

Week 14

# A-Level Business

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Homework bundle for this week

本周作业合集

exercises.lol

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A-Level Business

Name: \_\_\_\_\_ Score: \_\_\_\_\_

1. Marketing is best described as:
  - ☐ identifying and satisfying customer needs profitably
  - ☐ advertising on television only
  - ☐ setting the lowest possible price
  - ☐ making as many products as possible
2. The equilibrium price is where:
  - ☐ quantity demanded equals quantity supplied
  - ☐ price is highest
  - ☐ demand is zero
  - ☐ supply is zero
3. Conducting a new customer survey is an example of:
  - ☐ primary research
  - ☐ secondary research
  - ☐ desk research
  - ☐ a sample frame
4. Which are the 4 Ps of the marketing mix? (Select all that apply.)
  - ☐ Product
  - ☐ Price
  - ☐ Promotion
  - ☐ Profit

*Tick every correct option.*

5. Setting a low price to win market share quickly is:
  - ☐ penetration pricing
  - ☐ skimming
  - ☐ cost-plus pricing
  - ☐ psychological pricing
6. A market-oriented business starts by:
  - ☐ finding out what customers want

- ☐ making a product, then finding buyers
- ☐ cutting costs
- ☐ building a factory

7. Price rises 10% and quantity demanded falls 25%. What is the size of PED?

\_\_\_\_\_

8. A balanced product portfolio helps a firm replace declining products with newer ones.

- ☐ True      ☐ False

9. A firm sells 15m in a total market of 60m. What is its market share (%)?

\_\_\_\_\_

10. A product with many close substitutes tends to have elastic demand.

- ☐ True      ☐ False

A-Level Business

1. **identifying and satisfying customer needs profitably**

Marketing is about meeting customer needs at a profit, not just adverts.

2. **quantity demanded equals quantity supplied**

Equilibrium clears the market.

3. **primary research**

Primary research collects new first-hand data.

4. **Product; Price; Promotion**

The 4 Ps are Product, Price, Place and Promotion — not Profit.

5. **penetration pricing**

Penetration pricing uses a low price to gain share.

6. **finding out what customers want**

Market orientation puts customer needs first, lowering risk.

7. **2.5**

$PED = 25\% / 10\% = 2.5$  (elastic).

8. **True**

Holding products at different stages smooths overall sales.

9. **25**

$15 / 60 \times 100 = 25\%$ .

10. **True**

Substitutes let customers switch, making demand price-sensitive.

## 3.1 The nature of marketing

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Name: \_\_\_\_\_ Class: \_\_\_\_\_ Date: \_\_\_\_\_

**Total: 29 marks**

**KEY WORDS** market 市场 • marketing 市场营销 • market share 市场份额 • product 产品 • mass market 大众市场

### Objective

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Build the skills to answer exam questions on **the nature of marketing** 市场营销的本质 — market orientation, **market size, growth and share** 市场规模、增长和份额, **mass and niche markets** 大众市场和利基市场, **segmentation** 市场细分, and **price elasticity of demand** 需求价格弹性 (PED).

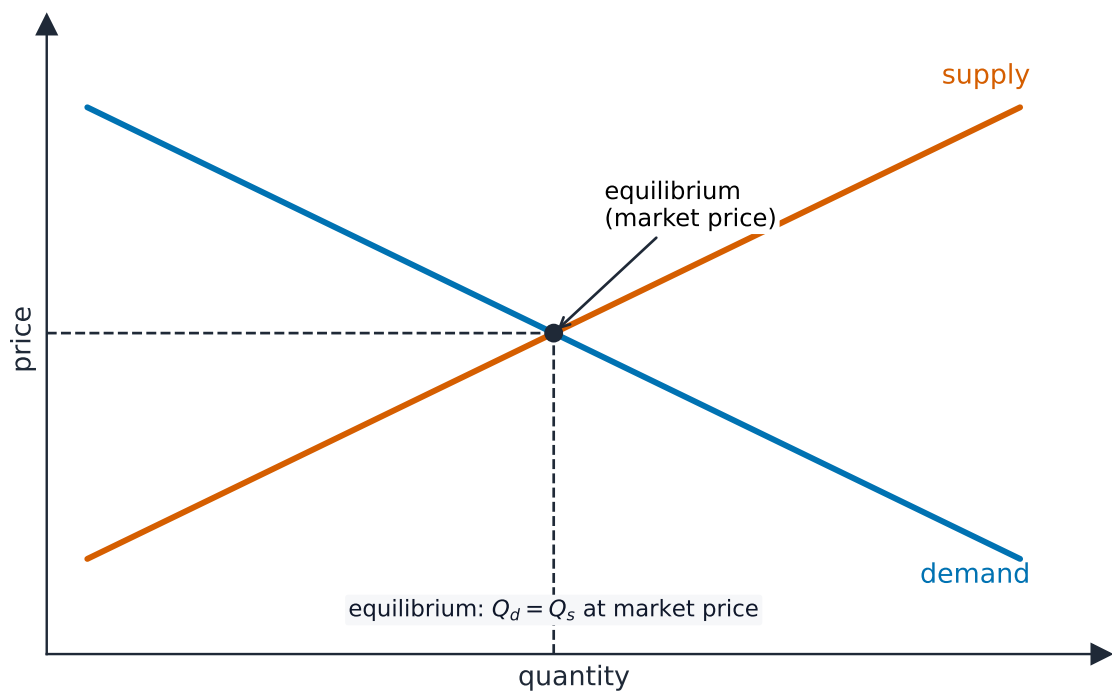
**You must be able to:**

- explain market-orientated versus product-orientated approaches
- calculate **market share** and **PED**, and explain what they show
- analyse and evaluate niche versus mass markets and segmentation

