



External Assessment

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

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

Past Paper

Assessment window: 5 October 2020 – 16 October 2020

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

Complete your details below:

Centre name		Centre number	
Learner name		Learner number	

Total time allowed: 4 hours

Instructions for learners

- Read all instructions carefully and make sure that you understand what you need to do to complete 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 printed material 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.

<i>Examiner use only</i>	
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.

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

Source 1

Najma's Torches

Najma had always enjoyed outdoor activities, especially camping, but some of the torches she used leaked in the rain or broke when dropped. Najma worked for an engineering company and in her spare time designed a torch that would survive outdoor activities and be 100% reliable. She called it the Out Torch. Najma's friends were so impressed by the torch that they suggested she start her own business making and selling it. Ten years ago she left her job and launched Najma's Torches.

The Out Torch is Najma's best seller. The people who buy these torches are people who like to go hiking and camping. It is important to customers to have a range of sizes to choose from, but colour is not important. The torch must be hardwearing, waterproof, reliable and shine very brightly. The torch needs to shine for a distance of at least 20 metres. One of Najma's customers' favourite features is the clip on the torch that will attach to a tent, belt or backpack. They also like the fact that the batteries are rechargeable. Although the torch is expensive, customers are happy to pay a high price. The Out Torch is sold through camping and hiking shops. Feedback from customers is very positive.

Najma wanted to expand her business and launched the Home Torch: an all-purpose torch aimed at men and women who are homeowners. Customers want this torch to be lightweight and available in a variety of sizes and colours. They also want it to be easy to hold, reliable and reasonably priced, but they do not need the torch to have rechargeable batteries. Originally, the Home Torch was sold through DIY stores, but sales were poor. Najma negotiated a deal to sell the Home Torch through a major supermarket and since then sales have been high. The Home Torch is a very profitable product.

Najma's research showed that there was a large potential market for torches for doctors, nurses and other medical professionals. Three years ago, she launched the Medi Torch. It is essential to customers that the torch can be wiped clean quickly, is lightweight and is easy to hold. The torch must provide a very bright light but does not need to shine for more than 25 centimetres. The Medi Torch is only made in black, as the medical staff want the torch to look professional. Initial research told Najma that the torch must be small enough to fit in a pocket and have a clip but that it did not need rechargeable batteries. Sales of this torch were slow to start with. Najma thought this might be because of the high price; however,

sales started to grow quickly after the torch received a review in a medical journal praising the torch's features and recommending it as a 'best buy'. The Medi Torch is only available to buy online.

The Build Torch is designed to be used on building sites. Every year 12 million torches are bought by building workers. Many companies buy new torches for their workers once a year.

Builders like to have a choice of torches of different sizes. Research told Najma that the customers wanted these torches to be yellow so they can be seen easily. They wanted the torch to be hardwearing and waterproof. It is important that the torch light is bright and shines for a distance of at least 20 metres. It must be safe to use in hazardous conditions and be 100% reliable. Customers insist that the batteries are rechargeable. The torches are designed to be hand-held so do not feature a clip. Since their launch, 5% of the torches have been returned as they did not always work when switched on. Sales of this model of torch are very low and only just cover their cost of production. 80% of the Build Torch sales are through large DIY stores, although the torch is also available to buy through specialist magazines.

Only the Medi Torch is sold 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. Najma has a number of target markets.

Identify **three** of Najma’s target markets from **Source 1**.

Explain how Najma knows that each of the chosen target markets are suitable for her business.

Target market 1:

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How does Najma know that this target market is suitable for her business?

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Target market 2:

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How does Najma know that this target market is suitable for her business?

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Target market 3:

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How does Najma know that this target market is suitable for her business?

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Assessment criterion	Pass	Merit	Distinction
2.1 Identify the various target markets for an organisation	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 Najma'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 Najma’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
2.2 Compare the different needs of the target markets for an organisation	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

Najma conducted market research before she opened her business. She continues to do so. She uses both primary and secondary market research to collect quantitative and qualitative data.

- Najma purchased reports from Mintel. This provided her with detailed statistics on the market for torches used in the building industry. This told her that although the construction industry was growing rapidly, demand for industrial torches was stable, ie demand was not falling or growing.
- Najma buys a number of different magazines targeted at people who like outdoor activities. The opinions and reviews published in these magazines help her keep up-to-date with the changing needs of the hiking and camping market.
- An internet search revealed statistics suggesting that the number of people taking part in outdoor activities was growing each year.
- After the Medi Torch had been on sale for a year, Najma held a focus group of medical professionals. They told her that the two most important factors that influenced their purchase was how easy the torch is to clean and how brightly it shines. She has not used this method of research since.
- Using the internet, Najma found out that there was only one other business selling medical torches online in the UK. However, there were at least 10 other businesses in the rest of Europe selling medical torches online.
- Before launching the Build Torch, Najma attended an annual building trade event. She conducted one-to-one interviews with builders attending the event. She asked open-ended questions to find out the most important factors they looked for when buying a torch. They told her that price was very important. She also found out that they preferred to buy a torch from a retail outlet rather than online.
- Each purchase of the Home Torch included a simple feedback card asking customers to rate various aspects of the torch on a scale of 1 to 5. Although the postage on these was prepaid, only 10% of people who bought the Home Torch returned the questionnaire.
- Before launching the Medi Torch, Najma purchased a similar torch from the only other UK company selling such torches online. This provided her with information on the features of her rival's torch, their speed of delivery and the their website's ease of use.

