



Pearson



Lead Examiner Report

January 2018

NQF BTEC Level 1/2 Firsts in Business

Unit 9: Principles of Marketing (21325E)

Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications come from Pearson, the world's leading learning company. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at www.edexcel.com or www.btec.co.uk for our BTEC qualifications.

Alternatively, you can get in touch with us using the details on our contact us page at www.edexcel.com/contactus.

If you have any subject specific questions about this specification that require the help of a subject specialist, you can speak directly to the subject team at Pearson.

Their contact details can be found on this link: www.edexcel.com/teachingservices.

You can also use our online Ask the Expert service at www.edexcel.com/ask. You will need an Edexcel username and password to access this service.

Pearson: helping people progress, everywhere

Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your learners at: www.pearson.com/uk

21325E_1801_ER

All the material in this publication is copyright

© Pearson Education Ltd 2018

Grade Boundaries

What is a grade boundary?

A grade boundary is where we set the level of achievement required to obtain a certain grade for the externally assessed unit. We set grade boundaries for each grade, at Distinction, Merit and Pass.

Setting grade boundaries

When we set grade boundaries, we look at the performance of every learner who took the external assessment. When we can see the full picture of performance, our experts are then able to decide where best to place the grade boundaries – this means that they decide what the lowest possible mark is for a particular grade.

When our experts set the grade boundaries, they make sure that learners receive grades which reflect their ability. Awarding grade boundaries is conducted to ensure learners achieve the grade they deserve to achieve, irrespective of variation in the external assessment.

Variations in external assessments

Each external assessment we set asks different questions and may assess different parts of the unit content outlined in the specification. It would be unfair to learners if we set the same grade boundaries for each assessment, because then it would not take accessibility into account.

Grade boundaries for this, and all other papers, are on the website via this link:

<http://www.edexcel.com/iwantto/Pages/grade-boundaries.aspx>

Unit 9: Principles of Marketing

Grade	Unclassified	Level 1	Level 2		
		P	P	M	D
Boundary Mark	0	12	21	30	40

Introduction

This lead examiner report should be read in conjunction with the question paper and the published mark scheme. We attempt to provide insight and examples of good and not so good responses. Centres could use this with learners to ensure they understand how marks are awarded. This was the 9th time learners have sat the Unit 9 Marketing test, and whilst it is pleasing to see an increase in those achieving a level 2 pass or higher, it is obvious by the number of level 1 pass grades, that a number of learners would have benefitted from further exam preparation before being entered for the test.

Introduction to the Overall Performance of the Unit

There was improvement in achievement over the 1701 and 1706 papers, but poor performance in at least one of the two extended writing questions continues to prevent learners achieving at higher levels. Learners must be encouraged to read the question thoroughly and use the contextual information provided in the paper when formulating their responses. The best responses make clear links between this data and relevant theory. In addition, learners must read the questions carefully and then answer the questions as they have been set. In the second extended writing question (11c), a significant number of learners discussed the environment in general and how 'plastic' windows could harm the environment and the business reputation, instead of evaluating potential impact of changes in the economic environment. Therefore, many learners only scored low level 1 (1-2 marks) for a simple identification of elements of the marketing mix.

There are still a large number of learners who do not have a strong understanding of some of the key terms and concepts in the specification. Many of the terms (benchmarking and product portfolio) have been assessed before, but continue to be poorly understood. The best responses demonstrated learners' ability to recall and apply a wider range of marketing concepts from across the whole specification.

Surprisingly, a significant number of learners failed to identify that a retailer comes before consumers in the distribution cycle. A number of learners also misunderstood question 5 and provided definitions, rather than answering the question set. These questions will be discussed in more detail later in this report.

In preparation for future series, learners should focus on fully developing their understanding of the key terms. They should also understand how to apply their

basic understanding to the context of the question. They should be exposed to a number of different types of businesses and understand how the target market of these businesses, and the external environment can impact on the choice of, or enforce changes to the marketing mix. For the 8 mark questions, learners should read the questions carefully, including the introductory stem which contains relevant contextual information. Learners then need to present a balanced argument when asked to discuss, evaluate or assess a point – it is essential that they consider more than one point of view if there is to be balance, otherwise they will limit their ability to achieve a higher mark.

