



General Certificate of Education

Applied Business 8616/8619

BS11 The Marketing Environment

Mark Scheme

2010 examination - January 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.

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	Assessment Objectives
	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.
Quality of Written Communication	<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"> • select and use a form and style of writing appropriate to purpose and complex subject matter • organise relevant information clearly and coherently, using specialist vocabulary when appropriate • ensure that text is legible, and that spelling, grammar and punctuation are accurate, so that meaning is clear. <p>The assessment of the quality of written communication is included in Assessment Objective 4.</p>

1

Total for this question: 29 marks

1 (a) Using **Item A**, describe **two** changes in the marketing environment of the UK car market. (4 marks)

For each response: 1 mark for identifying a feature of the marketing environment (eg economic growth) and 1 mark for describing a change in it (eg declining).

1 (b) Using **Item A**, explain **one** way in which changes in the marketing environment might have **reduced** sales of new cars in the UK. (5 marks)

Level	Descriptor	Marks	Assessment Objective
2	Uses Item A to explain a possible reason for decline in sales.	5–3	AO2
1	Describes a possible reason for decline in sales.	2–1	AO1

Relevant answers might include the following:

- cost of running a car leading to greater use of alternative transport and less demand for cars
- 'bad time' to make a major purchase, so put off purchasing new car until favourable changes in economic circumstances occur.

1 (c) Using **Item A**, analyse how a car manufacturer, such as Vauxhall, might use marketing activities to **increase** its sales of new cars in the UK. (8 marks)

Level	Descriptor	Marks	Assessment Objective
3	Uses Item A to analyse factors affecting sales of cars in the UK.	8–7	AO3
2	Uses Item A to explain how sales of cars could be increased.	6–4	AO2
1	Describes how a business could increase sales.	3–1	AO1

Relevant answers might include the following:

- focus on affordability and lower running costs - offer smaller, fuel-efficient vehicles
- greater number of customers prepared to negotiate prices - perhaps instruct dealers to provide heavy discounts
- promote environmentally friendly product ranges, perhaps smaller less expensive models anyway.

1 (d) Do you think that changes in the marketing environment, described in **Item A**, would have made the UK market for new cars **more** or **less** competitive? Justify your answer. (12 marks)

Level	Descriptor	Marks	Assessment Objective
3	Uses Item A to analyse factors affecting competition in the UK car market.	5–4	AO3
2	Uses Item A to explain a possible change in the UK car market.	3–2	AO2
1	Describes competition.	1	AO1

Relevant answers might include the following:

- in 2007, competitive market with no producer having any significant market share, although could be viewed as oligopolistic – Ford, Vauxhall and Volkswagen collectively owning over a third of the market
- declining economic conditions leads to shrinking demand, falling overall sales
- same number of businesses competing for smaller volume, hence likely to further increase competition
- however, could also be the case that some manufacturers face financial difficulty and mergers take place, reducing competition.

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 changes in the marketing environment. 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.	7–6	AO4 and Quality of written communication
2	Judges, with some justification, the significance of changes in the marketing environment. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	5–3	
1	Judges, using limited evidence, the significance of changes in the marketing environment. Ideas are communicated with some structure evident with occasional use of appropriate technical terms. There are some errors in accepted conventions of written communication.	2–1	

2

Total for this question: 28 marks

2 (a) Using **Item B**, explain **one** marketing benefit to VW of owning several car brands. (5 marks)

Level	Descriptor	Marks	Assessment Objective
2	Uses Item B when explaining a marketing benefit to VW of owning several car brands.	5–3	AO2
1	Describes a general benefit of a business owning several brands.	2–1	AO1

Relevant answers might include the following:

- having a range of car brands helps cover different customer segments, eg mass market, business and luxury. This possibly increases revenue and/or reduces risks of losing revenue
- having a presence in different types of markets could make it easier for VW to gather market information and inform marketing activities/strategies.

