

# Past exam paper questions – Topic 2.2

Q1.

Answer the question with a cross in the box you think is correct  . If you change your mind about an answer, put a line through the box  and then mark your new answer with a cross  .

Which **one** of the following is an element of the marketing mix?

Select **one** answer.

(1)

- A Perseverance
- B Profit
- C Place
- D Persuasion

(Total for question = 1 mark)

Q2.

Read the following extract carefully and then answer the question.



(Source: © plo3/Shutterstock)

*Nando's* is a restaurant chain that specialises in Portuguese PERi-PERi chicken and spicy food. Since its first UK restaurant opened in 1992, the chain has expanded rapidly. There are now 339 restaurants in the UK. *Nando's* is popular amongst its target market of young people.

*Nando's* has used social media to develop a strong brand and to communicate with its target market. Its Twitter feed has over 1.5 million followers. *Nando's* uses viral advertising campaigns, many of which are reposted on social media.

The UK restaurant market has become more competitive. In 2013, *Nando's* decided to trial a takeaway service. After trialling this in 10 restaurants, the takeaway service is now available in every branch. Following the success of the takeaway trial, *Nando's* is now considering developing an app (application) for mobile phones, which can be used to order takeaway food. It also wants to start a home delivery service to improve the profitability of its takeaway service.

(Source: adapted from [http://www.digitaltrainingacademy.com/casestudies/2014/07/how\\_nandos\\_became\\_the\\_most\\_popular\\_restaurant\\_chain\\_on\\_social\\_media.php](http://www.digitaltrainingacademy.com/casestudies/2014/07/how_nandos_became_the_most_popular_restaurant_chain_on_social_media.php))

State **one** factor that *Nando's* should consider in setting the prices for its takeaway menu.

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(Total for question = 1 mark)

**Q3.**

**Read the following extract carefully and then answer the question.**



*GoPro* is an American public limited company, which manufactures action cameras that are used in extreme activities such as rock climbing, surfing and base jumping.

Since its stock market flotation in 2004, the company has grown rapidly and has become a leading extreme sports brand. *GoPro's* sales revenue has increased every year since the company started. However, in 2016 *GoPro's* sales dropped significantly and the company made a loss of \$116m. This led to the company's share price falling to a record low of \$8.54.

To try and increase sales, *GoPro* launched three new products. These new products were waterproof and allowed smoother video recording. One of these products was the *GoPro Karma* – a new drone that takes aerial action shots.

In 2017 *Go Pro* decided to raise finance to invest in its new product range. This was because cheaper competitors were entering the market, such as the Chinese company *Xiaomi*.

(Source: adapted from <http://www.express.co.uk/life-style/science-technology/712497/GoPro-Announces-Hero-5-Black-Session-Karma-Drone-UK-Release-Date-Price>)

At its launch, the *GoPro Karma* was priced at £699.99. In 2017 this price was reduced to £649.99.

Calculate, to 2 decimal places, the percentage reduction in price for the *GoPro Karma*. You are advised to show your workings.

..... %

**(Total for question = 2 marks)**

**Q4.**

**Answer the question with a cross in the box you think is correct  . If you change your mind about an answer, put a line through the box  and then mark your new answer with a cross  .**

Which **one** of the following is an element of the design mix?

Select **one** answer.

- A** Cost
- B** Quality
- C** Promotion
- D** Price

(1)

**(Total for question = 1 mark)**

**Q5.**

**Answer the question with a cross in the box you think is correct  . If you change your mind about an answer, put a line through the box  and then mark your new answer with a cross  .**

Which **one** of the following is the first stage of the product life cycle?

Select **one** answer.

- A** Decline
- B** Growth
- C** Introduction
- D** Maturity

**(Total for question = 1 mark)**

Q6.

Read the following extract carefully and then answer question.



(Source: © Francis Vachon / Alamy Stock Photo)

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*Netflix* faces the difficulty of raising prices to fund new shows, whilst at the same time not putting off new and existing subscribers. However, *Netflix* continues to expand and build up its library of programmes and films from non-English speaking countries. *Netflix's* longer-term aim is to successfully enter the Chinese market.

(Source: adapted from <http://bigstory.ap.org/article/95de4a23315f4abc9a4d72dcc75f3ff2/netflix-tests-limits-price-increases-original-shows>)

State **one** benefit to *Netflix* from producing its 'own original streaming content'.

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(Total for question = 1 mark)

Q7.

Look at Figures 4 and 5, read the extract carefully, then answer the question.

Write your answers in the spaces provided.

Argos and Sainsbury's are familiar brands in the UK.

