

6(a)	Analyse <u>two</u> benefits to a business of using a Boston Matrix. Indicative content Responses may include: AO1 Knowledge and understanding 1 mark for identifying ONE benefit (K) - allows the business to analyse and assess the range of different products currently produced by a business - can see and review the allocation of resources between different products - can provide important information about the strengths/weaknesses of particular products - allows a business to measure how each product contributes to total business performance - could attract additional investment - compare their products to those of competitors - make decisions about the products in the portfolio - business planning for new product development • AO2 Application 1 mark for application of ONE benefit (APP) - identifies question marks, stars, cash cows and dogs - analyses the market share and market growth of a business' products - identifies products which are at different stages of their product lifecycle - identify changes needed to operations and marketing (e.g. pricing) of current products, resources, expenditure, product development, strategies - lack of question marks/stars in the Boston Matrix suggests new product needed
6(a)	AO3 Analysis up to 2 marks for analysis of each benefit – 2 marks for DEVELOPED analysis of each benefit (L2 AN) – 1 mark for LIMITED analysis of each benefit (L1 AN) Aspects of the marketing mix may be applied to product types in the Boston Matrix e.g. - effective promotion of question marks to increase market share within the market – may need market research and a new promotional mix - decide pricing strategies to increase revenue, e.g. skimming/penetration/competitive, depending on the market - apply extension strategies for cash cows to maintain revenue and provide reliable funding to support other products - whether to remove a product (dog) from the portfolio or adjust the marketing mix – may depend on demand in the market - may need to carry out R&D which will need to be financed Accept all valid responses.

6(b)	'Packaging is the most effective promotion method for a fast-food business.' Evaluate this view. Indicative content NOTE: the question is about promotion, not the other aspects of the marketing mix. Responses which discuss price, place and product without linking this to promotion are not answering the question and should not be rewarded. Responses may include: AO1 Knowledge and understanding 2 marks for DEVELOPED knowledge and understanding (L2 K) 1 mark for LIMITED knowledge and understanding (L1 K) • role of packaging <u>in promotion</u> – information, colour, logo, competitions • advertising promotion • sales promotion • direct promotion • digital promotion • branding AO2 Application 2 marks for DEVELOPED application (L2 APP) 1 mark for LIMITED application (L1 APP) • use of promotion by a fast-food business e.g. McDonalds (golden arches on red background), Pizza Hut, Domino's, Burger King, Yo Sushi. • Taste, restaurants, menu, ingredients, types of fast food e.g. burgers/pizzas
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6(b)	AO3 Analysis 2 marks for DEVELOPED analysis (L2 AN) 1 mark for LIMITED analysis (L1 AN) Benefits of the use of packaging as a means of promotion – • easily seen by many people, whether eating the food or not • a well-known business can reach a large number of potential consumers when packaging is carried around a busy area • a logo is easy to include on most types of food packaging e.g. trays, bags, cups • colours can be used to make the promotion eye-catching • there is no need for explanation of the business on the packaging as customers recognise the logo and/or colours • packaging is used anyway to carry and protect the food, so it is relatively cheap to use it for promotion Drawbacks of the use of packaging as a means of promotion – • packaging promotion may be ignored as it is the contents that are important to the customer • some fast-food businesses have their reputation damaged by customers who dispose of the packaging irresponsibly • plain packaging is cheaper to produce/buy than promotional packaging so increases costs • some customers eat the food and dispose of the packaging without anyone else seeing it • target market may include children who are not influenced by the packaging
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6(b)

AO4 Evaluation**Up to 6 marks for EVALUATION – USE THE FOLLOWING TABLE:**

Developed/Supported judgement in context	L3 EVAL	6 marks
Developed/Reasonable evaluative comments in context	L3 EVAL	5 marks
Developed/Supported judgement without context	L2 EVAL	4 marks
Developed/Reasonable evaluative comments without context	L2 EVAL	3 marks
Limited supported judgement	L1 EVAL	2 marks
An attempt to balance the arguments/Weak attempt at evaluative comments	L1 EVAL	1 mark

A judgement/conclusion is made as to whether packaging is the most effective promotion method for a fast-food business. Such judgements/conclusions may be made at any point in the essay, not only in a concluding section.

