

2.2 Questions

Q1.

Answer the question with a cross in the box you think is correct . If you change your mind about an answer, put a line through the box and then mark your new answer with a cross .

Which **one** of the following is an element of the marketing mix?

Select **one** answer.

(1)

- A** Perseverance
- B** Profit
- C** Place
- D** Persuasion

(Total for question = 1 mark)

Q2.

Look at Figures 4 and 5, read the extract carefully, then answer the question.

Outline **one** reason why being an e-tailer gives Amazon an advantage over Argos.

(2)

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(Total for question = 2 marks)

Q3.

Look at Figure 2, read the extract carefully, then answer the question.

Analyse the impact on Fender of charging high prices for its musical instruments.

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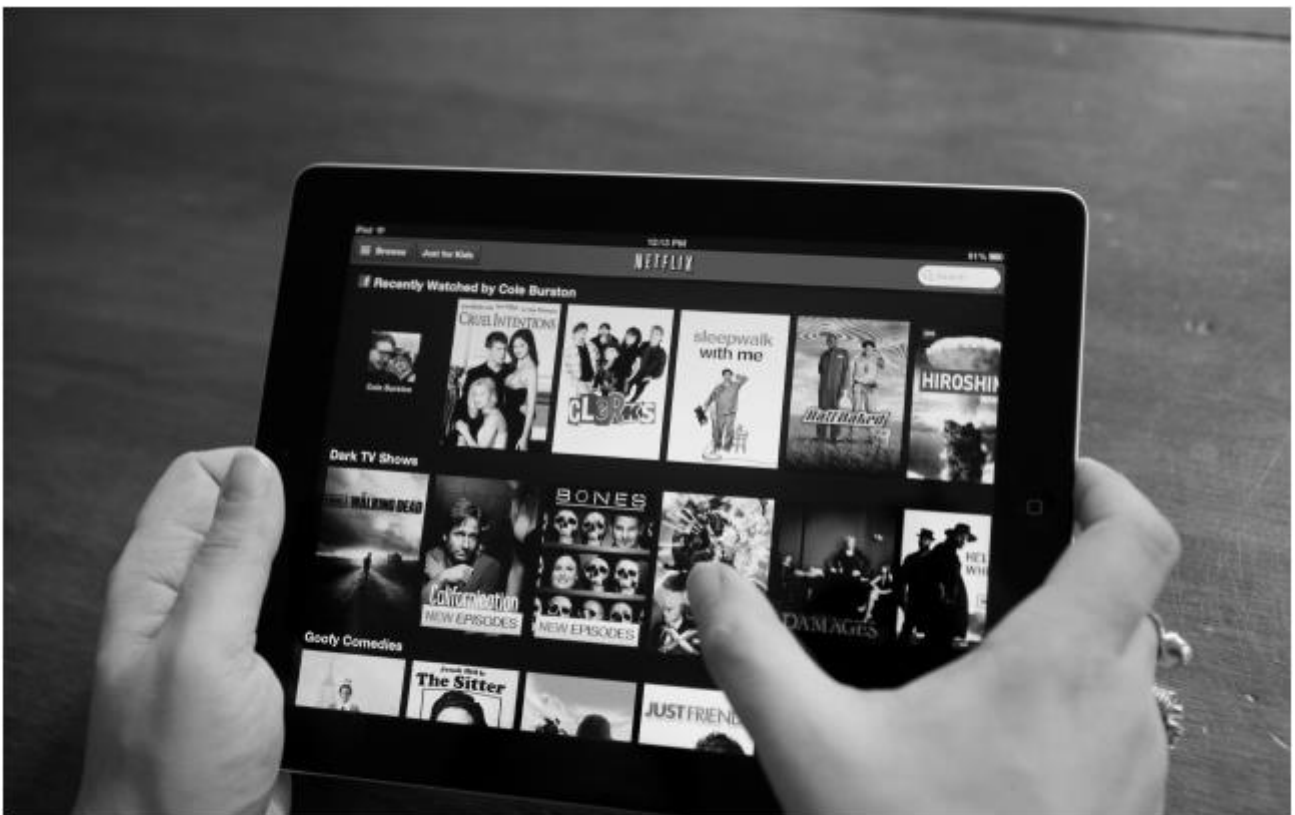
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(Total for question = 6 marks)

Q4.

Read the following extract carefully and then answer question.



(Source: © Francis Vachon / Alamy Stock Photo)

Netflix is an American public limited company that sells subscriptions to its online video streaming service. A subscription allows consumers in over 190 countries to stream television programmes and films through the internet.

In 2016 *Netflix* decided to increase the price of its standard UK subscription from £5.99 to £7.49 per month. This move reflected *Netflix's* shift towards producing more of its own original streaming content, such as the hit drama 'Stranger Things', rather than repeating shows that are available on terrestrial channels such as BBC1 or itv1.

In recent years, the online streaming market has become increasingly competitive with rivals, such as Amazon Prime, investing \$180 million on 36 episodes of 'The Grand Tour'. To keep up, *Netflix* has committed itself to spending \$6bn on new, original programming in 2017.

Netflix faces the difficulty of raising prices to fund new shows, whilst at the same time not putting off new and existing subscribers. However, *Netflix* continues to expand and build up its library of programmes and films from non-English speaking countries. *Netflix's* longer-term aim is to successfully enter the Chinese

market.

