



General Certificate of Education

Business Studies 6131

**BUS6 External Influences and
Objectives and Strategy**

Mark Scheme

2007 examination - January series

Mark schemes are prepared by the Principal Examiner and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation meeting attended by all examiners and is the scheme which was used by them in this examination. The standardisation meeting ensures that the mark scheme covers the candidates' responses to questions and that every examiner understands and applies it in the same correct way. As preparation for the standardisation meeting each examiner analyses a number of candidates' scripts: alternative answers not already covered by the mark scheme are discussed at the meeting and legislated for. If, after this meeting, examiners encounter unusual answers which have not been discussed at the meeting they are required to refer these to the Principal Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of candidates' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

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GENERAL MARKING GUIDANCE

You should remember that your marking standards should reflect the levels of performance of Advanced Level candidates, mainly 18 years old, writing under examination conditions. The level of demand of this unit is that expected of candidates at the end of a full A Level course.

Positive Marking

You should be positive in your marking, giving credit for what is there rather than being too conscious of what is not. Do not deduct marks for irrelevant or incorrect answers as candidates penalise themselves in terms of the time they have spent.

Mark Range

*You should use the whole mark range available in the marking scheme. Where the candidate's response to a question is such that the mark scheme permits full marks to be awarded, full marks **must** be given. A perfect answer is not required. Conversely, if the candidate's answer does not deserve credit, then no marks should be given.*

The use of Levels of Response

*Levels of response marking requires examiners to follow the logic of a candidate's answer. A concept which would receive credit only for knowledge in one context could become a means of analysis in another. For instance, in the question: 'Discuss the BGD Company's marketing strategy', a candidate who writes: 'approaches to a strategy include SWOT and the Boston Matrix' is showing knowledge. A brief, accurate explanation of the Matrix shows understanding, whereas a candidate who uses the Matrix to examine the BGD Company's case is showing the skill of analysis. **Please note that there are other ways to show analysis.***

*What then of evaluation? This is the hardest skill to define because judgement can only be shown in context - and that context is not only the one set in the assessment unit, but also by the candidate's own answer. Evaluation is **not** shown by drilled phrases or approaches such as: 'On the other hand ...' or 'Business operates in an ever-changing ...'. It is shown through the weighting of the candidate's arguments, the logic (and justification) of his/her conclusions.*

The skills we seek from candidates are as follows:

- 1 Knowledge and understanding: accurate definitions or explanations of relevant terms should always be credited within this category; candidates can also gain credit for knowing and explaining a point relevant to the question, eg an advantage of factoring.
- 2 Application is the skill of bringing knowledge to bear to the business context faced by the candidate. Candidates should not be rewarded for simply dropping the company name or product category into their answer; the response must show recognition of some specific business aspect of the firm, its management or its situation.
- 3 Analysis: building up an argument using relevant business theory in a way that answers the question specifically and shows understanding of cause and effect.
- 4 Evaluation is judgement. This can be shown within an answer, through the weighting of an argument or in the perceptiveness shown by the candidate (perhaps about the degree of crisis/strength of the XYZ Company). It can also be shown within a conclusion, perhaps by weighing up the strength of the candidate's own arguments for and against a proposition. Evaluation is **not** shown simply by the use of drilled phrases such as "On the other hand" or "Business operates in an ever-changing environment." It is shown through the weighting of the candidate's response plus the logic and justification of his/her conclusions.

Quality of Language

The GCSE and GCE A/AS Code of Practice requires the assessment of candidates' quality of written communication wherever they are required to write in continuous prose. In this unit, this assessment will take place for each candidate's script as a whole by means of the following marking criteria.