### 1 Worked examples

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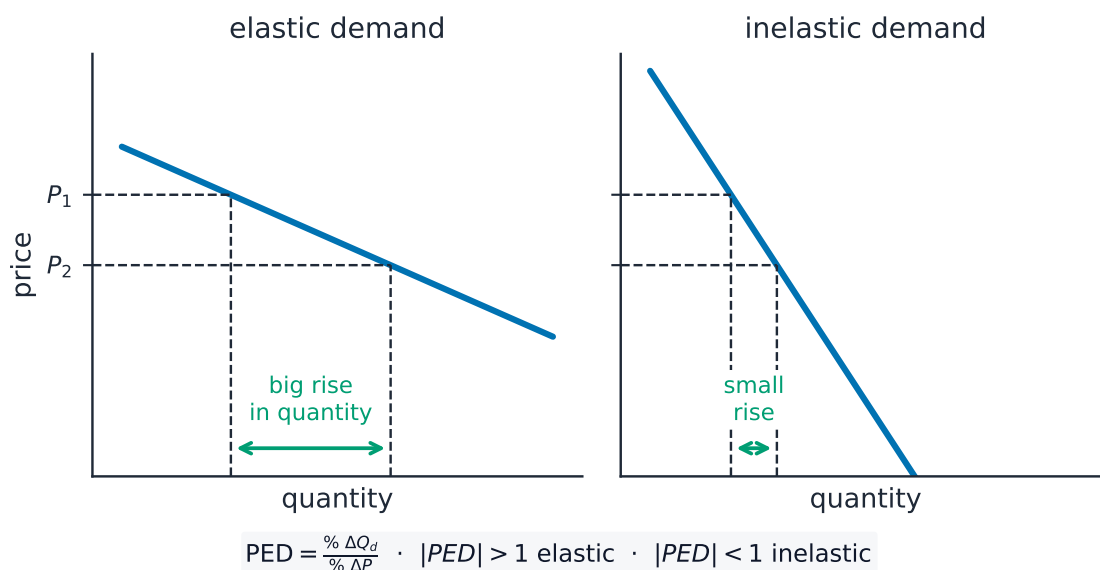
- Markets, share and elasticity



*When price falls, quantity demanded usually rises*

$$\text{market share} = \frac{\text{firm's sales}}{\text{total market sales}} \times 100\% \quad \text{PED} = \frac{\% \Delta \text{ quantity}}{\% \Delta \text{ price}}$$

- **Market share worked:** a firm sells \$4m in a \$20m market  $\rightarrow \frac{4}{20} \times 100 = 20\%$ .
- **PED worked:** price falls 10%, quantity rises 25%  $\rightarrow \text{PED} = \frac{25}{10} = 2.5 \rightarrow$  **elastic**, so a price cut **raises** revenue.



*Price elasticity of demand: the same price fall raises quantity much more when demand is elastic*

**Answer shapes:** AO1 + AO2 + AO3 (reasoning chain) + AO4 (a supported judgement *in context*).

## 2 Practice

**2.1** Define the term *market share*. [2]

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**2.2** A firm sells \$3m of goods in a market worth \$15m in total. Calculate its market share. [2]

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**2.3** State the difference between a *mass market* and a *niche market*. [2]

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### 3 Exam-style questions

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**3.1** Explain one benefit to a business of being **market-orientated**. [3]

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**3.2** Analyse two benefits to a business of segmenting its market. [8]

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**3.3** A new firm is deciding whether to sell in a **niche** market or a **mass** market. Evaluate this decision. [12]

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## Solutions

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

**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.

- 1
(a) Define the term *market growth*.
[2]
- (b) Explain **one** pricing method.
[3]

# 1    **Clever Bean (CB)**

CB is a public limited company that operates a chain of coffee shops in several countries. The company was founded in 2010 by two friends, Shopra and Ben. They share a passion for coffee and want to offer high-quality products to customers.

CB started with one coffee shop in country Q and gradually expanded, always locating in high-income areas of major cities. CB operates in a dynamic business environment. There is a high level of competition from other well-known coffee shop chains.
5

The company sources its coffee beans from fair trade suppliers who grow their coffee in an environmentally friendly way. CB offers a wide range of coffee products to the mass market. CB also offers other drinks and a variety of food items, such as sandwiches and cakes. Recent research shows that customers are now looking for healthy food options.
10

CB’s customers are mainly young professionals, students and tourists. Customers enjoy CB’s inviting atmosphere, comfortable seating areas, free Wi-Fi access and music. Its staff are trained to be friendly, helpful and knowledgeable.

Table 1.1 shows some financial data for CB for 2023 and 2024.

