



Section B contains 9 questions. All Section B questions will relate to a single scenario. The scenario will always be introduced at the start of Section B, and will develop through the section. Questions will consist of short, medium and longer points-based questions and one extended answer response marked by levels of response. Your answers should relate to the context of the scenario.

**Katie owns a small café and has invited you to join her as a partner. The café is based in the centre of a busy town near shops and offices.**

1. Give **two** reasons why Katie would want a partner in her business. [2]
2. Katie has asked you about a potential lunchtime desk delivery service the café could offer to local offices. You decide to conduct some market research by asking potential customers who visit the café.
  - (a) State whether this is primary or secondary research. [1]
  - (b) Explain the purpose of conducting market research in this way. [2]
- You are considering building a website to collect online orders for delivery if the service is popular.
  - (c) Explain **one** disadvantage of taking orders for deliveries via an online sales channel. [2]
3. Katie has suggested that delivering to office workers may open up a new target market. Describe the segment that includes office workers. [3]
4. Analyse how the marketing mix may need to change for office deliveries. [3]
5. Market research has been positive and you are required to plan the costs of running a delivery service. A small business expansion grant is available from the local council.
  - (a) Give **one** advantage and one disadvantage of getting a grant. [2]
  - (b) Suggest **one** source of support and information on how best to set up a local delivery service. [1]

6. You are considering how best to promote the new delivery service to new and existing customers. Discuss whether you should use point of sale advertising or a competition to promote your new service. Your recommendation should include:
  - A benefit and limitation of using point of sale advertising
  - A benefit and limitation of using a competition
  - A justification for your decision.

[8]

## Example answers

1. A **partner** allows Katie to take more time off<sup>[1]</sup>, to share the responsibilities and decision making<sup>[1]</sup>, to split future **investment**<sup>[1]</sup> into the business and to bring additional **characteristics** and strengths into the business<sup>[1]</sup>. It is also less lonely for Katie.<sup>[1]</sup>
    - (a) **Primary** research.<sup>[1]</sup>
    - (b) To reduce **risk** / better understand **customer needs**<sup>[1]</sup> so that the service is more likely to be a success / make a **profit**.<sup>[1]</sup>
    - (c) Digital sales involve **website development** and ongoing maintenance costs<sup>[1]</sup> which would make the service harder to **break-even**.<sup>[1]</sup> / Online selling may weaken the **customer relationship**<sup>[1]</sup> that has been built up through customers visiting the café in person.<sup>[1]</sup>
  2. Likely to be between 18 and 65.<sup>[1]</sup> Based locally to the café for faster deliveries.<sup>[1]</sup> **Income levels** will likely to be moderate as they are professionals/administrators rather than manual labourers.<sup>[1]</sup>
  3. The **product** is likely to need additional packaging<sup>[1]</sup> so that it can be transported safely and eaten tidily at a desk.<sup>[1]</sup> The **price** may need to increase to allow for the **costs** of delivery.<sup>[1]</sup> The **place** will change as they no longer need to visit the café to collect and purchase food.<sup>[1]</sup> **Promotion** of the café and the new service will need to widen as new customers will not know about the service.<sup>[1]</sup> **Advertising** for the service can be placed in the café<sup>[1]</sup> but further **promotions** using **leaflets** could be considered.<sup>[1]</sup>
  4. (a) There is usually no **interest** to pay on a **grant**<sup>[1]</sup> and the original amount is unlikely to need to be **repaid** either.<sup>[1]</sup> However, the business may not qualify for the grant<sup>[1]</sup> and could find that the available funds have run out or may not be available before they are needed to cover the start-up costs of the service.<sup>[1]</sup>
  - (b) The **local council enterprise department** may have information and experience of this.<sup>[1]</sup> / Joining a local **chamber of commerce** will provide access to a group of other **entrepreneurs** who may have done the same thing for their own businesses.<sup>[1]</sup>
  5. **Point of sale advertising** would grab the attention of existing customer in the café as they pay for their **goods** but the advertising would only be effective with **existing customers**.<sup>[1]</sup> **Level 1 so far!**
  6. A **competition** could help launch the service by offering a free lunch for a month for example but an additional **campaign** to raise **awareness** of the competition would be required, which may add to the cost of the prize.<sup>[1]</sup> **Level 2 so far!**
- Overall, I would recommend the **point of sale advertising** as it would be relatively inexpensive to create and staff can explain it to customers as they come in with the hope that word of mouth would spread to customer colleagues.<sup>[1]</sup> **Level 3!**
- (This question should be marked in accordance with the levels based mark scheme on page 59. Key terminology has been emboldened to illustrate how it has been used in sample responses.)*