BUS.MK2 The marketing mix

AQA 8132 · Calculator allowed · about 65 minutes

Total Marks

Name: _______________________________ Date: ____ / ____ / ______

Answer ALL questions in the spaces provided. Show your working for every calculation: method marks are available even if your final answer is wrong. Cobalt Coffee Co, used throughout this pack, is a fictional business.

1 Which one of the following best describes the 'marketing mix'?

- [ ] A) The combination of product, price, place and promotion decisions a business uses to market its offer
- [ ] B) The mix of different products a business sells within one shop
- [ ] C) The list of a business's suppliers and their delivery times
- [ ] D) The mix of full-time and part-time staff employed by a business

(Total for Question 1 is 1 mark)

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2 State the four elements of the marketing mix (the '4 Ps').

(Total for Question 2 is 4 marks)

3 For each of the following decisions made by Cobalt Coffee Co, a fictional specialty coffee company, state which element of the marketing mix it belongs to: product, price, place or promotion.

(a) Cobalt Coffee Co decides to sell its bagged coffee beans through its own cafes and its own website, rather than through supermarkets. **(1)**

(b) Cobalt Coffee Co redesigns its coffee bags to be fully recyclable. **(1)**

(c) Cobalt Coffee Co decides to charge 8.00 pounds for a 250g bag of its single-origin coffee. **(1)**

(d) Cobalt Coffee Co runs a series of adverts on local radio to launch its new single-origin range. **(1)**

(Total for Question 3 is 4 marks)

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4 Explain why Cobalt Coffee Co's product and price decisions need to be consistent with each other.

(Total for Question 4 is 2 marks)

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5 Explain why Cobalt Coffee Co's marketing mix should reflect the needs of its target market.

(Total for Question 5 is 3 marks)

6 The total UK specialty coffee bean market is worth 40,000,000 pounds a year. Cobalt Coffee Co's annual revenue from coffee beans is 2,400,000 pounds.
Calculate Cobalt Coffee Co's market share. Show your working.

(Total for Question 6 is 2 marks)

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7 Cobalt Coffee Co sets a target of growing its market share to 9%, assuming the total market stays at 40,000,000 pounds.
Calculate the annual revenue Cobalt Coffee Co would need to reach a 9% market share. Show your working.

(Total for Question 7 is 2 marks)

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8 Using your answers to questions 6 and 7, calculate the percentage increase in annual revenue Cobalt Coffee Co would need to grow from its current revenue to the revenue required for a 9% market share. Show your working.

(Total for Question 8 is 3 marks)

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9 Explain one way Cobalt Coffee Co could try to grow its market share without lowering its price.

(Total for Question 9 is 3 marks)

10 Analyse how a decision to raise the price of Cobalt Coffee Co's coffee could affect the other elements of its marketing mix.

(Total for Question 10 is 4 marks)

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11 State two examples of promotion methods Cobalt Coffee Co could use.

(Total for Question 11 is 2 marks)

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12 State two possible places (channels) through which Cobalt Coffee Co could sell its coffee.

(Total for Question 12 is 2 marks)

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13 Explain the term 'product differentiation'.

(Total for Question 13 is 2 marks)

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14 Cobalt Coffee Co sources single-origin beans and roasts them in small batches, while a supermarket's own-brand coffee is mass-produced from a blend of cheaper beans. Analyse how this difference in product could justify Cobalt Coffee Co's marketing mix decisions in this pack.

(Total for Question 14 is 4 marks)

15 Cobalt Coffee Co wants to grow its market share from 6% to 9% (questions 6 and 7). It is deciding whether to prioritise lowering its price to compete with supermarket own-brand coffee, or prioritising promotion to raise awareness of its single-origin, small-batch quality. Recommend which element of the marketing mix Cobalt Coffee Co should prioritise. Justify your answer using the figures and points made earlier in this pack.

(Total for Question 15 is 9 marks)

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Question 1

- **B1** A cao
- **Answer: A**

Question 2

- **B1** product
- **B1** price
- **B1** place
- **B1** promotion
- **Answer: Product, price, place and promotion.**

Question 3

- (a) **B1** place
- **(a) Answer: Place.**
- (b) **B1** product
- **(b) Answer: Product.**
- (c) **B1** price
- **(c) Answer: Price.**
- (d) **B1** promotion
- **(d) Answer: Promotion.**

Question 4

- **B1** identifies the inconsistency risk, e.g. a premium single-origin product priced too low, or a basic product priced too high, would confuse or put off customers
- **B1** develops with a consequence, e.g. customers judge quality partly from price, so the two must send the same message or sales will suffer
- **Answer: Customers judge quality partly from price, so a premium product priced too low (or a basic product priced too high) sends a confusing message and can put customers off.**

