

Cambridge AS & A Level · Business 9609 · Notes

Marketing strategy A2

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Read first: [The nature of marketing](#), [The marketing mix](#), [Marketing analysis](#)

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What you need to know

By the end of this topic you should be able to:

1. **List what goes into a marketing plan:** the marketing objectives, the resources (budget, people, time), the research it is based on, and the marketing mix.
2. **Judge marketing planning:** what a business gains from planning its marketing, and where planning falls short.
3. **Explain why a marketing strategy must fit** the business that uses it, the product it sells and the market it sells in.
4. **Explain what a coordinated marketing strategy is**, why a business needs one and how it builds one.
5. **Match a marketing strategy to a marketing objective:** different objectives need different strategies.
6. **Explain how Information Technology (IT) and Artificial Intelligence (AI) are changing marketing**, with the benefits and the drawbacks.
7. **Explain what globalisation and economic collaboration between countries mean for marketing.**
8. **Explain why international marketing matters** to a business.
9. **Explain how a business finds, chooses and enters international markets.**
10. **Decide, for a given business, whether to market in the same way everywhere (pan-global marketing) or adapt to each country (local differences).**
11. **Choose a strategy, for a given business, to build a global market.**
12. **Explain the factors that decide how a business enters an international market.**

The marketing mix, the product life cycle and the Boston Matrix are in the marketing mix; elasticity, product development and sales forecasting are in marketing analysis; market share, segmentation and B2B against B2C marketing are in the nature of marketing. Questions on this topic use all of them, so revise those first.

Understand it

What a marketing strategy is

A **marketing strategy** is a business's long-term plan for how its marketing will reach its marketing objectives: who it will sell to, what it will offer them, and how the research, the budget and the four Ps will be used to get there. **Marketing tactics** are the short-term actions inside it, such as a two-week discount or one advertising campaign.

Marketing objectives come from the business's corporate objectives. If the business wants to grow, the marketing objective might be to raise market share; if it wants a premium image, the objective might be to raise brand awareness among high-income buyers. The strategy is then built to serve that objective.

The marketing plan

A **marketing plan** is the written document that sets out the strategy for a period, often one to five years. It has four main parts:

Part	What it contains	Example
Objectives	What marketing must achieve, ideally SMART (specific, measurable, achievable, realistic, time-bound) and linked to the corporate objectives	Raise market share from 8% to 12% within two years
Resources	The marketing budget, the staff and skills available, and the time	\$150 000 a year; two marketing staff; an agency for the launch
Research	What the business knows about its customers, competitors and market: primary and secondary research, a SWOT or PEST analysis	Survey of 500 target customers; competitors' prices; market growth
Marketing mix	The decisions on product, price, promotion and place (for services, also people, process and physical evidence)	Which product range, which pricing method, which media, which channels

A good plan also says **who is responsible** for each action, sets a **timetable**, and says how results will be **monitored** so the plan can be changed if it is not working.



Benefits and limitations of marketing planning

Benefits:

- **Direction:** everyone in marketing knows the objective and works towards the same target, and the target links to what the whole business is trying to do.
- **Coordination with other departments:** operations knows what output is needed and when; finance knows what the marketing will cost.
- **Better use of the budget:** money goes to the actions most likely to reach the target market, not spread on whatever seems a good idea at the time.
- **Fewer surprises:** research done before launch shows whether the demand is there, so costly failures are less likely.
- **Control:** progress can be checked against the plan, and problems spotted early.
- **Finance:** a clear plan helps persuade banks or investors to fund a launch.

Limitations:

- **Cost and time:** research and planning take management time and money, which a small business may not have.
- **Out of date:** in a fast-changing market (new technology, a new competitor, a recession), a plan written a year ago can be wrong. Planning works best when it is reviewed often.
- **Only as good as the research:** a plan built on a small or biased survey or an optimistic forecast will set the wrong targets.
- **Rigidity:** managers may stick to the plan when they should react to a change.
- **It cannot control the outside world:** competitors' actions, the economy and changes in taste can still undo a well-made plan.

A strategy must fit the business, the product and the market

A marketing strategy that works well for one business can fail for another. It has to be **consistent** with:

- **The business:** its objectives, its finance (a small firm cannot afford national television advertising), its skills, its capacity (a promotion that doubles demand is a problem if the factory cannot make more), and its image and values.
- **The product:** a luxury product needs a high price, high-quality promotion and selective outlets; a cheap everyday product needs wide distribution and a competitive price. A product early in its life cycle needs awareness; a mature one needs reasons to keep buying.
- **The market:** who the customers are (consumers or businesses, which segment), how competitive the market is, how fast it is growing, and how price-sensitive customers are. Selling to businesses (B2B) usually means sales staff, trade events and discounts for large orders; selling to consumers (B2C) means advertising and retail or online channels.

A coordinated marketing strategy

A strategy is **coordinated** when all its parts point the same way: the four Ps send one consistent message to the chosen target market, they fit within the budget, and together they serve the marketing objective.

An uncoordinated mix contradicts itself. A low-price cleaning spray sold only in exclusive department stores and advertised in luxury lifestyle magazines will reach few of the price-conscious buyers it was made for. Promoting a product heavily before the shops have stock wastes the advertising.

Why coordination matters:

- Customers get one clear message, so the brand image is stronger and they are more willing to pay the intended price.
- Each dollar of the budget supports the others: advertising sends people to shops that stock the product at the price the advertising promised.
- It is easier to tell which part is working, because the parts were planned together.

How to build one: start with the objective and the target market from research, choose the **one or two elements that matter most** for that market (often price for price-sensitive buyers, product quality for premium buyers), then set the other elements so that they support those, within the budget.

