

Mark Scheme (Results)

Summer 2014

Pearson Edexcel GCE
In Applied Business (6925)
Paper 01

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June 2014

Publications Code UA037988

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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.

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

1 (a)	Other than making profit, examine the most important factor that a producer should consider when deciding which of these two is the correct target market for them.	
AOs	Mark Allocation	Exemplar Responses
<p>AO2 MB1 = 2 MB2 = 1 MB3 = 1</p>	<p>1 mark for factor</p> <p>1 mark for why it would help decide if the market was correct or incorrect (maximum 3 marks)</p> <p>(4 marks)</p>	<ul style="list-style-type: none"> • The business's experience in the two markets – does it have the marketing mix already set up – if not there will be added costs – potential customers will not already have loyalty to the business. • The level of competition – if this is high it may be difficult to make sales – costs could be higher to compete successfully – established competitors may react aggressively and prevent the business's growth in the market. • Potential number of sales – would provide high market share – would act as good publicity for the business – may lead to greater sales in the future.

1 (b)	Advise Blackberry on the different approaches to promotion that it could effectively use for the two markets.	
AOs	Mark Allocation	Exemplar Responses
<p>AO1 MB1 = 2</p> <p>AO4 MB1 = 2 MB2 = 1 MB3 = 1</p>	<p>1 mark for promotion for business user</p> <p>1 mark for promotion for consumer</p> <p>1 mark for why they effectively hit each target (maximum 2 marks)</p> <p>1 mark for why they need to be different (maximum 2 marks)</p> <p>(6 marks)</p>	<ul style="list-style-type: none"> • Sending a Rep to businesses – can explain the benefits for the business in person – advertise on television to consumers – will hit a wide target market – it would be too expensive to send a Rep to each household – businesses do not generally buy equipment from seeing television advertisements. • Send brochures to businesses – can see the benefits of the tablet for their employees in detail – place at advertisement on a social network – consumers will be using tablets for messaging so may see it – most consumers want basic details of products not lengthy brochures – businesses will have limited use of social networks.

Q2	With reference to the information given in Table 1 justify which sections of the Boston Matrix the four main producers of the media tablet operating systems should be placed in between 2012 and 2016.	
	Indicative content	
<p>AO1 MB2 = 1 MB3 = 1</p> <p>AO2 MB1 = 1 MB2 = 1 MB3 = 1</p> <p>AO4 MB1 = 2 MB2 = 2 MB3 = 2</p>	<ul style="list-style-type: none"> Boston Matrix compares market share to market growth (1) – businesses are placed in one of four sections (1) – Apple has the highest market growth and is a Star (2) – Microsoft and Rim have low market share in a growing market and each is a Problem Child (2) – Google has growing market share in a growing market and is moving towards Star (2) – the market is growing rapidly each year from 60,017 sales to 369,258 sales (3) – all the businesses must therefore be in the Star or Problem Child sections (3) – Google has over 25% of the market in all years so may be considered as a Star (3) – Over time Apple’s market share has fallen but it is still has the largest share even in 2016 so remains a Star (4) – Google’s market share has grown from 28.7% to 37.3% making it a dominant player in the market and probably a Star (4) – Microsoft and Rim have growing market share but only reach 4.8 and 11.8% by 2016 so will be faced with stiff competition and remain in Problem Child (4). 	
Level	Mark	Descriptor
0	0 mark	No rewardable material
Level 1	1 – 2 marks	Understanding shown of the criteria of the Boston Matrix. May be implied from answers at Level 2 & 3. 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	Appropriate data selected from Table 1 and basic decisions given. Each system must be considered for full marks.. 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	Justification of the chosen positions with reference to the relative positions, and figures, in terms of market share and the overall position of market growth. 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 justification that considers changing positions of the different businesses over time. 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) How would the product life cycle help <i>Apple</i> decide when to introduce updates and improvements?		
AOs	Mark Allocation	Exemplar Responses
<p><u>AO1</u> MB1 = 1 MB2 = 1</p> <p><u>AO2</u> MB1 = 1 MB2 = 1</p>	<p>1 mark for what product life cycle measures (maximum 2 marks)</p> <p>1 mark for how that helps make the decision (maximum 3 marks)</p> <p style="text-align: right;">(4 marks)</p>	<ul style="list-style-type: none"> Measures the level of sales over time – will indicate when sales growth is slowing – this would be the time to consider updates and improvements – these will then be ready before sales go into decline. Will show when sales are approaching the decline stage – this is when extension strategies need to be used to maintain sales levels – the media tablet market is very competitive so products go out of date quickly – the product life cycle will warn when this is happening.

