

1(a)

Text 3

Green Cuisine

Rory and Jayda are keen entrepreneurs and are aware of the likely growth in the demand for both eating out and electric cars over the coming years. Therefore, they have decided to set up a restaurant with a difference – customers can charge their electric car using one of the car charging points in the restaurant's car park whilst enjoying a meal made from locally sourced, organic ingredients.

Rory previously worked in the finance department of a large business. Jayda used to work in a restaurant where she was responsible for marketing the business as well as managing the kitchens. They enjoy coming up with new ideas and not knowing what the future may bring.

Rory and Jayda have decided to set up their new business as a partnership. They have carried out market research which shows that there is demand for their business idea, as long as it offers exactly what customers require.

Rory and Jayda have decided to use cost-plus pricing with a mark-up of 10% on total costs. The average cost to produce a two-course meal is £12. Here are the results of their market research.

Average price	Estimated number of sales (Customers per week)
£13.20	100
£13.80	85
£14.40	45

They intend to charge prices which are slightly higher than Burgerz4U, the nearest fast-food restaurant, which is located one mile away from the proposed location of Green Cuisine. The average price of a two-course meal at Burgerz4U is £11.

The comments received from their market research are mixed:

"An excellent idea. I am prepared to pay extra if I know that I am supporting other businesses in my local area."

"People do not have much money to spend as unemployment is high after the local factory closed. It is a good idea, but it will take a lot to persuade me to stop visiting a cheaper, well-known brand."

Rory and Jayda used both quantitative and qualitative data in their market research.

i. Analyse **one** benefit to Rory and Jayda of using **each** of these types of data.

Quantitative data:

Qualitative data:

[6]

ii. Recommend whether quantitative or qualitative data will be most useful for Rory and Jayda when setting up Green Cuisine. Give reasons for your answer.

[3]

(b) * Discuss, with reference to the data in **Text 3**, whether cost-plus pricing is the most effective pricing method for Green Cuisine.

[illegible]

[illegible]

2 A printing firm is researching the market for road maps.

Which of these would be the main purpose of this market research?

- A To calculate the amount of paper that needs to be purchased
- B To find out whether customers are likely to buy the maps
- C To locate the cheapest supplier of coloured inks
- D To work out how many maps the workforce could make in a week

Your answer

[1]

3 A toiletries manufacturer sells its products to a wholesaler.

Which one of the following correctly shows the distribution channel of the products?

A Producer → Retailer → Customer

B Producer → Wholesaler → Retailer → Customer

C Retailer → Producer → Wholesaler → Customer

D Retailer → Wholesaler → Customer

Your answer

☐

[1]

4 A focus group is an example of:

A a digital distribution channel

B a primary market research method

C market segmentation

D point of sale promotion

Your answer

☐

[1]

5 Which one of the following is **not** a benefit to a business of using television advertising to promote its products?

A Celebrity endorsements can be used

B Financial risks are large

C Millions of potential customers can be reached

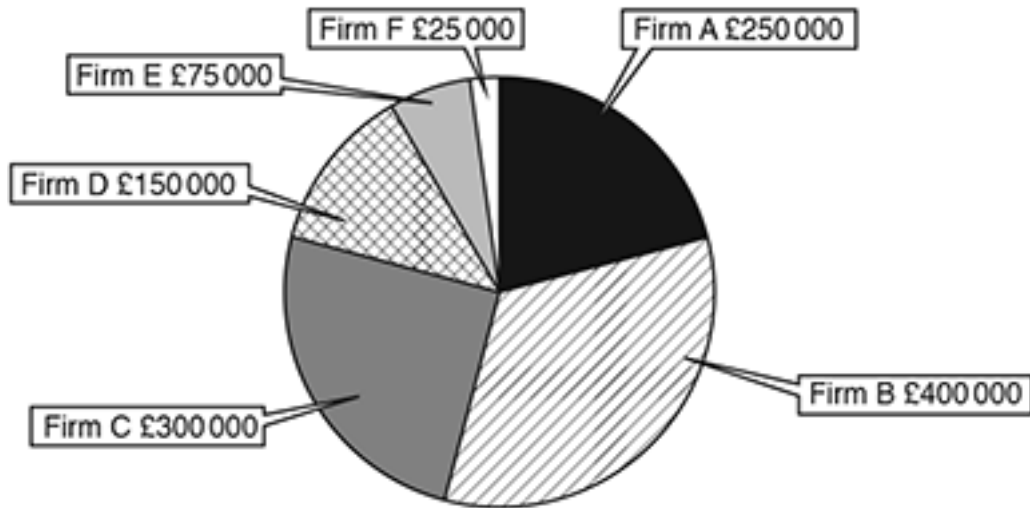
D Sound and moving images are very effective

Your answer

☐

[1]

6 Six firms operate in a market. The pie chart below shows the annual revenue of each of these six firms.



According to the pie chart, which one of the following statements is true?

- A Firm A controls a third of the market
- B Firm B has the smallest market share
- C Firm C controls a quarter of the market
- D Firm F has the largest market share

Your answer

☐

[1]

7 A manufacturer has decided to run a marketing campaign on national television in a month's time.

As a result of this decision, which one of the following actions might also be necessary?

