



General Certificate of Education

Applied Business 8616/8619

BS11 The Marketing Environment

Report on the Examination

2007 examination - January series

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Overview

This was the first assessment of BS11 and, in view of this, the overall response to the examination was encouraging. A significant proportion of candidates rose to the challenge of this A2 external assessment and demonstrated the qualities required for success, namely:

- a broad knowledge of the unit's content
- an ability to apply this knowledge, using the information contained in the question paper data items
- an ability to analyse the problems set by the questions and make appropriate judgements supported by the question paper data items.

When candidates failed to accumulate marks it was due to weaknesses in some or all of the above qualities.

Question One

- (a) This question targeted assessment objectives 1 and 2 and was allocated 4 marks. Candidates who used Item A to explain why mobile phone manufacturers develop new products gained full marks, eg "...because markets in developed economies are saturated and *Nokia* needs to develop better, more exciting phones to encourage people to buy". Too many candidates offered generic explanations – failing to use the information in the Item – or restricted themselves to a description of relevant factors. Generic responses, in particular, will always receive low marks – in this case, a maximum of 1 mark.
- (b) This question targeted all four assessment objectives and was allocated 8 marks. Candidates were required to characterise the degree of competition in the mobile phone manufacturing market. Successful candidates understood the different ways in which this could be classified, eg as oligopoly or monopolistic competition. They also used the Item to illustrate this, eg the bar chart indicating global market share. Too many candidates did not understand what was meant by the degree of competition. They often revealed their lack of understanding by stating that *Nokia* was a monopoly, ie "as *Nokia* holds more than 25% of the market". While this is a legal definition of a business which could possess monopolistic power, it is not a definition of monopoly. Alternatively, some candidates had a theoretical understanding of market structure but failed to use the Item to illustrate this. In either case, low marks were achieved.
- (c) This question targeted all four assessment objectives and was allocated 8 marks. Candidates were required to consider the extent to which *Nokia* could set the prices for its products. Successful candidates analysed the data contained in the Item to conclude that *Nokia*, while it possessed some ability to increase or reduce prices, did not have complete freedom due to the competitive nature of the market. Too many candidates claimed that *Nokia*, as it was a monopoly, had an unlimited scope to increase prices. It is important that candidates distinguish between monopolistic power, as defined by the Competition Commission, and monopoly as a market structure.

Question Two

- (a) This question targeted assessment objectives 1 and 2 and was allocated 4 marks. Successful candidates used the Item to explain why *Vodafone* launched its mobile phone TV service, eg "...to increase revenues as customers would have to pay to watch TV on their phone". As in question 1(a), too many candidates restricted themselves to describing the data, ie paraphrasing, or copying, extracts from the Item. This approach gained low marks.

- (b) This question targeted assessment objectives 1 and 2 and was allocated 8 marks (two 4 mark parts). In relation to technological forces, successful candidates explained how problems with network access could reduce demand for the service. Too many candidates restricted themselves to describing the force rather than going on to explaining the impact of this force on *Vodafone*. In relation to social forces, it was a little worrying to see a significant proportion of candidates confusing the social environment with the economic environment. The level of income, or the price of products, relates to the economic environment and candidates referring exclusively to these factors gained no marks.
- (c) This question targeted all four assessment objectives and was allocated 9 marks. It was pleasing to see that a significant proportion of candidates understood the concept of brand loyalty. Successful candidates analysed how an agreement with *BSkyB* could establish and/or maintain brand loyalty by considering the importance of high quality media content. The very best candidates went on to question the significance of the agreement, eg by recognising the importance of price or the quality of the service.

Question Three

- (a) This question targeted all four assessment objectives and was allocated 15 marks. Six of these marks were allocated to assessment objective 4. The vast majority of candidates selected key data when commenting on the significance of the Item to mobile phone network operators. This was very pleasing and indicated that centres had prepared their candidates for this type of question. A minority of candidates failed to select data from the Item and restricted themselves to describing its general importance. This approach inevitably resulted in low marks. The best candidates selected key data from each chart and analysed the significance of this data. Candidates were also rewarded for criticising the usefulness of the data, eg in terms of its scope or its presentation.
- (b) This question targeted all four assessment objectives and was allocated 12 marks (two 6 mark parts). Successful candidates defined each method of research and went on to analyse the method's ability to help *Vodafone* develop profitable services. Too many candidates did not understand the meaning of "market observation", confusing this with market research or marketing activities (the 4 Ps). The specification provides the following examples of "market observation": newspaper reports on competitor actions, current social concerns and future government legislation.

Question Four

This question targeted all four assessment objectives and was allocated 12 marks. Six of these marks were allocated to assessment objective 4. This question instructed candidates to use all of the information available to them, ie that information contained within the examination paper. A minority of candidates observed this instruction and discussed the significance of segmentation strategies by using information from the Items. Too many candidates discussed segmentation strategies in a generic way and failed to address the context.

Mark Ranges and Award of Grades

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