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BUSINESS **9609/42**

Paper 4 Business Strategy **February/March 2024**

1 hour 15 minutes

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You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **4** pages. Any blank pages are indicated.

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Clothing Company (CC)

CC is a public limited company. It operates its own branded clothing retail stores only in the US. CC has been a popular choice with both customers and investors. Revenue and profit were consistently high until 2008.

CC used to have only four main seasonal ranges: spring, summer, autumn and winter. As digital marketing and fast fashion became more popular, CC struggled to meet the changing needs of its customer base.

Originally, clothing was sourced from manufacturers, based in low-income countries, which used flow production.

Timeline of CC

2009–2010	Competition from online only retailers reduce CC's market share.
2010–2011	CC sets out new marketing objectives (see **Appendix 1**). CC invests in digital marketing and increases the number of sales promotions.
2012	CC ends its relationship with existing clothing manufacturers and begins using fast fashion specialist clothing manufacturers. These local clothing manufacturers are able to supply limited order quantities in the short lead times CC requires. CC adapts its marketing mix and begins to sell online (see **Appendix 2**).
2013	Customer feedback refers to poor quality and design innovation (see **Appendix 3**). Poor planning of introducing online selling results in disappointing sales.
2014–2015	Revenue from the largest city centre stores decreases. Profit continues to decrease. Dividend payments are reduced and share price decreases (see **Appendix 4**).
2016	Sulwar Singh is appointed Marketing Director. He has extensive experience of online sales and marketing of premium products. Sulwar introduces viral marketing campaigns and social media influencers are paid to promote the brand.
2017–2019	CC continues to lose market share. Inventories reach record high levels. The marketing objectives set in 2010 are not achieved.
2020	Sulwar loses the confidence of the board and is replaced by John Dee as Marketing Director. John is set an objective to restore CC's brand reputation.
2021–2023	John insists on new quality control procedures. The share price remains low, but stable.

Developing an operations strategy for survival and growth

The directors of CC are concerned that the business may fail. They believe it needs a new and distinctive operations strategy to reduce costs and increase efficiency.

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Appendix 1: CC's marketing objectives in 2010

- To increase sales volume by 20% by 2019.
- To revise CC's pricing strategy.
- To expand CC's customer base.

Appendix 2: Changes to CC's marketing mix in 2012

Old marketing mix	New marketing mix
• Seasonal clothing • Main target segment: 30–50 year olds • Branded with CC logo • Competitive pricing • Limited range of products • Distributed through CC shops	• Quick response to fashion changes (fast fashion) • Main target segment: 13–30 year olds • Branded with CC logo • Dynamic pricing • Large range of products • Distributed through CC shops and CC website

Appendix 3: Examples of customer feedback in 2013

'CC clothing used to be good quality. My new jumper fell apart in its first wash!'

'I don't know what counts as fashion these days, but I don't like it.'

'There's always something new every time I visit the website.'

'I was going to buy a shirt in a CC shop, then I found it much cheaper on the website.'

Appendix 4: Financial data: 2008–2020

	2008	2012	2016	2020
Revenue ($m)	100	70	60	75
Profit ($m)	10	3.5	3	1
Dividend per share ($)	2	0.75	0.5	0.25
Share price ($)	7	4	3.5	3

1 Evaluate the effectiveness of CC's marketing strategy between 2010 and 2020. [20]

2 Advise CC on an operations strategy to enable its future survival and growth. [20]

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