

IB Business Management – Marketing

4.5H: The 4Ps - Promotion: Activity



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4.5 THE 4Ps - PROMOTION: ACTIVITY H

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

PROMOTING GOLF EQUIPMENT



Penang Golf Kit Ltd produces golfing equipment. The product range includes clubs, bags, golfing shoes and other clothing. Sales have grown steadily in recent years, but no more rapidly than the overall market expansion of golf and golfing equipment. The firm's products are well known for their quality and relatively high prices. Promotion is based around sponsorship of one major championship each year and three famous golfers. This helps provide some public

relations exposure when golf is being televised.

A limited amount of advertising is paid for in the country's best-known golfing magazine. The firm has recently started designing a new range of golfing equipment and clothing aimed at the youth market (less than 21 years). The number of young people playing golf has increased by 50 per cent over the last ten years compared to an overall growth of twenty per cent in the total number of players. The business has yet to decide how the new range of goods should be promoted. A total marketing budget of \$1 million has been allocated for this purpose. The aim is not to lower the image of the brand name with these new products. The

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following data have been gathered – use them to advise the firm on an appropriate promotional strategy.

TV advertising - \$0.5 million is the minimum promotion budget required for buying TV time. This purchases five minutes of TV time in 10-30 second slots. Two times are suggested:

- During the interval of the Saturday evening football match on TV. The audience is forecast to be 5 million, of which 25 per cent are likely to be under 21. The average income of viewers is around \$40,000 per year.
- Friday evenings after a popular sports quiz show. Audience figures suggest an average of 6 million viewers, 25 per cent of which will be under 21. The average income of viewers is around \$30,000.

The cost of producing the advertisement for TV will be a further \$400,000.

National newspaper advertising - One popular paper will offer ten full-page adverts for \$0.5 million. This paper has a circulation of 2 million and, on average, three people read each edition. Another paper, a quality daily usually bought by high-income groups, offers six pages for the same price. The readership is 1 million but four people on average read this paper. The cost of producing a newspaper advert will be \$20,000, but a colour magazine advert will cost \$50,000.

A monthly golfing magazine - Aimed at all ages it will offer one full page in the next ten additions for \$300,000. Circulation is only 30,000 but an estimated ten people read each edition.

Other options include radio advertising and street posters.

Source: www.BusinessManagementIB.com

QUESTIONS: 25 MARKS, 40 MINUTES

1. Define:
 - i. Above-the-line promotion
 - ii. Below-the-line promotion

[2 marks]
2. Explain **two** ways in which the company could have decided on the size of the total marketing budget of \$1 million.

[5 marks]
3. Using all of the data, prepare a cost-benefit analysis of the promotional choices.

[4 marks]
4. Explain **two** other pieces of information you would like to review that would help you in coming to a recommendation regarding the promotional mix for Penang Golf Kit Ltd.

[6 marks]
5. Evaluate the decision of Penang Golf Kit Ltd to pursue a promotional strategy based almost exclusively on **one** of the TV advertising options outlined in the case study.

[8 marks]