

0 1 3

Which pricing method involves calculating the costs of production and adding a percentage to make a profit?

[1 mark]

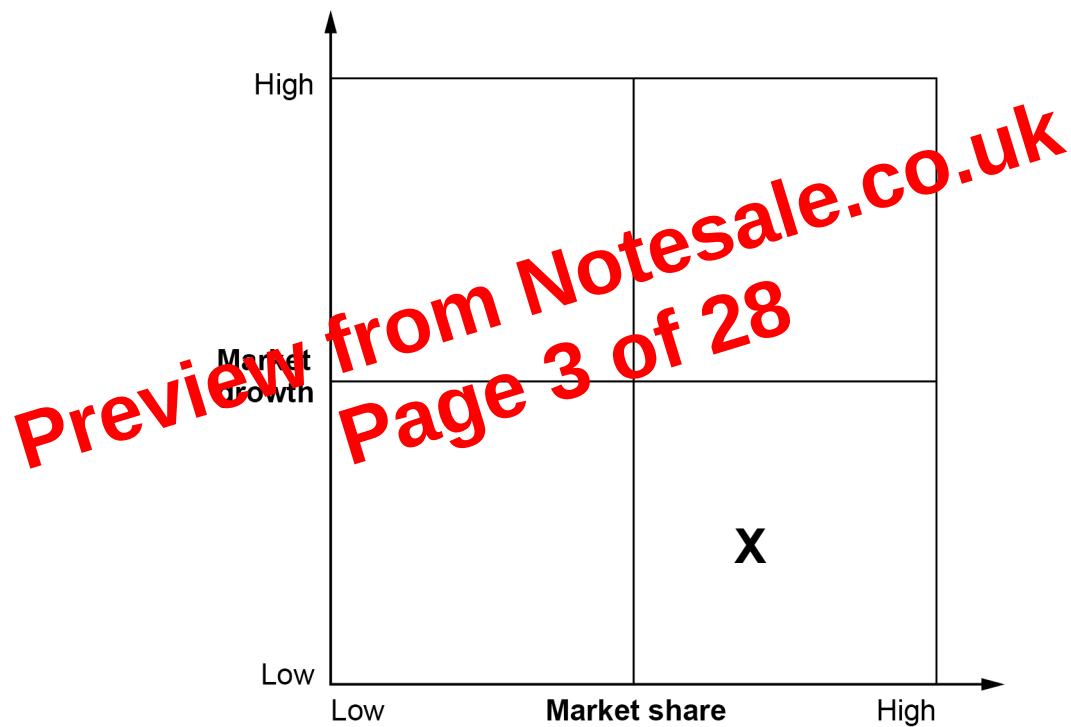
- A Competitive pricing ☐
- B Cost plus pricing ☐
- C Loss leader ☐
- D Price skimming ☐

0 1 4

What is the name for the category of products in the Boston Matrix labelled **X** below?

[1 mark]

Figure 1 The Boston Matrix



- A Cash cow ☐
- B Dog ☐
- C Question mark/problem child ☐
- D Star ☐

Turn over ►



Section B

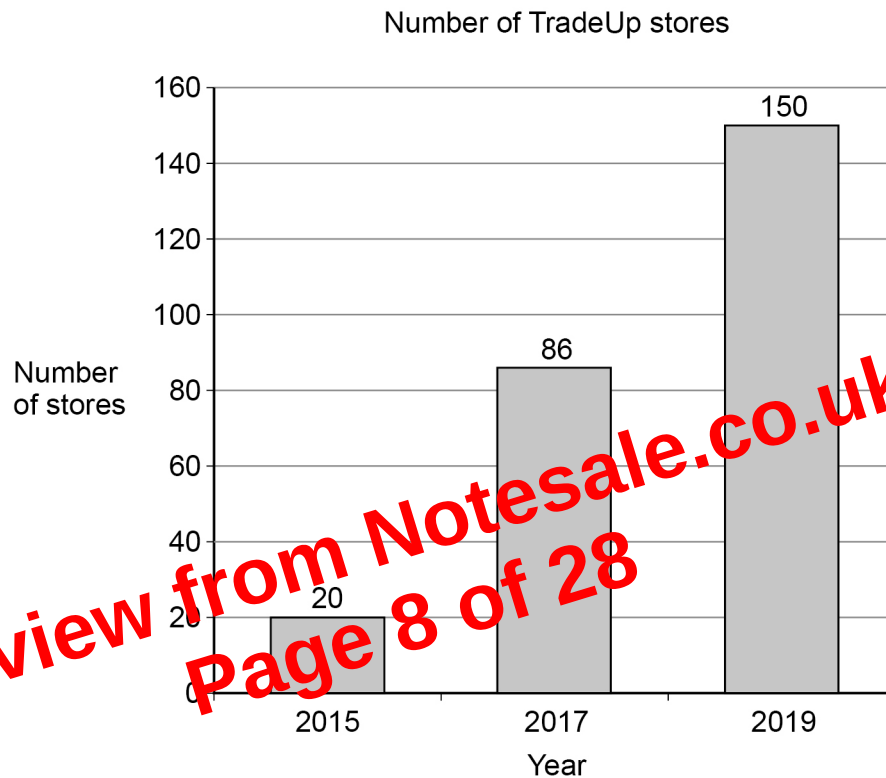
Answer **all** questions in the spaces provided.

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0 2

Item A: TradeUp

TradeUp is a high street retailer that buys, sells and exchanges second-hand entertainment products and technology. These products include video games, mobile phones and tablet computers. TradeUp was established in 2002. The number of TradeUp stores since 2015 is shown below.



To keep up with a growing market, TradeUp has used franchising since 2015 to expand rapidly as it had limited funds available to set up stores itself. To open a TradeUp franchise, each franchisee must make an initial investment of £150 000. This money is used to design and fit the shop, purchase opening stock and train managers. Franchisees must pay TradeUp an ongoing royalty fee of 7% of their revenue.

One franchisee is Amelia Appleby. Amelia has had an idea to sell home appliances such as vacuum cleaners and microwaves, but she is unsure which products would be popular. Amelia is keen to present her idea to TradeUp as soon as possible, but she knows that she needs market research to support her proposal. Although Amelia is busy running her store, she has decided to conduct a focus group with her regular customers. To encourage customers to participate, Amelia will pay each of them a small fee. In the past, Amelia has used questionnaires to collect feedback from customers. These were placed on the shop counter for four weeks for customers to complete, but she had a very low response rate.



0 2 . 6

Amelia is aiming to reduce cost of sales in 2021 so she can improve her gross profit. She predicts her sales revenue will stay the same.

Calculate the difference in the gross profit margin between 2020 and 2021 if Amelia increases gross profit by 25%.

State the formula for gross profit margin and show your workings.

[5 marks]

Formula: _____

Workings: _____

Answer _____ %

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Recommend whether Amelia should relocate her fulfilment store from the town centre to the retail park.

Give reasons for your answer.

[9 marks]

Turn over ►

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[illegible]