**Table 1.1 CB’s costs and revenue for 2023 and 2024**
15

|                | 2024 (\$m) | 2023 (\$m) |
|----------------|------------|------------|
| Revenue        | 50         | 44         |
| Direct costs   | 10         | 6          |
| Indirect costs | 20         | 16         |

Shopra believes that CB should continue to focus on the mass market. However, Ben thinks that greater use of market segmentation will be more successful.
20

- (a) (i) Identify **one** feature of a public limited company.
[1]
- (ii) Explain the term *dynamic business environment*.
[3]
- (b) (i) Refer to Table 1.1. Calculate the change in profit from 2023 to 2024.
[3]
- (ii) Explain **one** use to CB of cost information.
[3]
- (c) Analyse **two** benefits to CB of training its employees.
[8]
- (d) Evaluate whether CB should make greater use of market segmentation to be more successful.
[12]

- 6** (a) Analyse **two** ways international markets may present different challenges to a business than national markets. [8]
- (b) Evaluate whether customer relationship marketing (CRM) is suitable for all small businesses. [12]

- 4** Analyse **one** advantage to a business of using mass marketing. [5]

### Section B

Answer **one** question only.

**EITHER**

**2 Premium Homes (PH)**

PH owns student rental accommodation in all the major cities in country Y. PH used demographic segmentation in its market research. This research identified that university students would pay a premium for high specification rental accommodation.

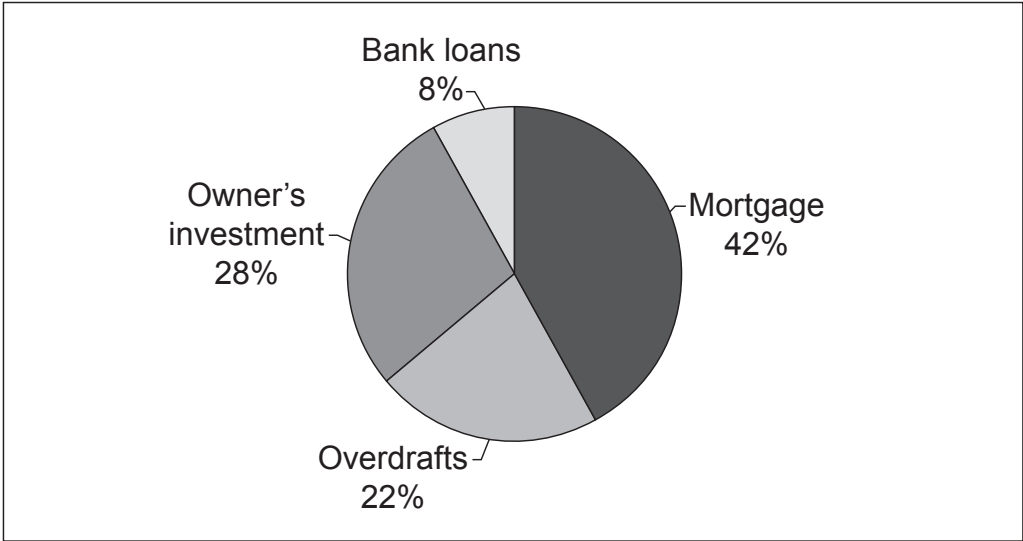
PH has specialist teams focused on sales, maintenance, customer service and finance. There is little opportunity for internal promotion. PH pays low salaries, however, it offers profit sharing to motivate its 150 employees. This has been effective as PH has had low labour turnover.

5

In the last two years, profit levels have fallen by 75%. In 2024, 45 employees left PH. Complaints about maintenance and customer service have increased due to the lack of experienced employees in PH.

10

The Finance Director is reviewing PH's existing sources of finance, shown in Fig 2.1.



**Fig 2.1 PH's sources of finance**

Frank, the Operations Director, wants to improve the sustainability of PH's operations. He plans to:

- stop renting out accommodation in some lower-income cities, and sell these buildings
- upgrade accommodation in high-income cities
- reduce the size of the workforce.

15

- (a) (i) Identify **one** way in which business size can be measured.

[1]
- (ii) Explain the term *demographic segmentation*.

[3]
- (b) (i) Refer to lines 6–8. Calculate PH's labour turnover in 2024.

[3]
- (ii) Explain **one** way in which PH could use Maslow's Hierarchy of Needs.

[3]
- (c) Analyse **one** advantage and **one** disadvantage to PH of using an overdraft as a source of finance.

[8]
- (d) Evaluate whether Frank's plan will improve the sustainability of PH's operations.

[12]