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. Najma 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 Najma and give **one** advantage and **one** disadvantage of each method for Najma's business.

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

Primary	Secondary	Quantitative	Qualitative
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How has Najma used this method?

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One advantage of this method for Najma's business:

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One disadvantage of this method for Najma's business:

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

Primary	Secondary	Quantitative	Qualitative
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How has Najma used this method?

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One advantage of this method for Najma's business:

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One disadvantage of this method for Najma's business:

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Source 3**Marketing Methods Part 1**

For the Home Torch, Najma uses a competitive pricing strategy. There are many other companies selling torches similar to the Home Torch and Najma believes that customers do not choose the torch on price but on other factors, such as the availability of different colours and sizes.

When Najma launched the Medi Torch she used a price-skimming strategy. The high prices reinforced the professional image of the torch and this is now a very profitable part of her business. The only other UK competitor recently went bankrupt, so Najma feels confident that she can continue to use price-skimming for the Medi Torch.

Najma uses cost-plus pricing to determine the price of the Out Torch. This results in a price that is higher than the competition, but does ensure that costs are covered and that a profit is made on each torch sold. However, 3 months ago a new competitor moved into the market. The competitor's torch is also hardwearing and weatherproof but is sold at a price 10% lower than the Out Torch. As a result, sales of the Out Torch have fallen in the last 3 months.

Initially, Najma used a cost-plus pricing strategy to determine the selling price of the Build Torch. However, as sales were low, Najma then used promotional pricing for a period of 1 month. The torches were offered at a discount of 20% off the usual price for this period. Despite this, sales of the torch continued to fall.

Source 4**Marketing Methods Part 2**

To promote the Home Torch, Najma runs a competition every year in spring. Customers are asked to think of a slogan that could be used to advertise the torch. The prize is £1000. Najma is always surprised at the high number of entries she receives and at the increase in sales in the spring period. In addition, the torches are advertised on TV in the run-up to Christmas. Last year the advertising campaign doubled her average monthly sales in November and December.

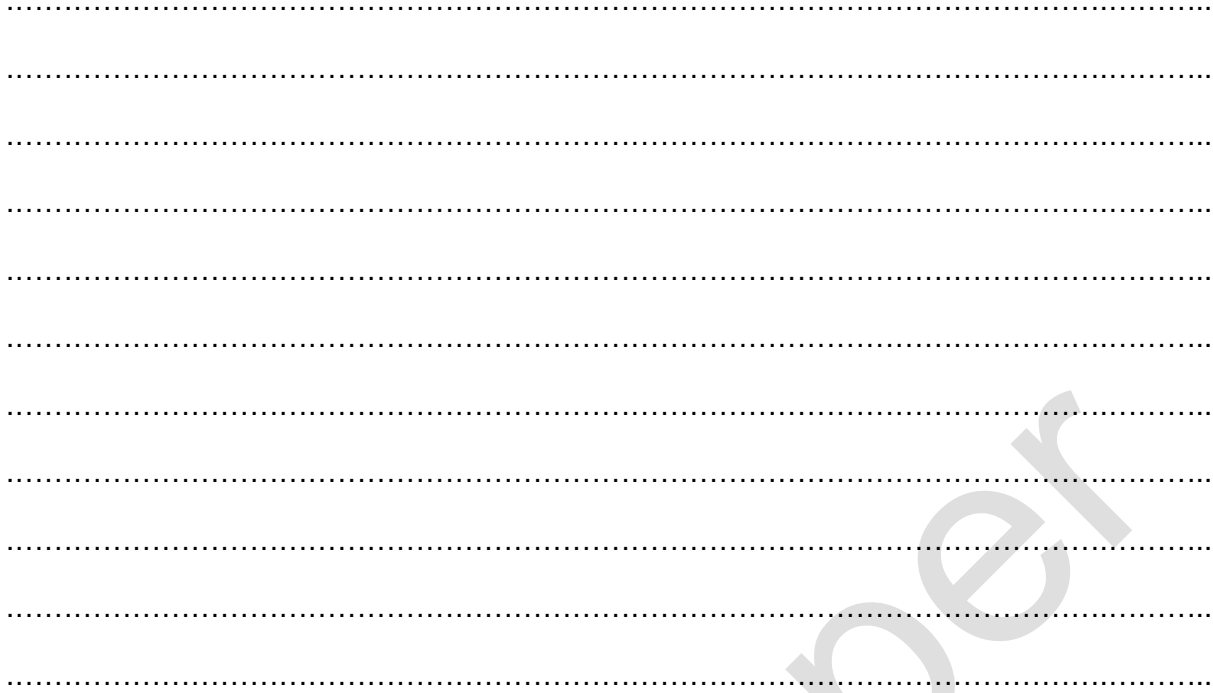
5 years ago, sales of the Home Torch dipped when the outer casing of some of the torches became too hot to hold. Najma fixed the problem quickly and sales of the Home Torch have remained high since.

