Mark Scheme (Results)
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GCE Applied Business (6925/01)

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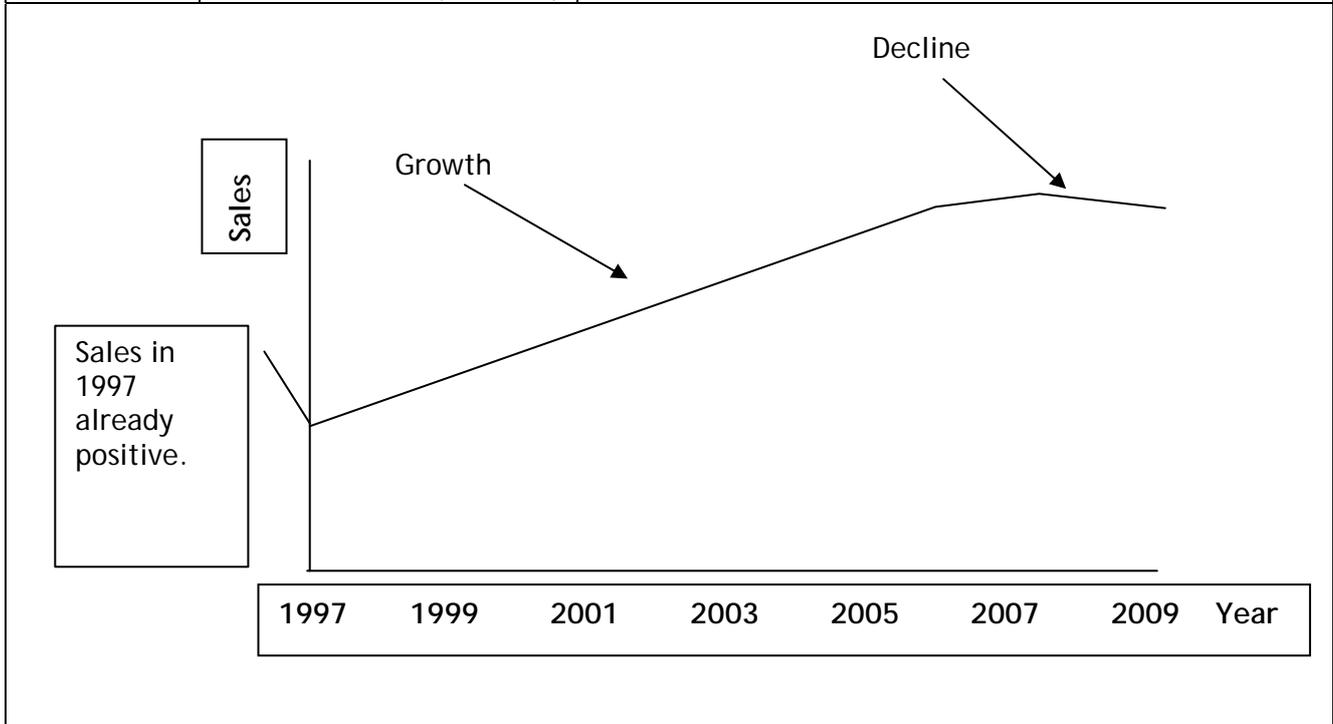| Q1(a)		
AOs	Mark Allocation	Exemplar Responses
AO1 MB1 = 4 **AO2** MB1 = 4	1 mark for each strength 1 mark for why it was a strength for **this** business. (1 + 1) x 2 Repeat for the weaknesses. **(8 marks)**	Strengths • High quality – will be what customers expect if they are to pay a high price. • Well known brand – will be easily recognised when it is promoted. • Selling to the very rich – will not lose too many sales during the recession. Weaknesses • Brand very sought after – has encouraged illegal copies. • Only caters for the most exclusive end of the market – will limit the number of sales it can make. • May have been producing some clothes in India with low cost labour – could/did lead to negative publicity for the business.

