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Centre number

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Candidate number

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Surname

Forename(s)

Candidate signature

Level 3 Technical Level

BUSINESS: MARKETING

Unit 2 Marketing principles

Thursday 7 June 2018

Morning

Time allowed: 2 hours

Materials

You will need no other materials.

For Examiner's Use	
Examiner's Initials	
Question	Mark
1–8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
TOTAL	

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.
- Candidates should spend approximately 60 minutes on **Section A** and 60 minutes on **Section B**.

Advice

Please read each question carefully before starting.



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Section AAnswer **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 question 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**

Which of the following would be a change in the economic environment?

[1 mark]

- A** New fashion trends
- B** Increase in VAT
- C** New advice on sustainability
- D** Amendments to employment legislation

0 2

After returning from a holiday, you write an online review. This would be classed as:

[1 mark]

- A** evaluation of alternatives.
- B** information search and processing.
- C** need recognition.
- D** post-purchase evaluation.



0 2

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0 3

The owner of a nail bar has completed some research. She has held a group discussion and an in-depth interview.

What type of research has she collected?

[1 mark]

- A** Primary and qualitative
- B** Primary and quantitative
- C** Secondary and qualitative
- D** Secondary and quantitative

0 4

A local fitness trainer updates his social media daily with hints and tips, and sends weekly emails to all of his clients with timetables of classes.

Which element of the marketing mix is this an example of?

[1 mark]

- A** Panel discussion
- B** Physical evidence
- C** Price
- D** Promotion

0 5

A business selling sandwiches has recently introduced a policy to reduce wastage and pollution in the local community by only using recyclable sandwich wrapping.

What element of the macro environment is it focusing on?

[1 mark]

- A** Environmental
- B** Legal
- C** Political
- D** Social

Turn over ►

0 3

G/Jun18/Y/506/6086

0 6

A charity that fundraises for neglected animals, works closely with the RSPCA and the Dogs Trust. Their main focus of the marketing mix is therefore:

[1 mark]

- A** direct channel.
- B** mass promotion.
- C** price and negotiation.
- D** service quality.

0 7

A local coffee bar is introducing a loyalty card in the hope to increase customer loyalty by 10% over the next 6 months.

Which of the following is the focus of the objective?

[1 mark]

- A** Customer retention
- B** Information sharing
- C** Market share
- D** Profit

0 8

What factor would be classed as an element of the macro marketing environment?

[1 mark]

- A** Competitors' actions
- B** Government policies
- C** General public
- D** Suppliers' prices

8

0 4

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0 9

Explain **one** benefit of a good relationship between a business and its suppliers.

[3 marks]

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Explain **one** benefit of a co-ordinated marketing mix for a business.

[3 marks]

3

Turn over for the next question



A small business offers technical support to mobile phone users who want to make better use of their mobile phones and computers. It also fixes broken mobile phones and replaces smashed screens. The business has recruited a number of college leavers who have an interest in technology and invests heavily in the training of its employees. In addition it prides itself on having the most up-to-date information, as the college leavers have knowledge of the latest technology processes. The business is aware that it has competition from major brands and therefore needs to maintain the unique selling point of highly knowledgeable and friendly employees.

Use the information above to analyse the importance of the internal environment to the business.

[6 marks]



1 | 2

Alex runs a coffee and cake bar close to the university in a large city. Alex has been undertaking some research in anticipation of the new students arriving in September.

- **Online survey** – this was sent to 2500 current students using SurveyMonkey. The survey consisted of 10 closed questions about pricing, opening times and products.
- **Telephone survey** – 50 potential students were telephoned and asked 10 closed questions about prices, their favourite products and competitors.

Use the information above to analyse the usefulness of Alex's research.

[6 marks]

6

Turn over ►



1 | 3

A boutique style health club located just outside London has been analysing the changes in the macro environment, in particular economic factors.

Interest rates have risen by 0.5%	Inflation is above the government's target at 3%
Unemployment has risen in the local area by 5% in the last year due to a large call centre moving overseas	A new gym with fewer facilities has opened in the same area. Their memberships are 30% cheaper.

Use the information above to analyse the impact of the macro environment on the health club.

[6 marks]

6



A fashion retailer selling male and female clothing targets 18–30 year olds. Students are offered a 10% discount. Matt, the owner, is concerned about the competition.

Its main rival in the local area has also started a promotion. It now offers students a 20% discount in September and October and a 10% discount in other months. Matt doesn't think that they can offer 20% off for 2 months, as they already operate a promotion all year round. He has considered offering everyone £10 off all items over £30 in September instead.

