



ADVANCED GCE
BUSINESS STUDIES
 Further Marketing

2874

Candidates answer on the Answer Booklet

OCR Supplied Materials:

- 8 page Answer Booklet

Other Materials Required:

- Calculators may be used

Friday 11 June 2010
Afternoon

Duration: 1 hour 30 minutes



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.
- Do **not** write in the bar codes.
- 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.
- This document consists of **4** pages. Any blank pages are indicated.



**A calculator may
be used for this
paper**

Bowmer Electricals Ltd

Bowmer Electricals Ltd (BEL) was formed in 1972, after mergers between local electrical businesses, to retail high quality domestic appliances and to provide a dependable after-sales service. The business is now run by two brothers (sons of the founder). Giles Bowmer is the Marketing and Sales Director and brother Hugh is the Finance and Purchasing Director.

The first shop was in Pound Road, Oakford, (the shop is still there today). At that time the warehouse and repair workshops were located behind the shop in London Road.

In the 1970s the demand for rental televisions was on the increase. The expert product knowledge in home entertainment and domestic appliances allowed BEL to experience rapid growth in sales. To meet these demands, BEL soon opened other shops in Nunneton and Upham.

During the 1980s and 1990s three further shops were opened in the area. Currently, there are six branches plus a Superstore at the Cherry Tree Retail Park. The Superstore is now home to the warehouse and repair facilities. Servicing for most audio and visual products is carried out by BEL's own skilled technicians.

BEL only stock brands and products that it has confidence in, from electronics manufacturers including Panasonic, Sony, Toshiba, Philips & Samsung, and domestic appliances from Miele, Bosch, Hotpoint, Electrolux and Smeg to name a few.

Over the years the family owned business has amassed considerable knowledge and expertise in selling, installing and servicing electrical goods. Giles has always believed that BEL's customers prefer the 'personal touch' when it comes to buying electrical goods. Sales and service are provided through the branches. Giles is always keen to promote the 'local' and 'family' features of the business. In each shop window there is a prominent poster (See Figure 1).

Figure 1

"Support your local retailer, Support the local economy. It could cost you less and the Service will be better".

Regular adverts are aired on the local radio station, Chater FM. Giles firmly believes that radio advertising works for BEL and he carefully records where his new customers heard about BEL. He believes it is possible to assess the effectiveness of advertising by monitoring changes in sales (See Table 1). He has been less convinced by the advertising in the local newspaper, the Oakford Oracle.

Table 1 – Effectiveness of Radio Adverts

Dates	Radio Advertising Expenditure	Increase in Sales Value on previous quarter
2009 Quarter 3	£9500	3%
2009 Quarter 4	£10000	6%
2010 Quarter 1	£10500	7.5%

Giles has also given considerable thought to the BEL website. This site is designed to inform customers of any special offers and events that may take place, while offering back-up customer services and advice. Sales cannot be made via this website. Giles wonders whether additional sales could be achieved from this method of selling. He feels that it would be useful to develop a detailed marketing plan. BEL has achieved much over several years but is aware that competition remains fierce with the larger well-known retailers generally dominant in the market. BEL needs to remain price competitive. A high quality service counts for much, but low prices are the key for many customers. BEL has tended to stay away from the computer market. The additional investment in staff training and stock costs has deterred Giles and Hugh from offering PCs for sale. They both now wonder whether there is a need to diversify into this area.

Answer **all** questions

- 1 (a) Analyse **two** factors which might encourage customers to buy products from BEL. [6]
- (b) Giles was keen to assess the effects of the changes in advertising expenditure.
 - (i) Calculate the advertising elasticity of demand from 2009 Quarter 4 to 2010 Quarter 1. [4]
 - (ii) Evaluate how Giles might assess the effectiveness of BEL's spending on advertising. [16]
- 2 (a) Analyse **two** likely components of the marketing plan for BEL. [6]
- (b) Develop and justify a marketing strategy that Giles could employ for BEL. [16]
- (c) Assess the effectiveness of Ansoff's Matrix in helping BEL to decide between selling via the website or entering the market for personal computers. [10]

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