

# Mark Scheme (Results)

## January 2009

GCE

GCE Applied Business (6925/01)

## 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.

Question Number	Answer	Mark
<p>Q1(a)</p> <p><u>A01</u> MB1 = 3 MB3 = 1</p> <p><u>A02</u> MB1 = 1 MB2 = 1</p> <p><u>A03</u> MB1 = 2 MB2 = 1</p>	<ul style="list-style-type: none"> <li>Sold to local convenience stores - Body Shop/Boots not in this market - no direct competition.</li> <li>Reliable trade customers - giving repeat orders - suggests a firm base which the competition will not erode.</li> <li>Dedicated workforce - will be prepared to work when times are difficult - should be able to resist aggressive competitor pressure.</li> <li>Fair prices for consumers - will not feel exploited - may be ready to commit to this business.</li> <li>Has ecologically friendly products - matches the approach taken by the Body Shop - consumers may feel that Purity's products are as good as its competitors.</li> </ul>	<p>1 mark for each strength</p> <p>1 mark for why it is a strength</p> <p>1 mark for how it will help <i>Purity</i> to complete</p> <p>(1 + 1 + 1) x 3</p> <p>(9 marks)</p>

Question Number	Answer	Mark
<p>Q1(b)</p> <p><u>A02</u> MB2 = 1 MB3 = 1</p> <p><u>A04</u> MB1 = 1 MB2 = 1 MB3 = 1</p>	<ul style="list-style-type: none"> <li>Well established - Body Shop has outlets across the UK - Purity only been in business for 3 years - only supplies just over 50 outlets - competitors could use their market strength to stop Purity entering the high street market.</li> <li>Body Shop has been trading since 1976 - this has allowed it to build up a very wide market base - Purity is only supplying firms in the Midlands - Body Shop has a national base whereas Purity is regional - there will be considerable costs involved in breaking into a market that the Body Shop already dominates.</li> <li>Boots has a wide range of products - Purity only provides ecologically friendly cosmetic and beauty products - customers may want to buy a wide range of products in the same shop - may buy the type of products that Purity sells when they are in store for something else - Purity is unlikely to attract customers who are buying something else as it does not produce this.</li> </ul>	<p>1 mark for feature of the competitors/market (maximum 2 marks)</p> <p>1 mark for contrast with <i>Purity</i> (maximum 2 marks)</p> <p>1 mark for why this would pose an economic threat (maximum 3 marks)</p> <p>(N.B. One feature could gain full marks)</p> <p>(5 marks)</p>

Question Number	Answer	Mark
<p>Q2(a)</p> <p><u>A01</u> MB1 = 2</p> <p><u>A02</u> MB1 = 2 MB2 = 1</p>	<ul style="list-style-type: none"> <li>• Social - many consumers do not want cosmetics tested on animals - this is a change in social attitudes.</li> <li>• Political - an EU directive has been created - this was created by political institutions/the Commission in the EU.</li> <li>• Legal - the EU Cosmetics Directive - this is now law in the UK.</li> </ul> <p>(Other elements of PESTLE would be acceptable if they were well justified.)</p>	<p>1 mark for part, if explained (2 marks)</p> <p>1 mark for what change occurred (maximum 2 marks)</p> <p>1 mark for why that was the specified part of PESTLE (2 marks)</p> <p>(2 + 2 + 1) or (2 + 1 + 2) (Note: There is a maximum of 3 marks for only one point of PESTLE)</p> <p style="text-align: right;"><b>(5 marks)</b></p>

Question Number	Answer	Mark
<p>Q2(b)</p> <p><u>A01</u> MB2 = 1</p> <p><u>A03</u> MB1 = 1 MB2 = 1</p> <p><u>A04</u> MB1 = 2</p>	<p>(i) - Problem Child.</p> <p>(ii) - market is growing - increasing numbers of consumers are switching to products not tested on animals - <i>Purity</i> has a relatively small share of the market - <i>Body Shop</i> and <i>Boots</i> are established major retail chains/<i>Purity</i> only supplies to just over 50 outlets.</p>	<p>1 mark for sector of the matrix</p> <p style="text-align: right;"><b>(1 mark)</b></p> <p>1 mark for state of market growth</p> <p>1 mark for how information shows this</p> <p>1 mark for state of market share</p> <p>1 mark for how information shows this</p> <p style="text-align: right;"><b>(4 marks)</b></p>

