

Examiners' Report/
Principal Examiner Feedback

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GCE Applied Business (6925)
Paper 01

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Report for 6925

The main scenario for this paper was the planned setting up of a business offering fishing trips and sightseeing trips in Cardigan Bay, and the need to research and market the new ventures. Generally the context was well received although some candidates seemed confused by the location of the business, based in New Quay, even though this was stated in the very first sentence.

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 tactical and strategic marketing decision made by a business. Question 8 was about product development through improving existing products, or ranges of product.

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
- A poor understanding of many aspects of Section 10.3 of the syllabus.

Comments on specific questions

1 (a)

Most candidates had little difficulty identifying opportunities and threats and many candidates scored full marks for this question. Some candidates did not read the question carefully enough and did not relate their answers to the fact that part of the bay was classified as a Special Area of Conservation (SAC), and only dealt with general opportunities or threats such as poor, or good, weather conditions.

1 (b)

Most candidates could identify legal/political aspects of the creation and restrictions of the SAC but often then failed to argue other elements of PESTLE effectively. The main reasons for this were:

- They did not follow the instruction to take elements 'shown on Figure 1' and wrote about factors that were not highlighted there, for example the state of the economy.
- They took the approach of trying to cover all of the elements of PESTLE. This might have identified some valid points but often limited the explanation of how Gavin's business would be affected.
- They did not take PESTLE as the external influences on the business but the internal effects on the business, as with the need for some modifications to the boats for 'technological', or the effects of the

business on elements of PESTLE, as with the possibility that running the boats would affect the 'environment' through pollution.

- They misclassified possible external influences under the wrong element of PESTLE, for example putting environmental pressure groups under 'environmental' and not under 'social'.

Q2 & Q4

Most candidates only managed to get to Level 2 for these extended answer questions. There was generally a lack of detail and development in the answers and limited thought about the way in which marks were likely to be awarded. For Q2, few candidates gave valid reasons for why the strengths were more important than the weaknesses. For Q4, few candidates considered what would, or would not, make a survey valid and failed to seriously discuss the problems in that light. Together these two questions account for nearly a quarter of all the marks available for the paper, so it is very important that candidates appreciate what kind of developed answers will gain high marks.

2

Figure 1 provided many examples of potential strengths and weaknesses but many were missed by candidates. There was also some confusion between what were strengths and what were opportunities and, similarly, what were weaknesses and what were threats. It was important that candidates worked from the internal situation of Gavin's business venture and not from what external situations might affect his business. Usually candidates could amass sufficient examples of valid strengths and weaknesses to gain Level 2. Strengths and weakness were identified and basic explanations given, but little else.

Level 3 required candidates to give reasoned statements as to why the identified strengths would be more important than the identified weaknesses. Some candidates did give reasons, such as that many of the weaknesses could be removed over time, but most candidates simply relied on the fact that they had stated more strengths than weaknesses so, ipso facto, they must be more important. This was done despite the very large number of weaknesses shown in Figure 1, most of which were not picked up, and with no consideration of the relative importance of the individual strengths and weaknesses. Failure to establish any relative values for the strengths versus the weaknesses meant that very few candidates could give the overall reasoned justification required for Level 4 marks.

3 (a)

Candidates who understood the Ansoff Matrix and thought carefully about the new situations for Gavin's business scored well, with nearly a fifth of candidates gaining full marks. Some of those candidates who had understood the changes correctly, placing the letters in the right sections for part (i) and stating the market and product positions, lost marks because they did not state exactly what market or product had changed for Gavin. The answer to part (ii) needed the initial market and product for Gavin and the new market and/or new product for Gavin.

Some candidates did not know what the Ansoff Matrix was showing. Some muddled market penetration with penetration pricing. Some argued on the basis of whether or not the market existed rather than whether or not Gavin was operating in that market. Some placed the letters in certain sections and then argued for different positions in part (ii). A significant number of candidates were confused as to what the product was for the fishing trips and how the market had changed. Generally candidates who annotated the axes of Figure 2 with existing and new product and market then went on to give good answers.

3 (b)

Most candidates could give reasons for Gavin adopting this pricing policy, but many gave no additional analysis of Gavin's situation nor of the downsides of the policy. Candidates who gave the correct meaning, a low entry price which is then raised, also gave negative considerations of the policy and gained high marks.

Common weaknesses in the answers were, to ignore the raising of prices in the longer run, to fail to relate the answers to Gavin's position or to the market conditions and to answer the question as if it had said 'why would it be sensible...' rather than 'analyse if it would be sensible...' For full marks the benefits needed to be weighed against the potential drawbacks and a reasoned conclusion given. Only the best candidates could do this.

4

This question was not well answered by the majority of candidates. A majority of candidates failed to score more than 3 marks overall and many of the remaining candidates only reached Level 2. The major reason for this was a very poor understanding of what did or did not constitute validity in a market research survey. One common mistake was to assume that the sample size itself made the survey invalid, although no candidate could explain why that would be the case. Assessing the validity of a sample because of the size of it compared to the total potential sample population is a complex issue and well beyond the expectation of this unit. In this case the sample size is unlikely to have been the cause of unnecessary poor validity mainly because Gavin would not have been expecting a particularly high level of 'confidence' and would probably have been quite happy with an accuracy level of 90+%. Candidates also seem to assume that the total sample frame was 2,771,000, when in fact in March it would have been more like 110,000 for Cardigan Bay and probably considerably less than 10,000 for New Quay itself. For centres, and students, interested in what creates a valid sample size a good starting point would be:

<http://www.ellisonresearch.com/Articles/Article20.htm>

Another major error that a significant minority of the candidates made was to criticise the numbers given to each section, arguing that each section should have the same number of respondents, otherwise it would not accurately reflect the target population. This ignored the fact that Table 1 showed that this was an accurate breakdown of where people stayed or if they were day visitors.

