

3: Marketing

Paper 1 – Topic questions

The questions in this document have been compiled from a number of past papers, as indicated in the table below.

Use these questions to formatively assess your learners' understanding of this topic.

Question	Year	Series	Paper number
1e	2017	June	11
3d	2017	June	11
3e	2018	March	12
4d	2018	March	12

1 QCH is a multinational company which makes a range of luxury cars. Last year it made a profit of \$700m. One of QCH’s objectives is to enter new markets. QCH wants to start producing cars in country C, a fast growing economy. The Finance Director said: ‘Meeting customer needs is important. We could form a joint venture or set up our own factory. Both options will be expensive, costing \$800m. I think QCH’s expansion into country C could be good for other businesses there.’

(e) The Finance Director thinks QCH’s expansion into country C could be good for other businesses there. Do you agree? Justify your answer.

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- 3 Wilde Soup Stop (WSS) makes a range of soups and hot drinks. It owns 30 shops and has sold its franchise to 10 other shops in country Z. The Marketing Director said: 'Results from our focus group show that being an ethical business is important'. WSS plans to extend its product range to include curries and cakes. WSS will need to change its brand image. The Marketing Director cannot decide whether to use sponsorship or newspaper advertising as the main method of promotion.

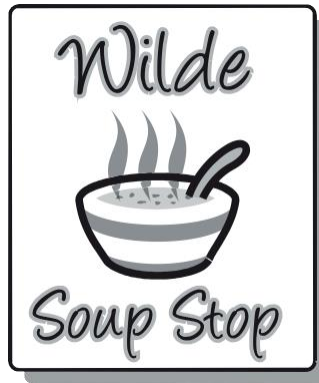


Fig.1: Existing logo for WSS

(d) Identify and explain **one** advantage and **one** disadvantage to WSS of changing its brand image.

Advantage: . . .

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Explanation:

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Advantage: . . .

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Explanation:

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[4]

3 STC manufactures toothpaste for the mass market. STC's products have price elastic demand as there is a high level of competition in this market. STC uses a competitive pricing strategy (method). The marketing manager is thinking of changing this pricing strategy to increase sales (see Table 2). The head office of STC is located in country X, but the factory is in country Y. There have been complaints about communication issues between the managers and workers. STC has continued to grow but the managers still have a laissez-faire leadership style.

Table 2: Forecast effect of changing price

Current price	Quantity demanded	Planned new price	Forecast quantity demanded
\$2.00	100 000 per month	\$1.50	150 000 per month

(e) Do you think STC should change its pricing strategy? Justify your answer.

This image shows a full page of white paper with horizontal dashed lines, typical of primary-ruled notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

- 4 MSH is a large business providing floor cleaning services to other businesses. It has many loyal employees. When a worker does leave, new recruits are trained using on-the-job training. MSH is located in an area with a high level of unemployment. MSH is experiencing falling demand and plans to increase promotion. The manager of MSH is thinking about relocating the business to Main city, which is 50 km away. Main city has many expanding industrial areas. The manager is worried about the effect of relocation on some stakeholder groups.

(d) Identify and explain **two** ways MSH could promote its services.

Way 1:.....

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Explanation:.....

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Way 2:.....

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Explanation:.....

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..... [6]

Question	Answer	Mark
1 (e)	The Finance Director thinks QCH's expansion into country C could be good for other businesses there. Do you agree? Justify your answer. Knowledge [1] : award 1 mark for identification of relevant point (s) Application [1] : award 1 mark if relevant reference made to this business Analysis [2]: award up to 2 marks for relevant development of point(s) Evaluation [2]: justified decision made as to whether QCH's expansion into country C will be good for other businesses in country C. Either viewpoint is possible. Points might include: - Increased competition [k] can lead to lower prices [an] which could mean some car makers [app] go out of business [an] - Suppliers (local) may gain orders [k] leading to increased revenue [an] - Lose skilled employees [k] as attracted to work for the multinational [app] so become less competitive [an] - Gain new ideas [k] - Increased sales (for local businesses) [k] as more people are employed [an]	6
3 (d)	Identify and explain one advantage and one disadvantage to WSS of changing its brand image. Knowledge [2 × 1] : award one mark for each relevant advantage/ disadvantage identified Application [2 × 1] : award 1 mark if relevant reference made to this business Analysis [2 × 1] : award 1 mark for each relevant explanation Points might include: Advantages - Reflect new product range [k] as now offering cakes and curries [app] can help attract a wider target market / range of people [an] - Image might be out of date [k] as soup bowl is simple design [app] so need to change it to remain competitive [an] - Customers like something new [k] therefore they are more likely to try [an] the curries [app] - Attract new customers [k] Disadvantage - Damage customer loyalty [k] as existing customers do not like the new logo created [an] - Customers might not recognise the new logo OR be confused [k] so might miss the shop [app] therefore reducing sales [an] - Time / cost (to change the logo) [k] as may need to ask focus group for their opinion [app] increasing expenses [an]	4

Question	Answer	Mark
3 (e)	Do you think STC should change its pricing strategy? Justify your answer. Knowledge [1] – award 1 mark for identification of relevant issue(s) (Max 1) Application [1] – award 1 mark for relevant reference to this business Analysis [2] – award up to 2 marks for relevant development of point(s) Evaluation [2] – justified decision as to whether STC should change its pricing strategy Relevant points might include: Competitive pricing: • Will not discourage customers from buying [k] its toothpaste [app] so will buy again [an] • Business does not lose market share [k] which is important when there is a high level of competition [app] • Time OR money to find out competitor's prices [k] increase costs [an] • Need another way to attract customers [k] • Customer may be prepared to pay more [k] could lose potential revenue [an] • May not cover the costs (of production) [k] so may not be able to break-even [an] Lower price: • Customers will be attracted to the lower prices [k] in a competitive market [app] which may increase sales [an] but competitors may also lower prices so do not gain as many additional sales [an] • Customers may think product is lower quality [k] decreasing sales OR revenue [an] • Revenue will increase [k] to \$225 000 [app + an] • No guarantee will gain forecast extra demand [k] of 50 000 [app + an]	6

Question	Answer	Mark
4 (d)	Identify and explain two ways MSH could promote its services. Knowledge [2 × 1] – award 1 mark for each relevant method Application [2 × 1] – award 1 mark for each relevant reference made to this business Analysis [2 × 1] – award 1 mark for each relevant explanation Relevant points might include: • Advertise (allow only once) e.g. Use social media OR local radio OR website [k] to raise awareness or inform its potential target market [an] • Sponsorship [k] will help to increase their brand image [an] in Main city [app] • Demonstrations [k] so customers can see the high standard of cleaning [app] • After sales service [k] this can help assure business customers [app] so may be more willing to use MSH services again [an] • Short term price discounts OR special offers [k] to attract people to try its services initially [an] in the expanding industrial areas [app] • Loyalty schemes [k] which could be important if they relocate [app] • Competitions [k]	6