different things. **Market segmentation** means **dividing a market into groups of customers with similar characteristics** — called **segments**. The business then picks the segment(s) it can serve best: its **target market**.

> *"Segmentation splits a big, mixed market into smaller groups a business can actually target."*

2. Ways to segment a market

Common ways to segment include:

- **age** (teenagers vs older adults)
- **gender** (products aimed at men or women)
- **location** (town vs city, or different regions)
- **income** (budget vs premium customers)

A business often uses more than one at once — for example, 'young, city-based, higher-income' customers

3. Why businesses segment

Segmenting helps a business **target customers more accurately** and design a **marketing mix that fits** — the right product, price, promotion and place for that group. This makes marketing money go further and sales more likely. BrewBliss targets young, urban, ethically-minded professionals, so its branding, prices and Instagram promotion all speak to *that* segment.

✅ Test yourself

Cover the answers below, answer Q6–Q10, then check.

Q6 What is market segmentation?

Q7 Give four ways a market can be segmented.

Q8 Why do businesses segment the market?

Q9 What is a market segment?

Q10 Give an example of segmenting by age.

ANSWERS

A6 Dividing a market into groups of customers with similar characteristics.
A7 By gender, age, location and income.

A8 To target customers more accurately and design a suitable marketing mix.
A9 A group of customers who share similar characteristics or needs.

A10 Offering different products to teenagers and to older customers.

Lesson 3: Market research

🎯 Learning goals

- ✓ Explain why businesses do market research
- ✓ Describe primary and secondary research methods
- ✓ Explain qualitative vs quantitative research
- ✓ Calculate and interpret market size and market share

🔑 Key words

Market research Collecting information about customers, competitors and the market.

Primary research New, first-hand data collected for a specific purpose.

Secondary research Existing data already collected by someone else.

Qualitative Information about opinions and reasons (words).

Quantitative Information that is numerical (numbers).

Market share A business's portion of total market sales.

📘 What you need to know

Market research is either primary (new) or secondary (existing).

1. Why businesses research the market

Market research means collecting information about **demand, competition and the target market**. Businesses do it to **spot opportunities**, understand customers and competitors better, and **reduce the risk** of an expensive mistake before they spend money.

2. Primary and secondary research

Primary research is **new, first-hand data** the business collects itself for a specific purpose:

questionnaires | surveys | interviews | focus groups

It is up-to-date and specific, but takes time and money. Secondary research is existing data collected by others: internet research , government reports and the printed press . It is cheaper and quicker, but may be out of date or not specific to the business

> *"Primary research is new and made-to-measure; secondary research is existing and off-the-shelf."*

3. Qualitative and quantitative

Qualitative research gathers **opinions and reasons** (words) — *why* customers like something, often from interviews or focus groups. Quantitative research gathers **numbers** — *how many* customers want something, often from surveys. Good decisions usually use both.

4. Market size and market share

Market size is the **total sales (or value)** of a whole market. Market share is one business's **slice** of that market, found with: **market share = (business sales ÷ total market sales) × 100**. A rising market share means the business is winning customers from rivals.

✅ Test yourself

Cover the answers below, answer Q11–Q19, then check.

Q11 What is market research?

Q12 Why do businesses carry out market research?

Q13 What is primary research?

Q14 Give two methods of primary research.

Q15 What is secondary research?

Q16 Give two methods of secondary research.

Q17 Difference between qualitative and quantitative research?

Q18 What is market size?

Q19 What is market share, and how is it calculated?

ANSWERS

A11 The process of collecting information about customers, competitors and the market.
A12 To identify opportunities, understand customers and competitors, and reduce risk.
A13 New, first-hand data collected by the business for a specific purpose.
A14 Questionnaires/surveys, interviews, or focus groups.
A15 Existing data already collected by someone else.
A16 Internet research and printed press (e.g. newspapers, reports).
A17 Qualitative is opinions/reasons (words); quantitative is numerical data (numbers).
A18 The total sales or value of a market.
A19 A business's portion of total market sales; (business sales ÷ total market sales) × 100.

Lesson 4: The marketing mix: Price

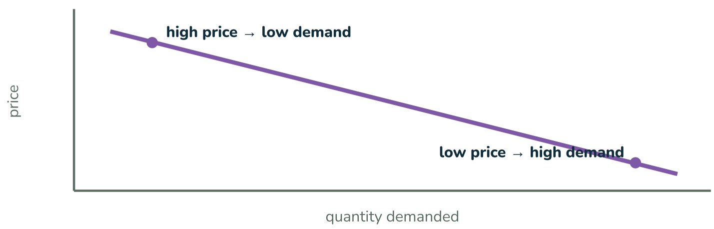
🎯 Learning goals

- ✓ Describe the main pricing methods
- ✓ Explain the factors that influence pricing
- ✓ Explain the relationship between price and demand
- ✓ Recommend a pricing method for a business

🔑 Key words

- **Price skimming** A high launch price for a new product, lowered over time.
- **Penetration pricing** A low price to enter a market, raised later.
- **Competitive pricing** Setting prices in line with competitors.
- **Loss leader** A very low price to attract customers who buy other items.
- **Cost-plus** Adding a mark-up to the cost of making the product.

