Cambridge Assessment International Education

# Cambridge International AS & A Level

**BUSINESS** **9609/42**

Paper 4 Business Strategy **May/June 2025**

**1 hour 15 minutes**

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.

DC (PQ/SG) 341534/1
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## Questions Answered (QA)

QA is a technology business located in country A. It sells Artificial Intelligence (AI) devices that answer questions in consumers' homes. These devices are called 'smart speakers'. Consumers can link the device to other smart technology in their homes, such as fridges and televisions. Consumers can ask the device questions and it uses an internet connection to find the answers.

QA started trading in 2016 and demand for its first device QA1 was high. However, after the pandemic in 2021, the owners decided to sell the business. It was bought by QA's senior management team.

### Timeline of QA

| | |
|---|---|
| 2021 | Senior management team purchases QA for $20m. It becomes a private limited company owned by eight senior managers. They are now the directors of the company. Shares are equally split.<br>Directors complete a SWOT analysis of the business (see **Appendix 1**). |
| 2022 | The Marketing Director uses the Ansoff matrix as a basis for recommending that QA focuses on product development.<br>QA starts to develop QA2, a next generation smart speaker with many unique functions. |
| 2023 | Sales of QA1 enter the decline stage of product life cycle. QA makes a loss for the first time.<br>The directors use a decision tree to help them decide whether to launch the QA2 early in 2024 or wait until the planned launch in 2025 after more testing (see **Appendix 2**).<br>The decision is made to launch the QA2 early. |
| 2024 | QA2 is launched.<br>Sales are higher than expected as QA is the first to market with a next generation device. This leads to excess demand. QA is unable to increase supply. QA launch a website to show inventory availability at retail outlets. Complaints from customers about QA2. Research is commissioned about QA2 (see **Appendix 3**).<br>QA makes a public apology. |

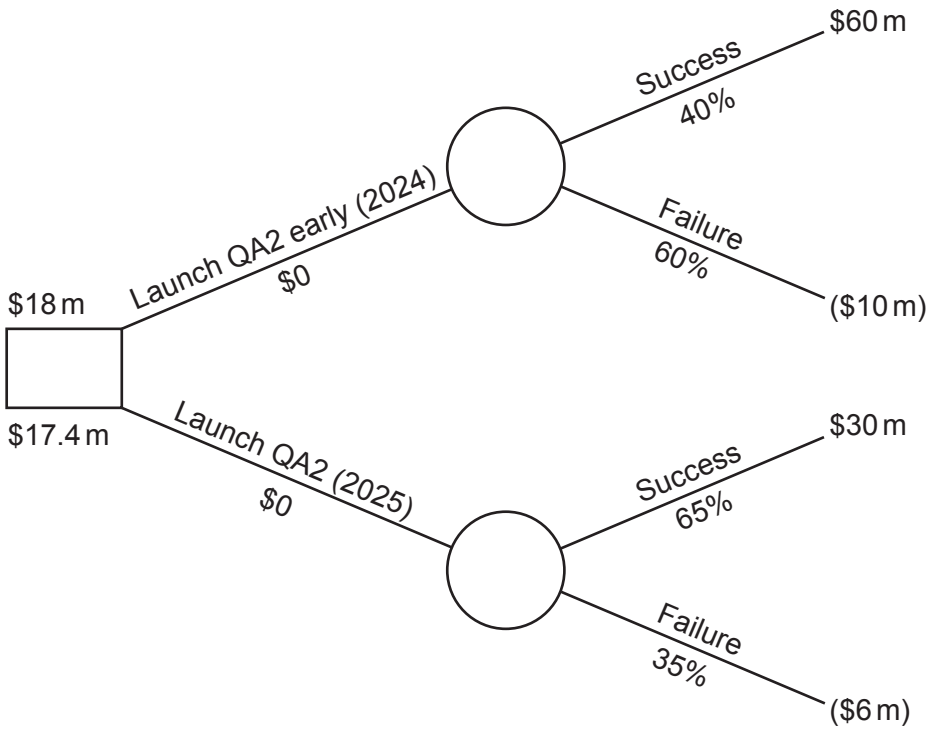
### Developing a marketing strategy

Sales of QA1 are in decline and there is poor public perception of QA as a business. The QA2 device has now been more fully tested and improved and needs to be relaunched. The business needs to develop a coordinated marketing strategy to achieve success with QA2.

## Appendix 1: Extract from SWOT analysis of QA in 2021

| Strengths | Weaknesses |
|---|---|
| • High sales of QA1<br>• QA has 6% market share of the global smart speaker market<br>• QA outsources all production to manufacturers in low income countries | • QA only has one product on the market<br>• QA does not own any manufacturing facilities |
| **Opportunities** | **Threats** |
| • Good public perception of QA as a technology business<br>• Smart speaker market in country A is expected to grow by 17% by 2025 | • Market research suggests QA1 is in the maturity stage of product life cycle<br>• There is a growing concern about the data security of smart speakers |

## Appendix 2: Decision tree for the launch of QA2



## Appendix 3: Market research of QA2 in 2024

- 18% of QA2 devices were returned as faulty. All customers were given a free replacement product.
- 72% of customers thought the price was too high.
- An estimated 4m potential customers were unable to purchase a QA2 due to a lack of supply.
- 65% of customers would not recommend the QA2 to someone else. The main concerns were:
  - poor product quality
  - high price
  - did not meet expectations given in promotional materials.

Answer **both** questions.

**1** Evaluate the usefulness to QA of the approaches used to develop its business strategy between 2021 and 2024. [20]

**2** Advise QA on a coordinated marketing strategy for the future success of QA2. [20]

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