Individual Questions

Section A

Q1

Many learners were unable to identify that the maturity stage precedes the decline phase in the five-stage product life cycle model quoted in the specification. Incorrect responses included production, recycling, or saturation. It is important that centres use the specification when delivering the course as the last response, for example, is not included in the model quoted in the specification and question.

Q2

This question also proved problematic to many learners. The desired response was 'retailer'. Some learners simply stated 'company' or 'business'. Others, possibly after reaching question 10, went back to this question and stated 'customer' as their response and so failed to score a mark on this question.

Q3

This question performed as expected. Learners were asked to give one reason why marketing is important to businesses. Common responses included 'to understand customer needs' or to 'raise brand awareness'. Other acceptable responses included 'to increase sales revenues' or 'market share', or to 'increase customer loyalty'.

Responses such as 'without marketing you will not make a profit' did not score any marks as they were too vague and did not demonstrate understanding of the specification.

Q4

This question was about situational analysis and the topic is in section B1 of the specification. Learners need to know the different methods of situational analysis and they also need to understand the use and benefits of using these analytical methods when making marketing decisions. It is important that candidates answer the question set by the examiner, and not their own question.

For this specific question, learners needed to identify a method of situational analysis. This type of question has been assessed before and it continues to perform poorly. Correct responses included SWOT analysis, PESTEL analysis and Market Mapping. Incorrect responses included SMART objectives, definitions of situational analysis or reasons for/benefits of conducting situational analysis.

Q5

Learners were asked to give an example of quantitative data that a business could collect. Correct responses included 'sales figures', 'census data', 'footfall' and 'population statistics'. Other appropriate examples were also accepted.

Examples of incorrect responses included 'customer's feelings' or 'get feedback on what customers want'. The first example response is qualitative, not quantitative data and is therefore incorrect. The second example response is too vague as the learner has not stated what type of feedback is to be collected.

Q6(a)

The question was linked to a short stem which identified the business as a 'dog walking and grooming' business. The question asked what market this business operates in. Acceptable responses included 'service market', 'B2C market', or 'niche market'.

Learners tend to provide an inaccurate response to this type of question due to lack of knowledge of key terms/concepts. As a result, they use the stem as their response and provide an inaccurate answer, such as 'it's a dog grooming market'.

Q6(b)

This question required learners to provide two appropriate examples of ways in which the business could promote itself. A significant number of learners were able

to provide at least one appropriate method for example, 'use flyers/handouts', 'posters' or 'social media'.

Inappropriate methods for this type of small, local niche business included the use of billboards.

The following response did not achieve a mark as the learner provided a reason to promote, rather than a method of promotion.

"Make sure you are trusted by locals and other customers"

In another incorrect response, the candidate scored no mark as the response was vague and did not quote specific methods.

"Advertising and Promotion"

The response below is a good example of a correct response.

"They could advertise on local radio or in local newspapers because these are cheaper"

The learner has identified that this is a local business serving a local market and that they have limited funds.

Q6(c)

Few learners were able to score full marks on this question. Learners needed to identify and describe two pricing strategies that could be used by the dog walking business.

Some learners described the strategy without naming it, whilst others named a strategy and then described a different strategy.

The response below is a good example of a correct response as it not only names the pricing strategy but also explains how it works in a very succinct way.

"They could use a premium price strategy and set a high price because they offer a niche and specialist service".

"They could also use a cost-plus strategy where they work out the cost of the service and add a percentage for profit"

The response below scored one mark for each response.

"They could charge the same price as competitors".

"They could look at what customers are prepared to pay"

The methods are both appropriate for the business but the method has not been fully explained nor has the strategy been correctly named.

In the response below, the learner has named one strategy and identified another, therefore scoring only one mark for the name of the strategy.

"They could use price skimming where they set a low price to gain market share quickly".