## 3.2 Market research

Name: \_\_\_\_\_ Class: \_\_\_\_\_ Date: \_\_\_\_\_

Total: 29 marks

**KEY WORDS** sample 样本 • sampling 抽样 • market research 市场调研 • secondary research 二手调研  
• primary research 一手调研

### Objective

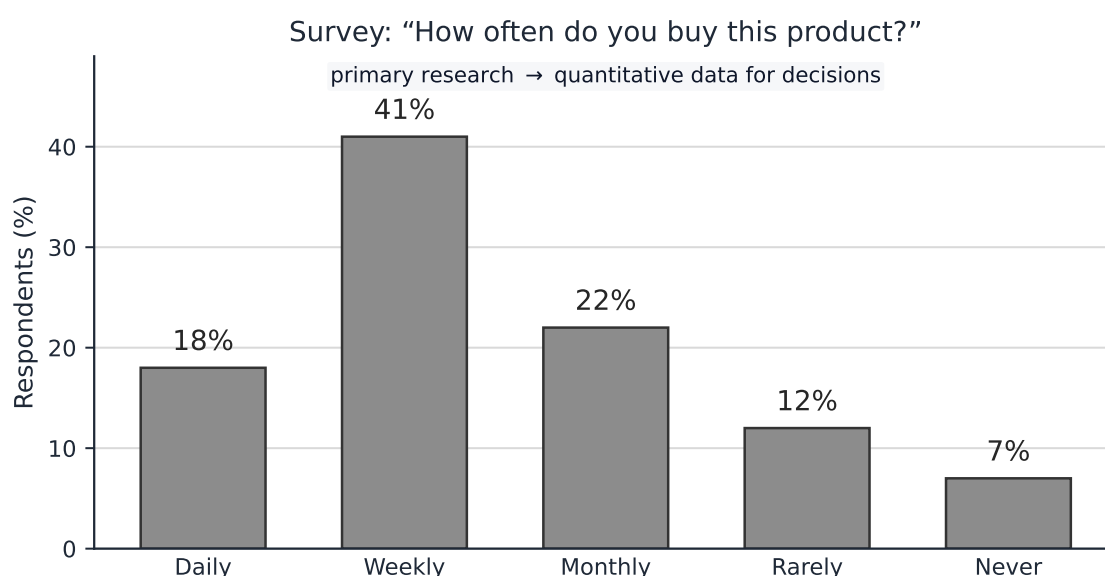
Build the skills to answer exam questions on **market research** 市场调研 — **primary and secondary** 一手和二手 research, **quantitative and qualitative** 定量和定性 data, and **sampling** 抽样.

You must be able to:

- explain the difference between primary and secondary research
- explain quantitative versus qualitative data and the main sampling methods
- analyse and evaluate how a business should research a market

### 1 Worked examples

#### ■ Research, data and sampling



*A survey result: quantitative data guides the decision*

- **Primary:** new data you collect (survey, interview) — fits your needs but costs more. **Secondary:** existing data (reports, sales records) — cheap and quick but

may be old.

- **Quantitative** = numbers (easy to compare); **qualitative** = opinions and reasons (deeper understanding).
- **Sampling:** random, quota, stratified — a larger, well-chosen sample lowers **bias** and raises reliability.

**Answer shapes:** AO1 + AO2 + AO3 (reasoning chain) + AO4 (a supported judgement *in context*).

## 2 Practice

**2.1** Define the term *primary market research*. [2]

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**2.2** State two methods of **sampling**. [2]

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**2.3** State the difference between *quantitative* and *qualitative* data. [2]

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## 3 Exam-style questions

**3.1** Explain one benefit to a business of using **primary** market research. [3]

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**3.2** Analyse two reasons why a business carries out market research before launching a product. [8]

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3.3 A small business is launching a new product and must research its market. Evaluate whether it should use mainly primary or mainly secondary research. [12]

## Solutions

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

**2.1** new information a business collects itself for its own purpose, e.g. by survey, interview or observation (2 for a clear definition; 1 for a partial idea).

**2.2** any two of: random sampling; quota sampling; stratified sampling (1 + 1).

**2.3** quantitative data is facts in numbers that are easy to compare; qualitative data is opinions and reasons that give deeper understanding (2 for a clear difference; 1 for a partial idea).

**3.1** [3] **AO1** 1 — name a benefit (fits the firm's exact needs; up to date; the firm owns the data). **AO2** up to 2 — develop it, e.g. a survey asks exactly what this firm needs to know → the findings match its product → better decisions and less risk (2 developed / 1 limited).

**3.2** [8] For **each** of two reasons: **AO1** 1 + **AO2** 1 + **AO3** up to 2. Example chains — *lower risk*: research shows whether customers want the product → the firm avoids launching an unwanted product → less wasted cost. *Better mix*: research reveals the right price and features → the product matches demand → higher sales. Maximum 4 per reason, 8 total.

**3.3** [12] **AO1** 2 / **AO2** 2 / **AO3** 2 / **AO4** up to 6. **Primary**: exact, current, owned — but costly and slow for a small firm. **Secondary**: cheap and fast to start — but may be old or not specific. Judgement: a small firm with little money often starts with secondary research to learn the market cheaply, then uses some primary research to check its exact idea — the best mix depends on its budget and time.

- 5 (a)** Analyse **two** limitations for a business of sampling during market research. [8]
- (b)** Evaluate the view that new product development is the most important activity for the success of a toy manufacturer. [12]

**OR**

1 The Research Agency (TRA)

TRA is a quaternary sector business. It is the market leader in providing social media data to food manufacturers in country F. TRA’s market has grown by 40% over the last year.

DF is a multinational business that specialises in non-alcoholic drinks. DF has asked TRA for data about a new bottle of water with pod attachments. The pods give a fruity flavour which is combined with sparkling water. TRA has sampled 8000 potential consumers on social media to identify their favourite fruity flavour (see Fig. 1.1).