(Source: adapted from <http://bigstory.ap.org/article/95de4a23315f4abc9a4d72dcc75f3ff2/netflix-tests-limits-price-increases-original-shows>)

Outline **one** impact on *Netflix* from an increase in competition.

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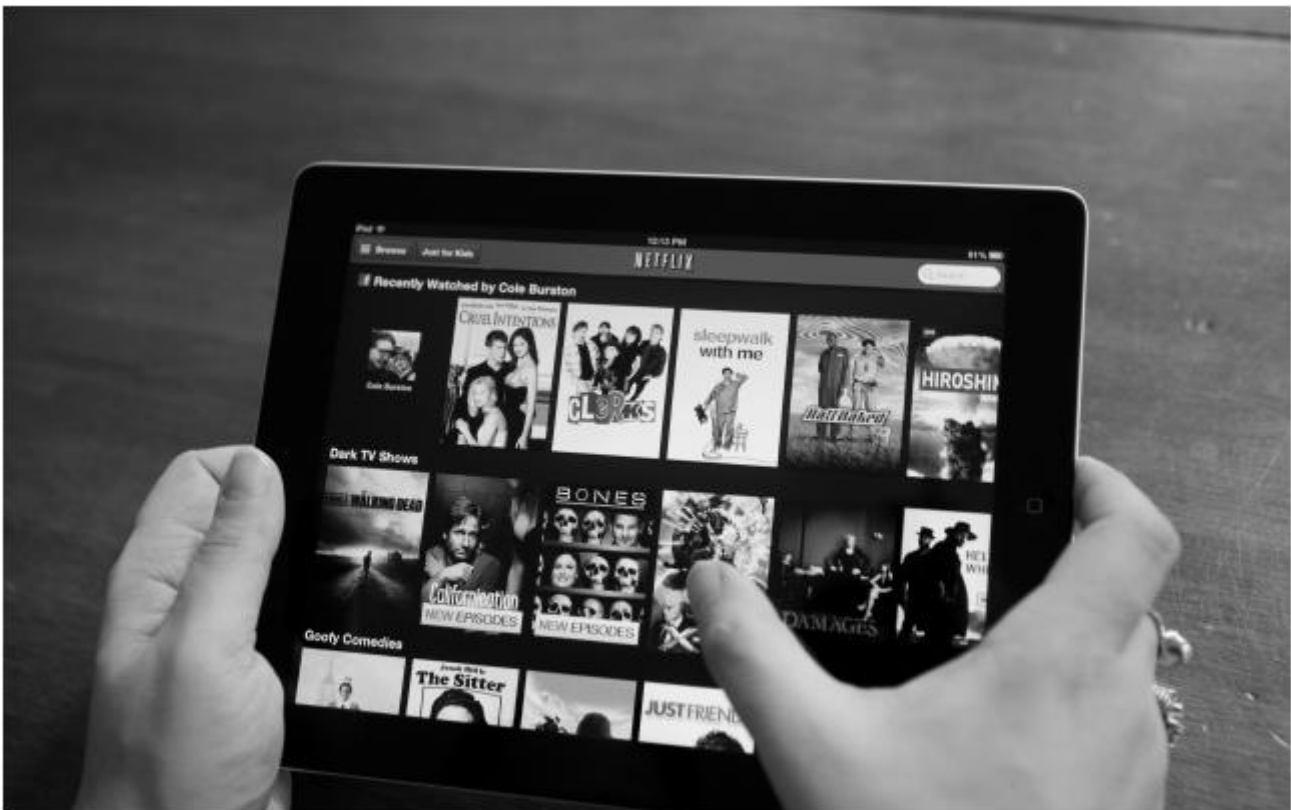
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(Total for question = 2 marks)

Q5.

Read the following extract carefully and then answer question.



(Source: © Francis Vachon / Alamy Stock Photo)

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In recent years, the online streaming market has become increasingly competitive with rivals, such as Amazon Prime, investing \$180 million on 36 episodes of 'The Grand Tour'. To keep up, *Netflix* has

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(Source: adapted from <http://bigstory.ap.org/article/95de4a23315f4abc9a4d72dcc75f3ff2/netflix-tests-limits-price-increases-original-shows>)

In 2016 *Netflix* decided to increase the price of its standard UK subscription.

Analyse the impact on *Netflix* of this price increase.

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(Total for question = 6 marks)

Q6.

Read the following extract carefully and then answer the question.



(Source: © pio3/Shutterstock)

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Nando's has used social media to develop a strong brand and to communicate with its target market. Its Twitter feed has over 1.5 million followers. *Nando's* uses viral advertising campaigns, many of which are reposted on social media.

The UK restaurant market has become more competitive. In 2013, *Nando's* decided to trial a takeaway service. After trialling this in 10 restaurants, the takeaway service is now available in every branch. Following the success of the takeaway trial, *Nando's* is now considering developing an app (application) for mobile phones, which can be used to order takeaway food. It also wants to start a home delivery service to improve the profitability of its takeaway service.

(Source: adapted from http://www.digitaltrainingacademy.com/casestudies/2014/07/how_nandos_became_the_most_popular_restaurant_chain_on_social_media.php)

State **one** factor that *Nando's* should consider in setting the prices for its takeaway menu.

