

Write your name here

Surname

Other names

Centre Number

Candidate Number

Edexcel GCE

Applied Business

Unit 10: Marketing Decisions

Wednesday 12 June 2013 – Afternoon

Time: 1 hour 30 minutes

Paper Reference

6925/01

A calculator may be used.

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 made by Metro Bank plc.

Figure 1

Metro Bank plc was launched on 29 July 2010 with four branches in London. It was the first new high street bank to be set up in the UK in more than 100 years. *Metro Bank* planned to rapidly expand its network with up to 200 branches in the London area by 2020. By May 2011 it had expanded to six branches with another seven planned to be opened by the end of the year. The founders, including Vernon Hill, have borrowed more than £100 million to fund the setting up of the bank. Hill used to own the Metro Bank business in the United States before he sold it to a Canadian company.

Metro Bank operates in a highly competitive market which has been suffering from the effects of recession and considerable customer dissatisfaction with banks in general. The major high street banks in the UK have over 1,500 branches each although this number has been falling as banks try to reduce their costs. There is also a growth in internet banking which means that fewer high street branches are required.

1 *Metro Bank* is likely to have weaknesses and to be faced with threats.

(a) Show the likely weaknesses that *Metro Bank* would have had in 2011.

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(b) Examine the likely threats that *Metro Bank* would have faced in 2011.

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Dotted lines for writing.

(Total for Question 1 = 11 marks)



P 4 2 0 0 1 A 0 3 1 6

In 2011 *Metro Bank* was in the Dog segment of the Boston Matrix for the market of banks in the UK with high street branches.

2 (a) Explain why *Metro Bank* was in the Dog segment of the Boston Matrix for this market.

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(b) Advise *Metro Bank* on whether it could use elements of its marketing mix to move the business towards the Star segment of the Boston Matrix.

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(c) Why would the expansion, from six branches in 2011 to 200 branches by 2020, be an example of market penetration on the Ansoff Matrix?

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(Total for Question 2 = 15 marks)



Figure 2

Metro Bank offers customers many facilities that other high street banks do not offer their customers. These include the following:

- extended opening hours – 8 am–8 pm Monday to Friday; 8 am–6 pm Saturday; 11 am–4 pm Sunday
- closed on only four days of the year – Good Friday, Easter Sunday, Christmas Day and New Year’s Day
- no security screens
- customer toilets in branches
- free dog biscuits for pets and lollipops for children
- customers with the correct identity documents will be able to open an account and get a debit/credit card within 15 minutes using machines in the branch
- chequebooks will also be printed on the spot in branches
- over 50s get a free safe deposit box for the first year when opening a current account.

***3** Considering the likely main requirements of private banking customers, assess which of these facilities are most likely to be effective in attracting people to use *Metro Bank*.

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(Total for Question 3 = 11 marks)



Metro Bank offers its customers a range of different accounts. It also offers customers Individual Savings Accounts (ISAs) where the interest earned is tax free. As with most banks, it would like to offer its customers a facility where they could buy stocks and shares through the bank.

Table 1 shows details of the percentage of UK adults holding their wealth in these four different ways.

Table 1 – Percentage of UK adults holding selected forms of wealth: by age and sex, 2004/05

| Age | Men | | | Women | | |
|-------------------|-------|-------|------|-------|-------|------|
| | 16–24 | 25–64 | 65+ | 16–24 | 25–64 | 65+ |
| Current Account | 81.0 | 89.9 | 86.1 | 84.1 | 89.3 | 80.8 |
| Other Accounts | 23.4 | 44.9 | 49.4 | 27.2 | 47.3 | 48.8 |
| ISAs | 10.2 | 26.8 | 35.1 | 13.5 | 29.0 | 30.5 |
| Stocks and Shares | 3.2 | 18.7 | 23.0 | 2.2 | 14.7 | 17.2 |

Source: Adapted from Family Resources Survey

4 (a) Outline why the data in **Table 1** is secondary data.

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Table 2 shows unemployment in London for the first quarter of each year between 2008 and 2011.

Table 2 – Unemployment in London area, Jan–Mar 2008 to 2011

| Date | Unemployed |
|--------------|------------|
| Jan–Mar 2008 | 270,000 |
| Jan–Mar 2009 | 331,000 |
| Jan–Mar 2010 | 369,000 |
| Jan–Mar 2011 | 382,000 |

Source: Adapted from The Labour Force Survey

6 (a) State why **Table 2** shows the macro marketing environment for *Metro Bank*.

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(b) How is the data shown on **Table 2** likely to have affected *Metro Bank's* expansion plans in the London area in 2011?

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(c) Considering **Table 2**, advise *Metro Bank* on **one** element of the marketing mix that it should concentrate on if it is to succeed in its expansion plans in 2011.

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(Total for Question 6 = 10 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 successfully introduce product developments for their product ranges as part of an extension strategy for the products' life cycles.

With reference to a UK or multinational business that has introduced product developments for this reason, answer the following questions.

Name of the business

Product range

(a) (i) State at what stage of the product life cycle the business introduced the product development as part of an extension strategy. (1)

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(ii) Explain why it introduced the new product(s) at this stage. (4)

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(b) Analyse which features of the new product(s) made it successful.

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(Total for Question 7 = 10 marks)



8 With reference to a UK or multinational business that focuses on supplying goods direct to the end user, answer the following questions.

Name of the business

Type of goods supplied

(a) Explain how the business uses **two** different elements of the marketing mix to ensure effective marketing of its goods.

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(b) Examine the limitations that the business faces because it sells direct to end users.

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(Total for Question 8 = 10 marks)

TOTAL FOR PAPER = 90 MARKS

