

## **Understanding a Business Market**

### **Specimen Paper**

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The specimen examination questions contained in this publication are representative of the type of questions used to assess candidates taking the written examination paper for this qualification.

A marking scheme for each of these questions is towards the end of this document.

The examination paper consists of 10 short-answer questions. Candidates are given 1 hour 30 minutes to complete the paper. Candidates can score a maximum of 4 marks per question. The examination paper is marked out of a total of 40 marks and candidates will need to obtain 20 marks to pass.

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### Answer *all* ten questions that follow this scenario

Sam Price has been looking for a public house to lease for a number of months and has just received information on The Ferret and Flute public house situated in the bustling market town of Southchester.

The building is in a very good condition having been painted just two years ago, and The Ferret and Flute has a large car park with adequate parking for 60 cars. The bar is presentable and clean. The lounge and snug well presented and recently re-decorated by the previous owners. There is a generous sized beer garden with swings and a slide for younger children

The Ferret and Flute is situated on the outskirts of a large housing estate and the trade is mainly families. Bar snacks and sandwiches are currently served in both rooms although the kitchen is clean and in good condition and the equipment is up to preparing more substantial meals. Equipment includes a 4 burner range and oven, a double fryer, hot plate, large fridge and freezer, and all small equipment is available and in good order.

### Trading Environment

There are a number of public houses in Southchester, these are:

Black Lion - A medium-sized leased public house. It was rather run down but has recently been refurbished and it is now comfortable and of much improved appearance. Meals have recently been introduced at lunchtime; these are basic and not of a high quality. The pricing structure is similar to The Ferret and Flute. The Black Lion has no car parking but parking available in adjacent streets. No outside seating is available

Carpenters Arms - A large brewery run house it has recently modernised in an attractive Edwardian style. Meals are served throughout the day; these are basic but well presented and reasonably priced. There is a large function room which is often used for wedding receptions and parties. Pricing structure is 10% above the Ferret. Town centre location, with no parking or outside areas.

Green Dragon - A medium-sized tenanted house. Well maintained but old and in need of modernisation. Snacks available, but only at lunchtimes. There is an upstairs function room used regularly by folk group. Town centre location with no parking or outside areas.

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The Bull - A small run-down leased house which has a reputation for good beer. Sandwiches are available but only at lunchtime. Pricing structure is similar to The Ferret and Flute. Town centre location with no parking or outside areas.

The Bush Inn - A medium-sized leased house which is in a very poor condition. Beer drinkers pub which serves sandwiches only. A small car park and waste ground is available for parking. The pricing structure is the same as The Ferret and Flute

Adam and Eve - A large-managed, thriving estate pub. Entertainment is a regular feature and there is a large function room. Meals are served all day, Pricing structure 15% above The Ferret and Flute. Large car park and surrounding streets can be used. There is a large patio/outside seating area.

Horse & Jockey - A small brewery tenanted house. Well maintained and comfortable. Meals are available at lunchtimes and in the evenings which are basic but of a good quality. The Horse & Jockey has a small car park but no roadside parking available. This is on a bus route.

In addition to the public houses there are two hotels:

Jack & Jill - A two-star AA hotel with 15 bedrooms. Small but well maintained. Restaurant facilities with an à la carte menu. Small bar in the restaurant which caters residents and diners only

Peacock Hotel - A three-star AA hotel with 32 bedrooms. Caters for the local function trade but has a reputation for being expensive. Separate bar available to the local drink trade.

There is a hamburger bar, a small coffee house which provides teas and lunches, and an Indian restaurant in the town centre. There are two fish and chip shops and two Chinese takeaways in the general area.

Sam has decided that The Ferret and Flute offers a good business opportunity and has decided to take on the lease. Sam intends to develop the food offer at the Ferret and capitalise on the family market that The Ferret already attracts and sets about writing her marketing plan.

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1. As Sam is new to the Ferret, she needs to ensure that her customers are aware of plans. In order to do this she wants to write a business vision that she can share. Explain the importance of establishing this business vision.

**[4 marks]**

2. Sam has never written a marketing plan before and is finding the terminology difficult to understand. To help Sam, list the elements of the marketing mix and briefly explain this concept.

**[4 marks]**

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3. As part of her marketing plan Sam needs to complete an analysis of the possible competition the Ferret may face. To assist her with this describe the difference between indirect and direct competition.

**[4 marks]**

4. Analyse the competition described in the case study and decide which is indirect and which is direct competition to the Ferret. State which establishment may present the biggest threat to the Ferret and why.

**[4 marks]**

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5. Sam has decided that the family market is the target market that she wishes to develop within the business. Describe the different methods of identifying and segmenting customer groups within a marketplace.

**[4 marks]**

6. With Sam's target market in mind, explain the difference between customers' needs, wants and expectations and give examples of each that may apply to the target market selected.

**[4 marks]**

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7. Explain why Sam should use the SMART method to set marketing objectives that support her business marketing strategy.

**[4 marks]**

8. Define the term 'promotional mix' giving **two** examples of promotional activity stating the strengths and weaknesses of each method.

**[4 marks]**

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9. Sam will want to know how successful her marketing plan has been and whether she is meeting the expectations of her target market. To do so she will need to collect feedback from her customers. Describe two methods she could use to collect information from customers and outline the strengths and weaknesses of each.

**[4 marks]**

10. Having satisfied customers is one way of evaluating the success of the marketing plans at the Ferret. Describe two other ways in which the success of a marketing plan can be monitored and evaluated.

**[4 marks]**

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## Marking Scheme

The answers to Questions 1-10 should be covered by the appropriate Assessment Criteria as indicated below. Examiners are instructed to give credit to valid answers.

### Question 1

**This question assesses Assessment Criteria 1.2 which states:**  
Explain the importance of a clear business vision.

### Question 2

**This question assesses Assessment Criteria 1.6 which states:**  
Define the meaning and application of the marketing mix.

### Question 3

**This question assesses Assessment Criteria 2.4 which states:**  
Identify the characteristics of different types of competition (indirect and direct).

### Question 4

**This question assesses Assessment Criteria 2.5 which states:**  
Analyse indirect & direct competitor information.

### Question 5

**This question assesses Assessment Criteria 3.2 which states:**  
Identify different methods of identifying and segmenting customer groups within a market place (socio-economic; lifestyle; demographic).

### Question 6

**This question assesses Assessment Criteria 3.1 which states:**  
Explain the purpose of understanding the difference between customers' needs, wants and expectations.

### Question 7

**This question assesses Assessment Criteria 4.4 which states:**  
Set SMART marketing objectives that outline to business marketing strategy.

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### Question 8

**This question assesses Assessment Criteria 4.1 which states:**

Define the scope and purpose of the promotional mix.

### Question 9

**This question assesses Assessment Criteria 5.2 which states:**

Describe methods of collecting information about customers, outlining the strengths and weaknesses of each.

### Question 10

**This question assesses Assessment Criteria 5.1 which states:**

Describe the ways in which the success of a marketing plan can be monitored and evaluated.