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(Total for question = 1 mark)

Q7.

Answer the question with a cross in the box you think is correct . If you change your mind about an answer, put a line through the box and then mark your new answer with a cross .

Which **one** of the following is an element of the design mix?

Select **one** answer.

(1)

- A Cost
- B Quality
- C Promotion
- D Price

(Total for question = 1 mark)

Q8.

Read the following extract carefully and then answer the question.



GoPro is an American public limited company, which manufactures action cameras that are used in extreme activities such as rock climbing, surfing and base jumping.

Since its stock market flotation in 2004, the company has grown rapidly and has become a leading extreme sports brand. *GoPro's* sales revenue has increased every year since the company started. However, in 2016 *GoPro's* sales dropped significantly and the company made a loss of \$116m. This led to the company's share price falling to a record low of \$8.54.

To try and increase sales, *GoPro* launched three new products. These new products were waterproof and allowed smoother video recording. One of these products was the *GoPro Karma* – a new drone that takes aerial action shots.

In 2017 *Go Pro* decided to raise finance to invest in its new product range. This was because cheaper competitors were entering the market, such as the Chinese company *Xiaomi*.

(Source: adapted from <http://www.express.co.uk/life-style/science-technology/712497/GoPro-Announces-Hero-5-Black-Session-Karma-Drone-UK-Release-Date-Price>)

At its launch, the *GoPro Karma* was priced at £699.99. In 2017 this price was reduced to £649.99.

Calculate, to 2 decimal places, the percentage reduction in price for the *GoPro Karma*. You are advised to show your workings.

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(Total for question = 2 marks)

Q9.

Answer the question with a cross in the box you think is correct . If you change your mind about an answer, put a line through the box and then mark your new answer with a cross .

Which **one** of the following is the first stage of the product life cycle?

Select **one** answer.

- A** Decline
- B** Growth
- C** Introduction
- D** Maturity

(Total for question = 1 mark)

Q10.

Read the following extract carefully and then answer question.



(Source: © Francis Vachon / Alamy Stock Photo)

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(Source: adapted from <http://bigstory.ap.org/article/95de4a23315f4abc9a4d72dcc75f3ff2/netflix-tests-limits-price-increases-original-shows>)

State **one** benefit to *Netflix* from producing its 'own original streaming content'.

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(Total for question = 1 mark)

Q11.

Read the following extract carefully and then answer the question.



GoPro is an American public limited company, which manufactures action cameras that are used in extreme activities such as rock climbing, surfing and base jumping.

Since its stock market flotation in 2004, the company has grown rapidly and has become a leading extreme sports brand. *GoPro's* sales revenue has increased every year since the company started. However, in 2016 *GoPro's* sales dropped significantly and the company made a loss of \$116m. This led to the company's share price falling to a record low of \$8.54.

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Evaluate the importance of function within *GoPro's* design mix. You should use the information provided as well as your knowledge of business.

(Total for question = 12 marks)

Q12.

Look at Figure 2, read the extract carefully, then answer the question.

Outline **one** possible benefit to Fender from using social media.

(2)

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(Total for question = 2 marks)

Q13.

Look at Figures 4 and 5, read the extract carefully, then answer the question.

Using the chart in Figure 5, identify the age group with which Argos' promotional strategy appears to have been most effective.

(1)

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(Total for question = 1 mark)

Q14.



Famous from her role in hit reality television series 'Keeping Up with the Kardashians', 19-year-old Kylie Jenner is now also recognised as a successful teenage entrepreneur in her own right.

Celebrated for her full lips, Kylie Jenner decided to launch a range of lip kits with unique names such as 'Dolce K'. These products sold out within 10 minutes, as her fan base of teenage girls rushed to copy her celebrity look. The success of these products convinced Kylie to start her own internet cosmetics company, *Kylie Cosmetics*. She has now increased its range of products to include an eye shadow and eyeliner called Kyshadow and Kyliner respectively.

Kylie regularly interacts with her fans and potential customers using social media. Her app (application), which provides make-up and fashion tips, is one of the most downloaded entertainment apps in the UK. Every Kylie Cosmetics product has a launch date and products are only available for a limited period of time, before they sell out. Once the products have sold out, customers may have to wait weeks before the cosmetics are available for sale on the *Kylie Cosmetics* website again. None of *Kylie Cosmetics*' products are tested on animals and virtually all of them are suitable for vegans.

(Source: adapted from <http://www.vanityfair.com/style/2016/10/kylie-jenner-lip-kits-seed-beauty-colourpop>)

Give **one** type of social media that a business could use to interact with its customers.

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(Total for question = 1 mark)

Q15.



Famous from her role in hit reality television series 'Keeping Up with the Kardashians', 19-year-old Kylie Jenner is now also recognised as a successful teenage entrepreneur in her own right.

Celebrated for her full lips, Kylie Jenner decided to launch a range of lip kits with unique names such as 'Dolce K'. These products sold out within 10 minutes, as her fan base of teenage girls rushed to copy her celebrity look. The success of these products convinced Kylie to start her own internet cosmetics company, *Kylie Cosmetics*. She has now increased its range of products to include an eye shadow and eyeliner called Kyshadow and Kyliner respectively.

