Pearson BTEC Level 3 Nationals

Thursday 11 May 2023

Afternoon (Time: 2 hours)

Paper reference **31489H**

Business/Enterprise and Entrepreneurship

UNIT 2: Developing a Marketing Campaign

Part A

You do not need any other materials.

Instructions

- **Part A** contains material for the completion of the preparatory work for the Set Task.
- **Part A** is issued to learners on the afternoon before **Part B** is scheduled. Learners have two hours for **Part A**.
- **Part A** must be issued to learners on the timetabled date so that learners can prepare in the way specified.
- **Part A** is specific to each series and this material must only be issued to learners who have been entered to undertake the task in the relevant series.
- **Part A** should not be returned to Pearson.
- **Part B** materials must be issued to learners on the day specified by Pearson.

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Instructions to Teachers/Tutors

This paper must be read in conjunction with the unit information in the specification and the BTEC Nationals *Instructions for Conducting External Assessments (ICEA)* document. See the Pearson website for details.

Learners should use the allocated two hours for **Part A** to annotate and prepare notes for **Part B**.

Learners are expected to spend two hours on **Part A**.

Learners may prepare summary notes from their **Part A** review of provided research. Learners may take up to two sides of A4 notes and an annotated copy of the **Part A** research pack into the supervised assessment (**Part B**). Learner notes and annotations should include facts and figures relating to organisations, such as the products they offer and the ways they use the marketing mix in their promotional campaigns. Notes should not include any pre-prepared promotional plans.

Teachers/tutors must not give any support or additional resources to learners during **Part A** or prior to **Part B**. All work must be completed independently by the learner.

The supervised assessment (**Part B**) will take place in a timetabled session on a timetabled day specified by Pearson.

Refer carefully to the instructions in this paper and the BTEC Nationals *Instructions for Conducting External Assessments (ICEA)* document to ensure that the **Part A** period is conducted correctly and that learners have completed their preparation validly and independently.

All learner notes must be retained securely by the centre after **Part B** and may be requested by Pearson if there is suspected malpractice.

Instructions for Learners

Read the Set Task Brief carefully.

This contains the information you need to prepare for the set task.

In **Part B** you will be given a scenario. Use this **Part A** paper to prepare by relating your learning to the specific information given.

You will then be given the set task to complete under supervised conditions.

You must work independently and must not share your work with other learners.

Your teacher/tutor may give guidance on when you can complete the preparation.

Your teacher/tutor cannot give you feedback during the preparation period.

Set Task Brief

You have been asked to write a proposal for a marketing campaign for a business called *Pet Majestic*. The business produces and sells pet accessories and treats.

The business owners want to increase revenue.

You are required to use the research you have been given to independently analyse the market for pet accessories in the UK.

This research includes primary and secondary data relating to:

- competitors
- market size, share and structure
- target market
- trends
- external influences
- media options.

You are allowed a maximum of two sides of A4 of your individually prepared notes and you may annotate **Part A** to support you during the **Part B** supervised assessment.

The pet food and accessory market in the UK

Research carried out by the *RSPCA* has highlighted that pet ownership within the UK is growing year on year, with the largest growth being seen within city locations. 62% of households in the UK own at least one pet, with around two thirds of those owning two or more. Dogs continue to be the most popular household pet with 12.5 million in the UK.

The UK market for pet food and accessories has seen rapid growth since the start of 2019. The market is now worth over £9.66 billion, with pet retailers now selling toys, food, fashion items and pet technology products. Research shows that Millennials and Gen-Z are the largest segment of new pet owners. Many researchers have suggested that this is in response to changes in social trends, such as working from home, and the value of pet ownership in supporting positive mental health. Pet retailer *Pets at Home* continues to see those in the 35–45 age bracket as being its primary demographic.

The research company *Statista* has forecast an increase in spending on pet food and accessories of 4.5% per year. The average UK household will spend more than £2 500 per year on pets by 2025. A recent report from *MORE TH>N* pet insurance revealed that spending per household differs based on the pets they own. Pet owners spend on average £240 per month on a dog and £100 per month on a cat, purchasing food, treats and toys.

Global Market Insights forecasted that between 2022 to 2028, the pet technology market will grow by 20%. In 2021, *The Times* reported that a wide range of new tech-based pet products became available on the market such as:

- pet GPS tracker collar
- interactive digital pet toys
- smart pet bowls
- heated pet beds
- app-controlled pet doors
- wearable pet cameras.

