

Mark Scheme (Results) Summer 2007

GCE

GCE Business Studies (6925/01)

6925 – Marketing Decisions - Mark Scheme - June 2007

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

AOs	Mark Allocation	Exemplar Responses
Q1(a)	(i) Using the information in Figure 1 on page 2 , identify one external influence on <i>Manton Coaches</i> for each of the following headings. (ii) Why is each of your choices in part (i) a political, economic, social or technological external influence for <i>Manton Coaches</i> ?	
<p>AO1 MB1 = 2 MB2 = 2</p> <p>AO2 MB1 = 4</p>	<p>1 mark for each PEST point</p> <p>1 mark for why this is political, etc/or how it affects the business</p> <p>(1 + 1) x 4</p> <p>(8 marks)</p>	<p><u>Political</u></p> <ul style="list-style-type: none"> • Military conflict – a political decision that will affect the price of diesel. <p><u>Economic</u></p> <ul style="list-style-type: none"> • Higher unemployment – comes from economic downturn/may mean less demand for luxury coach hire. • Losing drivers to competitors – they are offering higher rates of pay. <p><u>Social</u></p> <ul style="list-style-type: none"> • Works outings – this is part of the social side of businesses and they will hire coaches for this. • Higher unemployment – will affect spending habits especially on luxuries. <p><u>Technological</u></p> <ul style="list-style-type: none"> • Forced air ventilation used – new technological developments now available in industry. • Latest safety features fitted – will include such features as anti-lock brakes which have been developed through new technologies. <p>(Points may not be initially obvious, but may be justified by the explanation)</p>

Q1(b)	Using the information in <u>Figure 1</u> , assess if this would be a good time for <i>Manton Coaches</i> to expand its business.	
<p><u>AO3</u> MB1 = 1 MB2 = 1</p> <p><u>AO4</u> MB1 = 1 MB2 = 1 MB3 = 1</p>	<p>1 mark for identifying relevant information from Figure 1 (maximum 2 marks)</p> <p>1 mark for why that would not support expansion now (maximum 2 marks)</p> <p>1 mark for why that would support expansion now (maximum 2 marks)</p> <p style="text-align: right;">(5 marks)</p>	<ul style="list-style-type: none"> • Fluctuation in costs of diesel – makes costing trips difficult – could charge too low a price and not cover costs of new ventures – if costs are falling this will help to keep <i>Manton Coach's</i> running costs lower – could lower prices and attract customers. • Rising level of unemployment – more unemployment will mean lower levels of income in the community – less likely to take luxury coaches – could mean less people have cars – may be greater demand for coach travel. • Aggressive competition – dozen or so coach hire companies in Nottingham area – loss of booking so less profits to expand with – would be a good time to try other areas – if less competition will be easier to gain market share.

<p>Q2</p>	<p>(i) For each of these strategies, consider the current market as shown in <u>Figure 1</u>, and give an example of an appropriate new approach that <i>Manton Coaches</i> could sensibly take.</p> <p>(ii) For each example you have given in (i) explain why it would be an appropriate marketing strategy for <i>Manton Coaches</i>.</p>	
<p><u>AO1</u> MB1 = 2</p> <p><u>AO2</u> MB1 = 4 MB2 = 1 MB3 = 1</p> <p><u>AO3</u> MB1 = 2 MB2 = 1 MB3 = 1</p> <p><u>AO4</u> MB1 = 2 MB2 = 1 MB3 = 1</p>	<p>1 mark for appropriate new approach</p> <p>1 mark for how it relates to current market (may be implied) (maximum 2 marks)</p> <p>1 mark for how it will help in current situation (maximum 2 marks)</p> <p>(1 + 1 + 2) (1 + 2 + 1)</p> <p>(Either approach for each strategy)</p> <p style="text-align: right;">(16 marks)</p>	<p><u>Market penetration</u></p> <ul style="list-style-type: none"> Lower prices – Nottingham is a very competitive market – lower prices may help to attract customers away from competitors – could give greater market share and power. <p><u>Product development</u></p> <ul style="list-style-type: none"> Offer trips abroad – this service is not currently offered – customers in Nottingham may want this service and create a demand – some competitors are likely to already offer this service. <p><u>Market development</u></p> <ul style="list-style-type: none"> Offer the same services to customers in other UK cities – customers currently come mainly from Nottingham – there is aggressive competition in Nottingham – there may be less competition in other towns/cities. <p><u>Diversification</u></p> <ul style="list-style-type: none"> Offer coaches for taking children to school – currently coaches are only used for trips – the school run could create regular work for the business – would ensure a more predictable cash flow. Start a taxi service – drivers will already be familiar with routes, etc., - <i>Manton Coaches</i> smallest coach is a 21 seater – as petrol prices rise less people may have cars so may want a taxi service.

