Solutions

Business answers are marked by **level of response** against the assessment objectives: award **AO1** knowledge, **AO2** application, **AO3** analysis and **AO4** evaluation.

Each answer shows the steps, then the **result**.

2.1

- a firm's sales as a percentage of the total sales in its market (2 for a clear definition; 1 for a partial idea)

2.2

- $\frac{3}{15} \times 100 = 20\%$ (2; award 1 for a correct method with the wrong figure)

2.3

- a mass market is large with products aimed at most buyers and strong competition; a niche market is a small segment with special needs and weaker competition (2 for a clear difference; 1 for a partial idea)

3.1

- *[3]* **AO1** 1 — name a benefit (lower risk of failure; products match customer wants; higher sales). **AO2** up to 2 — develop it, e.g. researching wants first means the product is more likely to sell
- fewer unsold items
- less wasted cost (2 developed / 1 limited)

3.2

- *[8]* For **each** of two benefits: **AO1** 1 + **AO2** 1 + **AO3** up to 2. Example chains — *targeting*: the right product and message reach each group
- higher response and sales. *Less waste*: money is not spent on customers who will not buy
- lower marketing cost per sale. Maximum 4 per benefit, 8 total

3.3

- *[12]* **AO1** 2 / **AO2** 2 / **AO3** 2 / **AO4** up to 6. **Niche:** less competition, loyal customers, can charge more — but small sales and high risk if the niche shrinks. **Mass:** high sales volume and economies of scale — but strong competition and heavy marketing cost. Judgement: a new, small firm often starts in a niche it can serve well, then grows; the best choice depends on its resources, the competition and the size of the niche