Q1(b)		
AOs	Mark Allocation	Exemplar Responses
AO1 MB1 = 1 **AO2** MB1 = 1 **AO3** MB2 = 2 MB3 = 1	1 mark for showing understanding of trade customers (could be implied) 1 mark for identifying who these would be for *Elocutio* 1 mark for how promotion would be affected (maximum 3 marks) **(5 marks)**	• Customers that are other businesses – specialist outlets and specialist chains – need to promote directly to these specialists – may send a representative with samples – specialists will expect additional promotion to their customers. • Businesses that are in the clothing retail sector – specialist outlets and specialist chains – might invite buyers to a fashion show – can show them the latest range of clothes – would need to agree with the specialists about how the general public will be informed about the new ranges. • Customers who buy goods for resale to consumers – the retailers stocking *Elocutio* clothing – will need to inform consumers who the stockists are – its clothes are only available through the specialist outlets – *Elocutio* could provide a list of stockists on a website.

Q2(a)		
AOs	**Mark Allocation**	**Exemplar Responses**
<u>AO1</u> MB2 = 1 <u>AO2</u> MB2 = 1 <u>AO4</u> MB1 = 1	1 mark for feature of a strategic marketing decision (may be implied) 1 mark for why *Elocutio*'s decision shows this feature (maximum 2 marks) (3 marks)	• A major decision for the business – will need to find new suppliers/set up new factories – likely to involve considerable additional costs. • A long term decision – new factories/employees will need to be found – will take considerable time to research and find new premises/meet planning requirements/recruit and train employees.

2(b)		
AOs	**Mark Allocation**	**Exemplar Responses**
<u>AO1</u> MB1 = 2 <u>AO2</u> MB3 = 1 <u>AO4</u> MB1 = 1 MB2 = 2 MB3 = 1	1 mark for identifying current pricing strategy 1 mark for why that would still be appropriate (maximum 2 marks) 1 mark for why a change in strategy might be needed (maximum 2 marks) 1 mark for reasoned conclusion. (6 marks)	• Currently high prices for the market/ premium pricing – this reflects the quality *Elocutio* provides – the business is likely to be adding a high mark up – moving production to the EU is likely to increase costs – most EU countries are bound by minimum wage legislation – if *Elocutio* wants to keep the same profit margins it may have to increase prices. • Prices are comparatively high – suitable for the top end of the market – reducing prices might suggests lower quality – low labour costs in India may have helped *Elocutio* to keep prices relatively competitive – higher labour costs in the EU could mean prices need to rise – the current economic recession is likely to mean it cannot afford to raise prices.

Q3	Indicative content
AO1 MB1 = 1 **AO2** MB1 = 1 **AO3** MB1 = 2 MB2 = 1 **AO4** MB1 = 3 MB2 = 2 MB3 = 1	<u>The macro marketing environment – (Level 1)</u> • Economic problems in the UK and the rest of the world – customers losing confidence. • Recession in target markets – less spending on luxury items. <u>Changes in appropriate elements of the marketing mix with reasons</u> **(levels 2 and 3)** 1. Increased advertising to final customers (2) – will show that the business is still producing and selling (3) – persuasive promotion can help to ensure that competitors do not take away business (3) – with reduced overall demand in the market firms will be competing more aggressively for business (3). 2. New cheaper product line (2) – would increase the potential target market (2) – would bring in additional revenue during the recession (3) – could compensate for any loss of revenue at the top end of the market (3). <u>Justifications for the extent of the changes</u> **(level (4)** 1. The amount of additional advertising will depend on loss of sales in 2008/2009 – if customers are still buying *Elocutio* products there may be no need to increase the advertising. 2. A new product line could damage the image of the *Elocutio* brand – this could make the idea of a new product line non-viable/may mean that the brand name for the new range will also have to be changed. (If only one element of the marketing mix is considered a maximum of 7 marks can be awarded.)

Level	Mark	Descriptor
Level 0	0 mark	No rewardable material
Level 1	1 – 2 marks	Show understanding of the term (may be implied). Recognition of what the macro marketing environment is in terms of the changes that have taken place in 2008 and 2009.
Level 2	3 – 5 marks	Selection of appropriate element(s) of the marketing mix with likely change/or effect on the marketing mix because of the new macro marketing environment. More than one element should be considered at the top end.
Level 3	6 – 9 marks	Explanations of why the selected elements of the marketing mix would need to be changed in this new environment/why the marketing mix would be affected. The explanations must reflect the changed environment in terms of potential loss of demand.
Level 4	10-11 marks	Consideration of the extent of the changes required with a suitable justification. At least two changes in the elements of the marketing mix should be considered for full marks.

