# Check In test

# Marketing

## Questions

1. ‘To increase market share by 5% over the next three years’, is an example of a marketing:

(a) audit

(b) objective

(c) plan

(d) strategy **[1]**

1. The key components of the AIDA marketing model are:

(a) attention, ideas, defining, advertising

(b) attention, interest, desire, action

(c) awareness, ideas, defining, advertising

(d) awareness, interest, desire, action **[1]**

1. A motor vehicle manufacturer has collected the following initial data about the price its target market may be willing to pay for its new hydrogen-powered car.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| £15k | £18k | £20k | £20k | £25k | £26k | £30k |

The standard deviation of the above data is:

(a) £4.8k

(b) £12.7k

(c) £15k

(d) £22k  **[1]**

1. A tactic used to reverse the falling sales of a product whose popularity is declining is called:

(a) a lifecycle extension strategy.

(b) an internal economy of scale.

(c) crisis management.

(d) time series analysis. **[1]**

1. Value analysis attempts to obtain the right balance between the functionality, aesthetics and cost of a product.

For which one of the following products is aesthetics likely to be the most important factor?

(a) Baby wipes

(b) Designer clothing

(c) Pain killing drugs

(d) Pre-packed sausages **[1]**

1. Which of the following is a limitation of using income elasticity of demand calculations to inform marketing decisions?

(a) The formula assumes customer buying behaviour can be accurately predicted

(b) The formula cannot be used by businesses in the service sector

(c) The formula does not distinguish between luxury goods and necessities

(d) The formula relies on absolute values rather than percentages **[1]**

1. Prudhoe Shoes Ltd collected the following data about the shoe sizes of men and women in its target market:

|  |  |  |
| --- | --- | --- |
|  | Men | Women |
| Mean shoe size | 8 | 6 |
| Standard deviation | 1.0 | 1.5 |

According to the data, which of the following statements is true for Prudhoe Shoes Ltd’s target market?

(a) Men’s shoe sizes have a wider variance from the mean than women’s

(b) On average woman wear shoes 1.5 times smaller than men

(c) The average man wears shoes one size bigger than the average woman

(d) The spread around the mean of women’s shoe sizes is wider than for men **[1]**

1. Which of the following is a component of the extended marketing mix for a firm which provides a personal service?

(a) People

(b) Physical distribution

(c) Price elasticity of demand

(d) Profit **[1]**

1. Explain what is meant by the term ‘niche market strategy’. **[2]**

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1. Explain **one** advantage and **one** disadvantage to a business of using  
    viral marketing. **[4]**

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1. Todd Ltd increases its advertising budget spend from £10,000 to £20,000. This results in a 40 per cent increase in sales.

Calculate Todd Ltd’s advertising elasticity of demand. **[2]**

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1. A national property developer specialises in building starter homes in deprived and disadvantaged areas of the country.

State and explain **two** external economic factors which might influence the   
marketing function of this property developer. **[4]**