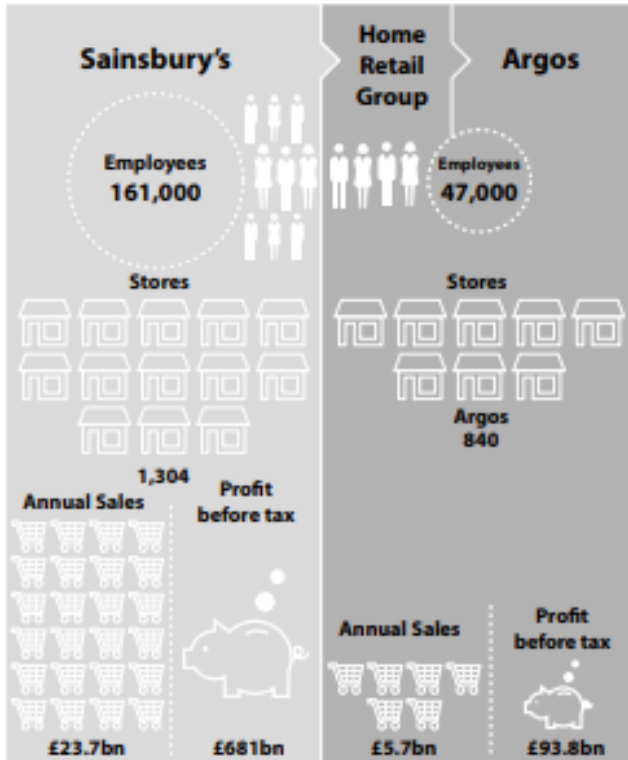


Figure 4

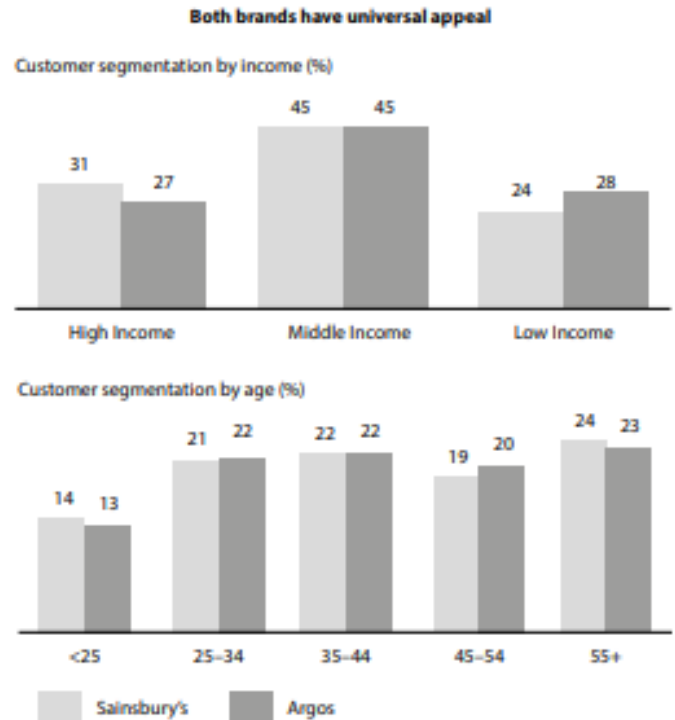


Figure 5

In February 2016, Home Retail Group plc, the owners of the high-street catalogue store Argos, agreed to be taken over by Sainsbury's plc in a £1.3bn deal. The takeover has arisen because market conditions have changed in high-street retailing. The move towards smaller, more convenient supermarkets such as those provided by Lidl and Aldi has left Sainsbury's plc with overly large stores which consumers increasingly do not want to use. Argos also found itself in an increasingly competitive market place and was struggling to compete against the giant e-tailer Amazon.com on both price and speed of delivery.

