

Mark Scheme (Results)

January 2012

GCE Applied Business (6925)
Paper 01

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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.

1(a)	Why would the fact that part of Cardigan Bay is classified as a Special Area of Conservation (SAC) be both an opportunity and a threat for Gavin's new business venture?	
AOs	Mark Allocation	Exemplar Responses
<p>AO2 MB1 = 2 MB2 = 2</p>	<p>1 mark for factor that is an opportunity</p> <p>1 mark for why it is an opportunity for Gavin's venture</p> <p>(Repeat for the threat)</p> <p>(1 + 1) x 2</p> <p>(4 marks)</p>	<p><u>Opportunity</u></p> <ul style="list-style-type: none"> Part of the Bay is protected for animals – will be more animals for the sightseeing trips. <p><u>Threat</u></p> <ul style="list-style-type: none"> Number and type of fish caught is controlled – may be less fishing allowed for the fishing trips.

1(b)	Examine how elements of PESTLE shown on <u>Figure 1</u> could affect Gavin's new business venture.	
AOs	Mark Allocation	Exemplar Responses
<p>AO1 MB1 = 2</p> <p>AO2 MB1 = 2 MB2 = 2</p>	<p>1 mark for element of PESTLE, if explained (maximum 2 marks)</p> <p>1 mark for detail of the PESTLE element (maximum 4 marks)</p> <p>(A maximum of 4 marks for considering just one element)</p> <p>(6 marks)</p>	<ul style="list-style-type: none"> Legal – a Boatmasters Licence is needed if passengers are taken – will need to train before he can take passengers – this could delay when Gavin can start the business. Legal/political – a SAC area has been set up in Cardigan Bay – Gavin will need to obey the fishing, speed, etc, restrictions imposed – may affect how long trips will take. Environmental – winter months have bad weather – cannot take out fishing trips if it is too stormy - so may have low income then. <p>(Note these must be external influences.)</p>

	With reference to the information given in <u>Figure 1</u> explain why the strengths for Gavin's new business venture might be more important than the weaknesses.	
Q2	Indicative content	
<p><u>AO1</u> MB1 = 1</p> <p><u>AO2</u> MB1 = 1</p> <p><u>AO3</u> MB1 = 1 MB2 = 1 MB3 = 1</p> <p><u>AO4</u> MB1 = 2 MB2 = 2 MB3 = 2</p>	<ul style="list-style-type: none"> Gavin already has one boat (1) – already has 50% of the boats he needs (2) – he will need two boats (1) – will have to find the money to pay for the second boat (2) – he has experience at fishing (1) – can use that experience to run the fishing trips (2) – has no experience of running sightseeing trips (1) – will need to learn how to do this effectively (2) – tourists taking trips will expect the skipper to be experienced (3) – Gavin has worked in the Bay for 17 years so will know the best fishing sights/sightseeing areas (3) - Gavin already has one qualified employee who could take out either boat immediately (3) – Gavin can buy a boat and get a qualification so the weaknesses can be overcome (4) – Cardigan Bay is a popular tourist area so if Gavin goes ahead with the plan there is likely to be target market for him (4) – the weaknesses are all ones that can be overcome with buying another boat/employing another boatman/getting trained (4). 	
Level	Mark	Descriptor
0	0 mark	No rewardable material
Level 1	1 – 3 marks	Strengths and weakness are identified. At least one strength and one weakness are identified for full marks. The candidate uses everyday language and the response lacks clarity and organisation and is difficult to comprehend. Spelling, punctuation and the rules of grammar are used with little accuracy.
Level 2	4 – 6 marks	Basic explanations of why the strengths and weaknesses identified at Level 1 will be strengths or weaknesses for the new venture. The candidate uses everyday language and the response lacks clarity and organisation. Spelling, punctuation and the rules of grammar are used with limited accuracy.
Level 3	7 – 9 marks	Candidates give reasoned statements as to why the strengths outweigh the weaknesses. The candidate uses some terms and shows some focus and organisation. Spelling, punctuation and the rules of grammar are used with some accuracy.
Level 4	10 – 11 marks	A reasoned justification is given as to why, overall, the strengths outweigh the weaknesses. The candidate uses a range of appropriate terms and shows good focus and organisation. Spelling, punctuation and the rules of grammar are used with considerable accuracy.

