

Mark Scheme (Results)

January 2008

GCE

GCE Applied Business (6925/01)

General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

<ul style="list-style-type: none"> • Question • Number 	<ul style="list-style-type: none"> • Answer 	<ul style="list-style-type: none"> • Mark
<ul style="list-style-type: none"> • 1(a) 	<ul style="list-style-type: none"> • <u>AO1 MB1</u> = 2 <u>AO2 MB1</u> = 2 • • <u>Strength</u> • Located only 22 miles from M50 - provides good access for target market. • Located in rural Herefordshire - will appeal to customers who want to get away from towns and cities. • <u>Weakness</u> • Not on a major road - could make getting there difficult. • Isolated - customers may feel they will have no alternative than to use the facilities provided. • 	<ul style="list-style-type: none"> • • • 1 mark for aspect of location • • 1 mark for how that makes it a strength/weakness • • (1 + 1) x 2 • • • • • (4)

<ul style="list-style-type: none"> • Question • Number 	<ul style="list-style-type: none"> • Answer 	<ul style="list-style-type: none"> • Mark
<ul style="list-style-type: none"> • 1(b) 	<ul style="list-style-type: none"> • <u>AO1 MB1</u> = 1 <u>MB2</u> = 1 <u>AO2 MB1</u> = 1 <u>MB2</u> = 1 • • <u>Opportunity</u> • 80% is a very high figure - indicates that there is a large potential market for <i>Dryden Park</i> to approach. • <u>Threat</u> • Large potential market is attracting new venues to open - could be taking customers away from <i>Dryden Park</i>. • 	<ul style="list-style-type: none"> • 1 mark for opportunity/threat • 1 mark for why that comes from 80%/why that comes from a feature in Fig 1 related to the 80% • • (1 + 1) x 2 • • (4)

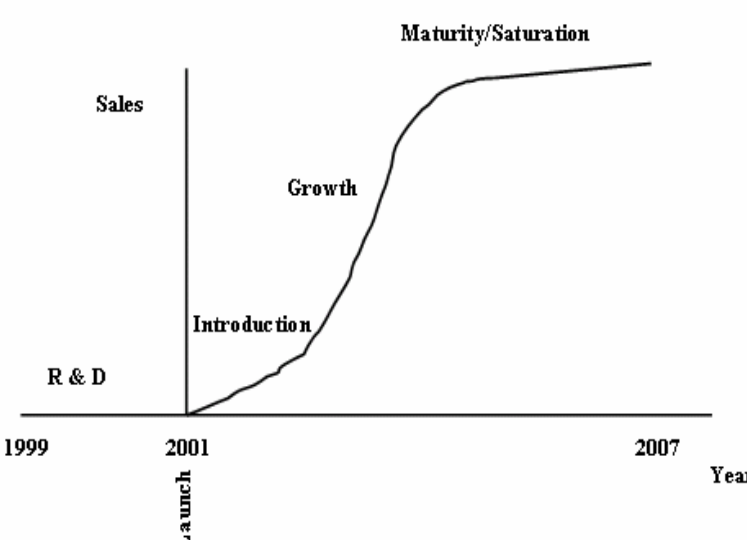
<ul style="list-style-type: none"> • Question • Number 	<ul style="list-style-type: none"> • Answer 	<ul style="list-style-type: none"> • Mark
<ul style="list-style-type: none"> • 1(c) 	<ul style="list-style-type: none"> • <u>AO1</u> MB3 = 1 <u>AO2</u> MB2 = 1 <u>AO4</u> MB1 = 1 MB2 = 1 • <ul style="list-style-type: none"> • There will be less income in the economy - businesses are likely to cut back on expenditure - non-necessary expenditure is likely to be cut first - this would include away days such as those offered by <i>Dryden Park</i>. • A downturn may lead to lower revenue for businesses - may decide to hold all meeting in-house - <i>Dryden Park</i> offers itself as a conference centre for businesses - will lose some of its target market. 	<ul style="list-style-type: none"> • 1 mark for basic effect of downturn/meaning of downturn • 1 mark for reaction of business customer (maximum 2 marks) • 1 mark for why <i>Dryden Park</i> particularly affected (maximum 2 marks) • (1 + 2 + 1) or (1 + 1 + 2) • (4)