Question 5

- **B1** identifies that different customer groups want different things
- **B1** explains that if the mix does not match what the target market wants (e.g. wrong price, wrong place), customers will buy from a competitor instead
- **B1** links to a business consequence, e.g. lower sales and revenue for Cobalt Coffee Co
- **Answer: Different customers want different things, so if the mix does not match the target market's needs they will buy from a competitor instead, reducing Cobalt Coffee Co's sales and revenue.**

Question 6

- **M1** (2,400,000 / 40,000,000) x 100 seen
- **A1** 6% cao
- **Answer: 6%.**

Question 7

- **M1** 9% x 40,000,000 seen
- **A1** 3,600,000 pounds cao
- **Answer: 3,600,000 pounds.**

Question 8

- **M1** 3,600,000 - 2,400,000 seen (ft from questions 6 and 7)
- **M1** 1,200,000 / 2,400,000 x 100 seen
- **A1** 50% cao
- **Answer: 50%.**

Question 9

- **B1** identifies a non-price method, e.g. increasing promotion, opening new cafe locations (place), or launching a new product line
- **B1** develops how it would work, e.g. more advertising raises awareness among people who do not yet know the brand
- **B1** links to the outcome, e.g. attracting new customers without needing to cut margins by lowering price
- **Answer: Increase promotion, for example through advertising that raises awareness among people who do not yet know Cobalt Coffee Co, attracting new customers without cutting margins by lowering price.**

Question 10

- **B1** identifies an affected element, e.g. product
- **B1** explains the link, e.g. a higher price may need to be justified by improving product quality or packaging, or customers will feel they are overpaying
- **B1** identifies a second affected element, e.g. promotion
- **B1** explains the link, e.g. promotion may need to shift from price-led messaging to quality- or brand-led messaging to justify the higher price
- **Answer: A higher price may need to be justified by improving the product (quality/packaging) so customers do not feel overpaying, and promotion may need to shift from price-led to quality-led messaging.**

Question 11

- **B1** any one promotion method, e.g. social media advertising
- **B1** any second distinct method, e.g. loyalty cards, in-store tasting sessions, local radio adverts
- **Answer: Any two, e.g. social media advertising and a loyalty card scheme.**

Question 12

- **B1** any one channel, e.g. its own cafes
- **B1** any second distinct channel, e.g. its own website/online store, wholesale to other cafes, farmers' markets
- **Answer: Any two, e.g. its own cafes and its own website.**

Question 13

- **B1** identifies that it means making a product stand out from competitors' products
- **B1** develops with how, e.g. through unique features, quality, branding or packaging
- **Answer: Making a product stand out from competitors, for example through unique features, quality, branding or packaging.**

Question 14

- **B1** identifies the product differentiation, e.g. single-origin, small-batch roasting versus mass-produced blends
- **B1** links to price, e.g. this differentiation justifies charging a premium price (question 6's 8.00 pounds for 250g) that a supermarket own-brand could not command
- **B1** links to place, e.g. it also supports selling through its own cafes/website rather than mass retail, protecting the premium positioning
- **B1** links to promotion, e.g. and justifies promotion focused on origin/quality story rather than price-based offers
- **Answer: The single-origin, small-batch product justifies a premium price (as in question 6), selling through its own channels rather than mass retail, and promotion built around origin/quality rather than price.**

Question 15

- **Level 1** (1-3): Makes simple, undeveloped comments about price or promotion, with little or no use of the pack's figures and no clear recommendation.
- **Level 2** (4-6): Gives a developed argument for or against one option, using some of the pack's figures, but does not fully weigh both sides or reach a clearly justified recommendation.
- **Level 3** (7-9): Weighs the evidence for and against both options, using the market share and revenue figures from this pack, and reaches a justified recommendation supported by that analysis.
- **Indicative content:**
  - Lowering price to compete with supermarket own-brand coffee would need a 50% revenue increase just to reach a 9% share (question 8), and cutting price would make this even harder to achieve while shrinking profit per bag.
  - Cobalt Coffee Co's genuine product differentiation (single-origin, small-batch quality, question 14) means it is unlikely to win a price war against mass-produced own-brand coffee, which can always undercut it on cost.
  - Prioritising promotion instead builds on this differentiation: raising awareness of the origin/quality story (question 9) targets customers who value quality over price, matching the premium positioning already reflected in its 8.00-pound price point (question 6).
  - Against promotion: it costs money upfront with no guaranteed return, and Cobalt Coffee Co has no guarantee awareness will convert into the 1,200,000-pound revenue increase needed (question 8).
  - Judgement: since Cobalt Coffee Co cannot realistically out-price a supermarket and its differentiated product already supports a premium price, prioritising promotion to grow awareness of its quality story is the more consistent and achievable route to the 9% market share target.