Strategies aimed at specific objectives

Marketing objective	Strategy that fits it
Increase market share quickly	Penetration or competitive pricing, wide distribution, heavy promotion of the price
Build a premium brand image	Skimming or premium pricing, high quality and design, selective outlets, promotion that stresses quality

Marketing objective	Strategy that fits it
Launch a new product successfully	Research first, a clear USP, promotion to build awareness, a launch offer to get people to try it
Keep existing customers	Customer relationship marketing: loyalty schemes, personalised offers, after-sales service
Enter a new segment or country	Research the new customers, then adapt the mix where they differ
Raise profit rather than sales	Focus on high-margin products and customers, cut promotion that does not pay for itself

The objective decides which element matters most. If the objective is not specific or has no deadline, it is hard to choose a strategy for it and impossible to judge later whether the strategy worked.

The changing role of IT and AI in marketing

IT in marketing means using computers and the internet to reach and understand customers: websites and online selling, email, social media, search and display advertising, apps, and databases of customers' purchases. **AI** goes further: software that learns from data to make marketing decisions, such as recommending products to each customer, writing or testing versions of an advert, answering customers through a chatbot, predicting which customers are about to stop buying, or changing prices automatically with demand (dynamic pricing).

Use	Benefit to the business	Drawback or risk
Social media and online advertising	Reaches large numbers cheaply; adverts can be shown only to the target segment	Easy to ignore or block; a mistake or complaint spreads fast
Online selling through a website or app	A new channel open all day; no middleman's margin	Delivery and returns cost money; strong price comparison by customers
Customer databases and analytics	Personalised offers; trends in buying are spotted early	Data protection laws must be followed; customers may dislike being tracked
AI recommendations and personalised offers	Each customer sees the products they are most likely to buy, so sales per customer rise	Expensive to set up; needs skilled staff or a specialist supplier
AI chatbots	Questions answered at any hour without staff	Frustrating for complex problems; impersonal
AI dynamic pricing	Prices follow demand, filling quiet periods and earning more at busy ones	Customers may see frequent price changes as unfair

The overall change: marketing has moved from broad campaigns aimed at everyone towards targeted, measurable messages, with results visible within days. This favours businesses with good data and the skills to use it. Customers without internet access, or who prefer personal service, can be left out.

Globalisation and economic collaboration

Globalisation is the growing integration of the world's economies: more trade, more investment across borders, and more businesses selling worldwide. **Economic collaboration** means countries agreeing to make trade between them easier, for example through free trade agreements and trading blocs that cut tariffs and quotas, and common product standards.

What this means for marketing:

- **Bigger markets:** lower trade barriers make selling abroad cheaper, so even small businesses can export, often online.
- **More competition at home:** foreign businesses can enter the home market just as easily, so customers have more choice and price competition gets tougher.
- **Global brands and customers:** tastes in some products (phones, sportswear, entertainment) are becoming more similar across countries, which supports one global marketing approach.
- **Cultural differences still matter:** language, religion, tastes, income levels and laws on advertising still vary, so some adaptation is often needed.
- **Inside a trading bloc,** a business can treat several countries almost as one market, with one set of standards and no tariffs; outside it, businesses may face tariffs that make their products dearer than local ones.

Why international marketing matters

- **Growth:** the home market may be saturated or small, while other countries are growing fast.
- **Spreading risk:** if the home economy goes into recession, sales abroad may hold up.
- **Economies of scale:** higher output lowers the cost per unit, which also helps at home.
- **Extending the product life cycle:** a product in decline at home may be at the growth stage elsewhere.
- **Competition:** rivals that are global may otherwise gain the scale to undercut the business at home.

The risks: research costs, cultural mistakes, exchange-rate changes that alter prices and profits, trade barriers, and the difficulty of managing and controlling marketing from far away.

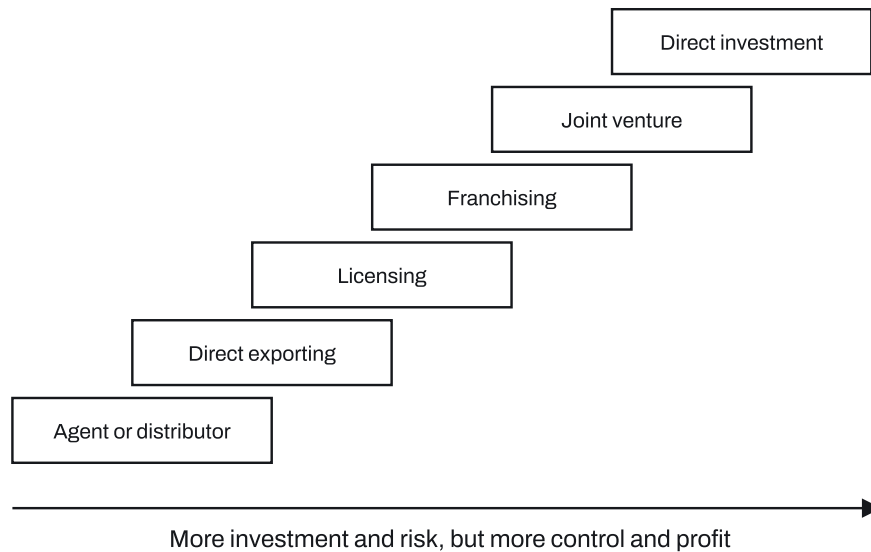
Identifying, selecting and entering international markets

1. **Identify** possible countries with secondary research: market size and growth, income per head, competition, culture and language, political stability, trade barriers, laws, and infrastructure (roads, internet, retailers).

2. **Select** one by comparing them, often with primary research too. A **weighted scoring** table helps: score each country on each factor, multiply by how important the factor is, and add up. The highest total is the best choice on those figures, but the weights and scores are judgements.
3. **Enter** it with a method that suits the business.