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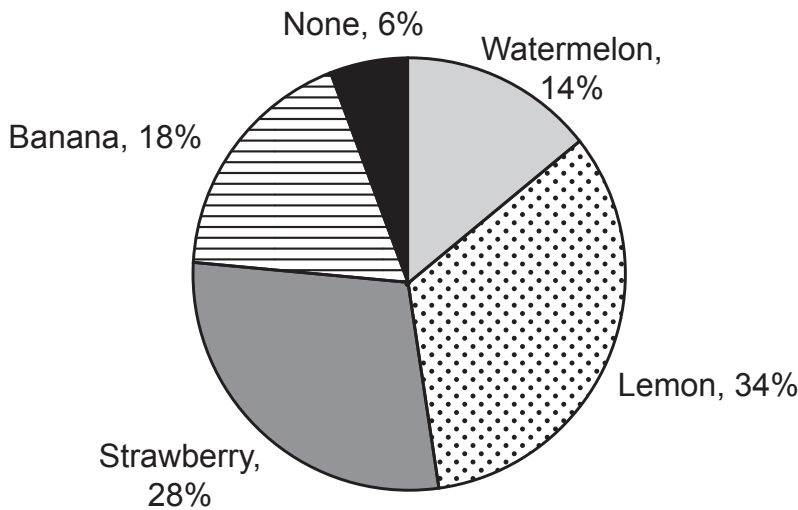


Fig. 1.1 Data about consumer flavour preferences for DF

TRA employs 65 researchers. Since 2020, all of these employees work from home. They are provided with all the necessary IT equipment and a high-speed internet connection. However, motivation is poor, and this has led to high labour turnover. The Human Resource Director has received some feedback from employees. Fig. 1.2 shows some of this feedback.

10

- I hate being so isolated – I never get to speak to any other employees.
  - I have to use my own electricity, and the cost has doubled in the last two years.
  - I know some employees are not working very hard, but they get paid the same as me. It’s not fair!

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Fig. 1.2 summary of feedback from employees at TRA

- (a) (i) Identify **one** stage of the transformational process.

[1]
- (ii) Explain the term *multinational business*.

[3]
- (b) (i) Refer to Fig 1.1 and other information. Calculate the combined total number of potential consumers who would prefer lemon or strawberry flavoured water.

[3]
- (ii) Explain **one** reason why TRA uses sampling.

[3]
- (c) Refer to Fig 1.1 and other information. Analyse **two** reasons why the data collected for DF may not be reliable.

[8]
- (d) Evaluate the most effective way for TRA to improve the motivation of the home working employees.

[12]

2 Popular Drinks (PD)

PD is a mass market fizzy drinks manufacturer in country Z. The fizzy drinks market in country Z is dominated by a few well-known brands. The total market value is \$5.3bn and the PD brand has a 17% share of this market.

Pablo was recruited to be the Marketing Director of PD in 2022. He launched a new promotional campaign based on trending music on social media. He decided to use social media influencers to focus on this market. 5

Online feedback of the campaign was poor. Many of PD’s customers did not want to be associated with trending music. National news highlighted the negative feedback and PD’s sales volume decreased by 20% within a week and continued falling. This led to excess inventory in PD’s warehouses. The bad publicity also caused a drop in PD’s share price and a negative impact on cash flow. 10

Fig. 2.1 shows feedback from a recent questionnaire where previous PD customers were asked what they thought about the promotional campaign.

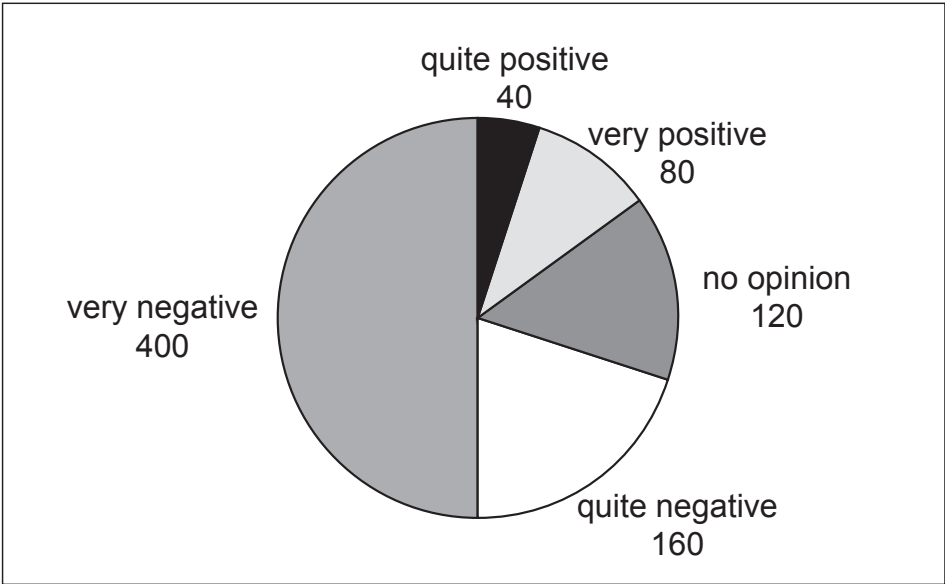


Fig. 2.1 Market analysis data of a sample of PD’s customers

Pablo has called an emergency meeting of PD’s marketing managers to repair the damage done to the PD brand from this recent promotional campaign. 15

- (a)

(i)

Identify **one** recruitment method.

[1]

(ii)

Explain the term *cash flow*.

[3]
- (b)

(i)

Refer to Fig. 2.1. Calculate the percentage of PD’s customers with positive feedback.

[3]

(ii)

Refer to Fig. 2.1 and other information. Explain **one** reason why this data collected for PD may not be reliable.

[3]
- (c)

Analyse **two** possible costs to PD of holding inventory.

[8]
- (d)

Evaluate the importance of branding to the future success of PD.

[12]

- 1 (a) Define the term ‘secondary research’. [2]
- (b) Explain **one** advantage to a business of data collected using primary research methods. [3]

1 Barbecue House (BH)

BH is a fast food restaurant and takeaway business, which sells a range of burgers, kebabs, pizzas and side orders. BH also has a delivery service to the local area.

