

AQA A Level Business

Unit Assessment

This Unit Assessment covers:

18 Choosing strategic direction

- ➡ 1 hour
- ➡ The maximum mark for this unit assessment is 50

Name

Centre Name

AQA A Level Business Unit Assessment

Section A

ANSWER ALL QUESTIONS IN THIS SECTION

- 1 According to Bowman's strategic clock, why is positioning a product at Position 6 (risky high margins) unlikely to be successful in the long term?
- A Competitors can offer a product with lower perceived value for a lower price
 - B Competitors can offer a product with lower perceived value for a higher price
 - C Competitors can offer a product with higher perceived value for a higher price
 - D Competitors can offer a product with higher perceived value for a lower price
- (1 mark)
- 2 In Ansoff's matrix, a strategy of offering new products to existing customers is an example of
- A Diversification
 - B Product development
 - C Market development
 - D Market penetration
- (1 mark)
- 3 Which of the following combinations of factors is most likely to provide a competitive advantage for a national chain of budget hotels?
- A Economies of scale: high Capacity utilisation: high
 - B Economies of scale: low Capacity utilisation: high
 - C Economies of scale: high Capacity utilisation: low
 - D Economies of scale: low Capacity utilisation: low
- (1 mark)
- 4 Which of these combinations would be most likely to support a strategy of cost leadership?
- A High capacity utilisation & undifferentiated products
 - B Low capacity utilisation & differentiated products
 - C High capacity utilisation & differentiated products
 - D Low capacity utilisation & undifferentiated products
- (1 mark)

5 Which of the following is the least likely influence on a business's choice of positioning strategy?

- A The actions of competitors
- B A temporary problem with a supplier
- C Target market income levels
- D The past image of the brand

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(1 mark)

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Section B

ANSWER ALL QUESTIONS IN THIS SECTION

- 6 With reference to Porter's strategies, explain one way a small estate agent with one branch, could improve its strategic positioning in an intensely competitive local market

(5 marks)

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- 7 Explain one problem a high value, high priced fashion design business may experience if it launched a range of low cost items aimed at the wider mass market

(6 marks)

Extra Space

- 8 In 2014, Coca-Cola launched Coca-Cola Life, a low-calorie cola sweetened from natural sources, to join brands like Coca-Cola Zero Sugar and Diet Coke in its product portfolio. The aim was for Coca-Cola Life to capitalise on the fast growth in the “healthier, soft drinks market” and to counter slow growth experienced by the traditional Coca-Cola product.

Analyse the benefits to Coca-Cola of this change of strategic direction through the launch of Coca-Cola Life

(9 marks)

Handwriting practice lines for the answer.

Extra Space

Extra space for writing.

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Section C

ANSWER ALL QUESTIONS IN THIS SECTION

John Lewis: The Star of Christmas Marketing!

Department store chain John Lewis is well-known for high quality customer service and a price promise to be “never knowingly undersold”. Recently it has also become known for its popular annual Christmas television adverts, the release of which is widely anticipated by stakeholders, including customers, the media and competitors. These adverts, which usually launch in early November each year, act as a key driver of customer visits to stores and John Lewis’ online store during the crucial Christmas trading period.

Each advert aims to be memorable and thought-provoking. The 2016 advert, featuring a trampolining bouncing boxer dog called Buster, was more lighthearted than previous campaigns. “Man on the Moon” in 2015 highlighted the issue of social isolation and loneliness, and “Monty the Penguin” in 2014 was a real tear-jerker.

John Lewis believes that its main competitive advantage does not come from other department store chains like Debenhams or House of Fraser, or from other brands, particularly Amazon, which is seen by many as emotionless, corporate and impersonal. John Lewis aims to differentiate itself by creating an emotional attachment between customers and its brand. The 2016 advertising campaign helped create this customer attachment as visitors visiting a store could meet Buster through a virtual reality headset or connect with Buster on Snapchat, Twitter or on the John Lewis website.

This multichannel marketing approach gave customers the opportunity to share emotions, memories and at the same time connect with the values of the John Lewis brand, ultimately helping the business to build on the competitive advantage which it already holds in the market.

Extra Space

- 10** John Lewis has adopted a strategy of differentiation based on providing high levels of customer service in order to compete effectively. To what extent should all businesses adopt this type of strategic positioning?

(16 marks)

Handwriting practice lines for the answer to Question 10.

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End of Questions