



## External Assessment

### NCFE Level 2 Certificate in Business and Enterprise (601/0048/5)

Unit 02 Marketing for business and enterprise (R/505/2817)

**Paper number:** P000758

**Assessment window:** 7 October 2019 – 18 October 2019

This booklet must be used for Tasks 2, 3, 4, 5 and 6 only.

#### Complete your details below:

<b>Centre name</b>		<b>Centre number</b>	
<b>Learner name</b>		<b>Learner number</b>	

**Total time allowed – 4 hours**

*Examiner use only*

#### **Instructions for learners**

- Read all instructions carefully and make sure that you understand what you need to do to answer each Task.
- You **MUST** attempt **all** of the Tasks to address all assessment criteria. You cannot achieve a Pass grade unless you meet the required standard in all of the questions.
- Write your responses to the questions in the spaces provided. If you need more space you may use extra paper.
- If you are using a word processor, you **must** make sure that all of your work is printed out.
- Make sure that any printouts or extra paper is securely attached to this assessment paper and labelled clearly with:
  - your name and learner number
  - your centre name and centre number
  - the Task and question number.
- At the end of the assessment hand all documents over to your Invigilator.

AC	Grade
2.1	
2.2	
2.3	
3.1	
3.2	
4.1	

You are **not** allowed to use the internet during this external assessment and no other resources can be used in this assessment.

**DO NOT TURN OVER UNTIL YOU ARE INSTRUCTED TO DO SO BY THE INVIGILATOR.**

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Before you attempt Task 2 you must read **Source 1** below and use this in your responses.

**Source 1**

**Paddy's Bags**

Paddy started making bags for his friends as presents when he was at school. The bags gained in popularity and Paddy now owns and runs a business that sells bags for many different occasions. He owns a shop located just off the main shopping area in Cambridge, but still gets plenty of passers-by. There is no parking available outside the shop but there is a multi-storey car park five minutes' walk away.

The best seller is a simple backpack for primary school children. His customers are the parents of children who attend the six local primary schools. Parents want to buy them at the beginning of each school year. They want the bag to be simple in design, hard-wearing and a low price. They also need a space on the outside of the bag to write the child's name. The bag must be big enough to hold a PE kit and two reading books. Paddy sells these direct from his shop, online through his website and also through the primary schools' parents' association. Sales remain high each year.

As the trend for manbags has been growing, Paddy is selling more and more of these. Most of these customers are men aged between 20 and 40 and are professional people. They want to be able to buy the bags all year round. His male customers want a bag that is simple but stylish in design, made of leather or a heavy canvas, both of which must be hard-wearing. The bags must be large enough to hold an iPad. The men do not want any kind of logo or decoration on the bags. They do not need a low price. He sells the same number of bags through his website as he does from the shop.

The backpack and manbag are made at a small local factory and many customers comment on the high quality of the stitching.

Paddy also makes decorated evening bags. Demand for these is at its highest at Christmas time. Women want something very stylish, not simple, with plenty of decoration to take with them to Christmas parties. These small bags are very popular, being just big enough to hold a mobile phone, some makeup and a hairbrush. Most of these customers have well-paid jobs, and are happy to pay a high price for their bag as each bag is unique and made by Paddy himself. Many customers buy a bag every Christmas. Although there are pictures of the bags on his website he only sells these through his shop.

**Source 1 Continued**

A year ago Paddy introduced a 'college bag' aimed at university students. He had carried out a survey amongst a small group of local students who told him that they wanted a hard-wearing, reasonably priced bag made of canvas. It did not need to be stylish but must be big enough to carry both a laptop and student files. To keep the price low, the bags are made in Poland. However, some of the bags were badly stitched and could not be sold. Demand for this product was low when launched but sales are starting to grow. Sales are both through the shop and online.

**Task 2**

*You must ensure that your work in Task 2a addresses assessment criterion 2.1. You can refer to the assessment criterion below Task 2a.*

You will need to use information from **Source 1** to answer Task 2a.

**2a.** Paddy's Bags has a number of target markets.

Identify **three** of Paddy's target markets from **Source 1**.

Explain how Paddy knows that each of the chosen target markets are suitable for his business.

Target Market 1:

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How does Paddy know that this target market is suitable for his business?