3(b) With reference to <u>Figure 2</u>, why would the availability of supportive applications (apps) for iLife and iWork be particularly suitable for the likely target markets of the iPad?		
AOs	Mark Allocation	Exemplar Responses
<p><u>AO2</u> MB1 = 1 MB2 = 1</p> <p><u>AO4</u> MB1 = 2 MB2 = 1</p>	<p>1 mark for the targets</p> <p>1 mark for how apps for iLife match consumer market (maximum 2 marks)</p> <p>1 mark for how apps for iWork match business/professional market (maximum 2 marks)</p> <p style="text-align: right;">(5 marks)</p>	<ul style="list-style-type: none"> Targets are business users and consumers – consumers will want tablets for entertainments, etc – the apps will support peoples' lifestyles and match the iLife tablet – business users will want the tablets for work – the apps for iWork will provide ways of making their work more efficient. <p>(Candidates may refer to actual applications to support their answers.)</p>

3(c)	Analyse the social and environmental issues that <i>Apple</i> should be considering when it regularly updates its media tablets.	
AOs	Mark Allocation	Exemplar Responses
<p><u>AO1</u> MB2 = 1 MB3 = 1</p> <p><u>AO3</u> MB1 = 2 MB2 = 1 MB3 = 1</p>	<p>1 mark for showing understanding of social issues (may be implied)</p> <p>1 mark for example of a relevant issue</p> <p>1 mark for why this comes from the regular updates</p> <p>Repeat for environmental issues</p> <p>(1 + 1 + 1) x 2</p> <p>(6 marks)</p>	<p><u>Social</u></p> <ul style="list-style-type: none"> Social issues affect elements of lifestyle and social behaviour – this could include shopping habits – regular updates may lead to people spending more than they can afford. <p><u>Environmental</u></p> <ul style="list-style-type: none"> Environmental issues are those that affect the environment in which we live – rubbish can pollute the environment – people tend to buy new tablets for the upgrades and disposing of the old ones will add to the rubbish that needs to be processed.

4 (a)	Name the pricing strategy used by <i>Amazon</i> for the launch of the Kindle Fire.	
AOs	Mark Allocation	Exemplar Responses
<p><u>AO1</u> MB1 = 1</p>	<p>1 mark for name</p> <p>(1 mark)</p>	<ul style="list-style-type: none"> Loss leader. Leader. Profit leader. Markdown.

4(b) Explain the possible drawbacks for <i>Amazon</i> of using this pricing strategy.		
AOs	Mark Allocation	Exemplar Responses
<p><u>AO1</u> MB1 = 2</p> <p><u>AO3</u> MB1 = 2 MB2 = 2</p>	<p>1 mark for drawback (maximum 2 marks)</p> <p>1 mark for the why this comes from the policy (maximum 4 marks)</p> <p style="text-align: right;">(6 marks)</p>	<ul style="list-style-type: none"> • Could make a loss overall – the price is well below the cost of making the tablets – can only make an overall profit if sales of other items make up for this – people may only buy the tablets so only a loss is made. • Could create negative publicity – the price is very low so high demand – might run out of tablets – customers unable to get them may be angry and not shop at Amazon. • May not sell as many tablets as expected – competitors may lower the price of their tablets – less people will visit Amazon – so sales of other goods may not cover losses on the Kindles.

5(a) What would be the sample frame for this survey?		
AOs	Mark Allocation	Exemplar Responses
<p><u>AO1</u> MB3 = 1</p> <p><u>AO2</u> 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 using the High Street in Leicester when the survey is carried out.