- A Finance should stop monitoring cash flow
- B Human resources should employ some temporary production workers
- C Operations management should reduce output
- D Purchasing should buy smaller quantities of raw materials

Your answer

☐

[1]



Boohoo was started in 2006 by two entrepreneurs who had the idea of starting a business where customers could buy the latest fashions online.

Boohoo has expanded using organic growth, and has become a global online retailer of its own brand clothes, shoes and accessories. It now sells in over 100 countries. Boohoo charge for delivery. It has millions of website users per month.

The target market for the Boohoo brand is men and women who are 16 to 24 years old and are fashion conscious. To reach this market, Boohoo uses social media. The business is active on Facebook, Twitter, YouTube and Instagram.

Boohoo has also introduced apps for smartphones and tablets that allow customers to browse and buy products very easily.

Boohoo uses social media to promote its products.

- i. State **one** advantage to a business of using social media to promote its products.

----- [1]

- ii. State **one** disadvantage to a business of using social media to promote its products.

----- [1]

- iii. Evaluate whether or not Boohoo should continue to use social media when promoting its products.

7]

Text 3

Shirtz Ltd is a private limited company owned by Shamira and her husband, Zubair. The business manufactures colourful T-shirts with logos and pictures on the front.

Shamira and Zubair would like to expand the business. They have created a business plan to help them.

Shirtz Ltd's business plan

Aims and objectives

To grow by purchasing new machinery and renting a new location for production

Finance

New finance will be required to fund the business' aims and objectives

Business needs

- New machinery
- Larger premises/location for production

Market research

Price per T-shirt	Estimated sales (T-shirts per month)
£18	600
£16 (current price)	800
£14	1000

Changes to the marketing mix

Product – expand the range of T-shirts produced and sold

Price – set price to gain highest revenue

Place – develop links with a high street shop to sell Shirtz Ltd's products

Promotion – use point of sale promotion

Human resources

Employ two full-time production workers

Identify which price the market research suggests Shirtz Ltd should charge to obtain the highest revenue.

[1]

(b)

- i. Analyse how the proposed changes to Shirtz Ltd's marketing mix might impact on two stakeholder groups.

Stakeholder group 1

Impact

Stakeholder group 2 -----

Impact -----

[6]

- ii. Recommend which of Shirtz Ltd's stakeholder groups is most likely to be affected by the proposed changes to Shirtz Ltd's marketing mix. Give reasons for your answer.

[3]

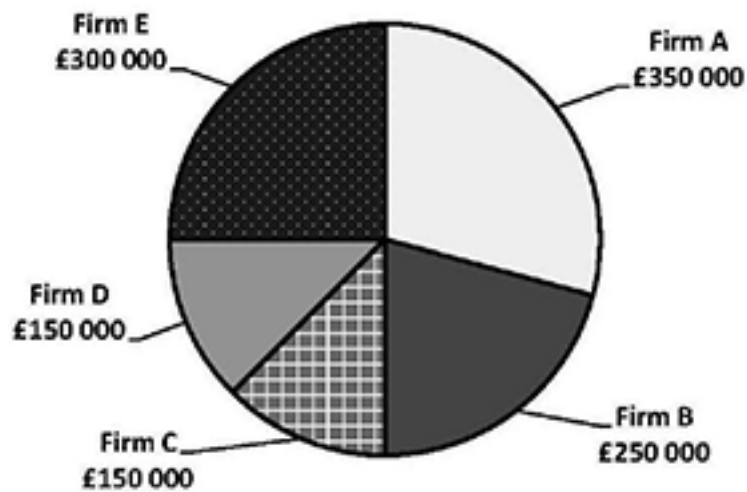
10 What is the final stage of the product life cycle?

- A Decline
- B Delegation
- C Distribution
- D Diversification

Your answer

[1]

11 Five firms operate in a market. The pie chart below shows the annual revenue for each of these five firms. Awareness of market share will inform the decisions Firm E need to make to achieve business growth.



What is the market share of Firm E?

- A 25%
- B 30%
- C $33\frac{1}{3}\%$
- D 90%

Your answer

[1]

12 Invention involves:

- A behaving dishonestly
- B creating new products
- C developing existing products
- D discrimination in the workplace

Your answer

☐

[1]

13 In response to market research data, a hairdressing salon reduces the price it charges for a haircut from £22.00 to £18.00.

The percentage reduction in the price charged for a haircut is approximately:

- A 4.5%
- B 5.5%
- C 18.2%
- D 22.2%

Your answer

☐

[1]

14 A small business that sells baby clothes has done some market research using a range of information sources.

Which of the following would have been obtained from internal data?

- A Articles in parenting magazines
- B Competitor websites
- C Government statistics on birth rates
- D Sales figures showing the shop's best-selling products

Your answer

☐

[1]

15 A firm only has the resources to introduce one new product to the market. The results of its market research survey are shown below.

- 5% of women and 18% of men said they would consider buying the product.
- Of these, 30% favoured the basic model and 70% favoured the advanced model.

Which one of the following does the market research suggest it would be best for the firm to do?

- A Produce the advanced model and target men
- B Produce the advanced model and target women
- C Produce the basic model and target men
- D Produce the basic model and target women

Your answer

[1]

16(a)

Text 1

Boohoo.com



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Explain **one** advantage to Boohoo of using market segmentation.

[2]

(b) Analyse **one** disadvantage to a customer of Boohoo's distribution channel.

[3]

END OF QUESTION PAPER