

Examiners' Report/ Principal Examiner Feedback

June 2011

GCE Applied Business (6925)
Paper 01

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MARKETING DECISIONS

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

The main scenario for this paper was the UK music industry and the changes in the way that the industry markets its artists to its customers. Generally the contexts were well received, but there was some evidence of candidates allowing personal experience to become more important than focusing on the actual questions being asked.

Questions 7 and 8 required an understanding of real marketing campaigns that have been used by businesses and have been studied during the candidates' courses. Question 7 was about changes made by businesses to their products in order to deal with customers' ethical or environmental concerns about those products. Question 8 was about the use of penetration pricing by businesses.

Unfortunately the usual perennial weaknesses remain, despite them being flagged up after every series. They are:

- 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.
- Not developing answers.

Comments on specific questions

1 (a)

This question was very poorly answered except by the best candidates. A third of candidates did not know what micro and macro marketing environments referred to. Another quarter of candidates could only give the criteria by which the two environments might be distinguished but could not then apply this to the situation of Coldplay selling through the internet. Of the rest of the candidates, most only explained why either micro or macro applied in this case, with very few explaining why both applied.

1 (b)

The answer to this question had to be set in the context of Coldplay selling albums through the internet and the problems that might create when trying to assess the effectiveness of this method selling. Some candidates did not read the question carefully enough and wrote about constraints that would make the method of selling ineffective, rather than constraints that would make 'assessing the effectiveness' of the method selling difficult. In some cases the constraints given did not relate in any way to an assessment process and candidates scored no marks. In other cases the constraint was appropriate, but more by chance than design, and there was no explanation of why assessment would be made difficult. Only the best

candidates fully appreciated the point of the question and then gave suitable constraints and well reasoned and developed explanations.

Q2 & Q6(c)

These extended answer questions require a particular approach from candidates and relatively few are scoring good marks on what, for this paper, were relatively easy questions. For Q2 over 40% of candidates scored 4 or less marks and for Q6(c) nearly 50% scored 3 or less marks. Some general faults explain this. The primary fault is not reading the question carefully enough and, for example ignoring the requirement to refer to the information in Figure 1, or justifying which would be the 'best' type of sampling for the questionnaire. Beyond that, the main reason for the poor marks is the lack of understanding of what constitutes a well developed answer. In many cases a good basic foundation was given but it did not then go anywhere, leaving the question only partially answered, with very limited application, reasoning and justification. The basic command words did not, for most candidates, appear to be understood or acted upon – to assess and to justify.

2

The question had instructed candidates to refer to the information given on Figure 1 and, therefore, only examples of PESTLE elements shown there, or implied there, could be used. A significant number of candidates did not do this and only wrote about PESTLE elements in general. These candidates limited their potential total mark to 2 marks.

The majority of candidates did refer to the information given on Figure 1 and tied the specific points to particular elements of PESTLE. Most, however, then limited their answers to the effects these points of information would have on the industry, for example the effect of illegal download making it difficult to make sales. Only a minority went on, as required by the question, to assess how this would affect 'marketing decisions for the future'. This was the distinction between Level 2 and Level 3 answers, and only the best candidates were able to get into Level 3.

There were many examples of candidates trying to include all of the PESTLE elements, which the information on Figure 1 did not support. This often meant that time, and space, was wasted on parts of their answers that were gaining no marks.

3 (a)

The majority of candidates had no problem with scoring full marks for this question. A typical error was to transpose Problem Child and Cash Cow and for the weakest candidates it was evident that they knew the four categories but had no real understanding of how they related to the highs and lows on the figure, so just guessed. There were also a significant number of candidates who lost 1 mark because they could not remember the names of all four sections, even though they knew which was which.

3 (b)

The majority of answers to this question were very disappointing.

Typically candidates failed to identify what the axes are, despite being told to fully label the figure. Very few candidates appreciated that the product life cycle (plc) had to start at a significantly high point on the vertical axis. Many candidates simply drew a textbook plc with no thought about the specific data shown on Figure 2. Many candidates also failed to put on the points A, B, C, and D so it was impossible to work out if their plc was, or was not relevant.

This question was relatively easy, although there were a couple of more challenging elements. 65% of candidates scored 2 or less marks. Only 15% of candidates scored 4 or more marks and very few candidates scored full marks. The poor response to this question suggests that there is too much thought about the theory and not enough thought about the real, applied, world of business.

3 (c)

This question was well answered by most candidates. The terms was understood and a suitable, applied, strategy, provided. Some candidates did not then justify the strategy, but that was the exception. The answers showed a good understanding of both theory and the music market.

4

Most candidates made some reference to the distribution channels and gave an appropriate change in the way the industry would promote. But, that was often the extent of their answers. Only the better candidates went on to explain why the changes would be needed and only a small minority identified what the original methods of promotion might have been. For the majority of candidates there was limit analysis of the situation so that the explanations for the changes lacked good justification.

