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Examiners' Report/  
Lead Examiner Feedback

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NQF BTEC Level 1/2 Firsts in Business

Unit 9: Principles of Marketing (21325E)

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### 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.

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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.

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## Unit 9: Principles of Marketing

Grade	Level 1	Level 2		
	P	P	M	D
Boundary Mark	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 10<sup>th</sup> time learners have sat the Unit 9 Marketing test, and it is pleasing to see an continuation of the improved pass rate from the 1801 series.

## Introduction to the Overall Performance of the Unit

There was an improvement in achievement over the 1706 paper and a similar level of performance against 1801. However, there continued to be relatively weak performance in the last extended writing question on PESTLE analysis and in particular, its application to the case study context. This lack of ability to apply concepts to the context given in the question prevents learners achieving at higher levels. The best responses make clear links between the data provided in the scenario or stem of the question and relevant theory.

At the pass level. There continue to be a large number of learners who do not have a sound understanding of some of the key terms and concepts in the specification. Benchmarking again causes learners difficulty as do some of less familiar terms such as orientation. The best responses demonstrated learners' ability to recall and apply a wide range of marketing concepts from across the whole specification.

In preparation for future series, learners should continue to focus on fully developing their understanding of the key terms. They should also understand how to apply their basic understanding of these concepts to the context given in the question. They should be exposed to a number of different types of businesses such as B2B and B2C, and those that provide of goods and services, and understand how businesses such as these win customers, carry out research, and benchmark themselves against competitors.

For the 8 mark questions, learners should read the questions carefully, including the introductory stem which can contain additional contextual information. Learners then need to present a balanced argument when asked to discuss, evaluate or assess a point – it is essential learners 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

### Q01

Many learners were unable to identify that the first stage of the product life cycle as research and development. Research or development alone was also accepted as an appropriate response. 'Idea' or 'launch' were two of the incorrect responses seen. Other learners simply left the question unanswered.

### Q02

Fewer learners than expected were able to give a factor that businesses would take into consideration when deciding on a suitable location. Correct responses included not to close to suppliers or close to customers. Many learners left this question unanswered whilst others gave vague responses such as near shops.

### Q03

This question performed as expected. Learners were asked to give two methods of collecting qualitative data. Surveys, focus groups and questionnaires were the most common responses. Vague responses such as 'going door to door' could not be awarded as this did not show sufficient understanding. Some learners defined the term stating that it is a way of learning about customer opinion. Whilst a correct definition, this response did not answer the question so could not be rewarded.

### Q04

This question was about business models. The specification identifies marketing, sales and advertising in the unit content. Some learners did not display knowledge of this part of the specification or gave responses about types of markets instead such as B2B or B2C. Others confused this with a business plan.

### **Q05**

Learners were asked to state the meaning of the 'O' in SWOT, and a surprising number failed to do so. The most common error was 'Objectives', or learners simply left the question unanswered.

### **Q06**

The question proved challenging for pass level learners. Rather than ask for a definition of a capital good, learners were asked to provide an example of a capital good. Many could do so, but a significant number either did not know the meaning of the term and therefore could not provide a correct response, or they gave inappropriate responses such as raw materials or finance. This is another example where learners lose marks due to their lack of knowledge of the unit content.

### **Q07 (a)**

This question was answered well with over 75% achieving one or more marks for stating two benefits of building a distinctive brand. Correct responses included building loyalty or raising customer awareness.

Some learners failed to demonstrate this level of understanding and again left the question unanswered or gave vague and inaccurate responses as shown in the examples below.

*"They would always have customers"*

The response did not achieve a mark as the response is not correct. A distinctive brand does not guarantee customers.

In this next response, the candidate scored no mark as the response was inaccurate.

*"It could be hard to make money"*

The question asked learners to give two benefits so they did not have to explain why the benefit they gave was advantageous to the business.

### **Q07 (b)**

Not surprisingly, many learners scored two or more marks from this 4 mark question on the reasons a business would use market research. Learners needed to identify and then explain why market research would be used.

Some learners gained only 2 marks for simply stating two reasons as shown in the example below:

*"To identify customer needs"*

*"To identify competitors"*

The next response below is a good example as it identifies a reason and also explains how this can be used by the business.