Q6(d)

This was the first extended writing question on the paper and performed as expected, with a range of marks gained from zero to 7. Many learners were able to achieve marks in level 2 for identifying the value of using market research when deciding whether to extend a business. To achieve level 2 marks, learners needed to make two points and develop them both in an appropriate way. Where level 1 marks were given (1-3 marks), learners tended to identify up to three valid points, or identify and explain one reason a business needs to do research.

The example response below scored 6 of the 8 marks available. The learner identifies at least three valid reasons as to why a business needs to understand consumer behaviour. Each point is then developed. To achieve 7 or 8 marks, the learner should have also considered the alternate point of view that the business may not have the funds to carry out research, that a simply leaflet drop may help her test demand in the new area without the need for extensive research, or that as the business has been operating for some time, the owner may feel they do not need to do research as they already know the market.

(d) Discuss the value of market research to Kaitlin's Cutz as it considers opening a second branch in a new location.

(8) 6

When opening a second branch market research will help you in various ways. If the next town over is smaller than where she is currently set up then there may not be such a high demand for her services, to combat this she may look at some statistics (secondary research) to see population levels and amount of pet owners. Qualitative data may also prove useful as she will need to know if her services are wanted in her new location. If it's not a wealthy area people may not be able to afford her services, so she may put out a survey to ask about lifestyle etc to see if anyone would use her. She may also use this survey to ask if her prices seem reasonable, as no one will pay for what they cannot afford.

Point

Development

Point

Strong Development

A survey may also enable her to ask whether she can provide a service she currently doesn't to gain more profit (such as pet sitting for example.) This means she's identified a gap in the market and the likelihood of her business expanding successfully will increase. With this data she could also adapt some services and give them a USP that stands out from competitors to attract more customers.

Point

Development

Finding out about her competitors in the new area will be useful too, as this way she can benchmark her pricing, scales,

Point with limited development

profits etc against them and use this information to make her business superior and more appealing.

Market research may also help her increase her brand awareness as she could ~~find~~ find out what her customers find appealing and incorporate this into her brand and advertisements thus already building a reputation and relationship with the community.

Point

Development

She may even use data and information from her already established brands to help her predict sales/cash flow in order to see if she could open a new branch successfully

In contrast, the following response is a weak level 1 response. One mark has been awarded for stating that understanding research would help identify (know about) competitors, and a second mark has been awarded for knowing what 'customers are looking for'. These are two valid points but the candidate has not answered the question. The question not only required an identification of the use of market research, but also a discussion on the value of market research in the context of deciding whether to open a new branch. Therefore, this response only scored 2 marks.

(d) Discuss the value of market research to Kaitlin's Cutz as it considers opening a second branch in a new location.

(8) 2

Market research can help her to expand the business successfully by knowing competitors ask by prices, customers what they looking for.

Section B

Questions in this section were about Distinction by Design, a bespoke wooden window frame business.

Q7

A significant number of learners were able to identify at least one correct dimension of a distinctive brand. Correct answers included the use of colours or symbols to identify the brand.

Inaccurate responses discussed how a distinctive brand might help a business as it is:

“easy to remember”

Some learners stated ‘logo’ as one of their responses. This was quoted in the question stem and the question asked for two other dimensions. Therefore, no mark has been awarded for this response.

Other incorrect and vague responses included

“the way it looks”

“to who it is selling too”

These are not dimensions of a brand so they scored zero marks.

Q8(a)

This question required learners to identify two ways, other than its distinctive logo, that the business in the case study raises brand awareness. This required candidates to show understanding of branding and to be able to apply this knowledge by identifying the methods used by the business to raise brand awareness from the case study provided. Responses that included ‘logo’ lost marks as this was given in the stem and the question asked for ‘two other ways’. It is important that learners read the stem and the question so that they know whether their responses are allowed or not.

The only two correct responses, ‘showroom’ and ‘website’, appear in the second paragraph of the case study on the facing page.

Some incorrect responses included ‘text’, ‘colours’, and ‘pictures in the logo’ which did not answer the question.