Methods of entry, from least to most commitment:

Method	What it means	Advantages	Disadvantages
Exporting through an agent or distributor	A local business sells the product for a commission or margin	Cheap and quick; uses local knowledge and contacts	Little control over how the product is sold; the agent may also sell rivals' products
Direct exporting	The business sells from home straight to customers or retailers abroad, often online	Keeps control and the full margin; little investment	Transport costs and tariffs; little local knowledge
Licensing	A foreign firm pays a fee or royalty to make and sell the product using the business's design or brand	Almost no investment; avoids tariffs because the product is made locally	Small share of the profit; risk to quality and the brand; the licensee may become a rival
Franchising	Local franchisees run outlets using the business's brand and system	Fast expansion paid for by franchisees; local owners are motivated	Less control over each outlet; share of the profit only
Joint venture	The business and a local firm set up a jointly owned business	Shared cost and risk; the partner's local knowledge and contacts	Shared profit and control; partners may disagree
Direct investment	The business opens its own factory, office or shops abroad	Full control and full profit; avoids tariffs; close to customers	Highest cost and risk; slow to set up



Factors that decide the method of entry

- **Cost and finance available:** a business with high gearing, low profit or weak cash flow will favour cheap methods such as agents or licensing.
- **Risk:** in an uncertain or unstable market, a low-commitment method limits possible losses.
- **Control:** a business whose brand depends on quality or service wants control, so it avoids licensing and favours direct exporting or its own outlets.
- **Local knowledge:** where the culture or the way business is done is very different, a partner, agent or franchisee who knows the market is valuable.
- **Trade barriers:** tariffs and quotas on imports favour making the product inside the country (licensing, joint venture, direct investment). Some governments require local part-ownership.
- **Speed:** exporting and agents are quick; building a factory takes years.
- **Size of the market and competition:** a large, long-term market justifies investment; a small one does not.
- **The product:** bulky or perishable goods are costly to transport; services usually need people in the country.
- **The business's objectives:** fast growth, profit, or social aims such as creating jobs.

Pan-global marketing or local differences

Pan-global marketing uses the same product, brand, price positioning and message in every country.

Maintaining local differences means adapting the marketing mix to each country's customers.

	Pan-global	Local differences
Advantages	Economies of scale in production and promotion; one consistent global brand; simpler to manage	Fits local tastes, incomes, culture and laws, so more customers buy; can beat local competitors on their own ground

	Pan-global	Local differences
Disadvantages	Can offend or miss local customers; one price may be too high for low-income countries	Higher costs of research, product versions and separate campaigns; the brand can become inconsistent
Suits	Products used the same way everywhere (technology, industrial parts, luxury brands whose appeal is the global name), customers who travel or shop online	Food and drink, products shaped by culture, religion, climate or law, markets where incomes differ a lot

Many businesses mix the two ("think global, act local"): one brand and core product everywhere, with the language, flavours, pack sizes, price or promotion changed for each country.

Choosing a strategy to develop a global market

1. **Set the objective** for the global market (sales, market share, number of countries, brand awareness) and the timescale.
2. **Research and choose the markets**, one at a time or several together. Entering one country first lets the business learn before risking more; entering many together builds a global brand faster but needs much more finance.
3. **Choose the entry method** for each country, using the factors above.
4. **Decide how far to standardise** the marketing mix (pan-global or local differences, element by element).
5. **Set the budget, monitor and adapt**: results abroad may differ from the forecasts, so review often.

Key facts and formulas

There is no formula list for this subject in the exam. "Learn it" means you must remember it.

Formula or fact	Status
Contents of a marketing plan: objectives, resources (budget, people, time), research, marketing mix	Learn it
SMART objectives: specific, measurable, achievable, realistic, time-bound	Learn it
Coordinated marketing strategy: the four Ps consistent with each other, with the target market, with the budget and with the marketing objective	Learn it
A marketing strategy must be consistent with the business, the product and the market	Learn it
Methods of international entry, least to most commitment: agent or distributor, direct exporting, licensing, franchising, joint venture, direct investment	Learn it

Formula or fact	Status
Pan-global marketing: one standard marketing mix in every country; local differences: the mix adapted to each country	Learn it
Weighted score of an option = $\sum(\text{weight} \times \text{score})$ over all the factors	Learn it
Forecast % change in quantity demanded = elasticity $\times$ % change in price (or in promotional spending)	Learn it
With the price unchanged, revenue changes by the same percentage as the quantity sold	Learn it
Marketing spend per customer = $\frac{\text{marketing spending}}{\text{number of customers}}$	Learn it

How to do it

We have tagged 29 questions on this topic (2021–2026), all from Papers 3 and 4 and always about the business in the case. 2 of them mix two types, so the counts add up to 31.

Question type	Questions
Evaluate a business's past marketing strategy over a period	7
Recommend or advise a coordinated marketing strategy or mix for a new product or market	5
Analyse or evaluate changes to a current marketing strategy or mix	5
Analyse or evaluate international marketing: entry method, market choice, pan-global vs local	5
Analyse benefits or evaluate importance of marketing planning	4
Analyse benefits of coordination or evaluate the most important element of a strategy or plan	3
Analyse or evaluate IT, AI and social media in marketing	2

The marks are for four skills: **K** (knowledge: a correct term or point), **App** (application: using the case's facts to support a point, not copying them), **An** (analysis: a chain of causes and consequences) and **Eval** (evaluation: a supported judgement). Below, (K), (App), (An) and (Eval) after a sentence show the mark it earns.

How the papers mark them.