- LEVEL 4 Complex ideas are expressed clearly and fluently. Sentences and paragraphs follow on from one another smoothly and logically. Arguments are consistently relevant and well structured. There are few, if any, errors of grammar, punctuation and spelling. **4 marks**
- LEVEL 3 Moderately complex ideas are expressed clearly and reasonably fluently, through well linked sentences and paragraphs. Arguments are generally relevant and well structured. There may be occasional errors of grammar, punctuation and spelling **3 marks**
- LEVEL 2 Straightforward ideas are expressed clearly, if not always fluently. Sentences and paragraphs may not always be well connected. Arguments may sometimes stray from the point or be weakly presented. There may be some errors of grammar, punctuation and spelling, but not such as to suggest a weakness in these areas. **2 marks**
- LEVEL 1 Simple ideas are expressed clearly but arguments may be of doubtful relevance or obscurely presented. Errors in grammar, punctuation and spelling may be noticeable and intrusive, suggesting a weakness in these areas. **1 mark**

Total 4 marks

1**Total for this question: 14 marks**

Assess the possible impact to Domino's UK sales of attempting to meet its social responsibilities to its customers. (14 marks)

	Content 2 marks	Application 2 marks	Analysis 4 marks	Evaluation 6 marks
Level 3				6–5 marks Good judgement shown in weighing up the possible impact on Domino's UK sales of attempting to meet its social responsibilities
Level 2	2 marks Relevant point(s) explained or good understanding of the term	2 marks Application of the issue(s) to this context in some detail	4–3 marks Good analysis of issue(s), with good use of relevant theory	4–3 marks Some judgement shown in weighing up the possible impact on Domino's attempting to meet its social responsibilities
Level 1	1 mark Relevant point(s) identified or some understanding of the term	1 mark Some application of the issue(s) to this context	2–1 marks Limited analysis of issue(s)	2–1 marks Limited judgement shown

Possible answers might include the following:

- might be seen as a healthier option, which would support its claim to not be a fast food company, and would differentiate it from competition
- the pressure from various stakeholders suggests this might be useful as a marketing tool
- will there be cost implications? Can Domino's franchisees continue to be successful in gaining UK market share if costs push up prices?
- increased information on the product might push costs up, but the source of marketing expenditure from its franchise network could be used to finance this
- a greater awareness of the health issues could result in a fall in sales of pizza generally – could Domino's survive this better than the competition?

Evaluation might include a judgement about the benefits of meeting social responsibilities against the possible costs. It might include a recognition that the changing nature of the core market means that meeting those needs is inevitable.

2

Total for this question: 16 marks

Discuss the likely problems that further rapid and continuous growth might create for Domino's Pizza in the UK. (16 marks)

	Content 3 marks	Application 3 marks	Analysis 4 marks	Evaluation 6 marks
Level 3				6–5 marks Good judgement shown in weighing up the problems of rapid and/or continuous growth for Domino's
Level 2	3 marks Relevant point(s) explained or good understanding of the term	3 marks Application of the issue(s) to this context in some detail	4–3 marks Good analysis of issue(s), with good use of relevant theory	4–3 marks Some judgement shown in weighing up the difficulties of rapid and/or continuous growth
Level 1	2–1 marks Relevant point(s) identified or some understanding of the term	2–1 marks Some application of the issue(s) to this context	2–1 marks Limited analysis of issue(s)	2–1 marks Limited judgement shown

Possible answers might include the following:

- if forecast accurately and in good time, Domino's might be able to cope with rapid growth – it seems to have done so far
- there may be problems of management as the company grows rapidly, particularly if the culture or structure cannot adjust in time – but is the franchise structure best placed to cope with rapid growth?
- will Domino's be able to maintain quality of the product across all outlets?
- what about the identity of the brand – will it be damaged?
- there might be a dilution of control at the centre, especially if some of the large franchisees continue to grow into big businesses themselves.

Evaluation might include judgement about whether a franchise arrangement is the best way to handle rapid growth – it does allow for quick expansion of capacity, but is there a limit to Domino's ability to control quality and brand identity? Does Domino's have a choice? The market as a whole is growing rapidly so it would be foolish not to try and maintain/increase their share of that market.