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(Source: adapted from <http://www.vanityfair.com/style/2016/10/kylie-jenner-lip-kits-seed-beauty-colourpop>)

To improve the sales of its products, *Kylie Cosmetics* is considering two options:

Option 1: Increase advertising using social media.

Option 2: Increase the number of products that are only available for a limited period of time.
Justify which one of these two options *Kylie Cosmetics* should choose.

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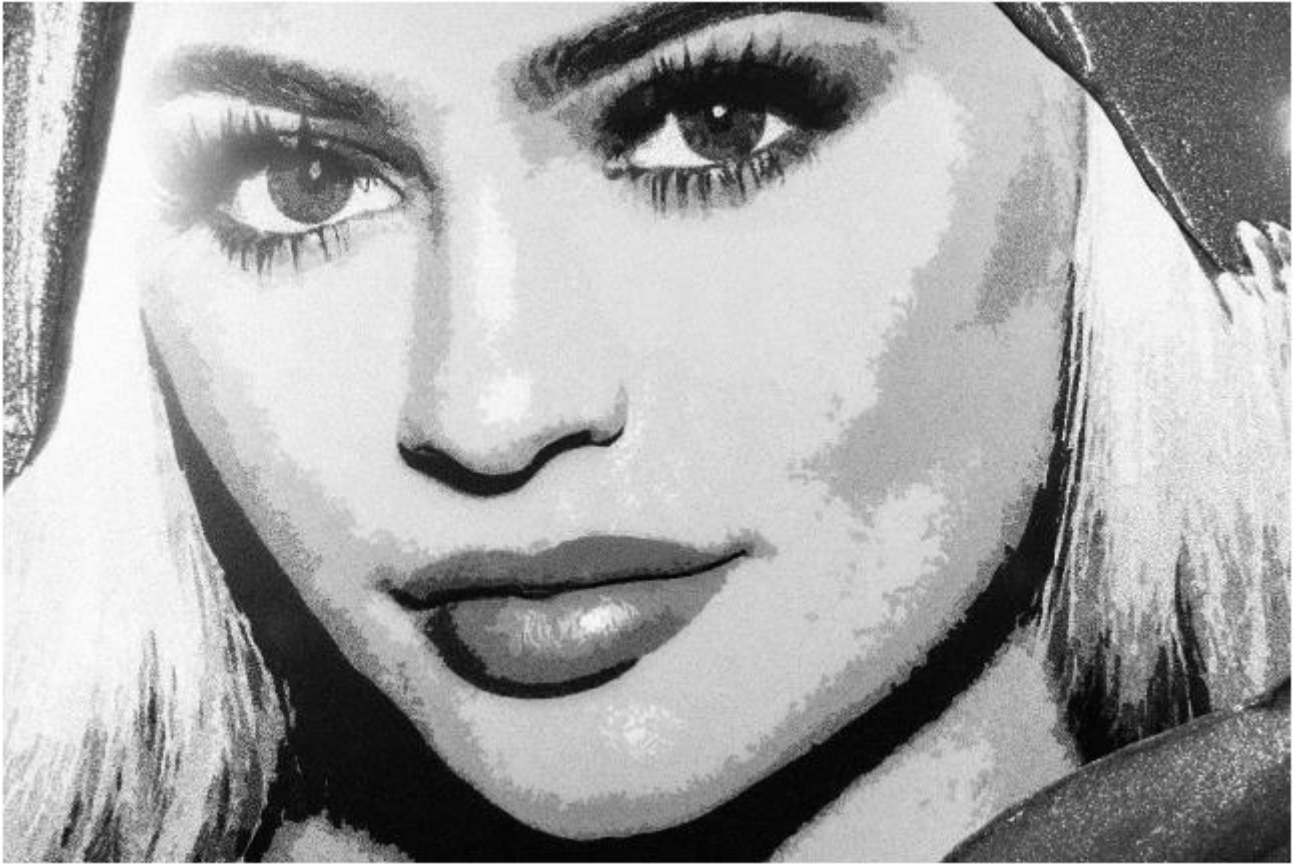
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(Total for question = 9 marks)

Q16.



Famous from her role in hit reality television series 'Keeping Up with the Kardashians', 19-year-old Kylie Jenner is now also recognised as a successful teenage entrepreneur in her own right.

Celebrated for her full lips, Kylie Jenner decided to launch a range of lip kits with unique names such as 'Dolce K'. These products sold out within 10 minutes, as her fan base of teenage girls rushed to copy her celebrity look. The success of these products convinced Kylie to start her own internet cosmetics company, *Kylie Cosmetics*. She has now increased its range of products to include an eye shadow and eyeliner called Kyshadow and Kyliner respectively.

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(Source: adapted from <http://www.vanityfair.com/style/2016/10/kylie-jenner-lip-kits-seed-beauty-colourpop>)

Evaluate whether *Kylie Cosmetics* should target a specific market segment to gain a competitive advantage. You should use the information provided as well as your knowledge of business.

(Total for question = 12 marks)

Q17.

Read the following extract carefully and then answer the question.



