

Name: \_\_\_\_\_

Topic 1: Meeting customer needs 1

Date:

# Edexcel AS Level Business Question Paper

Time:

Total marks available: 126

Total marks achieved: \_\_\_\_\_



EXAM PAPERS PRACTICE









**Extract A**

**Sprinting towards change**

Wearing sportswear, whether in or out of the gym, is a well-established trend. The sportswear sector is predicted to grow from £5.3bn in 2019 to £6.7bn by 2022.

Despite sportswear typically being made using synthetic fabrics, which have a big impact on the environment, the market is dedicated to sustainability. Sportswear brands focus on creating clothes that provide the perfect fit, comfort and durability, rather than matching fashion trends. This allows brands to be more innovative. 5

Big sportswear brands recognise the need for sustainability. Nike's Plant Color Collection uses natural dyes. Sweaty Betty has adopted biodegradable or recycled fabrics in some of its tops and leggings. Asics has also developed a running shoe made using plant-based fibres. 10

Sundried, the fastest growing UK sportswear brand, launched in 2016. Sundried differentiated itself from the big brands with collections made from 100% recycled plastic bottles and coffee grounds. It also makes T-shirts from EcoTech, a pioneering fabric that biodegrades in 3 years. Sundried believes that clothing should be high quality and last a long time, instead of being cheap and disposable. 15

Using the data in Extract A, calculate, to 2 decimal places, the percentage market growth for sportswear from 2019 to 2022. You are advised to show your working.

(4)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

**(Total for question = 4 marks)**

Q5.

**Extract A**

**Marks & Spencer's (M&S) plan to revive its brand**

High street brand M&S has long been a sign of British quality and tradition. It provides a range of food, clothing and homeware, but over the past two years the business has struggled to maintain its iconic status.

New chief executive, Steve Rowe, is reviewing the future of its range of fashion brands as part of an overhaul of its struggling clothing business. "Our priority is fixing clothing" said Rowe, womenswear seems to be the problem area. M&S has lost touch with what the 50+ age group really want and also needs to attract younger customers, such as those at the top end of NEXT's demographic of 25 to 45-year-olds. 5

Rowe acknowledged that some of its clothing needs to be more competitively priced. M&S sold 30,000 pairs of black jeggings - a 200% increase - after cutting the price by £2 to £17.50. 10

M&S's food business is still very strong. Shoppers are more than happy to buy at M&S, but they need to see non-food merchandise they like as well. Shoppers are much choosier these days, meaning M&S needs to become more market orientated. 15

(Sources: adapted from Marks & Spencer Results: A Tale Of Two Halves © 2016 Mintel Group Ltd and New M&S boss brands latest clothing sales fall 'unsatisfactory' © 2016 Guardian News and Media Limited)

Construct a market map to illustrate the impact of M&S's decision to aim its clothing range at a younger target market.

(4)

**(Total for question = 4 marks)**

EXAM PAPERS PRACTICE

Q6.

**Extract B**

**Mars launches protein chocolate bars**

Mars has launched two new products to move protein bars from a niche market into the mass market: a Snickers Protein Bar with 18g of protein and a Mars Protein Bar with 19g of protein, both containing 200 calories.

Oliver Collins, Brand Manager at the UK's largest distributor of bicycles, said: "We are incredibly excited about working with Mars on this brilliant range of products. As more people are getting on their bikes, there is a definite desire for nutritional, convenient and tasty snacks. There are lots of competitors out there, but with such instantly recognisable brand names and great taste, we are confident that Mars' new range of products will be popular".

5

10

The market for protein bars is fast-growing, with sales valued at £22m in 2016, an increase of £8.2m from 2015. Almost 17% of UK customers now consume food or drink that contains protein as a snack between meals.

(Source: adapted from <http://www.bikebiz.com/index.php/news/read/madison-to-distribute-mars-lifestyle-products-to-uk-cycle-industry/019948>)

What is meant by niche market?

(2)

.....

.....

.....

.....

.....

.....

EXAM PAPERS PRACTICE

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

Q7.

**Extract A**

**PureGym is the UK's number one fitness provider**

The 2016 UK Fitness Industry Report revealed market growth in the UK fitness industry of 3.2% in the past year. The report highlighted increases of 1.9% in the number of fitness facilities and 5.3% in the number of members.

Currently 1 in every 7 people in the UK is a member of a gym. 5

For the first time, a low-cost fitness operator is the UK's number one. PureGym added 60 clubs in the last 12 months. With more than half a million members, six-year-old PureGym offers no-contract membership and low-cost, 24-hour access. It is the fastest growing gym chain in the UK.

The 406 employees love working for the business. Managers talk openly and honestly with the workforce and have leadership skills that inspire confidence. 10

Staff say the job is good for personal growth, thanks to initiatives such as Shining Stars, which offers on-the-job training to selected assistant gym managers in order to support promotion within the business.

