



ADVANCED GCE
BUSINESS STUDIES
 Marketing

F293

Candidates answer on the Question Paper

OCR Supplied Materials:
None

Other Materials Required:
None

SPECIMEN 2010

Duration: 2 hours



Candidate Forename		Candidate Surname	
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Centre Number								Candidate Number				
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INSTRUCTIONS TO CANDIDATES

- Write your name clearly in capital letters, your Centre Number and Candidate Number in the boxes above.
- Use black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully and make sure that you know what you have to do before starting your answer.
- Answer **all** the questions.
- Do **not** write in the bar codes.
- Write your answer to each question in the space provided; however additional paper may be used if necessary.
- It is recommended that you spend 10–15 minutes reading and annotating the material in the Case Study. You will be expected to refer to this material in your answers.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is **60**.
- **The quality of your written communication will be assessed in questions that are indicated accordingly (*). Marks will be awarded for spelling, punctuation and grammar, use of appropriate form and style of writing, and for organising work clearly and coherently.**
- This document consists of **12** pages. Any blank pages are indicated.



Floral Always

Floral Always is a firm based in the South-East of England. It specialises in preserving and framing floral tributes in a three-dimensional way. The firm faces some competition locally, with more at a national level.

Floral Always was established seven years ago and has developed successfully during this time. The sole owner, Sarah Cronin, employs five staff and has a shop base on the outskirts of a busy town centre. Sarah has almost been embarrassed by the money which she has made, having spent many years voluntarily helping friends with floral work. She had worked in a local flower store for several years before establishing Floral Always. It was her husband, Pete, who suggested that she made better use of her talents and he has assisted Sarah in the administrative work associated with floral always. As 10 the reputation for the service has grown, so more of the work has been secured through mail order advertising.

The bulk of the work up until now has been in preserving wedding bouquets. However, orders are often received for other floral tributes; for example, wedding headdresses, corsages and floral funeral tributes.

The price of Floral Always's products has depended, to date, on the volume and type of flowers preserved, along with the shape, size and finish of the frame ordered. Sarah is aware that the prices charged reflect a 'luxury' product being sold in an affluent area. It is not uncommon for customers to pay in excess of £250 for a framed wedding bouquet. This can reflect a mark-up on costs of 100% for materials and 200% on her time.

The promotion of Floral Always, in recent years, has been focussed on attendance at local wedding fairs, advertisements and publicity in the local press with advertisements placed in specialist wedding magazines. In trying to assess the success of promotion activities, Sarah recorded where the most recent 50 new customers had heard of Floral Always. The results are shown in Appendix 1. The vast majority of customers have been, 25 to date, the brides but Sarah is keen to explore the wider market for wedding presents.

The 'wedding market' is peculiar in many ways in that by its very nature, repeat purchasing is unlikely and the notion of brand loyalty is difficult to establish along with the major constraint of being seasonal in demand. Demand for her products reduces dramatically in the winter months from November to March.

Sarah has recently carried out some market research using a variety of methods. Following this, she decided to draw up a SWOT analysis (see Appendix 2) to indicate her present and likely future position in the market place. Sarah feels that the SWOT analysis has highlighted the need to try to diversify the business. A review of the marketing effort was also required. She contemplated the following four options:

- Option A: Try to expand by increasing the number and range of promotion activities. 35
- Option B: Increase the range of products on offer. This would complement the existing products with the opportunity to provide other 'wedding' products, e.g. car hire, wedding cakes, flowers, photography etc. Sarah may need to carry out further market research to assist her decision.
- Option C: Carry out a review of prices. Prices are currently set at a relatively high level with contribution per item sold being quite high. Where the local area is relatively affluent, potential demand from a wider area may require a reassessment. 40



Appendix 1:

Promotion medium	Cost last year (£)	No. of customers attracted (Sample of 50)	% of sample
Wedding fairs	250	17	34
Yellow Pages	175	4	8
Local Press	1200	10	20
Mail order	500	8	16
Word of mouth	–	11	22

Appendix 2:

Sarah's SWOT Analysis

Strengths

- 15% of Floral Always's potential customers are aware of Floral Always
- 60% of past customers did investigate making the purchase from a competitor but eventually chose Floral Always
- 75% of past customers believed the price of a sample product from the range indicated that it was either of good or very good quality
- Sarah is happy with the profit made by Floral Always

Weaknesses

- Pete feels that profit is too low
- 85% of potential customers have never heard of Floral Always (poor marketing strategy?)
- When shown one of Floral Always's products, 80% of customers said they would expect to pay less than the retail price

Opportunities

- 50% of past customers said that they would consider buying the product again in the form of a wedding present (an unexplored market place?)
- 35% of potential customers said that they would consider £125 a reasonable price to pay for such a wedding present
- 85% of customers would be happy to purchase additional products from Floral Always

Threats

- If profit stays at its current level, Pete may encourage Sarah to consider selling the business
- 50% of past customers were not interested in buying the product again
- 65% of potential customers feel that £125 is too high a price to pay for a wedding present of this type
- There is always likelihood that further competition could enter the market.



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