

Thursday 24 January 2013 – Morning

A2 GCE BUSINESS STUDIES

F293/01/RB Marketing

RESOURCE BOOKLET

Duration: 2 hours

To be given to candidates at the start of the examination



INSTRUCTIONS TO CANDIDATES

- The information required to answer questions 1–6 is contained within this Resource Booklet.

INFORMATION FOR CANDIDATES

- The information contained within this Resource Booklet is based upon one or more real businesses.
- This document consists of 4 pages. Any blank pages are indicated.

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Kingston Publishing Ltd (KPL)

Kingston Publishing Ltd (KPL) is a UK business which produces the male-targeted lifestyle magazine 'Men's Stuff' from its head office in Sidmouth in the South West of England. The company was formed by Joe Kingston 15 years ago following his successful career at a larger national magazine. Joe launched the business and has seen it grow to now employ 14 staff, as the sales and overall readership numbers of the magazine have steadily increased.

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Joe, who is Managing Director of KPL, felt that whilst the sales of 'Men's Stuff' magazine had grown and it continued to be a successful and mature product with a steady readership level (see Figs. 1 and 2), a new publication venture would be the type of challenge he was seeking. This would provide the company with a wider and more balanced product portfolio.

Fig. 1 – Men's Stuff magazine sales figures by age group 2012

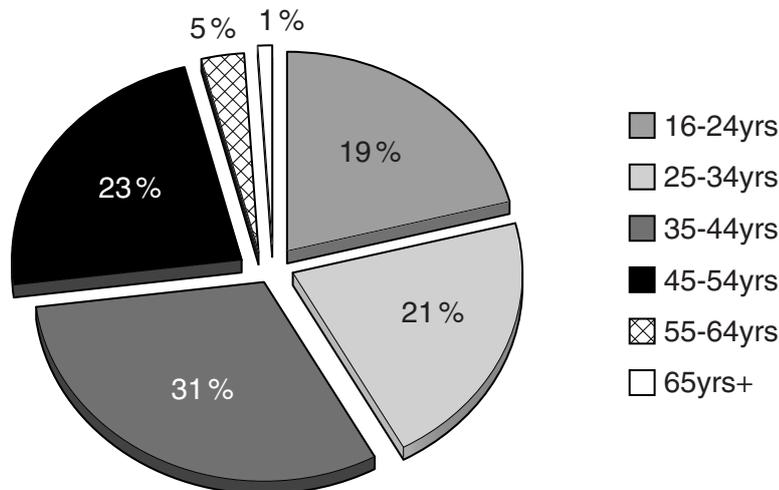
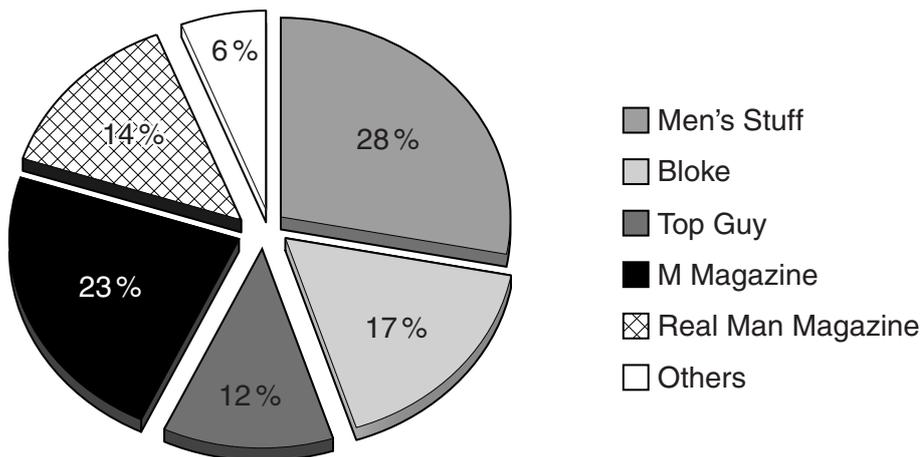


Fig. 2 – Market share figures for male targeted magazines 2012



Over recent months, following the birth of his third daughter, Joe has been very impressed with the on-line social support business 'Mumsnet' and the market power it has developed by targeting a specific single market segment of women with children. Joe recognised that when he launched 'Men's Stuff' magazine a more general content magazine was able to gain a foothold in the market as there was much less competition in those days. Joe knew that to launch a new magazine title in the current market would need an entirely different strategy.

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Joe was on the train returning from a print media exhibition in London when his thoughts turned to the future of his business. He was particularly keen to develop KPL's product portfolio in the magazine industry and especially to adopt some of the new innovations and ideas within the industry which he had seen at the exhibition.

Reading a newspaper article on the train, Joe began thinking. The article was about the current trends in Internet usage, with the fastest growth sector being people of 50 to 65 years of age and the extraordinary growth in membership of the social website 'Gransnet' targeting what are being labelled as 'silver surfers', a generation of grandparents who are Internet users and looking for new ways to share interests and thoughts. 20

As he observed the people in the train carriage, Joe's mind began to wonder if his next business venture could be all around him. The train provided Wi-Fi access to the Internet, people were using iPads, reading electronic books and on laptops, mobile phones and games consoles. The lady sitting opposite Joe, was reading 'The Buzz', a free newspaper given away outside railway stations. 25

Some months later, back at KPL's head office in Sidmouth, Joe's initial ideas had moved swiftly with the assistance of some of his staff. Joe had spent time working on some basic market research and a business plan for the new venture had been developed to include additional finance, staffing, operational plans and potential marketing strategies. 30

Almost six months to the day from attending the print media exhibition in London, Joe assembled the staff and presented them with his vision for the future direction of KPL. He outlined his proposal to launch a new product alongside the current 'Men's Stuff' magazine and asked the staff for their opinions. The new venture, to be called 'Life Magazine', would be groundbreaking for KPL. It would be available to download from the Internet, targeting mature readers and, most innovatively, it would be free! 35

Inevitably, there were many questions from the KPL staff, but Joe explained the business strategy for the new venture in some detail. The magazine would be a lifestyle magazine; hence 'Life Magazine' would be a monthly publication aimed at men and women in the 50–65 year age bracket with a mix of articles, competitions, ideas and reviews. 40

"How can it be free?", asked a member of the sales team. Joe responded by explaining a strategy by which revenue would be generated by the sale of advertising space within the publication. Joe's strategy was that, as readership numbers grew, the price for advertising space would increase. 45

The next two questions were equally predictable: "How will we produce an on-line magazine?"; and "Where will the money come from for this venture?".

Joe was totally prepared for the concerns and excitement of the staff, a new product, new target market segments, new business approaches and new challenges for all. He concluded his presentation to the staff with a review of the sales and life cycle stages which 'Men's Stuff' magazine had been through to get to where it is today. He felt that this experience would be valuable in the proposed launch of the new product. Joe then presented the forecasted figures for the launch of 'Life Magazine' (see Table 1). 50
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Table 1 – Forecasted readership and advertising revenue for 'Life Magazine'

Year	1	2	3	4	5
Readership	25 000	37 000	50 000	70 000	102 000
Advertising revenue	£55 000	£68 000	£90 000	£120 000	£140 000

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