(Source: © pio3/Shutterstock)

Nando's is a restaurant chain that specialises in Portuguese PERi-PERi chicken and spicy food. Since its first UK restaurant opened in 1992, the chain has expanded rapidly. There are now 339 restaurants in the UK. *Nando's* is popular amongst its target market of young people.

Nando's has used social media to develop a strong brand and to communicate with its target market. Its Twitter feed has over 1.5 million followers. *Nando's* uses viral advertising campaigns, many of which are reposted on social media.

The UK restaurant market has become more competitive. In 2013, *Nando's* decided to trial a takeaway service. After trialling this in 10 restaurants, the takeaway service is now available in every branch. Following the success of the takeaway trial, *Nando's* is now considering developing an app (application) for mobile phones, which can be used to order takeaway food. It also wants to start a home delivery service to improve the profitability of its takeaway service.

(Source: adapted from http://www.digitaltrainingacademy.com/casestudies/2014/07/how_nandos_became_the_most_popular_restaurant_chain_on_social_media.php)

Outline **one** reason why *Nando's* trialled its takeaway service in only 10 restaurants.

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(Total for question = 2 marks)

Q18.

Read the following extract carefully and then answer the question.



(Source: © pio3/Shutterstock)

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The UK restaurant market has become more competitive. In 2013, *Nando's* decided to trial a takeaway service. After trialling this in 10 restaurants, the takeaway service is now available in every branch. Following the success of the takeaway trial, *Nando's* is now considering developing an app (application) for mobile phones, which can be used to order takeaway food. It also wants to start a home delivery service to improve the profitability of its takeaway service.

(Source: adapted from http://www.digitaltrainingacademy.com/casestudies/2014/07/how_nandos_became_the_most_popular_restaurant_chain_on_social_media.php)

Analyse the advantage to *Nando's* from having strong branding.

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(Total for question = 6 marks)

Q19.

Read the following extract carefully and then answer the question.



(Source: © pio3/Shutterstock)

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The UK restaurant market has become more competitive. In 2013, *Nando's* decided to trial a takeaway service. After trialling this in 10 restaurants, the takeaway service is now available in every branch. Following the success of the takeaway trial, *Nando's* is now considering developing an app (application)

Q21.

Look at Figures 4 and 5, read the extract carefully, then answer the question.

In order to improve its competitive advantage, Argos has two options:

Option 1: Lower prices

Option 2: Increase the speed of home delivery

Justify which **one** of these options Argos should choose.

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Q22.

Read the following extract carefully and then answer question.



(Source: © Francis Vachon / Alamy Stock Photo)

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In recent years, the online streaming market has become increasingly competitive with rivals, such as Amazon Prime, investing \$180 million on 36 episodes of 'The Grand Tour'. To keep up, *Netflix* has committed itself to spending \$6bn on new, original programming in 2017.

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(Source: adapted from <http://bigstory.ap.org/article/95de4a23315f4abc9a4d72dcc75f3ff2/netflix-tests-limits-price-increases-original-shows>)

Netflix is considering two options to allow it to successfully enter the Chinese market:

Option 1: Introduce special offers on new subscriptions.

Option 2: Increase the range of films and programmes available to stream.

Justify which one of these two options *Netflix* should choose.

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(Total for question = 9 marks)

Q23.

Read the following extract carefully and then answer the question.



(Source: © pio3/Shutterstock)

Nando's is a restaurant chain that specialises in Portuguese PERi-PERi chicken and spicy food. Since its first UK restaurant opened in 1992, the chain has expanded rapidly. There are now 339 restaurants in the UK. *Nando's* is popular amongst its target market of young people.

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The UK restaurant market has become more competitive. In 2013, *Nando's* decided to trial a takeaway service. After trialling this in 10 restaurants, the takeaway service is now available in every branch. Following the success of the takeaway trial, *Nando's* is now considering developing an app (application) for mobile phones, which can be used to order takeaway food. It also wants to start a home delivery service to improve the profitability of its takeaway service.

(Source: adapted from http://www.digitaltrainingacademy.com/casestudies/2014/07/how_nandos_became_the_most_popular_restaurant_chain_on_social_media.php)

To improve the profitability of its takeaway service, *Nando's* is considering the following two options:

Option 1: Developing an ordering app for mobile phones.

Option 2: Introduce a home delivery service.

Justify which one of these two options *Nando's* should choose.

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(Total for question = 9 marks)

Mark Scheme

Q1.

Question number	Answer	Mark
	C	(1) A01a

Q2.

Question number	Answer	Mark
	<p>Award up to 2 marks for linked points outlining an advantage to Amazon of being an e-tailer. Award a maximum of 1 mark if points are not linked.</p> <p>e-tailing means that Amazon can reach a global market (1), therefore increasing its chances of being able to sell a large range of household goods (1).</p> <p>Without any high-street stores Amazon will have lower fixed costs (1), therefore Amazon can undercut Argos' prices (1).</p> <p>Do not accept reasons that would relate to Amazon but not because it is an e-tailer, for example its brand name.</p>	(2) A02

Q3.

