

# Unit 4: Marketing Principles

Unit code: F/601/0556

QCF level: 4

Credit value: 15 credits

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- Aim

This unit aims to provide learners with understanding and skills relating to the fundamental concepts and principles that underpin the marketing process.

- Unit abstract

This is a broad-based unit which gives learners the opportunity apply the key principles of marketing.

Firstly, the unit looks at the definitions of marketing, and what is meant by a marketing orientation and the marketing process.

Next, learners consider the use of environmental analysis in marketing and carry out their own analyses at both macro and micro levels. They will also investigate the importance of market segmentation and how this leads to the identification and full specification of target groups. Learners then consider buyer behaviour and positioning.

The unit looks at the main elements of both the original and the extended marketing mix. This includes an introduction to the concept of the product life cycle, new product development, pricing strategies, distribution options and the promotion mix.

Finally, learners will develop their own marketing mixes to meet the needs of different target groups. This includes considering the differences when marketing services as opposed to goods. A range of other contexts is examined including marketing to businesses instead of consumers and the development of international markets.

- Learning outcomes

**On successful completion of this unit a learner will:**

- 1 Understand the concept and process of marketing
- 2 Be able to use the concepts of segmentation, targeting and positioning
- 3 Understand the individual elements of the extended marketing mix
- 4 Be able to use the marketing mix in different contexts.

# Unit content

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## 1 Understand the concept and process of marketing

*Definitions:* alternative definitions including those of the Chartered Institute of Marketing and the American Marketing Association; satisfying customer needs and wants; value and satisfaction; exchange relationships; the changing emphasis of marketing

*Marketing concept:* evolution of marketing; marketing orientations; societal issues and emergent philosophies; customer and competitor orientation; efficiency and effectiveness; limitations of the marketing concept

*Marketing process overview:* marketing audit; integrated marketing; environmental analysis; SWOT analysis; marketing objectives; constraints; options; plans to include target markets and marketing mix; scope of marketing

*Costs and benefits:* links between marketing orientation and building competitive advantage; benefits of building customer satisfaction; desired quality; service and customer care; relationship marketing; customer retention; customer profitability; costs of a too narrow marketing focus

## 2 Be able to use the concepts of segmentation, targeting and positioning

*Macro environment:* environmental scanning; political, legal, economic, socio-cultural, ecological and technological factors

*Micro environment:* stakeholders (organisation's own employees, suppliers, customers, intermediaries, owners, financiers, local residents, pressure groups and competitors); direct and indirect competitors; Porter's competitive forces

*Buyer behaviour:* dimensions of buyer behaviour; environmental influences; personal variables – demographic, sociological, psychological – motivation, perception and learning; social factors; physiological stimuli; attitudes; other lifestyle and life cycle variables; consumer and organisational buying

*Segmentation:* process of market selection; macro and micro segmentation; bases for segmenting markets, (geographic, demographic, psychographic and behavioural); multi- variable segmentation and typologies; benefits of segmentation; evaluation of segments and targeting strategies; positioning; segmenting industrial markets; size; value; standards; industrial classification

*Positioning:* definition and meaning; influence over marketing mix factors

## 3 Understand the individual elements of the extended marketing mix

*Product:* products and brands – features, advantages and benefits; the total product concept; product mix; product life cycle and its effect on other elements of the marketing mix; product strategy; new product development; adoption process

*Place:* customer convenience and availability; definition of channels; types and functions of intermediaries; channel selection; integration and distribution systems; franchising; physical distribution management and logistics; ethical issues

*Price:* perceived value; pricing context and process; pricing strategies; demand elasticity; competition; costs, psychological, discriminatory; ethical issues

*Promotion:* awareness and image; effective communication; integrated communication process (SOSTT + 4Ms); promotional mix elements; push and pull strategies; advertising above and below the line including packaging; public relations and sponsorship; sales promotion; direct marketing and personal selling;

branding, internet and online marketing

*The shift from the 4Ps to the 7Ps:* product-service continuum; concept of the extended marketing mix; the significance of the soft elements of marketing (people, physical evidence and process management)

#### **4 Be able to use the marketing mix in different contexts**

*Consumer markets:* fast moving consumer goods; consumer durables; coordinated marketing mix to achieve objectives

*Organisational markets:* differences from consumer markets; adding value through service; industrial; non-profit making; government; re-seller

*Services:* nature and characteristics of service products (intangibility, ownership, inseparability, perishability, variability, heterogeneity – the 7Ps); strategies; service quality; elements of physical product marketing; tangible and intangible benefits

*International markets:* globalisation; cultural differences; standardisation versus adaptation; the EU; benefits and risks; market attractiveness; international marketing mix strategies

## Learning outcomes and assessment criteria

<b>Learning outcomes</b>  <b>On successful completion of this unit a learner will:</b>	<b>Assessment criteria for pass</b>  <b>The learner can:</b>
LO1 Understand the concept and process of marketing	1.1 explain the various elements of the marketing process  1.2 evaluate the benefits and costs of a marketing orientation for a selected organisation
LO2 Be able to use the concepts of segmentation, targeting and positioning	2.1 show macro and micro environmental factors which influence marketing decisions  2.2 propose segmentation criteria to be used for products in different markets  2.3 choose a targeting strategy for a selected product/service  2.4 demonstrate how buyer behaviour affects marketing activities in different buying situations  2.5 propose new positioning for a selected product/service
LO3 Understand the individual elements of the extended marketing mix	3.1 explain how products are developed to sustain competitive advantage  3.2 explain how distribution is arranged to provide customer convenience  3.3 explain how prices are set to reflect an organisation's objectives and market conditions  3.4 illustrate how promotional activity is integrated to achieve marketing objectives  3.5 analyse the additional elements of the extended marketing mix
LO4 Be able to use the marketing mix in different contexts	4.1 plan marketing mixes for two different segments in consumer markets  4.2 illustrate differences in marketing products and services to businesses rather than consumers  4.3 show how and why international marketing differs from domestic marketing.

# Guidance

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## Links

Learners who have achieved a BTEC Higher Nationals in Business have, for many years, been given entry to and exemptions from some parts of the Chartered Institute of Marketing's professional examinations. Further information can be found in the *Professional Body Recognition* booklet available from the Edexcel website.

This unit forms the basis of the Higher National marketing pathway linking with other marketing units: *Unit 17: Marketing Intelligence*, *Unit 18: Advertising and Promotion in Business*, *Unit 19: Marketing Planning* and *Unit 20: Sales Planning and Operations*. There is also a link to *Unit 1: Business Environment* in relation to the areas of stakeholders, effects of demand elasticity on pricing and external market factors. The unit also provides links to *Unit 30: Internet Marketing* and *Unit 41: Contemporary Issues in Marketing Management*.

## Essential requirements

There are no essential or unique resources required for the delivery of this unit.

## Employer engagement and vocational contexts

Centres should develop links with local businesses. Many businesses and chambers of commerce want to promote local business and are often willing to provide work placements, visit opportunities, information about businesses and the local business context and guest speakers.

[www.businessbritainuk.co.uk](http://www.businessbritainuk.co.uk) provides information about business in Britain and has extensive links to other business and business news sites.

[www.fsb.org.uk](http://www.fsb.org.uk) The Federation of Small Businesses provides information, support and guidance about small businesses in the UK.