BUS.MK5 Promotion

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. Elder and Sparrow, used throughout this pack, is a fictional business.

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

- ☐ A) The methods a business uses to communicate with and persuade customers to buy
- ☐ B) The channel through which a business distributes its product
- ☐ C) The amount a business charges customers for a product
- ☐ D) The physical features and design of a product

(Total for Question 1 is 1 mark)

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2 State the difference between above-the-line and below-the-line promotion.

(Total for Question 2 is 2 marks)

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3 For each of the following, state whether it is an example of above-the-line (ATL) or below-the-line (BTL) promotion.

(a) A 30-second television advert. (1)

(b) A 'buy one, get one free' (BOGOF) in-store offer. (1)

(c) Sponsoring a local charity fun run. (1)

(d) A loyalty card scheme offering points on every purchase. (1)

(Total for Question 3 is 4 marks)

4 State two examples of digital/online promotion methods.

(Total for Question 4 is 2 marks)

5 Elder and Sparrow, a fictional independent homeware and gift business, is considering running a social media promotional campaign for the first time.
Explain one advantage of social media promotion for a small business like Elder and Sparrow.

(Total for Question 5 is 3 marks)

6 Explain one disadvantage or risk to Elder and Sparrow of social media promotion.

(Total for Question 6 is 3 marks)

7 Explain the difference between a 'push' and a 'pull' promotional strategy.

(Total for Question 7 is 2 marks)

8 Before running a social media campaign, Elder and Sparrow's monthly sales were 4,000 units. After the campaign, monthly sales rose to 5,000 units.
Calculate the following.

(a) Calculate the extra units sold as a result of the campaign. Show your working. **(2)**

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(b) Using your answer to part a, calculate the percentage increase in monthly sales. Show your working. **(2)**

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(Total for Question 8 is 4 marks)

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9 The social media campaign cost Elder and Sparrow 8,000 pounds to run. Using your answer to question 8a, calculate the cost per extra unit sold as a result of the campaign. Show your working.

(Total for Question 9 is 2 marks)

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10 Each extra unit sold generates 12.00 pounds of profit contribution for Elder and Sparrow. Using your answer to question 8a, calculate the total extra profit contribution generated by the campaign, before deducting its cost. Show your working.

(Total for Question 10 is 2 marks)

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11 Using your answers to questions 9 and 10, calculate the net gain (or loss) to Elder and Sparrow from running the campaign, after deducting its 8,000-pound cost from the extra profit contribution it generated. Show your working.

(Total for Question 11 is 2 marks)

12 Explain what the net gain calculated in question 11 tells Elder and Sparrow about whether the campaign was worthwhile.

(Total for Question 12 is 3 marks)

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13 State two factors, other than cost, that a business should consider when choosing a promotional method.

(Total for Question 13 is 2 marks)

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14 Analyse how Elder and Sparrow's choice of promotional method should relate to its target market.

(Total for Question 14 is 3 marks)

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15 Elder and Sparrow's social media campaign made a net gain of 4,000 pounds (question 11), but it also carries the reputational risks discussed in question 6. Elder and Sparrow is deciding whether to repeat the campaign next quarter at the same 8,000-pound cost.
Recommend whether Elder and Sparrow should repeat the campaign. Justify your answer using the figures calculated in this pack.

(Total for Question 15 is 9 marks)

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Question 1

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

Question 2

- **B1** above-the-line promotion is paid-for advertising through independent media (e.g. TV, print, online adverts)
- **B1** below-the-line promotion is promotion the business controls directly (e.g. sales promotions, direct mail, sponsorship, PR)
- **Answer: Above-the-line is paid advertising through independent media; below-the-line is promotion the business controls directly, such as sales promotions or direct mail.**

Question 3

- (a) **B1** above-the-line
- **(a) Answer: Above-the-line.**
- (b) **B1** below-the-line
- **(b) Answer: Below-the-line.**
- (c) **B1** below-the-line
- **(c) Answer: Below-the-line.**
- (d) **B1** below-the-line
- **(d) Answer: Below-the-line.**

Question 4

- **B1** any one digital promotion method, e.g. social media advertising
- **B1** any second distinct digital method, e.g. email marketing, search engine advertising, influencer partnerships
- **Answer: Any two, e.g. social media advertising and email marketing.**

Question 5

- **B1** identifies an advantage, e.g. it is relatively low cost compared with TV or print advertising
- **B1** develops it, e.g. so a small business with a limited promotional budget can still reach a large audience
- **B1** links to targeting, e.g. and it can be targeted precisely at Elder and Sparrow's specific customer segments
- **Answer: It is relatively low cost compared with TV or print advertising, so a small business can still reach a large audience, and it can be targeted precisely at specific customer segments.**