<ul style="list-style-type: none"> • Question • Number 	<ul style="list-style-type: none"> • Answer 	<ul style="list-style-type: none"> • Mark
<ul style="list-style-type: none"> • 2(a) 	<ul style="list-style-type: none"> • <u>AO1 MB1 = 1 AO2 MB1 = 1 MB2 = 1 AO3 MB2 = 1 MB3 = 1 AO4 MB1 = 1 MB2 = 1 MB3 = 1</u> • <u>Meaning</u> • Lower price than competitors to enter market. <ul style="list-style-type: none"> • <u>Appropriate</u> • New to market - low price encourages target market to try - can build up loyal customer base in the first year - will then stay when prices are raised. • Very competitive market - low price gives a temporary competitive edge - raising price will help to lessen any aggressive competitor reaction - will have become established before competitors react. <ul style="list-style-type: none"> • <u>Inappropriate</u> • <i>Dryden Park</i> was a stately home - low prices might suggest low quality - some have used this USP to set prices high and some other businesses have still attracted business customers. • 	<ul style="list-style-type: none"> • 1 mark for understanding of term (may be implied) • • 1 mark for identifying factor that would be appropriate (maximum 2 marks) • • 1 mark for why that factor would make it appropriate (maximum 4 marks) • • 1 mark for factor that would make it inappropriate • • 1 mark for why inappropriate (maximum 2 marks) • • (Maximum 6 marks for just why appropriate) • • (8)

<ul style="list-style-type: none"> • Question • Number 	<ul style="list-style-type: none"> • Answer 	<ul style="list-style-type: none"> • Mark
<ul style="list-style-type: none"> • 2(b) 	<ul style="list-style-type: none"> • <u>AO2</u> MB1 = 1 MB2 = 1 <u>AO4</u> MB1 = 1 MB2 = 1 • • Use competitive pricing - will keep prices the same as major competitors - no benefit to customers on price for choosing new venues - if service at <i>Dryden Park</i> has been good customers should return. • Offer new attractions - this will provide existing customers with more facilities/better quality - this will give a justification for raising prices - customers will feel they are still getting value for money. • 	<ul style="list-style-type: none"> • • 1 mark for tactical marketing decision • • 1 mark for effect of that decision • • 1 mark for why that would retain customers (maximum 2 marks) • (4)

<ul style="list-style-type: none"> • Question • Number 	<ul style="list-style-type: none"> • Answer 	<ul style="list-style-type: none"> • Mark
<ul style="list-style-type: none"> • 3(a) 	<ul style="list-style-type: none"> • <u>AO2</u> MB3 = 2 <u>AO3</u> MB2 = 1 MB3 = 1 <u>AO4</u> MB3 = 1 • • • Business customers will plan ahead - will then book up suitable days/weeks - the owners will need to plan promotions well ahead of these dates - this will give business customers time to consider what is on offer - without the forward planning potential sales will be lost. • Individual businesses may only be able to use the venue at certain times - if the special offers do not match these they will not book up - <i>Dryden Park</i> will need to carry out research to find when business customers can come - promotions must then be made allowing time for customers to plan ahead - alternatively the special offers could be available at any time so could be promoted at any time. 	<ul style="list-style-type: none"> • 1 mark for relevant feature of businesses (maximum 2 marks) • • 1 mark for effect of the feature on business customers' planning (maximum 2 marks) • • 1 mark for how this affects when the owners should plan their promotions (maximum 3 marks) • (5)

<ul style="list-style-type: none"> • Question Number 	<ul style="list-style-type: none"> • Answer 	<ul style="list-style-type: none"> • Mark
<ul style="list-style-type: none"> • 3(b) 	<ul style="list-style-type: none"> • <u>AO3</u> MB1 = 1 MB2 = 1 MB3 = 1 <u>AO4</u> MB1 = 2 • Business customers will be at work - unlikely to see day-time advertisements - will have no impact if not seen - businesses would not expect advertisements at this time so would not make a special effort to look for them. • Target market is from Gloucester to Birmingham - national TV targets the whole country - local firms may feel that they could be competing with many other businesses for places - may feel places will be limited/prices will be excessive. 	<ul style="list-style-type: none"> • 1 mark for relevant feature of the target market (maximum 2 marks) • 1 mark for why national day-time TV would limit impact (maximum 3 marks) • (5)

Question Number	Answer	Mark
4(a)	<p><u>AO1</u> MB1 = 1 MB2 = 1 <u>AO2</u> MB1 = 1</p> <p>Sample product life cycle</p>  <p>1999 2001 2007</p> <p>Year</p>	<p>1 mark for labelling of axes, including correct placing of dates</p> <p>1 mark for labelling of growth & maturity/saturation</p> <p>1 mark for labelling of R&D and launch</p> <p>(3)</p>