BH is owned by Amir who mortgaged his home to finance the start-up of the business. Amir operates BH as a sole trader. His son also works within the business as a chef. Amir has been advised to change the legal structure of BH and to become a private limited company to protect the business and himself. 5

BH is located on a busy high street. There are many other similar businesses on the high street and in the surrounding area. Amir knows that the continued success of the business requires him to identify a gap in the market and develop a unique selling point (USP). Amir has carried out some market research (see Table 1.1 and Fig. 1.1). 10

Table 1.1: Market research data about competitors within 2 km of BH

|                                                   |   |
|---------------------------------------------------|---|
| Total number of competitors                       | 8 |
| Number of competitors who offer delivery services | 4 |
| Number of competitors who do not sell Asian food  | 6 |

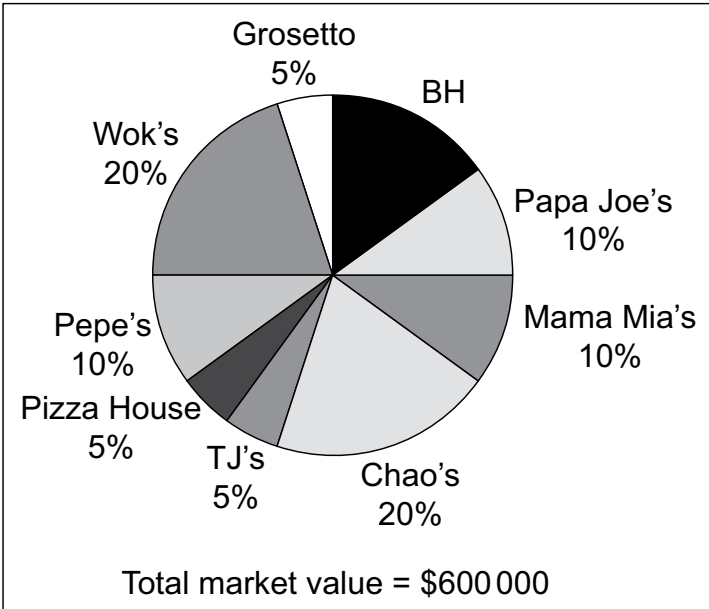


Fig. 1.1: Market share data for competitors within 2 km of BH

The two market leaders are Wok's and Chao's. Both businesses specialise in Asian food but neither has a delivery service. Amir would like to increase BH's market share. He is considering starting to sell Asian food. None of his employees have any experience cooking or selling Asian food but Amir believes that the possible increase in income would be worth any extra costs. 20

- (a) (i) Identify **one** benefit for a business of a unique selling point (USP). [1]
- (ii) Explain the term 'sole trader' (line 4). [3]
- (b) (i) Refer to Fig. 1.1. Calculate the value in dollars (\$) of BH's share of the market. [3]
- (ii) Explain **one** reason why Amir carried out market research. [3]
- (c) Analyse **one** advantage and **one** disadvantage, to Amir, of BH becoming a private limited company. [8]
- (d) Evaluate whether BH should sell Asian food. [12]

## 3.3 The marketing mix

Name: \_\_\_\_\_ Class: \_\_\_\_\_ Date: \_\_\_\_\_

Total: 29 marks

**KEY WORDS** promotion 促销 • marketing mix 营销组合 • place 渠道 • product life cycle 产品生命周期  
• penetration pricing 渗透定价

### Objective

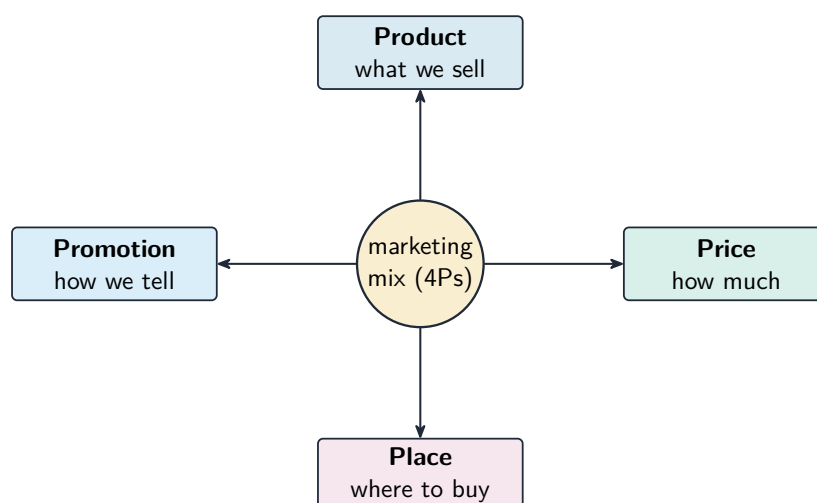
Build the skills to answer exam questions on the **marketing mix** 营销组合 — the **4Ps** (**product**, **price**, **place**, **promotion** 产品、价格、渠道、促销), the **product life cycle** 产品生命周期, pricing strategies, and **promotion** 促销.

