

Mark Scheme (Results)

Summer 2013

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.
- Mark schemes will indicate within the table where, and which strands of QWC, are being assessed. The strands are as follows:
 - i) ensure that text is legible and that spelling, punctuation and grammar are accurate so that meaning is clear*
 - ii) select and use a form and style of writing appropriate to purpose and to complex subject matter*
 - iii) organise information clearly and coherently, using specialist vocabulary when appropriate.*

For all questions, accept any reasonable answer if it is correct

Q1(a)	Mark Allocation	Exemplar Responses
<p>AO1 MB1 = 1 MB2 = 1</p> <p>AO2 MB1 = 2 MB2 = 1</p>	<p>1 mark for weakness (maximum 3 marks)</p> <p>1 mark for why that comes from <i>Metro Bank's</i> situation in 2011 (maximum 3 marks)</p> <p>(5 marks)</p>	<ul style="list-style-type: none"> • Lack of experience of high street banking in the UK – this is a new bank/only set up in 2010 – the founder owned a bank in the US where systems are different. • Limited exposure in the market – only has six branches in 2010 – few potential customers will know about the bank by actually seeing one that is open. • The bank was in debt - £100 million was borrowed – this will have interest payments that add to the cost of running the business.

Q1(b)	Mark Allocation	Exemplar Responses
<p>AO1 MB1 = 1 MB2 = 1 MB3 = 1</p> <p>AO2 MB1 = 1 MB2 = 1 MB3 = 1</p>	<p>1 mark for threat (maximum 2 marks)</p> <p>1 mark for why that comes from the market situation in 2011 (maximum 3 marks)</p> <p>1 mark for factor that limits the threat (maximum 2 marks)</p> <p>(2 + 3 + 1) or (2 + 2 + 2)</p> <p>(6 marks)</p>	<ul style="list-style-type: none"> • Less demand for high street branches – growth in internet banking – other banks are already closing branches – this could, however, mean less competition on the high street for <i>Metro Bank</i>. • The major banks could use aggressive marketing campaigns for customers – this is a highly competitive market – the major banks have over 1,500 branches each – but customers are dissatisfied with the other banks so might still go to <i>Metro Bank</i>. • Interest rates could rise – the founders have borrowed £100 million – this could increase the costs and reduce profits – however, they may have a fixed rate agreement that would not be affected by rises in the interest rate.

Q2(a)	Mark Allocation	Exemplar Responses
<p>A01 MB1 = 1 MB3 = 1</p> <p>A02 MB1 = 1</p> <p>A04 MB1 = 1 MB2 = 1</p>	<p>1 mark for recognition that market share is low</p> <p>1 mark for why it is low in context</p> <p>1 mark for recognition that market growth is low</p> <p>1 mark for identifying the market (may be implied)</p> <p>1 mark for why it is growth is low in context</p> <p style="text-align: right;">(5 marks)</p>	<ul style="list-style-type: none"> Market share is low – <i>Metro Bank</i> only had six branches compared to other banks with 1,500 branches. – market growth is low – this is the market for high street branches – these were not expanding in 2011, with branches being closed to save costs.

Q2(b)	Mark Allocation	Exemplar Responses
<p>A01 MB3 = 1</p> <p>A02 MB2 = 1</p> <p>A04 MB1 = 2 MB2 = 1 MB3 = 1</p>	<p>1 mark for change in marketing mix to gain market share (maximum 2 marks)</p> <p>1 mark for how this would increase share (maximum 2 marks)</p> <p>1 mark for how effective this would be in terms of market share (maximum 2 marks)</p> <p>Maximum for comments on market share (4 marks)</p> <p>1 mark for showing that it is unlikely to change market growth</p> <p>1 mark for why this would be difficult</p> <p style="text-align: right;">(6 marks)</p>	<ul style="list-style-type: none"> Increase in the number of branches (product) – this would create more exposure for the business – this would increase its market share compared to the other banks – it would, however, need over 1,000 more branches to get close to the Star position – it is unlikely that this would affect market growth – customers have lost confidence in banks in general and they are moving to internet banking. Create a television advertising campaign – would increase the number of people who know about the bank – some may open accounts, increasing market share – this would need to be targeted in places where there are branches in order to be effective – this may only mean customers move from one bank to another – overall demand for banking services may not increase so the market will not be growing.