However, there is a continued demand for more traditional products with toys, treats, collars and bedding accounting for 59% of the annual pet accessory spend in the UK.

Premium brands offer individualised and bespoke pet food and products linked to nutritional balance and animal wellbeing. These products sell at higher prices. In addition, there has been a rapid growth in the number of discount retailers and supermarkets offering their own range of pet products for those with less disposable income.

Tails.com

Tails.com is one of the leading online subscription and order services for dog food and treats. *Republic of Cats* offers a similar subscription for cats. Both businesses offer tailored feeding plans and pet treats, delivered directly to the customer each month.

Over the last year, *Tails.com*'s customer numbers have grown by 10% and it has expanded its product portfolio to include seasonal and festive products alongside pet toys, which has helped to increase market share.

Tails.com initially focused on offering free trials to potential customers using flyers and direct mail. Its new approach to marketing includes increased use of social media alongside print-based marketing. To maintain customer loyalty, the business engages customers with an individualised approach where pet names appear on marketing materials.

***Tails.com* product range 2021–22**

Product	Average price
One month's supply of dog food	£33.00
100 g pack of dog treats	£2.60
Soft dog toy	£9.99
Rubber dog toy	£8.99
Seasonal treat box (including soft pet toy, 2 x 100 g packs of dog treats and 2 x special edition food packs)	£30.00

Good Boy

Good Boy is a leading pet treat and accessory brand that predominantly caters for the dog market. It offers a range of treats, toys and accessories at competitive prices. These products are distributed through supermarkets, pet shops and discount retailers.

In 2022, *Good Boy* achieved an £18 million growth in revenue, making it the fastest-growing pet treat brand on the market. Its marketing campaigns have historically used product placement and promotional advertising to drive sales. More recently, *Good Boy* has invested in TV advertising alongside an increased social media campaign.

Good Boy's most recent campaign combines social media, print-based and television advertising showing pets enjoying its range of treats in a variety of different settings. Its marketing message is aimed at reflecting the unconditional love that owners share with their pets.

***Good Boy* product range 2021–22**

Product	Average price
100 g pack of dog treats	£2.00
Soft dog toy	£5.00
Rubber dog toy	£5.00
Seasonal treat box (including soft dog toy, rubber dog toy and 3 x 100 g packs of dog treats)	£14.99

Pets at Home

Pets at Home is considered the largest pet food and accessory retailer within the UK , selling just under £200 million pounds worth of products per year across its 457 stores and website. It stocks products from leading brands whilst also promoting and selling its own range of pet food, treats and accessories both online and in physical retail locations.

During its growth stage, the retailer launched a loyalty scheme called the 'VIP (Very Important Pets) Club'. The scheme rewards customers with discount vouchers and special offers throughout the year. It also offers members a free monthly magazine that promotes its products and services. The loyalty scheme allows the business to gather important consumer information whilst also encouraging ongoing purchases.

Its marketing message focuses on putting pets first, something that resonates within its brand image and throughout its marketing campaigns. In 2020, *Pets at Home* grew its VIP membership by 1.5 million members. The *Pets at Home* loyalty scheme now has over 10 million members nationwide. *Pets at Home* attributes the success of its loyalty scheme to personalising marketing communications to include the pet's name, date of birth and breed.

As part of a new public relations initiative, *Pets at Home* has changed its approach to dealing with environmental issues by:

- increasing its use of recyclable materials across all stores
- replacing plastic bags with paper alternatives
- launching in-store recycling schemes for packaging
- implementing digital mailouts to reduce the use of paper and cardboard.

Similarly, it launched its 'Lifelines' programme, which donates money to pet charities and groups in response to the social trend of increasing charitable giving. The programme, which is linked to its 'VIP Club', encourages customers to 'do good' by making in-store or online purchases, which then lead to contributions to their nominated charity. Members receive quarterly updates on how much they have raised.

Market trends and challenges

Despite the ongoing growth within the pet sector, there are concerns for smaller retailers who are losing business to national brands. *Forbes* and *Business Wire* have forecast that the demand for pet accessories will peak in 2025, causing selling prices to decrease. *The Times* also highlights that smaller pet businesses may cease trading because of the predicted reduction in disposable income.

