

Write your name here

Surname

Other names

Centre Number

Candidate Number

Edexcel GCE

Applied Business

Unit 10: Marketing Decisions

Thursday 14 June 2012 – Afternoon
Time: 1 hour 30 minutes

Paper Reference

6925/01

You do not need any other materials.

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided
– *there may be more space than you need.*

Information

- The total mark for this paper is 90.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*
- Questions labelled with an **asterisk** (*) are ones where the quality of your written communication will be assessed
– *you should take particular care with your spelling, punctuation and grammar, as well as the clarity of expression, on these questions.*

Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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Questions 1 to 6 relate to marketing decisions made by *Michelin*.

Figure 1

Michelin has been producing tyres for all types of vehicles since 1829. It has now expanded to become one of the world's largest manufacturer of tyres. Much of *Michelin's* expansion has been through taking over other tyre manufacturers, for example *Uniroyal-Goodrich Tire Company* in 1990.

In 1900 *Michelin* produced its first guide map and in 1910 its first road map. It is now the leading producer of travel maps and guides in Europe.

In 1991 *Michelin* acquired the I-Spy books business which published spotter guides for British children such as 'I-Spy Birds' and 'I-Spy Trees', and also 'On a Car Journey'. The books have tick boxes so that children can fill in each type of bird, tree, etc they have seen. With poor sales from 1991 to 2000 *Michelin* stopped publishing the I-Spy books, but relaunched them with 12 new titles in 2009 and another 12 titles in 2010.

1 Acquiring other businesses has been an important part of *Michelin's* growth.

(a) Why was *Michelin's* takeover of the *Uniroyal-Goodrich Tire Company* in 1990 a strategic marketing decision?

(2)

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(b) Discuss **one** internal strength and **one** internal weakness that *Michelin* would have had when acquiring the I-Spy books business in 1991.

(4)

Strength.....

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Weakness.....

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Table 1 – Global Tyre Market Share (%) by Manufacturer and World New Car Sales ('000) in 2007 to 2009

Manufacturer	2007	2008	2009
Bridgestone	16.9	16.7	17.4
Michelin	17.1	16.3	15.6
Goodyear	14.9	13.2	12.3
Continental	5.9	7.6	8.7
Other [§]	45.2	46.2	46.4
World Car production	54,920	52,940	51,971

[§]Other refers to the very large number of mid-sized and local tyre manufacturers, each of which has less than 5% of the world market.

3 (a) With reference to the data on **Table 1**, examine a likely marketing objective for *Michelin* in 2010.

(4)

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(b) What would be a suitable tactical marketing decision to achieve the objective you have identified in part (a)?

(4)

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(Total for Question 3 = 8 marks)



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Table 2 shows how all new books have been sold in the UK in 2004 and 2009.

Table 2 – Percentage sales of new books (by volume) through different channels

Volume	2004	2009
	%	%
Large Chains	38.6	33.5
Independents	10.1	8.6
Bargain Bookshops	5.7	7.6
Supermarkets	8.5	14.8
Other Shops	14.6	10.2
Direct Mail	16.0	11.0
Internet	6.6	14.3

6 (a) State how **Table 2** shows the dynamics of the market for books.

(2)

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Questions 7 and 8 are based upon your own investigations of real marketing campaigns that you have studied during your course.

7 Businesses often have to change their products because of legislation that affects the technological requirements of the products they are producing.

With reference to a UK or multinational business that has had to change its products for this reason, answer the following questions.

Name of the business.....

The product that needed to be changed in order to comply with the legislation

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(a) Describe the main requirements of the legislation.

(2)

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(b) Explain how the business changed its product(s) to comply with the legislation.

(4)

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(c) How has the business used the changes to effectively promote the new products?

(4)

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(Total for Question 7 = 10 marks)



8 Some businesses are capable of dictating the general price levels in a market and they become price leaders.

With reference to a UK or multinational business that uses price leadership, answer the following questions.

Name of the business.....

The product(s) for which the business exercises price leadership

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(a) State **one** condition that was needed so that this business could act as a price leader.

(1)

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(b) Analyse how this business has used marketing decisions to maintain its position as the price leader in the market.

(4)

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