## Solutions

Marking: **M1** a correct method, **A1** the correct answer, **B1** an independent mark.

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

**2.1**

penetration: a low price at launch to gain market share quickly; skimming: a high price at launch for a new or unique product, lowered later

**2.2**

any two: new features or a new version; new packaging or design; new markets or uses; price reductions or promotions

**2.3**

A: star; B: dog; C: cash cow; D: question mark (problem child)

**2.4**

advantage: cheap and can target local customers; photos can be shared widely; disadvantage: needs time and skill to post regularly / negative reviews spread quickly and can damage reputation

**2.5**

any two, explained: people: friendly, well-trained staff make guests feel welcome and return; processes: quick check-in and easy online booking reduce waiting and frustration; physical evidence: a clean, attractive lobby and rooms signal quality

**3.1**

(a) $12 \times 1.4 = \$\mathbf{16.80}$; limitation: ignores demand and competitors' prices / customers may pay more for a filter, so profit is lost

(b) award up to [10]: product: the filter is a USP; eco-friendly materials suit the target market; price: skimming (e.g. above $25) for a unique product, or competitive pricing near $20 to attract price-sensitive students; promotion: social media and influencers reach young buyers cheaply; sustainability message; place: online direct sales plus campus shops and outdoor retailers; people/processes/physical evidence: helpful online service, simple ordering, recyclable packaging; the Ps must fit together and with the target market; risks: rivals copy the filter; budget limits; judgement with a justified mix



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