

Marking activity – levels based

Discuss – 8 marks

Q1.

- (d) Discuss the potential impact on the demand for cigarettes of introducing standardised packaging.

(8)

The packaging of a product can effect the products demand. The new standardised packaging for cigarettes is designed to be unattractive and to put consumers off purchasing the product. Normally a change like this likely to reduce demand radically, ~~##~~ however, due to cigarettes being an addictive good I believe demand will likely remain unchanged or decrease ~~slightly~~ slightly. As Britain is a fairly well educated country, most people who are smoking are likely to know the possible consequences and are not likely to be put off by messages on the packet. If the standardised packaging were to reduce demand I believe it would likely be down to the fact people may not start smoking in the first place due to the images and messages. Therefore, as a whole, I believe that demand is likely to be near unaffected by this change in packaging, which is largely down to the addictiveness of cigarettes.

Q2.

- (d) Discuss the potential impact on the demand for cigarettes of introducing standardised packaging.

(8)

This standardised packaging for cigarettes should, in theory, reduce the demand for cigarettes due to the packaging making the products look less appealing. Packaging is a large part of the marketing process for products and by having bland, 'off-putting' boxes for your products, people are likely to feel less inclined to buy them.

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1-2	Isolated elements of knowledge and understanding, using little or no relevant evidence. Arguments and chains of reasoning may be attempted. Limited attempt to address the question.
Level 2	3-5	Elements of knowledge and understanding, using limited relevant evidence. Arguments and chains of reasoning are developed. Judgements may be attempted.
Level 3	6-8	Accurate knowledge and understanding, supported throughout by use of relevant evidence which is well chosen. Arguments are developed, using logical, coherent chains of reasoning. A balanced awareness of competing arguments.

Q3.

- (e) With reference to Extracts A and B, assess the potential effects on Canadian firms of changes in the wider economic environment.

(12)

An exchange rate is the value of one currency in terms of another.

Due to a weakening of the Canadian dollar, ~~falling~~ with a value against the pound falling from £0.67 per dollar in May 2013 to £0.52 per dollar in January 2015, ~~exports~~ goods ~~produced~~ produced in Canada appear cheaper to foreign countries. This may lead to an increase in demand for Canadian goods such as cereals & oil, which would in turn lead to more revenue for Canadian suppliers and overall higher profit.

One negative way may be that for Canadian firms who do not export and in fact import raw materials from other countries, then importing the same amount of goods as earlier may cost more in Canadian dollars. For example in the electronics supply component parts that are bought from abroad may become more

expensive. This would lead to
higher ATCs in the businesses
and may lead to some businesses
having to contract or close down.

In conclusion it depends on
whether the business is an
exporter or an importer of
goods, companies that export
raw materials will see increased
demand whereas companies
who import will see higher
ATCs

Q4.

(e) The external costs of smoking can cause market failure.

Assess whether a smoking ban in playgrounds is the most effective method to correct this form of market failure.

(12)

External costs are cost related to product that people don't pay for. For example if the smoker gets lung cancer or have to remove their larynx. Smoking bans in playgrounds attempts to reduce the number of children smoking, by ~~the~~ children not seeing as many people smoke. This ban means that people have only one place to smoke and smoking becomes more socially unacceptable. This potentially is a good idea and a useful method to correct ~~government~~ market failure. Market failure is when social costs outweigh the benefits of the good.

However, enforcing such a ban will become a challenge in the Islington Council. Setting legislation may be easy, but enforcing isn't so easy. So maybe smoking bans in playgrounds may not be the most effective method to correct market failure. Attempting to enforce this constantly will only increase cost for the local council.

Additionally, adults have also been asked to avoid smoking in the parks. Overall, I think that setting bans to

stop smoking is helpful but not good enough by itself. To truly stop the next generation smoking the best way is to educate them about the issues from a young age. As well as increasing the tax for smoking. Setting a ban in playgrounds should be ~~for~~ step 1 in a wider plan.