You must be able to:

- name the 4Ps and explain how they work together
- describe the product life cycle and extension strategies
- analyse pricing and promotion choices and evaluate the mix for a product

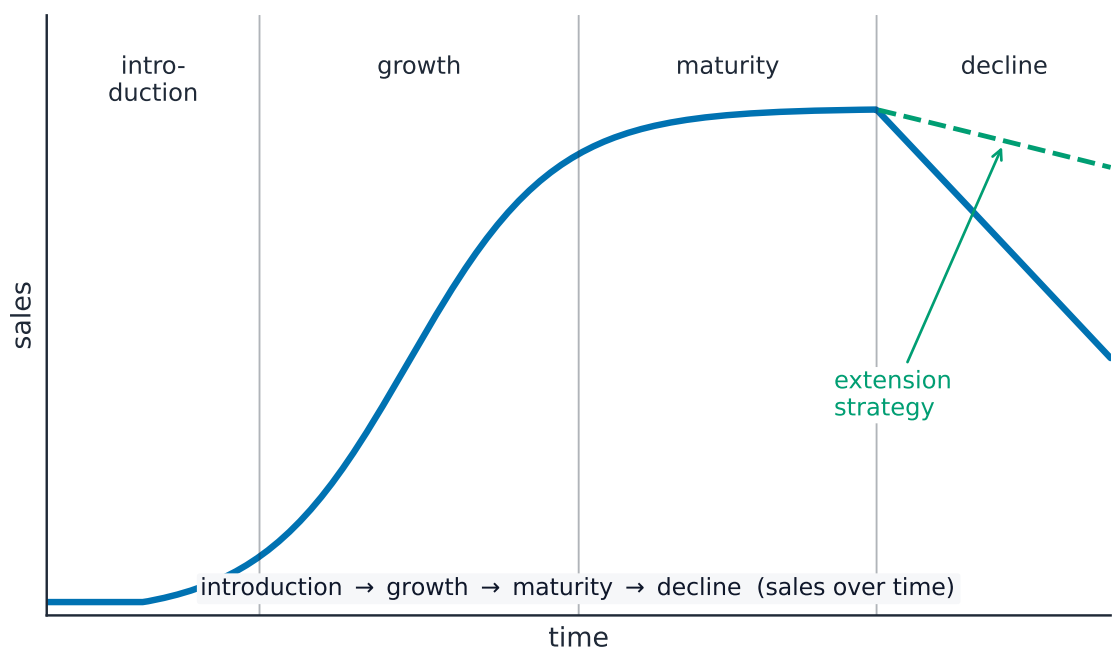
### 1 Worked examples

#### ■ The 4Ps and the product life cycle



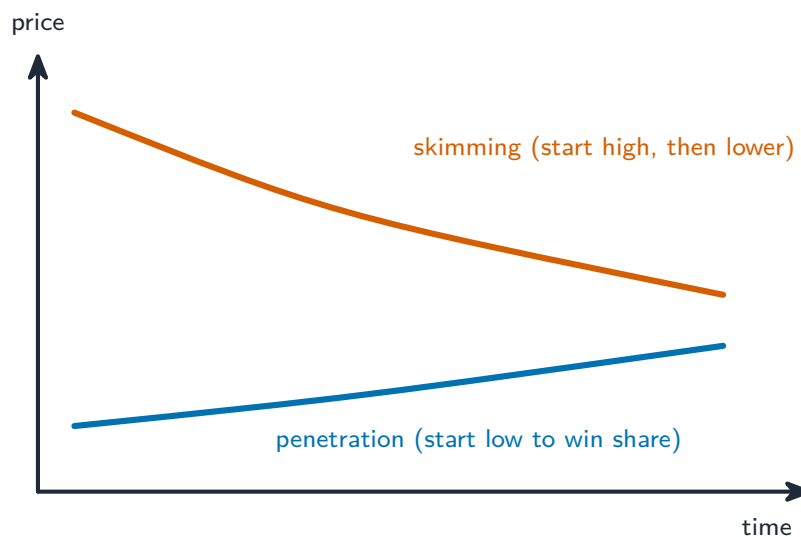
*Product, Price, Place and Promotion must work together (integration)*

- **Life cycle:** introduction → growth → maturity → decline; **extension strategies** (new packaging, new uses, new markets) hold up sales in maturity.



*The product life cycle and an extension strategy*

- **Pricing:** *penetration* (low price to win share), *skimming* (high price for a new product, then lower), *cost-plus* (margin added to cost).



*Two launch pricing strategies over time: penetration vs skimming*

- **Promotion:** *above-the-line* (mass-media advertising) and *below-the-line* (targeted: discounts, samples, direct mail).

**Answer shapes:** an **Evaluate** [12] on “the most important P” must weigh the Ps against each other and decide for *this product and market*.

## 2 Practice

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**2.1** State what the **4Ps** of the marketing mix stand for. [2]

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**2.2** Define the term *penetration pricing*. [2]

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**2.3** State the four stages of the product life cycle, in order. [2]

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## 3 Exam-style questions

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**3.1** Explain one reason a business might use **price skimming** for a new product. [3]

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**3.2** Analyse two **extension strategies** a business could use to keep sales of a product high. [8]

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## Solutions

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

**2.1** Product, Price, Place, Promotion (2 for all four; 1 for two or three).

**2.2** setting a low price to enter a market and win market share quickly (2 for a clear definition; 1 for a partial idea).

**2.3** introduction, growth, maturity, decline (2 for all four in order; 1 for a partial list).

**3.1** [3] **AO1** 1 — state a reason (the product is new/unique; to recover development costs; to signal high quality). **AO2** up to 2 — develop it, e.g. early buyers will pay a high price for a new phone → high revenue per unit while there is little competition → development costs recovered quickly (2 developed / 1 limited).