Q8(b)

This was a straightforward question where learners were required to identify one other way the business could raise brand awareness. Some learners repeated what the business already does so this scored no marks. Many others were able to provide acceptable responses, such as TV advertising.

Q8(c)

The stem to this question highlighted that the business used marketing to understand customer needs and therefore increase profits. In this question, learners needed to identify two other reasons the business would use marketing. Some learners repeated the stem and responded 'to understand customer needs/wants', or 'to increase profits'. These responses scored no marks.

The response below is a good example of how to score full marks on this type of question with a very succinct response.

"to attract more customers"

"to promote the product/brand"

Q9(a)

This topic has been assessed a number of times before. Learners were required to state the meaning of the term 'product portfolio'.

Many learners did not score a mark on this question because they did not demonstrate sufficient knowledge that a portfolio is a range of different products.

Incorrect responses included descriptions of catalogues, or the learner simply stated that it meant the business sold more products. These types of responses were too vague so scored no mark.

An example of a good response is given below. The candidate demonstrates the concept that a portfolio is a range of products and not simply the amount of products a business offers.

(a) State the meaning of the term 'product portfolio'.

Product portfolio means the range of products
D&D has.

Q9(b)

This question was about potential disadvantages of extending a product portfolio. Over half of learners were able to score at least one mark on this question for identifying a disadvantage. Those that went onto explaining why this was a disadvantage scored both marks.

In this first example response below, no marks have been awarded.

“It may not go to plan and therefore cause a loss”

The learner has not provided sufficient explanation of what may not go to plan. Had they said the quality may not be as good, or had they discussed some external factors that may have caused the plans to stall, then marks would have been awarded.

The following response identifies one potential disadvantage but this has not been developed. Instead, the learner has gone onto provide a second disadvantage. The question asked for one disadvantage explained so this second response cannot be credited.

“Customers may not like the product. The product may be low quality.”

The following response identifies a potential disadvantage and explains why it is a disadvantage, therefore scoring both marks available.

“They may need bigger premises to hold all of the new stock and this will increase costs to the business”

Q9(c)

Rather than ask for a definition of benchmarking, this question required learners to state two reasons DbD would want to benchmark itself against other businesses.

Appropriate responses included:

- To obtain information on competitor prices
- To compare features/products offered
- To compare quality of product/service

In the example response below, both marks have been awarded. In point of fact, the second response has identified two rewardable reasons and had this been the only response they gave, it would have still achieved full marks.

"1- to see if their prices are too high or too low"

"2- to what customers are buying from competitors and the satisfaction levels"

The following response has scored no marks.

"it will provide a competitive advantage"

The response was thought to be too vague. It did not state what was being compared or how an advantage would be gained.

Q10

Most learners were able to score at least one mark in this question. Many learners were able to identify that customers purchased the product/service and consumers used it. Where learners stated that consumers 'consume' the product or service, a mark has not been awarded because it was insufficiently clear that the learner understood the term. Learners should not simply rephrase a term when trying to define it.

In the example response below, the learner has made a common error seen in this paper and has therefore only scored one mark.

"Customers use the product themselves where consumers buy it for others"

In the following response, the learner has been awarded one mark for the first part of their response.

"Customers buy the product for themselves and consumers buy it and then resell it to others"

Q11(a)

This question required learners to explain how profits of DbD might increase if it extended its product portfolio to include UPVC windows as well as wooden ones. Some learners failed to realise that the 'plastic' windows were an extension of the product range, rather than a replacement for the wooded windows. Other learners tried to argue that profits would increase because the windows are cheaper and therefore the business will get repeat business. This response scored no marks as it

was out of context. Windows are not usually replaced in under 10 years and therefore 'repeat business' was not a valid response.

In the following response, the learner has been awarded 1 mark for identifying that profits might increase because there is more choice.

(a) Explain **two** ways an increase in profit could be achieved by extending the current product portfolio.

(4)¹

1 Increase in profit could ^{be} achieved by extending the current product portfolio could be because there're more varieties of product.

