1.12 The Dynamic Nature of Business: Spotting New Opportunities: 1-hour Pack

AQA 8132 · Calculators not allowed · about 60 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer ALL questions. Write full sentences for questions worth 3 marks or more. Show any short workings. Maple & Co, a fictional business described in question 1, is used throughout this pack.

1 Maple & Co is a small high-street stationery shop in a UK town centre run by Erin. Over the last year Erin has started selling selected products online through a simple website, and now monitors online sales data weekly. Footfall in the town has been steady but a national low-cost online stationery retailer has opened a dedicated online store, increasing competition on price. Which one of the following changes described in this case is an example of a change in technology that creates a new opportunity for Maple & Co?

- ☐ A) Footfall in the town remaining steady
- ☐ B) Erin monitoring online sales data weekly
- ☐ C) A national low-cost retailer opening a dedicated online store
- ☐ D) Customers preferring printed planners to digital apps

(Total for Question 1 is 1 mark)

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2 A 'gap in the market' is a customer need that no business is currently meeting. Several customers have asked Erin at Maple & Co for eco-friendly wrapping paper, but no shop in the town centre currently stocks it. Which one of the following best describes what Erin has identified?

- ☐ A) A gap in the market for eco-friendly wrapping paper
- ☐ B) A rise in Maple & Co's fixed costs
- ☐ C) A fall in footfall in the town centre
- ☐ D) A new law on how shops must display prices

(Total for Question 2 is 1 mark)

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3 In the Maple & Co case above, which one of the following is an example of a change in the market that could create an opportunity?

- ☐ A) Customers liking printed planners
- ☐ B) The town centre footfall being steady
- ☐ C) A national low-cost online stationery retailer increasing competition on price
- ☐ D) Erin updating the shop window display weekly

(Total for Question 3 is 1 mark)

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4 Which one of the following is an example of a business spotting an opportunity by using primary market research in the Maple & Co context?

- ☐ A) Erin reads a trade blog about stationery trends
- ☐ B) Erin checks weekly online sales data for her own products
- ☐ C) Erin asks local customers in the shop what eco products they would buy
- ☐ D) Erin lowers all prices to match a national retailer

(Total for Question 4 is 1 mark)

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5 Which one of the following actions is an example of market segmentation that Maple & Co could use online to spot opportunities?

- ☐ A) Offering the same general discount to every website visitor
- ☐ B) Tracking which age groups buy personalised notebooks and targeting ads to them
- ☐ C) Increasing shop window displays without collecting customer data
- ☐ D) Reducing all product prices by 5 percent

(Total for Question 5 is 1 mark)

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6 State two types of change that can create new business opportunities for a small high-street retailer such as Maple & Co, naming the type of change in each case and giving one short example of that change in a UK retail context.

(Total for Question 6 is 2 marks)

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7 Identify two ways an alert owner of a small shop like Maple & Co could spot new opportunities in their local market. Give one brief action for each way named.

(Total for Question 7 is 2 marks)

8 Identify which action by Erin at Maple & Co best shows she is exploiting an online opportunity, as described in the case, and give one short reason.

(Total for Question 8 is 1 mark)

9 State two practical ways Maple & Co could exploit a rise in online demand for personalised notebooks, giving one brief example action for each way.

(Total for Question 9 is 2 marks)

10 State two possible risks Maple & Co should consider when exploiting a sudden online opportunity, giving one short risk explanation for each.

(Total for Question 10 is 2 marks)

11 Explain one benefit to Maple & Co of using social media advertising to exploit a new product trend, for example a trending designer stationery range. Use the business context in your answer.

(Total for Question 11 is 3 marks)

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12 Explain one immediate benefit to Maple & Co if a nearby competitor closes their physical shop, and apply it to Erin's situation.

(Total for Question 12 is 3 marks)

13 Explain one way improved online analytics help Maple & Co spot a new opportunity sooner, giving a brief applied example.

(Total for Question 13 is 2 marks)

14 Explain one benefit to Maple & Co of being the first shop in the town centre to respond to the gap in the market for eco-friendly wrapping paper.

(Total for Question 14 is 3 marks)

15 Explain one risk to Maple & Co of responding too slowly to the gap in the market for eco-friendly wrapping paper.

(Total for Question 15 is 3 marks)

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16 Explain how a change in customer tastes towards eco-friendly products could create an opportunity for Maple & Co, the small UK stationery shop run by Erin. Use the case context in your answer.

(Total for Question 16 is 4 marks)

17 Explain how new technology, for example better website tools and online analytics, could create an opportunity for Maple & Co to grow sales. Refer to the business in your answer.