There were, however, many potential causes of invalidity that candidates could pick up from the information shown on page 7 of the paper. These included the time of year of the survey, the decision to ask people on the basis of where they were staying, the fact that the data was at least three years old, the fact that most of the data was for Cardigan Bay and not for New Quay, the fact that he would be using a questionnaire which might be particularly difficult to get day visitors to fill in accurately if they were only there for the day.

Overall there was poor understanding of the process of sampling, the term 'validity' in this context and what the information on page 7 was actually showing. Level 3 required good explanations of why validity might be compromised by the way the survey was planned to be carried out and only the best candidates could provide this. Very few candidates considered the seriousness of the problems in terms of validity and managed to gain Level 4.

5 (a)

Very few candidates failed to score marks for this question. Where they did lose 1 mark it was generally for giving a valid statement of what primary research was but not then showing how Gavin's survey would meet that feature of primary research. Some candidates gave answers that did not have sufficient detail to show that they understood the term, especially without reference to what Gavin would do. For example, 'he would carry out the research himself' which would equally apply to him carrying out secondary research.

5 (b)

This question has been asked in many previous papers and it remains a mystery to me why so few candidates know what the term 'sample frame' means, especially as it is specifically highlighted in the syllabus. 86% of candidates failed to score any marks for this question. The vast majority of these candidates did not know what the term meant and gave answers that ranged for the type of sampling used to the number of people actually being surveyed by Gavin.

The safest approach was to state the meaning of the term, and ensure 1 mark, and then go on to state the sample frame in this situation. Some put down the tourists in Cardigan Bay, but the survey was only being carried out in New Quay. Some put down the totals from Table 1, but the survey was only being carried out in March. Some put down all the people in New Quay, but it was only tourists that were being sampled.

5(c)

At the top end there were some very well thought out and reasoned answers that considered each of the sampling methods in turn and argued for the right ones in the context of what Gavin was actually planning to do. However, for many candidates there was considerable confusion as to what the different methods of sampling entail and how they might, or might not, relate to what Gavin was planning. Nearly a quarter of candidates could provide no valid points, not even sufficient detail of the sampling methods to show that they understood what any of them meant. Another 45% of

candidates could do no more than state what two of the sampling methods meant. Only the top 30% of candidates could apply the methods to what Gavin was planning to do and give reasons for why his survey would be using quota or cluster sampling.

The breakdown of the sample on the basis of the data on Table 1 made this clearly a quota sample, but many candidates dismissed this because they only saw quota sampling as applying to demographical distinctions such as gender or age. Despite the fact that Gavin would only be looking for specific respondents, based on where they were staying or if they were day visitors, some candidates still argued that the sample would be random.

5(d)

Most candidates could give a basic feature of one or other of the two groups and basic reasons why that group might, therefore, be useful to Gavin's research. There was limited comparison, which the command word 'analyse' required in this context and limited reasoning for why one would be more useful to him than the other.

There were a significant number of candidates who had lost the context of the survey and the position Gavin would be in when he carried it out. These candidates assumed he was already running his new ventures, so repeat visitors could already have experienced his fishing or sightseeing trips, or they assumed he had already carried out a survey and would be getting the same answers as before from the repeat visitors. The best candidates did analyse both the nature of the two groups and Gavin's position and gave well reasoned decisions.

6

Nearly all candidates gave an appropriate choice for which source to target for Gavin's advertisements, but few developed their answers to show sound analysis of the data on Table 2. Only the very best candidates gave well reasoned choices. These were candidates who recognised that Gavin wanted to target both first time and repeat visitors, that the highest totals were the same for the internet and holiday brochures and who could then argue why one was better than the other or why both would be beneficial.

Limited thought was given by many candidates as to the nature of the sources themselves and how useful they would be to Gavin when advertising, although some good analysis was made by some candidates. A few candidates chose 'previous experience' simply on the high repeat visitor figure, but without any conception of how Gavin was going to advertise to this ethereal classification. Other candidates seemed to think that Gavin would be producing a holiday brochure rather than placing what was likely to be a very small advertisement in a brochure with hundreds or even thousands of other advertisements. Generally there was little thought about how the data on Table 2 related to effective advertising.

Q7

Candidates gave good answers where they understood the difference between tactical and strategic and where they had a good understanding of the business they had chosen. Poor understanding of the terms and limited

knowledge of the chosen businesses meant that about 60% of candidates scored marks between 3 and 7 on what should have been a relatively easy question.

(a) This question asked for two differences and many candidates gave short run as the first difference and long run as the second difference. Many candidates also gave the difference as time for part 1, but then basically repeated this for part 2. Only the best candidate gave a distinct second difference.

(b) and (c) Most candidates could give a valid decision, although some candidates gave strategic for tactical and vice versa. The detail was also generally given, but many candidates then failed to explain how this decision would make the business more competitive.

Q8

Very few candidates had a problem with selecting a suitable product, but few candidates could develop their answers through all of the parts to gain high marks.

(a) Most candidates could provide two distinct details of the improvements.

(b) If candidates responded to the actual question asked, considering the importance of the product life cycle in the decision, they generally gave good answers and scored high marks. Some candidates did identify the position in the product life cycle but did not go on to explain why it would lead to a decision to improve the product. Others saw the term 'product life cycle' and wrote about what that was, with the sections, but made no attempt to relate that to the product they had chosen.

(c) Many candidates gave basic negative effects, often based on a rise in prices or customers feeling that they had just bought a product that was quickly made inferior by the new product. These were good approaches but only the better candidates went on to explain why they came from the improvements that were made.

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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