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Surname			Other names		
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Edexcel GCE					
<h1>Applied Business</h1> <h2>Unit 10: Marketing Decisions</h2>					
Friday 11 June 2010 – Afternoon			Paper Reference		
Time: 1 hour 30 minutes			6925/01		
You do not need any other materials.					Total Marks
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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.

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Turn over ►

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

Figure 1

Estate agent, *Javelin Ltd*, has been operating in the East Midlands since 1977. It has two offices, one in Leicester and the other in Loughborough, both on major high street sites. Its business is selling properties for private individuals who pay *Javelin Ltd* 1.5% of the price of the house once it has been sold.

The housing market in the second half of 2008 and the start of 2009 was very depressed, with falls in house prices, in demand for houses and with fewer houses being offered for sale.

There were a number of reasons for the depressed state of the housing market. The 'credit crunch' meant that house buyers found it very difficult to borrow money from the banks and building societies, despite Government pressure on banks and building societies to lend more money to potential house buyers. Recession meant that unemployment had risen from less than 1 million people to over 2 million. People in employment were worried about losing their jobs. House builders were finding it more difficult to sell the houses they had built so many of them stopped building new houses.

By February 2009 average house prices in the UK had fallen 17.7% from the previous February and the average number of sales per estate agent had fallen to 9.9 sales per month, the lowest level on record. The three months up to February had seen an increase in enquiries from potential buyers but these had not been converted into sales. Some potential buyers felt that house prices would fall even further, so were still waiting.

- 1 (a) (i) Using the information in **Figure 1**, examine what would have been the most likely marketing objective for *Javelin* in February 2009.

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(ii) Show how **one** tactical marketing decision that *Javelin* could have taken would have effectively achieved the objective you identified in part (i) above.

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(b) Why would research into the dynamics of the market be important for *Javelin* in 2009?

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(Total for Question 1 = 11 marks)



2 *Javelin* uses three main methods of promotion to inform potential house buyers of properties for sale. These are:

- 'For Sale' signs outside properties the vendors are offering for sale
- pictures and details of properties for sale in the windows of their offices
- weekly pictures of up to a dozen selected properties in local newspapers.

(a) Examine if these methods of promotion are above-the-line or below-the-line.

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(b) Considering the conditions of the market in February 2009, assess which of these three methods of promotion is likely to be **least** effective.

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(Total for Question 2 = 10 marks)



4 The Ansoff Matrix shows possible marketing strategies for a business based on whether they are planning to stay with their existing products and markets, or go in to new ones.

(a) Explain why *Javelin* should have avoided market penetration in February 2009.

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(b) Using an example appropriate for *Javelin*, analyse a suitable strategy it could take in terms of (i) market development and (ii) diversification.

(i) Market development

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(ii) Diversification

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(Total for Question 4 = 12 marks)



5 As part of its market research *Javelin* used convenience sampling, collecting data from every customer who enquires about properties it has for sale. This data is collected in the office by sales staff as they talk to customers about the type of property the customers are interested in. Details are then entered into a database.

(a) Why is this primary market research?

(2)

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(b) What would be the sampling frame for this research?

(2)

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Javelin was trying to increase sales during the depressed market conditions it experienced at the end of 2008 and the beginning of 2009.

(c) Explain why this convenience sampling would have constraints for *Javelin* when trying to increase sales in these conditions.

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(Total for Question 5 = 9 marks)



6 **Table 1** shows the average price of different types of property in Leicester and Loughborough for January 2008 and January 2009. It also shows the number of these types of property sold in the months of January 2008 and December 2008.

Table 1 – Average house prices by type and number of houses sold in Leicester and Loughborough.

	Average house prices (£'000s)				Number of houses sold in a month			
	Leicester		Loughborough		Leicester		Loughborough	
	Jan 08	Jan 09	Jan 08	Jan 09	Jan 08	Dec 08	Jan 08	Dec 08
Detached	250	206	337	216	61	52	13	20
Semi	148	135	155	146	134	103	15	19
Terraced	124	117	135	112	115	80	17	12
Flat	102	95	107	102	23	35	6	14
All	155	140	189	162	333	270	51	65

Source: Adapted from mouseprice.com

(a) Show how the data on **Table 1** could help *Javelin* make decisions about **two** elements of the marketing mix.

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The owners of *Javelin* are considering selling one of their outlets and operating in only Leicester or Loughborough.

*(b) Based on the data shown on **Table 1**, advise the owners which would be the best location to continue to do business in.

(11)

Dotted lines for student response.

(Total for Question 6 = 17 marks)



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

7. Many businesses produce products which have very high sales at a particular launch date. Sales then fall before moving into a growth stage.

With reference to a business which produces a product of this kind, answer the following questions.

Name of the business

Product being launched on a specific date

(a) Outline the main objective of launching the product on one specific date. (2)

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(b) Why was the specific launch date chosen? (4)

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(c) Explain why sales fell and then went into a growth stage on the product life cycle.

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(Total for Question 7 = 10 marks)



8 Many businesses use a pricing strategy of loss leaders. Using this strategy, some of their products are reduced considerably in price in order to attract customers into their outlets, where they are likely to buy other items at the full price.

With reference to a business which uses loss leaders, answer the following questions.

(a) Name of business

Example of a specific product that has been used as a loss leader by this business (1)

When it was used

(b) How did the business use promotion effectively to persuade customers to take advantage of the loss leader offer? (4)

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(c) Evaluate why the specific product(s) chosen was successful as a loss leader(s).

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(Total for Question 8 = 10 marks)

TOTAL FOR PAPER = 90 MARKS



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