(Total for Question 17 is 4 marks)

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18 Maple & Co has a limited budget to invest over the next six months. Erin can use it to develop the ONLINE opportunity (a better website with more detailed sales analytics) or the LOCAL gap-in-market opportunity (a new in-store range of eco-friendly wrapping paper and gift items). Evaluate which of these two opportunities Maple & Co should prioritise, using the case to support your answer and reaching a justified recommendation.

(Total for Question 18 is 9 marks)

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19 Analyse which creates the bigger short-term opportunity for Maple & Co: (A) a local competitor closing their nearby stationery store, or (B) growth in online shopping nationwide driven by better e-commerce technology. Use the Maple & Co context and reach a reasoned conclusion.

(Total for Question 19 is 6 marks)

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Mark scheme · 1.12 The Dynamic Nature of Business: Spotting New Opportunities: 1-hour Pack

Question 1

B cao **B1**

Answer: B

Question 2

A cao **B1**

Answer: A

Question 3

C cao **B1**

Answer: C

Question 4

C cao **B1**

Answer: C

Question 5

B cao **B1**

Answer: B

Question 6

one type named with a valid example, e.g. change in customer tastes, example: customers wanting eco-friendly stationery **B1**

a second type named with a valid example, e.g. change in technology, example: growth in mobile shopping apps **B1**

Answer: Any two types, for example: change in customer tastes, e.g. more shoppers wanting eco-friendly stationery; change in technology, e.g. growth in mobile shopping apps.

Question 7

one valid method and action, e.g. conduct simple customer surveys, action: ask customers about products they want **B1**

a second valid method and action, e.g. monitor competitors online, action: track competitor prices and product ranges **B1**

Answer: Any two, e.g. do customer surveys and ask what they want; monitor competitors online and note new products or prices.

Question 8

one correct action with a brief reason, e.g. adding a buy-online option to the website, reason: lets customers purchase from home **B1**

Answer: Adding a buy-online option to the website, because it lets customers purchase from home and grows online sales.

Question 9

one valid way with example, e.g. offer a web customiser where customers choose covers and add text **B1**

a second valid way with example, e.g. partner with a local print studio to fulfil orders quickly, example: same-week dispatch for personalised items **B1**

Answer: Examples: add a website customiser to choose covers and add text; partner with a local print studio to fulfil personalised orders with same-week dispatch.

Question 10

one valid risk and brief explanation, e.g. logistics strain, explanation: increased orders could overload packing and delivery capacity **B1**

a second valid risk and brief explanation, e.g. quality control, explanation: personalised items may have higher returns if mistakes occur **B1**

Answer: Risks include logistics strain, because increased orders could overload packing and delivery; and quality control issues, because personalised items may be returned if errors occur.

Question 11

identifies a benefit, e.g. targeted reach to likely customers **B1**

develops the benefit, e.g. social media can be targeted by age, location and interests so adverts reach people who buy stationery **B1**

applies to Maple & Co, e.g. Erin can run low-cost adverts to local customers and link directly to product pages on her website **B1**

Answer: Social media advertising can target likely customers by age, location and interests, so Maple & Co reaches people who buy designer stationery. This targeting is low cost and links directly to product pages, letting Erin convert interest into online sales and promote the trending range locally and nationally.

Question 12

identifies a benefit, e.g. potential increase in footfall and customers **B1**

develops the benefit, e.g. former customers may switch to Maple & Co if it stocks similar products **B1**

applies to Erin, e.g. Erin could extend opening hours or advertise locally to capture these customers quickly **B1**

Answer: If the nearby competitor closes, Maple & Co could see increased footfall as former customers shop elsewhere. If Erin stocks similar products she could quickly gain sales, and by extending opening hours or advertising locally she can capture customers who previously shopped at the closed store.

Question 13

identifies a way, e.g. analytics reveal rising views and add-to-cart rates for a new product **B1**

applies with a brief example, e.g. Erin notices a spike in views for personalised notebooks and orders more stock to meet demand **B1**

Answer: Analytics can show rising page views and add-to-cart rates for a product, so Erin could spot a growing interest in personalised notebooks and order extra stock or promote them more heavily to meet demand.