2 Could buy more ~~quantity~~ qualified products

The following response scored 3 marks. 2 marks have been awarded for the first response - cheaper products will bring in more customers. Other learners developed this by saying it would attract customers with lower disposable incomes. The second part of the response scored one mark for identifying that production costs would be lower. The development for this is the same as the first part of the response so this cannot be rewarded again.

(a) Explain **two** ways an increase in profit could be achieved by extending the current product portfolio.

(4)³

1 Extending the current product portfolio could bring in more customers, who are interested in the cheaper alternatives using uPVC materials.

2 Extending the current product portfolio to include uPVC windows his productivity costs are reduced in both the cost of manufacturing & installation, the lower cost of these products could draw in more customers.

Q11(b)

This was a two-part question where learners had to explain how both qualitative and quantitative data could be used by DbD to help decide whether to expand the range of products or not.

A number of learners gained one mark for the first part by stating that knowing the customer's opinion would help them. Those that developed this to say that it would show what features/prices/colours would be preferred have been awarded the development mark for this part.

For the second part of the question, many learners gained a mark for stating that quantitative data such as the price customers are willing to pay, or the number of customers that are predicted to buy, might be useful. To achieve the second mark, this had to be developed by explaining that, for example if demand was too low, the business may decide not to go ahead with the extension of the range.

Q11(c)

Many responses did not achieve more than Level 1 on this second extended response type question. Many candidates simply discussed the negative impact of selling UPVC (plastic) windows on the environment and then developed this to say how it might have a negative impact on the reputation of the business, and subsequently reduce profits or drive the business to bankruptcy.

Some learners referenced changes in income or employment status and the impact this had on the ability to purchase replacement windows. Others discussed setting low prices to encourage repeat business, which is not contextually correct for this type of product. Some others simply discussed the marketing mix without realising the question was about how the marketing mix might change due to economic factors. Where learners did mention the economy, some simply said 'it' could get worse, without stating what 'it' was. In these types of responses, the learner did not state whether the economy was getting worse because demand was falling due to recession or inflation.

It is important that learners know how marks are allocated in this type of question. As with Q06 (d), a levels-based mark scheme is used. To achieve level 2, learners would be required to make at least two valid points and then develop each in an appropriate way. The command word used in this question was 'evaluate', therefore in order to achieve higher marks, learners would be required to consider both sides of the argument; that a marketing mix may have to change due to a negative downturn in the economy, but it is also important that the response states that

there are other factors that may have an impact, not just the economy. A conclusion of some sort is also required for this question. This approach would ensure the answer has balance and can therefore be given the highest marks.

The following example demonstrates a 6 mark response, placing it in the level 2 band. A number of valid points are made, each with some development.

(5) ✓

If the economic environment changes it will impact the product by:

The popularity of uPVC windows would grow because they would be a cheaper and more economical option. to his bespoke wooden framed windows, this could possibly bridge the gap in his current market.

Should the economic environment change it will impact the place because if the rent & utilities rise the business may not be able to maintain a stable & competitive position in the market place and potentially down-size his business.

If the economic environment changes it will impact the price by:

Cost of materials would vary so the pricing policy would be affected.

Cost of labour may vary which could affect the business plans for expansion.

Cost of the products to the consumers could potentially increase which could affect DBD position in the market place.

The economic environment changes would affect the promotion of DBD products and its

Point

Point

Development

Further Development

Services by limiting the deals or offers available to its customers, this could affect the customer's opinion of the company, damage their ~~past~~ reputation and potentially delay the proposed expansion.

Point

Development

All companies or business owners must be aware of the changes to economic environment when considering expansion or changes to the business plan's.

Weak conclusion

To achieve the next band and be awarded 7 or 8 marks, the alternative view point should have been considered. The response would also have been improved by stating what factor might change, such as Interest rates or tax rates for example.

The following two responses gain no marks as they do not demonstrate any clear understanding of the impact of the economic environment on the marketing mix.

(c) Evaluate the potential impact of changes in the economic environment on the marketing mix of the new UPVC range of products.

(8) 0

Marketing mix is when you use a variety of ways to run a business and sell products.