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Target Market 2:

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How does Paddy know that this target market is suitable for his business?

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Target Market 3:

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How does Paddy know that this target market is suitable for his business?

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<b>Assessment criterion</b>	<b>Pass</b>	<b>Merit</b>	<b>Distinction</b>
<b>2.1 Identify the various target markets for an organisation</b>	Learners will identify the various target markets for an organisation	Learners will justify reasons why the various target markets are suitable for an organisation	No distinction criteria for this AC

*You must ensure that your work in Tasks 2b and 2c addresses assessment criterion 2.2. You can refer to the assessment criterion at the end of the Task.*

**2b.** Choose **two** of Paddy's target markets from **Source 1** and identify their needs.

These can be the same target markets you identified in 2a or different ones.

Target Market 1:

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The needs of this target market:

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Target Market 2:

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The needs of this target market:

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**2c.** Choose **two** of Paddy's target markets from **Source 1** and explain how the needs of these **two** target markets are **similar** and how they are **different**.

These can be the same target markets you identified in 2a/2b or different ones.

Target Market 1:.....

Target Market 2:.....

How the needs are similar:

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How the needs are different:

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Assessment criterion	Pass	Merit	Distinction
<b>2.2 Compare the different needs of the target markets for an organisation</b>	Learners will compare the different needs of the target markets for an organisation	Learners will compare in detail the different needs of the target markets for an organisation	No distinction criteria for this AC



Before you attempt Task 3, you must read **Source 2** below and use this in your responses.

## **Source 2**

## **Market Research**

Paddy conducted market research before he opened his business and continues to do so. He uses both primary and secondary market research to collect quantitative and qualitative data.

- Paddy purchased reports from Mintel to find out about market data and consumer trends. This provided him with detailed statistics on the market for manbags and showed that the demand for these was growing significantly. Nearly a quarter of men aged 20–40 now own a manbag.
- Once a year, he holds a focus group of some of the customers of the school backpacks. They told him the two most important factors that influenced their purchase was price and how hard-wearing the bag is.
- Paddy buys a large number of fashion magazines each month to keep up with trends in women’s evening bags.
- He used the internet to find out that there was only one other local shop selling a similar range of bags. However, there were a large number of shops that sold schoolbags for primary schoolchildren.
- An internet search also told him that there were at least 20 shops online selling a similar product range.
- Before opening he ordered a bag from five of the online competitors to check the quality of the bag and the efficiency of the service.
- He gave a questionnaire to each customer who bought an evening bag in his shop. The questions were all open-ended and included one that asked, ‘why did you buy from the shop rather than the website?’ This told him that women who bought the evening bags valued the personal service and the opportunity to try a number of different bags at one time to see which suited their outfit best.
- He conducted a questionnaire amongst a sample of 10 local university students to find out why they weren’t buying his college bags. These questions were all closed.
- An internet search told him that 75% of Instagram users are aged between 18 and 24.

### Task 3

You must ensure that your work in Tasks 3a and 3b addresses assessment criterion 2.3. You can refer to the assessment criterion at the end of the Task.

You will need to use information from **Source 2**.

**3a.** Paddy has used primary and secondary research methods to collect quantitative and qualitative data.

Describe how any **two** of these research methods have been used by Paddy and give **one** advantage and **one** disadvantage of each method for Paddy's business.

**Research method 1** (circle **ONLY one** research method):

<b>Primary</b>	<b>Secondary</b>	<b>Quantitative</b>	<b>Qualitative</b>
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How has Paddy used this method?

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**One** advantage of this method for Paddy's business:

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**One** disadvantage of this method for Paddy's business:

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**Research method 2** (circle a **different** research method and circle **ONLY one**):

<b>Primary</b>	<b>Secondary</b>	<b>Quantitative</b>	<b>Qualitative</b>
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How has Paddy used this method?

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**One** advantage of this method for Paddy's business:

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**One** disadvantage of this method for Paddy's business:

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**3b.** Paddy would like to improve his market research methods.

Recommend **two** ways in which Paddy could improve his market research methods **and** explain how each could benefit his business.

First recommendation:

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How could this benefit Paddy's business?

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Second recommendation:

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How could this benefit Paddy's business?