3(a)(i)	On <u>Figure 2</u> identify with the letter <u>F</u> where the fishing trips for tourists should be placed, and with the letter <u>S</u> where the sightseeing trips should be placed.	
AOs	Mark Allocation	Exemplar Responses
AO1 MB1 = 1 MB2 = 1	1 mark for identifying each trip (2 marks)	(See below) Note that answers for Welsh centres will be using the letters P and G.

Figure 2 – Ansoff Matrix

Market Penetration	Product Development
F	S
Market Development	Diversification

3(a)(ii)	Justify why you have placed each of these new ventures in the section(s) of the Ansoff Matrix part (i).	
AOs	Mark Allocation	Exemplar Responses
AO1 MB1 = 1 MB2 = 1 AO2 MB2 = 2 AO4 MB1 = 2	1 mark for identifying the market and product situation for the chosen sector (may be implied) 1 mark for why product same or different 1 mark for why market is same or different (1 + 1 + 1) x 2 (6 marks)	<u>Fishing trips</u> <ul style="list-style-type: none"> Same product, new market – fishing was the business Gavin was already in so same product – moving from commercial fishing to selling a service to trips to tourists so new market. <u>Sightseeing trips</u> <ul style="list-style-type: none"> New product and new market – the product was fishing, now it is tourism – the market was people/retailers buying fish, it is now tourists wanting sightseeing trips. (Note that diversification could be argued for the fishing trips.)

3(b)	Analyse if it would be sensible for Gavin to use penetration pricing when he starts his new ventures.	
AOs	Mark Allocation	Exemplar Responses
<p><u>AO1</u> MB1 = 1 MB2 = 1 MB3 = 1</p> <p><u>AO2</u> MB2 = 1 MB3 = 1</p> <p><u>AO3</u> MB1 = 1 MB2 = 1</p>	<p>1 mark for understanding of term (may be implied)</p> <p>1 mark for identifying the situation that Gavin is in (maximum 2 marks)</p> <p>1 mark for the benefit for Gavin in this situation (maximum 2 marks)</p> <p>1 mark for drawback of using penetration pricing (maximum 2 marks)</p> <p>1 mark for reasoned conclusion</p> <p style="text-align: right;">(7 marks)</p>	<ul style="list-style-type: none"> • Entry price below competitors which is then raised – Gavin is new to this business – it is a very competitive industry – may need lower prices so that people will try his business – will need to have some edge over the competition – competition might react by lowering their prices – will be able to do this as they will not have the added costs of buying another boat – if Gavin makes it clear that he will raise prices to the competitors' level fairly quickly they may let him enter so it would be sensible to use this pricing strategy. <p>(For full marks all parts of the mark allocation must be covered)</p>

		Discuss any problems that Gavin is likely to face in terms of the validity of the survey because of the way in which he plans to carry it out.
Q4		Indicative content
<p>AO3 MB1 = 2 MB2 = 1 MB3 = 1</p> <p>AO4 MB1 = 3 MB2 = 2 MB3 = 2</p>		<ul style="list-style-type: none"> In March there are not many tourists visiting (1) – he will therefore find it more difficult to find respondents (2) – he has decided to carry out the survey at one of the lowest points in the year for tourists visiting (3) – most trips will take place in the summer so he may be targeting the wrong people with his survey (4). He is planning to give some questionnaires to people visiting friends and relatives (1) – it will be difficult to know who these are (2) – he is using the data on Table 1 as the basis of the survey (3) – if he cannot contact some people there will be a bias in the answers (4). The data is for the whole region (1) – tourists coming to New Quay may be completely different (2) – he has decided to use regional data not data that applies just to New Quay (3) – he may have got the balance in terms of whom he is asking wrong and therefore will have a biased survey for New Quay (4).
Level	Mark	Descriptor
0	0 mark	No rewardable material
Level 1	1 – 3 marks	Identification from Figure 3, Table 1 , or the information below Table 1 of factors that could cause problems. The candidate uses everyday language and the response lacks clarity and organisation and is difficult to comprehend. Spelling, punctuation and the rules of grammar are used with little accuracy.
Level 2	4 – 6 marks	Explanation of why these factors would be a problem. The candidate uses everyday language and the response lacks clarity and organisation. Spelling, punctuation and the rules of grammar are used with limited accuracy.
Level 3	7 – 9 marks	Why the problems come from the way the survey was carried out. The candidate uses some terms and shows some focus and organisation. Spelling, punctuation and the rules of grammar are used with some accuracy.
Level 4	10 – 11 marks	Consideration is given as to how serious these problems are likely to be in terms of the validity of the survey. The candidate uses a range of appropriate terms and shows good focus and organisation. Spelling, punctuation and the rules of grammar are used with considerable accuracy.

