Training: a well trained employee will fulfil their role efficiently, providing good customer service which will increase customer satisfaction and is an asset to the company whilst a badly trained one can be incapable of performing basic tasks like interacting with a customer which can be detrimental

Morale: employee morale needs to be high as if morale is low it could impact on the performance levels of staff, increase staff absenteeism or worse lead to industrial action which would mean sales would fall

Availability: there may be a lack of staff in the area where the business is located which means the firm may not be able to produce as much

Technology*:* The company must have technology fit for the 21st century if not then they will fall behind competitors. Products could also be made of a poorer quality reducing customer satisfaction. If machines break down regularly then this would cause production to stop. Must have good networks so that information can be communicated easily

Corporate culture: a set of values, beliefs and customs that is shared by all the people in an organisation

Company values: need to be developed by the founder by e.g. having very good CSR

Corporate colours: give organisations and their employee a strong sense of corporate identity

Symbols, slogans and mottos: help give organisations an identity that both customers and staff easily recognise and can also remind staff of their objectives

Uniformity of layout: uniformity of premises make it easier for staff to transfer between branches and customers feel at ease

- ✓ Employees feel part of the firm therefore more likely to work harder
- ✓ Increased motivation therefore less likely to leave
- ✓ Better employee relations therefore gaining a better reputation
- ✓ Greater productivity therefore increasing sales as the firm has more to sell

<u>External factors</u>

Political: political factors arise from decisions made and actions taken by the government

Changes in income tax: if income tax is decreased then that means that customers will have more money to spend which might increase sales in the business. For a public sector organisation a decrease in income tax may result in less money being given to them meaning a poorer service being delivered

Changes in corporation tax: if corporation tax is increased this means that the firm needs to give more money to the government meaning less profit to the owners

Economic: economic factors arise from the state of the economy

Groupings

Functional: involves grouping an organisation into departments called functional areas based on skills and expertise e.g. marketing, finance

- ✓ Staff with similar skills and expertise are together, allowing for specialisation
- ✓ Staff know who to report to and can get guidance from more experienced staff in their area of expertise
- × The organisation can become too large to manage if functional departments grow rapidly
- × Functional groups can be more interested in their own objectives rather than the organisation's objectives as a whole

Location: grouping a firm into geographical divisions

- ✓ Each division can meet the needs of its local market
- ✓ The business can react to changing external factors quickly
- × Duplication of resources such as administration or computer equipment
- × Divisions may compete and forget the overall objective of the firm

Product or service: grouping a firm into divisions that deal with different products or services

- ✓ The business can react to changing PESTEC that affect each groups market quickly
- ✓ It is easy for management to identify struggling products/services
- × Duplication of resources can occur
- × A new group needs to be set up every time the business launches a new product

Technology: grouping according to the technology or production processes used

- ✓ High degree of specialisation can occur in production
- ✓ Problems in the production process can be easily identified
- ✓ Capital intensive- which can reduce wage cost
- × High degree of specialised training is required
- × Capital intensive- which is expensive

Customer: grouping the firms' resources into divisions that each deal with a different type of customer e.g. retail, wholesale or online

- ✓ Each group can tailor its products or services to its own type of customer
- ✓ Customer loyalty can build up due to the high level of personal service
- × Duplication of resources can occur
- × This is only suitable for large businesses with many customers

Downsizing: This involves an organisation either closing an unprofitable division, such as a location group or merging two together

- ✓ This can cut the costs of wages and rent
- ✓ The business is 'leaner' and can become more competitive

market-led business needs to understand why, what, how and where customers buy products

Consumer behaviour	Description	Impact on market led business
Why do they buy?	Need/want, social status, gift?	Some purchases are basic needs (food) some are for self-actualisation (Rolex watch)
What type of purchases?	Routine buying(food) Impulse buying Extensive decision making (new car)	Different marketing strategies must be used for each type. (displays help with impulse buying)
How do they buy?	Cash Credit card Store credit	Needs to be responsive to society. Might need to change to contactless to make it more convenient
Where do they buy?	Online retails	Businesses need to adapt. May need to invest more money in their website.