• Question • Number	• Answer	• Mark
• 4(b)	<ul style="list-style-type: none"> • <u>AO1</u> MB2 = 1 <u>AO2</u> MB2 = 1 • • No sales are being made - this was when <i>Dryden Park</i> was being converted into a conference centre. • May have received no revenue before launch - customers not paying until they use the facilities. • 	<ul style="list-style-type: none"> • 1 mark for basic reason • • 1 mark for application to <i>Dryden Park</i> • • • (2)

• Question • Number	• Answer	• Mark
• 4(c)(i)	<ul style="list-style-type: none"> • <u>AO1</u> MB1 = 1 • • Market development 	<ul style="list-style-type: none"> • 1 mark for correct segment • • (1)

• Question • Number	• Answer	• Mark
• 4(c)(ii)	<ul style="list-style-type: none"> • <u>AO2</u> MB1 = 1 <u>AO4</u> MB1 = 2 • • Lower the price - students have limited incomes - will only consider the offer if they can afford it. • Set price as a special offer - students have other interests during their holidays - if attractive enough may be persuaded to try the facilities. • Lower the price - students have less money to spend than businesses - the current prices for businesses are likely to be too expensive for students. 	<ul style="list-style-type: none"> • 1 mark for change • • 1 mark for why that change would be appropriate because of the target markets (maximum 2 marks) • • • • (3)

• Question • Number	• Answer	• Mark
• 5(a)	<ul style="list-style-type: none"> • <u>AO1</u> MB1 = 1 MB2 = 1 • • Data that is collected for the first time - this data was recorded as customers booked. • Data that is original - this data did not exist until it was recorded by <i>Dryden Park</i>. 	<ul style="list-style-type: none"> • 1 mark for meaning of primary research (may be implied)

		<ul style="list-style-type: none">•• 1 mark for application to <i>Dryden Park</i>•• (2)
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<ul style="list-style-type: none"> • Question • Number 	<ul style="list-style-type: none"> • Answer 	<ul style="list-style-type: none"> • Mark
<ul style="list-style-type: none"> • 5(b) 	<ul style="list-style-type: none"> • <u>AO1</u> MB1 = 1 MB3 = 1 <u>AO3</u> MB1 = 2 MB2 = 1 MB3 = 1 <u>AO4</u> MB1 = 1 MB3 = 1 • • It is the segment with the highest number of businesses - 62 compared to the next highest of 56 - shows that promotion to this group has been successful - likely to earn most revenue from this group. • Provides the highest number of individual customers - average number is around 15.5 - this gives a likely total of 15.5 x 62 = 961 - that is higher than all other groups unless column D has average groups of over 34. • Has the highest booking for 2 days - over 80% compared to column D with 68% - two day booking earn additional revenue with overnight stay - £200/person compared to £90/person for just a day. • Has highest number/percentage of team-building bookings - 53/85% compared to 12/43% for D and 8/57% for B - each team-building programme has an additional £200 fee - raised £10 600 revenue on column C for 2007. 	<ul style="list-style-type: none"> • • • • 1 mark for basic feature (maximum 3 marks) • • 1 mark for figures used to support feature (maximum 3 marks) • • 1 mark for justification (maximum 4 marks) • • (Maximum of 4 marks for using only one feature) • • • • • • (8)

<ul style="list-style-type: none"> • Question • Number 	<ul style="list-style-type: none"> • Answer 	<ul style="list-style-type: none"> • Mark
<ul style="list-style-type: none"> • 5(c) 	<ul style="list-style-type: none"> • <u>AO1</u> MB3 = 1 <u>AO3</u> MB1 = 2 MB2 = 1 <u>AO4</u> MB1 = 1 MB2 = 1 • • Column A had no telephone contact and no brochures where as column C had both - this suggests that <i>Dryden Park</i> were using these kinds of promotion only for large businesses - this is confirmed by the data for column D. • The main method for column A was the website, for column C this was only 8% - column C had direct contact through brochures and telephone so did not need to learn about <i>Dryden Park</i> through the website - column A had no direct contact so needed to research through the web, and yellow pages. • No direct marketing for column A - small businesses likely to have less money for these kind of staff events - <i>Dryden Park</i> may have felt it would not be cost effective to provide them with brochures or call them. 	<ul style="list-style-type: none"> • • • • 1 mark for showing difference in the data (maximum 2 marks) • • 1 mark for why there is a difference (maximum 4 marks) • • (maximum of 4 marks for one difference) • • • • • • (6)