- **Paper 3, Analyse [8]:** 2 K, 2 App, 4 An. A definition on its own earns at most 1 K; the other K comes from naming the benefit, factor or change. App is at most one per point. A chain with one link is Level 1 (1–2 An); two or more links is Level 2 (3–4 An). One well-developed point can reach 3 An; 4 needs both points developed. If the question asks for two points (or one advantage and one disadvantage), only the best two (or the best of each) are marked.

- **Paper 3, Evaluate [12]:** 2 K, 2 App, 2 An, 6 Eval, each by levels. Developed K needs more than one idea, such as what a marketing plan is **and** what one of its elements does. The top Eval level (5–6) needs a developed judgement **in the business's context**.
- **Paper 4, Evaluate or Advise [20]:** 3 K, 2 App, 8 An, 7 Eval. K is 1 for identifying a relevant marketing term and up to 2 more for explaining it: one term explained twice, or two terms explained once each. **No App, An or Eval marks are given without some K**, so define at least one term properly. Analysis of single elements of the strategy reaches 4–6; the top level (7–8) needs analysis of the strategy as a whole, which means a developed chain on one element that is then counterbalanced (or two strands joined into one argument), done twice. Eval's top level (6–7) needs a judgement in context that draws on your analysis.
- **Calculations** in a part (a): 2–4 marks with method marks for the right formula and figures, and own figure rule (OFR) when you use the answer later.
- **2021–2022 papers** used a [16] evaluate grid of 2 K, 2 App, 6 An, 6 Eval.

1. Evaluate a business's past marketing strategy over a period (7 questions)

Always the first question on Paper 4 [20]. The case gives a timeline and appendices showing what a business did in its marketing over several years, often with the objective it set, its research, its mix and its results, and asks how successful or effective that strategy was.

1. **K:** say what a marketing strategy is and name its parts (objectives, resources, research, the mix). Explain one or two of them properly; a bare list earns only 1 K.
2. **Find the yardstick:** the marketing objective the business set. Is it SMART? An objective with no deadline, or a vague one, cannot be measured, which is itself a weakness of the strategy.
3. **Pick the two or three most important elements** of the strategy (the pricing method, the promotion, the channel, the research, a partnership, the use of IT), not every event in the timeline.
4. **An:** for each, a chain from the decision to the results, using the data: decision → effect on customers → sales, market share, revenue, profit or customer satisfaction. Then **counterbalance** it: a cost, a risk, a group of customers it missed, or evidence that it did not work. Joining two strands (for example price and promotion together) into one argument counts as analysing the strategy as a whole.
5. **Use the numbers:** calculate changes (percentage growth, market share, spending per customer) rather than copying the figures.
6. **Eval:** give a clear judgement on how successful the strategy was, measured against the objective. Then ask:
 - how much of the result came from the strategy, and how much from **outside factors** (a boom or recession, a pandemic, a new competitor, a change in tastes);
 - whether it succeeded on one measure (sales) but failed on another (profit margin, customer satisfaction);
 - whether the business **reviewed and updated** the strategy when conditions changed;
 - what the judgement depends on.

Stay inside the period the question names. Advice on what the business should do next earns nothing here.

2. Recommend or advise a coordinated marketing strategy or mix for a new product or market (5 questions)

Set as Paper 4 [20] (advise on a strategy for the future, sometimes for entering a new country) and, in 2021, as Paper 3 [16] (recommend a strategy or a coordinated mix for a new product or a new kind of customer).

1. **K**: explain the parts of a marketing strategy, and what "coordinated" means.
2. **Start from the target market and the objective** in the case: who will buy, B2B or B2C, how price-sensitive they are, what the competition offers, and what the business is trying to achieve.
3. **An**: recommend each element with a reason from the case, and show how the elements support each other. For example, a small bakery chain selling to busy office workers might pair a quick-collection pre-order app (place) with a price just above supermarket sandwiches (price) and adverts that stress freshness and speed (promotion): each choice supports the same promise.
4. **Counterbalance**: the cost of the recommendation, how rivals may react, what the research does not yet show.
5. **Eval**: one clear recommended strategy, why it beats the alternative (for example pan-global against local differences, or premium against competitive pricing), and what its success depends on (budget, competitors, customers' response, more research). Use any decision tools in the case (a decision tree's expected values, a scenario plan, a SWOT) as evidence, but advise on the strategy, not on the tools.

It is enough to cover the two or three elements that matter most, as long as they fit together.

3. Analyse or evaluate changes to a current marketing strategy or mix (5 questions)

Paper 3: an Analyse [8] asking which two parts of the strategy a business must alter to win a new kind of customer, or an Evaluate [12] or [16] on the changes a manager proposes, or whether the strategy needs to change at all.

1. **K**: name each element and the change (bulk-order discounts, trade fairs and industry magazines, sales staff who visit buyers, new pack sizes, a new channel).
2. **App**: what in the case forces the change: a move from selling to consumers to selling to businesses, a new segment, low margins, an elasticity figure, customers' internet access.
3. **An**: chain each change to the marketing objective: change → customers' response → sales, revenue or profit. For a move to B2B, for example: a purchasing manager compares suppliers on reliability and terms, not on adverts → a sales representative who visits, and offers credit terms, builds trust → regular repeat orders.
4. **Eval** (in the [12] and [16]): will the changes meet the objective? Weigh competitors' reaction, the business's capacity to meet extra demand, the effect of a price cut on a thin margin, and whether the market would grow anyway.

In an [8], only two elements are marked. **Place** means the channel of distribution; how goods are transported is not credited.

4. Analyse or evaluate international marketing: entry method, market choice, pan-global vs local (5 questions)

Paper 3: an Analyse [8] on two things that shape how a business should get into a foreign market; an Evaluate [12] on which of two entry methods to use; a Recommend [16] on which of two countries to enter. In Paper 4 [20] advice questions, the choice between pan-global marketing and local differences is often the heart of the answer.

