

Questions 1 to 6 are based on marketing decisions that relate to *Purity Ltd*.

Figure 1

Purity Ltd manufactures ecologically friendly cosmetic and beauty products for all age groups and for both women and men. These are sold direct to local convenience stores in towns and villages in the Midlands and to specialist high street retailers in towns and cities in the Midlands. The company has been in business for three years and has built up a committed number of trade customers, over 50 in all, with growing sales and regular repeat orders.

The owners were inspired by the approach taken to production and marketing by Anita Roddick through the *Body Shop*. *Purity* uses no products that are tested on animals and only uses raw materials where the suppliers are paid a fair price for their products.

The long term aims of the business are to open up its own high street shops, expand to become a UK national company and to compete effectively with major established retailers, such as the *Body Shop* and *Boots*.

Purity has a very dedicated workforce, which shares the same beliefs as the owners about corporate responsibility in terms of no animal testing, fair payment to suppliers, fair prices to consumers, fair wages for employees and minimal damage to the environment.



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1. (a) (i) From **Figure 1** identify **three** strengths that *Purity* has which would help it to compete against stores, such as the *Body Shop* and *Boots*.

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3

(3)

(ii) For each strength you identified in (i), show how it would help *Purity* to compete against these stores.

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(6)

(b) Explain why the *Body Shop* and *Boots* are likely to present an economic threat to *Purity's* aim to open its own high street shops across the UK.

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(5)

(Total 14 marks)

Q1

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2. In the UK there are growing consumer concerns about the testing of cosmetics on animals and increasing numbers of consumers are switching to buying only products that are not tested on animals. The European Union (EU) Cosmetics Directive has also banned the use of animal testing on any new cosmetic products.

(a) Explain which **two** parts of PESTLE are being affected by the changes shown above.

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(5)

(b) (i) Identify with the letter 'P' on the Boston Matrix below, where *Purity* should be positioned in terms of the UK market for cosmetic products not tested on animals.

Star	Problem Child
Cash Cow	Dog

(1)



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(ii) Justify why you have selected this position.

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(4)

(c) Assess how *Purity* should use promotion to meet the concerns of consumers.

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(4)

(Total 14 marks)

Q2

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4. All of *Purity's* products are sold to trade customers but *Purity* uses television, newspapers and magazines to advertise its products to consumers.

(a) Explain why *Purity* promotes direct to consumers even though it only sells to trade customers.

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(6)

One of *Purity's* aims is to open its own high street shops.

(b) Examine if this decision would be strategic or tactical.

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(4)

(Total 10 marks)

Q4

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5. As part of its research into possible new markets for its products *Purity* has accessed the latest population trends from the Office for National Statistics (ONS). *Purity* appreciates that its most effective method of expansion will be to move into new regions of the UK one by one. It also appreciates that certain demographic features could be particularly important for the kind of products that it produces. It has decided that these are likely to be gender, age and geographical location. **Table 1** shows data that relates to these three features.

Table 1 – Selected demographic data for England (2005)

Region	Total Population '000	Population by age expressed as a percentage					Percentage by gender in England	
		0–4	5–15	16–44	44-Ret ²	Ret + ³	Male	Female
North East	2,558	5.3	13.3	39.2	22.8	19.8	49.1	50.9
North West	6,846	5.6	13.9	39.5	22.1	18.8		
Y & H ¹	5,064	5.7	13.8	39.7	22.0	18.9		
East	5,542	5.7	13.7	38.5	22.4	19.5		
London	7,518	6.6	12.7	48.9	18.1	13.8		
South East	8,164	5.6	13.7	39.0	22.4	19.3		
South West	5,068	5.1	13.2	36.9	23.0	21.8		

Notes:

1. Y & H is Yorkshire and Humberside
2. 'Ret' is short for retirement, which is 60 for females and 65 for males.
3. 'Ret +' means men and women who are older than their respective retirement age.

Source: Adapted from ONS "Population Trends"

- (a) (i) If *Purity* was simply interested in the largest regional market, state which region this would be.

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(1)

- (ii) Explain why simply going for the largest regional market could be a drawback for *Purity*.

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(3)



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6. *Purity* has decided to carry out stratified sampling through street surveys in the Yorkshire and Humberside region using a questionnaire it has created. The stratification is based on age and gender.

(a) Why will these surveys be primary research?

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(3)

The first question on the questionnaire asks, 'Do you regularly use cosmetics or beauty products?'

(b) What would be **one** benefit and **one** drawback of using this as the first question on the questionnaire?

Benefit

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Drawback.....

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(2)



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(c) How did the business monitor the success of these changes to the product?

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(4)

Q7

(Total 10 marks)



8. With reference to a real UK or multinational business that has used electronic market research to monitor customers buying habits, answer the following questions.

(a) Name of business

What electronic method of research was used?

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(1)

(b) Describe how this method works so that it can identify customers' buying habits.

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(3)

(c) How was the correct target market identified before this research method was used?

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(d) Explain **one** constraint this method of collecting data will have for identifying customers' buying habits.

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(Total 10 marks)

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Q8

TOTAL FOR PAPER: 90 MARKS

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