<ul style="list-style-type: none"> • Question • Number 	<ul style="list-style-type: none"> • Answer 	<ul style="list-style-type: none"> • Mark
<ul style="list-style-type: none"> • 6(a) 	<ul style="list-style-type: none"> • <u>AO1</u> MB1 = 1 MB2 = 1 MB3 = 1 <u>AO2</u> MB3 = 1 <u>AO3</u> MB1 = 1 MB2 = 1 • <u>Does provide</u> • Non-overlapping subgroups - the basic division of numbers attending are all unique - the table is then laid out so other characteristics of those subgroups can be seen. • Reflects the make up of the population - this does reflect the current usage of <i>Dryden Park</i> - provides the business with an existing known weighting which would be better than a completely random sample. • <u>Does not provide</u> • Must be a distinct characteristic of the population - the data only refers to the numbers of staff attending - the distinct characteristic of the businesses will be how many staff they have. • Numbers attending may not be a distinct characteristic - it may simply reflect the needs of the businesses at the time - this would make the results of future surveys unreliable. • 	<ul style="list-style-type: none"> • • • 1 mark for feature of stratified sampling (maximum 2 marks) • • 1 mark for how the data in Table 1 provides that feature (maximum 2 marks) • • 1 mark for why the table does not provide that feature (maximum 2 marks) • • (A maximum of 4 marks for a one sided answer) • • (6)

<ul style="list-style-type: none"> • Question • Number 	<ul style="list-style-type: none"> • Answer 	<ul style="list-style-type: none"> • Mark
<ul style="list-style-type: none"> • 6(b)(i) 	<ul style="list-style-type: none"> • <u>AO1</u> MB1 = 2 MB2 = 1 • • Postal survey - find data on all UK businesses and select ones with reasonably large employee numbers - large businesses are most likely to be able to afford the kind of services <i>Dryden Park</i> offers - send the questionnaire to the head of Human Resources - will be in charge of these kinds of events/training so best able to answer. • 	<ul style="list-style-type: none"> • • • • 1 mark for appropriate method • • • (1)

<ul style="list-style-type: none"> • Question • Number 	<ul style="list-style-type: none"> • Answer 	<ul style="list-style-type: none"> • Mark
<ul style="list-style-type: none"> • 6(b)(ii) 	<ul style="list-style-type: none"> • <u>AO2</u> MB1 = 1 MB2 = 1 • • Telephone survey - select suitable businesses from secondary data and arrange by phone when would be the best time to conduct the survey - this will ensure that asking the questionnaire will cause least disruption/likely to give a good image of <i>Dryden Park</i> - arrange to speak to the person in charge of personnel/events - this should ensure that time is not wasted speaking to someone who cannot make decisions about using <i>Dryden Park</i> facilities. 	<ul style="list-style-type: none"> • 1 mark for each appropriate step • • 1 mark for why that step would make the method effective/cost effective (1 method and (1 + 1) x 2 • • • • (4)

<ul style="list-style-type: none"> • Question • Number 	<ul style="list-style-type: none"> • Answer 	<ul style="list-style-type: none"> • Mark
<ul style="list-style-type: none"> • 7(a) 	<ul style="list-style-type: none"> • <u>AO1</u> MB1 = 1 MB2 = 1 <u>AO2</u> MB1 = 2 • • (<i>Causeway Press</i> has been taken as an example for Q7) • Name of business and product - <u><i>Causeway Press</i>, textbooks</u> • (i) Bookshops - individual students. • (ii) Brochures/book displays - teachers looking for resources. • • (Note: The channel and target markets must both be distinctly different) 	<ul style="list-style-type: none"> • 1 mark for channel of distribution • • 1 mark for target population • • (1 + 1) x 2 • • • • • • (4)

<ul style="list-style-type: none"> • Question • Number 	<ul style="list-style-type: none"> • Answer 	<ul style="list-style-type: none"> • Mark
<ul style="list-style-type: none"> • 7(b) 	<ul style="list-style-type: none"> • <u>AO1</u> MB2 = 1 MB3 = 1 <u>AO2</u> MB1 = 2 MB2 = 1 MB3 = 1 • • <u>First channel</u> • Students often buy books individually - may want to look through a number of books before choosing - bookshops provide the opportunity to do this. • Students will need books for different subjects - bookshops cover a range of different subjects in the same location - this is convenient for the students. • <u>Second channel</u> • Teachers are buying resources for their courses - brochures show the full range of books on offer from a publisher - will provide write-ups that can help with choosing the right textbook. • Teachers teach in school and colleges - taking the books to them helps to ensure the target market is reached - book representatives can also explain/show the best features of the books direct to target market. • 	<ul style="list-style-type: none"> • • • • 1 mark for nature of the target market • • 1 mark for why the channel is effective for this target market (maximum 2 marks) • • (1 + 2) x 2 • • • • • • • • (6)

