

Write your name here

Surname

Other names

Centre Number

Candidate Number

**Edexcel GCE**

# Applied Business

## Unit 10: Marketing Decisions

Thursday 20 January 2011 – 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 on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*

### 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 are based on marketing decisions that relate to *Poundland* and 'pound shops' in general.

Figure 1

*Poundland Ltd* was started in 1990, with a single store in Burton-on-Trent. By 2009 the business had expanded to over 200 stores throughout the UK.

In his Chief Executive report for 2009, Jim McCarthy made the following statement:

*"We will also continue to grow our store estate significantly during 2009/10 and anticipate that the total estate will be 250 by the end of the year."*

and looking ahead, he said:

*"Continental Europe is probably the place to go, particularly countries like Germany . . ."*

*Poundland* sells all of its products at £1.00 each. It has a range of over 3,000 different products available in its stores and online. These include food and drink, household, stationery, beauty, baby, celebrations, pets, toys, DIY, gardening, entertainment and clothing.

In a very competitive market for 'pound shops'<sup>1</sup> *Poundland* has over 1.5 million customers every week and is the largest value retailer in the UK.

In 2009 *Poundland* continued to experience increases in sales and profits despite the recession and also opened many new stores. 29 new stores were opened between the 26th of February and the 19th of September 2009.

<sup>1</sup>A 'pound shop' is defined as a shop selling household groceries, toys, etc, that are typically priced at a pound each.

1 (a) Considering the nature of the products *Poundland* sells, why might the recession have been both an opportunity and a threat for the business?

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(b) Discuss why having more than 3,000 items available for sale in its stores might be both a weakness and a strength for *Poundland*.

(6)

**(Total for Question 1 = 11 marks)**



*Poundland* uses a wide range of suppliers from around the UK which deliver goods to its extensive distribution centre in Birmingham. All of *Poundland's* stores in the UK are supplied from this centre.

2 (a) Explain the benefits to *Poundland* of its channel of distribution to its stores.

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(b) What would be the effect on the channel of distribution of *Poundland* selling its products online?

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**(Total for Question 2 = 10 marks)**





4 *Poundland* has been expanding in the UK by opening new stores each year since 1990. The typical launch strategy is to open a new store with a 'fun day' for local customers. This has often included:

- £50 worth of *Poundland* vouchers to be won in a checkout challenge
- DJ and entertainer from 9am – 4pm
- A celebrity to open the store, have pictures taken with and sign autographs
- The celebrity to give away 50 × £1 *Poundland* vouchers
- 500 packs of Kodak AA batteries to give away.

(a) How effective is this fun day likely to be in attracting new customers?

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Expanding into Continental Europe would be a strategic marketing decision because it would be a long-term process for *Poundland*.

(b) Outline why this expansion into Continental Europe would be a long-term process.

(2)

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In 2009, when Jim McCarthy made his comment about Continental Europe being probably the place to go for expansion, the value of the Euro to the Pound was:

$$€1 = £0.88$$

In countries where they have the Euro, they have 'euro shops' not 'pound shops'.

(c) Assess how *Poundland* would have to **change the products** it offers if it was to sell in European countries under the heading of a 'euro shop'.

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**(Total for Question 4 = 12 marks)**



5 As part of its market research *Poundland* uses "Google Analytics" for its website. Google Analytics collects data on each page of a website that is visited. The data is processed hourly and is then available for owners of the website to view. This helps to analyse the search behaviour of all people who access and use the website. This information, used with other data collected from the website, provides *Poundland* with a profile of an individual's searches. It also provides details of market trends.

This, together with details from online ordering, provides information on individual buying habits. This is only used for marketing, such as providing regular email bulletins, promotional offers and information about products, if people ordering via the website have 'opted-in'.

(a) Explain the significance for *Poundland* of having this 'opt-in' requirement.

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(b) Assess if the research carried out by Google Analytics uses simple random sampling.

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(c) Compare the likely value of the data from Google Analytics with that from *Poundland's* own online sales records.

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**(Total for Question 5 = 15 marks)**



Panel sampling is the name given to sampling a group, which is selected randomly, then asked for the same information again and again over a period of time, eg weekly expenditure on food.

On the 28th of March 2009 *Poundland* opened a new store on Queen Street in Cardiff. This street has the highest footfall count of any shopping street outside of London. Many of the UK's major retail chains have outlets in Queen Street.

*Poundland* uses a panel sample of 100 customers who shop in the Cardiff Queen Street store.

**\*6** Advise *Poundland* on the use of this panel sample as a way of researching its customers' likely buyer behaviour for all of its UK shops.

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(Total for Question 6 = 11 marks)



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

7 When buyer behaviour changes, businesses need to change their products in order to provide for this.

(a) With reference to a UK or multinational business which has changed its product range to meet changing buyer behaviour, answer the following questions.

Name of the business .....

How the product range was changed .....

(1)

(b) Explain how the new product range has been designed to meet the change in buyer behaviour.

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(c) Evaluate the likely long-term consequences of this change to the product range.

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**(Total for Question 7 = 10 marks)**



**8** Many businesses have products that rise to become Stars and then move to be a Cash Cow, being supported in that position with extension strategies.

With reference to a UK or multinational business that has a product that has been through these stages, answer the following questions.

Name of business .....

Name of the product that has been through these stages

.....

(a) Examine the reasons for this product's rise to become a Star and its move to a Cash Cow position.

(6)

Rise to Star .....

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Move to Cash Cow .....

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(b) Analyse **one** extension strategy used for the product that has **not** been successful. (4)

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**(Total for Question 8 = 10 marks)**

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**TOTAL FOR PAPER = 90 MARKS**

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