# Check In test

# Marketing

## Questions

1. A sole trader has limited knowledge of the market in which the business operates.

This is an example of a business:

(a) opportunity

(b) strength

(c) threat

(d) weakness

**[1]**

1. Which of the following is not a secondary market research source?

(a) Company reports

(b) Focus groups

(c) Government statistics

(d) Newspapers

**[1]**

1. The market for skin care products in the UK has increased from £2.1 billion in 2014 to £2.2 billion in 2015.

The percentage market growth for skin care products in the UK from 2014 to 2015 is:

(a) 0.045%

(b) 0.048%

(c) 4.545%

(d) 4.762%

**[1]**

1. Which of the following best describes a product orientated company?

(a) The company does not need to conduct any market research

(b) The company focuses on its products and their specifications

(c) The company gains more revenue from products than services

(d) The company has no need for a customer services function

**[1]**

1. A business with a product in the growth phase of its product lifecycle is likely to be experiencing:

(a) a fall in demand

(b) a worsening of net cash flow

(c) increased sales turnover

(d) spiralling inflation

**[1]**

1. A business with a unique selling point (USP) is most likely to have:

(a) a competitive advantage

(b) a monopoly

(c) a small marketing budget

(d) a weak brand

**[1]**

1. Which one of the following shows the relationship between the price of one good and the demand for another good?

(a) Boston Matrix

(b) Cross elasticity of demand

(c) Pricing strategy

(d) The Marketing Mix

**[1]**

1. Which of the following is a below the line promotion strategy?

(a) Newspaper advertising

(b) Plasma screen displays

(c) Sponsorship

(d) Trade Fairs

**[1]**

1. Using an example, explain what is meant by digital distribution. **[2]**

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1. A firm which has only ever marketed its products in the UK is considering marketing its products internationally.

State **two** specific challenges of international marketing. **[2]**

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1. Charleston Pianos Ltd currently sells 3000 pianos a year. The average selling price   
   of each piano is £5000. The price elasticity of demand for Charleston Pianos is -0.25.

Calculate the number of pianos which Charleston Pianos Ltd should expect to sell if it increased the price of its pianos to £5500. **[4]**

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1. Explain **one** drawback of using trial marketing to assess the likely success of a   
   full product launch. [2]

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## Mark Scheme

| **Question** | | **Answer** | **Marks** | **AO** | **Rationale** |
| --- | --- | --- | --- | --- | --- |
|  |  | **(d)** | **1** | **1** | **(a)** An opportunity is a positive, external factor. The sole trader’s lack of knowledge is neither positive nor external.  **(b)** A strength is a positive, internal factor. Whilst the sole trader’s lack of knowledge is internal, it is not a positive attribute.  **(c)** A threat is a negative, external factor. Whilst the sole trader’s lack of knowledge is a negative factor it is not external because it is not beyond the business’ control.  **(d) Correct answer:** This is weakness: a negative factor which is internal to the business because it is within the control of the sole trader. |
|  |  | **(b)** | **1** | **1** | **(a)** Company reports have already been published for another purpose and are, therefore, secondary sources of information.  **(b) Correct answer:** In a focus group attendees are asked specific questions directly, it is therefore a primary market research method.  **(c)** Government statistics have already been collected for another purpose and are, therefore, secondary sources of information.  **(d)** Newspapers contain information which again has been published for another purpose and are, therefore, secondary sources of information. |
|  |  | **(d)** | **1** | **2** | **(a)** Candidate calculates growth to be £0.1bn but then erroneously divides by £2.2bn and does not multiply by 100 to give the percentage.  **(b)** Candidate uses the correct figures but forgets to multiply by 100 to calculate the percentage.  **(c)** Candidate calculates growth to be £0.1bn but then erroneously divides by £2.2bn.  **(d) Correct answer:** £2.2bn - £2.1bn = £0.1bn growth. £0.1bn/£2.1bn x 100 = 4.762% growth. |
|  |  | **(b)** | **1** | **1** | **(a)** Market research is still required, at the very least to determine the marketing mix.  **(b) Correct answer:** A product orientated company designs its product and then tries to sell it (in contrast to a market orientated company which finds out what the customer want and then creates the product).  **(c)** Candidate confuses a product orientated company with one that specialises in the sale of goods rather than the provision of services.  **(d)** All businesses need a customer service function. Product orientated businesses perhaps more so because the customer may be more likely to need help with the product or feel the need to complain. |
|  |  | **(c)** | **1** | **1** | **(a)** Demand for the product would be rising rather than falling. Falling demand would indicate that a product is in the decline stage.  **(b)** Increased sales leads to increased cash inflows, improving the net cash flow position (which may still be negative).  **(c) Correct answer:** In the growth phase the product is becoming more popular and sales are rising.  **(d)** Candidate confuses the growth stage of the product lifecycle with the boom period of the business cycle where inflation is quite likely. |
|  |  | **(a)** | **1** | **1** | **(a) Correct answer:** A USP is likely to give a business an edge over its competition.  **(b)** Candidate confuses one supplier (unique supplier) with unique selling point.  **(c)** A business with a USP needs to be showing off its USP. This is likely to mean a larger marketing budget rather than a small one.  **(d)** A business with a USP needs to differentiate itself. One of the most effective ways of doing this is by creating a strong brand, rather than a weak one. |
|  |  | **(b)** | **1** | **1** | **(a)** Candidate misunderstands the purpose of the Boston Matrix, which is a tool to help decide which products to produce or sell.  **(b) Correct answer:** Cross elasticity of demand shows whether goods are substitutes, complements or have no connection.  **(c)** Pricing strategy relates to the method a business uses to determine the prices it will charge for its goods, it does not calculate the effect of changing the price of one good on the demand for another.  **(d)** Price is one component of the marketing mix, but it does not show the relationship between the price of one good and the demand for another good. |
|  |  | **(d)** | **1** | **1** | **(a)** A mass market method wherethere is no direct contact between the business and potential customers.  **(b)** The business has no direct contact with potential customers  **(c)** The business has no direct contact with potential customers an no control over the media involved.  **(d) Correct answer:** At trade fairs the business deals directly with potential customers who approach the stand. |