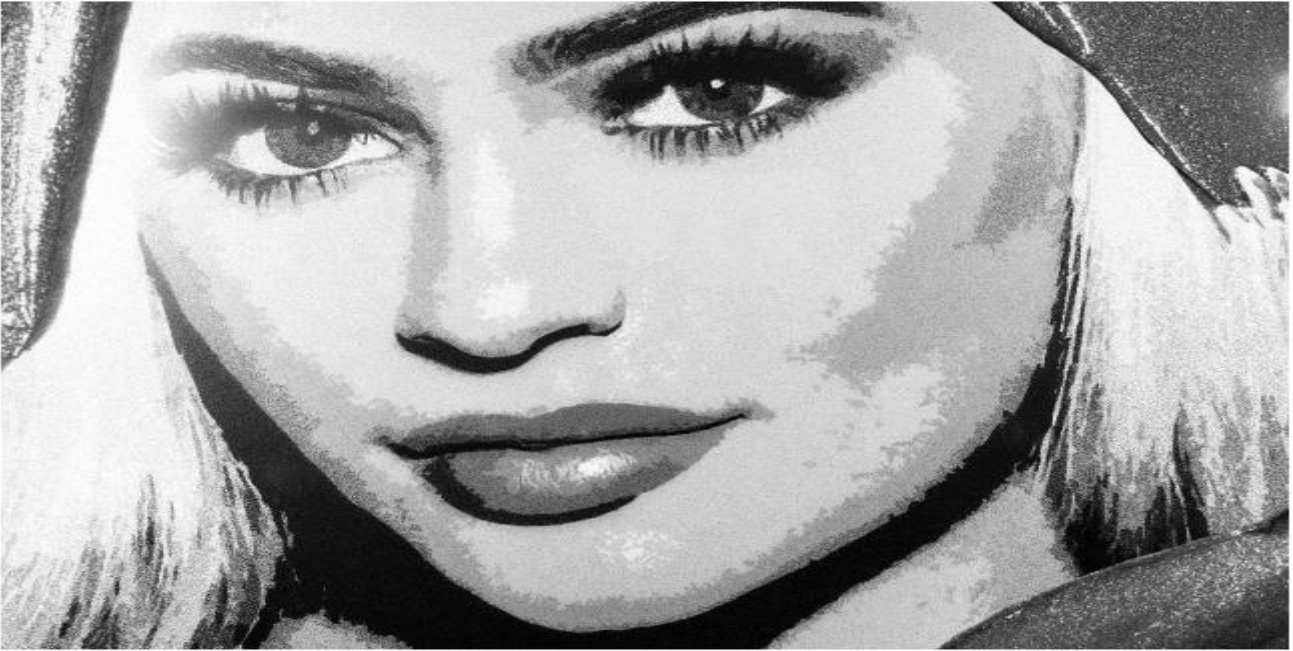
The takeover of Argos by Sainsbury's plc will create the UK's largest non-food retailer and will allow Sainsbury's plc the ability to open Argos stores within the unused space in Sainsbury's supermarkets. This will result in Argos' stores on the high street closing. The combined company will also be able to improve its home delivery operation with grocery items and non-food items now being delivered to homes only four hours after the order was originally placed.

Using the chart in Figure 5, identify the age group with which Argos' promotional strategy appears to have been most effective.

(1)

(Total for question = 1 mark)

Q8.



Famous from her role in hit reality television series 'Keeping Up with the Kardashians', 19-year-old Kylie Jenner is now also recognised as a successful teenage entrepreneur in her own right.

Celebrated for her full lips, Kylie Jenner decided to launch a range of lip kits with unique names such as 'Dolce K'. These products sold out within 10 minutes, as her fan base of teenage girls rushed to copy her celebrity look. The success of these products convinced Kylie to start her own internet cosmetics company, *Kylie Cosmetics*. She has now increased its range of products to include an eye shadow and eyeliner called Kyshadow and Kyliner respectively.

Kylie regularly interacts with her fans and potential customers using social media. Her app (application), which provides make-up and fashion tips, is one of the most downloaded entertainment apps in the UK. Every Kylie Cosmetics product has a launch date and products are only available for a limited period of time, before they sell out. Once the products have sold out, customers may have to wait weeks before the cosmetics are available for sale on the *Kylie Cosmetics* website again. None of *Kylie Cosmetics'* products are tested on animals and virtually all of them are suitable for vegans.

(Source: adapted from <http://www.vanityfair.com/style/2016/10/kylie-jenner-lip-kits-seed-beauty-colourpop>)

Give **one** type of social media that a business could use to interact with its customers.

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**(Total for question = 1 mark)**



Q9.

Read the following extract carefully and then answer the question.



(Source: © pio3/Shutterstock)

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*Nando's* has used social media to develop a strong brand and to communicate with its target market. Its Twitter feed has over 1.5 million followers. *Nando's* uses viral advertising campaigns, many of which are reposted on social media.

The UK restaurant market has become more competitive. In 2013, *Nando's* decided to trial a takeaway service. After trialling this in 10 restaurants, the takeaway service is now available in every branch. Following the success of the takeaway trial, *Nando's* is now considering developing an app (application) for mobile phones, which can be used to order takeaway food. It also wants to start a home delivery service to improve the profitability of its takeaway service.

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Outline **one** benefit to *Nando's* from using viral advertising.

