2.6 Place and distribution: 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 every calculation: method marks are available even if your final answer is wrong. Larkspur Skincare, used throughout this pack, is a fictional business.

1 Which one of the following best describes a 'channel of distribution'?

- ☐ A) The route a product takes from the producer to the final customer
- ☐ B) The stages a product's sales pass through, from launch to decline
- ☐ C) The amount a business charges customers for a product
- ☐ D) The combination of product, price, place and promotion decisions

(Total for Question 1 is 1 mark)

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2 State the difference between a direct and an indirect distribution channel.

(Total for Question 2 is 2 marks)

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3 Explain one risk to Larkspur Skincare of relying only on direct online distribution.

(Total for Question 3 is 2 marks)

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4 Larkspur Skincare, a fictional skincare product company, sells its face cream both directly to customers through its own website and indirectly through retailers.
Explain one advantage to Larkspur Skincare of selling direct to customers online.

(Total for Question 4 is 3 marks)

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Mark scheme · 2.6 Place and distribution: 10-minute Pack

Question 1

A cao **B1**

Answer: A

Question 2

a direct channel sells straight from the producer to the customer, with no intermediary **B1**

an indirect channel uses one or more intermediaries (e.g. a wholesaler or retailer) between the producer and the customer **B1**

Answer: A direct channel sells straight from producer to customer with no intermediary; an indirect channel uses one or more intermediaries, such as a wholesaler or retailer.

Question 3

identifies a risk, e.g. Larkspur Skincare becomes fully dependent on its own website working and being found by customers **B1**

develops the consequence, e.g. a technical fault, delivery problem, or low online visibility could mean lost sales with no retailer channel to fall back on **B1**

Answer: Larkspur Skincare would become fully dependent on its own website working and being found by customers, so a technical fault or low online visibility could mean lost sales with no retailer channel to fall back on.

Question 4

identifies an advantage, e.g. Larkspur Skincare keeps a larger share of the final selling price, since no intermediary takes a cut **B1**

develops it, e.g. this means a higher profit margin per unit sold **B1**

adds a further point, e.g. it also lets Larkspur Skincare control the full customer experience and collect direct customer data **B1**

Answer: Larkspur Skincare keeps a larger share of the final selling price since no intermediary takes a cut, giving a higher profit margin per unit, and it also lets Larkspur Skincare control the customer experience and collect direct customer data.

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