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Practice exam questions

K-pop and the product life cycle

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Check your answer to the question on pp. 4–5 of the magazine. This question relates to the AQA specification.

Sample answer

One benefit of Dr Martens' decision to stock 'vegan' boots is that this may enhance the ethical credentials of the brand, attracting a new range of customers. The promotional focus of Dr Martens is likely to have been on a different market segment from its more traditional boots range, which may lead to a halo effect on the life cycle of other products. As a consequence, the vegan boots may also act as an extension strategy for some of Dr Martens' other product range that are currently in the maturity or decline stage. For boots such as the 1460 range, the new market segment targeted by the advertising of vegan boots may encourage such customers to make repeat purchases of other products, leading to increased market share and the continuing profitability of products that would otherwise be seeing a decline in sales. If such sales continue in the medium term – as products such as the 1460 boot have already recouped most of their research and development costs – the profit margins on each sale are likely to be higher than the 'vegan' boots, leading to an improvement in Dr Martens' profit levels from the 55% decline seen in 2023, despite weak sales in the USA.

However, the potential new customer purchasing vegan boots may be regarded as so different from Dr Martens' other customers in terms of wants and needs that the success of such products may have little or no impact on the life cycle of its other products. The 1460 boot range appears to attract customers who are more interested in celebrity endorsement. This may not entice vegan boots customers to purchase other products in the range, as they are likely to be more interested in ethical purchases. As a consequence, this new product may not enhance other products in the life cycle and Dr Martens may risk the decline of the 1460 boots if this is its only strategy for maintaining sales. This decline could ultimately result in net profits decreasing even further, due to the higher promotional costs, even though gross profits have risen in 2023 to £1,000.3 million.

However, the extract makes it clear that the vegan range of boots is only one factor that has helped to improve profits. Dr Martens has adopted extension strategies for other products such as designs by Cardi B, which have helped to extend the life of products that have reached maturity. In fact, by further innovating and selling in new markets and via the internet, Dr Martens' overall marketing strategy may enhance product sales across its range. This could incorporate the potential halo effect of the 'vegan' boots with those of other market segments and allow for the maximum enhancement of all products, regardless of where they currently sit in the product life cycle.

Sample examiner comment

Mark: 16/16 (level 4 – an excellent response, fully focused on the question)

A depth and range of knowledge and understanding are shown on the importance to a niche market business of maintaining its competitive advantage through use of its product life cycle.

Application is applied effectively throughout the answer.

Analysis is well developed throughout the answer and considers a balanced range of issues appropriate to answering the question.

The answer makes judgments as to a niche business's ability to maintain its competitive advantage through the use of its product life cycle. The answer shows a balance of competing arguments and a clear focus on answering the question throughout.

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