



**General Certificate of Education**

**Applied Business 8616/8619**

**BS11      The Marketing Environment**

**Report on the Examination**

*2008 examination - January series*

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*Dr Michael Cresswell Director General.*

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## General Comments

This was the third assessment of BS11. As in June 2007, successful candidates demonstrated the following qualities:

- a broad knowledge of the unit's content
- an ability to apply this knowledge, using the information contained in the data items
- an ability to analyse the problems set by the questions and make appropriate judgements supported by the data items.

It continues to be the case that where candidates fail to accumulate marks it is due to weaknesses in some or all of the above qualities. For continued improvement in performance, centres should focus on developing the above qualities in their candidates.

## Question One

- (a) This question targeted Assessment Objectives one and two and was allocated four marks. Whilst all candidates could identify factors causing a decline in the number of specialist retailers in the UK market for recorded music, a worryingly large proportion failed to **explain** the impact of these factors on costs, revenues or profits. In order to gain high marks, in any question, the command word should be carefully considered by candidates before responding to a question.
- (b) This question targeted Assessment Objectives one and two and was allocated 10 marks, comprising of two five mark parts. Most candidates were able to identify and describe two valid actions. Better candidates went on to explain how the actions could help *HMV* to respond to changes in the marketing environment outlined in the data item. For example, better candidates would explain how price matching could improve the competitiveness of *HMV*.
- (c) This question targeted Assessment Objectives one, two and three and was allocated eight marks. A minority of candidates were able to successfully explain the relationship between the degree of competition and customer loyalty. Those who were able to successfully answer the question did so by making specific reference to a declining market share for the specialist retailers. Unfortunately, a significant minority of candidates either copied from the data item or wrote very general comments about competition. These responses struggled to get out of Level 1 on the mark scheme and gained no more than two marks.

## Question Two

- (a) This question targeted Assessment Objectives one and two and was allocated four marks. Virtually all candidates were able to identify possible reasons for a recovery plan. Unfortunately, too many candidates left it at that! As in question 1(a), candidates needed to **explain** why *HMV* needed a recovery plan. When candidates did this, full marks were nearly always awarded, eg "...it needs to have a plan for how it will get more customers because otherwise *HMV* might continue to make six month losses of £16.1 million and will surely have to shut down."
- (b) This question targeted Assessment Objectives one, two and three and was allocated eight marks. A worryingly large percentage of candidates knew very little about Ansoff's competitive strategies and wrote in general terms about the different strategies employed by *HMV*, ie they simply copied text from the data item. This often resulted in no marks being awarded. Better candidates, with knowledge of Ansoff's competitive strategies, wrote confidently about its use, eg how the renovation of the stores was an example of market development and was intended to attract a new segment of customers, consequently increasing *HMV*'s market share.
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- (c) This question targeted all four Assessment Objectives and was allocated 12 marks. Seven of these marks were allocated to Assessment Objective four. A large proportion of candidates produced well-argued responses and made good use of the data item. This was pleasing to see. Nearly all candidates were able to identify and explain two or three reasons why *HMV's* recovery plan might not work. For example, candidates wrote about the proposed cost of the changes, the actions by competitors or the fact that their proposals had not clearly met the problems that exist in the industry head on, ie an increasing number of consumers who are downloading from the internet for their own homes. A significant number of candidates were able to justify their arguments.

### Question Three

- (a) This question targeted all four Assessment Objectives and was allocated 14 marks. Seven of these marks were allocated to Assessment Objective four. At the lower end of the ability range, candidates seemed overwhelmed with the quantity of data in the item and appeared satisfied with simply copying it word-for-word. This was then followed with a rather bland and vague statement, eg "...and this will be significant to the specialist retailers." Better candidates were able to extract key features of the data, sometimes arguing that the evidence would act as an opportunity to *HMV* and not just as a threat to them. As with 2(c), this type of answer would usually be justified with appropriate evidence from the material. Successful candidates identified two or three pieces of significant information and went on to analyse the impact of these on the success of *HMV*.
- (b) This question targeted Assessment Objectives one, two and three and was allocated eight marks. The majority of candidates could describe at least one valid method of research or data to be collected. Better candidates went on to explain how this research might be carried out in the context of a high street specialist retailer operating in the UK market for recorded music. High marks were gained when candidates demonstrated that they had thought about the purpose of the research in the context of the market for **downloaded** music. A significant minority of candidates simply stated that primary and secondary research should be used, going on to provide text book definitions of these and generic advantages and disadvantages of each approach. This type of response gained few, if any, marks.
- (c) This question targeted all four Assessment Objectives and was allocated 12 marks. Seven of these marks were allocated to Assessment Objective four. This was an open-ended question with candidates having the opportunity to propose a suitable marketing strategy that *HMV* could use to exploit the opportunities offered by the market for downloaded music. A significant minority of candidates failed to select any strategy, instead proposing specific tactics (eg advertising). This approach failed to gain any marks for AO1, 2 or 3 but could gain a mark for quality of written communication if this was evidenced. Some candidates wrote in theoretical terms only, ie no context was evident. This approach could, at best, gain one mark plus a possible additional mark for the quality of written communication. Some candidates identified and wrote about several marketing strategies. This approach inevitably resulted in low marks as no development took place. Better candidates developed one strategy in full. This was often supported by a clear justification of the appropriateness of the strategy (using the data item) and its ability to cope with the changes in *HMV's* marketing environment.

### Mark Ranges and Award of Grades

Grade boundaries and cumulative percentage grades are available on the [Results statistics](#) page of the AQA Website.