Q4(a)		
AOs	Mark Allocation	Exemplar Responses
AO2 MB2 = 2 MB3 = 1	1 mark for starting the PLC with positive sales in 1997 1 mark for clear growth from 1997 to 2007, with label 1 mark for decline in 2008, 2009, with label (3 marks)	See diagram below.

Q4 (b)		
AOs	**Mark Allocation**	**Exemplar Responses**
<u>AO1</u> MB1 = 1 <u>AO2</u> MB1 = 1	1 mark for named part of the matrix 1 mark for the reason (2 marks)	• Product development – these will be similar but new products produced for the same market. • Market penetration – selling additional similar products to the same market.

Q4 (c)		
AOs	**Mark Allocation**	**Exemplar Responses**
<u>AO1</u> MB3 = 1 <u>AO2</u> MB3 = 1 <u>AO3</u> MB2 = 1 MB3 = 1 <u>AO4</u> MB2 = 1 MB3 = 1	1 mark for showing understanding of the term (may be implied 1 mark for suitable example 1 mark for why they would be suitable for this market/business (maximum 2 marks) 1 mark for why they are likely to effectively extend/increase the businesses sales (maximum 2 marks) (6 marks)	• Products that can be added to the existing range of products – a new range of clothing – *Elocutio* is already established in this market – will be able to produce clothes of high quality – this will meet the markets expectations – help to increase sales and extend the product life cycle. • Additional products that relate closely to the main product – clothing accessories such as handbags/necklaces – could help to enhance the image of the clothes – could make customers feel they were being presented with a more complete package – these would be marketed using the *Elocutio* brand – make the market more aware of the business and support sales.

Q5 (a)		
AOs	**Mark Allocation**	**Exemplar Responses**
<u>AO2</u> MB1 = 1 MB2 = 1	1 mark for the part of the research 1 mark for why it would be secondary (2 marks)	• *Elocutio*'s sales records – these have already been recorded by the business.

Q5 (b)		
AOs	**Mark Allocation**	**Exemplar Responses**
<u>AO1</u> MB1 = 1 MB2 = 1 <u>AO2</u> MB1 = 1	1 mark for meaning of cluster sampling (may be implied) 1 mark for why *Elocutio*'s research in Manchester is cluster sampling (maximum 2 marks) (3 marks)	• When one geographical part of the market is taken for the sample – the sample was only carried out in Manchester – *Elocutio* sells to the whole of the UK and the rest of Europe. • When the population is subdivided into specific groups and only a selected part of the group is surveyed – *Elocutio* divided its target market into different locations – it then carried out the survey in only Manchester.

Q5 (c)		
AOs	**Mark Allocation**	**Exemplar Responses**
<u>AO1</u> MB1 = 1 MB2 = 1 MB3 = 1 <u>AO2</u> MB1 = 1 MB2 = 1	1 mark for constraint (maximum 2 marks) 1 mark for how that relates to the economic problems facing *Elocutio* (maximum 2 marks) 1 mark for why the constraint comes from taking the survey just in Manchester/just a cluster sample (maximum 2 marks) (Must have a minimum of 1 mark in each section above) (5 marks)	• This only provides feedback from one small section of the market – *Elocutio* sells across the UK and in Europe – there are economic problems across the world – feedback from Manchester will mainly relate to that one city – spending habits in other cities/countries may be completely different. • Manchester may not be typical – the recession is hitting all of its markets – these are across the UK and Europe – Manchester is in the North West of the UK with less financial services industries – may be experiencing less impact on spending power than locations such as London. • The cluster only considers one part of the group – the group may be relatively poor and want prices to go down – if *Elocutio* does this it could lose profits from the rich section of the market which would still pay high prices – the cluster may not represent the whole group – could lead to *Elocutio* making the wrong marketing decisions for the market as a whole.

