GCSE Business
Marketing

Promotion

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

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.

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Above the line promotion

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

Examples include:

- (Regional) **television**
- ☑ reaches large audience
- ☒ but expensive
- (Local) **newspapers**
- ☑ can be kept
- ☒ but may be ignored
- (Local) **magazines**
- ☑ targeted ➔ colour ➔ kept long time
- ☒ but limited coverage
- (Local) **radio**
- ☑ cheap broadcast media
- ☒ but limited coverage ➔ limited audience
- **Posters**
- ☑ will provide detail ➔ cheap to produce
- ☒ but limited coverage
- **Billboards**
- ☑ eye catching
- ☒ but easily missed in busy traffic
- **Online**
- ☑ can be targeted
- ☒ 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