<ul style="list-style-type: none"> • Question • Number 	<ul style="list-style-type: none"> • Answer 	<ul style="list-style-type: none"> • Mark
<ul style="list-style-type: none"> • 8(a) 	<ul style="list-style-type: none"> • <u>AO1</u> MB1 = 2 • • (<i>Tesco</i> has been taken as an example for Q8) • <u>(i) Local</u> • Sells through Express convenience stores. • Special offers are made to customers using advertisement in the store windows. • <u>(ii) National</u> • Sells nationwide on the internet. • Special offers are made to all users of the Club Card nationally through direct mail. • 	<ul style="list-style-type: none"> • 1 mark for example of local marketing • • 1 mark for example of national marketing • • • • • • • (2)

<ul style="list-style-type: none"> • Question • Number 	<ul style="list-style-type: none"> • Answer 	<ul style="list-style-type: none"> • Mark
<ul style="list-style-type: none"> • 8(b) 	<ul style="list-style-type: none"> • <u>AO1</u> MB2 = 1 <u>AO2</u> MB2 = 1 MB3 = 2 <u>AO3</u> MB1 = 1 • • Local stores show a few offers in their windows whereas the web site has details of many offers - window space is limited - the web site has many linked pages - potential customers can explore the web pages at their leisure - to attract the attention of people passing window displays need to be large hence reducing their number. • National TV advertisement focus on just a few offers whereas local newspaper advertisements list many offers - National TV advertisement are expensive and short - this restrict how much can be effectively shown - a full page spread in a newspaper can give details of many offers - potential customers have time to read about all of them. • 	<ul style="list-style-type: none"> • • 1 mark for difference (maximum 2 marks) • • 1 mark for why it is different (maximum 4 marks) • • • • • (Maximum 5 marks for considering just 1 difference) • • (6)

<ul style="list-style-type: none"> • Question • Number 	<ul style="list-style-type: none"> • Answer 	<ul style="list-style-type: none"> • Mark
<ul style="list-style-type: none"> • 8(c) 	<ul style="list-style-type: none"> • <u>AO1</u> MB1 = 1 <u>AO2</u> MB1 = 1 • • Product range needs to be smaller as Express store have limited space. • Access in terms of opening hours will be different with the website open 24 hours. • Advertising will have to be different, for example with advertising fresh baked bread in the main supermarkets as this is not available in Express stores. 	<ul style="list-style-type: none"> • • • 1 mark for each constraint • • • • • • (2)

6925 - Marketing Decisions - Jan 2008 - Content and AOs Grids

Content area distribution

Question	Content area				Total
	10.1	10.2	10.3	10.4	
1 (a)	4				4
1 (b)	4				4
1 (c)	4				4
2 (a)	1	2		5	8
2 (b)		2		2	4
3 (a)	1	2		2	5
3 (b)	1	2		2	5
4 (a)		3			3
4 (b)	1	1			2
4 (c)	1	3			4
5 (a)			2		2
5 (b)			8		8
5 (c)			4	2	6
6 (a)			6		6
6 (b)			3	2	5
7 (a)	2	2			4
7 (b)		2		4	6
8 (a)	2				2
8 (b)	2	3		1	6
8 (c)				2	2
Total	23	22	23	22	90
Target	22/23	22/23	22/23	22/23	90

6925 - Marketing Decisions - Jan 2008 - AOs Grids

Question	AO1: Band equivalent			AO2: Band equivalent			AO3: Band equivalent			AO4: Band equivalent			
	1	2	3	1	2	3	1	2	3	1	2	3	
1 (a)	2			2									4
1 (b)	1	1		1	1								4
1 (c)			1		1					1	1		4
2 (a)	1			1	1			1	1	1	1	1	8
2 (b)				1	1					1	1		4
3 (a)						2		1	1			1	5
3 (b)							1	1	1	2			5
4 (a)	1	1		1									3
4 (b)		1			1								2
4 (c)	1			1						2			4
5 (a)	1	1											2
5 (b)	1		1				2	1	1	1		1	8
5 (c)			1				2	1		1	1		6
6 (a)	1	1	1			1	1	1					6
6 (b)	2	1		1	1								5
7 (a)	1	1		2									4
7 (b)		1	1	2	1	1							6
8 (a)	2												2
8 (b)	1	1			1	2	1						6
8 (c)	1			1									2
Total	16	9	5	13	8	6	7	6	4	9	4	3	90
Target	4	3	1			2	1						
If Top	18	12	6	16	8	7	9	8	5	10	4	4	
Top		36			31			22			18		
Bottom		27			22			14			9		
If Bottom	13	9	5	11	6	5	6	5	3	5	2	2	
Balance	45	27	18	80									
Target	45	27	18	90									