- how effective is packaging for promoting this particular type of business?
- is promotion on packaging more effective for large businesses which already have an established brand?
- how effective are other types of promotion for a fast-food business?
- advertising using television, print media, social media and the business' own website are all effective at constantly reminding customers of existing and new types of food
- sales promotions/discounts/meal deals/toys/collectibles are effective as customers are often young and on limited incomes
- direct promotion to individuals is unlikely in this industry as the product is aimed at the mass-market, although leaflet drops are used
- digital promotion via websites and social media allows customers to interact with the business, place orders, give feedback, which can then promote the business to other customers, therefore is very effective given the target market
- older customers may still want to buy the food, for themselves or younger relatives, but are less likely to use digital media
- branding is very important as the fast-food market is competitive, but to maintain that brand image and a high market share a lot of different promotion methods are used together

6(b)

- all other types of promotion can be more expensive than promotion on the packaging, but large fast-food business can afford this
- judgement made as to which promotion method is likely to be the most effective in this context
- it is likely that all types of promotion will be carried out at some time and in some circumstances due to the nature of the market and the large budget available to many businesses in it.

Accept all valid responses.

6(a)	Analyse <u>two</u> benefits to a business of product portfolio analysis. THERE ARE 8 MARKS IN TOTAL FOR Question 6(a) – 4 marks for each BENEFIT given – 1 mark for knowledge and understanding – 1 mark for application/context – 2 marks for analysis Question 6(a) should be annotated as follows: K put a tick in body of answer where a BENEFIT is given and annotate K in left hand margin APP put a tick in body of answer where the BENEFIT is applied/explained and annotate APP in left hand margin AN put up to 2 ticks in body of answer where a BENEFIT is analysed and annotate in left hand margin – L2 AN for DEVELOPED analysis or L1 AN for LIMITED analysis Indicative content Responses may include: AO1 Knowledge and understanding – 1 mark for each identified benefit – put ticks in body of script and annotate by putting K in left hand margin • Allows the business to analyse and assess the range of different products currently produced by a business • Can see and review the allocation of resources between them. • Can provide important information about the strengths/weaknesses of particular products • Allows a business to measure how each product contributes to total business performance • Product portfolio information may well attract additional investment • Allows a business to adapt its products to different customer needs • Helps a business identify suitable target segments for its products • Reduces risk
6(a)	AO2 Application – 1 mark for application/explanation of each identified benefit • Provides information on each product, such as market growth, market share, growth prospects, profit margin drivers, income contributions, market leadership and operational risks and opportunities • This analysis is an informative tool giving insight into product operations and provides information and analysis for strategic decisions on the retention or change in the product portfolio • Can provide information relating to specific products and so indicate what changes may be required in pricing, marketing, composition. AO3 Analysis – 2 marks for DEVELOPED analysis of each identified benefit – 1 mark for LIMITED analysis of each identified benefit • It assists a business in deciding when to launch a new product, update an existing one, or stop producing a particular product – data provided for product portfolio management, e.g. use of Boston Matrix. • In combination with product life cycle, framework offers information and analysis for resource allocation decisions. • The pursuit of a balanced product portfolio is assisted by this analysis and a business can determine if its investment in products aligns with its business strategy. • It gives a business a measure of control over its cashflow – see which products generate most revenue – allowing focus on products that most help with the cashflow – ensures the business has money needed to operate the business and create more products. • Product portfolio analysis can generate ideas about new opportunities – generate innovation leading to a more diversified portfolio – spreading business risk. • Identifies gaps in the existing portfolio and reveal new business opportunities. • It can stimulate management to, for example, offer a wider array of products to various target markets and so earn a higher market share, increase sales, and contribute to brand awareness. • It may suggest that particular products need taking out of the current portfolio Accept all valid responses.