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(Total for question = 2 marks)

Q10.

Read the following extract carefully and then answer the question.



(Source: © pio3/Shutterstock)

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Outline **one** reason why *Nando's* trialled its takeaway service in only 10 restaurants.

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(Total for question = 2 marks)



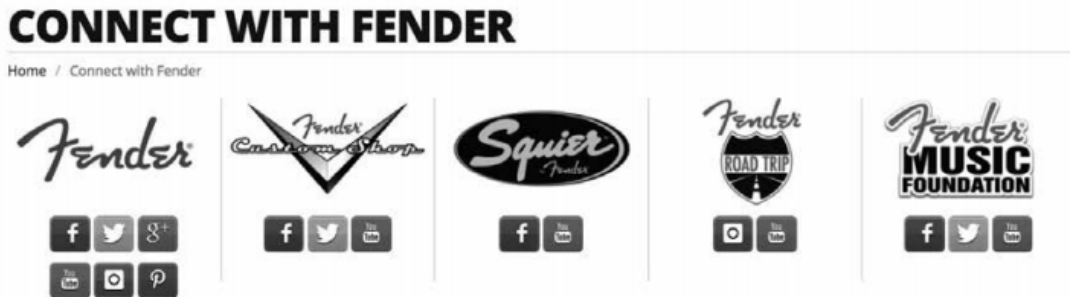
Q11.

Look at Figure 2, read the extract carefully, then answer the question.

**Write your answers in the spaces provided.**

Fender® is an American company which produces musical instruments, such as electric guitars. Its most famous brands of guitars have been used by popular musicians such as Bruno Mars. Fender's most expensive guitars are manufactured using the finest raw materials such as wood from ash trees. These hand-made guitars are seen as some of the finest musical instruments in the world and are unique to each individual musician. As a result of using job production for its guitars, Fender is able to charge prices as high as £10 000 per guitar.

In 2012 Fender started using 3D printing, a process of making three-dimensional (3D) solid objects from a digital model. Fender uses 3D printers to trial new designs for its guitars. Ideas for new guitar models can now be printed-off in Fender's factory, instead of using a specialist model-building company.



**Figure 2**

(Sources: adapted from <http://intl.fender.com/en-GB/custom-shop> and <http://javelin-tech.com/3d-printer/industry>)

Outline **one** possible benefit to Fender from using social media.

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**(Total for question = 2 marks)**

**Q12.**

Read the following extract carefully and then answer question.



(Source: © Francis Vachon / Alamy Stock Photo)

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In 2016 *Netflix* decided to increase the price of its standard UK subscription from £5.99 to £7.49 per month. This move reflected *Netflix's* shift towards producing more of its own original streaming content, such as the hit drama 'Stranger Things', rather than repeating shows that are available on terrestrial channels such as BBC1 or itv1.

In recent years, the online streaming market has become increasingly competitive with rivals, such as Amazon Prime, investing \$180 million on 36 episodes of 'The Grand Tour'. To keep up, *Netflix* has committed itself to spending \$6bn on new, original programming in 2017.

*Netflix* faces the difficulty of raising prices to fund new shows, whilst at the same time not putting off new and existing subscribers. However, *Netflix* continues to expand and build up its library of programmes and films from non-English speaking countries. *Netflix's* longer-term aim is to successfully enter the Chinese market.

(Source: adapted from <http://bigstory.ap.org/article/95de4a23315f4abc9a4d72dcc75f3ff2/netflix-tests-limits-price-increases-original-shows>)

Outline **one** impact on *Netflix* from an increase in competition.

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**(Total for question = 2 marks)**

Q13.

Look at Figures 4 and 5, read the extract carefully, then answer the question.

Write your answers in the spaces provided.

Argos and Sainsbury's are familiar brands in the UK.

