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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

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	
10	
11	
12	
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14	
15	
16	
17	
18	
TOTAL	



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

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Section AAnswer **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 3

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

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 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]**

- A** 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 9

A local leisure centre is reviewing its objectives.

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

[3 marks]

3

1 0

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



Turn over for Section B

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ANSWER IN THE SPACES PROVIDED**

Turn over ►



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.



Turn over for the next question

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ANSWER IN THE SPACES PROVIDED**

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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.