Q2(c)	Mark Allocation	Exemplar Responses
<p>A01 MB1 = 1 MB2 = 1</p> <p>A02 MB1 = 1 MB2 = 1</p>	<p>1 mark for showing what market penetration is (may be implied)</p> <p>1 mark for why same product</p> <p>1 mark for why same market (maximum 2 marks)</p> <p>(4 marks)</p>	<ul style="list-style-type: none"> • Same product in the same market – the new branches will still be offering banking services – the customers are still likely to be private and business account holders – the branches will be in London, so will have a similar target market.

Q3		Indicative content
<p>A03 MB1 = 2 MB2 = 2 MB3 = 1</p> <p>A04 MB1 = 3 MB2 = 2 MB3 = 1</p>	<ul style="list-style-type: none"> Need to be able to get money out when they want (1) – expect staff to be courteous and deal with their needs quickly (1) – extended opening hours would mean people could use the bank when they wanted (2) – the bank is also only closed four days a year (2) – many people work, so late opening and weekend opening would be attractive (3) – people can get accounts opened and a debit/credit card within 15 minutes (2) – many customers want to be able to use bank facilities as soon as possible after opening an account and this allows them to do that (3) – free dog biscuits and lollipops sounds like a gimmick and would not help people who want money or speed of service (3) – many of the facilities such as customer toilets and things to keep children happy are good customer service (4) – and some on the facilities will only apply to certain types of people, over 50s, dog owners (4) – people looking for efficient banking services are most likely to be attracted by long opening hours and the speed with which back accounts, debit/credit cards and chequebooks can be obtained (4). 	
Level	Mark	Descriptor
0	0 mark	No rewardable material
Level 1	1 – 2 marks	Candidates state the likely requirements. 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	3 – 5 marks	Statements of how specific facilities will meet the requirements, but limited additional explanation. 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	6 – 8 marks	Well reasoned explanations of why specific facilities will meet requirements. Some clear comparison with different facilities in terms of effectiveness. 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	9 – 11 marks	A reasoned conclusion as to which would be the best facilities in meeting the requirements and hence attracting customers. There must also be well reasoned arguments for rejecting other facilities. 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.

Q4(a)	Mark Allocation	Exemplar Responses
<p>A01 MB1 = 2</p>	<p>1 mark for meaning of secondary (may be implied)</p> <p>1 mark for why this data is secondary</p> <p style="text-align: right;">(2 marks)</p>	<ul style="list-style-type: none"> • Data that is not original – this was recorded on the Family Resources Survey. • Data that has already been published – this is a table from data collected in 2004/05. • Data obtained from an existing source – the data had already been collected as part of the Family Resources Survey.

Q4(b)	Mark Allocation	Exemplar Responses
<p>A03 MB2 = 1 MB3 = 1</p> <p>A04 MB1 = 2 MB2 = 1 MB3 = 1</p>	<p>1 mark for limitation (maximum 2 marks)</p> <p>1 mark for why the table creates that limitation (maximum 2 marks)</p> <p>1 mark for why it is a limitation for <i>Metro Bank</i> (maximum 2 marks)</p> <p style="text-align: right;">(6 marks)</p>	<ul style="list-style-type: none"> • The data may no longer be accurate – it is out of date – the data is for 2004/05 – if <i>Metro Bank</i> only relied on this data and it had changed substantially it could make the wrong decisions. • The total numbers of people in each group are not given – these are only percentage figures – the 25-64 age group is likely to have most people – without details of the total numbers of people <i>Metro Bank</i> will not be able to work out how significant the data is likely to be in terms of total potential customers. • This does not consider all forms of wealth – this only has bank accounts and stocks and shares – for many people their house is the main form of wealth holding – <i>Metro Bank</i> may be offering mortgages and would want to know this wealth figure as well.

Q4(c)	Mark Allocation	Exemplar Responses
<p>A01 MB2 = 1 MB3 = 1</p> <p>A03 MB1 = 2</p>	<p>1 mark for meaning of term (may be implied)</p> <p>1 mark for additional information (maximum 2 marks)</p> <p>1 mark for how that would help decide if this was a quota sample (maximum 2 marks)</p> <p style="text-align: right;">(4 marks)</p>	<ul style="list-style-type: none"> • Survey where respondents are chosen on the basis of specific characteristics that they have – would need to know the numbers of people surveyed in each group – the figures only show the percentages so everyone is treated equally – suggests that this was not quota sampling. • Survey which chooses respondents on the basis of how sub groups are divided in terms of numbers in the population – table shows how the sub groups are divided – interviews could have used these numbers when choosing respondents – if this procedure was followed it would then be a quota sample.

