Examiners' Report/
Principal Examiner Feedback

January 2010

GCE

GCE Applied Business (6925) Paper 01

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PE Report on examination paper 6925/01 – Marketing Decisions– January 2010

General Comments

The feedback given below is based on comments from all examiners involved in marking this unit.

The single scenario for the first 70 marks used a multinational clothes manufacturer. For nearly all candidates the use of a manufacturer, rather than a retailer was not a problem, but for some the selling process through trade customers did create situations where misinterpretation was possible. Candidates should be familiar with all potential target market situations, as listed in the syllabus. The questions included, for the first time in a January series, two extended answer questions worth 11 marks each. This is will be the format for all future papers.

Questions 7 & 8 were the two 10 mark questions relating to real marketing campaigns carried out by businesses that students had studied during their course. Both showed very clearly the importance of understanding business terms and real business situations, and from that, choosing the appropriate business, product and marketing campaign from which to answer all parts of the question.

It remains disappointing that so many candidates lose marks because of the same basic weaknesses that are evident series after series. These remain:

- Not reading the questions carefully enough
- Not considering the context of the question in sufficient depth
- Not understanding some very basic terminologies
- Not considering the number of marks being awarded for a question
- Writing to the space provided, especially for candidates with large handwriting.

If these issues were addressed candidates would increase their marks substantially.

Comments on specific questions

Question 1(a)

This was reasonably well answered by the majority of candidates, with an average score of 5 to 6 marks. There were also many candidates scoring full marks.

The main problem, for a significant number of candidates, was understanding the distinction between a weakness (internal) and a threat (external). The distinction needed to be made in terms of the cause of the problem for *Elocutio*. For example, *Elocutio's* weakness in terms of low paid workers was either that it had low paid workers, or that it did not deny the press reports, because these were internal causes. The press report itself was external and threatened the business. The same was true of the recession.

Question 1(b)

‘Trade customers’ is specifically named in the syllabus, but a significant percentage of candidates did not know what the term referred to. Those candidates almost uniformly scored no marks for this question. The mean for this question was about 1.4 marks, which demonstrates a general lack of understanding of what the term means and how businesses market to businesses. It also shows a weakness in understanding the situation, i.e. how promotional strategies differ when a business sells direct to its market and when it sells through an intermediary. Selling through intermediaries is a very common process and candidates need to know how that affects marketing decisions.

Question 2(a)

Most candidates could give a feature of strategic marketing. However, very few candidates could go on to explain why moving production from India to the EU would justify why that feature applied to the move. That was the requirement for the 2nd and 3rd marks. A significant minority could also not give a valid feature.

Question 2(b)

This question used the command word was ‘assess’, which required consideration of both changing and not changing the pricing strategy. Most candidates concentrated only on the reasons for changing it, usually correctly. There were some candidates who confused moving production with moving sales and wrote about the EU as a new market. Other candidates gave arguments for penetration pricing which was wrong on two fronts. First, this only applies to entering a market and *Elocutio* was already established in the EU. Second, *Elocutio* catered for the exclusive end of the market where high prices were the norm.

It was also expected that candidates would identify the current pricing for the business so that they could justify keeping it the same or changing it. Only a minority of candidates could identify the correct pricing policy of premium pricing and many described the pricing strategy as skimming. This very badly misinterpreted the situation. Skimming is also an entry strategy, but this business had been in existence since 1984 and was already in specialist chains in the UK and the rest of Europe. Candidates either did not think about the situation or they did not understand what skimming strategy actually means. It is possible that *Elocutio* used skimming for each new range of clothes but that is not even hinted at in Figure 1.

Question 3(a)

Very few candidates had problems in scoring on this question. Some did not recognise the changing macro marketing environment as referring to the ‘economic problems in the UK and the rest of the world in 2008 and 2009,’ despite being given those dates in the question and being told to refer to Figure 1. Other candidates took up more than half a page writing about the possible effects of the recession on customers before they gave a rather limited assessment of the effects on *Elocutio’s* marketing mix.

Most candidates took the approach of considering each of the four major elements of the marketing mix and produced well reasoned effects on, and changes to, the mix. There were some very well developed answers achieving the top of Level 3 and Level 4. Place did cause some confusion and again candidates confused where the products were being produced with how they were sold to the final consumer.

Question 4(a)

It was frankly staggering how badly this question was answered, as was demonstrated by the mean score of only 1.4 marks.