*"A business would use market research to find a target market for the products it intends to produce and this will then enable them to target promotional activities directly at this target audience".*

*"To help identify trends in a market so the business see if the market is growing or shrinking and so can decide whether to develop new products or not"*

### **Q08**

This was the first extended writing question on the paper and performed as expected, with a range of marks gained from zero to the full 8 marks. More than half of learners were able to achieve marks in band 2 (4 or more) for identifying and explaining in context, at least one advantage and one disadvantage of the case study business using e-commerce. To achieve band 2 marks, learners needed to make two points and develop them both in an appropriate way. Where band 1 marks were given (1-3 marks), learners tended to identify up to three valid points, or identify and explain one advantage or disadvantage to the business of using e-commerce. At this level, points made tended to be generic and not linked to the case study business.

The example below scored 7 marks. The learner identifies a number of advantages of using e-commerce and then develops these points. The response is balanced as it also considered the disadvantages of e-commerce and again these points are developed.

To achieve 8 marks, the learner should have provided a clearer link to the case study. For example, given the business sells fragile items, there may need to be a consideration of how goods could be delivered without them being damaged

Point	<p>The first advantage behind <del>the</del> developing an e-commerce website (which is selling and purchasing online) would be that Dunston's would have the opportunity to expand his target market from one small shop to potentially selling globally online. Expanding the target market would result in Dunston's receiving much more profit, due to the fact that he would be selling his goods to many more people due to the fact that social media is so popular at the moment.</p>	Development
Point	<p>In addition, buying off <del>the</del> e-commerce websites is a popular trend at the moment, which would be extremely helpful for Dunston's. It is much more convenient for busy people to purchase Dunston's goods off an e-commerce website instead of having to make time to visit their small shop, and also getting it delivered to their home. It would increase profit Dunston's receives as the target market would be widened because it is suitable for people who may have been too busy to visit Dunston's original shop.</p>	Strong Development
	<p>An additional advantage is the fact that Dunston's would be able to offer discounts or promotion codes on the websites, which would attract customers to put these to use and purchase from the business. Through</p>	Point



Limited development

doing this Dunston's will be expanding the amount of customers and profit they receive through doing this.

Point with limited development

Also, on the website, they would have the opportunity to use famous faces on their websites which would also increase sales, as the famous person's fans and followers would be lead to try what is suggested by them, again increasing customers and profit for Dunston's.

Alternate view point which is developed

However, developing an e-commerce website is extremely expensive, especially for a small shop; and if the website was to fail, it could lead to the Dunston's spending too much money and going bankrupt.

In addition, websites include risks such as being hacked, this could lead to false or inappropriate information being leaked. This could result in Dudley's business losing its good reputation, customers and profit.

Also, starting up and monitoring an e-commerce website is time consuming and hard-work, which in order to keep people interested. As Dunston's is a small shop, they may have to spend on hiring more staff to help out, and spending valuable money on this.

Lastly, the business would have to insure that they received good ratings. If Dunston's were to receive poor ratings, their customers are likely to be put off spending money on their goods which is bad for the business.

3 further disadvantages with some development

In contrast, the following is an example of a band 1 response. Three mark are awarded for listing some advantages and disadvantages of using e-commerce. No points are developed and so is basically a list, although both advantages and disadvantages have been identified.

An advantage is ~~the~~ it opens the business to new customers. It gives the business more promotion.

Point

It gives the business an extra way for customers to get up to date with them. It can give business an advantage over competitors. there are disadvantages

Point

Vague

aswell as ~~the~~ ~~employees~~ making website takes time. It also can cause the business to ~~to~~ spend more on expenditure.

Alternate Point

Point

## Section B

Questions in this section were about “Little Poppets”, an indoor soft play business.

### Q09

A significant number of learners were able to state at least one reason why marketing would be important to a business. Correct responses included gain market share or increase sales, encourage loyalty, or build reputation.

The question was about marketing, not market research, so inaccurate responses identified things such as find out about competitors or customer needs.

### Q10

Possibly the best performing question in the paper, learners were required to identify three methods of promotion a business could use. Many correct responses were seen gaining all three marks and correct responses included advertising in newspapers or online, using personal selling or using sales promotions such as discounts and vouchers.

‘Word of mouth’ was not rewarded as the business has no control over this method. Similarly, advertising was seen to be too vague to reward unless qualified by the medium e.g. TV advert.