Reilly Roberts, a marketing specialist, highlights that, since June 2022, there has been a clear shift in customer demand within the pet industry. Customers are now moving from high-end premium products to mass-produced, low-cost products that are offered by bigger brands. Therefore, across the industry, there is a need for businesses to launch innovative product ranges and focus on the growth of the product portfolio, in order to simply maintain market share.

Research by the *Pet Food Manufacturers Association* suggests that the demand for sustainable, environmentally friendly pet food and pet products is only going to increase, with the main focus being on the pet market becoming more environmentally friendly.

***Pet Majestic:* market research report**

Month: April
Sample size: 350
Location: Email survey
Sample: Current customers of *Pet Majestic*

Summary of questionnaire responses

Gender:

Male	Female	Other
178	151	21

Age:

16–24	25–32	33–41	42–50	51+
62	106	84	39	59

What pets do you have? (Select all that apply)

Dog	Cat	Other
297	161	52

How often do you purchase pet products (food, treats or accessories)?

More than once per week	Once per week	Once per month	Every few months
143	44	155	8

On average, how much do you spend per month on pet food and treats?

£0–£25	£26–55	£56–£75	£75+
7	76	229	38

On average, how much do you spend per month on pet accessories?

£0–£25	£26–55	£56–£75	£75+
55	284	9	2

Would you be interested in purchasing *Pet Majestic*-branded pet accessories in addition to food and treats?

Yes	No	Unsure
216	43	91

Which pet accessories would you be most interested in purchasing from *Pet Majestic*? (Select all that apply)

Heated pet beds	Collars/Leads	Wearable pet camera	Toys
123	326	97	306
Clothing	**Travel products**	**Grooming products**	**Smart pet bowl**
254	88	193	149

What would encourage you to spend more per month with *Pet Majestic*? (Select all that apply)

Increased product range	Improved quality	Improved pet technology
289	241	181
Lower prices	**Increased offers**	**Faster delivery**
111	183	32
Free samples	**Loyalty programme**	**Celebrity endorsements**
68	203	95

Research on media selection

***Pet Majestic* has researched the following options for boosting sales:**

1. **TikTok ads**
   - TikTok has 100 million European users/community.
   - TikTok has 9.2 million active monthly users in the UK who engage with the app for an average of 49 minutes a day. This is lower than the global average TikTok user, who spends 52 minutes actively using the app.
   - In 2022, 26% of TikTok users were aged 15–25 and 9.3% were 25–34 in the UK, accessing TikTok from smartphones.
   - 8% of UK TikTok accounts are for pets, who can generate upwards of 75 000 views.

2. **YouTube**
   - Allows you to set a budget – daily budgets start from £6, depending on exposure needed.
   - More than 35.6 million adults in the UK use the platform.
   - 35% of the UK population are active users of YouTube.
   - 46% of women use YouTube in the UK vs 54% of men.
   - YouTube use is growing the fastest among Baby Boomers and Gen-X.
   - The most active demographic is aged 25–44, accounting for 44% of all users.

3. **Instagram ads**
   - Average Instagram ads cost between £0.35–£0.75 per click.
   - More than 30 million users in the UK, with 54% using the platform several times a day.
   - 30% are aged 25–34 and 57% are women.
   - 69% of users report posting about their pets on Instagram at least twice per week.
   - Fourth most-used platform in the UK in 2021–22.
   - 46% of the UK population have an Instagram account.

4. **Snapchat ads**
   - Snapchat has 319 million people worldwide using the app.
   - Snapchat has 20.1 million active monthly users in the UK.
   - UK users spend around 31 minutes per day accessing content on Snapchat.
   - 75% of users are 26–41 years of age.
   - 62% of Snapchat users state that they post pet-related content at least three times per week.
   - Average cost for 10-second Snapchat clip and link is between £0.57–£1.32.

5. **Google ads**
   - Pay per click, with spend cap.
   - Monthly budget cap, which you can vary month by month.
   - Budget of £102 per month will generate estimated clicks or calls of between 140–235.
   - Google Ads allows you to do your own demographic targeting. For example, age, gender, household income, parental status.

6. **Influencers**
   - Cost – varies depending on influencer – between £50 and £500 per post.
   - Typically generates between 3–15K new followers per month depending on the influencer.
   - Most popular pet influencers in 2021 include:
     - Nala Cat (4.3 million followers)
     - Doug the Pug (3.9 million followers)
     - Juniper the Fox (3 million followers).

