

Chapter 24: Exam practice question

Microsoft launches its new smart-phone

- 1 Explain how Microsoft's 15.1% share of the mobile phone market would have been calculated. (4)

Market share = $\frac{\text{sales value of Microsoft's US smart-phones in a month}}{\text{sales value of whole US smart-phone market for the same month}} \times 100\%$

Microsoft's share of the mobile phone market would have been calculated by expressing as a percentage the ratio between the value of Microsoft's US smart-phone sales for a particular month and the total worth of the US smart-phone market for the same month.

4 marks:

An accurate explanation of the calculation **or** an accurate formula.

2–3 marks:

One or two details of the calculation may have been missed.

1 mark:

An attempted answer with some understanding evident.

- 2 Analyse two ways Microsoft could increase its market share of the mobile phone market. (7)

Methods could include:

- bring out a better model than the competition
- lower prices
- increased promotion campaign
- buy a competitor company
- any other relevant point.

A detailed analysis of the positive and negative aspects of each point chosen is required with extensive links to the case study material.

SL: apply **Resources table 1** mark band descriptors.

HL: apply **Resources table 2** mark band descriptors.

A justified conclusion is **not** required.

- 3 Explain the characteristics of Apple's market-orientated approach to promoting the iPhone. (5)

Define marketing plans: the detailed strategies concerning products, pricing, promotion and distribution chains, which are usually based on primary and secondary research. These are intended to identify and meet the needs of customers profitably by getting the right product at the right price to the right place at the right time.

Benefits should focus on the four Ps approach (product, price, promotion, place):

- anticipating customer wants and developing the products to fill them
- pricing products to be competitive in the market while ensuring maximum profitability
- using the promotion budget to maximum effect to boost sales and improve brand image
- identifying the best distribution methods to meet customer needs and so boost sales

SL: apply **Resources table 1** mark band descriptors.

HL: apply **Resources table 2** mark band descriptors.

A justified conclusion is **not** required.

- 4 **(HL)** Discuss the benefits mobile phone producers could gain by adopting a more social approach to marketing their products. **(9)**

Define social marketing: this is an approach that does not just focus on the business and its customers, but also considers the effect on all members of the public (society) involved in some way when firms meet these demands. These often support ethical interests and may benefit society in the longer term.

Benefits to producers:

- image enhancement
- may make the product more appealing to some consumers
- may give competitive advantage
- may lead to the business being able to charge higher prices as benefiting society becomes a USP
- any other relevant point

Disadvantages to producers:

- may increase product costs and so mean that prices are higher and less competitive
- may lead to loss of market share
- short-term consumer wants may differ from long-term society welfare
- any other relevant point

HL: apply **Resources table 2** mark band descriptors.

A justified conclusion is required for a 9-mark question.