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<b>Assessment criterion</b>	<b>Pass</b>	<b>Merit</b>	<b>Distinction</b>
<b>2.3 Describe how an organisation would research their target market</b>	Learners will describe how an organisation would research their target market	Learners will describe in detail how an organisation would research their target market	Learners will describe how an organisation would research their target market showing critical judgement

**Source 3****Marketing Methods Part 1**

Paddy uses a number of pricing strategies when selling the bags to best suit the target market.

To sell the school backpacks Paddy uses a competitive pricing policy. He knows that as his customers are happy with his product they are unlikely to buy from the competition. Most of his customers continue to buy their children's backpack the whole time they are in primary school. This is the most profitable part of his business.

Paddy uses a price skimming policy to sell the evening bags. Each bag is unique and his customers are happy to pay a higher price knowing that nobody else will have the same evening bag as themselves. The most expensive bag he has sold was £750. Paddy will continue to use this strategy whilst there is no local competition. Despite the high prices each bag only makes a small profit as the costs are so high. Paddy has made a number of evening bags that failed to sell but refuses to discount them as he believes this will damage the brand image.

When Paddy launched the college bag for the university students he used a price penetration strategy, hoping that the low prices would encourage the students to buy a bag. However, sales have been low and currently this range is making a loss. Paddy is worried the low price suggests low quality. A recent television programme showed the shocking working conditions in a factory in Pakistan that made bags similar to those that Paddy is selling to students.

Recently a Pinterest lifestyle blogger posted pictures of himself wearing one of Paddy's manbags. Since then online orders for manbags has risen by 300% and there is currently a waiting list of customers. Paddy uses cost-plus pricing on these products and is thinking of increasing the mark up due to the increase in demand.

**Source 4****Marketing Methods Part 2**

When Paddy first launched the children's backpack he handed out flyers to parents waiting at the primary school gates and delivered them to the local pre-schools. Most of these were thrown in the litter bins outside of the schools. Now Paddy gives away a free water bottle with every backpack sold. He only offers this promotion in August. Sales remain high each year with the largest number of sales being made in August.

When Paddy launched the college bag he put up posters in many of the university buildings. The poster included pictures of the bags, the shop location and web address. The poster also had details of a competition. Students had to tweet a photo of themselves wearing the bag they had bought in an unusual location. The top five entries received a full refund on their purchase. There were only 20 entries and Paddy lost money on the promotion.

Paddy also promotes the manbags through YouTube adverts. These appear as 20 second clips before a video starts. In this way he can accurately target his market. Paddy includes a link to his website on the advertisement. This attracts 5% of his customers. He is disappointed with this as this promotion is expensive and does not cover the cost.

Paddy does not promote through Facebook or Instagram.

In October, November and December Paddy takes out colour advertisements in a local Cambridge newspaper to promote the evening bags. This includes a promotional voucher offering a discount of 10% on each bag bought. At least a third of the customers who buy an evening bag in these months bring the voucher and tell him it was one of the reasons they chose to visit his shop rather than buy elsewhere.





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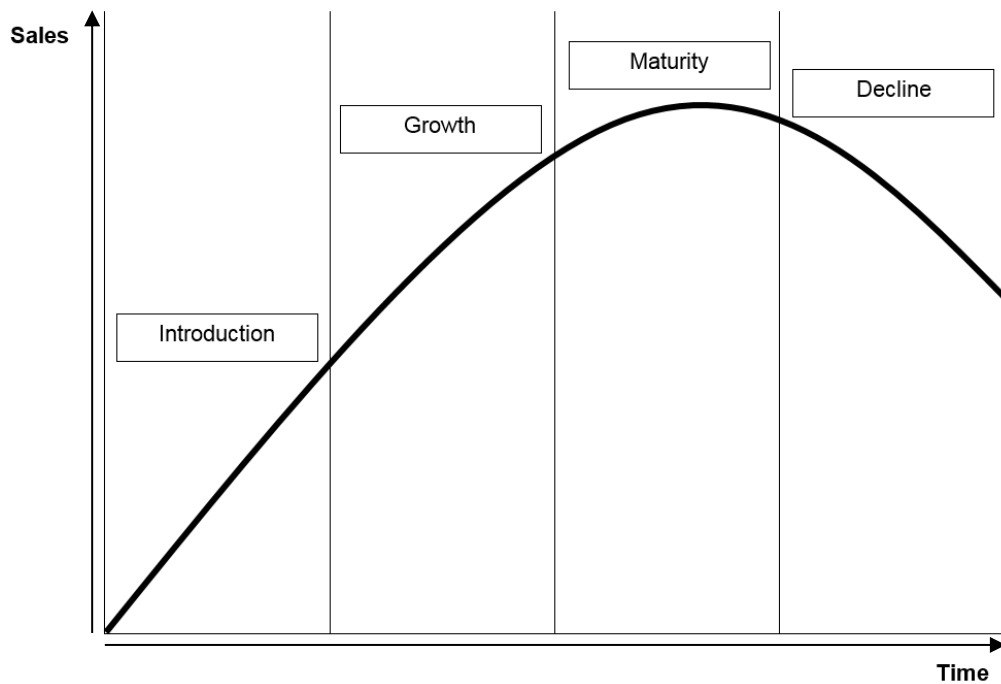
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**4b.** Below is a diagram of the product life cycle. Identify the correct stages in the product life cycle of the following products/services and explain your choice.