Q5		Indicative content
<p>A02 MB3 = 1</p> <p>A03 MB1 = 2 MB2 = 2 MB3 = 1</p> <p>A04 MB1 = 2 MB2 = 2 MB3 = 1</p>		<ul style="list-style-type: none"> Data shows holdings of wealth for different age groups and genders (1) – data shows the percentage of holdings by each of the sub groups (1) – this can be used to compare different sectors to decide which might offer <i>Metro Bank</i> the best potential new sales (2) – <i>Metro Bank</i> can then use suitable types of promotion to appeal to that target group (2) – 16-24 year olds have low ISA holdings so promotions for ISAs could be used to appeal to that age group, using, say, music that appeals to them (2) – in all sections, stocks and shares holdings are the lowest, which means there is potential for <i>Metro Bank</i> to encourage customers to consider these for holding wealth (3) – however, it may mean people are not particularly interested so promotion would be wasted (4) – for the accounts a higher percentage of women than men hold them, so there should be potential to encourage more men with good promotion (3) – however, this may be because some women are second income earners so save more (4) – ISA holding increase with age, so promotion might be most effectively targeted at the 65+ group (3) – but this may be a much smaller group than the 25-64 age group where promotion would bring in more customers in total (4).
Level	Mark	Descriptor
0	0 mark	No rewardable material
Level 1	1 – 2 marks	Description of what the data is showing in terms of age and sex. 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	3 – 5 marks	Basic statements of how the data could be used by <i>Metro Bank</i> when planning on its promotion. There will be limited application of the actual data. 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	6 – 8 marks	The data on the table is analysed to identify where promotion might be effective. There will be comparisons between sectors and sub groups. 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	9 – 11 marks	The discussion will show that the data suggests both opportunities for <i>Metro Bank</i> and sectors that should be avoided. Promotions should then be adjusted to match these features. 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.

Q6(a)	Mark Allocation	Exemplar Responses
<p>AO1 MB1 = 2</p>	<p>1 mark for showing understanding of term (may be implied)</p> <p>1 mark for why this data was macro</p> <p style="text-align: right;">(2 marks)</p>	<ul style="list-style-type: none"> • Conditions outside the control of the business – the unemployment situation in London is not something that <i>Metro Bank</i> can significantly affect. • The marketing environment is considered on a large scale rather than a small scale – the data covers unemployment for the whole of London and not just unemployment in the banking industry.

Q6(b)	Mark Allocation	Exemplar Responses
<p>AO2 MB1 = 2 MB2 = 1 MB3 = 1</p>	<p>1 mark for what the data shows</p> <p>1 mark for what that might mean for <i>Metro Bank</i> (maximum 2 marks)</p> <p>1 mark for why that would affect the expansion plans (maximum 2 marks)</p> <p>(1 + 2 + 1) or (1 + 1 + 2)</p> <p style="text-align: right;">(4 marks)</p>	<ul style="list-style-type: none"> • Unemployment in London area has been rising – this could mean people have less money to save in banks – there will be less potential customers for <i>Metro Bank</i> – may not meet its target of another seven banks by the end of 2011. • The rise in unemployment is slowing – this could mean that people will be more confident about saving and investing – <i>Metro Bank</i> is offering a different kind of banking – this might be a good time for it to launch new branches.

Q6(c)	Mark Allocation	Exemplar Responses
<p><u>AO2</u> MB1 = 1 MB2 = 1 MB3 = 1</p> <p><u>AO4</u> MB1 = 1</p>	<p>1 mark for suggested change to/use of the selected element</p> <p>1 mark for why it would be appropriate considering Table 2 (maximum 2 marks)</p> <p>1 mark for why that would help successful expansion in 2011 (maximum 2 marks)</p> <p>(1 + 2 + 1) or (1 + 1 + 2)</p> <p>(4 marks)</p>	<ul style="list-style-type: none"> • Offer branches outside of London (place) – rising unemployment figures in London may not be reflected elsewhere – it already has six branches established in London – other major cities, such as Birmingham, might have similar site for setting up its first few branches. • Change the pricing structure of services in the bank – lower the cost to the customer of borrowing money/raise the interest on saving money – with rising unemployment people will want to be offered better deals with their banks – offering better deals will attract customers from the competition so help to ensure the expansion is successful.