5 (a)

Over 40% of candidates failed to score any marks for this question. The reasons for this included: 1, some candidates did not know what the Ansoff Matrix was and confused it with the Boston Matrix, and even the product life cycle; 2, some candidates selected the wrong segment of the matrix and were unable to justify why either part of their chosen segment applied to the given situation; 3, some candidates ignored the fact that the business would be 'starting' to licence artist's music for commercial uses so this would be a new market; 4, some candidates misunderstood the term new market for this matrix and took it to mean that the market existed, rather than whether or not the business was already in this market.

Candidates who understood the matrix and the new situation gave good answers but only the best candidates fully justified their selections, almost exclusively for Market development.

5 (b)

Good use of personal understanding of how music is used in these environments with nearly all candidates scoring 2 or 3 marks.

6 (a)

This question was about the Artist Dashboard, as detailed on Figure 1, not about what else MySpace may be offering. Some candidates only wrote about MySpace as a way of promoting and selling music, not about the Dashboard as a source of market research data. These candidates, about one third, generally scored no marks.

Only the better candidates were able to identify the data provided by the Dashboard, give examples of what that data might be telling Hive Music and then explain in reasonable depth how that would benefit the business in its marketing decisions. This did require a good mix of elements starting with a good understanding of what the Dashboard was supplying. The majority of candidates did miss one or more of these elements.

6 (b)

Many students have a very poor understanding of how a questionnaire should be constructed. They have probably been asked to create their own questionnaire and been allowed to do this with limited critical analysis from teachers. Most students seem to assume that the first question to be asked should be the age, the gender or the interests of the respondent. These may be important facts to find out but they are rarely the most important first question and definitely not the most important first question in the given situation.

Many candidates ignored the context of the questionnaire, given in the stem to Q6(b). This was a questionnaire for people who still bought CDs in retail outlets and the obvious first question should have been 'Do you buy CDs in retail outlets' or some question that related to that. Once that had been identified as the appropriate first question the justification for this was fairly straightforward, but few candidates took this as the first question. Even then, the candidates needed to justify this in terms of cost effectiveness and only the best candidates did do this.

6 (c)

Only the top ten percent of candidates performed at Level 3 or above. The main weakness was that candidates made very little reference to the purpose of the questionnaire and/or to how it was going to be carried out. Additional weaknesses included all of the following:

- Candidates did not know what the types of sampling involved, or only knew the meaning of one or two of them.
- Candidates only considered one of the types of sampling and ignored the need to compare the methods so that the 'best' could be justified.
- Candidates only wrote about the methods in general terms with no application.
- Many candidates tried to answer this question with 60 or less words which did not allow significant development of their answers.

Any question related to sampling remains a challenge for candidates, but these will come up in all Marketing Decision papers.

Q7

This question did offer candidates a very wide range of potential marketing campaigns to draw from because it included environmental and ethical issues. Generally candidates who chose the environmental issues had little difficulty in finding an appropriate issue. Candidates choosing the ethical issues had a more challenging time because a significant number of candidates did not fully understand the term. The main confusion was between what was an ethical issue and what was a health issue. The issues could be the same if, for example, the business was selling unhealthy products on purpose, but very few candidates, who took the health issue approach, made that connection.

In part (b) many candidates had a very limited understanding of the actual changes made to the products. Generally they also only made the basic, and fairly obvious, references to how this addressed the problems identified in part (a). Candidates often chose changes that were being made by businesses that recognised benefits of changing their products to, for example, save costs, rather than to respond to concerns from their customers.

Part (c) was only well answered by the best candidates. Most candidates gave relatively unsupported measures of success and weak explanations as to why the change in the products would have led to this success.

Q8

The answers to this question were very disappointing. A very significant number of candidates did not know what penetration pricing meant. This was confused with skimming, competitive pricing and offering products with a permanent low price. Many candidates ignored the additional requirement of penetration pricing, following the introduction to the market, of the need to raise the prices to the market norm. Where candidates failed to show understanding of the term they also failed to show acceptable short-term and long-term objectives with explanations in part (ii).

Part (b) did allow candidates to analyse the pricing policy identified in part (a) but even then many candidates gave weak analysis of why the pricing policy was suitable for the market in which it was placed. For part (c) many candidates did not identify any feature of the actual market environment.

There was evidence that some candidates, especially at the lower end, found that the time available for answering questions was challenging, and did not attempt Q8. Candidates do need to look through the whole paper before answering questions and, if there is a time pressure for them, to choose the questions that are likely to gain them most marks.

Issues for future series

The points listed below repeat comments made in previous reports, but they are ones that are still **not** being addressed by many candidates – hence marks are being lost unnecessarily.

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 promotional techniques used by real businesses as possible.
2. **Terminologies** – Candidates need to know all of the terms given in the syllabus **and** common terms that relate to the real world of promotion.
3. **Reading the question/following instructions** – Many marks are still being unnecessarily lost, simply because candidates have not read the question carefully enough or taken the context into consideration.
4. **Questions requiring extended answers** – There will continue to be two questions with 11 marks in the future series. Students should be shown how to develop their answers so that they can provide in-depth and detailed answers for these questions.
5. **Questions based on own study** – Students must be able to use knowledge and understanding of a wide range of real promotional situations in order to answer questions on any part of the syllabus. This must be in sufficient depth to show clear details of the promotional campaigns.

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.

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