Question number	Indicative content		Mark
	<ul style="list-style-type: none"> It allows Fender to keep manufacturing guitars using job production and the finest raw materials (AO2). This may reduce Fender's competitive advantage in the market for cheaper types of guitar (AO2). This is because high prices will cover the high unit cost of manufacturing a hand-made guitar, allowing Fender to remain profitable (AO3a). This could result in Fender losing market share in the guitar market, which reduces revenues and profitability (AO3a). 		(6) AO2=3 AO3a=3
Level	Mark	Descriptor	
	0	No rewardable material.	
Level 1	1-2	<ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). 	
Level 2	3-4	<ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). 	
Level 3	5-6	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). 	

Q4.

Question number	Answer	Mark
	<p>Award up to 2 marks for linked points outlining a suitable impact on <i>Netflix</i> from an increase in competition. Award a maximum of 1 mark if points are not linked.</p> <p><i>Netflix</i> may have to reduce its monthly subscription prices (1) in order to prevent subscribers switching to Amazon Prime (1).</p> <p><i>Netflix</i> may have to invest even more money in new programmes such as 'Stranger Things' (1). This will reduce <i>Netflix's</i> profitability (1).</p> <p>Do not accept an impact of increased competition that would not relate to <i>Netflix</i>. For example, they will now have to manufacture new products to become more competitive.</p>	(2) AO2

Q5.

Question number	Indicative content		Mark
	<ul style="list-style-type: none"> The increase in price of £1.50 per month could cause consumers to switch to rival providers, such as Amazon Prime (AO2). By raising the price, each subscriber to the streaming service may generate more gross profit (AO2). This means <i>Netflix</i> may start to lose sales revenue and market share to its rivals (AO3a). This may provide <i>Netflix</i> with more retained profit to reinvest in extending its library of programmes (AO3a). 		(6) AO2=3 AO3a=3
Level	Mark	Descriptor	
	0	No rewardable material.	
Level 1	1–2	<ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). 	
Level 2	3–4	<ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). 	
Level 3	5–6	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). 	

Q6.

Question number	Answer	Mark
	<p>Award 1 mark for stating one factor that <i>Nando's</i> will consider in setting the prices for its takeaway menu.</p> <p>Costs of extending kitchens/employing new chefs/ingredients (1). The amount of competition in the local takeaway food market (1).</p> <p>Accept any other appropriate response. Do not accept factors that would not be appropriate to <i>Nando's</i>. For example, <i>Nando's</i> need to consider the cost of running its factory before it sets its prices.</p>	(1) AO2

Q7.

Question number	Answer	Mark
	A	(1) AO1a

Q8.

Question number	Answer	Additional guidance	Mark
	Substitution into correct formula: $(£699.99 - £649.99) \div £699.99$ (1) Answer: 7.14% (1)	Award full marks for correct numerical answer without working.	(2) AO2

Q9.

Question number	Answer	Mark
	C	(1) AO1a

Q10.

Question number	Answer	Mark
	Award 1 mark for stating one benefit to <i>Netflix</i> from producing its 'own original streaming content'. May gain more subscribers (1). May gain a competitive advantage over Amazon Prime (1). It may make it harder for new video streaming service providers to enter the market (1). Accept any other appropriate response. Do not accept benefits that would not be appropriate for <i>Netflix</i> . For example, <i>Netflix</i> will be able to sell more products.	(1) AO2

Q11.

Question number	Indicative content	Mark
	<ul style="list-style-type: none"> • Function is important since the product should meet customer needs (AO1b). • Cameras are purchased for the quality and durability of their performance (AO1b). • This is especially the case in the extreme sports market where the cameras and drones need to be robust enough to withstand being hit by rocks etc. (AO2). • This is especially the case in extreme sports since customers will want a camera to record once in a lifetime experiences such as base-jumping in very high resolution as proof of their achievement (AO2). • Therefore, function gives <i>GoPro</i> its core competitive advantage since the durability of the cameras has led to the development of a strong brand which, in turn, enables the company to charge higher prices leading to an increased profit margin (AO3a). • This will lead to an increase in sales and market share since <i>GoPro</i> cameras will have a reputation for being better quality than the Chinese competition (AO3a). • However, since <i>GoPro</i> has a strong brand, aesthetics will also be important since image will also be a factor in the consumer's decision to purchase a camera, irrespective of how good the function of the product is (AO3b). • However, if <i>GoPro</i> focus mainly on function with little regard to cost, the price of the cameras may become too high. This may limit the size of the potential market, giving Chinese competitors, such as Xiaomi a competitive advantage (AO3b). 	<p>(12) AO1b=3 AO2=3 AO3a=3 AO3b=3</p>

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-4	<ul style="list-style-type: none"> • Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used (AO1b). • Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). • Draws a conclusion, supported by generic assertions from limited evaluation of business information and issues (AO3b).
Level 2	5-8	<ul style="list-style-type: none"> • Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places (AO1b). • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). • Draws a conclusion based on sound evaluation of business information and issues. (AO3b).
Level 3	9-12	<ul style="list-style-type: none"> • Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology (AO1b). • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). • Draws a valid and well-reasoned conclusion based on a thorough evaluation of business information and issues (AO3b).

Q12.

Question number	Answer	Mark
	<p>Award up to 2 marks for linked points outlining a benefit to Fender from using social media. Award a maximum of 1 mark if points are not linked.</p> <p>It enables Fender to tweet that artists such as Bruno Mars use its instruments (1), therefore improving the brand image of its guitars (1).</p> <p>Fender can target different types of musician more effectively (1) because each Fender brand has its own social media account as shown in Figure 4 (1).</p> <p>Do not accept benefits from using social media that would not relate to a musical instrument manufacturer such as Fender, for example to promote a local in-store event.</p>	<p>(2) AO2</p>

Q13.