<u>Market research</u>

All about anticipating and identifying customer needs and wants. There are two main types **desk** and **field.**

Desk research: involves researching and analysing information that has already been gathered e.g. trade magazines, financial statements

- ✓ Quick to gather
- ✓ Does not require trained or paid interviewers or research companies
- ✓ Already exists so it's easy to look up
- × Collected and presented by someone else so it could be biased
- × Not always a good fit for the exact purpose of your research may have to be 'shoehorned' to fit needs
- × May have to read through a lot until they find what they need

Field Research: involves gathering brand new information suitable for the business's exact needs e.g. below

- ✓ Information will be up to date
- ✓ Information is fit for your exact purpose
- ✓ Won't be biased
- × Field research requires expensive trained and paid interviewers or expensive research companies

Sampling: selecting people that the market research can be carried out on

Random- picking people at random

- Saturation- product suffers from too many competitors. Sales begin to fall and so do profits especially if prices are slashed to increase sales
- Decline- products life is nearing an end, it will stop being produced. Sales and profit are still falling until the product is taken off the market

Extension strategies

- Lowering the price: product may become more affordable so could appeal to more market segments
- Changing where it is sold: making it available in more places will mean it is seen by more potential customers
- Altering the method of promotion: changing the way it is promoted can increase sales simply by raising awareness of the product
- Developing new variations: e.g. new flavours this will mean that the product appeals to more tastes and desires of different market segments

Product portfolio

A business should have a product portfolio. This means having a range of products on sale. There are two types **product line portfolio** or **diversified product portfolios**

- ✓ Business can spread risk across markets
- ✓ Can meet the needs of more markets and appeal to more customers
- ✓ A range of products can increase the whole brand awareness
- × High costs involved in researching a developing many products
- × High marketing costs are incurred to promote so many products
- × Bad publicity for one product will affect the whole brand

Product line portfolio

Involves having a variety of similar products on sale. This is good as it appeals to lots of different market segments.

Diversified Product portfolio

Involves having products for sale across completely different market segments. This is good as if one market fails it's okay as they will always have the other ones.

Price

Strategy	Advantages	Disadvantages
Cost plus: adds a percentage mark up for profit to the unit cost	Quick and easy way to get a price Ensures that a profit is always made	Doesn't cover indirect costs e.g. rent Doesn't take PESTEC into account
Competitive: price set similar to competitors	Avoids a price war	Other elements of the marketing mix must be better to be better than competition

	Encourages competition which improves the market as a whole	
Skimming: set high to begin with and then lower it	Sufficient 'hype' around a new product allows this which can increase profit Lack of competition also allows this	High prices can put people off
Penetration: set low to begin with and then increase	Encourages customers to buy a new product	Very little profit can be gained
Price discrimination: price set according to discriminating factors like age	Ensures product appeals to the target market	Harder to budget for sales revenue
Destroyer: price is deliberately set extremely low to force out competitors	Increase market share Competitors are forced out the market and then prices can increase	Can only be used by larger companies
Loss leaders: price of some products is set low to entice customers to buy other products	Creates great footfall Encourages repeat purchases	Customers might only buy the loss leaders, impacting on profits
Premium: price is permanently set higher than competitors	Creates an image of high quality Some customers are attracted to the prestige of high prices and will buy the product for its 'snob value'	Customers looking for value for money will go elsewhere

Low: the price is permanently set lower than that of competition	Attracts customers looking for value for money High volume of sales	Some customers are put off as they think this means low quality
Demand Pricing: set in line with economic laws of supply and demand (high demand=high price)	Ensures that the price charged is what customers are prepared to pay	Need to employ effective research methods to establish demand levels

Factors affecting pricing strategies

Radio: advertising during commercial breaks on radio	A more captive audience as people don't tend to channel hop, especially in cars Use of jingles can make it more memorable	No images or pictures make it hard to demonstrate
Magazines: advertising spaces or full-page spreads	Adverts appear in colour which improves impact Target specific market segments depending on magazine types	Competitors often advertise in the same places Often expensive for well-known magazines
Billboards: advertising in public places in the form of a poster	Viewed by a large audience in busy areas	Often vandalised which gives a bad image Quality can be affected by the weather

Below the line: not using mass media to promote products

- ✓ Businesses have more control over the customers that adverts are aimed at
- ✓ BTL is more affordable than ATL so is more suitable for smaller businesses
- × The impact can often only last for a limited amount of time e.g. a social media post
- × Some customers don't like these methods as it's intrusive

Sales promotion

- Used to help launch a new product into a competitive market
- Used as extension strategies at the end of a product's life cycle
- Used to prise customers away from competitors
- Used to reward existing customers so they stay loyal

Into-the-pipeline: sales promotions that are offered by the **manufacturer** to encourage **retailers** to purchase

Method	Advantages	Disadvantages
Trade credit: manufacturers allowing retailers to pay them back later for goods	Retailers can purchase stock and then pay for it once they have the money from the sales	Could lead to bad debt if they are unable to sell stock
Sale or return: manufacturers give the option to return goods if they don't sell	It allows retailers to try new stock without the risk of being stuck with unsold stock	Products may be returned in a poor condition, creating waste
Bulk-buying discounts: discounts used to encourage retailers to stock up	Retailers can save on unit cost of products	Retailers may overstock and find they are unable to sell