Q6 (a)	
	Indicative content
AO1 MB3 = 2 **AO2** MB3 = 1 **AO3** MB1 = 2 MB2 = 1 MB3 = 1 **AO4** MB1 = 2 MB2 = 1 MB3 = 1	<u>The problems for *Elocutio*</u> • Only 16/200 customers shop for *Elocutio* products at least once a month (1) – 30% of customers shop only once a year (2) – *Elocutio* will need a large number of different customers if it wants to have customers shopping every month of the year (3) – if there are months when few people shop that could create cash flow problems(3) – there were 60 customers buying once a year, 124 at least twice a year and 16 each month (4)– overall that is at least 500 purchase from just 200 customers each year (4). • 32/200 customers say they are likely to spend less on *Elocutio* clothes in 2010 (1) – only 1% would increase expenditure (2) – *Elocutio* likely to experience a fall in sales (3) – this could affect cash flow and its ability to create new ranges (3) – 83% of customers say they will spend the same as before (4) – this is a very strong customer base which will help *Elocutio* through the recession (4). • Price is identified by 82/200 customers (1) – this may mean that they feel the prices are too high – *Elocutio*'s prices are comparatively high (2) – in a recession that could stop customer buying its products (3) – over 50% of customers gave quality as the most important consideration (4) – *Elocutio* produce high quality products so customers may continue to buy even at high prices (4). • Question 4 only considers three options for responses (1) – that limits the possible answers customers can put down (2) – customers may think other aspects such as the ability to return good if they are not quite right for them is the most important aspect (2) – if customers cannot choose that option they may pick another one at random (3) – *Elocutio* would then have the wrong information (3) – might make the wrong marketing decisions (3) – but it is still likely to know which of the three offered is the most important and so make informed decisions (4). (If only one problem from the data is considered a maximum of only 7 marks can be awarded.)

Level	Mark	Descriptor
0	0 mark	No rewardable material
Level 1	1 - 2 marks	Identification of potential problems from the data in Table 1 resulting from customers' answers or the way the question have been asked, or the limitations of the headings.
Level 2	3 - 5 marks	Problems are stated in such a way as to indicate that there is a clear negative effect for *Elocutio* with analysis of the information.
Level 3	6 - 9 marks	Explanations of why these are problems for *Elocutio*. This must show clear analysis of the data and at the top end the use of the data to justify the extent of the potential problems for the business.
Level 4	10 - 11 marks	Consideration of any factors that would limit the problem(s) for *Elocutio*. This should relate to the data on the table, the question or the limited responses possible and the problem that creates.

Q6 (b)		
AOs	**Mark Allocation**	**Exemplar Responses**
<u>AO1</u> MB2 = 1 <u>AO2</u> MB2 = 1 <u>AO3</u> MB1 = 1 <u>AO4</u> MB1 = 2	1 mark for selection of a question with a problem and stating what the problem is 1 mark for why it would cause a problem for *Elocutio* (maximum 2 marks) 1 mark for what change should be made 1 mark for why that would reduce confusion (maximum 2 marks) (1 + 2 + 1 + 1) or (1 + 1 + 1 + 2) **(5 marks)**	• 1. The question uses the phrase 'at least' – customer shopping more than once a year are shopping at least once a year – customers could put their answers in the wrong box giving *Elocutio* an incorrect picture of actual shopping habits – the question could have asked 'how often do you shop at *Elocutio* in a year' – *Elocutio* could then work out the average number of shopping trips per year, per six months, etc, for each customer. • 3. The question simple states 'price' as an important aspect – these are exclusive clothes – customers may think that a high price is important because it means few people can afford to buy the clothes – 'Low price' could have been used instead – then only people who were concerned about being able to buy the clothes might have answered with this aspect. • 4. Uses the term 'less often' – this has been placed after 'every season' – customers may think that it means less often than every season rather than every year – change it to 'less often than every year' – customers will only fill in this box if they are happy with the ranges staying the same over a number of years.

Q7(a)		
AOs	Mark Allocation	Exemplar Responses
AO1 MB1 = 1	1 mark for business **and** the type of continuous market research (1 mark)	(*Tesco* has been taken as the example for Q7.) Business – *Tesco*. Target market – The use of club cards to record what specific customers buy.

Q7(b)		
AOs	Mark Allocation	Exemplar Responses
AO3 MB1 = 1 MB2 = 1 AO4 MB1 = 1	1 mark for details of how the method records the data (maximum 2 marks) 1 mark for how it provides details of needs or buying habits (maximum 2 marks) (1 + 2) or (2 + 1) (3 marks)	• Club cards are offered to all *Tesco* shoppers – each time the customer buys a product it records the item against that customer's name, address, etc. – *Tesco* then knows what each card holder typically buys. • Customers' cards are swiped as they buy goods – records individual customer's buying habits from week to week – *Tesco* can see if an individual's buying habits are changing over time.