| **Question** | | | **Answer** | **Marks** | **Guidance** |
| --- | --- | --- | --- | --- | --- |
| **9** |  |  | One mark for explanation.  One mark for a correct example. | **2**  (AO1 1)  (AO1 1) | Indicative content:   * the use of electronic methods to deliver a product (or service). * examples include e-books, music downloads, software downloads, film downloads, e-tickets.   Example **required** for full marks.  Exemplar response:  Digital distribution sends the product directly to the customer via the Internet (1). An example of this is the school text book, which increasingly is made available as an electronic file rather than in hard copy (1). |
| **10** |  |  | One mark for each correct identification, to a maximum of two identifications. | **2**  (AO1 2) | Indicative content:   * different trading laws eg labelling laws, alcohol * different health and safety regulations * cultural differences eg role of women * religious differences * political climate eg stability? * freedom of speech allowed? * foreign government intervention * payments to foreign government officials (bribes?) * language differences * distribution and logistics * cost of international market research * currency/monetary units and pricing * time zone issues * after sales service.   **No** context required. |
| **11** |  |  | Up to four marks.  Four marks for correct answer 2925 (irrespective of workings).  Otherwise:  1 mark for %△P = 10% (minus sign not required)  1 mark for %△QD = 2.5% (minus sign not required)  1 mark for 2.5% = 75 (minus sign not required) | **4**  (AO1 1)  (AO2 3) | Indicative content:  △P = £5500 - £5000 = £500 increase  %△P = £500/£5000 x 100 = 10% (1)  PED = %△QD/%△P **∴** -0.25 = %△QD/10%  **∴**%△QD=-2.5% (1)  3000 x 2.5/100 = 75 (1)  QD = 3000 – 75 = 2925 (1)  Award three marks for ‘3075’. |
| **12** |  |  | One mark for a correct identification, plus one further mark for explanation. | **2**  (AO1 2) | Indicative content:   * difficulty in selecting an appropriate trial market * trial market may not be representative of the population/full target market * sample size too small * invalid extrapolation * reveals plans to the competition * delayed launch to full market * gives competitors time to respond.   **No** context required.  Exemplar response:  One drawback of using trial is that the trial market chosen may not be representative of the full target market (1). If the trial market ‘s characteristics vary even slightly from the full target market, then the trial results will also be different, and the insight provided into whether or not to market the product unreliable (1). |

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