Question number	Answer	Mark
	55+	(1) AO2

Q14.

Question number	Answer	Mark
	Award 1 mark for a type of social media. Facebook (1) Instagram (1) Snapchat (1) Twitter (1) Pinterest (1) Award any other appropriate type of social media that a business could use.	(1) AO1a

Q15.

Question number	Indicative content	Mark
	<ul style="list-style-type: none"> Increasing advertising using social media will allow <i>Kylie Cosmetics</i> to interact with its target market of teenage girls (AO2). Limited-time product launches mean that girls will be worried that they may not be able to purchase the latest Kylie Jenner lip kit (AO2). Therefore, girls will be able to access beauty tips and find out the launch dates of <i>Kylie Cosmetics</i> products. Therefore, the target market will be more likely to purchase <i>Kylie Cosmetics</i> products, resulting in higher sales volumes (AO3a). Therefore, sales volumes will be high since the target market will not want to be disappointed since the products sell out quickly (AO3a). However, this relies on girls using social media to interact with Kylie Jenner and downloading her app. With so many other companies using social media, this form of advertising may become ineffective and sales may not increase by as much as expected (AO3b). However, some girls may become frustrated with the brand if they want to purchase the products, but cannot because they are constantly out of stock. Therefore, they may switch to rival make-up providers causing sales to fall (AO3b). 	<p>(9)</p> <p>AO2=3</p> <p>AO3a=3</p> <p>AO3b=3</p>

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	<ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO3b).
Level 2	4-6	<ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b).
Level 3	7-9	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO3b).

Q16.

Question number	Indicative content	Mark
	<ul style="list-style-type: none"> • This provides <i>Kylie Cosmetics</i> with a clear set of consumers to focus on (AO1b). • This makes it easier for <i>Kylie Cosmetics</i> to produce products that meet customer needs (AO1b). • Therefore, <i>Kylie</i> can use her app to interact with the target teenage girl market allowing the company to strengthen its brand (AO2). • This will allow <i>Kylie Cosmetics</i> to introduce new ranges of make-up such as foundation and mascara that will suit the skin of teenage girls (AO2). • This allows <i>Kylie Cosmetics</i> to charge a premium price, resulting in higher profit margins on each item sold providing a competitive advantage (AO3a). • This will lead to an increase in the volume of products sold by <i>Kylie Cosmetics</i>, leading to increased sales revenues and larger market share, which will increase competitive advantage (AO3a). • However, teenage girls are less likely to repeat purchase since the market for cosmetics is very competitive and tastes and preferences in the teenage market can change rapidly reducing competitive advantage (AO3b). • However, the target market is teenagers who will have a much lower income than other market segments. Therefore, there is a limit as to how many make-up items a teenage girl can afford to purchase. This could reduce competitive advantage compared to a broader-focused company such as L'Oreal (AO3b). 	<p>(12) AO1b=3 AO2=3 AO3a=3 AO3b=3</p>

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-4	<ul style="list-style-type: none"> • Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used (AO1b). • Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). • Draws a conclusion, supported by generic assertions from limited evaluation of business information and issues (AO3b).
Level 2	5-8	<ul style="list-style-type: none"> • Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places (AO1b). • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). • Draws a conclusion based on sound evaluation of business information and issues (AO3b).
Level 3	9-12	<ul style="list-style-type: none"> • Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology (AO1b). • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). • Draws a valid and well-reasoned conclusion based on a thorough evaluation of business information and issues (AO3b).

Q17.

Question number	Answer	Mark
	<p>Award up to 2 marks for linked points outlining a suitable reason as to why <i>Nando's</i> trialled its takeaway service in only 10 restaurants. Award a maximum of 1 mark if points are not linked.</p> <p><i>Nando's</i> wanted to test the service to see if customers liked it (1). Therefore, they could change the items on the menu before the service was launched throughout the UK (1).</p> <p><i>Nando's</i> would have wanted to see if the service was profitable (1). Therefore, the trial would tell them if it was worth the cost of extending kitchens to offer the new service (1).</p> <p>Do not accept a reason for the trial that would not relate to <i>Nando's</i>. For example, they wanted to see if people would come into the shop to buy the product.</p>	(2) AO2

Q18.

Question number	Indicative content		Mark
	<ul style="list-style-type: none"> • <i>Nando's</i> will now have a competitive advantage over other, rival restaurants such as Gourmet Burger Kitchen (AO2). • <i>Nando's</i> will be able to increase its prices on its menu so that customers spend more on a main course (AO2). • Therefore, more customers will now visit <i>Nando's</i> leading to an increase in sales revenue which will increase market share (AO3a). • Therefore, <i>Nando's</i> will make higher profits on each meal sold, providing retained profits that it can use to fund further expansion (AO3a). 		(6) AO2=3 AO3a=3
Level	Mark	Descriptor	
	0	No rewardable material.	
Level 1	1–2	<ul style="list-style-type: none"> • Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). 	
Level 2	3–4	<ul style="list-style-type: none"> • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). 	
Level 3	5–6	<ul style="list-style-type: none"> • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). 	