📘 What you need to know



As price rises, demand usually falls — and the other way round.

1. Pricing methods

There are five pricing methods to know. Price skimming sets a **high price** for a new product, then lowers it later — good for innovative products with keen early buyers. Penetration pricing sets a **low price** to break into a market and win customers, then raises it. Competitive pricing sets prices **in line with rivals**. A loss leader is priced **very low (even below cost)** to attract customers who then buy other, profitable items. Cost-plus pricing adds a **mark-up** to the cost of making the product.

> *"Skimming starts high; penetration starts low; competitive matches rivals; cost-plus adds a mark-up."*

2. Factors that influence pricing

Pricing decisions depend on:

- **costs** (the price must cover them to make a profit)
- **the nature of the market** (premium or budget)
- **the degree of competition** (lots of rivals push prices down)
- **the product life cycle** (a new product may start high, an older one may be discounted)

3. Price and demand

There is a basic link between price and demand: **as price rises, demand usually falls**; as price falls, demand usually rises. So a business must balance charging more per item against selling fewer items.

✅ Test yourself

Cover the answers below, answer Q20–Q27, then check.

Q20 What is price skimming?
Q21 What is penetration pricing?
Q22 What is competitive pricing?
Q23 What is a loss leader?
Q24 What is cost-plus pricing?
Q25 Give two factors that influence pricing decisions.
Q26 What is the basic relationship between price and demand?
Q27 Give a reason a business might use price skimming.

ANSWERS

A20 Setting a high price for a new product, then lowering it over time.
A21 Setting a low price to enter a market and attract customers, then raising it later.
A22 Setting prices in line with competitors.
A23 Pricing a product very low (even below cost) to attract customers who then buy other products.
A24 Adding a mark-up (a percentage) to the cost of making the product.
A25 Costs, competition, the nature of the market, or the product life cycle.
A26 As price rises, demand usually falls (and as price falls, demand usually rises).
A27 To make high profits from a new, innovative product before competitors copy it.

Lesson 5: The marketing mix: Product

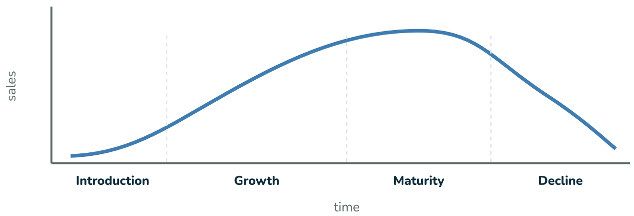
🎯 Learning goals

- ✓ Explain USP and brand image, and why they matter
- ✓ Describe the stages of the product life cycle
- ✓ Explain extension strategies and when to use them
- ✓ Use the Boston Matrix to analyse a product portfolio

🔑 Key words

- **USP** Unique selling point — a feature that makes a product stand out.
- **Brand image** The way customers perceive a brand.
- **Product life cycle** The stages a product passes through, from launch to decline.
- **Extension strategy** A method to extend a product's life and delay decline.
- **Boston Matrix** A tool to analyse a product portfolio by market share and growth.

📘 What you need to know



The product life cycle: introduction, growth, maturity and decline.

1. USP and brand image

A **unique selling point (USP)** is a feature that makes a product **stand out** from competitors — for BrewBliss it might be locally roasted beans or award-winning latte art. A USP matters because in a **competitive market** it gives customers a reason to choose you over the chain next door. **Brand image** is how customers **perceive** a brand. A strong, positive image (cosy, ethical, high quality) builds **customer loyalty** and can even let a business **charge higher prices**, because people will pay more for a brand they trust.

> *"A USP gives customers a reason to choose you; a strong brand image keeps them coming back."*

2. The product life cycle

Most products pass through a **product life cycle**:

- **research and development** (designing it)
- **introduction** (launch, low sales)
- **growth** (sales rising fast)
- **maturity** (sales peak and level off)
- **decline** (sales fall)

To delay decline, a business uses an extension strategy — for example updating packaging, adding new features, changing the target market, advertising , or a price reduction

3. Product portfolio and the Boston Matrix

A **product portfolio** is the **range of products** a business sells. Businesses use the **Boston Matrix** to analyse that range by **market share** and **market growth**, sorting products into four groups:

- **stars** (high share, high growth)
- **cash cows** (high share, low growth — steady earners)
- **question marks** (low share, high growth — risky but promising)
- **dogs** (low share, low growth — often dropped)

A balanced portfolio helps spread risk

✅ Test yourself

Cover the answers below, answer Q28–Q37, then check.