6(b)	Evaluate whether branding is the most important factor in the successful promotion of a new health drink. Indicative content Responses may include: AO1 Knowledge and understanding – 2 marks for DEVELOPED knowledge L2 K and 1 mark for LIMITED knowledge L1 K – put ticks in body of answer and annotate in left hand margin, • Branding – a set of associations customers make with a business, product or organisation – the establishment of an image that stimulates sustained customer buying behaviour. • Product promotion – a form of marketing to create interest, to capture a target audience’s attention – a set of activities focused on spreading information about products among prospective buyers in a market. • Examples of promotional activities AO2 Application – 2 marks for DEVELOPED application/context L2 APP, 1 mark for LIMITED application/context L1 APP, put ticks in body of answer and annotate in left hand margin. • Identify and market the nutritional value of the new health drink • Emphasis on absence of certain ingredients – reduced level of salt, sugar, caffeine • Emphasis on ingredients such as fruit, antioxidants, vitamins, mineral proteins • Green tea, smoothies, coconut water, pomegranate juice • A drink that claims to be beneficial to health – e.g. with specific ingredients such as certain vitamins, or a drink that has a reduced amount of potentially harmful substances, such as too much sugar, energy drink • Appropriate market segments for health drinks, e.g. gym users, fitness addicts, elderly people.
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6(b)	AO3 Analysis – 2 marks for DEVELOPED analysis L2 AN, 1 mark for LIMITED analysis L1 AN, put ticks in body of answer and annotate in left hand margin. Branding is said to be important for the promotion of all products for the following reasons: – • Branding provides visibility and leads to a strong connection between product and customer-buying behaviour. • A branded product promotes customer loyalty – when customers can put a name or logo with a product, they will often return to that product over and over again. • Once a product becomes recognisable through branding and a household name, trust is built and confidence in the product, which can make it easier to promote that product. • Branding motivates people to buy – when people see a brand they may well feel the product is well developed and put together, whereas they might shy away from a nameless generic-looking product. • To many, branding means reliability – such a recognised and expected brand culture supports effective promotion. • Branding can create an emotional connection with buyers – learnt over many years through socialisation. • Branding can give products a competitive edge – add value to an offer through an outstanding logo. • Analysis might well refer to brands such as Coca Cola – a global brand, youthful, refreshing, energetic – visual images such as red and white logo, corporate colours, unique shape of original bottle and its secret recipe.
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6(b)

AO4 Evaluation – Up to 6 marks for evaluation EVAL – USE THE FOLLOWING TABLE

Developed/Supported judgement in context	L3 EVAL	6 marks
Developed/Reasonable evaluative comments in context	L3 EVAL	5 marks
Developed/Supported judgement without context	L2 EVAL	4 marks
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Limited supported judgement	L1 EVAL	2 marks
An attempt to balance the arguments/Weak attempt at evaluative comments	L1 EVAL	1 mark

- Judgements/conclusions/critical comments can be made at any point in an essay – not just in a concluding section.
- Branding can be very significant and important in promoting a product, but brands can have negative images, e.g. Coca Cola seen by many as an unhealthy drink and a global symbol of imperialism.
- A new health drink may well benefit significantly if developed or adopted by an established brand (in which there is confidence and trust).
- Developing and establishing a brand can be very expensive and a lengthy process – may well not be afforded by a new/developing product or company.
- Is price-led marketing breaking down the power and influence of a brand? – e.g., discount retailers such as Aldi and Lidl.
- Will the significance and importance of branding for the promotion of a new health drink vary in terms of whether it seeks to be a local or national or global product.
- Might the extent and strength of scientific or medical approval for a new health drink be more important than branding?