Question Number	Answer	Mark
<p>Q2(c)</p> <p><u>A03</u> MB1 = 1</p> <p><u>A04</u> MB1 = 2 MB2 = 1</p>	<ul style="list-style-type: none"> <li>• Advertise the fact that no products are tested on animals - this is a growing concern for consumers - will know that all products meet what they want - will be prepared to buy products made by Purity.</li> <li>• Make comments on the packaging about no animal testing stand out - consumers will see the packaging in-store - will know that the products have not been tested on animals - this is a growing concern for many consumers.</li> <li>• Use an informative website - this could explain how the products are tested - could emphasise that the EU directive is being followed - would assure consumers that their concerns are being met.</li> </ul>	<p>1 mark for promotional approach (maximum 2 marks)</p> <p>1 mark for how that would help address consumers concerns (maximum 3 marks)</p> <p>(4 marks)</p>

Question Number	Answer	Mark
<p>Q3</p> <p><u>A01</u> MB2 = 1 MB3 = 1</p> <p><u>A02</u> MB3 = 1</p> <p><u>A03</u> MB1 = 1 MB2 = 1 MB3 = 1</p> <p><u>A04</u> MB1 = 1 MB2 = 1 MB3 = 1</p>	<p><u>Meaning</u> - setting the prices on the basis of the prices set by competitors.</p> <p><u>Suitable</u></p> <ul style="list-style-type: none"> <li>• Competitors have been in the market a long time - if Purity tried to undercut prices they would react - being larger could cut prices below Purity's - could drive Purity out of the market.</li> <li>• Purity is receiving growing sales/regular repeat orders - this shows that the pricing policy is successful - raising prices could drive customers away - lowering prices could mean lost profit per unit with few additional sales.</li> </ul> <p><u>Unsuitable</u></p> <ul style="list-style-type: none"> <li>• Purity sells to convenience stores - Body Shop and Boots unlikely to be in this market - no direct competition from major chains - Purity could use another strategy, e.g., penetration pricing, with no reaction from it competitors.</li> <li>• Purity is new to the market - could find it difficult to gain additional outlets - customers know competitors' products - may need lower price to get them to try Purity.</li> </ul>	<p>1 mark for showing meaning of pricing strategy (may be implied)</p> <p>1 mark for feature that makes it suitable (maximum 2 marks)</p> <p>1 mark for why suitable for <i>Purity</i> (maximum 3 marks)</p> <p>1 mark for feature that makes it unsuitable (maximum 2 marks)</p> <p>1 mark for why unsuitable for <i>Purity</i> (maximum 3 marks)</p> <p>(maximum 6 marks for one sided evaluation) (9 marks)</p>

Question Number	Answer	Mark
<p>Q4(a)</p> <p><u>A02</u> MB1 = 2 MB2 = 1 MB3 = 1</p> <p><u>A04</u> MB2 = 1 MB3 = 1</p>	<ul style="list-style-type: none"> <li>The consumer is the ultimate customer - the retailers will be selling to the consumers - advertising to them direct will mean that they are persuaded to buy from the retailer - Purity will then benefit from repeat orders.</li> <li>Trade customers would expect this - many retailers only take products on the understanding that the supplier advertises the product as well - this helps to ensure that consumers know about the product - they will then look out for the products in the retailers' stores.</li> </ul>	<p>1 mark for basic reason (maximum 2 marks)</p> <p>1 mark for why that relates to selling only to trade customers (maximum 4 marks)</p> <p style="text-align: right;">(6 marks)</p>

