Your notes

GCSE Business: revision notes

The marketing mix

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The 4Ps

- The **marketing mix** is product, price, **promotion** and place. The four parts must work together: a luxury product needs a high price, upmarket **promotion** and carefully chosen places to sell.

Product

- Businesses consider design, features, quality, branding (name, logo and image) and a unique selling point.
- The **product life cycle** has five stages: development, introduction, growth, maturity and decline. Extension strategies keep sales going, such as adding new features, finding new markets, changing the packaging, cutting the price or running new **promotions**.

Price

- **Price skimming** sets a high price at launch, as with new technology. **Penetration pricing** sets a low price to win market share quickly. Competitive pricing matches rivals. Cost-plus pricing adds a percentage to costs. Promotional pricing offers temporary discounts. A **loss leader** is sold below cost to attract customers who then buy other products.

Promotion and place

- **Promotion** informs, persuades and reminds customers, through advertising (TV, radio, print, billboards and online), sponsorship, special offers, free samples and trials, branding, social media and influencers.
- Place is how products reach customers: through retailers, wholesalers, selling directly, or online (**e-tailers** and marketplaces). A **distribution channel** is the route from producer to customer, such as producer to wholesaler to retailer to customer.

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Key terms

Marketing mix	The 4Ps: product, price, promotion and place.
Product life cycle	The stages a product goes through, from development to decline.
Extension strategy	A way of extending a product's life, such as adding new features.
Brand	A name, logo or image that makes a product recognisable.
Price skimming	Setting a high price when a product is launched.
Penetration pricing	Setting a low price to win market share quickly.
Loss leader	A product sold below cost to attract customers.
Promotion	Communicating with customers to inform, persuade and remind them.
Distribution channel	The route a product takes from producer to customer.
E-tailer	A retailer that sells online.

Quick questions

Cover the answers and test yourself: remembering is what makes it stick.

1. What are the 4Ps of the marketing mix?
2. What is price skimming?
3. What is penetration pricing?
4. What is a loss leader?
5. What are the stages of the product life cycle?
6. At which stage of the product life cycle are sales highest?
7. What is an extension strategy?
8. What is a brand?

Answers

1. Product, price, promotion and place
2. Setting a high price when a product is launched
3. Setting a low price to win market share quickly
4. A product sold below cost to attract customers
5. Development, introduction, growth, maturity and decline
6. Maturity
7. A way of extending a product's life, such as adding new features
8. A name, logo or image that makes a product recognisable

What to do next

Practise 12 questions on this topic

Try 4 exam questions, with mark schemes

Read the lesson, one step at a time

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