For many candidates the actual information relating to *Elocutio* was almost completely ignored with the following errors being typical:

- The cycle was started at the origin in 1997, even though the candidates had been told that the business started in 1984.
- There were textbook drawings of a PLC with all the stages from launch and introduction to saturation and decline, despite being told that *Elocutio* had had steady expansion from 1997 to 2007.
- The parts of the PLC were given all the standard labels even though launch and introduction had occurred well before 1997 and there was no suggestion of a point of saturation.
- Many cycles were drawn without matching the changes to the dates given so that many started to decline well before 2007/8.

There should have been a fully applied answer to this question but few achieved that. However, there was a significant minority of candidates who did respond to information shown on Figure 1, as instructed, and gained the full 3 marks.

Question 4(b)

The majority of candidates could name the correct section of the Ansoff Matrix and explain why the supplementary products would be there. Some candidates did not really understand what a supplementary product was and chose diversification, usually with a poor, or no, explanation. Some other candidates confused the Ansoff Matrix with the Boston Matrix and gave a variety of rather dubious answers.

Question 4(c)

There were candidates who did not know what a supplementary product was and struggled to justify why these products should be introduced. Some candidates spent a lot of time explaining what an extension strategy was, rather than how the supplementary products would help to achieve this.

Where candidates had specific examples of appropriate products in mind they were able to relate them to what the business sold and the conditions in the market. These candidates scored high marks.

Question 5(a)

Candidates who responded to exactly what had been asked tended to score both marks with little difficulty. They identified the correct part of the research and then went on to say why that would be secondary data.

Many candidates simply stated what secondary data, or research, meant but did not identify what part of *Elocutio's* research would constitute that. Despite being given the methods of research in the stem, some candidates assumed other forms of research that the business might have carried out. Some candidates argued that the data from the buyers in the retail outlets was secondary because it came from someone outside of the business, ignoring the fact that *Elocutio* was asking their opinions, not asking them to supply existing published material.

Question 5(b)

Sampling methods continue to challenge many candidates. Some candidates did not understand the term cluster at all and some confused this with quota sampling. Where candidates did understand the term they had little difficult in explaining it and showing why the sampling in Manchester would be cluster sampling.

Question 5(c)

Generally candidates could identify constraints, even when they had limited understanding of the term. They could also set the constraint in terms of the economic problems or in terms of the sample only taking place in Manchester. The best candidates could combine all three elements to give a full answer, but few achieved this balance.

Question 6(a)

This question discriminated very well with marks from 0 for some candidates, who ignore Table 1 altogether, to those who gained full marks, with a detailed analysis of most, and sometimes all, of the data for the five questions.

Some candidates did not consider the word ‘extract’ in the stem and focused on what was not being asked as questions, for example Q4 only asked about the casual range and they argued that it should have included the other ranges as well. It was quite possible that such a question had been asked but the answers were not shown in the extract. The approach needed to be an analysis of the question shown on Table 1.

The best candidates did focus on the actual figures given, the column headings and the question asked. The majority of candidates framed their answers in terms of the data highlighting potential problems for *Elocutio*, either because it showed negative data such as 16% of respondents saying their expenditure would fall, or because it suggested difficult requirement because of customer expectations, for example with quality being the most important aspect. Most candidates also went on to explain why these would cause a problem.

Question 6(b)

Any of the questions on Table 1 could have been used to highlight a possible confusion and most candidates could find a valid problem with the way a particular question had been asked and could provide a suitable alternative. There was the same problem as with 6(a) in that some candidates assumed that the table was comprehensive rather than an extract. That was a particular problem for the fourth question on the table.

Some candidates questioned the use of language, which probably reflected their level of understanding rather than that of the customers. For example they argued that customers would not understand the word ‘expenditure’ in Q2 and changing it to ‘spending’ would make it clearer. Others, who did note a problem with a question, then suggested a replacement that did not make the question any clearer, for example pointing out that for Q1 the possible categories were restricted to set time periods, but then suggesting that the question should therefore be changed to ask ‘How many clothes do you buy in – a year – 6 months – a month?’ or suggesting another box for ‘more than a year’.

Questions based on own study of examples during the course

Question 7

Many candidates did not understand what the term continuous market research meant. It should be both regular and frequent, but it can then have many different forms from focus groups and telephone and on-line questionnaires to scanning of reward cards and observation. It can also be with the same people or with different people. It was, however, important that candidates demonstrated in part (a) or (b) why the method selected was in fact continuous. Choosing a business with the right research was also very important and those selecting reward cards had little difficulty in answering all parts well.

Question 7(a)

Many candidates choose a type of market research that was not obviously continuous and failed to explain why it should be considered as such in part (b). These candidates failed to score a mark. Others gave a general method, such as questionnaires, but gave sufficient detail of how it worked in part (b) to gain a mark here.