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|  |

## Mark Scheme

| **Question** | | **Answer** | **Marks** | **AO** | **Rationale** |
| --- | --- | --- | --- | --- | --- |
|  |  | **(b)** | **1** | **1** | **(a)** An audit is a check or review of a situation. It could be used to set marketing objectives or to evaluate whether objectives have been met.  **(b) Correct answer:** It is a statement of what the business wishes to achieve, a SMART objective.  **(c)** A plan is a detailed outline of the way a business will implement its strategy to try and achieve its objective  **(d)** A marketing strategy is the marketing approach a business wishes to take, in order to try and achieve its objectives. In due course the strategy will be turned into a specific plan of action. |
|  |  | **(b)** | **1** | **1** | **(a)** Candidate mixes AIDA with DAGMAR’s ‘defining’ and ‘advertising’ elements.  **(b) Correct answer:** The AIDA cycle states that ‘attention, interest, desire, action’ are all required before an advertisement leads to a purchase.  **(c)** Candidate confuses with DAGMAR’s ‘defining’ and ‘advertising’ elements and the Awareness Trial Repurchase model.  **(d)** Candidate confuses AIDA’s ‘attention’ with ATR’s ‘awareness’. |
|  |  | **(a)** | **1** | **2** | **(a) Correct answer:** Arithmetic mean = £22k (see D). Deviation from the mean: -£7k,-£4k,-£2k,-£2k,+£3k,+£4k,+£8k. Square of deviations: £49m,£16m,£4m,£4m,£9m,£16m,£64m. Sum of squared deviations = £162m. Variance = £162m/7 = £23.143m. Standard deviation = square root of £23.143m = £4.8k.  **(b)** Candidate forgets to divide the sum of squared deviations by 7 and erroneously calculates the standard deviation as the square root of £162m ie £12.7k.  **(c)** This is the range of the data: £30k - £15k = £15k.  **(d)** This is the arithmetic mean of the data: (£15k+£18k+£20k+£20K+£25k+£26k+£30k)/7 = £22k. |
|  |  | **(a)** | **1** | **1** | **(a) Correct answer:** A product lifecycle extension strategy is designed to extend the life of a product in decline.  **(b)** This has nothing to do with trying to increase sales; instead it has to do with reducing unit costs.  **(c)** Candidate confuses the firm having a crisis with the crisis management process.  **(d)** Candidate confuses a time series analysis graph with the product lifecycle diagram. |
|  |  | **(b)** | **1** | **2** | **(a)** For baby wipes, functionality is likely to be most important factor – the ability to clean without harming a baby’s delicate skin.  **(b) Correct answer:** As fashion items, the functionality and economic cost of designer clothing is secondary to their aesthetics.  **(c)** For pain killing drugs, functionality is most important, they need to be effective at reducing pain.  **(d)** For pre-packed sausages cost and functionality are likely to be the most important factors. |
|  |  | **(a)** | **1** | **1** | **(a) Correct answer:** The formula assumes a firm knows the effect of income changes on demand. In practice this data is not known until after the income change has actually occurred, limiting its use when making pro-active marketing decisions.  **(b)**  The formula can be used by all business, the percentage change in quantity demanded can relate to the demand for a product or service.  **(c)** The formula does precisely that, the result of the calculation will show whether a good is a luxury or necessity. Luxuries will have elastic YED, necessities will have inelastic YED.  **(d)** The formula uses percentage change rather than absolutes. |
|  |  | **(d)** | **1** | **2** | **(a)** The standard deviation for men’s shoes is smaller than for women’s.  **(b)** Candidate misunderstands the meaning of the standard deviation figure of 1.5.  **(c)** The average man wears size 8 and women size 6; so on average men wear two shoe sizes bigger.  **(d) Correct answer:** The standard deviation for women’s shoes is bigger than men’s. |
|  |  | **(a)** | **1** | **1** | **(a) Correct answer:** The extended marketing mix for services, frequently called the 7Ps refers to product (service), place, promotion, price, people, process, physical evidence.  **(b)** For a business which provides a personal service**,** there is no product to physically distribute.  **(c)** Price elasticity of demand measures the sensitivity of demand to changes in price. It is not part of the marketing mix.  **(d)** Profit may well be the overall aim of the firm, but it is an outcome, rather than a component, of a successful marketing mix. |

| **Question** | | | **Answer** | **Marks** | **Guidance** |
| --- | --- | --- | --- | --- | --- |
| **9** |  |  | Up to two marks. | **2**  (AO1 2) | Indicative content:   * small corner of total market * not mass market * specialise in subset of market * specific needs/demands * well defined market segment.   **No** context required.  Do **not** award examples.  Exemplar response:  A niche market strategy is where a business does not attempt to conquer the mass market (1). Instead it chooses to target a small segment of the market which has identifiable and specific demands (1). |
| **10** |  |  | One mark for the correct identification of an advantage, plus one mark for explanation.  One mark for the correct identification of a disadvantage, plus one mark for explanation. | **4**  (AO1 4) | Indicative content:   * advantages   + uses social media   + self-propagating   + rapid spread   + wide reach   + low cost   + time efficient   + high credibility (opinion of others)   + popular with younger generation. * disadvantages   + needs careful management during initiation   + cannot guarantee a campaign will go viral   + content cannot be controlled   + buzz may be negative   + exponential spread of negative comment   + negative response if too invasive   + high risk   + not popular with older generation.   **Must** be advantages/disadvantages for the business, not the customer.  Exemplar response:  One advantage of viral marketing is its cost effective in comparison with other promotional methods (1) This is because the campaign, once viral, spreads rapidly to an even wider circle of potential customers.(1). One disadvantage of viral marketing is that it is difficult for the business to control (1). If a negative buzz is created, the speed of proliferation can cause considerable damage to the business or brand (1) |
| **11** |  |  | Up to two marks.  Two marks for correct answer 0.4 (irrespective of workings).  Otherwise:  1 mark for %△A = 100% | **2**  (AO2 2) | %△QD=+40%  △A = £20,000 - £10,000 = +£10,000  %△A = £10,000/£10,000 x 100 = 100% (1)  AED = %△QD/%△A = 40%/100% = 0.4 (1) |
| **12** |  |  | One mark for each correct identification, to a maximum of two identifications plus a further one mark for each of two explanations. | **4**  (AO1 2)  (AO2 2) | Indicative content:   * unemployment levels * economic growth * inflation * interest rates * exchange rates * disposable income * standard of living * savings ratio * availability of credit * taxation * subsidies and grants * government home ownership schemes * distribution of income.   In each case, context is **required** for full (two) marks.  Exemplar response:  One economic factor would be the level of unemployment in an area (1). If income levels are low, the property developer would need to lower its prices accordingly (1). |

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