Write your name here Surname	Other nar	nes
Pearson Edexcel GCE	Centre Number	Candidate Number
Applied Unit 10: Marketin		
	A.G.	Dan av Dafavan sa
Monday 12 June 2017 – Time: 1 hour 30 minute		Paper Reference 6925/01

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.
- Try to answer every question.
- Check your answers if you have time at the end.

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Turn over ▶



Answer ALL questions. Write your answers in the spaces provided.

Questions 1 to 6 relate to businesses making marketing decisions in the International Cruise Industry.

1

In his latest venture into a new market for *Virgin Group*, Richard Branson announced in 2014 that the business would be forming *Virgin Cruises* and entering the luxury cruise market. It has commissioned the building of two state-of-the-art ultra ships capable of carrying 4,200 passengers each. The ships were estimated to cost £1.15 billion and take four to five years to complete. *Virgin* already has companies providing air and rail transport and it also has businesses providing hotels, vacations and travel agency services, including cruises. *Virgin Cruises* will be based in Miami in the USA.

In its annual report Cruise Lines International Association (CLIA) projected 4% growth for the industry in 2015. It also revealed that member cruise lines were scheduled to launch 22 new ocean, river and speciality ships in 2015. The focus for these was less on size than on unique design and amenities. The report also recorded that 62% of people taking cruises are people who have taken cruises before, and 59% of people taking cruises live in North America.

The cruise market is dominated by a few major companies with *Carnival*, *Royal Caribbean* and *Norwegian* having about 82% of the market share between them.

Figure 1

(a) Discuss if <i>Virgin's</i> decision to expand into the cruise industry was a strategic or a tactical decision.	
	(5)

(b) Explain in which segment of the Ansoff Matrix Virgin Cruises should be p part of Virgin Group's product portfolio.	laced as
(Total for Question	1 = 11 marks)



*2	Using SWOT analysis, evaluate Virgin Group's decision to enter the cruise market.	(11)
	(Total for Question 2 = 11	marks)
	(Total for Question 2 – 11	



3	(a)	Explain which segment of the Boston Matrix <i>Virgin Cruises</i> would be in when it fully enters the cruise market in 2019/2020.	(6)

(b) With reference to the information given in Figure 1 , examine if premium pricing (setting its prices higher than its competitors) would be an appropriate strategy for <i>Virgin Cruises</i> .		
101 Vilgin Chaises.	(5)	
(Total for Question	3 = 11 marks)	



Part of the research for the CLIA report used the 2014 North American Cruise Market Profile Survey. The 2014 survey was drawn from a panel of more than one million households, using an online survey conducted between 12–26 August. It collected data from 1,600 US and Canadian residents who were travellers aged 25 or older with an annual household income of more than \$40 000.

Figure 2

(a) What was the sample frame for the 2014 survey?	(3)

been to Virgin Cruises as it made its decision	(8)
	(Total for Question 4 = 11 marks)



Demographic group	Demographic detail	Percentage (%)
	25–29	7
	30–39	18
Age	40–49	26
	50–59	22
	60+	26
Educational Attainment	Graduate	75
Francis ont Status	Full time	63
Employment Status	Retired	20
Gender	Male	51
	£26 000-£40 000	19
Income	£40 000-£68 000	35
Income	£68 000-£135 000	39
	£135 000+	8
Marital Status	Married	78

Table 1: Cruisers as a percentage by demographic group, 2014

(Source: adapted from Cruise Market Watch.)

Table 1 shows a demographic profile of people taking cruises in 2014.

(a) (i) What other group might make up the 17% missing from the 'Employmen Status' demographic?	(1)
(ii) Why might this group have been left out of the survey?	(3)

*(b) Consider how a cruise business could use Table 1 to promotional strategy to appeal to the major target r	markets.
	(11)
,	T. 16 O. 1. 5 45 1.
	Total for Question 5 = 15 marks)



6	6 (a) How might major negative changes in economic conditions affect the cruise industry in the future?		
		madstry in the ratare.	(5)

Cruise businesses could be seriously affected by speci	ic negative economic conditions.
(b) Suggest how a cruise business could use the mar	
economic conditions.	(6)
	(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.

Many businesses have changed part of their channel of distribution from selling to consumers in store to selling to consumers online.

With reference to a supermarket, clothes or DIY chain, that has changed its channel of distribution to include the use of online sales, answer the following questions.	
Name of the business	
Main product being sold	
(a) Why did the business decide to introduce online selling for its consumers?	4)

Selling online creates constraints for a business.	
(b) How did the business you selected overcome th	
	(6)
	(Total for Question 7 = 10 marks)

8	Many businesses achieve product development by improving their existing products.	
	With reference to a business that has successfully achieved product development in this way, answer the following questions.	
	Name of business	
	Product that was improved	
	(a) Describe the improvements made to the product.	(2)
		(2)
	(b) Examine the importance of the product's position on the product life cycle in the decision to make improvements to the product.	
		(4)
		(4)
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(c) Identify how the improvements described in (a) might have had a negative effec on some of the product's target market.	
	(4)
(Total for Question 8 = 10 m	arks)
TOTAL FOR PAPER = 90 MA	ARKS