Question 6

- **B1** identifies a risk, e.g. negative comments or reviews can be posted publicly and spread quickly
- **B1** develops the consequence, e.g. this can damage Elder and Sparrow's reputation before it can respond
- **B1** links to the business impact, e.g. potentially losing customers and sales as a result
- **Answer: Negative comments or reviews can spread quickly and publicly, damaging Elder and Sparrow's reputation before it can respond and potentially losing customers and sales.**

Question 7

- **B1** a push strategy promotes to retailers/intermediaries to persuade them to stock and sell the product
- **B1** a pull strategy promotes directly to customers, creating demand that then pulls the product through retailers
- **Answer: A push strategy targets retailers/intermediaries to get them to stock the product; a pull strategy targets customers directly, creating demand that pulls the product through retailers.**

Question 8

- (a) **M1** 5,000 - 4,000 seen
- (a) **A1** 1,000 units cao
- **(a) Answer: 1,000 units.**
- (b) **M1** (1,000 / 4,000) x 100 seen (ft from part a)
- (b) **A1** 25% cao
- **(b) Answer: 25%.**

Question 9

- **M1** 8,000 / 1,000 seen (ft from question 8a)
- **A1** 8.00 pounds cao
- **Answer: 8.00 pounds.**

Question 10

- **M1** 1,000 x 12.00 seen (ft from question 8a)
- **A1** 12,000 pounds cao
- **Answer: 12,000 pounds.**

Question 11

- **M1** 12,000 - 8,000 seen (ft from question 10)
- **A1** 4,000 pounds net gain cao
- **Answer: 4,000 pounds net gain.**

Question 12

- **B1** identifies that the campaign generated more extra profit (12,000 pounds) than it cost (8,000 pounds)
- **B1** concludes this means the campaign was financially worthwhile, since it made a net gain of 4,000 pounds rather than a loss
- **B1** adds a caveat, e.g. this only holds if the extra sales are a genuine, lasting result of the campaign and not from another cause
- **Answer: The campaign generated 12,000 pounds of extra profit against an 8,000-pound cost, a net gain of 4,000 pounds, so it was financially worthwhile, provided the extra sales genuinely resulted from the campaign rather than another cause.**

Question 13

- **B1** any one factor, e.g. which method best reaches the target market
- **B1** any second distinct factor, e.g. the product type, the size of the promotional budget available relative to the business, or competitors' promotional activity
- **Answer: Any two, e.g. which method best reaches the target market and what competitors are doing.**

Question 14

- **B1** identifies that different customer groups use different media/channels
- **B1** explains that a method reaching Elder and Sparrow's actual target market (e.g. social media for younger, digitally active gift-buyers) will be far more effective than a method aimed at the wrong audience
- **B1** links to the outcome, e.g. wasted budget and lower sales if the promotional method does not match the target market
- **Answer: A promotional method that matches Elder and Sparrow's actual target market (e.g. social media for younger, digitally active gift-buyers) will be far more effective than one aimed at the wrong audience, which would waste budget and generate fewer sales.**

Question 15

- **Level 1** (1-3): Makes simple, undeveloped comments about repeating or not repeating the campaign, 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 repeating the campaign, 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 repeating the campaign, using the cost, extra profit and net gain figures from this pack, and reaches a justified recommendation supported by that analysis.
- **Indicative content:**
    - The first campaign made a clear net gain of 4,000 pounds (question 11), turning an 8,000-pound cost into 12,000 pounds of extra profit contribution (question 10), which is a strong financial result worth repeating on the numbers alone.
    - The cost per extra unit sold (8.00 pounds, question 9) is well below the 12.00-pound profit contribution per unit, meaning each extra sale remains profitable even after the campaign cost is spread across it.
    - However, question 6 identified a genuine reputational risk: a repeated campaign that goes wrong (e.g. attracts negative comments) could damage Elder and Sparrow's brand in a way this pack's figures do not capture.
    - There is also no guarantee the same 25% sales increase (question 8b) would repeat: some of the extra sales may have come from customers who would have bought anyway, or from a one-off novelty effect that fades on a second campaign.
    - Judgement: given the clear, sizeable net gain of 4,000 pounds and healthy margin between the 8.00-pound cost per unit and 12.00-pound profit contribution, repeating the campaign is financially justified, provided Elder and Sparrow monitors customer sentiment closely to manage the reputational risk and does not assume the same 25% uplift is guaranteed.