5 (a) Describe why the survey Gavin is planning to carry out would be primary research.		
AOs	Mark Allocation	Exemplar Responses
<p>AO1 MB1 = 2</p>	<p>1 mark for showing understanding of the term (may be implied)</p> <p>1 mark for how Gavin's survey matches this</p> <p style="text-align: right;">(2 marks)</p>	<ul style="list-style-type: none"> • His research has not been carried out before – Gavin will be approaching respondents himself to find the data he wants. • Collecting original data – the questionnaire will collect data that has not been collected before.

5(b) Show what the sample frame would be for this survey.		
AOs	Mark Allocation	Exemplar Responses
<p>AO1 MB3 = 1</p> <p>AO2 MB3 = 1</p>	<p>1 mark for showing understanding of the term (may be implied)</p> <p>1 mark for the sample frame in this situation</p> <p style="text-align: right;">(2 marks)</p>	<ul style="list-style-type: none"> • The number of people who could be included in the survey – would be all people visiting New Quay when the survey is carried out.

5(c) Considering the way in which the survey will be carried out, discuss if it will be simple random sampling, cluster sampling or quota sampling.		
AOs	Mark Allocation	Exemplar Responses
<p>AO1 MB2 = 1 MB3 = 1</p> <p>AO2 MB2 = 1 MB3 = 1</p> <p>AO4 MB1 = 2 MB2 = 1</p>	<p>1 mark for showing understanding of the terms (maximum 2 marks)</p> <p>1 mark for relating the type of sample to the way it would be carried out (maximum 3 marks)</p> <p>1 mark for reasoned conclusion (2 marks)</p> <p style="text-align: right;">(7 marks)</p>	<ul style="list-style-type: none"> • Simple random means all people have chance of selection (1) – here it is based on number of visitors in Table 1 (2) – cluster is in one particular place (1) – here it was only in New Quay (2) – quota is based on specific characteristics of the possible sample (1) – here the sample was based on where the tourists were staying (2) – the survey divided the sample in the same proportions as where tourists stayed as shown on Table 1 and would only take place in New Quay (3) – this was a quota and cluster sample but it was not simple random (3).

5(d)	Analyse which of these two sets of responses is likely to be most useful to him.	
AOs	Mark Allocation	Exemplar Responses
<p>AO1 MB3 = 1</p> <p>AO2 MB1 = 1 MB2 = 1</p> <p>AO3 MB1 = 1 MB2 = 1 MB3 = 1</p>	<p>1 mark for identifying feature of the respondent group that would be relevant (maximum 2 marks)</p> <p>1 mark for why that would support/not support one sector or the other (maximum 2 marks)</p> <p>1 mark for reasoned conclusion (maximum 2 marks)</p> <p>(6 marks)</p>	<ul style="list-style-type: none"> First time visitors will not know about the activities in the area – repeat visitors have experience of the area – first time visitors will be able to provide him with information about what attracted them to come to the area – repeat visitors will be able to provide him with details about what activities they have used that competitors offer – both sets of information are likely to be useful to him – if he only uses one of these sources he will not get a full picture of visitors' motives.

6	With reference to Table 2 , assess which source of information he should choose for placing his advertisements.	
AOs	Mark Allocation	Exemplar Responses
<p>AO3 MB1 = 1 MB1 = 1</p> <p>AO4 MB1 = 2 MB2 = 1 MB3 = 1</p>	<p>1 mark for recognising the highest figures</p> <p>1 mark for limitations in going for just these (maximum 2 marks)</p> <p>1 mark for noting the aggregates for internet and brochure</p> <p>1 mark for reasoned decision for the best source Maximum 2 marks)</p> <p>(6 marks)</p>	<ul style="list-style-type: none"> Most visitors found out using the internet, brochures, recommendations and previous experience – recommendations and previous experience are not methods that Gavin can easily use – if he wants wide exposure he should go for internet or brochures – both of these have aggregate numbers of 34,600 – he will need to consider the likely impact of each of these, rather than just the numbers – access to the internet will be there for most people whereas a brochure will have to be ordered or picked up so internet may be best.

