

OXFORD CAMBRIDGE AND RSA EXAMINATIONS
ADVANCED GCE
2874
BUSINESS STUDIES
Further Marketing

MONDAY 25 JANUARY 2010: Afternoon

DURATION: 1 hour 30 minutes

SUITABLE FOR VISUALLY IMPAIRED CANDIDATES

Candidates answer on the Answer Booklet.

OCR SUPPLIED MATERIALS:

8 page Answer Booklet

OTHER MATERIALS REQUIRED:

Calculators may be used

READ INSTRUCTIONS OVERLEAF

INSTRUCTIONS TO CANDIDATES

- **Write your name clearly in capital letters, your Centre Number and Candidate Number in the spaces provided on the Answer Booklet.**
- **Use black ink. Pencil may be used for graphs and diagrams only.**
- **Read each question carefully and make sure that you know what you have to do before starting your answer.**
- **Answer ALL the questions.**
- **If you use additional sheets of paper, fasten the sheets to the Answer Booklet.**

INFORMATION FOR CANDIDATES

- **The number of marks is given in brackets [] at the end of each question or part question.**
- **The total number of marks for this paper is 60.**
- **You will be awarded marks for the quality of written communication where an answer requires a piece of extended writing.**

THE POON CHINESE RESTAURANT

The Poon Chinese Restaurant specialises in Pekinese and Cantonese cuisine. The restaurant has a warm, friendly atmosphere and can seat up to 60 people. Known in the local area as ‘The Poon’, it offers an extensive selection of dishes, including favourites such as Aromatic Peking Duck. According to the owners Norman and Angela Poon, “the exquisite setting and delicious food are guaranteed to provide a relaxing evening”.

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The Poon was opened in 1996 not far from the city centre of Bristol and has enjoyed consistent growth and success over several years. Norman, a qualified chef, has tried to vary the menu to innovate and so maintain his regular customers. Dealing with the actual customers is carried out by Angela. Her lively and friendly approach is a clear selling point for the restaurant. They make a good team and other family members and local Chinese workers assist them in the day-to-day operation of the restaurant.

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The restaurant has won many awards, including Master Chef and Gold Oriental Cuisine. Norman and Angela have tried hard to cater for different groups of customers and are aware of the need to segment their customers into different types. An extract from a recent leaflet shows the range of options available to customers:

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EARLY EVENING DINERS CAN CHOOSE FROM EITHER THE À LA CARTE MENU

- Starters from £3.50,
- Main courses from £8.00, OR an
- Early Bird Special 3-course dinner for only £10.00.

THE 4-COURSE SET MEALS RANGE FROM

- £17.00 to £24.00 per person

THE SET LUNCH COSTS

- £7.50 for 2-courses OR
- £9.00 for 3-courses.

The Poon caters for private functions and, following the success of their business lunch menu, there has been a growth in interest from customers wanting to have executive takeaway cuisine. The Poon delivers high quality, premium priced food to local businesses. 30

The evening takeaway aspect of the business has tended to enjoy mixed success. Competition for takeaway food in the local area is quite fierce with a range of different types of food on offer. The Poon tends to be at the high end of the price range for takeaway food. Norman justifies the high prices as an indicator of the quality of food on offer. He feels that reducing prices on the takeaway menu would have a negative impact on the restaurant's reputation. 35 40

Norman has tried reducing prices in the past. He feels that his main courses tend to be relatively price elastic, but he worries about pricing in the restaurant as a whole. When he reduced the price of the ‘Early Bird Special’ he noticed a significant increase in sales. **45**

Norman also believes that he should be increasing his loyal band of customers. His ‘regulars’ enjoy the service and meals provided and help to provide a steady revenue stream. Some of his customers visit the restaurant two or three times each week. Many others eat there at least once a fortnight. He feels that it would be useful to find out more about the views of his customers. He also needs to do further research into the local competition and his potential customers. With the local market being wide and varied, he is aware of the need for accurate sampling techniques. **50**
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Norman and Angela have much to think about. Their restaurant has a good reputation but they cannot help thinking about what could be achieved. An opportunity has arisen to buy a relatively new restaurant in Bath. Have they taken The Poon as far as they can? **60**

Answer ALL questions

Study the information about The Poon Chinese Restaurant and then answer the questions below.

- 1 (a) Analyse the possible benefits of market segmentation for the Poon Chinese Restaurant. [6]**
- (b) The price of 'Early Bird Special' used to be £12. Following the price reduction, sales increased by 33%. Calculate its price elasticity of demand. [4]**
- (c) Evaluate the methods that could be used to set prices at The Poon. [16]**
- 2 (a) Analyse TWO possible methods of sampling that could be used to gather market information about The Poon. [6]**
- (b) Other than issues of sampling, advise Norman on a strategy to gather appropriate market research data. Justify your answer. [16]**
- (c) Discuss how below-the-line promotion methods could be used by Norman to increase the number of customers attending The Poon. [10]**

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