Using UPVC (Plastic) could be bad for business this is due to the fact that during cold ~~times~~ times such as winter people want ~~to be~~ ^{to be} warm but the plastic won't ~~keep~~ ^{keep} out the cold which is why they would rather have double glazed windows.

On the other hand UPVC may benefit the business in times such as the ~~summer~~ summer this is as it will be too hot but with windows ~~that~~ ^{that} are not too ~~thick~~ thick ~~as~~ it will be more cool inside houses.

(c) Evaluate the potential impact of changes in the economic environment on the marketing mix of the new uPVC range of products.

(8) 0

uPVC range products are hard plastic which many types of products are made of.

Although there are many uses of this ~~to~~ material, it can also be harmful for people and the economic environment may change.

The change of economic environment affects the business negatively as their products are made using uPVC, this will lead the business going downhill because they will make less profit or even none.

Customers may also be concerned about their health and may not buy these types of product.

The following response scored 1 mark for identifying elements of the marketing mix. The response is not in context to the question and does not discuss how the economy might affect the marketing mix.

The marketing mix (4 p's) could help the owner evaluate the problems.

P - price - The owner will need to check what price he wants to sell his product for a higher price or lower. He might need to sell at a higher price because of the location. He could do this by looking at the pricing ~~strategies~~ ^{ie} strategies. (swimming price taking)

P - product - This could affect ^{him} ~~the~~ ~~product~~ because of the ~~negel~~ negative change in consumer behaviour and if the product meets his customer needs.

Place - Because of the external and economic environment change this could affect where he opens his new store and whether the rent, tax is too high for ~~the~~ him and what he could do overcome it is by finding a cheaper store to rent and selling his range of products there.

Promotion - The owner could advertise
by through social media and different
unique ways customer will remember
to his business. Also he could find
free ways to promote his business eg
social media. Also leaflets or
poster.

The following response scored 3 marks. The first part of the response makes a point about a negative impact on sales if the economy is in recession. This is well developed. The second half of the response simply turns this response around and therefore gains no additional marks.

The change in the economy can decide
if people spend their money or not.

If the economy is negative ^{for} ~~some~~ example
in recession ~~that~~ would mean ~~the~~ customers
will be spending less as they need to save
money. However as they will be only buying ~~essentials~~
essentials if their ~~business~~ need replacing they
will need to buy new ones but will not
want to spend too much money still overall
with negative economy the ~~business~~ will lose sales
but may still have a small income. Because
of this the ~~business~~ will not should reduce
~~the~~ their prices and ~~the~~ promotional
spending.

If there is a positive change in the
economy then customers will spend ~~at~~
more money. This will cause an increase in
the ~~business~~ sales. Because of this the ~~business~~
can increase their prices as customers will
be willing to pay more. Production can also

be increased as demand is high. The business should also be investing in production to attract customers and generate more sales.

~~First~~

Secondly, if there is a negative change in the economy then the businesses sales will decrease, meaning they should try and reduce their costs as much as possible to reduce risk. If there is a positive change the business should increase their spending to generate as many sales as possible.

Summary

Based on their performance on this paper, learners should:

- Have a sound understanding of the key terms and concepts from the specification, and be able to use these in the context given in the question.
- Have studied a range of different businesses such as, B2B, B2C, Mass and Niche market products, goods and service, and be able to suggest how the marketing mix may have to change for each type of market.
- Use the stimulus material provided together with the stem of the question to understand the context. This context must be used in the answer if learners are to gain the higher marks.
- Ensure they read the question and the stem and that they answer the question that has been set by the examiner, not some other question. For example, in Q11c many learners discussed the environment in general, rather than the economic environment.
- For explain type questions, learners need to make a point and then develop the response to explain the point or state why that point is important.
- Ensure that both sides of the argument are discussed when responding to the 8 mark extended writing questions. To achieve the highest marks, the answer should be well balanced. For example, if asked to discuss the importance of the marketing mix to a situation/business, learners should cover the 4 Ps, but also state that other factors may be more important such as competition or the state of the economy.