7(a)	State <u>two</u> major differences between a tactical and a strategic marketing decision.	
AOs	Mark Allocation	Exemplar Responses
<p>AO1 MB1 = 2</p>	<p>1 mark for each major difference</p> <p style="text-align: right;">(2 marks)</p>	<p>(<i>Morrisons Plc</i> has been used as an example for Q8)</p> <p><u>Name of business – <i>Morrisons</i></u></p> <ul style="list-style-type: none"> • Tactical short term decision, strategic long term decision. • Tactical involves a specific part of the marketing process, strategic affect the whole business. • Strategic decisions establish an overall plan for marketing, tactical decisions help the strategic decision to be successful.

7(b)	Explain how <u>one</u> tactical decision the business has taken has helped it to compete.	
AOs	Mark Allocation	Exemplar Responses
<p>AO1 MB1 = 1</p> <p>AO2 MB1 = 1</p> <p>AO3 MB1 = 1 MB2 = 1</p>	<p>1 mark for tactical decision</p> <p>1 marks for detail of what this involved</p> <p>1 mark for how this helped it to compete (maximum 2 marks)</p> <p style="text-align: right;">(4 marks)</p>	<ul style="list-style-type: none"> • <i>Morrisons</i> make the decision to buy only fresh beef, pork and lamb from British farms – run an advertising campaign to inform the British public of this – only British supermarket to do this – will encourage customers who want to buy British to shop at <i>Morrisons</i> rather than other supermarkets.

7(c)	Explain how <u>one</u> strategic decision the business has taken has helped it to compete.	
AOs	Mark Allocation	Exemplar Responses
<p>AO1 MB1 = 1</p> <p>AO2 MB1 = 1</p> <p>AO3 MB1 = 1 MB2 = 1</p>	<p>1 mark for strategic decision</p> <p>1 marks for detail of what this involved</p> <p>1 mark for how this helped it to compete (maximum 2 marks)</p> <p style="text-align: right;">(4 marks)</p>	<ul style="list-style-type: none"> • <i>Morrisons</i> take over <i>Safeways</i> – acquired nearly 500 additional stores – became the fourth largest supermarket chain in the UK/over 16% of the market share – with many more outlets around the country it could compete more directly with businesses such as <i>Tesco</i> and <i>Sainsbury</i>.

8(a)	Describe the improvements made to the product.	
AOs	Mark Allocation	Exemplar Responses
AO1 MB1 = 2	1 mark for each distinct detail of the improvements (2 marks)	(The <i>Toshiba Blu-Ray player</i> has been used as an example for Q8) <u>Business - Toshiba</u> <u>Product – DVD player to Blu-ray player</u> <ul style="list-style-type: none"> • New player has capability of playing Blue-ray discs. • Provides six times better picture quality than standard DVD players. • Sound quality provided by Dolby True HD and DTS HD to ensure that the audio matches visual performance.

8(b)	Examine the importance of the product life cycle in the decision to make improvements to the product.	
AOs	Mark Allocation	Exemplar Responses
AO1 MB2 = 1 AO2 MB1 = 1 MB2 = 1 MB3 = 1	1 mark for position a/the product was in when the decision was made 1 mark for why that lead to the decision (maximum 3 marks) (4 marks)	<ul style="list-style-type: none"> • The DVD players were at maturity/slow decline – Blu-ray was offering much better quality and being taken up by the competition – to extend sales of players <i>Toshiba</i> needed its players to be able to take the latest disk technology – <i>Toshiba</i> was the main company supporting HD DVD technology and without the change sales would have gone steeply into decline.

8(c)	Identify how the improvements might have had a negative effect on some of the target market.	
AOs	Mark Allocation	Exemplar Responses
AO1 MB3 = 1 AO3 MB1 = 1 MB2 = 1 MB3 = 1	1 mark for negative effect (maximum 2 marks) 1 mark for why this came from the improvement (maximum 3 marks) (4 marks)	<ul style="list-style-type: none"> • Customers might have been annoyed if they had just bought an HD DVD player from <i>Toshiba</i> – this would not have supported Blu-ray disks – may have felt that they had wasted their money for an inferior product – <i>Toshiba</i> was still selling DVD players in 2009 when it knew it was releasing the Blu-ray player later that year. • Customers may have felt they were being asked to pay extra – Blu-ray players were more expensive than DVD players – as Blu-ray players came out the price of DVD players fell – customers with relatively new DVD players may have felt that they now had a devalued product.

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