Question Number	Answer	Mark
<p>Q4(b)</p> <p><u>A01</u> MB2 = 1</p> <p><u>A02</u> MB1 = 1 MB2 = 1 MB3 = 1</p>	<ul style="list-style-type: none"> <li>Long term - would take months/years to establish a high street presence - shops need to be found and refurbished - a major new promotional campaign will be needed to inform customers.</li> <li>Decision needs to be made by senior management/the owners - this is a major change in the way the business will operate - changing from a manufacturer to a retailer - will need the agreement of the company as a whole.</li> </ul>	<p>1 mark for feature of strategic (maximum 2 marks)</p> <p>1 mark for why this feature applies to this decision (maximum 3 marks)</p> <p style="text-align: right;">(4 marks)</p>

Question Number	Answer	Mark
<p>Q5(a)(i)</p> <p><u>A01</u> MB1 = 1</p>	<p><u>Largest market</u> - South East</p>	<p>1 mark for largest market</p> <p style="text-align: right;">(1 mark)</p>

Question Number	Answer	Mark
<p>Q5(a)(ii)</p> <p><u>A01</u> MB2 = 1 MB3 = 1</p> <p><u>A04</u> MB1 = 1</p>	<ul style="list-style-type: none"> <li>May not have best target market - other regions may have more people who are concerned about animal testing - figures show total population not buying habits.</li> <li>May not be the easiest market to get into - currently selling into the Midlands - may be easier to persuade outlets in neighbouring regions to try selling its products.</li> </ul>	<p>1 mark for drawback</p> <p>1 mark for explaining the drawback (maximum 2 marks)</p> <p style="text-align: right;">(3 marks)</p>

Question Number	Answer	Mark
<p>Q5(b)</p> <p><u>A03</u> MB1 = 1 MB2 = 1 MB3 = 1</p> <p><u>A04</u> MB1 = 1 MB2 = 1</p>	<ul style="list-style-type: none"> <li>Type of cosmetics used is likely to change - younger users may want more fun products - older groups more skin care products - largest percentage of old people in South West which has lowest 0-15 year olds - products for older people might be targeted there.</li> <li>These are eco-friendly products - concern is likely to change with age - very young, 0-5, are not likely to be concerned - regional data in the 0-4 column not very relevant - however, figures for 5 year and upwards very similar so general promotion focused on ecological aspects could be suitable.</li> <li>Purity produces products for all age groups - will need to know percentage in different age groups - can then work out likely production figures for different age groups/regions - largest percentage 16-44 age group is in London - will need proportionally more products for that age group there than in South West.</li> </ul>	<p>1 mark for nature of the product (maximum 2 marks)</p> <p>1 mark how that relates to age (maximum 2 marks)</p> <p>1 mark for application to the regional data (maximum 2 marks)</p> <p>1 mark for importance to <i>Purity</i> (maximum 2 marks)</p> <p>(N.B. for full marks candidates must score 1 mark in each section. The final mark can come from any of the sections)</p> <p style="text-align: right;">(5 marks)</p>

Question Number	Answer	Mark
<p>Q6(a)</p> <p><u>A01</u> MB1 = 1</p> <p><u>A02</u> MB1 = 2</p>	<ul style="list-style-type: none"> <li>Primary is original data not previous collected - the questionnaire was created by Purity - the data is being collected for the first time through street surveys.</li> <li>Market research collected direct from the respondent - the respondents were people on the street - answers to the survey were collected by directly asking them questions.</li> </ul>	<p>1 mark for showing understanding of the term (may be implied)</p> <p>1 mark for why this research is primary (maximum 2 marks)</p> <p style="text-align: right;">(3 marks)</p>

Question Number	Answer	Mark
<p>Q6(b)</p> <p><u>A02</u></p> <p>MB1 = 1 MB2 = 1</p>	<p><u>Benefit</u></p> <ul style="list-style-type: none"> <li>If people do not use these products then the rest of the survey could be a waste of time.</li> <li>If the answer is yes then it shows the target market has probably been identified.</li> </ul> <p><u>Drawbacks</u></p> <ul style="list-style-type: none"> <li>May not identify someone who lives in Y &amp; H and would hence be the wrong target audience.</li> <li>Uses the word 'regularly' which will mean something different to different people.</li> <li>The stratification is based in part on age so that should be established first.</li> </ul>	<p>1 mark for benefit</p> <p>1 mark for drawback</p> <p style="text-align: right;">(2 marks)</p>