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Question 14

identifies benefit, e.g. Maple & Co becomes known locally as the shop that sells eco-friendly wrapping paper	**B1**
develops the point, e.g. customers who want this product currently have nowhere else nearby to buy it, so they visit Maple & Co specifically	**B1**
links to outcome, e.g. this can build a loyal customer base and repeat visits before any competitor starts stocking a similar range, increasing sales	**B1**

Question 15

identifies risk, e.g. another shop or an online retailer may start selling eco-friendly wrapping paper first	**B1**
develops the point, e.g. customers who want the product will then associate it with that competitor instead of Maple & Co	**B1**
links to outcome, e.g. Maple & Co loses the chance to attract these customers and may find it harder to win them back later, reducing potential sales	**B1**

Question 16

identifies the change and opportunity, e.g. customers preferring eco-friendly stationery creates demand for such products	**B1**
develops how Maple & Co could respond, e.g. Erin could source recycled paper products and biodegradable pens	**B1**
develops a further practical effect, e.g. offering eco lines could attract new customers and allow slightly higher prices	**B1**
applies to the case, e.g. Erin could promote eco ranges through the shop window and her website, using online sales data to choose bestsellers	**B1**

Answer: Customers shifting to eco-friendly products creates demand Maple & Co can meet by sourcing recycled notebooks and biodegradable pens. Erin could stock and promote these lines in store and online, attracting new customers and potentially charging a small premium. Using her weekly online sales data would help her identify which eco items sell best and adjust stock accordingly.

Question 17

identifies the technological change and opportunity, e.g. website tools and analytics allow better understanding of customer behaviour	**B1**
develops how Maple & Co could use the technology, e.g. Erin can track best-selling items and visit pages to adjust stock or promotions	**B1**
develops an effect, e.g. targeted promotions and improved product range can increase online conversion and overall sales	**B1**
applies to the case, e.g. Erin monitoring weekly online sales can use analytics to create email offers or highlight top products on the website	**B1**

Answer: Improved website tools and analytics let Erin see which products customers view and buy, so Maple & Co can stock more popular items and run targeted online promotions. This can raise conversion rates and total sales. Erin can use weekly online data to create email offers or feature bestsellers on the homepage, making marketing more effective for a small shop with limited budget.

Question 18

Level 1 Makes simple or one-sided points about one opportunity, with limited application to Maple & Co and little or no comparison.	**1-3**
Level 2 Gives a developed discussion of both opportunities, applies points to Maple & Co, and begins to weigh them against each other, but the recommendation is not fully justified.	**4-6**
Level 3 Weighs the likely benefits and drawbacks of both opportunities in the Maple & Co context, uses specific evidence from the case, and reaches a clear, justified recommendation.	**7-9**

Indicative content:

- Online opportunity: improved analytics could help Erin see which products are viewed and bought online, allowing better stock and marketing decisions; the national low-cost competitor is already strong online, so gains may be harder to win.
- Online opportunity limitations: developing a better website needs investment and ongoing technical support, and the limited budget may not let a small shop compete fully with a larger online retailer.
- Local opportunity: no local competitor currently sells eco-friendly wrapping paper, so this is a genuine gap; introducing a new product range in an existing shop is likely to cost less than a full website rebuild.
- Local opportunity limitations: footfall has only been described as steady, so the true size of local demand for eco-friendly products is uncertain, and a competitor could later match the range once demand becomes visible.
- Comparative point: the online market is national and already contested by the low-cost retailer, whereas the local gap is currently unmet, so Maple & Co could act as first mover locally with a smaller outlay.
- Justified conclusion: a recommendation might prioritise the local eco-friendly range first because it is cheaper to launch, exploits a currently unmet local gap, and could build footfall and loyalty that later help fund website investment; alternatively, a recommendation for the online investment could be justified if it is judged that better analytics would let Maple & Co compete for the wider growth in online shopping nationally, even though the national low-cost competitor is already established there.

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Question 19

Level 1 Identifies relevant points about one or both changes with limited development or limited application to Maple & Co. **1-3**

Level 2 Gives developed analysis of both changes, applies the points to Maple & Co, and reaches a reasoned conclusion about which offers the bigger short-term opportunity. **4-6**

Indicative content:

- For the local competitor closing: immediate opportunity to attract their customers into Maple & Co, increased footfall, quick gains in local market share, advantage if Maple & Co already stocks similar products and can extend opening hours or local advertising.
- Limitations of the local closure: customers may switch to other nearby shops or travel online, gains may be limited if the competitor had a different customer base, and physical capacity or stock may limit how much Maple & Co can exploit the opening quickly.
- For the nationwide growth in online shopping: larger potential customer base, opportunities to scale online sales without needing more shop space, benefits from better analytics and lower marginal cost per additional online sale.
- Limitations of online growth: requires investment in website tools, delivery logistics, and marketing; competition online is strong including national low-cost retailers, so short-term gains may be harder to capture.
- Applied judgement: a local competitor closing often offers a clearer short-term sales uplift that a small shop can exploit quickly through local promotions and stock adjustments, whereas growth in online shopping is a bigger medium-term opportunity but may need more time and investment to convert into sales for Maple & Co.

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