2.9 Extension Strategies and the Product Portfolio: Test Pack

Total Marks

AQA 8132 · Calculators not allowed · about 15 minutes

Name: _____ Date: ____ / ____ / _____

Answer ALL questions in the spaces provided. Use the Oak & Ember Foods scenario in questions that name it. Show brief reasoning where asked.

1 Oak & Ember Foods, a fictional UK food brand, sells Summer Chutney which is now in the maturity stage. Which one of the following is an example of an extension strategy?

- ☐ A) Increasing the size of the management team
- ☐ B) Repackaging the chutney in smaller jars
- ☐ C) Switching the business to a different industry
- ☐ D) Selling the factory building

(Total for Question 1 is 1 mark)

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2 State one reason Oak & Ember Foods might reduce the price of Summer Chutney temporarily as an extension strategy.

(Total for Question 2 is 1 mark)

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3 Oak & Ember Foods finds a new use for Summer Chutney as an ingredient in a ready-meal range. Identify two benefits this new use strategy could bring to the business.

(Total for Question 3 is 2 marks)

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4 State one possible risk to Oak & Ember Foods of using repeated price reductions for Summer Chutney as a long-term extension strategy.

(Total for Question 4 is 1 mark)

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5 Explain how repackaging Summer Chutney into smaller, lower-priced jars could extend its life for Oak & Ember Foods.

(Total for Question 5 is 4 marks)

6 Explain one risk to Oak & Ember Foods of launching too many new variants of Summer Chutney at once.

(Total for Question 6 is 3 marks)

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Mark scheme · 2.9 Extension Strategies and the Product Portfolio: Test Pack

Question 1

B cao **B1**

Answer: B

Question 2

to increase short-term demand and encourage trial purchases **B1**

Answer: To increase short-term demand and encourage trial purchases.

Question 3

increased sales from new customers or new markets **B1**

better use of existing production capacity or improved cash flow **B1**

Answer: Increased sales from new customers or markets; better use of existing production capacity improving sales or cash flow.

Question 4

it can damage the brand's perceived value or lead customers to expect low prices, reducing long-term profit margins **B1**

Answer: It can damage perceived value and train customers to expect low prices, reducing long-term profit margins.

Question 5

identifies repackaging into smaller jars as the action **B1**

explains how a lower price per pack can attract price-sensitive customers **B1**

explains how smaller packs can increase trial purchases and repeat sales **B1**

links these effects to increased sales volume and a longer product life **B1**

Answer: Repackaging into smaller jars reduces the price customers pay per purchase, attracting price-sensitive shoppers and encouraging trial. Smaller packs are easier to buy as impulse or gift items, which can increase trial and repeat purchases and therefore boost sales volume, helping to extend the chutney's commercial life.

Question 6

identifies risk, e.g. having too many variants could confuse customers or make the product range harder to manage **B1**

develops, e.g. each variant adds extra production, stocking and marketing costs, which could reduce the overall profit from Summer Chutney **B1**

links to outcome, e.g. if some variants sell poorly Oak & Ember Foods may need to discontinue them, wasting the resources spent developing and launching them **B1**

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