3 (i)	Describe <u>one</u> method of secondary desk research she could use in order to find details of likely competitors.	
<u>AO1</u> MB1 = 1	1 mark for appropriate method of desk research	<ul style="list-style-type: none"> • Use a business telephone directory – businesses are listed by the type of business they carry out – this will list all businesses in these cities that offer coach services – these will be the competitors if the business locates there. • The internet – most coach service businesses will now have a web site – this will give details of the services/prices provided – will allow Claire to see the likely level of competition.
<u>AO2</u> MB1 = 1 MB2 = 1	1 mark for how it works	
<u>AO3</u> MB2 = 1	1 mark for why it would give details of the competition (maximum 2 marks) (4 marks)	

3 (ii)	Explain why <u>two</u> parts of the marketing mix used by competitors would be difficult to identify using this method of research.	
<p><u>AO1</u> MB3 = 2</p> <p><u>AO2</u> MB3 = 1</p> <p><u>AO4</u> MB1 = 1</p>	<p>1 mark for part of the marketing mix (if justified) (maximum 2 marks)</p> <p>1 mark for why it would be difficult to identify (maximum 2 marks)</p> <p>(1 + 1) x 2</p> <p>(4 marks)</p>	<p><u>Telephone directory</u></p> <ul style="list-style-type: none"> • Price – telephone directories very rarely give details of a business’s prices for products, mainly details of address, telephone number, etc. • Product – space will be limited so only the main details will be shown. <p><u>The internet</u></p> <ul style="list-style-type: none"> • Price – these tend to change fairly frequently so businesses may prefer customers to contact business for current prices. • Promotion – will only show how it is promoted on the internet whereas other methods, such as press, may be far more important for customers. <p>(answers must relate to the method chosen in (i) above)</p>

Q4(a)	Explain why the <u>sampling frame</u> for Leicester was <u>not</u> 111,148.	
<p><u>AO1</u> MB1 = 1</p> <p><u>AO2</u> MB2 = 1</p> <p><u>AO3</u> MB2 = 1</p>	<p>1 mark for meaning of sample frame (may be implied)</p> <p>1 mark for why 111,148 is not the sample frame</p> <p>1 mark for identifying actual sample frame</p> <p>(3 marks)</p>	<ul style="list-style-type: none"> • Sample frame is the number of people/households that could be included in a sample because of the way it is conducted – only part of Leicester is being sampled so the sample is not being taken from all 111,148 households – the sample frame here would be the households in the chosen area.

Q4(b)	Why is Claire's approach to the research cluster sampling?	
<u>AO1</u> MB1 = 1 <u>AO3</u> MB2 = 1	1 mark for meaning of cluster sampling (may be implied) 1 mark for details of cluster sampling here (2 marks)	<ul style="list-style-type: none"> Cluster sampling is where the sample frame is divided into individual groups and one of these is selected at random – here the area was divided into blocks and one block was randomly chosen.

Q4(c)	Considering the way in which this survey was conducted, evaluate how representative it is likely to be in terms of finding out the views of the people in these cities.	
<u>AO3</u> MB3 = 1 <u>AO4</u> MB1 = 2 MB2 = 1 MB3 = 1	1 mark for feature of the survey (maximum 2 marks) 1 mark for why this would help provide valuable information (maximum 3 marks) 1 mark for why this would make gathering valuable information difficult (maximum 3 marks) (maximum of 4 marks for a one sided answer) (5 marks)	<ul style="list-style-type: none"> Only part of the city was surveyed – this might not be representative – the area was chosen at random – it might, for example, be a very poor area where very few people use luxury coaches – there might still be valid information about school trips or works outings. The research teams went to every tenth house – this adds additional randomness – a wide range of experiences likely to be covered – should provide a fairly balanced view – people at work may not be in so there may be a bias.

Q5(a)	(a) What is the likely reason why 78 households in Birmingham said that someone in the household had used coaches in the last year but the total for the purpose of the trips was 102?	
AO3 MB1 = 2	<p>1 mark for basic reason</p> <p>1 mark for example or use of figures to support this.</p> <p style="text-align: right;">(2 marks)</p>	<ul style="list-style-type: none"> • People in the household may have gone on more than one type of trip – children may have gone on a school trip and the parents gone out for the evening to an event. • More than one type of trip was taken – this happened in 24 household.