Factors influencing the entry method [8]:

1. **K:** name the factor (cost and finance, control, local knowledge, culture, trade barriers, speed, market size).
One short definition of an entry method is enough.
2. **App:** one case fact per factor, such as the business's finances (gearing, cash, margins), how urgently it wants to enter, how it sells now, and how different the new country is.
3. **An:** chain the factor to the method it favours and why: a brand that depends on expert after-sales service → a licensee or agent might cut corners on that service → customers blame the brand → so the business keeps control through direct exporting with its own service staff, or its own outlets.

The question is about how to enter, not about which marketing mix to use once there.

Choosing between two entry methods [12]: advantages and disadvantages of each for this business (cost, risk, control, local knowledge, tariffs, speed), any numbers the case gives (royalties, set-up costs, forecast profit), then a recommendation that says what it depends on: finance, the partner's reliability, government rules, more research.

Choosing between two countries [16]: compare them on the case's data (market size and growth, incomes, competition, culture, trade barriers); a weighted score can organise the comparison. Then judge: fewer competitors may mean a smaller market, and is this the right time to expand at all?

Pan-global or local differences: weigh economies of scale and one brand image against fitting local tastes and incomes, with the case's evidence of how similar the new market is to the home one.

5. Analyse benefits or evaluate importance of marketing planning (4 questions)

Paper 3: an Analyse [8] on what a business gains (two points) from planning the marketing of a launch, or a [16] on how important marketing planning is to the business's success (once, on how important social objectives are when the business writes a five-year marketing plan).

1. **K:** what a marketing plan is and its four parts.
2. **App:** why planning matters here: a new product, new competitors, entering a new market, sales that missed their targets.
3. **An:** benefits chained to success: targets in the plan broken into monthly figures → a shortfall is seen in the first months → tactics changed before the launch fails; a plan shared with operations → output matches demand → no lost sales or excess stock; research showing which segment is most likely to buy → adverts placed only where that segment will see them → the launch budget is not wasted.

4. **Eval** (in the [16]): planning gives direction, but it depends on accurate research and on how fast the market changes; it costs time and money; and other things matter to success too (product quality, operations, finance). Apply your points to the business: one mark scheme gave no evaluation marks to answers without application.

Answer about **planning**, not about the marketing mix. Examiners credit the terms and case facts in a long list of tactics for the product, but the analysis and evaluation marks go to answers that weigh up planning itself. For the social-objectives version, show how the objectives would shape the plan (which products, what price, what the promotion says); without that link to planning the answer stops at 2 K and 2 App.

6. Analyse benefits of coordination or evaluate the most important element of a strategy or plan (3 questions)

Paper 3: an Analyse [8] on what a business gains (two points) from coordinating its marketing, or an Evaluate [12] on which element of a coordinated strategy or new marketing plan matters most. The [12] parts follow calculations of elasticity, and the mark scheme rewards using those results.

1. **K**: what a coordinated strategy or a marketing plan is, and what the elements do.
2. **Use the calculations**: if the price elasticity of demand is elastic, price is a powerful lever; if promotional elasticity is low, extra promotion adds relatively few sales. Put a figure on it before dismissing promotion: a shop with sales of \$500 000 and a promotional elasticity of 0.2 raises its promotion budget from \$40 000 to \$48 000, a 20% rise. Sales grow by $0.2 \times 20 = 4\%$, which is $500\,000 \times 0.04 = 20\,000$ dollars of extra revenue for 8 000 dollars of extra spending, so it can still pay if the profit on that revenue covers the cost. Awareness also matters for a new outlet or product.
3. **An**: chain two or three candidate elements (price, product, promotion, place, research, customer relationship marketing) to the objective.
4. **Eval**: choose one as most important and say why it beats the others here, and what that depends on: how competitive the market is, how quickly tastes change, how reliable the elasticity estimates are, and whether the elements work only together.

Turning an elasticity into a forecast (often part (a)): % change in quantity = elasticity $\times$ % change in the cause. For example, if promotional spending rises from \$40 000 to \$50 000, that is a 25% rise; with a promotional elasticity of 0.6, sales volume rises by $0.6 \times 25 = 15\%$. With the price unchanged, revenue rises by 15% too: \$800 000 becomes $800\,000 \times 1.15 = 920\,000$ dollars. Show each step; the final mark needs the unit (dollars or %).

7. Analyse or evaluate IT, AI and social media in marketing (2 questions)

Paper 3: an Analyse [8] asking for one gain and one drawback for the business as IT takes a bigger part in its marketing, and in 2021 a [16] judging how much social media matters for holding on to customers and winning more.

1. **K**: name the advantage and the disadvantage. A definition of IT or of marketing alone earns at most 1 K.

2. **App**: one case fact for each: what the business sells and to whom, its objective, its marketing skills, its finance, its capacity.
3. **An**: chain each to a result for the business: online adverts report clicks and sales within days → the budget is moved to the adverts that actually sell → lower marketing cost per sale → higher profit; against: collecting customers' data online → the business must meet data protection laws and keep the data secure → extra cost, and a leak would damage trust and sales.

Exactly one advantage and one disadvantage are marked; extra ones waste time. For the [16], weigh the low cost and reach of social media against the risk of complaints spreading and the need for a product worth being loyal to.

Worked examples

Example 1

Harbourline Ferries (HF) is the only ferry operator between a mainland port and two islands. 70% of its tickets are sold through its website; the rest are bought at the port office or by phone, mostly by older island residents. Summer sailings are often full, while winter sailings carry on average 30% of their capacity. HF runs every timetabled sailing whatever the number of passengers. It plans to use an AI system that changes online fares automatically with forecast demand and sends each online customer personalised offers. None of HF's staff has data or AI skills.