Q7(c)		
AOs	Mark Allocation	Exemplar Responses
AO1 MB2 = 1 MB3 = 1 AO2 MB1 = 1 MB2 = 1 AO3 MB1 = 2	1 mark for how it uses the data (maximum 2 marks) 1 mark for how this helps to effectively market the goods or services (maximum 4 marks) (6 marks)	• Customers gain points for each pound spent and *Tesco* sends out rewards every month – with these *Tesco* also sends out special offers – these offers can be tailored to the individual customer – the offers can relate to what *Tesco* knows the customer regularly purchases – this will encourage the customer to use *Tesco* rather than another supermarket for the weekly shop – offers are for a fixed period of time so customers need to visit the supermarket regularly.

Q8(a)	

AOs	Mark Allocation	Exemplar Responses
AO1 MB1 = 1	1 mark for name of business **and** product sold **(1 mark)**	(*Bernard Matthews* has been taken as an example for Q8) <u>Business</u> – *Bernard Matthews*. <u>Product</u> – Turkey meat.

Q8(b)	

AOs	Mark Allocation	Exemplar Responses
AO2 MB1 = 3	1 mark for nature of the product that limited sales (maximum 2 marks) 1 mark for nature of the time of year that limited sales (maximum 2 marks) (1 + 2) or (2 + 1) **(3 marks)**	• Turkey traditionally only eaten at Christmas – considered a special treat – not eaten in the UK at other times of the year. • Turkeys are usually large birds – provided a meal for a large family gathering – this traditionally happened at Christmas, but less at other times of the year.

Q8(c)	

AOs	Mark Allocation	Exemplar Responses
AO3 MB1 = 1 MB2 = 1 MB3 = 1 **AO4** MB1 = 1 MB2 = 1 MB3 = 1	1 mark for detail of the marketing process used (maximum 2 marks) 1 mark for how that led to effective expansion of sales to being all-the-year round (maximum 4 marks) **(6 marks)**	• Product development with smaller portions – turkey legs/breasts/diced/burgers – packaged in quantities suitable for normal family meals – did not need a special occasion with many people – customers could now consider turkey as an alternative to other meats – would be prepared to buy it at any time of the year/part of the weekly family shopping. • Heavy advertising campaign using national television – advertised every week – made the point that turkey was not just available at Christmas/Easter – also persuaded the supermarkets to stock turkey all the year round – the advertisements were in shoppers' minds as they went to the supermarkets – finding turkeys in store persuaded customers that turkeys were not just for Christmas.

6925 – Marketing Decisions – Jan 2010 – Content and AOs Grids

Content area distribution

Question	Content area				
	10.1	10.2	10.3	10.4	Total
1 (a) (i)	4				4
1 (a) (ii)	4				4
1 (b)		5			5
2 (a)	3				3
2 (b)		4		2	6
3	11				11
4 (a)		3			3
4 (b)		2			2
4 (c)		4		2	6
5 (a)			2		2
5 (b)			3		3
5 (c)			3	2	5
6 (a)			9	2	11
6 (b)			2	3	5
7 (a)				1	1
7 (b)			3		3
7 (c)		2		4	6
8 (a)		1			1
8 (b)		2		1	3
8 (c)				6	6
Total	22	23	22	23	90
Target	22/23	22/23	22/23	22/23	90

6925 - Marketing Decisions - Jan 2010 - 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) (i)	4												4
1 (a) (ii)				4									4
1 (b)	1			1				2	1				5
2 (a)		1			1					1			3
2 (b)		1				1				1	2	1	6
3	1			1			2	1		3	2	1	11
4 (a)					2	1							3
4 (b)	1			1									2
4 (c)			1			1		1	1		1	1	6
5 (a)				1	1								2
5 (b)	1	1		1									3
5 (c)	1	1	1	1	1								5
6 (a)			2			1	2	1	1	2	1	1	11
6 (b)		1			1		1			2			5
7 (a)	1												1
7 (b)							1	1		1			3
7 (c)		1	1	1	1		2						6
8 (a)	1												1
8 (b)				3									3
8 (c)							1	1	1	1	1	1	6
Total	11	6	5	14	7	4	9	7	4	11	7	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									