Q5(b)	On the basis of the services <i>Manton Coaches</i> currently provides, assess which city appears to offer the best target market.	
AO3 MB2 = 1 MB3 = 1 AO4 MB1 = 1 MB2 = 1 MB3 = 1	<p>1 mark for recognising current services</p> <p>1 mark for analysing data for these (maximum 2 marks)</p> <p>1 mark for any negatives in the data/or comparison with other city</p> <p>1 mark for reasoned conclusion</p> <p style="text-align: right;">(5 marks)</p>	<ul style="list-style-type: none"> • Currently <i>Manton Coaches</i> mainly provides only school trips, works outings and event trips – these form 61, 43, and 48 responses respectively – Birmingham has the highest responses in two of these categories – however Birmingham had the lowest overall houses using coaches – for the services that the business offers Birmingham is the best. • Leicester had the most household using luxury coaches – 92/400 compared to 81 and 78 – it also had the most uses in total of 108 – but only 43 compared to Birmingham in the three services <i>Manton Coaches</i> offers – on currently offered services Birmingham is better. <p>(no mark for just selecting a city)</p>

Q5(c)	How does the <u>final part of Table 1</u> suggest <i>Manton Coaches</i> should promote its services for the different cities?	
<p><u>AO3</u> MB1 = 2 MB2 = 1 MB3 = 1</p> <p><u>AO4</u> MB3 = 2 MB2 = 1 MB3 = 1</p>	<p>1 mark for selection of similarities shown by figures</p> <p>1 mark for how that would affect promotion (maximum 2 marks)</p> <p>1 mark for selecting differences (maximum 2 marks)</p> <p>1 mark for how that would affect promotion (maximum 2 marks)</p> <p>1 mark for application to what <i>Manton Coaches</i> already provides (maximum 2 marks)</p> <p>(Note total marks for just similarities or just difference is 5 marks)</p> <p style="text-align: right;">(8 marks)</p>	<p><u>Similarities</u></p> <ul style="list-style-type: none"> All surveys showed safety as the main concern – <i>Manton Coaches</i> are fitted with the latest safety features – these should be emphasised in its promotional materials – rather than the comfort which has the least scale 1 responses. <p><u>Differences</u></p> <ul style="list-style-type: none"> Price is more important in Sheffield than in the other two – <i>Manton Coaches</i> needs to check competitor’s prices very carefully – it has lost customers because of this in Nottingham – it should then promote the business as having competitive prices/or prices that reflect the quality of the coaches. Leicester ranks comfort more highly than the other two – promotion should emphasise safety but in comfort – this combines the two main concerns – however Leicester has its main use as travelling on holiday – it may not need to emphasise comfort so much for shorter trips.

Q6(a)	Outline <u>one</u> negative environmental effect that the business is likely to cause because of the coach services it offers.	
<u>AO1</u> MB1 = 1 MB2 = 1 MB3 = 1	<p>1 mark for showing understanding of the nature of the business (may be implied)</p> <p>1 mark for likely environmental effect</p> <p>1 mark for why it comes from the service provided</p> <p style="text-align: right;">(3 marks)</p>	<ul style="list-style-type: none"> • <i>Manton Coaches</i> runs a business using heavy vehicles – this will cause air pollution – exhaust fumes that include carbon monoxide created as the coaches are driven around. • <i>Manton Coaches</i> has 53 seater passenger coaches – will cause congestion – coaches are likely to be driven in places where roads or streets are narrow.

6(b)	How is the planning of <i>Manton Coaches</i>' marketing mix likely to be influenced by a potential negative environmental effects?	
<u>AO2</u> MB1 = 2 MB2 = 2 MB3 = 1	<p>1 mark for how element of market mix might be affected (maximum 2 marks)</p> <p>1 mark for how that would affect what would be planned (maximum 3 marks)</p> <p style="text-align: right;">(5 marks)</p>	<ul style="list-style-type: none"> • The coaches may need to be altered to protect the environment (product) – lean burn engines might be considered – this would reduce the quantity of exhaust emission – these more environmentally friendly coaches could then be promoted to customers – improve corporate image and gain more customers. • Additional environmental features may add to the cost of running the services – prices may have to be raised to pay for costs of fitting new anti-pollution devices – publicity should be given to why prices are rising – emphasis could also be placed on competitors which were not adding environmental features – customers may still be willing to use <i>Manton Coaches</i> despite the higher prices.

