6.6 The competitive environment: 10-minute Pack

AQA 8132 · Calculator allowed · about 10 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer ALL questions in the spaces provided. Show your working for any calculation: method marks are available even if your final answer is wrong. Millbrook Bakery and Oakhill Bakes, used throughout this pack, are fictional businesses.

1 Which one of the following best describes a business's 'market share'?

- ☐ A) The percentage of total sales in a market that one business makes
- ☐ B) The total number of products a business sells in a year
- ☐ C) The number of shops a business owns
- ☐ D) The percentage profit margin a business makes on each sale

(Total for Question 1 is 1 mark)

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2 State three factors, other than price, that could affect a customer's choice between Millbrook Bakery and Oakhill Bakes.

(Total for Question 2 is 3 marks)

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3 Which one of the following is an example of non-price competition?

- ☐ A) Cutting the price of a product to undercut a rival
- ☐ B) Improving product quality and customer service instead of cutting price
- ☐ C) Offering a large discount for a limited time only
- ☐ D) Matching a competitor's price exactly

(Total for Question 3 is 1 mark)

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4 State three ways a new competitor entering a local market could affect an existing business.

(Total for Question 4 is 3 marks)

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Mark scheme · 6.6 The competitive environment: 10-minute Pack

Question 1

A cao	**B1**

Answer: A

Question 2

one acceptable factor, e.g. the quality or taste of the products	**B1**
a second acceptable factor, e.g. customer service	**B1**
a third acceptable factor, e.g. opening hours/location convenience, range of products, or reputation/reviews	**B1**

Answer: Any three, e.g. product quality/taste; customer service; opening hours or location; range of products; reputation/reviews.

Question 3

B cao	**B1**

Answer: B

Question 4

one acceptable effect, e.g. lower sales or market share for the existing business	**B1**
a second acceptable effect, e.g. pressure to cut prices to keep customers	**B1**
a third acceptable effect, e.g. a need to improve quality, service or marketing to stand out from the new rival	**B1**

Answer: Any three, e.g. lower sales/market share; pressure to cut prices; a need to improve quality, service or marketing.

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