



**General Certificate of Education**

**Applied Business 8616/8617/8619**

**BS11      The Marketing Environment**

**Mark Scheme**

*2009 examination - June series*

Mark schemes are prepared by the Principal Examiner and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation meeting attended by all examiners and is the scheme which was used by them in this examination. The standardisation meeting ensures that the mark scheme covers the candidates' responses to questions and that every examiner understands and applies it in the same correct way. As preparation for the standardisation meeting each examiner analyses a number of candidates' scripts: alternative answers not already covered by the mark scheme are discussed at the meeting and legislated for. If, after this meeting, examiners encounter unusual answers which have not been discussed at the meeting they are required to refer these to the Principal Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of candidates' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

Further copies of this Mark Scheme are available to download from the AQA Website: [www.aqa.org.uk](http://www.aqa.org.uk)

Copyright © 2009 AQA and its licensors. All rights reserved.

#### COPYRIGHT

AQA retains the copyright on all its publications. However, registered centres for AQA are permitted to copy material from this booklet for their own internal use, with the following important exception: AQA cannot give permission to centres to photocopy any material that is acknowledged to a third party even for internal use within the centre.

Set and published by the Assessment and Qualifications Alliance.

	<b>Assessment Objectives</b>
	The Assessment Objectives represent those qualities which can be demonstrated in candidates' work and which can be measured for the purposes of assessment.
AO1 Knowledge, skills and understanding	Candidates demonstrate knowledge and understanding of the specified content and relevant business skills.
AO2 Application of knowledge, skills and understanding	Candidates apply knowledge and understanding of the specified content and relevant business skills.
AO3 Research and analysis	Candidates use appropriate methods in order to obtain and select information from a range of sources to analyse business problems.
AO4 Evaluation	Candidates evaluate evidence to reach reasoned judgements.
<b>Quality of Written Communication</b>	<p>The quality of written communication is assessed in all assessment units where candidates are required to produce extended written material. Candidates will be assessed according to their ability to:</p> <ul style="list-style-type: none"> <li>• select and use a form and style of writing appropriate to purpose and complex subject matter</li> <li>• organise relevant information clearly and coherently, using specialist vocabulary when appropriate</li> <li>• ensure that text is legible, and that spelling, grammar and punctuation are accurate, so that meaning is clear.</li> </ul> <p>The assessment of the quality of written communication is included in Assessment Objective 4.</p>

**1****Total for this question: 22 marks**

(a) Using **Item A**, describe the degree of competition present in the UK cinema market.  
(5 marks)

Level	Descriptor	Marks	Assessment Objective
2	Uses <b>Item A</b> to describe the degree of competition present in the market.	3–5	AO2
1	Describes a valid degree of competition.	1–2	AO1

**Possible answers might include the following:**

- oligopoly as over 70% of cinema screens operated by just five businesses, with three of these holding 61.1% in 2007
- monopolistic competition given alternative ways of viewing films, eg DVD.

(b) Using **Item A**, explain why the Office of Fair Trading might monitor the activities of the top five UK cinema businesses.  
(8 marks)

Level	Descriptor	Marks	Assessment Objective
3	Uses <b>Item A</b> to fully explain why the OFT might be concerned about the activities of the dominant cinema businesses.	7–8	AO3
2	Uses <b>Item A</b> to partially explain why the OFT might be concerned about the activities of the dominant cinema businesses.	4–6	AO2
1	Describes the purpose/activities of the OFT.	1–3	AO1

**Possible answers might include the following:**

- purpose of the OFT is to help make markets work for consumers
- given the potential dominance of the top three cinema chains, consumers might face a limited choice of cinemas
- possible potential for monopolistic pricing
- possible collusion between the dominant businesses
- possible sign of dominance increasing between 2005 and 2007 – 4<sup>th</sup> and 5<sup>th</sup> placed businesses facing a decline in market share.

(c) Using **Item A**, analyse the possible factors affecting the price which a cinema business charges its customers for a cinema ticket. (9 marks)

Level	Descriptor	Marks	Assessment Objective
3	Uses <b>Item A</b> to analyse possible factors influencing the price of a cinema ticket.	7–9	AO3
2	Uses <b>Item A</b> when explaining how cinemas might decide on the price of a cinema ticket.	4–6	AO2
1	Describes possible factors affecting the price a business can charge for its products.	1–3	AO1

**Possible answers might include the following:**

- position in the market, eg *Odeon* having potential dominance could charge a higher price whilst *National Amusements* holds a smaller share and might charge lower prices
- changes in market share – lower price to gain share or charge higher price as dominance increases (eg, *Vue Entertainment*)
- rental charged by film production businesses
- reduction in exclusive exhibition time might result in cinemas altering prices to make the most of the reduced time – could be a reduction or an increase in price charged.

2

**Total for this question: 29 marks**

(a) Explain <b>one</b> marketing benefit that Vue might receive from taking over two cinema businesses. <span style="float: right;">(5 marks)</span>
---

Level	Descriptor	Marks	Assessment Objective
2	Explains a marketing benefit in context.	3–5	AO2
1	Explains/describes a general benefit of mergers/takeovers.	1–2	AO1

**Possible answers might include the following:**

- take over allowed *Vue Entertainment* to quickly establish itself in the market – 42 cinemas. It might have been extremely difficult to find new sites for cinemas and would have taken an excessive amount of time to build and launch new cinemas
- cinemas already established in prime locations – less need to carry out detailed research
- marketing advantages as a customer base already exists and no need to carry out the same level of communication if entering the market from ‘scratch’.