- (i) Primary school backpacks
- (ii) Manbags

**Figure 1.**

Product Life Cycle Diagram



4c. Explain the reasons for your choice of product life cycle section for the primary school backpacks and manbags.

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Assessment criterion	Pass	Merit	Distinction
<b>3.1 Explain the marketing mix</b>	Learners will explain the marketing mix	Learners will explain the marketing mix in detail	Learners will explain the marketing mix perceptively

## Task 5

*You must ensure that your work in Tasks 5a, 5b and 5c addresses assessment criterion 4.1. You can refer to the assessment criterion at the end of the Task.*

This Task is about the marketing mix for Paddy's products.

You will need to use information from **Source 1**, **Source 3** and **Source 4** when responding to this Task.

**5a.** Explain **one** aspect that went well and **one** aspect that did not go well for the **Price and Promotion** elements of the marketing mix for any of Paddy's product range.

### Price

One aspect that went well:

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One aspect that did not go well:

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**Promotion**

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One aspect that did not go well:

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**5b.** Suggest **two** improvements that Paddy could make to his marketing mix. Give reasons for your suggestions.

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Reason:

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Improvement 2:

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Reason:

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**5c.** Choose **one** improvement from **5b** and explain why you think this may **not** be successful for Paddy's Bags.

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<b>Assessment criterion</b>	<b>Pass</b>	<b>Merit</b>	<b>Distinction</b>
<b>4.1 Evaluate the effectiveness of different marketing methods</b>	Learners will evaluate the effectiveness of the marketing of the business or enterprise methods	Learners will coherently evaluate the effectiveness of different aspects of the marketing of the business or enterprise methods. Learners will indicate where improvements may be made	Learners will comprehensively evaluate the effectiveness of different aspects of the marketing of the business or enterprise methods. Learners will show critical judgement and indicate where improvements may be made

## Task 6

*You must ensure that your work in Tasks 6a and 6b addresses assessment criterion 3.2. You can refer to the assessment criterion at the end of the Task.*

**6a.** Explain in detail **two positive** impacts that social media and the internet can have on **any** business when **promoting** products and services.

Compare these two impacts to the impacts that can be achieved by using traditional methods of promotion.

First **positive** impact of social media and the internet when promoting products/ services:

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Comparison to traditional methods:

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Second **positive** impact of social media and the internet when promoting products/ services:

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Comparison to traditional methods:

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**6b.** Explain **two negative** consequences that might arise when **any** business uses social media and the internet to promote their products/services.

First negative consequence:

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Second negative consequence:

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<b>Assessment criterion</b>	<b>Pass</b>	<b>Merit</b>	<b>Distinction</b>
<b>3.2 Explain the impact of social media and the internet on promotion</b>	Learners will explore the impact of social media and the internet on promotion	Learners will clearly explain the impact of social media on promotion in comparison to traditional methods	Learners will explain the positive and negative impacts of social media on promotion

**This is the end of the external assessment.**

## **What you need to hand in after your external assessment**

At the end of the timed external assessment you will hand in the following to your Invigilator:

- this external assessment paper
- any extra paper you have used, securely attached to this assessment paper.

Make sure that all of your work, including any extra paper, is clearly identified with your name, your learner number, your centre name and your centre number.

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