Analyse one advantage and one disadvantage to HF of using AI in its marketing. [8]

Advantage: filling quiet sailings. AI can predict demand from booking data and change prices or send offers to each customer automatically (K). HF's winter sailings run at only 30% of capacity, and most of its customers book online, so they can be reached by personalised offers (App). The system can cut fares on sailings forecast to be quiet and send offers to customers who have travelled in winter before → more passengers on sailings that HF runs anyway (An) → each extra passenger adds revenue at almost no extra cost, because HF pays for the fuel and crew of every sailing whether the ferry is full or not, so HF's profit rises (An).

Disadvantage: damaging its reputation with residents. Dynamic pricing also raises fares automatically when demand is high (K). HF's summer sailings are often full, and island residents have no other operator to use (App). Residents who must travel in summer would pay more for trips they cannot avoid, and the older residents who book by phone or at the port do not receive the online offers (An) → they see HF as exploiting its position as the only operator and complain publicly → HF's reputation with its most regular customers suffers, and the complaints may put off visitors too (An).

Each point earns K + App + a developed chain: $2K + 2App + 4An = 8$. No conclusion is needed: "analyse" has no evaluation marks.

Example 2

Kestrel Solar (KS) makes solar water heaters in country A and sells 30 000 a year there. It wants to enter country Z, which is sunny and where the government pays households a subsidy for solar heaters, guaranteed for the next three years. Imported heaters pay a 25% tariff. KS's brand is built on a 10-year guarantee. KS's gearing is 58%. Two options:

- **Licensing:** Zenco, a local maker of electric water heaters with 400 installers, would make and sell KS-designed heaters under the KS brand and pay KS a royalty of 6% of sales. Forecast sales: 20 000 heaters a year at \$600 each, from next year.
- **Direct investment:** KS builds its own assembly plant in country Z for \$5 million. It would take 2 years to build, then earn a forecast profit of \$1.8 million a year.

Evaluate whether KS should enter country Z by licensing or by direct investment. [12]

Knowledge. Licensing lets a foreign firm make and sell a product using the owner's design and brand in return for a royalty; direct investment means the business sets up its own operation abroad (K). Licensing needs little investment but gives up control; direct investment keeps control and profit but costs more and is riskier (K).

Licensing. Royalty income = $6\% \times 20\,000 \times 600 = 720\,000$ dollars a year (App). Because Zenco makes the heaters inside country Z, they avoid the 25% tariff (App), so they can be priced to compete with local heaters → sales start next year, while the subsidy is still paid → KS earns income with no borrowing, which matters with gearing already at 58% (An). But KS's brand rests on its 10-year guarantee, and Zenco makes electric heaters, not solar ones: if its heaters fail, customers will blame KS, damaging the brand it may need later (An).

Direct investment. KS would keep the whole \$1.8 million profit a year, 2.5 times the royalty, and control quality itself (App, An). But \$5 million at 58% gearing means more debt and interest, and the plant would only open in two years, leaving a single year of the guaranteed subsidy (An).

Evaluation. Over the next five years licensing earns $5 \times 0.72 = 3.6$ million dollars, while the plant earns $3 \times 1.8 - 5 = 0.4$ million dollars after paying for itself, so licensing is far better in the short term (Eval). The plant only pulls ahead if demand lasts well beyond the subsidy, and that is uncertain (Eval).

Judgement. KS should license Zenco first, because it fits KS's high gearing, beats the tariff and catches the subsidy years (Eval). The licence should set quality standards and let KS inspect Zenco's work, since the guarantee is KS's main selling point (Eval). The decision depends on Zenco's ability to learn solar production and on whether demand stays high after the subsidy ends; if it does, KS can build its own plant later, using what it has learned about the market (Eval).

The marks: 2 K, 2 App, 2 An, and 6 Eval for a judgement in KS's context that compares the two methods and says what it depends on.

Example 3

Saffron Screens (SS) runs two cinemas and will open a third, with 6 screens, in city R in January. Its marketing objective is to sell 40% of all its seats across all showings within the first 12 months. Research shows that 60% of cinema-goers in city R are university students or office workers, and students go mainly off-peak

(weekdays before 5 pm). Two older cinemas in city R charge about 30% less than SS's planned prices. SS's launch budget is \$60 000. From its other cinemas, SS estimates the price elasticity of demand for off-peak tickets at -1.6 and the promotional elasticity of demand for tickets at 0.3 . SS's cinemas are known for reclining seats and an app for booking.

(a) Calculate the expected percentage change in off-peak ticket sales if SS sets off-peak prices 10% below its planned prices. [2]

(b) Evaluate which element of SS's marketing plan is most important for reaching its marketing objective. [12]

(a) % change in quantity demanded = PED $\times$ % change in price = $-1.6 \times (-10\%) (1) = +16\%$, a 16% rise in off-peak ticket sales (1).

(b) Knowledge. A marketing plan sets out the marketing objectives, the resources, the research and the marketing mix (K). Price elasticity of demand measures how much ticket sales respond to a change in price; promotional elasticity measures how much they respond to a change in promotional spending (K).

Price. Off-peak demand is price elastic (-1.6), so the 10% cut raises off-peak ticket sales by 16% (App). Off-peak revenue changes by $0.9 \times 1.16 = 1.044$, a rise of 4.4%, so the cut fills more seats **and** earns more (An). Students go mainly off-peak and the older cinemas are 30% cheaper, so without a competitive off-peak price SS will struggle to fill weekday daytime showings, and the objective counts the seats at every showing, not just the evening ones (An).

