

## 4.5 The Four Ps – Place



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### 4.5 THE FOUR PS – PLACE: ASSESSMENT

Read the case study below and answer the questions that follow.

#### MATRIX MOBILES



Erica Johansen is the proprietor of Matrix Mobiles a business selling mobile phones through their website [cheapphonesonline.co.uk](http://cheapphonesonline.co.uk). “With e-retailing you are always fighting to provide the lowest price, so I thought it would be good to get a shop” explains Johansen.

“I could tell from the traffic on my website what type of people bought from us,” Johansen said she had considered setting up in

Brighton, but had some strong reservations, “Brighton was just not right for that client group. There are a lot of lifestyle businesses which are set up there which never really make enough money to survive, so there is a high turnover of businesses, but they drive the cost of shops up”, he explained.

Not only is ‘location, location, location’ the retailing mantra – but renting a shop on the wrong side of the street can be the difference between healthy profits and commercial disaster. This is where the big chains stores have the edge. They spend thousands of pounds analyzing local

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retailing environments before deciding where to locate. In particular, they use software that enables them to compare their knowledge of their existing customers with the demographic profile of a new investment area.

Until recently it has been very difficult – and very expensive – for a new, small independent trader to match this expertise. Consequently, a large proportion of independent retailers close in their first year of trading. And the mistake of many, perhaps most, is that good ideas are ruined by b opening in the wrong place.

To help her with her decision about where to open a shop, Johansen employed the services of a business called Cartogen. They did an analysis of the areas where she had thought about opening a shop. As any business advisor would say, saving a firm from making a bad decision is just as important as helping her make a good choice. And retailers that understand much more about their potential, locations are likely to make much better commercial decisions.

Cartogen gives clients a clear indication of the mix of customer types within a catchment area, their behavior and purchasing habits. Demographic data such as age, ethnicity, family structure, employment status and housing type in any location is held on the database, along with behavioral information indicating the local population's lifestyle and spending habits. The database also provides information on potential competitors.

In the end Matrix Mobiles decided not to open a shop in Brighton after receiving advice from Cartogen. Lara Jukes is managing director of Vivid Design and Print, one of Cartogen's first customers. "It's great" she says. "I moved into my premises two years ago." But she remained concerned about the quality of her local market analysis, which she admits was amateurish'. "Cartiogen checked all the area for me to make sure my research was correct," explains Jukes. As a result, Jukes is able to commit more strongly to her existing marketing strategy, knowing she chose the correct location for her business.

Source: [www.BusinessManagementIB.com](http://www.BusinessManagementIB.com)

### 25 MARKS, 45 MINUTES

1. Explain the importance of place in the marketing mix **[5 marks]**
2. Define:
  - i. Retailer
  - ii. E-commerce**[4 marks]**
3. Distinguish between zero channel, single channel and two channel methods of distribution **[6 marks]**

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4. Evaluate the effectiveness of distribution channels that have no intermediaries and those that have a single intermediary, refer to information in the case study. **[10 marks]**