2 (b) Using **Figure 1** in **Item B**, analyse the significance of the Asian market to VW in 2008. (8 marks)

Level	Descriptor	Marks	Assessment Objective
3	Uses Figure 1 to analyse significance of size and growth of the Asian market.	8–6	AO3
2	Explains meaning of data in Figure 1 in relation to market size or growth.	5–3	AO2
1	Describes the data in Figure 1 or identifies general benefits of a business trading in several geographic markets.	2–1	AO1

Relevant answers might include the following:

- Western European market static/declining - it contributes over 50% of sales shown in the table, so if this is declining then the other markets take on greater significance
- second biggest market - Asia - includes China and would seem to be an obvious growth area. This is backed up by the significant increase in deliveries (21.5%)
- as the North American market is the smallest of the five and is declining, the Asian market would seem to be very significant to VW.

2 (c) Do you think that VW needs to develop its products for each of its regional markets?
Use **Item B** to justify your answer. (15 marks)

Level	Descriptor	Marks	Assessment Objective
3	Uses Item B to analyse importance to VW of developing its products in regional markets.	8–6	AO3
2	Uses Item B to explain why VW might need to develop its products.	5–3	AO2
1	Describes importance to a business of developing its products or identifies relevant data from Item B .	2–1	AO1

Relevant answers might include the following:

- **Figure 1** – emerging markets would seem to be very important to VW and so market development a priority. However, VW cannot develop a market without having a suitable product - quote from VW director indicates significance of market development, but also how this requires modification of its products
- market share data perhaps indicates that VW not meeting needs of customers in North America and Asia
- European market - fine certainly needs to be avoided! Given size of the Western European market and dominance within it, VW cannot ignore this market and needs to modify products (eg focus on market penetration). This needs to be achieved in four years - possibly a short time scale given the change in product line needed
- in general, important to address external environment factors within each geographic region if VW is to become the 'world's most international car maker' - product range should be developed accordingly.

See next page for Evaluation.

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 importance of VW developing its products. 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.	7–6	AO4 and Quality of written communication
2	Judges, with some justification, importance of VW developing its products. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	5–3	
1	Judges, using limited evidence, possible importance of VW developing its products. Ideas are communicated with some structure evident with occasional use of appropriate technical terms. There are some errors in accepted conventions of written communication.	2–1	

3**Total for this question: 23 marks**

3 (a) Analyse the significance to Pininfarina of the marketing opportunities and threats described in *Item C*. (8 marks)

Level	Descriptor	Marks	Assessment Objective
3	Uses Item C when analysing the significance of marketing opportunity(ies) or threat(s).	8–6	AO3
2	Uses Item C when explaining possible marketing opportunity(ies) or threat(s).	5–3	AO2
1	Describes marketing opportunity(ies) or threat(s).	2–1	AO1

Relevant answers include the following:

Opportunities:

- survey indicates that UK consumers prepared to consider using electric-cars, so potentially large market reducing risk of any investment in the market?
- UK government investing in infrastructure ('European capital for electric-cars'), so ready made potential market
- London is demonstrating that it wants to encourage greater use of electric-cars
- possible niche market which *Pininfarina* could exploit.

Threats:

- only 'considering' purchasing an electric-car - how many UK consumers would purchase?
- would £90 million establish sufficient numbers of re-charging points or would the market be limited by lack of these?
- will the battery technology deliver the increased mileage?

3 (b) Using **Item C**, how do you think that Pininfarina might successfully market its new electric-car in the UK? (15 marks)

Level	Descriptor	Marks	Assessment Objective
3	Uses Item C when analysing potential marketing activities/strategy.	8–6	AO3
2	Uses Item C to explain the marketing activity(ies)/strategy.	5–3	AO2
1	Describes valid marketing activity(ies)/strategy.	2–1	AO1

Relevant answers might include the following:

- as this is a niche market, target specific market segments (eg younger consumers) and focus marketing efforts on a smaller group of consumers who are interested in products that help protect the environment
- the product is potentially unique in its use of superior battery technology. Other major producers seem less willing to enter the market, so play on features of the product and how it is superior to the competition
- candidates can discuss activities or strategies, eg they could propose a marketing mix.

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 suitability of the marketing activity(ies)/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.	7–6	AO4 and Quality of written communication
2	Judges, with some justification, the suitability of the marketing activity(ies)/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.	5–3	
1	Judges, using limited evidence, the suitability of the marketing activity(ies)/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.	2–1	