Solutions

Marking: **K** knowledge, **App** use of the case or data, **An** analysis (a chain of reasons: cause, then effect), **Ev** evaluation (a judgement with a reason). In calculations, **M1** is for the method and **A1** for the answer; **B1** is an independent mark.

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

2.1

core: (a)

actual: (b), (e)

augmented: (c), (d)

2.2

$35 - 29 = £\mathbf{6}$

e.g. time saved, or one decision a week instead of five

2.3

$\frac{27}{26} - 1 = \mathbf{3.8}\%$

maturity: growth has nearly stopped

2.4

(a) market penetration

(b) product development; (c) market development

(d) diversification

3.1

(a) $214 \times 0.05 = \mathbf{10.7}$; $10.7 \times 12.60 = £\mathbf{135}$ a week

(b) net $135 - 40 = £95$ a week; $\frac{1{,}200}{95} = \mathbf{12.6}$ weeks

(c) benefit: happier customers refer others, or the data show which meals to drop; risk: the 5 points is a guess, so measure it in a test; it may also make skipping easy, so revenue falls

3.2

(a) 300%, 150%, 30%, 3.8%

(b) maturity; defend share with loyalty and service; extend the life with new versions, e.g. the subscription bundle or new flavours

3.3

(a) A $\frac{8{,}000}{600} = \mathbf{13.3}$ weeks; B **15** weeks

(b) **5**–**6**: A pays back faster and uses known customers, so the risk is lower (App)(An); B earns more each week after payback and spreads risk over two cities, but needs new channels and staff (An); the estimates for a new city are less certain (Ev); judgement with a reason, e.g. A now, and B funded from A's profits next year (Ev). **3**–**4**: one plan analysed, or no judgement. **1**–**2**: relevant points.

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