Q7(a) (i) & (ii)	Mark Allocation	Exemplar Responses
<p>(i) AO1 MB1 = 1</p> <p>(ii) AO2 MB1 = 1 MB2 = 1 MB3 = 1</p> <p>AO4 MB1 = 1</p>	<p>(i) 1 mark for stage if justified in (ii) (1 mark)</p> <p>(ii) 1 mark for situation when introduced (maximum 2 marks)</p> <p>1 mark for how the introduction dealt with that situation (maximum 3 marks)</p> <p>(4 marks)</p>	<p>(<i>Kellogg</i> has been used as an example for Q7)</p> <p><u>Name of business – Kellogg</u></p> <p><u>Product range – Nutri-grain</u></p> <p><u>Stage</u></p> <ul style="list-style-type: none"> • Decline stage <p><u>Why introduced then</u></p> <ul style="list-style-type: none"> • Sales had fallen even though the market was expanding – customers tastes had also changed – introducing new products to the range allowed <i>Kellogg</i> to cater for the new tastes – it was also a much cheaper option than producing a totally new product.

Q7(b)	Mark Allocation	Exemplar Responses
<p>AO1 MB1 = 1 MB2 = 1</p> <p>AO3 MB1 = 2 MB2 = 1</p>	<p>1 mark for feature (maximum 2 marks)</p> <p>1 mark for how that made the extension strategy successful (maximum 3 marks)</p> <p>(5 marks)</p>	<ul style="list-style-type: none"> • A wider range of flavours was used – this increased the potential target market – customers could find tastes that appealed to them rather than the limited range before. • Healthier ingredients were used – able to market the bars as a healthy mid-meal snack – could compete with less healthy snacks such as cakes and biscuits. • All of the 'soft bake bars' were marketed as one brand – this increased brand awareness and image – each product then helped to promote the other products in the range.

Q8(a)	Mark Allocation	Exemplar Responses
<p><u>AO1</u> MB3 = 1</p> <p><u>AO2</u> MB1 = 2</p> <p><u>AO3</u> MB1 = 1 MB2 = 1 MB3 = 1</p>	<p>1 mark for detail of one element of mix</p> <p>1 mark for how this ensured effective market of the goods (maximum 2 marks)</p> <p>Repeat for second element of the mix</p> <p>(1 + 2) x 2</p> <p style="text-align: right;">(6 marks)</p>	<p>(<i>Hygiene Supplies Direct (HSD)</i> has been used as an example for Q8)</p> <p><u>Business – Hygiene Supplies Direct</u></p> <p><u>Type of goods – goods related to hygiene in the home, garden and public institutions</u></p> <ul style="list-style-type: none"> • Offers the largest online product range in Europe – allows customers to find nearly all the hygiene products they may want – these are all available from the same business making shopping easier. • Uses a very competitive pricing strategy – promises that it will not be beaten on price/will offer a lower price if any other business online can match its prices – customers will be confident that they have the lowest prices available if they shop with <i>HSD</i>.

Q8(b)	Mark Allocation	Exemplar Responses
<p><u>AO1</u> MB1 = 1</p> <p><u>AO2</u> MB1 = 2 MB2 = 1</p>	<p>1 mark for limitation (maximum 2 marks)</p> <p>1 mark for why that comes from selling direct/how limiting this is (maximum 3 marks)</p> <p style="text-align: right;">(4 marks)</p>	<ul style="list-style-type: none"> • Potential customers cannot examine the goods – they are only sold over the internet or by phone – some customers may want to actually examine items before they buy them – each product does have pictures and basic details on the website. • Customers are unlikely to come across the business accidentally – <i>HSD's</i> products are not being sold in retail outlets – customers might have then seen them as they looked for other products – if they are looking for hygiene products they may not find <i>HSD</i> through an internet search.

6925 – Marketing Decisions – June 2013 – Content and AOs Grids

Content area distribution

Question	Content area				Total
	10.1	10.2	10.3	10.4	
1 (a)	5				5
1 (b)	6				6
2 (a)		5			5
2 (b)		4		2	6
2 (c)		4			4
3	5			6	11
4 (a)			2		2
4 (b)			6		6
4 (c)			4		4
5			11		11
6 (a)	2				2
6 (b)	2			2	4
6 (c)	2			2	4
7 (a) (i)		1			1
7 (a) (ii)		2		2	4
7 (b)		2		3	5
8 (a)		3		3	6
8 (b)		2		2	4
Total	22	23	23	22	90
Target	22/23	22/23	22/23	22/23	90

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