Q5(b)	Assess how useful the data shown on <u>Table 2</u> would be for <i>AppMyster</i> when deciding on the media mix it should use to promote its application.	
	Indicative content	
<u>AO1</u> MB3 = 1 <u>AO2</u> MB3 = 1 <u>AO3</u> MB1 = 2 MB2 = 1 MB3 = 1 <u>AO4</u> MB1 = 3 MB2 = 1 MB3 = 1	<ul style="list-style-type: none"> The mix of different form of media for the promotion of a business's products/the mix of different advertising that makes up the advertising budget (1) – would include print, audio, visual and new technologies/newspapers, radio, television, the internet (1) – reading not as popular as watching films or listening to music (2) – advertising on radio or at the cinema might be more effective than in newspapers or at bookshops (2) – most respondents were in the £16 000 to £30 000 income bracket (2) – would probably buy tabloid newspapers rather than broadsheets (2) Most of the women were 19 to 40 years old (2) – magazines that this age group are typically interested in could be targeted for advertising (2) – the data does not specifically show the types of media these people read, watch, etc (3) – no people aged under 12 were asked and they may be major users of apps (3) – the data did not show which age groups and income groups had particular interests (3) – overall it would be very difficult to build up a profile of particular groups of people (4) – it would therefore be very difficult to decide what the best media types would be for promoting the apps (4). 	
Level	Mark	Descriptor
0	0 mark	No rewardable material
Level 1	1 – 2 marks	Showing understanding of media mix with examples of what could be mixed. 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 – 6 marks	Details given of how the data could be used for selecting specific elements of the media mix. 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	Constraints on the usefulness of the data are explained. A range of points showing limitations of the data should be considered. 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 conclusion as to how useful the data would be considering both positive and negative points. 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.

6(a) Why was the survey in Leicester an example of convenience sampling?		
AOs	Mark Allocation	Exemplar Responses
<p>AO1 MB1 = 1</p> <p>AO2 MB2 = 2 MB3 = 1</p>	<p>1 mark for showing understanding of the term (may be implied)</p> <p>1 mark for why the survey showed this feature (maximum 3 marks)</p> <p style="text-align: right;">(4 marks)</p>	<ul style="list-style-type: none"> Selecting subjects because they are easy to recruit – the survey was in the High Street and asked passers-by – the people conducting the survey did not need to go out to find them – the High Street would have offered many potential respondents. Where the respondents are easy to access – this was carried out on the High Street of a large city – there would have been a large number of potential respondents passing by – would have been relatively easy to find 400 people to answer the questionnaire.

6(b) Why might there be drawbacks to <i>AppMyster</i> from the way in which the survey was conducted?		
AOs	Mark Allocation	Exemplar Responses
<p>AO3 MB2 = 1</p> <p>AO3 MB1 = 2 MB2 = 1 MB3 = 1</p>	<p>1 mark for negative aspect of the conduct of the survey (maximum 2 marks)</p> <p>1 mark for why that could create a problem (maximum 2 marks)</p> <p>1 mark for application to the purpose of the survey (maximum 2 marks)</p> <p style="text-align: right;">(5 marks)</p>	<ul style="list-style-type: none"> The survey was only carried out in Leicester – Leicester may have a particular profile of people – this may not be representative of other parts of the UK – <i>AppMyster</i> plans to sell its app across the UK – if the data has a Leicester bias its marketing decisions may be wrong. The survey was conducted in the High Street – many people may have been shopping – if stopped to answer a questionnaire they may have hurried their answers – <i>AppMyster</i> is using the results to promote its product – hurried answers might lead to inaccurate answers.

6(c)	Discuss which of these first questions would be the best for the survey.	
AOs	Mark Allocation	Exemplar Responses
<p><u>AO1</u> MB1 = 1</p> <p><u>AO3</u> MB1 = 2 MB2 = 1 MB3 = 1</p>	<p>1 mark for recognising the need for an excluding question (may be implied)</p> <p>1 mark for positive point of chosen question (maximum 2 marks)</p> <p>1 mark for negative point of rejected question (maximum 2 marks)</p> <p>1 mark for reasoned conclusion</p> <p style="text-align: right;">(5 marks)</p>	<ul style="list-style-type: none"> The first question should act to exclude people whose answers will not be valuable – these questions would tell <i>AppMyster</i> if people are likely to use a tablet or app – owning a tablet would probably mean people are more likely to buy an app – simply using one may mean they use someone else's so are not buying apps – however, <i>AppMyster</i> want to sell apps so asking if people regularly buy them is likely to be the best answer.

7(a)	State the two markets in which the business now operates.	
AOs	Mark Allocation	Exemplar Responses
<u>AO1</u> MB1 = 1	1 mark for both markets (1 mark)	(<i>Tesco Plc</i> has been used as an example for Q7) <u>Name of business – <i>Tesco</i></u> <ul style="list-style-type: none"> • Supermarket and banking.