Promotion. A new cinema has no regular audience yet, and people cannot book at a cinema they have not heard of, so promotion of the opening is needed whatever the elasticity (An). But demand is promotion inelastic (0.3): even a 50% rise in promotional spending is expected to raise ticket sales by only $0.3 \times 50 = 15\%$ (App, An).

Evaluation. Price is the most important element, because the 40% target counts every showing, including the weekday daytime showings that students mainly attend, and the evidence shows off-peak audiences respond strongly to price (Eval). Price does not work alone: the reclining seats and the app are what justify SS charging more than the older cinemas, and some promotion is needed so students know the offer exists (Eval). The judgement depends on whether the elasticities measured at SS's other cinemas hold in city R, where SS is unknown, and on how the older cinemas react: if they cut their own prices, SS's 16% gain shrinks (Eval).

The marks: (a) 2; (b) 2 K, 2 App, 2 An and 6 Eval, for a supported choice in SS's context that says what it depends on.

Example 4

Arden Seeds (AS) sells vegetable seeds by subscription to home gardeners in country M, only through its own website.

Year Event

2019	AS sets the marketing objective: 30 000 subscribers by the end of 2025. A survey of 600 gardeners finds that 70% of beginners gave up because their plants failed. AS launches a monthly seed box with a printed growing guide at \$12 a month, first box half price, promoted through social media advertising
2020	Lockdowns: home gardening becomes very popular and subscriptions rise fast
2022	Postage costs rise; AS raises the price to \$14 a month
2023	AS launches free gardening videos and an online forum where its growers answer questions, and an annual plan at \$140, which is \$28 less than paying monthly for a year

	2019	2021	2023	2025
Subscribers at year end	8 000	22 000	20 000	27 000
Marketing spending (\$000)	80	240	300	270
New subscribers who cancel within 3 months	18%	35%	44%	22%
Profit margin	9%	14%	6%	11%

Evaluate the effectiveness of AS's marketing strategy between 2019 and 2025. [20]

Marketing strategy. A marketing strategy is a business's long-term plan for reaching its marketing objectives (K), built from an objective, research, a budget and a coordinated marketing mix (K). An objective is most useful when it is SMART, because success can then be measured against it (K).

The objective. AS's objective was SMART: a number of subscribers and a deadline (App). By 2025 it had 27 000, which is $\frac{27\,000}{30\,000} \times 100 = 90\%$ of the target, and a rise of $\frac{27\,000 - 8\,000}{8\,000} \times 100 = 237.5\%$ since 2019 (App). Judged against its own objective, the strategy came close but did not succeed (An).

Research, product and promotion together. The survey showed beginners gave up when plants failed, so AS included a growing guide in each box, and in 2023 added videos and a forum: the product was built around what customers said they needed (An). The half-price first box and social media advertising brought in many trial subscribers, which, with the lockdown boom, nearly trebled subscribers by 2021 (An). But many of those triers did not stay: cancellations within 3 months rose from 18% to 44% by 2023, so much of the spending bought customers who left; marketing spending per year-end subscriber rose from $\frac{80\,000}{8\,000} = 10$ dollars in 2019 to $\frac{300\,000}{20\,000} = 15$ dollars in 2023 (An). The trial offer was attracting the wrong customers, or the guide alone was not enough to keep beginners succeeding.

Price. Raising the price to \$14 in 2022 was meant to protect AS's margin against higher postage, but it coincided with more cancellations and a fall in subscribers to 20 000 in 2023, while the margin still fell to 6% (An). The annual plan at \$140 then gave subscribers a reason to commit for a year, which helps explain why cancellations fell to 22% by 2025 (An).

Place. Selling only through its own website suits a subscription delivered by post and keeps all the margin, but AS reaches only gardeners who find it online (An).

Evaluation. The strategy from 2019 to 2022 looks more effective than it was, because the lockdown boom, not AS's marketing, explains much of the rise to 22 000, and the high cancellations and falling margin show the growth was not lasting (Eval). The changes in 2023 were AS's most effective decisions: support for beginners and the annual plan cut cancellations by half, lifted subscribers by 7 000 in two years, and brought spending per year-end subscriber back to $\frac{270\,000}{27\,000} = 10$ dollars while the margin recovered to 11% (Eval). This shows a strategy that was reviewed and corrected, which is a strength (Eval).

Judgement. Overall, AS's marketing strategy was partly effective: it missed its objective by 3 000 subscribers, and its early growth owed much to luck, but after 2023 it addressed the reason its research had found for beginners giving up and its subscribers, cancellations, margin and spending per subscriber all improved (Eval). How effective it really was depends on whether the 2025 subscribers stay and whether the margin keeps rising; AS should have reviewed its strategy in 2021, when cancellations had already nearly doubled, rather than waiting until 2023 (Eval).

The marks: 3 K, 2 App, 8 An (each element analysed and counterbalanced, and research, product and promotion joined into one argument) and 7 Eval (a judgement measured against AS's own objective that separates the strategy from the lockdown boom and says what it depends on).

Common mistakes

- **A list of tactics, not a strategy.** Writing a separate idea for each of the four Ps, some of which contradict each other, does not answer a question about a coordinated strategy. Show how each element supports the others and the objective.
- **Planning questions answered with a plan.** Asked how important marketing planning is, some students write out every marketing action they would take for the product. The question is about the value of planning, so weigh up **planning** itself: what it adds, and when it fails.
- **Retelling the case.** Rewriting the timeline or appendix in your own words earns nothing. Say what each fact shows about the strategy, and calculate changes.
- **No verdict.** In questions on how successful a strategy was, answers often analyse well and then stop. Say clearly whether it worked, support it, and say what it depends on; either verdict can earn full marks.
- **Working through the timeline in order.** Taking every event in turn uses up the time and usually stays at the level for single elements. Choose the most important elements, and combine related ones into one argument for and one against.
- **Giving advice on a past strategy.** If the question covers 2019 to 2025, what the business should do in 2026 is not credited.
- **Confusing marketing strategy with business strategy.** Points about the business's overall direction, its people or its factory are not marketing strategy unless you link them to the marketing (for example, capacity to meet the demand a promotion creates).
- **Forgetting who the customer is.** When a business starts selling to other businesses, answers that only describe its current consumer mix stay low. Say how business buyers decide and what must change: discounts for large orders, a margin the retailer can live on, sales staff who visit, adverts in trade magazines.