**3.2** [8] For **each** of two strategies: **AO1** 1 + **AO2** 1 + **AO3** up to 2. Example chains — *new uses/markets*: selling the product to a new group → reaches buyers it did not have → sales rise again. *Restyling/new packaging*: a fresh look attracts attention → existing customers re-buy and new ones try it → maturity is extended. Maximum 4 per strategy, 8 total.

**3.3** [12] **AO1** 2 / **AO2** 2 / **AO3** 2 / **AO4** up to 6. Argue for more than one P: *product* (a phone must work well and stand out), *price* (skimming vs penetration affects sales and image), *promotion* (a crowded market needs strong advertising), *place* (must be easy to buy). Judgement: for a new smartphone the Ps must be **integrated**, but product quality and promotion often matter most at launch — the answer depends on the competition and the target customer.

**6 (a)** Analyse **two** benefits to a business of using a Boston Matrix. [8]

**(b)** 'Packaging is the most effective promotion method for a fast-food business.'

Evaluate this view. [12]

**6 (a)** Analyse **two** benefits to a business of product portfolio analysis. [8]

**(b)** Evaluate whether branding is the most important factor in the successful promotion of a new health drink. [12]

**1 (a)** Define the term *market growth*. [2]

**(b)** Explain **one** pricing method. [3]

## 2 Natalia's Naturals (NN)

NN is a small business owned by Natalia. NN produces and sells a range of natural skincare products.

In 2020, Natalia started making her own skincare products at home using natural ingredients. She realised that there was a demand for her products among her friends and family. Natalia then decided to turn her hobby into a business and launched NN in 2021. 5

Natalia operates her business from a rented workshop with limited space, where she makes her products by hand. She buys her ingredients from local suppliers who share her values of environmentally friendly production.

NN has been growing steadily and has gained a loyal customer base. NN has received positive reviews from beauty magazines. Natalia's skincare products are sold through her own website, social media platforms and local retailers who specialise in selling natural products. 10

Natalia is developing a new face cream. Table 2.1 shows price and cost estimates for the new face cream.

**Table 2.1 Price and cost estimates**

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| Product    | Price | Allocated fixed costs | Variable costs per unit |
|------------|-------|-----------------------|-------------------------|
| Face cream | \$5   | \$12 000              | \$2                     |

The skincare market is very competitive. There are many established brands that offer similar products to NN, but with wider distribution channels.

Natalia needs to balance her time between production, managing orders, delivery, marketing and other administrative tasks. She works long hours and is stressed and exhausted. 20

Natalia is considering outsourcing to increase NN's production capacity.

- (a) (i) Identify **one** internal stakeholder of a business. [1]
- (ii) Explain the term *distribution channels*. [3]
- (b) (i) Refer to Table 2.1. Calculate the break-even level of output of the new face cream. [3]
- (ii) Explain **one** limitation to NN of break-even analysis. [3]
- (c) Analyse **one** advantage and **one** disadvantage to NN of being a small business. [8]
- (d) Evaluate whether outsourcing is the most suitable way to increase NN's production capacity. [12]

- 2 (a) Define the term *price discrimination*. [2]
- (b) Explain **one** disadvantage to a business of using competitive pricing. [3]

4 Analyse **one** reason why a business may use cost-based pricing.

[5]

## Section B

Answer **one** question only.

**EITHER**

### 2 Designer Clothing (DC)

DC is a medium sized private limited company. It has been trading for 10 years. DC makes luxury dresses for women using job production methods. DC has an excellent reputation for quality. A DC designer has a meeting with every customer to design a dress that satisfies the customer's individual needs, including choice of fabric and colour. Cost-based pricing is used with 50% added to the average cost of each dress.

5

DC's employees are highly skilled and paid hourly rates (a time based method). Ikram, one of the designers, has just had a meeting with a new customer, Lydia. Lydia wants Ikram to design and make a new dress for her. Ikram has worked out the production data shown in Table 2.1 for the dress.

**Table 2.1: Production data for the dress for Lydia**

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|                               |          |
|-------------------------------|----------|
| Production time               | 20 hours |
| Hourly rate                   | \$10     |
| Material costs                | \$250    |
| Indirect cost allocation      | \$25     |
| Other costs such as packaging | \$25     |

15

Jenny, the Managing Director, wants to use DC's excellent reputation and move into a new market. Jenny wants to create a new range of DC branded trousers for women. Jenny has developed some elements of a marketing mix for the new trousers:

- Product: quality trousers aimed at women aged 25–50
- Distribution channel: sold in large shops
- Promotion: branded with the DC logo

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Jenny will develop a business plan when she receives the market research report, which includes feedback from a focus group. Jenny thinks that the pricing strategy DC currently uses will not be appropriate for the new trousers.

The new product range would use a batch production method. The Production Director, Khaleal, has identified the machinery needed for the new production method. Khaleal is worried about the problems that introducing the new production method might cause DC's employees.

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- (a) (i) Identify **one** indirect cost. [1]
- (ii) Explain the term 'business plan' (line 22). [3]
- (b) (i) Refer to Table 2.1 and other information. Calculate the price of the dress for Lydia. [3]
- (ii) Explain **one** payment method, other than time based, that DC could use to pay its employees. [3]
- (c) Analyse **two** human resource problems that DC might experience from the introduction of a new batch production method. [8]
- (d) Evaluate suitable pricing methods that DC could use for the new range of trousers. [12]