



Please write clearly in block capitals.

Centre number

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Candidate number

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Surname

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Forename(s)

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Candidate signature

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# Level 3 Technical Level Business: Marketing COMPETITIVE BUSINESS ENVIRONMENT

Unit: K/506/6075

Tuesday 20 June 2017

Morning

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 two sections to this paper.
- Both sections should be attempted.
- Candidates 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	
Examiner's Initials	
Question	Mark
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<b>TOTAL</b>	



J U N 1 7 K 5 0 6 6 0 7 5 0 1

G/TI/Jun17/E6

**K/506/6075**

**Section A**Answer **all** questions in this section**Total for this section: 50 marks**In the multiple choice questions, only **one** answer per question is allowed.

For each answer completely fill in the circle alongside the appropriate answer.

CORRECT METHOD



WRONG METHODS



If you want to change your answer you must cross out your original answer as shown.



If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown.

**0 1**A business is more likely to set up as a **public limited company (PLC)** if:

A Its managers want to control all decision making

☐

B It needs a high level of finance to expand its operations

☐

C It has a low risk of failing

☐

D It has a not-for-profit vision of supporting the local community

☐**[1 mark]****0 2**Which is the best example of a **risk** faced by a business in 2017?

A Competitors reduced their prices in May 2017

☐

B Sales declined by 10% in February 2017

☐

C Unknown sales growth for August 2017

☐

D A high probability of costs increasing in July 2017

☐**[1 mark]**

0 3

A change in the UK to Euro currency exchange rate, from £1:€1.1 to £1:€0.9, is most likely to result in UK businesses:

- A Buying fewer products from Eurozone countries
- B Selling fewer products to the USA
- C Buying more products from Eurozone countries
- D Selling fewer products to Eurozone countries

☐☐☐☐

[1 mark]

0 4

Consumers' **environmental concern** about the pollution created by cars is most likely to:

- A Increase the demand for cars
- B Increase the demand for petrol
- C Increase the demand for electric-powered cars
- D Reduce the demand for bicycles

☐☐☐☐

[1 mark]

0 5

Which is the best example of **indirect competition** faced by a cinema business?

- A A competing cinema business expanding its operations
- B Sky and Virgin Media reducing the price of pay-per-view movies
- C A mobile phone company developing a new smartphone
- D An increase in the cinema business's operating costs

☐☐☐☐

[1 mark]

0 6

Technological development **directly** supports **innovation** by:

- A Helping to add new features to products
- B Increasing the price of products
- C Reducing business costs
- D Increasing the complexity of products

☐☐☐☐

[1 mark]

Turn over ►



0 7

Which of the following would be classified as an **external opportunity** for a UK supermarket chain that also offers online shopping?

A A German supermarket chain plans to open stores in the UK

☐

B An increase in staff wages

☐

C An increase in the number of UK households with high speed Internet connection

☐

D A high customer satisfaction rating for its online shopping website

☐

[1 mark]

0 8

A business is planning to sell a new product in an existing market. Which **Ansoff's competitive strategy** is the business using?

A Diversification

☐

B Market penetration

☐

C Market development

☐

D Product development

☐

[1 mark]



0	9
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Explain **one** way in which **market segmentation** could help a business to increase its profits.

[3 marks]

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Explain **one** reason why a business might use **Ansoff's diversification strategy** when faced with increased competition.

[3 marks]

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Turn over ►













Region	Gender	Employed (thousands)	Unemployed (thousands)
North East	Male	15,500	25,500
Yorkshire and the Humber	Male	19,000	29,000
East of England	Male	20,500	28,000
London	Male	21,500	29,000

**[6 marks]**

[illegible]



**Section B**Answer **both** questions in this section**Total for this section: 30 marks**Read **Item A** and then answer question 

1	7
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.**Item A****Innovation and the market for wearable technology**

Wearable technology includes any product, worn on the body, that uses electronics to provide interactive features eg a fitness tracker, worn on the wrist, that measures exercise duration and intensity. Innovation continues to increase the convenience, features and reliability of wearable technology.

The market for wearable technology can be divided into the following areas:

- **Security and safety** eg location devices for rescue workers; fire-fighter jackets with embedded environment sensors
- **Medical** eg digital hearing aids; health monitoring devices for patients recovering from surgery
- **Sport and fitness** eg fitness trackers; heated ski-jackets
- **Computing** eg virtual reality headsets; smart watches such as Apple Watch
- **Fashion** eg jewellery that changes colour using a smartphone; colour changing threads that allow you to change the patterns of your clothing

The market for wearable technology has grown in recent years. Fitness trackers, for example, have become affordable for the mass market and are now manufactured by a range of businesses in the USA, Europe (eg Switzerland) and the Far East (eg China). Virtual reality headsets can be expensive, especially those targeting engineering and design businesses, but are coming down in price (eg Sony Playstation VR).

The initial cost of wearable technology innovation is high. Only businesses with substantial financial resources can carry out the technological development required. Protecting any patent is also difficult, as indicated by the growth in the number of businesses manufacturing fitness trackers.

Market success is often uncertain. For example, Google, which had a turnover of \$74.5 billion in 2015, failed to successfully launch its 'Google Glass' product. Its 'computer glasses' were expensive (\$1500) and it stopped production in 2015. However, Google stated that it intended to continue innovating and, in 2016, was rumoured to be re-launching the product.







Turn over for the next question

DO NOT WRITE ON THIS PAGE  
ANSWER IN THE SPACES PROVIDED

Turn over ►



Read **Item B** and then answer question 

1	8
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**Item B**

**Apple's wearable technology**

Apple designs and sells consumer electronics products. Its iPod, launched in 2001, changed the way people listened to music and contributed to the growth in the market for downloaded and streamed recordings. Apple's iPad, first launched in 2010, made touch screen computers both portable and usable. Other businesses were first to the market, but Apple's products had a combination of functionality and design that met consumer needs at the time.

The increasing popularity of wearable technology led Apple, in 2015, to launch its Apple Watch. When wirelessly connected to the user's iPhone (Apple's popular brand of smartphone), it displays text messages, emails, calendar appointments and other information. Without a wireless connection, the Apple Watch is limited to being a watch, fitness tracker and digital music player (if the user has stored recordings on the device).

The market for wearable technology continued to grow in 2016. However, this was largely due to increased sales of inexpensive fitness trackers (eg from China). Sales of more expensive smart devices, such as the Apple Watch, fell by 27% compared with 2015.

In November 2016, Apple was rumoured to be developing digital glasses. Possibly launching in 2018, the product would wirelessly connect to the user's iPhone and project information onto the surfaces of the glasses. Other businesses, such as Google, had already entered this market and, with iPhone sales growth slowing in 2016, pressure was mounting for Apple to launch a new and popular product.







**END OF QUESTIONS**

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ANSWER IN THE SPACES PROVIDED**



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