3**Total for this question: 16 marks**

To what extent do you agree with the view that Domino's Pizza is likely to be unaffected by changes in UK Government economic policy? (16 marks)

	Content 3 marks	Application 3 marks	Analysis 4 marks	Evaluation 6 marks
Level 3				6–5 marks Good judgement shown in weighing up the likely impact of changes in UK Government policy on Domino's
Level 2	3 marks Relevant point(s) explained or good understanding of the issue(s)	3 marks Application of the issue(s) to this context in some detail	4–3 marks Good analysis of issue(s), with good use of relevant theory	4–3 marks Some judgement shown in weighing up the impact
Level 1	2–1 marks Relevant point(s) identified or some understanding of the issue(s)	2–1 marks Some application of the issue(s) to this context	2–1 marks Limited analysis of issue(s)	2–1 marks Limited judgement shown

Possible answers might include the following:

- changes in monetary policy which affect interest rates could affect demand, but evidence in the text that the brand is income elastic – but that might change if other factors impact on Domino's
- what about the claim that sales appear unaffected in either growth or slump? Does that mean that expansionary or contractionary monetary policy would not affect Dominos?
- changes in inflation, if not tackled through a tightening monetary policy, might affect demand, especially in relation to cheaper non branded competitors
- a contractionary monetary policy might lead to higher levels of unemployment etc. which might affect Domino's if significant and prolonged
- if substantial, then changes in economic growth might affect Domino's
- a tighter fiscal policy might affect retained profit levels
- does brand strength = immunity from economic changes?

Evaluation might involve a balanced judgement about whether a company can be resistant to economic policy shifts, whilst acknowledging that in the end no company is totally immune. A short-term/long-term distinction could be made.

4

Total for this question: 16 marks

Assess the value to Domino's Pizza of using a decision tree to help it to decide whether to offer new franchises to existing franchisees or to new franchisees. *(16 marks)*

	Content 3 marks	Application 3 marks	Analysis 4 marks	Evaluation 6 marks
Level 3				6–5 marks Good judgement shown in weighing up the use of decision trees in Domino's decision
Level 2	3 marks Relevant point(s) explained or good understanding of decision trees	3 marks Application of the issue(s) to this context in some detail	4–3 marks Good analysis of issue(s), with good use of relevant theory	4–3 marks Some judgement shown in weighing up the arguments
Level 1	2–1 marks Relevant point(s) identified or some understanding of decision trees	2–1 marks Some application of the issue(s) to this context	2–1 marks Limited analysis of issue(s)	2–1 marks Limited judgement shown

Possible answers might include the following:

- a quantitative tool to aid decision making would help to make the decision more successful
- it could assign probabilities to the likely success of existing as opposed to new franchisees – there is information in the text about the different probabilities
- this would force the company to be quantitative and scientific
- calculations can be made about the likely effect on revenues/profits
- this is a more tactical decision rather than a strategic one
- problems of bias?
- is there a volatile environment? The market as a whole is growing rapidly so it might be difficult to get accurate data.

Evaluation might include a judgement about the likely accuracy of the data – Domino's has a lot of historical data so the calculations might be more accurate than other companies. But the market is volatile. Is a flawed method better than no method at all?

5

Total for this question: 18 marks

Do you think that Domino's Pizza will reach its target of 1000 UK outlets by 2015? Use the text and **Appendix A** to help to justify your answer. *(18 marks)*

	Content 3 marks	Application 3 marks	Analysis 4 marks	Evaluation 8 marks
Level 3				8–6 marks Good judgement shown in weighing up whether Domino's will reach its target
Level 2	3 marks Relevant point(s) explained showing good understanding	3 marks Application of the issue(s) to this context in some detail	4–3 marks Good analysis of issue(s), with good use of relevant theory	5–3 marks Some judgement shown in arriving at a conclusion about whether the target will be met
Level 1	2–1 marks Relevant point(s) identified showing some understanding	2–1 marks Some application of the issue(s) to this context	2–1 marks Limited analysis of issue(s)	2–1 marks Limited judgement shown

Possible answers might include the following:

Yes:

- the marketing benefits of the sponsorship deal
- the large and increasing marketing fund as Domino's increases
- the strength of the brand
- the demographics
- first mover advantage in online ordering, which is generating more volume and greater value from orders
- the benefits of franchise arrangements for rapid growth.

No:

- the health scares
- the growing competition, both branded and independent
- will the high rate of market growth attract new competition?
- is Domino's too dependent on a single marketing strategy? What happens when/if The Simpsons declines in popularity?

Evaluation might include a reasoned judgement about whether Domino's position is invincible. Do the strengths of the company outweigh the weaknesses?