- **Treating transport as place.** Place is the channel of distribution; delivery vans and shipping are not credited as place.
- **Answering the wrong international question.** A question on the factors that influence the method of entry is not asking for the marketing mix to use in the new country.
- **Social objectives without the plan.** Praising social objectives in general misses the point of that question; show how they would change what goes into the marketing plan.
- **Writing more points than asked.** Only the best two (or one advantage and one disadvantage) are marked, and each extra point takes time from the ones that count.
- **Reading low promotional elasticity as "promotion is useless".** An elasticity below 1 means sales rise by a smaller percentage than the spending does. Work out the extra revenue in dollars and set it beside the extra spending before deciding.

How to get the marks

- **Command words.** *Calculate*: formula, figures, answer with unit. *Analyse*: the points asked for, each with a case fact and a chain of two or more links; no judgement. *Evaluate*: both sides, then a supported judgement. *Advise* or *Recommend*: a clear choice the business can act on, with reasons from the case and what it depends on.
- **Paper 4 knowledge unlocks everything.** Without some K, no other marks are given, so start by explaining at least one term (marketing strategy and its parts, or the element you are analysing) with a point or two of explanation.
- **[8] analyse:** one short definition at most, then exactly the points asked for, each with its own case fact and a chain that ends in sales, revenue, costs, profit or the objective.
- **[12] evaluate (Paper 3):** 2 K, 2 App, 2 An, 6 Eval. Half the marks are for evaluation, so leave time for it; the top level needs a judgement about **this** business.
- **[20] (Paper 4):** 3 K, 2 App, 8 An, 7 Eval. Analyse two or three elements, each with a counter-argument, and join them up; measure the strategy against its objective; separate it from outside factors.
- **Use the calculations.** If part (a) asked for an elasticity, market share or growth figure, use it as evidence in the evaluation; your own figure is followed through.
- **Name the strategy.** Say "penetration pricing", "pan-global marketing", "direct exporting", "a coordinated mix" or "customer relationship marketing": knowledge marks come from correct terms used to answer the question.
- **Weigh against something specific:** the objective, the budget, the business's finance, competitors' reaction, the reliability of the research, or outside factors. A bare "it depends" earns little.

Quick check

1. A business sells hand-stitched leather briefcases at \$450, three times the price of most rivals. It plans to sell them on market stalls with a "two for the price of one" offer. Explain why this marketing mix is not coordinated.

2. Rewrite the marketing objective "sell more of our new sauce" as a SMART objective, and give one reason why the change helps the business judge its strategy later.
3. A furniture maker compares two countries for its first export market. Factors (weights): market size (0.5), competition (0.3), trade barriers (0.2). Scores out of 10: country F scores 8, 4 and 5; country G scores 6, 7 and 8. Calculate each country's weighted score and say which the business should choose on these figures.
4. For each, say whether pan-global marketing or adapting to local differences is more suitable, with a reason: (a) industrial pumps sold to water companies; (b) a chain of fast-food restaurants entering a country where many people do not eat beef.
5. A mobile games studio writes a two-year marketing plan for a new game. Give one benefit and one limitation of marketing planning for this business.

Answers

1. The product and price are aimed at buyers who want a high-quality, exclusive item, but a market stall and a "two for one" offer tell customers it is cheap and ordinary. The place and promotion contradict the product and price, so the message is confused: premium buyers are put off, and bargain hunters will not pay \$450 even with the offer.
2. For example: "Sell 50 000 bottles of the new sauce through supermarkets in country K in the 12 months after launch." It is specific (which product, which channel), measurable (a number), and time-bound (12 months); it should be achievable and realistic given the research. Because it is measurable with a deadline, the business can compare actual sales with 50 000 at the end of the year and decide whether the strategy worked.
3. Country F: $0.5 \times 8 + 0.3 \times 4 + 0.2 \times 5 = 4 + 1.2 + 1 = 6.2$. Country G: $0.5 \times 6 + 0.3 \times 7 + 0.2 \times 8 = 3 + 2.1 + 1.6 = 6.7$. Country G has the higher score, so on these figures it should choose G, although F's larger market might matter more if the weights were set differently.
4. (a) Pan-global: water companies everywhere use pumps for the same job and buy on technical performance and reliability, so one standard product and message gives economies of scale. (b) Local differences: the menu must change for local customers, or most people would not buy; the brand and restaurant style can stay the same.
5. Benefit: the plan sets objectives (for example downloads in the first six months) and allocates the budget to the channels where the target players are, so spending is not wasted and progress can be checked. Limitation: games markets change very quickly (new rival games, changing trends), so a two-year plan may soon be out of date and must be reviewed often, or the studio may stick with tactics that no longer work.

Past questions to try

- **9609/31/O/N/24 Q1**: two benefits of marketing planning for a new product.
- **9609/32/F/M/25 Q3**: market share and market growth, then judging a proposed change to the marketing mix.
- **9609/31/O/N/23 Q5**: choosing between two methods of entering a foreign market.
- **9609/42/F/M/24 Q1**: judging a marketing strategy over ten years.