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Centre number

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Candidate number

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Surname

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# Level 3 Technical Level

## BUSINESS: MARKETING

### Unit 2 Marketing Principles

Friday 25 January 2019

Afternoon

Time allowed: 2 hours

#### Materials

- You will need no other materials.

#### Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- Do all rough work in this book. Cross through any work you do not want to be marked.

#### Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 80. There are 50 marks for **Section A** and 30 marks for **Section B**.
- There are two sections to this paper.
- Both sections should be attempted.
- You should spend approximately 60 minutes on **Section A** and 60 minutes on **Section B**.

#### Advice

Please read each question carefully before starting.

For Examiner's Use	
Question	Mark
1–8	
9	
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11	
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18	
<b>TOTAL</b>	



J A N 1 9 Y 5 0 6 6 0 8 6 0 1

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**Section A**Answer **all** questions in this section.**Total for this section: 50 marks**Tick (✓) the box next to the correct answer for questions **01** to **08**.**0 1**Which term is defined as **identifying, anticipating and satisfying customer requirements?****[1 mark]**

**A** Macro environment

**B** Marketing

**C** Marketing mix

**D** Micro environment

**0 2**

A national retailer wants to find out the opinions of its customers regarding a new product.

What would be the most cost-effective method to gather large amounts of **research?****[1 mark]**

**A** Discussion group

**B** Face-to-face survey

**C** Online survey

**D** Telephone questionnaire



0 2

**0 3**

The goal of **customer retention** is to retain as many customers as possible.

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Which would be the most appropriate way for a business such as Costa Coffee or Starbucks to do this?

**[1 mark]**

**A** Customer competition

**B** Loyalty card

**C** Review schemes

**D** Table service

**0 4**

A large bookseller is launching a new children's book series in a saturated market.

A new book in the series comes out every month.

What would be the most appropriate **pricing strategy** to use?

**[1 mark]**

**A** Cost pricing

**B** Negotiated pricing

**C** Penetration pricing

**D** Price skimming

Turn over ►



0 3

**0 5**

What is meant by the following statement?

**Businesses building together components to produce a larger benefit.**

**[1 mark]**

**A** Competitive advantage

**B** Cost reduction

**C** Economies of scale

**D** Synergy

**0 6**

How do businesses benefit from **internal marketing**?

**[1 mark]**

**A** Employees are able to influence customers' attitudes about the business.

**B** Employees are motivated by fringe benefits, such as company cars.

**C** Promotions communicate product features to customers.

**D** Research will enable the business to make decisions.



0 7

Which is the best example of an **opportunity cost**?

[1 mark]

Do not write  
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boxA Assessing the opportunity of winning a competition. B Costing out the amount you will gain from a bank account. C Pricing how much a holiday to Spain would cost. D Spending more on one pack of charity Christmas cards rather than two packs of own-brand ones. 

0 8

What would be an example of one element of the **extended marketing mix**?

[1 mark]

A Employees communicating with customers. B Goods and services delivering value. C Distribution channels used. D Offering 10% discounts. —  
8

Turn over for the next question

Turn over ►



0 5

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0 | 9

A local leisure centre is reviewing its objectives.

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Explain **one** benefit to the leisure centre of having **customer satisfaction** as a business objective.

[3 marks]

3

1	0
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A large electronics retailer has received customer complaints about the quality of one of its items.

Explain **one** reason why it is important for the retailer to communicate with its **supply chain**.

**[3 marks]**

3



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Helen makes personalised cakes and she is planning to open her first shop. Her target market is local families with children.

In order to find out the opinions of her target market, she plans to use:

- a closed-question survey of a small sample of parents dropping off children at a local primary school each morning
- an online survey sent to everyone on Helen's personal social media pages
- a postal survey sent to people in the vicinity of Helen's home.

Use the information above to analyse the **reliability** of the data for Helen.

[6 marks]

6

Turn over ►



1 | 2

Cadbury offer a range of products that differ slightly in countries across the world.

- In India, Cadbury Celebrations are a box of individual unwrapped chocolates such as Dairy Milk. These are seen as a chocolate for the many festivals in India and as a replacement for traditional South Asian sweets.
- In China, they sell various products including Cadbury Choclairs, which is a layer of caramel with a centre of Cadbury chocolate, made sweeter than the UK version.

Use the information above to analyse why **cultural differences** can influence purchasing decisions when buying Cadbury products.

[6 marks]

6



1 | 3

LocalMe is a small corner shop. It has an objective of increasing sales of fresh fruit and vegetables.

For 1 month staff observed customers as they entered the store. At the end of the month, it was found that:

- 80% of customers go straight to buy a newspaper or milk or other item
- 15% of customers, when suggested by the corner shop's staff, look at the fruit and vegetables
- advertising fruit and vegetables outside the corner shop has no impact on sales.