7(a)	Give details of the campaign in which these two types of promotion were used.	
<u>AO1</u> MB2 = 1	1 mark for purpose of the campaign	<i>Ticketmaster</i> has been used for all of Q7. <ul style="list-style-type: none"> Campaign was to advertise the Rolling Stones ‘Bigger Bang’ tour – marketed through national papers, e-mails and press releases. (The details could be dates, cost, frequency, etc.)
<u>AO2</u> MB2 = 1	1 mark for details of how/when, etc., it was conducted	
(2 marks)		

7(b)(i)	Identify <u>one</u> above-the-line and <u>one</u> below-the-line promotion used for this campaign.	
<u>AO1</u> MB1 = 1	1 mark for above-the-line	<u>Above-the-line</u> <ul style="list-style-type: none"> Concert announcements in Sunday Times newspaper. <u>Below-the-line</u> <ul style="list-style-type: none"> Press/news release emailed to anyone who had made an enquiry.
<u>AO2</u> MB1 = 1	1 mark for below-the-line	
(2 marks)		

7(b)(ii)	For each method of promotion you identified in part (i) explain why it was suitable for the target population.	
<u>AO2</u> MB2 = 1 MB3 = 1	1 mark for identifying target population	<ul style="list-style-type: none"> Fans of the Rolling Stones – Sunday Times matched the profile of typical Rolling Stones fans – has a very wide fan base – national newspaper would reach fans all over the country – people accessing the website would have been looking for tickets for some event – generally only fans would have made an enquiry about the concert – press release was therefore sent to interested parties.
<u>AO3</u> MB2 = 2	1 mark for why above-the-line method given was suitable (maximum 3 marks)	
<u>AO4</u> MB2 = 1 MB3 = 1	1 mark for why below-the-line method given was suitable (maximum three marks)	
(1 + 3 + 2) or (1 + 2 + 3)		
(6 marks)		

8(a)	Give an example of <u>one real UK business</u> that has a product that is in the cash cow section of the Boston Matrix .	
<u>AO1</u> MB1 = 1	1 mark for appropriate product (1 mark)	<u>Name of business</u> – Marmite Ltd/Unilever. <u>Description of product</u> – Marmite, a savoury spread made from yeast extract.

8(b)	Explain how the business has used its marketing mix for this product in order to get the product into this cash cow position.	
<u>AO1</u> MB1 = 2 MB2 = 1 MB3 = 1 <u>AO2</u> MB1 = 1 MB2 = 1	1 mark for showing understand of the market conditions for cash cow (maximum 2 marks) 1 mark for how an element of the marketing mix has been used (maximum 2 marks) 1 mark for why that has put it into the cash cow position (maximum 2 marks) (6 marks)	<ul style="list-style-type: none"> • Cash cow has low market growth but high market share – for Marmite there is limited competition in the market – Marmite started in Burton-on-Trent with yeast from the breweries so prices could be kept low – the exact recipe has been kept secret (product) – made it difficult for other businesses to compete – allowed Marmite to dominate the market.

8(c)	Justify at which stage of the product life cycle this product is currently operating.	
<u>AO2</u> MB1 = 1 MB2 = 1 <u>AO4</u> MB1 = 1	1 mark for stating correct stage 1 mark for why it is at that stage (maximum 2 marks) (3 marks)	<ul style="list-style-type: none"> • Saturation in the UK – most potential customers have already been targeted – Marmite stays at this position with fairly regular advertising campaigns. • Maturity – Marmite has been produced since 1902 – has now expanded to a state of steady sales.

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Content area distribution and AOs Grid

Content Grid

Question	Content area				
	10.1	10.2	10.3	10.4	Total
1 (a)	8				8
1 (b)	2			3	5
2 (i)		4			4
2 (ii)		8		4	12
3 (i)			4		4
3 (ii)			4		4
4 (a)			3		3
4 (b)			2		2
4 (c)				5	5
5 (a)			2		2
5 (b)			3	2	5
5 (c)	4		4		8
6 (a)	3				3
6 (b)	5				5
7 (a)		2			2
7 (b) (i)		2			2
7 (b) (ii)		1		5	6
8 (a)		1			1
8 (b)		3		3	6
8 (c)		2		1	3
Total	22	23	22	23	90
Target	22.5	22.5	22.5	22.5	90