(Sources: adapted from <http://www.leisuredb.com/blog/2016/5/11/press-release-2016-state-of-the-uk-fitness-industry-report> and <http://appointments.thesundaytimes.co.uk/article/best100companies/>)

Explain how the growth of the fitness market from 2015 to 2016 could have affected PureGym.

(4)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

**(Total for question = 4 marks)**

Q8.

**Extract C**

**120-year-old toymaker, Hornby**

Hornby is known for its model railways and Airfix model plane kits. However, it has suffered years of losses totalling millions of pounds. Hornby also makes Scalextric racing car sets and Corgi cars, but struggles to stay relevant with competition from online games and toys linked to big Hollywood movies.

5

In 2020, Hornby sold additional shares to raise finance to develop new toy lines, such as a remote-controlled Harry Potter Hogwarts Express train set. It also developed Scalextric racing car sets, which can be controlled by mobile phones to attract tech-savvy youngsters.

Hornby celebrated its 100th year by hosting its #Hornby100 Social Media Takeover campaign. This featured daily postings across social media. Throughout the campaign, it encouraged customers to take part in interactive posts to show 'what makes Hornby so special to them'.

10

In 2020 Hornby used innovation and made changes to its promotional methods to make the company profitable.

Evaluate these **two** options and recommend which one was likely to have been more effective at making Hornby profitable.

(20)

**(Total for question = 20 marks)**

EXAM PAPERS PRACTICE

Q9.

**Extract C**

**Jamie Oliver hits hard times**

In 2017, Jamie Oliver blamed intense competition and rising costs, such as ingredients and rent, for the closure of six of his Italian restaurants. Accounts for 2016 showed the business had slumped to a £9.9m loss from a profit of £2.4m a year earlier. At the same time Byron, the burger chain, had to be rescued financially after expanding too quickly.

The problems at Jamie’s Italian restaurants reflect the wider market for casual dining. In recent years consumers have spent more on eating out, but a large number of new restaurant openings led to intense competition. 5

Peter Martin, vice-president at the food and drink consultancy CGA, says, “savvy operators such as Nando’s and JD Wetherspoon have remained successful by adapting to changing tastes. With this much choice in the market, customers will choose other options unless you stay fresh and relevant. When Jamie came on to the scene it was new and exciting; they were taking samples outside for people to try which was innovative. However, more and more businesses are doing that sort of thing now.” 10

(Source adapted from: <https://www.theguardian.com/lifeandstyle/2018/feb/16/not-so-fresh-why-jamie-oliver-restaurants-lost-their-bite>)

To prevent further business failure Jamie could either reduce costs or adapt to market changes.

Evaluate these **two** options and recommend which option is most likely to prevent further business failure.

(20)

**(Total for question = 20 marks)**

Q10.

**Extract C**

**Mainstage Travel (MT) is a travel and technology company with a difference**

In January 2014, MT secured £100 000 from IT pioneer Piers Linney, on the TV show Dragons’ Den, in return for 15% of the company. Piers was chosen over the other investors because of his technology experience in a dynamic market.

MT supplies flight and hotel booking systems to the biggest festival organisers in Europe, including Outlook, Dimensions and Soundwave. The company’s technology enables festival goers to book flights, hotels and tickets as a single package. MT achieved a turnover of £4.5m in 2015. 5

Since appearing on Dragons’ Den, MT have been developing the most innovative technology in the travel industry. Its most recent product is Hotel2020, an application that will enable a hotel to sell flights and transfers through its own website. 10

(Source: adapted from <http://startups.co.uk/young-guns/aden-levin-rob-tominey-mainstage-travel/>)

To continue developing the most innovative technology in the travel market, MT could either use more venture capital or a bank loan.

Evaluate these **two** options and recommend which option would be most suitable for a company that operates in a dynamic market, such as MT.

**(Total for question = 20 marks)**

Q11.

**Extract C**

**Tailor-made food for your dog**

Tails.com realised that a single generic dog food couldn't possibly give every size, age, gender and breed of dog the best combination of nutrients for their health. Tails.com is on a mission to 'change the world of pet food for good' by providing dogs across the UK with food individually tailored to their nutritional needs.

5

Tails.com was started in 2014. It struggled to establish itself as a reliable brand, whilst trying to change traditional dog food buying habits. Two big companies dominate the UK dog food market. Mars Masterfoods has 45% market share with brands including Pedigree and Cesar. Nestlé Purina Pet Care has 32% market share with brands including Bakers Complete and Purina.

10

In 2016 Tails.com sent out over 65,000 monthly packages of tailor-made dog food to regular customers who were thrilled with the positive changes they saw in their dogs. The business has big aspirations, with a goal of reaching a sales target of £30m by 2020.

(Source: adapted from <http://startups.co.uk/startups-100/2017/4-tails-com/>)

Competition and external economic influences could have an impact on the ability of Tails.com to reach its 2020 sales target.

Evaluate these **two** influences and recommend which influence would have the greatest impact on Tails.com's ability to reach its sales target.