Use the information above to analyse the importance to LocalMe of understanding the **consumer buying process**.

[6 marks]

6

Turn over ►



A business delivers food boxes, ordered online, to customers' homes. The boxes include all the ingredients to cook a healthy meal in 30 minutes.

The business has noticed the following changes to its external environment:

- **Economic** – increasing employment, interest and inflation rates.
- **Social** – people with busy lives make unhealthy food choices, food boxes are convenient. Research shows 80% of people want to eat healthier.

Use the information above to analyse the impact that the **macro marketing environment** could have on the sales of food boxes.

[6 marks]



6



1 | 5

An established pizza restaurant currently has no takeaway service. It plans to introduce a takeaway service to include home delivery and collection.

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They currently have the following marketing mix.

- **Place** – one restaurant that can seat up to 30 customers.
- **Product** – focus on quality of the pizza and its ingredients.
- **Price** – offer a competitive pricing strategy and a price match scheme with other nearby competitors.
- **Promotion** – through word of mouth and flyers through local residents' doors.

Use the information above to analyse how the business may need to **adapt the marketing mix** for its new takeaway service.

[6 marks]

6

Turn over ►



1 6

Raman has recently graduated from the hairdressing academy in her local town. She has decided to set up her own mobile hairdressing business.

Strengths	Weaknesses
She graduated amongst the top in her class and has a large following on social media.	She has not run a business before.
Opportunities	Threats
There are no hairdressers offering online bookings in the area.	Large well-known hairdressing brands operate in the town.

Use the information from the **SWOT table** to analyse the likely success of Raman's business.

[6 marks]

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1 2

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1 3

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**Section B**

Answer **both** questions in this section.

**Total for this section: 30 marks**

Read **Item A** and then answer **Question 17**.

**Item A****Personalise You**

Harry set up Personalise You as part of his Young Enterprise project when he was at college 15 years ago. He supplied his college drama production with personalised t-shirts and hoodies. Over the years Harry has developed a good relationship with local schools, all wanting personalised items.

Harry currently has a large customer base in the local area, not only schools but also small businesses. He provides businesses with items for their away days (training days that are based away from the office). Through these links he has also provided items for birthday parties.

He currently has the following marketing mix.

- **Price** – Harry uses a mix of both cost-based and competitive pricing. He has a number of reliable suppliers.
- **Product** – high quality items that can be personalised, both in terms of colour and the designs that are printed on them.
- **Place** – Personalise You has a printing facility in the centre of the local town, as well as an app and one-click website.
- **Promotion** – Harry relies on advertising on social media, as well as word of mouth and recommendations from existing customers. He has built a very positive and trusting relationship with his customers.

Harry has developed strong links with the local area on social media. Despite this, he struggles to compete on price with larger companies providing a similar service, such as Moonpig and Amazon. Due to new price comparison websites, some of Harry's customers are thinking of using Amazon to supply products for their next away day.



1 | 7

What marketing actions should Harry take in order to compete with larger businesses that offer similar services?

Use the **marketing mix** and **Item A** to justify your choice.

[15 marks]

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*Do not write outside the box*

15



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Read **Item B** and then answer **Question 18**.

### Item B

#### Pro-teen

Olivia and Sophie have been running Pro-teen for 3 years. The business sells healthy protein smoothies to teenagers. They thought that the name Pro-teen demonstrated this and was catchy enough to attract teenage customers. Initially they did very well in the local area, selling products at gyms and colleges.

However, over the past 6 months, there have been a number of changes within the micro marketing environment that have influenced consumer choice. For example, many customers have found the convenience and price of online retailers, such as Holland and Barrett and myprotein.com, a reason to stop shopping with Pro-teen. In addition, many of the original customers have grown up and no longer wish to buy protein smoothies or associate themselves with a product aimed at teenagers.

Olivia and Sophie have analysed their sales revenue figures for 2018. They have set themselves the following objective for the first 6 months of 2019:

To increase sales revenue by 15% in the first 6 months of 2019.

Given the significance of changes within the marketing environment, Olivia and Sophie disagree on how to achieve this objective.

Olivia proposes that they should focus on the customers they already have and look to build revenue with repeat custom. She has suggested that if they source a cheaper supplier, they will be able to offer lower and more competitive prices.

Sophie proposes that they need to focus on gaining a new customer base. She wants to target the general public in the local area, especially developing relationships with schools and colleges. Sophie believes they should continue with their trusted supplier, and focus on the relationship with their customers rather than slash prices to prevent customers purchasing from the competition.



1 | 8

From Olivia's and Sophie's proposals, which action would you advise they take?

Use **Item B** and your understanding of the **micro marketing environment** to justify your choice.

[15 marks]

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15

**END OF QUESTIONS**

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