7(b)	Show how the business's target customers are different in each of the two markets.	
AOs	Mark Allocation	Exemplar Responses
<u>AO1</u> MB1 = 1 MB2 = 1 <u>AO2</u> MB1 = 2 MB2 = 1	1 mark for target customers 1 marks for characteristic of each target (maximum 2 marks) 1 mark for how/why they are different (maximum 2 marks) (5 marks)	<ul style="list-style-type: none"> • Customers shopping for groceries and people wanting to borrow money – the shopping will be done regularly/weekly – loans may only be infrequently – customers shopping will go to the shops and pick up what they want when they want – people borrowing money will need to negotiate with the bank managers. • People going shopping and people wanting somewhere to keep their money safe – shopper are likely to cover a wide age range – most people using banks will be adults – young customers may be spending very little in the supermarkets – people with bank accounts may be dealing with large amounts of money.

7(c)	Compare the channels of distribution used to reach the two target markets.	
AOs	Mark Allocation	Exemplar Responses
<u>AO1</u> MB2 = 1 <u>AO2</u> MB2 = 1 <u>AO3</u> MB1 = 2	1 mark for each channel (maximum 2 marks) 1 marks for why they are different (maximum 2 marks) (4 marks)	<ul style="list-style-type: none"> • Products in the supermarkets will have come from producers to regional distribution centres to the supermarket – banking is offered direct to consumers through the internet – supermarkets deal in physical good so are placed where people can pick them up – banking is a service and can be carried out via the internet, epos systems, etc.

8(a) Show how the difficult economic conditions affected the business.		
AOs	Mark Allocation	Exemplar Responses
<p>AO1 MB1 = 1 MB2 = 1</p> <p>AO2 MB1 = 1 MB2 = 1</p>	<p>1 mark for feature of the difficult economic conditions (maximum 2 marks)</p> <p>1 mark for how that affected the business (maximum 3 marks)</p> <p style="text-align: right;">(4 marks)</p>	<p>(<i>Thornton</i> has been used as an example for Q8) <u>Business - <i>Thorntons</i></u> <u>Product – Confectionary</u></p> <ul style="list-style-type: none"> The recession reduced customers disposable income – less willing to spend on luxuries such as expensive chocolates – <i>Thorntons</i> experience a significant drop in demand – pre tax profits dropped by £2.2 million in 2012.

8(b) Explain how the business changed its marketing strategy to successfully overcome the difficult economic conditions.		
AOs	Mark Allocation	Exemplar Responses
<p>AO1 MB3 = 1</p> <p>AO2 MB1 = 3 MB2 = 1 MB3 = 1</p>	<p>1 mark for change in strategy (maximum 3 marks)</p> <p>1 mark for why that helped to successfully overcome the difficult conditions (maximum 4 marks)</p> <p style="text-align: right;">(6 marks)</p>	<ul style="list-style-type: none"> Changed the channels of distribution – closed nearly 80 of its retail outlets – selling more of the product through other outlets such as supermarkets – this has reduced overhead costs considerably/has given the product wider exposure – both have lead to higher levels of profit. Modernised the remaining stores – targeting the gift market – creating the image of the confectionary as something for special occasions – appealing to a market more willing to spend more – helped to increase demand again and help profits. Selling more products online – provides a wide national market – this allows people to order who could not get to the stores – keeps costs much lower than running retail outlets – increases demand and raises the net profit margins.

6925 – Marketing Decisions – June 2014 – Content and AOs Grids

Content area distribution

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

AOs Grid – 6925 Marketing Decisions June 2014

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	1	1							4
1 (b)	2									2	1	1	6
2		1	1	1	1	1				2	2	2	11
3 (a)	1	1		1	1								4
3 (b)				1	1					2	1		5
3 (c)		1	1				2	1	1				6
4 (a)	1												1
4 (b)	2						2	2					6
5 (a)			1			1							2
5 (b)			1			1	2	1	1	3	1	1	11
6 (a)	1			2	1								4
6 (b)								1		2	1	1	5
6 (c)	1						2	1	1				5
7 (a)	1												1
7 (b)	1	1		2	1								5
7 (c)		1			1		2						4
8 (a)	1	1		1	1								4
8 (b)			1	3	1	1							6
Total	11	6	5	13	9	5	10	6	3	11	6	5	90
Target													
If Top	14	8	5	16	9	6	11	7	4	14	8	5	
Top		27			31			22			27		
Bottom		18			22			14			18		
If Bottom	9	5	4	11	7	4	6	4	3	9	5	4	
Balance	45	27	18	90									
Target	45	27	18	90									

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