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

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

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.

1(a)

Define the term *market growth*.

Indicative content

Responses may include:

AO1 Knowledge and understanding

CLEAR UNDERSTANDING (2 marks)
- The (percentage) increase in the size of a market over a period of time / using metrics such as number of customers, units sold, or revenue (2)
- Increase in size of market over a period of time (2)

Clear understanding of the term *market growth* is worth 2 marks. This is indicated by 2 ticks ✓✓.

PARTIAL UNDERSTANDING (1 mark)

- Change in the size of a market (1)

Partial understanding of the term *market growth* is worth 1 mark. This is indicated by 1 tick ✓.

Accept all valid responses.

1(b)	**Explain <u>one</u> pricing method.** **Indicative content** Responses may include: **AO1 Knowledge and understanding - 1 mark for identifying ONE pricing method.** • competitive • penetration • skimming • price discrimination • dynamic • cost-based • psychological **AO2 Application** **2 marks for a DEVELOPED application / explanation of ONE pricing method.** **1 mark for a LIMITED application / explanation of ONE pricing method.** • price is similar to competitors to avoid damaging / expensive levels of competition between businesses OR price set below competitors in markets where it is easy for customers to compare prices of different businesses • setting a relatively low price to enter a market, attract customers and gain market share quickly, price may rise later • setting a high price for a new product when it is unique or highly differentiated / has low price elasticity of demand / price is reduced over time • charging different prices for the same product at different times or to different customers to increase demand and/or revenue • selling at a price which changes according to the level of demand and the customer's ability to pay • setting a price which covers all the costs of producing/supplying the product plus an additional amount to give profit • takes account of the psychological effect of a price on customers e.g. just below a price level ($9.99 not $10) or a high price for luxury goods Accept all valid responses.

5(a)	**Analyse <u>two</u> limitations for a business of sampling during market research.** **Indicative content** Responses may include: **AO1 Knowledge and understanding** **1 mark for identifying ONE limitation for a business of sampling during market research** • sampling methods used may not be appropriate for a given situation • researchers may be inexperienced/incompetent • sample size too small • sample may not be representative of the population • may be very time-consuming • may be very expensive • questions asked may be ambiguous or biased Customer responses may not be honest **AO2 Application** **1 mark for application / explanation of ONE limitation for a business of sampling during market research** • sample may not have been chosen correctly for a particular situation • efficient sampling / choice of correct method • may not be suitable for niche markets (already small) • not everyone in the target population is questioned • random, stratified and quota sampling must be chosen appropriately • biased responses due to dishonesty / ignorance / biased questions / lack of understanding by respondents • not all sampling techniques are truly random • researchers will require payment

5(a)	**AO3 Analysis** **Up to 2 marks for analysis of ONE limitation** **2 marks for DEVELOPED analysis of ONE limitation for a business of sampling during market research (L2 AN)** **<u>or</u>** **1 mark for LIMITED analysis of ONE limitation for a business of sampling during market research (L1 AN)** • the business cannot be totally confident in the results as they may not be 100% reliable • results and decisions based on a badly chosen sample may damage the business • if employees are not experienced in sampling, the results of the research will be biased and unreliable • a trained employee may require higher pay, or an external agency may need paying to carry out the sampling • opportunity cost of paying for specialised sampling as part of market research • good knowledge of the target population is needed to decide which method of sampling is appropriate based on ease of research, reliability, time available, representation etc Accept all valid responses.

5(b)	**Evaluate the view that new product development is the most important activity for the success of a toy manufacturer.** **Indicative content** 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)** • new product development - ideation to market-stages of idea to design to market research to testing to marketing etc • business success - achieve business goals through financial performance profits and growth - customer satisfaction - meeting needs and building customer loyalty - operational efficiency - efficient processes and innovation and stakeholder impact - positive long term social and environmental contribution • making toys that are engaging, durable, sturdy, entertaining, safe, **AO2 Application** **2 marks for DEVELOPED application (L2 APP)** **1 mark for LIMITED application (L1 APP)** • toy manufacturer – children, brands, types of toys, soft fabric, plastic, educational • Barbie, Hot Wheels, Matchbox • Mattel global manufacturer, Lego, Fisher Price **AO3 Analysis** **2 marks for DEVELOPED analysis (L2 AN)** **1 mark for LIMITED analysis (L1 AN)** • advantages and disadvantages of new product development – very competitive market; gives competitive advantage; meets ever changing needs of children; high cost; innovation; market research; consumer interest • use of Boston Matrix information – toys currently in their product portfolio • stage of the product lifecycle of current products – cost of new product development

5(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 new product development is more important than extension strategies for a toy manufacturer.
These judgements / conclusions may be made at any point in the essay, not only in a concluding section.

- toy manufacturing is a competitive market with many large and established manufacturers, but there are also niche markets
- is the toy manufacturer trying to compete in the mass market or in a niche market? Might this affect how much money is available to fund product development?
- how affordable is product development for the manufacturer? Is it new to the market and focussed on survival rather than growth, market share and production of a range of different toys?
- is it possible for operations to produce additional products?
- if the business is small, it may be labour intensive, and production of a new product may take time and slow down production of current toys. Can the business allow this to happen?
- is there consumer demand for new products? Can the business afford to carry out the appropriate market research to find out?

5(b)	• would it be better to focus on promoting toys to retailers, adults and children in different ways to create maximum demand for the product portfolio that it already has (extension strategy)? • is spending more money on promotion more appropriate in a mass market where brand might be established? • in a niche market might spending more money to develop a new product with a distinct USP be more suitable to build on reputation for quality? • are extension strategies better as an alternative to new product development? • is it possible for new markets to be targeted rather than focussing on new product development for the existing market? Accept all valid responses.