7. Billboards

- Billboard rental costs in the UK vary according to the size and location of the billboard. Typically, a standard billboard costs between £500–£600 for two weeks and smaller advertising panels such as bus-stop shelter advertisements cost between £240–£270 for two weeks.

8. Leaflets/Posters/Vouchers

- There are two costs: the printing of the voucher and the distribution cost via newspapers inserts, magazine inserts or door-to-door leafleting.
- Leaflets – A5 double-sided premium glossy 1 000 – £30.51, 5 000 for £65.62
- Posters – A3 premium glossy 1 000 for £109.45.
- Local newspaper insert: average of £30 per 1 000 leaflets.
- National newspaper insert: ranges from £150 to £220 per 1 000 leaflets.
- Magazine insert: ranges from £100 to £200 per 1 000 leaflets.

9. Newspapers/Magazines

- Local newspapers – quarter-page colour advertisement from £250.
- National newspapers – half-page advertisement
  - *The Guardian* – (2.9 million readership) – £11 000
  - *i* – (1.2 million readership) – £5 950
  - *Metro* – (2.3 million readership) – £23 900 (colour)
  - *Daily Mail* – (6.5 million readership) – £22 800 (colour).
- *My VIP* (*Pets at Home* monthly free magazine – 500 000 readership) £1 000 for quarter page.
- *Your Dog / Your Cat* (monthly magazine – 14 500 readership) £1 000 per full page.

10. Crufts Dog Show

- Large-scale dog show held in the UK each year.
- Over 131 000 visitors over a period of four days.
- Televised with viewing figures of almost 8 million.
- Trade stands were most visited part of the show in 2022.
- 83% of visitors own a dog.
- A stand typically costs £295 per square metre, a small exhibition stand is likely to cost around £2 650.

11. Other

- Staff to hand out leaflets/distribute posters – £10 per person per hour.
- Video filming/production – £500–£10K.
- Voice-over – from £500.
- Motion graphics – from £3 000.
- Stock images/video £500.

Pearson BTEC Level 3 Nationals

Friday 12 May 2023

Morning (Time: 3 hours)

Paper reference **31489H**

Business/Enterprise and Entrepreneurship

UNIT 2: Developing a Marketing Campaign

Part B

You must have:
Calculator, note paper and pen, your notes from **Part A** (maximum two A4 sides), your annotated copy of **Part A**.

Instructions

- Complete **all** activities.
- **Part A** will have been used in preparation for completion of **Part B**.
- **Part B** must be issued to learners as defined by Pearson and should be kept securely.
- **Part B** must be undertaken in 3 hours on the timetabled date and under the conditions specified by Pearson.
- **Part B** is specific to each series and must only be issued to learners who have been entered to undertake the task in the relevant series. It is to be issued at the beginning of their timetabled supervised period.
- **Part B** should be kept securely until the start of the 3-hour supervised assessment period.

Information

- The total mark for this paper is 70.

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Instructions to Teachers/Tutors and/or Invigilators

This paper must be read in conjunction with the unit information in the specification the BTEC Nationals *Instructions for Conducting External Assessments (ICEA)* document. See the Pearson website for details.

The **Part B** set task is undertaken under supervision in a single session of three hours on the timetabled day specified by Pearson.

Centres must schedule all learners in the same session and must release **Part B** to individual learners only for their scheduled sessions.

The **Part B** set task requires learners to apply research. Learners should bring in notes as defined in **Part A**. The teacher/tutor and/or invigilator needs to ensure that the notes comply with the requirements.

Work should be completed using a computer. Learners are not allowed access to the internet.

All learner work must be completed independently and authenticated by the teacher/tutor and/or invigilator before being submitted to Pearson.

Refer carefully to the instructions in this paper and the BTEC National *Instructions for Conducting External Assessments (ICEA)* document to ensure that the supervised period is conducted correctly and that learners submit evidence that is their own work.

Learners must not bring anything into the supervised environment or take anything out without teacher/tutor and/or invigilator knowledge and approval.

Centres are responsible for putting in place appropriate checks to ensure that only permitted material is introduced into the supervised environment.