Question Number	Answer	Mark
<p><u>Q6(c)</u></p> <p><u>A01</u> MB3 = 1</p> <p><u>A02</u> MB2 = 1 MB3 = 1</p> <p><u>A03</u> MB1 = 1 MB2 = 1 MB3 = 1</p> <p><u>A04</u> MB1 = 1 MB2 = 1 MB3 = 1</p>	<p><u>Meaning</u></p> <ul style="list-style-type: none"> <li>Sample will be taken on the basis on the numbers in specific groups.</li> </ul> <p><u>Age</u></p> <p><u>Accurate</u></p> <ul style="list-style-type: none"> <li>Five age groups have been given for the region - these have specific numbers provided - this would give a definite basis on which to sample each age group.</li> </ul> <p><u>Inaccurate</u></p> <ul style="list-style-type: none"> <li>The data is out of date - it refers to figures in each age group in 2005 - significant changes could have taken place in four years.</li> </ul> <p><u>Gender</u></p> <p><u>Accurate</u></p> <ul style="list-style-type: none"> <li>Clear figures are given for gender - it does show that there are generally about 2% more women than men - this should ensure that some bias is given to women in the sample.</li> </ul> <p><u>Inaccurate</u></p> <ul style="list-style-type: none"> <li>The figures are for England as a whole - the ratio of women to men could be completely different in Y &amp; H - using the England figures could be completely wrong for this region.</li> </ul>	<p>1 mark for showing understanding of the term (may be implied)</p> <p>1 mark why data on age would lead to accuracy (maximum 3 marks)</p> <p>1 mark for why data on age would not lead to accuracy (maximum 3 marks)</p> <p>Repeat points 2 and 3 above for gender.</p> <p>(Also note the following maximums: 1 mark for meaning 4 marks for age 4 marks for gender)</p> <p style="text-align: right;">(9 marks)</p>

Question Number	Answer	Mark
Q7(a)  <u>A01</u> MB1 = 1	<i>Sony</i> Playstation 3 has been taken as the example for Q7.  <u>Business Sony</u> <u>Description</u> Playstation 3, games consul.	1 mark for Business and description  (1 mark)

Question Number	Answer	Mark
Q7(b)  <u>A01</u> MB2 = 1  <u>A02</u> MB1 = 2 MB2 = 1  <u>A04</u> MB1 = 1	<ul style="list-style-type: none"> <li>Has facility to read more advanced disk/ Blu-ray discs - these store 25 or 50 GB - this allows for more sophisticated games/movies to be played - particularly ones with more graphics/greatly improves the viewing quality.</li> <li>Standard Ethernet facilities - allows connection to other computers - allows people to play games with people on other computers - players do not need to be in the same place to play.</li> </ul>	1 mark for example of the change (maximum 2 marks)  1 mark for why that particular change was made (maximum 3 marks)  (5 marks)

Question Number	Answer	Mark
Q7(c)  <u>A01</u> MB2 = 1 MB3 = 1  <u>A02</u> MB1 = 1  <u>A03</u> MB1 = 1	<ul style="list-style-type: none"> <li>Sales records - showed the number of units sold for specific models - these were compared to forecast figures - lower than expected sales lead to a significant cut in the price.</li> <li>Measuring market share - the ambition for Sony was to be the market leader - sales of PS3 are significantly behind that of the rivals Xbox 360 and the Wii - suggests that Sony has not been successful with the changes it has made.</li> </ul>	1 mark for method (maximum 2 marks)  1 mark for how this provided information about the success (maximum 3 marks)  (4 marks)

Question Number	Answer	Mark
<b>Q8(a)</b>  <b>AO1</b> MB1 = 1	( <i>Tesco</i> Clubcard has been taken as an example for Q8) <u>Business</u> - <i>Tesco</i> .  <u>Method</u> - EPOS record of sales.	1 mark for business and electronic method used  (1 mark)