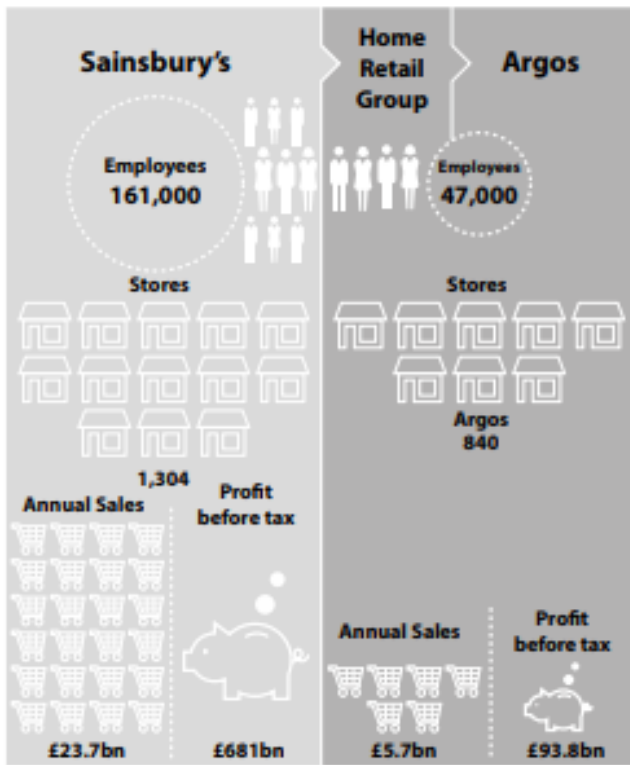


Figure 4

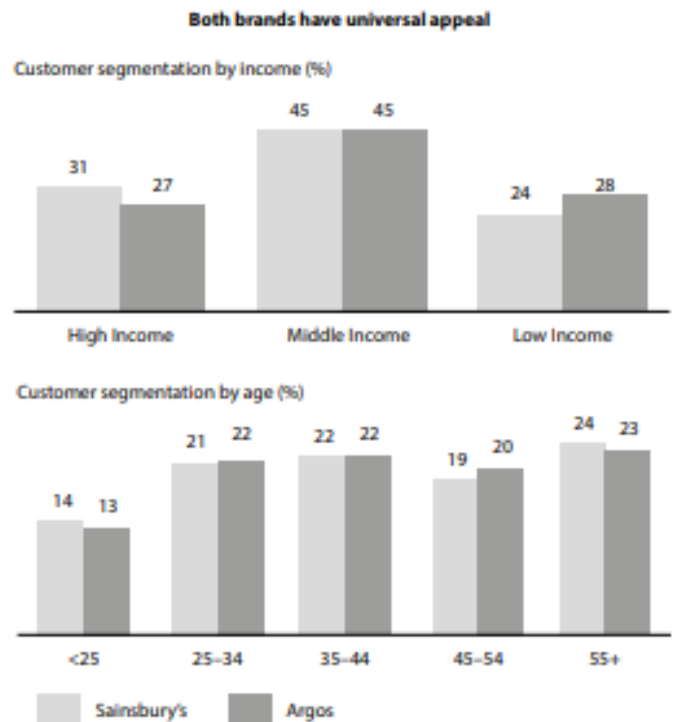


Figure 5

In February 2016, Home Retail Group plc, the owners of the high-street catalogue store Argos, agreed to be taken over by Sainsbury's plc in a £1.3bn deal. The takeover has arisen because market conditions have changed in high-street retailing. The move towards smaller, more convenient supermarkets such as those provided by Lidl and Aldi has left Sainsbury's plc with overly large stores which consumers increasingly do not want to use. Argos also found itself in an increasingly competitive market place and was struggling to compete against the giant e-tailer Amazon.com on both price and speed of delivery.

The takeover of Argos by Sainsbury's plc will create the UK's largest non-food retailer and will allow Sainsbury's plc the ability to open Argos stores within the unused space in Sainsbury's supermarkets. This will result in Argos' stores on the high street closing. The combined company will also be able to improve its home delivery operation with grocery items and non-food items now being delivered to homes only four hours after the order was originally placed.

Outline **one** reason why being an e-tailer gives Amazon an advantage over Argos.

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(Total for question = 2 marks)

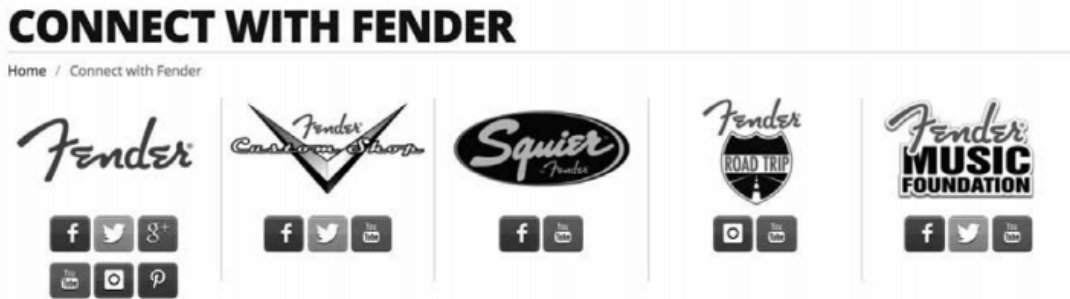
Q14.