Maintaining security

- During supervised assessment periods, the assessment areas must only be accessible to the individual learners and to named members of staff.
- Learners can only access their work under supervision.
- During any break materials must be kept securely.
- Any work learners produce under supervision must be kept securely.
- Learner notes must be retained securely by the centre after **Part B** and may be requested by Pearson if there is suspected malpractice.

Outcomes for submission

Two documents will need to be submitted by each learner:

- a rationale for a marketing campaign
- a budgeted plan for the marketing campaign.

Each learner must also complete an authentication form.

Instructions for Learners

Read the set task information carefully.

This session is **three** hours. Your teacher/tutor and/or invigilator will tell you if there is a supervised break.

Plan your time carefully.

You have prepared for the set task given in this **Part B** paper. Use your notes prepared during **Part A** if relevant. Attempt both the activities in **Part B**.

Your notes must be your own work and will be retained by your centre until results are issued.

You will complete this set task under supervision and your work will be kept securely during any breaks taken.

You must work independently throughout the supervised assessment period and must not share your work with others.

Outcomes for submission

You will need to submit the following two documents on completion of the supervised assessment period:

- a rationale for the marketing campaign
- a budgeted plan for the marketing campaign.

You must also complete an authentication form to declare that the work you submit is your own.

Set Task

You must complete BOTH activities.

You will need to refer to the additional task information on the following pages and your notes from the research and preparatory work undertaken in **Part A**.

Activity 1

Prepare a rationale for a marketing campaign for *Pet Majestic*.

This should include:
- marketing aims and objectives
- analysis of research data on the market and competition
- an evaluation of the reliability and validity of the information provided
- a justification for your rationale.

(Total for Activity 1 = 34 marks)

Activity 2

Based on your rationale from Activity 1, you must produce a plan for the marketing campaign for *Pet Majestic*.

The plan should include a:
- marketing mix
- marketing message
- selection of media
- campaign budget
- timescale.

You must produce this plan in an appropriate written format for the owners of *Pet Majestic.*

(Total for Activity 2 = 36 marks)

TOTAL FOR PAPER = 70 MARKS

The pet food and accessory market in the UK

Since 2020 the UK has seen a rapid rise in the number of households that have one or more pets. This has caused a significant growth in the UK pet food and accessory market. Pet food sales increased by over 150% with online sales of food and accessories exceeding £7.9 billion.

Average household spending on pet food and accessories has increased to £2 136 per year. This has led to the growth of new pet focused businesses in the UK. There has also been an increase in the number of brands that are launching pet accessories, such as *Primark, Joules* and *PrettyLittleThing*. Many UK supermarkets have also launched pet food or accessories to take advantage of this growth in the market.

Businesses have expanded their product ranges of pet treats, accessories and pet technology as a way of improving sales and gaining market share. Pet food and accessories are sold both within retail stores and online. Since 2019, online sales have quadrupled. Many of the leading brands continue to use both distribution channels, but with the growth of subscription services in the pet product industry, many more are transferring to online only models.

The pet product industry faces challenges from animal welfare campaigners, including the *RSPCA* who suggest that pet food is one thing, but that accessories, clothing and pet technology can be quite stressful for animals. Leading brands are taking care that their businesses are not being linked to welfare or animal rights concerns. Many leading brands are launching animal welfare campaigns and charitable funds to lessen potential risks.

Pet Majestic

Pet Majestic is an online business offering natural pet food and treats in the UK. The business has been operating since 2020 and has received several awards for its pet products. However, the business has recently experienced a decline in spend per customer which has concerned the owners.

The business uses its website and Facebook to promote its products and has managed to gain 2 500 followers since opening. *Pet Majestic* has built a small loyal customer base through its website and has over 500 customers who regularly order products.

Research undertaken by *Pet Majestic* has highlighted that potential customers feel that the product range offered is too limited. The owners of the business have considered launching a new branded pet accessory range, and hope that this will improve brand recognition and increase sales.

Increasing sales

The owners of *Pet Majestic* want to increase sales by launching a new range of branded pet accessories in addition to their current food and treat range. The business will have been open for three years in September and the owners hope to use the anniversary to launch the new products.

The owners of *Pet Majestic* are currently considering increasing their sales by:

EITHER

Increasing their online presence

OR

A print-based campaign including billboards and leaflets.

The owners of *Pet Majestic* have allocated a budget of £36 000 for the campaign.

The campaign should run for 10 months.