Use the information above to analyse how the competitor's student promotion could affect Matt's business.

[6 marks]

6

Turn over ►



A street food van sells high-quality burgers and sausages at festivals around the UK. This is a highly competitive industry as there are many food sellers at festivals. Alice and Tom work with a number of key suppliers close to each of the festival venues they visit around the country. These are local farms that supply the quality meat for the burgers and sausages.

They need to maintain a good relationship with the local farms in case they need to order at short notice. At each festival they advertise which farm the meat has come from, in case customers ever want to visit the farm and purchase for themselves after the festival.

Use the information above to analyse the importance to the street food van of having a good supplier relationship.

[6 marks]

6



1 | 6

Tilly is the director of a local hospice that provides care for the terminally ill. It raises funds by holding events in the local community, promoting its work on social media and through a local charity shop. Tilly prefers to communicate directly with the local community on a personal level.

Use the information above to analyse the importance to a not-for-profit organisation of using a direct channel of marketing.

[6 marks]

6

Turn over ►



Section B

Answer **both** questions in this section.

Total for this section: 30 marks

Read **Item A** and then answer question **1 7**.

Item A**Organic clothing and accessories**

Organic clothing is made from materials that are grown in compliance with organic agricultural standards. Organic cotton is grown without the use of any chemicals.

Jenny's daughter is allergic to most modern clothing. For years Jenny shopped around, spending lots of money on organic, 100% cotton clothes. Having realised that many parents at the local playgroup had the same problem, she decided to set up her own anti-allergen clothing company. Research online suggests that this is a growing market.

Jenny aims that her business should offer stylish clothing that has been made fairly and sustainably. She sources her items from suppliers that produce baby and children's clothing from 100% organic cotton. She also sells washing liquid that is allergen free.

In order to fund her business, Jenny accepted money from a friend, David, to start the enterprise. He provided 70% of the start-up capital. Initially, David said he would be a silent partner. However, as the business has grown, he has become more involved with decision making.

David thinks that Jenny should focus on selling lower-quality items at a reduced price to target a larger consumer group. Jenny disagrees and only wants to sell items that fit with her aim. David has approached some cheaper local suppliers that pay employees a fair wage but do not produce organic, 100% cotton clothes.

David wants Jenny to sell these items at a cheaper price alongside her organic items. Jenny has refused, saying it will mean she no longer has a competitive advantage.



17

To what extent do you think that Jenny has made the right decision in just targeting ethical consumers with her clothing?

Use **Item A** to justify your answer.

[15 marks]

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Read **Item B** and then answer question **1 8**.

Item B

Taco Palace

Simon runs a Mexican restaurant in the South of England that specialises in tacos, burritos and fajitas. Due to competition from large brands such as Barburrito and Las Iguanas, Simon's revenue has been slowly falling over the last few months. These large chains offer meal deals and the same menu across the UK, therefore meaning familiarity for customers.

Simon has undertaken a market analysis, as well as both primary and secondary research, in order to find out what his target market is looking for. His research found that 80% of those customers surveyed want two key things when they eat out: value for money and quality. He also found out that a small proportion, 15%, want something unique and different from their restaurants. One person stated "I want a break from the norm, good local food and friendly service, not what these large chains offer!"

Simon has therefore come up with two marketing mixes that he thinks will encourage customers to re-visit his restaurant.

	Marketing Mix 1	Marketing Mix 2
Product	<ul style="list-style-type: none"> Source local ingredients from local farmers. Have a small high-quality menu. 	<ul style="list-style-type: none"> Source cheaper, but still good-quality ingredients from large suppliers. Expand the menu to offer some similar products as the competition.
Place	<ul style="list-style-type: none"> Only offer food at the restaurant and local farmers' markets. 	<ul style="list-style-type: none"> Expand into take-out using Deliveroo and Just Eat.
Price	<ul style="list-style-type: none"> Maintain prices at the current level. Offer an early bird two course meal for those people ordering before 6 pm. 	<ul style="list-style-type: none"> Cut prices by 5%. Offer a loyalty card to customers. 10% discount off all take-out orders.
Promotion	<ul style="list-style-type: none"> Promote on social media, in local schools, colleges and businesses. 	<ul style="list-style-type: none"> Use the Just Eat and Deliveroo websites to advertise. Hand out flyers in the local town.



Simon wants to increase the revenue of his restaurant.

Use **Item B** to evaluate which marketing mix you think he should use.

[15 marks]

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END OF QUESTIONS



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