Q28 What is a unique selling point (USP)?
Q29 Why is a USP important?
Q30 What is brand image?
Q31 Why is a strong brand image important?
Q32 Name the stages of the product life cycle.
Q33 What is an extension strategy?
Q34 Give two extension strategies.
Q35 What is a product portfolio?
Q36 What is the Boston Matrix?
Q37 Name the four categories of the Boston Matrix.

ANSWERS

A28 A feature that makes a product stand out from competitors.
A29 It helps a product stand out in a competitive market and attract customers.
A30 The way customers perceive a brand.
A31 It builds customer loyalty and can allow a business to charge higher prices.
A32 Research and development, introduction, growth, maturity, decline.
A33 A method used to extend a product's life and delay decline.
A34 Updating packaging, adding features, changing the target market, advertising, or price reductions.
A35 The range of products a business sells.
A36 A tool to analyse a product portfolio by market share and market growth.
A37 Stars, cash cows, question marks and dogs.

3.5 · MARKETING

Lesson 6: The marketing mix: Promotion

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🎯 Learning goals

- ✓ Describe the main methods of promotion
- ✓ Explain the reasons businesses promote products
- ✓ Explain the factors that influence the promotional mix
- ✓ Recommend suitable promotion for a business

🔑 Key words

Promotion Communicating with customers to inform and persuade them to buy.

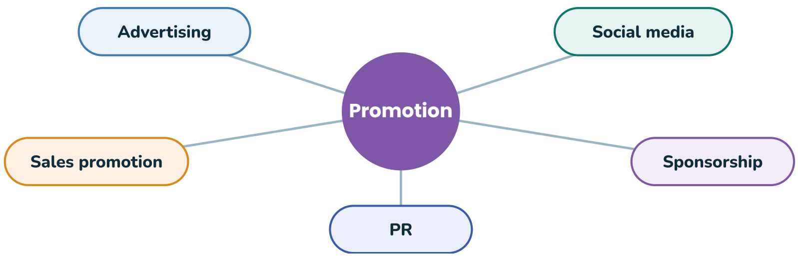
Advertising Paid promotion through media such as TV, print or the internet.

Sales promotion Short-term offers such as 2-for-1, coupons or free samples.

Promotional mix The combination of promotional methods a business uses.

PR Public relations — building a good image through events, news and sponsorship.

📘 What you need to know



Businesses choose from several promotional methods.

1. Methods of promotion

Promotion means communicating with customers to **inform and persuade** them to buy. Methods include **advertising** (newspapers, magazines, TV, internet, billboards), **sales promotion** (2-for-1 offers, free gifts, samples, coupons, competitions), **PR** (a good image through news and events), **sponsorship**, **point-of-sale displays**, and **social media**. For a small café like BrewBliss, low-cost methods such as social media and a loyalty scheme often work best.

> *"Promotion informs and persuades — the trick is picking methods that reach the right customers for the right price."*

2. Reasons for promotion

Businesses promote to **inform or remind** customers about a product, to **create or increase sales**, to **create or change the image** of a product, and to **persuade** customers to buy. Different goals suit different methods — a launch needs *informing*, a quiet week needs a *sales boost*.

3. Choosing the promotional mix

The **promotional mix** is the combination of methods chosen. The choice depends on the **finance available**, **competitor actions**, the **nature of the product**, the **nature of the market**, and the **target market** (where those customers spend their time).

✅ Test yourself

Cover the answers below, answer Q38–Q42, then check.

Q38 What is promotion?

Q39 Give two methods of advertising.

Q40 Give two sales promotion methods.

Q41 Give two reasons a business promotes its products.

Q42 Give two factors that influence the promotional mix.

ANSWERS

A38 Communicating with customers to inform and persuade them to buy.

A39 Newspapers, magazines, television, internet, or billboards.

A40 2-for-1 offers, free gifts, samples, coupons, or competitions.

A41 To inform/remind customers, increase sales, change the image, or persuade people to buy.

A42 Finance available, competitor actions, the nature of the product/market, or the target market.

Lesson 7: The marketing mix: Place

🎯 Learning goals

- ✓ Explain what “place” means in the marketing mix
- ✓ Describe the main channels of distribution
- ✓ Explain e-commerce and m-commerce
- ✓ Analyse the best way to reach customers for a business

🔑 Key words

Place How a product reaches the customer — its channels of distribution.