Accept all valid responses.

2(a)	Define the term <i>price discrimination</i>. Indicative content Responses may include: AO1 Knowledge and understanding Clear understanding - The policy of selling the same product at different prices (1) to different buyers (1) Partial understanding - Selling a product at different prices (1) - Setting different prices for different people (1) Accept all valid responses.
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2(b)	Explain <u>one</u> disadvantage to a business of using competitive pricing. There are 3 marks for this question: 1 mark for K 2 marks for APP Indicative content Responses may include: AO1 Knowledge and understanding 1 mark for identifying one disadvantage of using competitive pricing • Competitive pricing may mean a business makes a loss • Competitive pricing may force prices down/lower in the long turn • Could lead to business failure • Could lead to a price war • Could deflect a business from other objectives • May mean too much concern for competitor actions. • May lead to lower/less sales
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2(b)	AO2 Application 2 marks for developed APP of the disadvantage given 1 mark for limited APP of the disadvantage given • A business that sets prices solely on competitor prices might risk selling at a loss as it may not be able to cover its manufacturing costs or business overhead expenses. • Competing using competitor prices (lower) might give a competitive edge in the short term, only as competitors fight back with lower prices. • Could lead to lower profit margins and increase the risk of failure, especially true of businesses with few financial resources. • May be difficult and costly to discover competitor prices – need to hire pricing teams or purchasing automated competitor pricing monitoring tool. • Could lead to a price war and even if a business can sustain low prices, customers may see the low-price product as an inferior product. • A sole focus on competitive pricing might deflect a business from concerns for quality and added value. • Too much focus on competitor's prices may also mean too much time spent on competitors, to the detriment of insufficient time spent on internal issues such as strengthening its USP and competitive edge (other than price points). Accept all valid responses.
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4	Analyse <u>one</u> reason why a business may use cost-based pricing. There are 5 marks for this question: 1 mark for K 2 marks for APP 2 marks for AN Note: no marks can be awarded if a relevant reason is not given Indicative content Responses may include: AO1 Knowledge and understanding 1 mark for identifying one reason why a business may use cost-based pricing. A pricing method adopted by a business by which the selling price of a product is determined by adding a specific fixed percentage to the product's unit cost. • Especially useful to a new business – costs need to be covered with a small profit if possible • It is a simple method – simple to calculate and simple to implement • It ensures that all production costs are covered • It may ensure profitability • It may prevent loss • Transparent – easy for customers to understand • Easy to justify – make price adjustments to match cost increases, keeping prices low
4	AO2 Application 2 marks for developed APP of the chosen reason 1 mark for limited APP of the chosen reason • A business may have a choice of pricing methods at any particular time – given market conditions and the position of the business (in terms of scale of development, operational/survival objectives), a decision is made to choose cost-based pricing as the most appropriate pricing method Low-cost food retailers use this strategy to maintain their competitive position – they are obsessed with controlling their costs and add a small margin. AO3 Analysis 2 marks for developed AN of the chosen reason 1 mark for limited AN of the chosen reason The decision to adopt cost-based pricing may be taken for the following reasons: • A business can price products consistently without a lot of market research – a simple approach to pricing where the full costs of a product are calculated and a margin is added for a specific desired profit level – avoids need to spend time on nuanced pricing strategies – appealing for a small business. • It is a reliable pricing method – it ensures a business is covering all costs and generating the desired returns (assuming accurate cost calculations) – it assists estimates of revenue within a specific timeframe. • It is a pricing method that is easy to understand – it involves very few components – explanation of price increases to customers does not require a complicated explanation. • It requires little information relating to customer expectations, competitor pricing, or market demand – if a business has no competitors and no similar products in the market, cost-based pricing ensures a business prices according to company objectives and reflects the costs incurred to produce an item – the only data needed for cost-plus pricing are company costs and desired profit margins. Accept all valid responses