



**General Certificate of Education (A-level) Applied
June 2011**

Applied Business

BS11

**(Specification
8611/8613/8616/8617/8619)**

**Unit 11: The Marketing Environment (External
Test)**

Report on the Examination

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General Comments

It was pleasing to see that students had been well prepared for this examination. The vast majority understood the unit's concepts and what differentiated student performance was their ability to apply the concepts. Better students demonstrated effective analysis of the problems set by the higher mark questions. On the basis of this analysis, they then went on to make the supported judgements required.

Question One

- (a) Successful students understood the meaning of a 'recession' and could explain how a fall in income might result in a fall in demand for non-essential goods, such as video game consoles. Less successful students demonstrated some understanding of how a recession might affect businesses.
- (b) Successful students used their understanding of how businesses behave in a competitive market to describe Nintendo's dominant position. They also explained why Nintendo did not need to reduce its price, eg by referring to brand loyalty or by suggesting that Nintendo might wait to see what happens to the demand for its consoles. Less successful students demonstrated some generic understanding of competitive behaviour but failed to apply this to the item.
- (c) Successful students had a good understanding of product development and were able to relate this to the concept of a competitive advantage. The item contained a range of examples which were used to good effect by these students. This was often seen when students wrote about the uniqueness of the product development introduced by Nintendo, ie features not available in rivals. Less successful students understood the idea of product development but did not relate this to establishing a competitive advantage. The weakest students confused product development with market development or diversification.
- (d) This question required students to compare the advantages of market development as opposed to product development. Successful students tended to begin their response with a definition of market development and then analysed one or more benefits, by making reference to the information in the item, eg museum guide, education purposes and mental agility. They then related their understanding to the concept of entering a new market. The very best responses would then compare this to product development, often by referring to risk or the need to enter new markets when the UK economy is in decline, as opposed to the significant costs involved in product development.

Less successful students failed to use the information in the item in a meaningful way, sometimes simply lifting information from the item and then failing to use it.

Question Two

- (a) Successful students explained how horizontal integration could help to reduce competition or allow GAME to grow at a faster rate than through other methods. Less successful students demonstrated a generic understanding of horizontal integration and failed to relate this to the context.

- (b) This question tested students' ability to apply the concept of market segmentation to a real context, eg GAME's decision not to rebrand 'Gamestation' or its decision to offer trade-in sales. Successful students' responses often started with a definition of segmentation followed by an explanation as to how this strategy could have helped GAME to achieve market leadership. Less successful students failed to connect the use of segmentation to establishing market leadership.
- (c) There was a range of different marketing activities that the students could investigate for this question. Successful students often focused on analysing two or three activities by considering the effects of these actions on the success of GAME. These students would then judge the best or most successful marketing activity by considering the performance of GAME and/or the actions of its competitors.

Less successful students often copied text from the item or added little more than a basic explanation, eg 'better customer service will mean that GAME will sell more'. Other students attempted to cover a wide range of marketing activities, which provided little time for analysing the possible effects of each activity.

Question Three

- (a) Successful students understood the meaning of brand loyalty and went on to use one or two examples from the item to analyse how *Activision Blizzard* had achieved this. Students could have referred to a number of points including the use of monthly subscriptions, regular updates and the use of interactive game controllers. For example, some students identified that producing more than one version of the game could encourage customers to buy the newer versions, particularly as they have invested in the expensive guitar controller, subsequently establishing brand loyalty. Less successful students demonstrated some understanding of brand loyalty but could not relate this to the context.
- (b) This question required students to 'assess the significance of the weaknesses and threats' faced by *Activision Blizzard*. The latter part of the item identified five such weaknesses/threats. Successful students accurately identified them and considered their impact on the business. Students then went on to judge the importance to the business of the weakness or threat, for example by considering the costs of redeveloping the games or the impact of the weakness/threat on the ability of *Activision Blizzard* to deal with competitors. The most successful students would then weigh up their arguments, perhaps by prioritising the most significant weakness/threat.

Mark Ranges and Award of Grades

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

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