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# Why might a business charge higher prices?

- Higher costs / better ingredients / higher rent / cost plus
- Wants more exclusive market / customers willing to pay higher price
- May be well known / quality brand → people willing to pay higher prices
- High marketing costs → need to be regained from sale of product

# Advantages of using pricing strategies to maintain the sales of their products

- Right strategy will increase sales → increase revenue → profits will rise
- Prices can be applied to specific niche → market segment
- Prices can reflect the market for the product → skimming may work in some markets i.e. high income and penetration in others
- Prices can take into account actions of competitors → stopping switching etc.

# Disadvantages of using pricing strategies to maintain the sales of their products

- Competitors may follow pricing strategy → so no effect → no increase in sales
- Competitors may not follow pricing strategy → customers not attracted
- Need for expensive advertising to promote pricing strategy → so profits not as expected
- Some segments may not be happy with pricing strategy → allowing less well off to afford expensive products

# **Promotion**

#### **Promotion**

**Definition:** Involves information and techniques used by businesses to make consumers aware of products and to persuade them to buy those products now and in the future.

#### Reasons for promotion are to:

- create or increase awareness
- inform/remind customers about the product
- create or change the image of the product
- persuade customers to buy the product.

#### **Promotional Mix**

**Definition:** The combination of promotional materials used by a business to communicate with its customers.



## **Advertising Media**

**Definition:** The various places where advertisements may be found such as television, newspapers, or the internet.

### **Digital Adverts**

**Definition:** Using internet technologies to provide a range of advertising including using email, social media messages and banner advertisements on mobile phones and websites.

### **Search Engine Advertising**

**Definition:** A form of online marketing which places advertisements on web pages showing the results from search engine queries.

# **Pop-up Adverts**

**Definition:** These are a form of online marketing which place new browser windows on computer screens.



#### **Social Media**

**Definition:** Involves websites and applications which allow users to create and share information, ideas and interests with other individuals, communities and networks.

#### **Blogs**

**Definition:** Provides information and allows discussion on the internet with other users producing their own entries or posts.

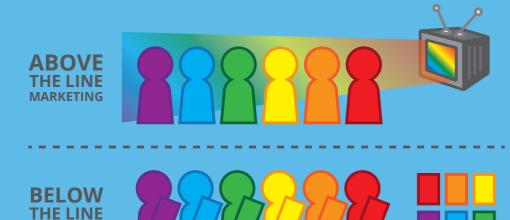
# GCSE Business Marketing

## Above the line promotion

**Definition:** Paid for communication such as advertising on television, in newspapers, or on the internet.

#### **Examples include:**

- (Regional) television
- but expensive
- (Local) newspapers
- but may be ignored
- (Local) magazines
- but limited coverage
- (Local) radio
- ☑ cheap broadcast media
- Posters
- but limited coverage
- Billboards
- ☑ eye catching
- but easily missed in busy traffic
- Online
- will not reach those who are not online
- Cinema
- ☑ local/captive audience
- can be ignored





# Below the line promotion

**Definition:** Where the business has direct control over the target or intended customers.

#### **Examples include:**

- Website / internet
- ☑ cheap to operate → wider market
- may be expensive to set up
- Direct / junk mail
- ☑ may be targeted
- easily ignored
- Point of sale displays
- ☑ close to customer
- may not be seen by customer
- Shop window
- ☑ relevant to shop → passing trade
- But this may be limited

#### Other examples:

- Special events e.g. food festival, Christmas market
- Buy one get one free / multi-buy
- Loyalty cards
- Sales or special offers / discounts / vouchers / coupons
- Parking refunds
- Services e.g. free delivery / after sales service / interest free credit
- Sponsorship
- Public relations
- Free gifts
- Competitions





# Should a business spend most of its advertising budget on newspaper or on television advertising?

#### Advantages of newspapers:

- ☑ Relatively cheap → particularly local
- ☑ May be kept for some time → readers can be reminded → keep for reference
- ✓ **Much information can be provided** → e.g. sizes, prices, where available, contact details
- ☑ Can be in colour → memorable
- ☑ Can include promotions → discount coupons

#### Disadvantages of newspapers:

- Small readership → decline in sales with internet
- ▼ Temporary → thrown away after use
- ∠ Limited display → no sound, movement

#### Advantages of television:

- ☐ Big coverage → nationwide → at extended hours
- ✓ Various promotional devices → psychological methods to sell
- ✓ Use of sound → movement → colour
- ☑ Can have shortened reminder adverts → to reinforce message
- ☑ Can be aimed at specific markets / times → e.g. during specific programmes

#### Disadvantages of television:

- Expensive to make → and show → particularly at peak times
- People used to / do not like TV adverts → may be ignored / avoided
- ▼ Technology makes adverts easier to avoid → recorders / catch up TV

