

Write your name here

Surname

Other names

Centre Number

Candidate Number

Edexcel GCE

Applied Business

Unit 10: Marketing Decisions

Friday 10 June 2011 – Morning

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 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.

Turn over ►

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Questions 1 to 6 relate to marketing decisions in the UK music industry.

Figure 1

The UK music industry has been under severe pressure from the massive growth of people illegally downloading music from the Internet and from people sharing files. In a 2007 survey, 42% of 14 to 18 year olds admitted to sharing files. It is hoped that the 2009 Digital Economy Bill will stop most of the illegal downloading, but some of the practises are already changing.

Many people are now streaming* music by downloading it through websites such as We7, YouTube and Spotify. Some websites allow people to listen to music but then impose advertisement breaks, others will show advertisements through the use of pop-ups. Some people will sample music using streaming and then buy a CD if they really like the music.

The music industry has had to change to a new way of marketing. Digital formats account for over 98% of all Top 20 singles sales. When Coldplay, Kings of Leon and Duffy released their latest albums in 2008, over 100,000 digital copies were sold.

Music businesses are now earning a growing share of their revenues from activities other than the selling of CDs and digital downloads. These include more live performances and tours for their artists, licensing music for commercial use, such as TV advertisements, films and games, and merchandising.

In December 2009 *MySpace*, the social networking site, announced the creation of MySpace Music in the UK. This will give fans unlimited free streaming of music. The artists will benefit by having access to the MySpace Artist Dashboard, which will give them access to demographic, social and activity data of fans. UK songwriters, composers, publishers and artists featured on Myspace Music will also receive royalties for their work.

* Streaming is information that is transmitted in real time over the Internet, instead of being sent first as a file and then opened after it has been downloaded.



1 Coldplay released its Viva La Vida album through the Internet in June 2008 and sold more than 500,000 digital copies on *iTunes*. Later Coldplay released a CD of the album, sold through music retailers.

(a) Why was the decision to sell through the Internet an example of both the micro and macro marketing environment?

(5)

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(b) Discuss any constraints Coldplay is likely to have faced when trying to assess the effectiveness of this new method of selling their albums.

(7)

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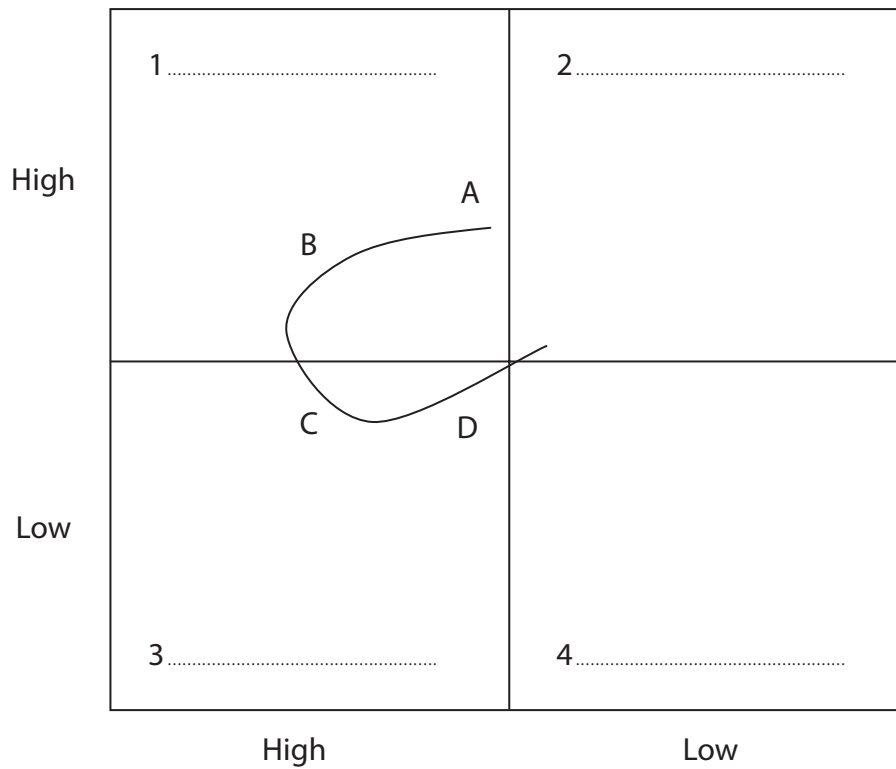
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(Total for Question 1 = 12 marks)



3 When very successful new albums are released into the growing music market they frequently follow the pattern shown on **Figure 2** for the Boston Matrix below.

Figure 2 – Common Boston Matrix for very successful new album



(a) Name the four parts of the Boston Matrix as shown by the numbers 1 to 4 on **Figure 2** above.

(2)

- 1
- 2
- 3
- 4



The way in which the sales of an album move through the Boston Matrix also reflects its product life cycle.

(b) On **Figure 3** below, draw the product life cycle for the very successful album shown by the Boston Matrix in **Figure 2**.

(Your drawing must show the cycle from its launch at point 'A' through to point 'D', ensuring that you have fully labelled your product life cycle and included points A, B, C and D.)

(6)

Figure 3



(c) Justify a suitable extension strategy for this album.

(4)

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(Total for Question 3 = 12 marks)



5 (a) Examine which part of the Ansoff Matrix a music business would be in when it starts to license artists' music for commercial use.

(4)

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(b) Why might licensing music for use in TV advertisements, films and games **not** promote the artist playing the music?

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(Total for Question 5 = 7 marks)



Question 6 relates to *Hive Music*, which produces music for a wide range of different musical tastes, from rock and folk to electronic, dance and chill. *Hive Music* plans to provide its target market with streamed music through *MySpace*, as well as continuing to use major national music retailers to sell its CDs.

6 (a) Explain why the MySpace Artist Dashboard, referred to in **Figure 1**, would be beneficial to *Hive Music* when it makes its marketing decisions.

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Hive Music has decided to conduct a questionnaire so that it can create a profile of its customers who still buy CDs in retail outlets. Because of the wide range of musical tastes that it caters for, the questionnaire needs to be inclusive but, at the same time, cost effective.

(b) Using an appropriate example, advise *Hive Music* on why it would be suitable as the first question for the questionnaire.

(4)

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

7 With reference to a business that has changed its product(s) because of customers' concerns about environmental or ethical issues, answer the following questions.

Name of the business

The product(s) that was changed.....

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(a) State the environmental or ethical concerns that caused the business to change its product(s).

(1)

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(b) Explain how the changes made by the business to its products addressed the environmental or ethical concerns.

(5)

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(c) Evaluate the success of the business's decision to change its products.

(4)

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(Total for Question 7 = 10 marks)



8 When businesses use penetration pricing they have short-term objectives and different long-term objectives.

With reference to a business that has successfully used penetration pricing with different long and short-term objectives for one of its products, answer the following questions.

Name of the business

The product for which penetration pricing was used

(a) (i) State the objectives that this business had in using penetration pricing for this product.

(2)

Short-term

Long-term

(ii) Show how the business used penetration pricing to achieve the two different objectives stated in your answer to part (i).

(4)



(b) Analyse why this pricing policy was successful for the market in which the product was placed.

(4)

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(Total for Question 8 = 10 marks)

TOTAL FOR PAPER = 90 MARKS