(b) Using <b>Item B</b> , analyse how Vue’s marketing activities could increase its share of the UK cinema market after 2007. <span style="float: right;">(9 marks)</span>
---

Level	Descriptor	Marks	Assessment Objective
3	Uses <b>Item B</b> to analyse impact of marketing activities on market share.	8–9	AO3
2	Uses <b>Item B</b> to explain how marketing activities could benefit <i>Vue</i> ’s revenues.	4–7	AO2
1	Describes marketing activities.	1–3	AO1

**Possible answers might include the following:**

- item indicates a combination of activities related to market development and product development
- marketing activities could help to establish a competitive advantage
- market development activities include introduction of digital and 3D projectors and a wider range of seating options – could help to attract a wider market and/or consolidate existing market
- product development activities include satellite links and live screening of sports events etc. Could help to increase spend from existing customers.

(c) *In your opinion, what would be the most effective way for Vue to carry out **research** into the products it might introduce to get more 'people through the doors' (Item B, line 10)? Justify your answer.* (15 marks)

Level	Descriptor	Marks	Assessment Objective
3	Analyses purpose of research.	6–8	AO3
2	Explains nature of research.	3–5	AO2
1	Identifies a method(s) of research.	1–2	AO1

**Possible answers might include the following:**

- market research of existing and potential customers to identify what types of activities might be popular. Danger of alienating current customers, so important to gather a range of opinions
- observation of market activities to review activities of competitors and spot potential market gaps. Danger of not identifying new products
- business and trade publications would be useful in terms of a broad market overview and an analysis of market trends. Perhaps focus on trends in leisure activities to identify potential new products
- government publications less likely to be useful although could provide some general indication of spending on leisure activities.

**For AO4**, you should award marks using the scheme below.

**Note** that AO4 also assesses candidates' quality of written communication. When deciding on the AO4 level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

Level	Descriptor	Marks	Assessment Objective
3	Evaluates the effectiveness of the research. Ideas are communicated in a coherent structure with consistent and appropriate use of technical terms. There are few errors in accepted conventions of written communication.	6–7	AO4 and Quality of written communication
2	Judges, with some justification, the effectiveness of the research. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	3–5	
1	Judges, using limited evidence, the benefits of the research. Ideas are communicated with some structure evident with occasional use of appropriate technical terms. There are some errors in accepted conventions of written communication.	1–2	

3

Total for this question: 29 marks

(a) To what extent might the film download market present a threat to the revenues of cinema businesses such as Vue? Use **Item C** to justify your answer. (15 marks)

Level	Descriptor	Marks	Assessment Objective
3	Uses <b>Item C</b> to analyse the nature of the potential market threat(s).	6–8	AO3
2	Explains the possible impact of potential market threat(s) described in <b>Item C</b> .	3–5	AO2
1	Describes the possible marketing threat(s).	1–2	AO1

**Range of threats described in the Item:**

- some film producers keen to pursue distribution through Internet sites, eg *Paramount Pictures*
- potential consequences of any shift to Internet downloads include loss of exclusive rights to show films, or at least potential reduction in the time given
- revenues could decline and market position deteriorate.

**However:**

- still have ‘hurdles’ to overcome – considerable technical difficulties in establishing the download market
- no evidence in the Item that the UK has any significant download market
- *Vue* does not consider the download market a major threat – cinema as a social event which the download market does not threaten.

For **AO4**, you should award marks using the scheme below.

**Note** that AO4 also assesses candidates’ quality of written communication. When deciding on the AO4 level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

Level	Descriptor	Marks	Assessment Objective
3	Evaluates the significance of the threats. Ideas are communicated in a coherent structure with consistent and appropriate use of technical terms. There are a few errors in accepted conventions of written communication.	6–7	AO4 and Quality of written communication
2	Judges, with some justification, the significance of the threat(s). Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	3–5	
1	Judges, using limited evidence, the significance of the threat(s). Ideas are communicated with some structure evident with occasional use of appropriate technical terms. There are some errors in accepted conventions of written communication.	1–2	



(b) Propose a marketing strategy that Love Film could use to increase its revenues. Use **Item C** to justify your answer. (14 marks)

Level	Descriptor	Marks	Assessment Objective
3	Analyses the ability of the marketing strategy to increase revenues.	5–7	AO3
2	Explains the purpose of a valid marketing activity or strategy.	2–4	AO2
1	Identifies a valid marketing activity or strategy.	1	AO1

**A range of marketing strategies could be selected, for example:**

- segmentation – target market segments more likely to be early adopters of downloaded films
- market development – focus on *Love Film*'s potential competitive advantage, eg ability to offer a wide range of films and potential for niche marketing
- product development – make it easier for customers to download and view films on television
- integrated growth – merge with other online businesses and continue to widen product range.

Candidates are required to justify the strategy in relation to the information shown in **Item C**. The levels awarded will depend on the extent to which a candidate identifies a key issue from **Item C** (eg limited market) and justifies a marketing strategy capable of addressing the issue (eg segmentation to target specialised sections of the market).

**For AO4**, you should award marks using the scheme below.

**Note:** AO4 also assesses candidates' quality of written communication. When deciding on the AO4 level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

Level	Descriptor	Marks	Assessment Objective
3	Evaluates the suitability of the marketing strategy. Ideas are communicated in a coherent structure with consistent and appropriate use of technical terms. There are few errors in accepted conventions of written communication.	6–7	AO4 and Quality of written communication
2	Justifies, with some justification, the suitability of the marketing activity or strategy. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	3–5	
1	Judges, using limited evidence, the suitability of the marketing activity or strategy. Ideas are communicated with some structure evident with occasional use of appropriate technical terms. There are some errors in accepted conventions of written communication.	1–2	