Every month, Najma places an advertisement for the Out Torch in the two most popular hiking and camping magazines. The advert includes a voucher for 5% off the purchase price of the torch. Only 1% of the customers who buy an Out Torch use this voucher. Najma is thinking of keeping the advert but withdrawing the voucher as it does not stimulate sales.

For a period of 3 months after launching the Build Torch Najma placed advertisements in a number of trade magazines. The advert displayed pictures and details of the torches, but did not state the price or where they could be purchased. Sales did not increase in those 3 months.

Najma promotes the Medi Torch through direct-mail drops. When it was first launched, Najma sent a flyer to 500 hospitals and doctors' surgeries. Response to the flyer was very low and it cost her more than she earned in increased revenue. However, after being voted 'best buy' in a medical journal, sales increased by 400% in a period of 4 weeks. Najma expects the sales of the Medi Torch to continue rising rapidly.

Najma does not use any social media to promote her torches.

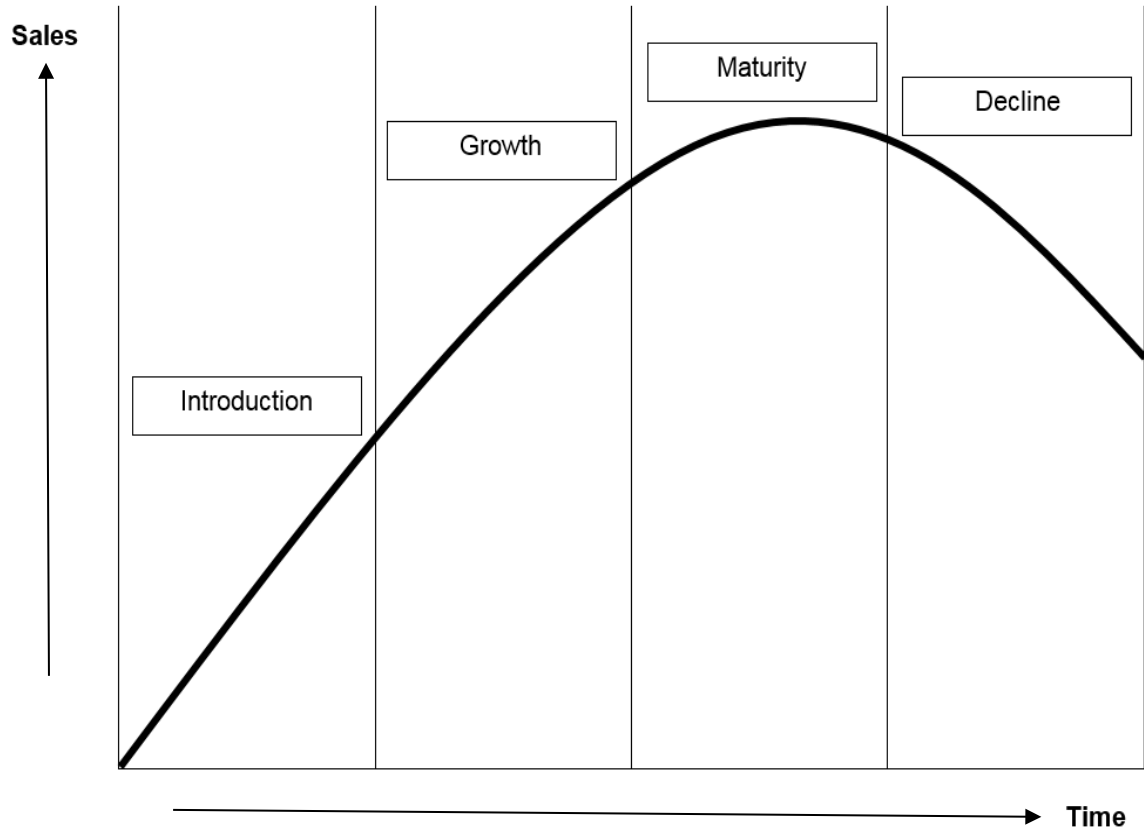


Past Paper

4b. Below is a diagram of the product lifecycle (Figure 1). Identify the correct stages in the product lifecycle of the following products/services.

- (i) Build Torch
- (ii) Medi Torch

Figure 1 Product Life Cycle Diagram



4c. Explain the reasons for your choice of product lifecycle section for the Build Torch and the Medi Torch.

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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 Najma’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 Najma’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

One aspect that went well:

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One aspect that did not go well:

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

Improvement 1:

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Reasons:

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Improvement 2:

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Reasons:

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Assessment criterion	Pass	Merit	Distinction
4.1 Evaluate the effectiveness of different marketing methods	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

Past Paper

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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Past Paper

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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Assessment criterion	Pass	Merit	Distinction
3.2 Explain the impact of social media and the internet on promotion	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.

Past Paper

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