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Edexcel GCE

Applied Business
Unit 10: Marketing Decisions

Thursday 17 January 2013 – Morning Time: 1 hour 30 minutes	Paper Reference 6925/01
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You must have: Calculator	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.

Turn over ►

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Questions 1 to 6 relate to marketing decisions made by *The Trade Publishing Company*.

Figure 1

The Trade Publishing Company (TPC) has been publishing specialist books for different industries since 1978. The books were mainly sold direct to businesses in the industries it covered. They were also sold to colleges and universities for students studying different industrial courses. In 2012 it decided to publish books for the consumer market.

The first book that *TPC* produced, as a hardback print copy, was 'The Reilly Perfect Way to Cook' by Eoghan Reilly. Eoghan, originally from Ireland, had won a major televised UK competition for young chefs in 2008 and had since opened a chain of very successful UK restaurants specialising in ethnic Irish dishes. This was the first book he had written and he was keen to join the growing market for books about cooking.

TPC was aware of the popularity of books about cooking. The top 50 UK books in the hardback sales, by retailers such as *WH Smith*, have around 10 books each week on cooking. These are by well-known chefs, for example Raymond Blanc and Jamie Oliver, and by celebrities, for example Gwyneth Paltrow and Lorraine Pascale. *TPC* was also aware of the growth of electronic books (ebooks) which allow people to download digital books and read them on computers, iPads, e-readers, etc.

- 1 (a) Examine if the decision by *TPC* to start publishing books for the consumer market was a strategic or a tactical decision.

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(b) Explain why the decision to publish Reilly's cookbook is likely to change the channel of distribution compared to the books *TPC* already publish.

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(Total for Question 1 = 9 marks)



3 (a) Analyse which part of the Boston Matrix 'The Reilly Perfect Way to Cook' is likely to be in as it is launched into the cookbook market.

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(b) Show what constraints *TPC* is likely to face when identifying the target market for this cookbook.

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(Total for Question 3 = 10 marks)





One option for *TPC* was to publish only a hardback version of Reilly's cookbook.

- 4** (a) Considering the information given in **Figure 1**, justify a suitable pricing strategy *TPC* could use for this hardback version.

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TPC has decided to produce both hardback and paperback versions of 'The Reilly Perfect Way to Cook'. The hardback version will be priced at £24.99. The paperback version will be published seven months later at £15.99.

(b) Show why TPC's decision is an example of the skimming pricing strategy.

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(c) Describe the benefit to TPC of this pricing policy.

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(Total for Question 4 = 15 marks)



TPC has decided that many of the people who will buy 'The Reilly Perfect Way to Cook' will be the kind of people who visit Reilly's restaurants. The Marketing Director of TPC has, therefore, asked Reilly to carry out a survey of the people who visit his four restaurants.

Table 1 shows some of the results of the survey across the four restaurants that he owns.

Table 1 – Percentage of customers by age and income for each restaurant

Number of people surveyed		London	Oxford	Cheltenham	Salisbury
		60	40	40	60
Age range	16–25	25	60	20	35
	26–55	50	25	50	40
	56+	25	15	30	25
Average income (£ '000)	15–20	15	30	10	20
	21–40	40	20	25	40
	41–60	30	40	50	25
	61+	15	10	15	15

5 (a) Outline why this survey is an example of convenience sampling.

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6 (a) How could desk research have helped *TPC* to identify a suitable target market for the cookbook?

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(b) Explain why desk research might be particularly unreliable if *TPC* wants to find out about the dynamics of the market for cookbooks.

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(Total for Question 6 = 12 marks)



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 UK or multinational business that has had to alter its marketing mix because of changing economic conditions, answer the following questions.

Name of the business.....

(a) Describe the changed economic condition. **(1)**

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(b) How did the business alter its marketing mix in order to cope with the changing economic conditions? **(5)**

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(c) To what extent were the alterations to the marketing mix **unsuccessful**?

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(Total for Question 7 = 10 marks)



8 Many UK-based businesses make the strategic marketing decision to start selling or producing in other countries.

With reference to a UK-based business that has made such a decision recently, answer the following questions.

Name of the business.....

Country (countries) chosen.

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(a) State why this was a strategic decision for the business. (1)

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(b) Analyse why the business chose this country (these countries). (5)

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(c) Identify tactical marketing decisions the business made in order to start selling or producing in this country (these countries).

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(Total for Question 8 = 10 marks)

TOTAL FOR PAPER = 90 MARKS





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