Look at Figure 2, read the extract carefully, then answer the question.

**Write your answers in the spaces provided.**

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**Figure 2**

(Sources: adapted from <http://intl.fender.com/en-GB/custom-shop> and <http://javelin-tech.com/3d-printer/industry>)

Analyse the impact on Fender of charging high prices for its musical instruments.

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**(Total for question = 6 marks)**

Q15.

Read the following extract carefully and then answer question.



(Source: © Francis Vachon / Alamy Stock Photo)

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In 2016 *Netflix* decided to increase the price of its standard UK subscription from £5.99 to £7.49 per month. This move reflected *Netflix's* shift towards producing more of its own original streaming content, such as the hit drama 'Stranger Things', rather than repeating shows that are available on terrestrial channels such as BBC1 or itv1.

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(Source: adapted from <http://bigstory.ap.org/article/95de4a23315f4abc9a4d72dcc75f3ff2/netflix-tests-limits-price-increases-original-shows>)

In 2016 *Netflix* decided to increase the price of its standard UK subscription.

Analyse the impact on *Netflix* of this price increase.

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**(Total for question = 6 marks)**



**Q16.**

**Read the following extract carefully and then answer the question.**



(Source: © pio3/Shutterstock)

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*Nando's* has used social media to develop a strong brand and to communicate with its target market. Its Twitter feed has over 1.5 million followers. *Nando's* uses viral advertising campaigns, many of which are reposted on social media.

The UK restaurant market has become more competitive. In 2013, *Nando's* decided to trial a takeaway service. After trialling this in 10 restaurants, the takeaway service is now available in every branch. Following the success of the takeaway trial, *Nando's* is now considering developing an app (application) for mobile phones, which can be used to order takeaway food. It also wants to start a home delivery service to improve the profitability of its takeaway service.

(Source: adapted from [http://www.digitaltrainingacademy.com/casestudies/2014/07/how\\_nandos\\_became\\_the\\_most\\_popular\\_restaurant\\_chain\\_on\\_social\\_media.php](http://www.digitaltrainingacademy.com/casestudies/2014/07/how_nandos_became_the_most_popular_restaurant_chain_on_social_media.php))

Analyse the advantage to *Nando's* from having strong branding.

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**(Total for question = 6 marks)**

Q17.

Read the following extract carefully and then answer the question.



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(Source: adapted from

[http://www.digitaltrainingacademy.com/casestudies/2014/07/how\\_nandos\\_became\\_the\\_most\\_popular\\_restaurant\\_chain\\_on\\_social\\_media.php](http://www.digitaltrainingacademy.com/casestudies/2014/07/how_nandos_became_the_most_popular_restaurant_chain_on_social_media.php))

To improve the profitability of its takeaway service, *Nando's* is considering the following two options:

**Option 1:** Developing an ordering app for mobile phones.

**Option 2:** Introduce a home delivery service.

Justify which one of these two options *Nando's* should choose.

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**(Total for question = 9 marks)**

Q18.

Read the following extract carefully and then answer question.



(Source: © Francis Vachon / Alamy Stock Photo)

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*Netflix* is considering two options to allow it to successfully enter the Chinese market:

**Option 1:** Introduce special offers on new subscriptions.

**Option 2:** Increase the range of films and programmes available to stream.

Justify which one of these two options *Netflix* should choose.

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**(Total for question = 9 marks)**

Q19.

Look at Figures 4 and 5, read the extract carefully, then answer the question.

Write your answers in the spaces provided.

Argos and Sainsbury's are familiar brands in the UK.

