3.2 Porter's Five Forces and Competitive Strategy: 10-minute Pack

Total Marks

AQA 7132 · Calculators not allowed · about 10 minutes

Name: _____ Date: ____ / ____ / _____

Answer ALL questions in the spaces provided. Use full sentences for the longer 'apply' and 'assess/recommend' questions. Show working where appropriate. The SuperShop case details given in several prompts are fictional and provided for use in applied questions.

1 Identify the Porter's Five Force described as 'the threat posed by rival firms currently competing in the same market for the same customers'. Apply this to a supermarket market.

- ☐ A) Threat of new entrants
- ☐ B) Bargaining power of suppliers
- ☐ C) Competitive rivalry
- ☐ D) Threat of substitutes

(Total for Question 1 is 1 mark)

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2 Identify one way in which buyers in a supermarket market can exercise strong bargaining power.

(Total for Question 2 is 1 mark)

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3 Identify one strategic action a supermarket could take to respond to strong competitive rivalry in its market.

(Total for Question 3 is 1 mark)

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4 Define the Porter's Five Force 'threat of new entrants' and give one brief example relevant to UK supermarkets.

(Total for Question 4 is 2 marks)

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5 SuperShop is a fictional UK supermarket chain with moderate market share, strong private-label lines, and recent investment in online ordering. State two barriers to entry that help protect SuperShop from new local competitors.

(Total for Question 5 is 2 marks)

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6 Identify one reason why the threat of new entrants into the supermarket market might be low even if barriers are moderate, using the SuperShop context.

(Total for Question 6 is 1 mark)

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Mark scheme · 3.2 Porter's Five Forces and Competitive Strategy: 10-minute Pack

Question 1

C cao **B1**

Answer: C

Question 2

identifies a valid example such as buyers switching supermarkets to get lower prices or better promotions **B1**

Answer: Buyers can switch to rival supermarkets that offer lower prices or better promotions.

Question 3

identifies a valid action such as price competition, loyalty schemes, cost reduction, or differentiation of services **B1**

Answer: Introduce or enhance a loyalty scheme to retain customers and reduce the impact of price-led rivalry.

Question 4

definition: factors that determine how easily new firms can start competing in a market **B1**

an example such as high set-up costs for stores and distribution, or strong brand loyalty **B1**

Answer: The threat of new entrants is how easily new firms can enter and compete in a market, for example high set-up costs for store networks and distribution that deter new supermarket chains.

Question 5

high initial capital costs for stores and distribution networks **B1**

brand loyalty and established private-label lines reducing customers willingness to switch **B1**

Answer: High initial capital costs for stores and distribution networks; and brand loyalty supported by SuperShop's strong private-label range.

Question 6

identifies a reason such as incumbent scale economies or access to prime store locations making entry unattractive **B1**

Answer: Incumbent scale economies and difficulty accessing prime store locations make market entry unattractive despite moderate barriers.

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