Question 7(b)

Candidates who gave details of how the research provided the business with data and how this revealed the customer needs or buying habits scored well. However, a significant number of candidates gave very brief details of how it provided information and went on to explain why the data was collected or how it was used. That was essentially what part (c) was asking and suggests that these candidates did not do what has been strongly advised, namely, reading all parts of the question before choosing what business, and in this case, market research method, to select.

Question 7(c)

Candidates needed to say how the information from the market research was used by the business and then explain why that use would help to effectively market its products. Most candidates could give basic answers but few went on to give the depth of detail and explanation to gain high marks.

Question 8

For many candidates the basic point of the situation, given in the stem, was not understood, or not carried through. The good or service needed to be one that was originally only available at a particular time of the year and was then expanded into an all the year round product.

It was clear that some candidates guessed at the product, giving examples such as Coca Cola, which was ‘only sold in the summer because it was refreshing’. Others chose products that might have been launched at a particular time, such as the PS3, but was never intended to be a product that was only sold just before Christmas. Where candidates chose a product that was not sold just at a particular time of year that also made it very difficult to explain why this was the case for part (b).

It was clear that some candidates found it difficult to come up with examples, other than Cadbury's cream eggs, but there are in fact very many products that have expanded their market in this way. Examples include turkey, seasonal fruit and vegetables such as strawberries, fireworks, and even barbeques (with the growth of outdoor heaters). Services could also have been taken where businesses, such as Butlins, used to close for the winter but now stay open by attracting a different target market.

Question 8(a)

Success here depended on selecting the right good or service.

Question 8(b)

Candidate selecting the right good or service in part (a) tended to score full marks in part (b). Candidates selecting a product launched at a particular time of year could still gain marks and often gave good reasons as to why that time of year had been chosen. Some candidate gave examples that simply were not true. Candidates need to be aware that answers will be checked whenever examiners have doubts about the validity of what is being stated.

Question 8(c)

This needed careful examination of specific marketing processes used for expansion. General marketing processes used for the good or service gained minimum marks. The marketing process could come from any element of the marketing mix but it did need to relate to expanding this for all the year round sales. Too often candidates failed to explain why the specific market process would help to ensure sales all the year round and simply explained why it would increase, or maintain, sales.

Continuing issues for future series

There will be one major change for the Summer 2010 series. This will be the first time that Quality of Written Communication (QWC) will be specifically examined. The general requirements are shown in the new specifications for the course.

QWC was always being assessed, because the way candidates expressed themselves had a major impact on the clarity of what they were saying. That will continue to be the case for all questions they answer and candidates should use good QWC throughout. For the purpose of specific assessment QWC will be considered primarily with reference to the extended answer questions. For this paper that will be the two questions with 11 marks. This will be indicated, for the benefit of candidates with an * against the question. Note, however, that candidates must not assume that this is the only part of the paper where QWC is being assessed and good written communication is vital for all questions.

The points listed below include comments made in previous reports and these should be checked for the full details.

1. **The applied approach** – All businesses used in these papers relate to real businesses, either named or with the names changed. Preparation for this paper should, therefore, include as much study of the marketing decision being taken by real businesses as possible.

2. **Terminologies** – Some terminologies still cause problems for candidates. Students must know all of the terminologies given in the syllabus and those commonly used in the real world of marketing.

3. **Reading the question/following instructions** – A huge number of marks are being unnecessarily lost, simply because candidates have not read the question carefully enough. The suggestion remains that students should be given examples of past questions and be asked to re-write them to show exactly what each part is asking for. Alternatively, they could be asked to write a mark scheme for the question, and this could then be compared to the actual mark scheme.

4. **Questions requiring extended answers** – There will be two questions with 11 marks all future series. Students should be shown how to develop their answers so that they can provide depth and detail for these questions, and for questions in general.

Please also note the comments made about online marking in previous reports and the comments made about writing only to the space provided on the paper itself. Centres need to ensure that their candidates are not being disadvantaged simply because of the layout of the paper. Additional work outside of the specified area on the paper, or on additional sheets, is totally acceptable, but, when this is done, it is vital that the candidates indicate somewhere on their answer to a specific question that they are using additional paper or completing the answer somewhere else in the actual booklet. Preferably, they also indicate where the rest of the answer is.

Grade Boundaries – January 2010

6925	**Total**	**A***	**A**	**B**	**C**	**D**	**E**
Raw Mark	90	65	59	53	47	41	35
UMS	100	90	80	70	60	50	40

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