

Case Study 4: Marketing

Section 1: Background

Marketing is the process of identifying, anticipating and satisfying customer demand profitably. It is integral to the long-term success of any organisation, including BP. In this case study you will learn about key marketing methods, how BP uses them to build relationships with customers and how BP makes sure it offers products and services people want to purchase.

Section 2: Products and brands

Products and brands are usually different things. Products are particular goods and services. Brands are specific named products that are often recognised by consumers. Over time, brands can help to deliver important messages about goods or services. By looking at BP's products and brands we can better understand how effective marketing is crucial to the long-term development and success of a company.

Understanding BP: Student Task 1

- a) Go to **www.bp.com** → **Products and services**
- b) Pick at least one item from each heading – 'On the road', 'For the home' and 'For business'.
- c) Produce a diagram or table that summarises:
 - (i) the BP products for your chosen items
 - (ii) the brand names that exist for these products.
- d) Explain the distinction between products and brands.
Are there any BP products which you think are not brands? If so, which and why?

Section 3: Understanding customer needs

In October 2005 BP launched a new and innovative vehicle fuel involving three separate products: BP Ultimate Unleaded, BP Ultimate Diesel and BP Ultimate 102 Unleaded. Each product is designed to meet the needs of different groups of consumers or market segments. By creating a product that appeals to the particular needs and tastes of specific segments, BP hopes to meet customer needs better.



Understanding BP: Student Task 2

- a) Go to www.bp.com → **Products and services** → **On the road: Fuels and stations** → **BP Ultimate** (select UK)

You might also look at some advertisements for these products at:

→ **BP Ultimate (UK)** → **Get more from BP Ultimate** → **Advertising**

- b) In pairs, prepare a PowerPoint presentation entitled 'BP Ultimate: Marketing a Cleaner and More Powerful Fuel' that considers how BP has effectively marketed these products. Your presentation should cover the points listed below:
- (i) What does the word 'ultimate' mean? What do you associate it with and why do you think BP selected this word?
 - (ii) Is BP Ultimate a product or a brand?
 - (iii) There are three separate BP Ultimate products. What is the difference between them?
 - (iv) Look carefully at each BP Ultimate product and explain which group of consumers it is targeted at.

BP uses a combination of primary and secondary research to first find out what market segments there are, then to assess the exact product requirements for each.

Secondary research uses information and data that already exist, e.g. BP looked at existing predictions of future demand for vehicle fuel.

Primary research is used to find something out if no information exists already, e.g. BP asked customers what they thought of the new BP Ultimate range.

Understanding BP: Student Task 3

- a) Go to www.bp.com → **Products and services** → **On the road: Fuels and stations** → **BP Ultimate** (select UK)

- b) Select one of the BP Ultimate products.

- (i) What information or data would BP need when deciding whether to launch this BP Ultimate product?
- (ii) Is this data primary or secondary?

Section 4: Market research

When undertaking primary research, BP has to decide on the best method for obtaining the information it needs (e.g. questionnaires, personal interviews, telephone interviews, postal surveys, focus groups), then plan its questions carefully to avoid leading or biased questions.

Good market research must be based upon a proper sampling technique. BP could not ask everybody in a town or city what they thought. The process of deciding who to ask is called 'sampling'. There are many ways to do this, including cluster, quota, random and stratified sampling.

Understanding BP: Student Task 4

- a) Construct a questionnaire that BP could use to survey potential customers. You might find it helpful to refer back to Task 3. Think about what you are trying to find out, then think about the questions you need to ask to obtain the information you want.

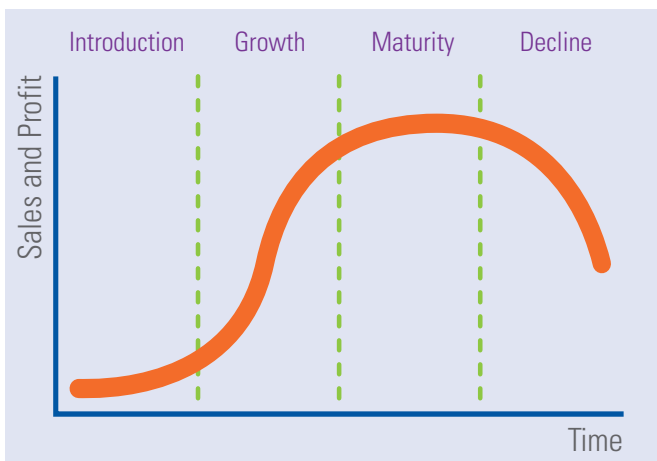
Extension Task

- b) Consider the sampling method you would recommend to BP. Explain your recommendation.

Section 5: BP and the product life cycle

The product life cycle shows the different stages that goods or services go through over time and the effect each stage has upon sales. Figure 1 shows the four main stages: introduction, growth, maturity and decline. Most products follow this pattern and successful companies like BP need to be aware of where each product is on the life cycle.

Figure 1: The product life cycle



Understanding BP: Student Task 5

- a) Draw your own product life cycle for BP Ultimate fuel and mark on it where you think BP Ultimate is in its life cycle now.
- b) Add the following products to your product life cycle diagram:
 - (i) iPods
 - (ii) VHS video recorders
 - (iii) Coca Cola
 - (iv) washing machines
 - (v) bread
 - (vi) 'Busted' CDs

Extension Task

- c) What would happen to sales if BP Ultimate reached maturity? Why might BP want to react *before* BP Ultimate fuels reach the point of maturity?

Promotion is a very important activity that underpins the product life cycle. BP needs to undertake extensive and effective promotion to help launch its products, but it also needs a longer term strategy; without this the promotion will not have a long-lasting effect.



Promotion can involve a range of strategies. Some focus on how consumers are told about the product or brand, e.g. through television, radio, newspapers and magazines, billboards and celebrity endorsements. Other strategies concentrate more on the pricing of the product, e.g. penetration pricing, skimming and BOGOF.

Understanding BP: Student Task 6

- a)** The 'marketing mix' describes the four key elements of a successful marketing strategy. Work out the BP Ultimate marketing mix then show it on an A3 poster or write a short report with section headings for each of the four marketing themes.
- b)** Devise a campaign to launch BP Ultimate fuel. You could select one of the three BP Ultimate fuel products. Your campaign will need to consider who the target market is, what messages might appeal to that target market and what media to use.
- c)** Create some promotional material to support your campaign. This could be a poster, a billboard, a storyboard for a television advertisement or a radio script.

Extension Tasks

- d)** Research how much one or more aspects of your promotional campaign would cost, e.g. what would be the cost of a national television campaign?
- e)** How do you think you could **evaluate** the success of your promotional campaign?
Tip: An evaluation should tell you about both the strengths and weaknesses of your campaign and lead to a conclusion about quality.