Q19.

Question number	Answer	Mark
	<p>Award up to 2 marks for linked points outlining a benefit to <i>Nando's</i> from using viral advertising. Award a maximum of 1 mark if points are not linked.</p> <p><i>Nando's</i> will be able to benefit from very low cost advertising (1), because the advertising message will be passed on through social media (1).</p> <p><i>Nando's</i> will benefit from advertising that spreads very quickly to its targeted market (1). This is because young people are more likely to use social media to share the viral campaign with multiple friends (1).</p> <p>Do not accept advantages from using viral advertising that do not relate to <i>Nando's</i>. For example, more people will aware of <i>Nando's</i> and will therefore buy one of their products.</p>	<p>(2) AO2</p>

Q20.

Question number	Indicative content	Mark
	<ul style="list-style-type: none"> Increasing prices will further position Fender's musical instruments as a luxury product (AO2). However, increasing prices could make Fender appear more of a niche market firm rather than a mass market firm (AO2). This means that the fall in demand from raising prices is likely to be insignificant, causing revenue to rise and with costs remaining the same profit should increase (AO3a). As a result, demand for Fender's musical instruments could fall if the economy moves into a recession (AO3a). The most appropriate option for Fender may be to increase advertising since Fender already charge as much as £10,000 for a guitar, therefore if they could attract more customers revenue will increase significantly (AO3b). However, the impact of increasing advertising depends on whether the increase in demand for Fender's guitars generates enough extra revenue to cover the additional cost of the advertising. If social media is used it will probably lead to the largest increase in profits (AO3b). 	<p>(9) AO2=3 AO3a=3 AO3b=3</p>

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	<ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO3b).
Level 2	4–6	<ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b).
Level 3	7–9	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO3b).

Q21.

Question number	Indicative content	Mark
	<ul style="list-style-type: none"> Increasing the speed of delivery will make more customers want to use Argos for the purchase of goods such as televisions (AO2). However, increasing the speed of delivery may be impossible to achieve and if Argos manages to do it, Amazon will almost certainly copy the approach, eliminating Argos' competitive advantage (AO2). This is because more consumers will be attracted by the faster service. This could mean consumers would be willing to pay the higher prices offered by Argos and use Argos instead of Amazon, reducing Amazon's market share and giving Argos a competitive advantage (AO3a). The result may be that Argos may receive a competitive advantage for only a short period of time (AO3a). The most appropriate strategy for Argos is to increase the speed of delivery. This is because lowering prices is something that Argos will not be able to achieve (AO3b). Amazon is an e-tailer so has a lower level of fixed costs, and will be in a position to undercut Argos on price. Therefore, Argos can achieve competitive advantage only by improving the speed of its home delivery services (AO3b). 	(9) AO2=3 AO3a=3 AO3b=3

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	<ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO3b).
Level 2	4–6	<ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b).
Level 3	7–9	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO3b).

Q22.

Question number	Indicative content	Mark
	<ul style="list-style-type: none"> • Increasing special offers will make <i>Netflix</i> appear better value than rival video streaming providers, such as Amazon Prime (AO2). • This will make the service more attractive to Chinese consumers since they will now be able to stream films and programmes that are focused on China and do not have English as their main language (AO2). • Therefore, Chinese consumers are more likely to start a trial subscription since it will only cost them a small amount of money in the short-term (AO3a). • As a result, <i>Netflix</i> is more likely to have a service that meets customer needs, therefore enabling it to gain sales compared to domestic Chinese rivals (AO3a). • However, without the correct video content, that meets the needs of the Chinese market, the special offers provided will have a limited impact on allowing <i>Netflix</i> to successfully enter the Chinese market (AO3b). • However, there are other factors that are important in allowing <i>Netflix</i> to successfully enter the Chinese market. For instance, even if the product meets Chinese needs, if it is too expensive potential consumers will not choose to subscribe (AO3b). 	<p>(9) AO2=3 AO3a=3 AO3b=3</p>

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	<ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO3b).
Level 2	4-6	<ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b).
Level 3	7-9	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO3b).

Q23.

Question number	Indicative content	Mark
	<ul style="list-style-type: none"> Developing an app will make it easier for customers to purchase PERi-PERi chicken since they will not have to phone the restaurant (AO2). This will make <i>Nando's</i> much more accessible to customers since the food is now delivered to the customers' home and customers do not have to visit the restaurant (AO2). Therefore, customers are more likely to use the service which will increase demand for <i>Nando's</i> takeaways. As a result, sales revenues will increase leading to a rise in profitability (AO3a). As a result, the home delivery service could add value to <i>Nando's</i>, allowing it to charge much higher prices for its food which should increase profitability (AO3a). However, the ordering app only improves the convenience to the customer by a small amount since they still have to visit the restaurant to collect their food. Therefore, the app may have a limited impact on <i>Nando's</i> sales revenue and profitability (AO3b). However, the home delivery service will be expensive to run and there will be a limit as to how far the food can be delivered before it gets cold. Therefore, this service could add to costs by more than it adds to revenue, causing profits to fall (AO3b). 	(9) AO2=3 AO3a=3 AO3b=3

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	<ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO3b).
Level 2	4-6	<ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b).
Level 3	7-9	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO3b).