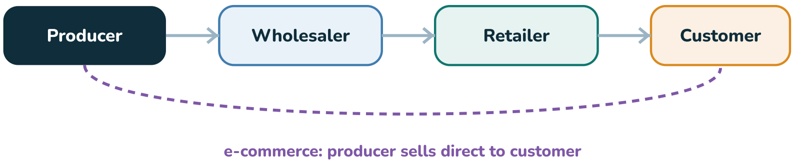
Retailer A business that sells products directly to consumers.

Wholesaler A business that buys in bulk and sells on to retailers.

E-commerce Buying and selling goods and services online.

M-commerce Buying and selling using mobile devices.

📘 What you need to know



Channels of distribution carry a product to the customer.

1. Channels of distribution

Place is about how a product **reaches the customer** — the channels of distribution. The main channels are **retailers** (sell directly to consumers), **wholesalers** (buy in bulk from producers and sell on to retailers), and **telesales** (selling by phone). A product might pass through several of these before it reaches the shopper.

> *“Getting a great product to the wrong place, or making it hard to buy, will still lose the sale.”*

2. E-commerce and m-commerce

E-commerce is buying and selling **online**; m-commerce is doing so using **mobile devices** such as smartphones (for example an order-ahead app). These extend a business's **reach** — even to international markets — and let customers buy any time. The **benefits** are a wider market and convenience; the **drawbacks** are delivery and website costs, and much more online competition.

✅ Test yourself

Cover the answers below, answer Q43–Q48, then check.

Q43 What is “place” in the marketing mix?

Q44 Give three channels of distribution.

Q45 What is a retailer?

Q46 What is a wholesaler?

Q47 What is e-commerce?

Q48 What is m-commerce?

ANSWERS

A43 How a product reaches the customer — the channels of distribution.

A44 Retailers, wholesalers and telesales.

A45 A business that sells products directly to consumers.

A46 A business that buys in bulk from producers and sells to retailers.

A47 Buying and selling goods and services online.

A48 Buying and selling using mobile devices such as smartphones.

Lesson 8: The integrated marketing mix

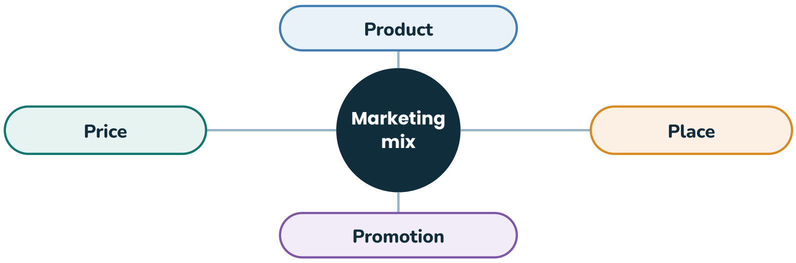
🎯 Learning goals

- ✓ Explain how the four Ps work together as one mix
- ✓ Spot a marketing mix that does not fit together
- ✓ Explain how the mix changes over time
- ✓ Recommend a joined-up marketing mix for a business

🔑 Key words

- **Marketing mix** Price, product, promotion and place used together (the four Ps).
- **Integrated** The parts fit together and support each other.
- **Consistent** Each P sends the same message about the brand.
- **Target market** The group of customers the mix is aimed at.
- **Premium** A high-quality product sold at a higher price.

📘 What you need to know



The four Ps must work together as one marketing mix.

1. The four Ps work as one

The marketing mix only works when the four Ps are integrated — they must fit together and send a **consistent** message to the **target market**. A **premium** product needs a higher price, a quality location and classy promotion; a budget product needs a low price, wide availability and value-led promotion. If one P doesn't match the others, customers get a confusing message and sales suffer.

> *"A premium coffee at a bargain price, promoted with cheap flyers, sends a confused message — the four Ps must agree."*

2. The mix changes over time

The marketing mix is not fixed. It **evolves** as a product moves through its **life cycle** and as the **market changes**. At launch, promotion *informs* and the price may be high (skimming) or low (penetration); in **maturity**, promotion *reminds* and price becomes more competitive; in **decline**, the business may cut the price or use extension strategies. New technology, such as ordering apps, can also change "place" over time.

✅ Test yourself

Cover the answers below, answer Q49–Q50, then check.

Q49 Why must the four Ps work together?

Q50 How might the marketing mix change over time?

ANSWERS

A49 A weakness in one element can undermine the others, so they must be consistent.

A50 As a product moves through its life cycle or the market changes, the business adjusts the four Ps.