Alistair, Shazia and Suzy met up to discuss progress of their quirky t-shirt range called, *T in the Bag*. A few marketing problems had surfaced and Alistair was keen to get them resolved.

Shazia believed the product range was too wide as some designs had been left unsold. The packaging of the t-shirt, called the T-bag, inspired by the music festival T in the Park, was key to their brand and had allowed a premium price to be set. A loyal group of customers was forming with some collecting t-shirts for all the festivals attended that year. Shazia explained that the original t-shirt was moving out of the maturity stage of the product life cycle and so some extension strategies were needed. Suzy thought they could now sell to sports outlets and Alistair suggested some product line extensions such as a festival clothing range, which would build on their already established brand name. The T-bag, packaging could be lined with a waterproof and fleece layer and double up as pillow slip and protect against rain showers at the festivals.

Their current price was too high. When it was first released, as a designer product, it secured a high price. But now, with a loyal set of customers and copycat products sure to follow, its price could be lowered. Suzy saw potential with the collectors of t-shirts and suggested a promotional pricing strategy for volume purchases. The problem of unsold stock could be boosted by this pricing method with no loss of quality to the product. Shazia’s range of “eco” t-shirts called “Herbal-Ts”, could be sold as a loss leader, simply to encourage customers to visit their website and purchase their more profitable ranges. Suzy advised that t-shirts sold via the sports shops should be priced competitively, alongside the leading brands to avoid a price war. They could compete on non-pricing factors such as their distinctive packaging and word of mouth promotions.

Their main problem, concluded Alistair, was poor market research as an inadequate amount of data on their customers had been collected, making segmenting the market difficult. They had failed, for instance, to maximise sales by using a range of pricing strategies targeted at the appropriate customer.
Question 1
Under the heading "Marketing", identify the problems *T in the Bag* was facing after its first year of trading.

(4)

Question 2
Describe the costs and benefits of holding a brand name.

(4)

Question 3
Describe, using examples, 2 extension strategies a firm, such as *T in the Bag*, could use to extend the life cycle of their product.

(4)

Question 4
Explain the advantages to a firm, such as *T in the Bag*, of having a portfolio of products.

(3)

Question 5
Describe 2 pricing strategies a firm, such as *T in the Bag*, could use to maximise its sales.

(4)

Question 6
Describe the costs and benefits of a pricing skimming strategy to a firm, such as *T in the Bag*.

(2)