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Business

Unit 9: Principles of Marketing

Monday 19 May 2014 – Afternoon Time: 1 hour 30 minutes	Paper Reference 21325E
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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 learner registration 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 50.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*

Advice

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

Turn over ►

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SECTION A

Answer ALL questions.

1 Restaurants provide a service to their customers by cooking food.

Give **one** other example of a service.

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(Total for Question 1 = 1 mark)

2 State **one** benefit of developing a brand.

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(Total for Question 2 = 1 mark)

3 Give **one** source of quantitative data.

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(Total for Question 3 = 1 mark)

4 Outline what is meant by the term 'gap in the market'.

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(Total for Question 4 = 2 marks)



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5 Boomers Ltd. regularly introduces new types of headphones to the market.

(a) State **two** other stages of the product life cycle that Boomers Ltd.'s headphones will go through.

(2)

1

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2

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Boomers Ltd. sells directly to the public using ecommerce.

(b) Outline what is meant by ecommerce.

(2)

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When Boomers Ltd. launches a new product it uses a price skimming strategy.

(c) Explain **two** reasons why Boomers Ltd. might use price skimming for this new product.

(4)

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SECTION B

Answer ALL questions.

Distinctive Gifts

Carol Lewis has been running a small gift shop and craft workshop called Distinctive Gifts for five years. Distinctive Gifts is based in a small seaside town. Carol buys carefully selected items from local artists and craftspeople, which she sells in her shop and online. Her business has gained many loyal customers.

She has worked hard to develop a unique brand for Distinctive Gifts. She has persuaded well-known bloggers to endorse her business. She has also encouraged fashion magazines to feature items that she sells.

Regular posts on social media sites are used to keep customers up to date with new products.

The Distinctive Gifts brand has been developed over a number of years and is quite well known in towns and cities near Carol's shop. Carol makes a range of scented candles in the workshop. The packaging of these candles features the Distinctive Gifts brand.

Carol believes that she has found a gap in the lucrative homeware market. She has identified a possible market for decorative cushions for children's bedrooms. So far, Carol has sold a large number of white rabbit cushions.

Carol has found a local factory which can make the cushions. The more cushions she orders the lower the cost to the business.

Carol believes that other animal cushions will prove to be popular. She has carried out extensive market research to find out whether other businesses offer similar products. She has looked at other businesses' websites and visited their stores.

Carol isn't sure if her existing business will reach enough people. She is confident that she can generate huge sales if she finds the right distribution channel.



6 Give **one** reason why marketing might be important to a business such as Distinctive Gifts.

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(Total for Question 6 = 1 mark)

7 State **one** type of market that is being targeted by Carol.

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(Total for Question 7 = 1 mark)

8 Carol communicates with the public about products that she thinks will be popular. She does this to draw them into her business.

What type of business model is Carol using?

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(Total for Question 8 = 1 mark)

9 Carol is planning to purchase new workshop equipment to manufacture scented candles.

What type of market will Carol buy this equipment from?

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(Total for Question 9 = 1 mark)



10 Carol applies her existing brand, Distinctive Gifts, to any new products she sells.

(a) What term best describes this use of the Distinctive Gifts brand to launch new products?

(1)

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(b) One method that Carol uses to promote her brand is famous people talking about her products.

(i) What is the name given to this promotional method?

(1)

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(ii) Identify **one** other way that Carol currently promotes her brand.

(1)

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(c) Carol thinks that an important part of the Distinctive Gifts brand is its brand personality.

What is meant by the term 'brand personality'?

(1)

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(Total for Question 10 = 4 marks)



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11 Carol investigated the market for her new products by carrying out market research.

(a) (i) Identify **one** method that Carol currently uses to investigate her competitors in the homeware market.

(1)

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One other method Carol could use to investigate her competitors is by reading annual company reports.

(ii) Describe how Carol could use this method.

(2)

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(b) Explain **two** ways that Carol's business might benefit from benchmarking against its competitors.

(4)

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Carol is considering carrying out a PESTLE analysis before she enters the homeware market.

(c) The T in PESTLE stands for Technological.

(i) Describe **one** opportunity that a technological factor might create for Carol's business.

(2)

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One E in PESTLE stands for Economic. Interest rates are an economic factor.

(ii) Explain **two** threats that interest rates might create for Carol's business.

(4)

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