**(Total for question = 20 marks)**

Q12.

**Extract A**

**Sprinting towards change**

Wearing sportswear, whether in or out of the gym, is a well-established trend. The sportswear sector is predicted to grow from £5.3bn in 2019 to £6.7bn by 2022.

Despite sportswear typically being made using synthetic fabrics, which have a big impact on the environment, the market is dedicated to sustainability. Sportswear brands focus on creating clothes that provide the perfect fit, comfort and durability, rather than matching fashion trends. This allows brands to be more innovative. 5

Big sportswear brands recognise the need for sustainability. Nike's Plant Color Collection uses natural dyes. Sweaty Betty has adopted biodegradable or recycled fabrics in some of its tops and leggings. Asics has also developed a running shoe made using plant-based fibres. 10

Sundried, the fastest growing UK sportswear brand, launched in 2016. Sundried differentiated itself from the big brands with collections made from 100% recycled plastic bottles and coffee grounds. It also makes T-shirts from EcoTech, a pioneering fabric that biodegrades in 3 years. Sundried believes that clothing should be high quality and last a long time, instead of being cheap and disposable. 15

Explain how being more sustainable could increase Sundried's added value.

(4)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

**(Total for question = 4 marks)**

Q13.

**Extract A**

**Aston Martin set for shake-up and targets new buyers**

Andy Palmer joined UK-based premium priced car manufacturer Aston Martin as Chief Executive to implement a new marketing strategy targeting younger buyers and women.

At the Geneva Motor Show he announced that he wants the car maker to rebuild its range of sports cars as well as add two new cars to the product portfolio in order to target this new market. 5

“As an industry, we’re pretty poor at ticking the boxes that satisfy women customers, we tend to view cars for women as ‘pink it and shrink it’ – add a place to hold your handbag – which I think is quite cynical.”

“You have to start with a type of beauty and then imagine how you make that more affordable to a younger generation and appealing to female customers” he added. 10

A more feminine Aston Martin would probably have a higher driver’s seat and greater durability, more like a 4 x 4 vehicle. This will put the company in the competitive, fast-growing segment of premium priced cars, alongside Jaguar who focus on dramatic design and performance. Bentley’s handcrafted, powerful, luxury cars and Rolls-Royce cars remain the choice for the super-rich. 15

(Source: adapted from [www.ft.com/cms/s/0/1acf27c6-bdcf-11e4-9d09-00144feab7de.html#axzz3Zqnp9lQb](http://www.ft.com/cms/s/0/1acf27c6-bdcf-11e4-9d09-00144feab7de.html#axzz3Zqnp9lQb))

Explain how Aston Martin uses differentiation in the premium car market.

(4)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Q14.

**Extract A**

**Online presence is essential for modern businesses**

Ryan Daniels started Hydra Creative, a company that provides services including bespoke website design, online advertising and business stationery design. It makes use of business to business (B2B) marketing.

High demand caused Hydra Creative to grow rapidly. Ryan needed to take on employees to cope with the workload and quickly changed from being a sole trader to a private limited company with his wife, Gemma, as a shareholder and director. He now has 18 team members and offices in Sheffield and London. 5

Responding to customer feedback, Ryan and Gemma have improved promotion of the company, ensuring that sales for traditional services, such as stationery design, do not fall into the decline stage of the product life cycle. 10

Gemma stated; "more and more businesses are turning to search engine optimisation (SEO) to promote themselves online. We have updated this paid for service which helps to position our clients' businesses higher in search engine results."

(Source: Interview with Gemma Daniels shareholder and Director of Hydra Creative)

Explain how market orientation could benefit Hydra Creative.

EXAM PAPERS PRACTICE (4)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for question = 4 marks)

Q15.

**YOTEL**

YOTEL is a 'micro' hotel brand found at London Gatwick, London Heathrow and Amsterdam Schiphol airports. Each hotel has a 24/7 automated check-in and between 30 to 50 'cabins' with luxury bedding and free Wi-Fi. Cabins are bookable by the hour, often with different guests using the same cabin over a 24-hour period, all of which have to be serviced by YOTEL staff. 5

Occupancy rates are high. YOTEL claims 'a first class hotel experience at an affordable price' in a highly saturated accommodation market.

YOTEL has generated significant demand from corporate travellers, and won Business Hotel of the Year in 2009.

In 2011, the company expanded its market and opened a 669-cabin hotel in Times Square, New York City, with a 4th floor space that includes bars, a restaurant, lounge and the largest hotel terrace in NYC. 10

YOTEL continues to be a niche market product. It plans to open a 600-cabin hotel in the centre of Singapore in 2018, plus larger airport venues worldwide.

(Sources: adapted from [www.yotel.com](http://www.yotel.com) and [www.businesstravelnews.com/](http://www.businesstravelnews.com/))

YOTEL has announced its plans to expand in city centres and in airports.

Explain how YOTEL could use primary market research to support its decision to expand.

(4)