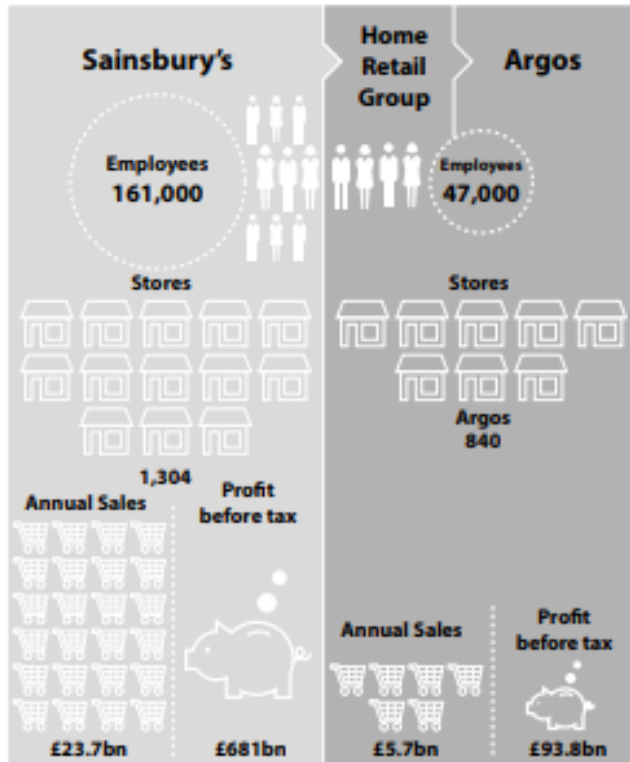


Figure 4

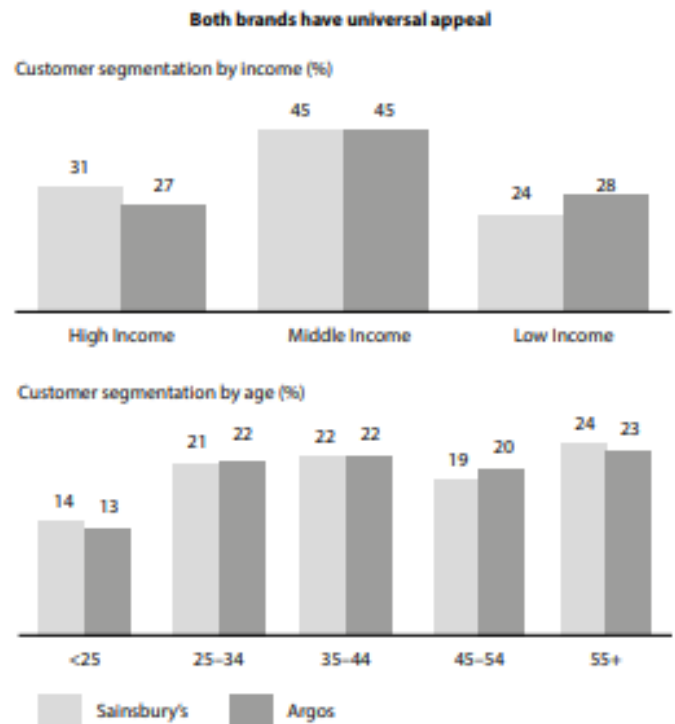


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In order to improve its competitive advantage, Argos has two options:

**Option 1:** Lower prices

**Option 2:** Increase the speed of home delivery

Justify which **one** of these options Argos should choose.

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**(Total for question = 9 marks)**

Q20.

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Write your answers in the spaces provided.

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Figure 2

(Sources: adapted from <http://intl.fender.com/en-GB/custom-shop> and <http://javelin-tech.com/3d-printer/industry>)

Fender is considering two options to increase its profitability:

**Option 1:** Increase advertising

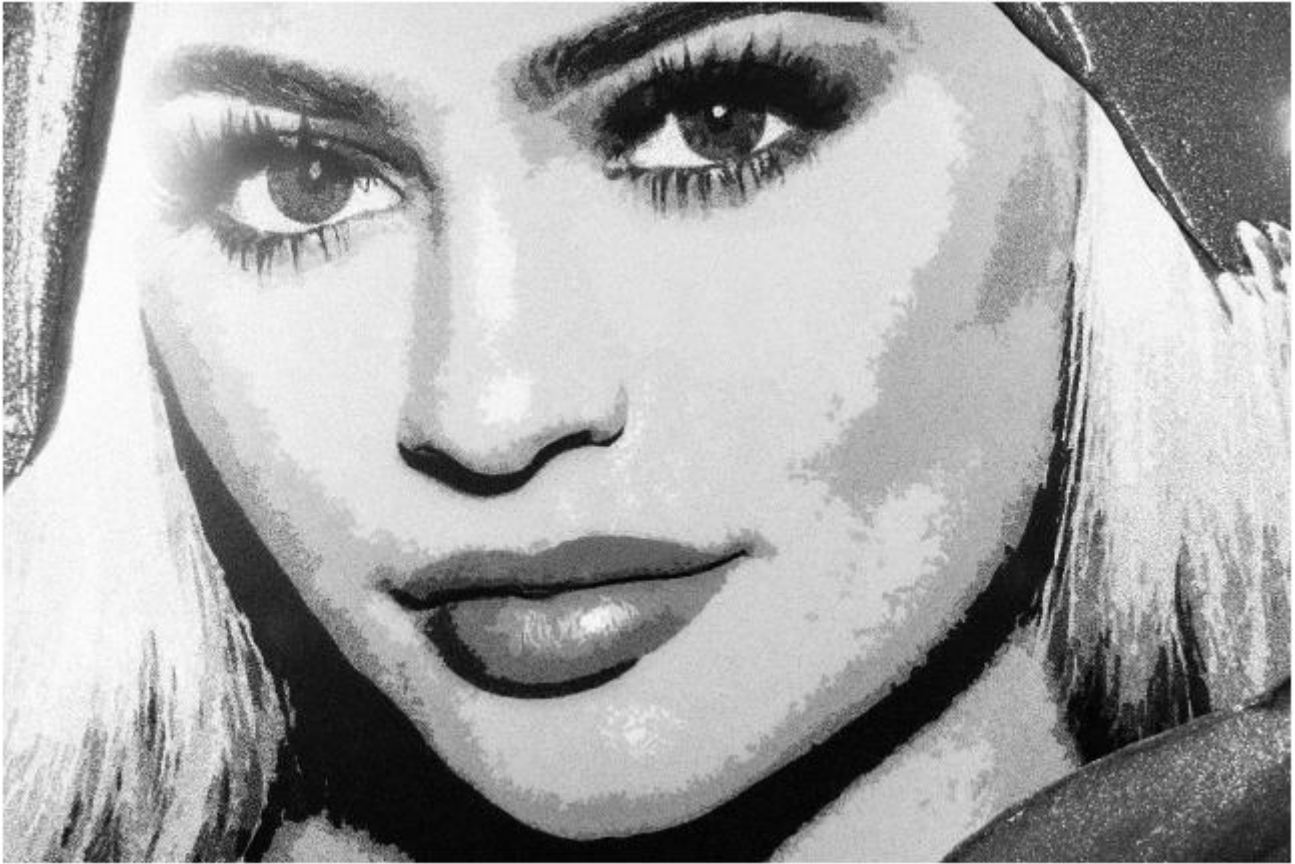
**Option 2:** Increase prices

Justify which **one** of these options Fender should choose.

(9)

(Total for question = 9 marks)

Q21.



Famous from her role in hit reality television series 'Keeping Up with the Kardashians', 19-year-old Kylie Jenner is now also recognised as a successful teenage entrepreneur in her own right.

Celebrated for her full lips, Kylie Jenner decided to launch a range of lip kits with unique names such as 'Dolce K'. These products sold out within 10 minutes, as her fan base of teenage girls rushed to copy her celebrity look. The success of these products convinced Kylie to start her own internet cosmetics company, *Kylie Cosmetics*. She has now increased its range of products to include an eye shadow and eyeliner called Kyshadow and Kyliner respectively.

Kylie regularly interacts with her fans and potential customers using social media. Her app (application), which provides make-up and fashion tips, is one of the most downloaded entertainment apps in the UK. Every *Kylie Cosmetics* product has a launch date and products are only available for a limited period of time, before they sell out. Once the products have sold out, customers may have to wait weeks before the cosmetics are available for sale on the *Kylie Cosmetics* website again. None of *Kylie Cosmetics*' products are tested on animals and virtually all of them are suitable for vegans.

(Source: adapted from <http://www.vanityfair.com/style/2016/10/kylie-jenner-lip-kits-seed-beauty-colourpop>)

To improve the sales of its products, *Kylie Cosmetics* is considering two options:

**Option 1:** Increase advertising using social media.

**Option 2:** Increase the number of products that are only available for a limited period of time.

Justify which one of these two options *Kylie Cosmetics* should choose.

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**(Total for question = 9 marks)**

**Q22.**

**Read the following extract carefully and then answer the question.**



*GoPro* is an American public limited company, which manufactures action cameras that are used in extreme activities such as rock climbing, surfing and base jumping.

Since its stock market flotation in 2004, the company has grown rapidly and has become a leading extreme sports brand. *GoPro's* sales revenue has increased every year since the company started. However, in 2016 *GoPro's* sales dropped significantly and the company made a loss of \$116m. This led to the company's share price falling to a record low of \$8.54.

To try and increase sales, *GoPro* launched three new products. These new products were waterproof and allowed smoother video recording. One of these products was the *GoPro Karma* – a new drone that takes aerial action shots.

In 2017 *Go Pro* decided to raise finance to invest in its new product range. This was because cheaper competitors were entering the market, such as the Chinese company *Xiaomi*.

(Source: adapted from <http://www.express.co.uk/life-style/science-technology/712497/GoPro-Announces-Hero-5-Black-Session-Karma-Drone-UK-Release-Date-Price>)

Evaluate the importance of function within *GoPro's* design mix. You should use the information provided as well as your knowledge of business.

**(Total for question = 12 marks)**