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1-2	Isolated elements of knowledge and understanding, using little or no relevant evidence. Arguments and chains of reasoning may be attempted. Limited attempt to address the question.
Level 2	3-5	Elements of knowledge and understanding, using limited relevant evidence. Arguments and chains of reasoning are presented but with limited attempt to address the question. Comparisons and judgements may be attempted.
Level 3	6-9	Accurate knowledge and understanding, supported by use of relevant evidence to support the argument, clear chains of reasoning, well developed with arguments. An awareness of the significance of competing arguments is present although this may lack balance.
Level 4	10-12	Accurate knowledge and understanding, supported throughout by use of relevant evidence which is well chosen, logical, coherent chains of reasoning, showing full understanding of the question. Arguments are developed and evaluated. A full and balanced awareness of the validity and significance of competing arguments.

Evaluate – 20 marks

Q5.

- 3 Evaluate the importance of market segmentation for Tesco when developing a new range of clothing.

(20)

Market segmentation is the splitting up of a market into groups with similar characteristics and buying ~~habits~~ habits. For example Tesco have seen that there is a demand for cycling wear so have invested in producing a new cycling range for F&F.

By splitting up the market companies such as Tesco can see what products may be in demand. By segmenting the market they have seen a demand for cheap cycling clothing. This would give them a competitive advantage over rival companies such as Asda's George which may not have this clothing range available.

Q6.

- 3 Evaluate the importance of market segmentation for Tesco when developing a new range of clothing.

(20)

Market Segmentation is extremely important for Tesco, as it allows them to split up the market and target certain groups and individuals, to analyse which groups or niches may be interested in their products, which allows them to micro-market and target suitable individuals. For example, when bringing out a new sports based clothing brand, market segmentation allows Tesco to aim their products at people who are more suitable, and more likely, to have a demand for those products. For example they may aim their advertising at younger people aged 16-30, possibly male, as this group are more likely to buy that range of goods.

Market segmentation also allows Tesco to observe and assess the changes in public demand, and the growth of new trends, for example the growth in public participation and interest in cycling. Splitting the market into groups or target audiences allows Tesco to aim at small sections and niche groups of the total market to decide which groups are likely to be interested in their products. Using sampling such as surveys, ~~market mapping~~ and market mapping, could allow a brand such as Tesco to spot areas of demand in the market, and create products that fill gaps in the market, where demand exists and there is a potential for growth and development. An area such as sports that has

not been heavily exploited by big supermarkets show real potential for growth and development of new technology.

However, market Segmentation may not be as important to Tesco as it seems. When developing a new range of clothing such as the F + F cycling and sportswear brand, market Segmentation could be costly as it involves primary research. This means a large amount of money may have to be invested into research to further Tesco's knowledge and understanding of their specific market. Although they could look at Secondary research or other sources of information, it may not be entirely accurate or reliable, so being involved with primary research such as market Segmentation may give Tesco a clearer view of their target audience. Also, doing the ~~market~~ research themselves has advantages, such as they are the only ones who have the data, which gives them a competitive advantage over their competitors and market rivals. The money spent on market Segmentation could be spent in other areas, such as development of new products or marketing and advertising of current available products.

Overall, I think that Market Segmentation is highly important to a brand like Tesco, when developing new products, as it allows them to spot gaps in the market and split the market audience into separate target groups. Although it may be expensive and give entirely reliable and useful data, it

does give a clear view of the market.

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1-4	Isolated elements of knowledge and understanding, using little or no relevant evidence. Arguments and chains of reasoning may be attempted, but fail to connect causes and consequences. Limited attempt to address the question.
Level 2	5-9	Elements of knowledge and understanding, using limited relevant evidence. Arguments and chains of reasoning are presented, but connections between causes and consequences are incomplete. Limited attempt to address the question. Comparisons, judgements or conclusions may be attempted, but are unsupported or generic.
Level 3	10-15	Accurate knowledge and understanding, supported by use of relevant evidence to support the argument, developed chains of reasoning, showing understanding of connections between causes and consequences. Arguments are well developed and partially evaluated. An awareness of the significance of competing arguments is present although this may lack balance. A conclusion may be attempted but may not show awareness of the significance of competing arguments.
Level 4	16-20	Accurate knowledge and understanding, supported throughout by use of relevant evidence which is well chosen and fully integrated to support the argument, well developed and logical, coherent chains of reasoning, showing full understanding of the question. Arguments are fully developed and evaluated. A full awareness of the validity and significance of competing arguments, leading to nuanced and balanced comparisons, judgements or conclusions.