Question Number	Answer	Mark
<b>Q8(b)</b>  <b>AO1</b> MB1 = 3	<ul style="list-style-type: none"> <li>Customer given a Clubcard - scanned each time customer buys goods - EPOS records what was bought against the customer's name.</li> </ul>	1 mark for feature of the method  1 mark for how this would identify buying habits (maximum 2 marks)  (3 marks)

Question Number	Answer	Mark
<b>Q8(c)</b>  <b>AO2</b>  MB1 = 2 MB2 = 1	<ul style="list-style-type: none"> <li>Clubcards offered in-store - customers will be in-store buying <i>Tesco</i> products - they will therefore be part of the target group.</li> <li>Clubcard offered on-line - would be looking at website because they were interested in the products/company - likely to be a potential customer.</li> </ul>	1 mark for way  1 mark for how this related to the correct target group (maximum 2 marks)  (3 marks)

Question Number	Answer	Mark
<b>Q8(d)</b>  <b>AO3</b> MB1 = 1 MB2 = 1 MB3 = 1	<ul style="list-style-type: none"> <li>Some customers do not have Clubcards - there will be no profile for them - this could mean the apparent average expenditure only reflects the type of people who want the cards.</li> <li>May have cards for other stores - buy different products there because they are more attractive - <i>Tesco</i> will not have this data so information will be partial.</li> </ul>	1 mark for constraint  1 mark for why buying habits will not be identified (maximum 2 marks)  (3 marks)

6925 - Marketing Decisions - January 2009 - Content and AOs Grids

Content area distribution

Question	Content area				Total
	10.1	10.2	10.3	10.4	
1 (a)	9				9
1 (b)	3			2	5
2 (a)	5				5
2 (b) (i)		1			1
2 (b) (ii)		4			4
2 (c)		4			4
3	1	4		4	9
4 (a)		4		2	6
4 (b)	4				4
5 (a) (i)			1		1
5 (a) (ii)			3		3
5 (b)	1		4		5
6 (a)			3		3
6 (b)			2		2
6 (c)			6	3	9
7 (a)		1			1
7 (b)		5			5
7 (c)				4	4
8 (a)			1		1
8 (b)			1	2	3
8 (c)			1	2	3
8 (d)				3	3
<b>Total</b>	<b>23</b>	<b>23</b>	<b>22</b>	<b>22</b>	<b>90</b>
<b>Target</b>	<b>22/23</b>	<b>22/23</b>	<b>22/23</b>	<b>22/23</b>	<b>90</b>

6925 - Marketing Decisions - January 2009 - AOs Grids

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)	3		1	1	1		2	1		1			9
1 (b)					1	1				1	1	1	5
2 (a)	2			2	1								5
2 (b) (i)							1						1
2 (b) (ii)		1						1		2			4
2 (c)							1			2	1		4
3		1	1			1	1	1	1	1	1	1	9
4 (a)				2	1	1					1	1	6
4 (b)		1		1	1	1							4
5 (a) (i)	1												1
5 (a) (ii)		1	1							1			3
5 (b)							1	1	1	1	1		5
6 (a)	1			2									3
6 (b)				1	1								2
6 (c)			1		1	1	1	1	1	1	1	1	9
7 (a)	1												1
7 (b)		1		2	1					1			5
7 (c)		1	1	1			1						4
8 (a)	1												1
8 (b)	3												3
8 (c)				2	1								3
8 (d)							1	1	1				3
<b>Total</b>	<b>12</b>	<b>6</b>	<b>5</b>	<b>14</b>	<b>9</b>	<b>5</b>	<b>9</b>	<b>6</b>	<b>4</b>	<b>10</b>	<b>6</b>	<b>4</b>	<b>90</b>
<b>Target</b>													
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	
<b>Balance</b>	<b>45</b>	<b>27</b>	<b>18</b>	<b>87</b>									
<b>Target</b>	<b>45</b>	<b>27</b>	<b>18</b>	<b>90</b>									