

Volume 31, Number 1, September 2024

Practice exam questions

Market positioning

Mark Hage

Check your answer to the question on pp. 26–28 of the magazine. This question relates to the Edexcel specification.

Sample answer

Market mapping uses a two-dimensional diagram to plot products or services in a market using two key variables.

By using market mapping, Sophie Kim may have divided each business in the food industry within different categories, such as lower- versus higher-quality Korean food and lower versus higher prices. By plotting products and prices on the market map she may have been able to find a gap in the market, which is why she may have chosen premium vegetables and Korean ready meals. By occupying this gap Market Kurly may have avoided any competition when it started up, thus giving the business first mover advantage and allowing it to charge premium prices. This may have ultimately resulted in gaining higher profit margins and profits, possibly allowing Kim to gain finance more easily from financial institutions to fund expansion.

Market mapping may also have helped Kim to identify her potential competitors, such as shops or brands that also provide online grocery deliveries. By identifying them in advance, Kim may have been able to plan a strategy to allow her business to outcompete other similar offerings. For example, selling premium ready meals created by famous chefs could reduce the risk of failure and increase her chances of significant profits, due to the unique selling point.

However, even if Kim did find a gap in the market using market mapping, the process has limitations and does not guarantee success. Kim would need to undertake further research and may still miss critical issues that could negatively impact her business success. For example, even if she managed to get celebrity chef endorsement for her ready meals, market mapping would not have been able to predict the level of demand. Demand may actually have been low, which could have resulted in business failure. Kim's skills as an entrepreneur and her ultimate attitude to risk taking were also key factors in making her one of the most successful female entrepreneurs in South Korea.

In conclusion, the benefits of market mapping are dependent on many other factors surrounding the launch of Market Kurly. Kim may have spotted a gap for an online grocery app in South Korea by using market mapping, but to make the business successful she would also need to have the skills to hire the correct staff to create the app, source and produce the ready-to-eat meals and obtain the appropriate level of finance to create the first billion-dollar online grocery app. Market mapping is a useful tool in the process rather than an end in itself.

Sample examiner comment

Mark: 10/10 (level 4 – an excellent response, fully focused on the question)

This answer shows excellent and detailed knowledge and understanding of market mapping and how it may have helped with the success of Market Kurlly. Excellent application is shown through the use of appropriate context applied to the question. Analysis is well developed, coherent and logical analysis is linked together giving cause and effect of the positive and negative effects of competing arguments, using context based on qualitative and quantitative data. An evaluation of the use of market mapping in the context of business success, with context, is used to support a judgment.

This resource is part of BUSINESS REVIEW, a magazine written for A-level students by subject experts. To subscribe to the full magazine, go to www.hoddereducation.com/businessreview