### Q11

In this simple recall question, learners were asked to state the meaning of the ‘R’ in SMART objectives. Surprising a third of learners failed to do so. Common errors included ‘research’ or ‘reasonable’. These mistakes were not limited to pass level learners.

### Q12a

In the stem to this question, learners were told that ‘Little Poppets’ operates in a services market, and learners had to identify one other type of market. The anticipated response was Goods market, but a number of other acceptable responses included capital goods market, niche or mass markets, and B2B or B2C markets.

A number of learners gave ‘product market’ as their response, which is not a market identified in the specification and therefore failed to score the mark.

### Q12b

In this recall question, learners were informed that the business was market orientated and learners were then asked to identify one other type of orientation. The correct

response being product orientation, which almost a third of learners correctly identified.

There were a variety of incorrect responses including family orientation or service orientation.

### **Q13a**

A significant number of learners were able to identify a dimension of a brand. Correct answers included logos, colours, symbols or slogans.

B2B was one of the incorrect responses seen, again demonstrating a lack of knowledge of the unit content and the definitions/concepts. There were also a large number of blank responses.

### **Q13b**

The question required learners to state two ways that the business could benchmark themselves against competitors.

The response below is a good example

*“compare the range of activities offered”*

*“compare its prices to competitors for the two-hour session after 3pm”*

This second response went beyond that required of the question but demonstrates this learners ability to answer a question using the context provided in the scenario.

### **Q14a**

This question required learners to identify the planned marketing activities in the scenario and then explain how these could help the business achieve its corporate objective of increasing market share. Responses that discuss competitive (lower) prices were not rewarded as these were excluded in the question. Despite this, a number of learners did discuss pricing strategies, and this demonstrates the need for learners to read the question carefully.

Good examples included:

*“Extending the range of activities such as messy play will attract more customers compared to those who attended before”*

*“Providing activities for children over eight will increase the target market bringing in new customers who may have used competitor facilities in the past”*

*“By using online promotion, they will create a greater awareness of the business which could attract customers who were not previously aware of them or who used competitors”.*

Some learners did not score on this question because they proposed their own activities or discussed activities the business was already using, rather than those proposed in the scenario.

#### **Q14b**

This question required learners to explain how setting prices below the levels of competitors could increase revenues.

The question was looking to elicit the response that lower prices will increase demand and that if demand increases sufficiently, total revenues will increase even though unit prices levels fall.

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

*“It allows customers to have a choice of higher prices which will increase profits”*

The learner has not provided sufficient explanation that the higher prices of competitors may encourage them to swop and use ‘Little Poppets’.

The following response gains one mark for identifies one potential reason revenue may increase, but it does not explain the link between price and demand.

*“More people will come if prices are lower because its cheap.”*

The following response gained full marks. It identifies price is a method of gaining a competitive advantage and explains how this can increase demand at the business by taking customers away from competitors.

*“It will give the business a competitive advantage over competitors who charge more and these customers will move to Little Poppets increasing the number of customers’.*

#### **Q14c**

Following on from the previous question, here learners needed to explain a potential disadvantage of setting low prices.

Appropriate responses included:

- Competitors might have more power and so can lower prices beyond those of Little poppets
- Price may be so low that it is lower than the cost of providing the service
- Customers may be put off by the low price believing this is an inferior or poor-quality service
- Profits could fall and therefore the business may not be able to expand as intended.

The following response was awarded one mark.

*“Customers may think it is too cheap”*

The response was not developed further. It did not state that as a consequence, demand might be lower.

In this example, both marks were awarded as the problem was identified then developed further.

*“Lower prices will attract more customers and the play area might become too busy so customers are put off”*

#### **Q14d**

Very few learners were able to score the mark available for this question on price elasticity.

Many learners discussed that it meant prices were flexible or that prices might change at different times of the day or year, or simply left the question unanswered.

In the example below, the learner scores the mark by giving an example of how price elasticity applies.

*“it is how demand changes e.g. falls or rises as a result of changes in price”.*

A better response is shown below.

*“the degree of responsiveness of a change in demand of a product to a change in its price”.*

#### **Q14e**

This question required learners to state how PED could impact the business. Many failed to attempt to attempt the question or simply stated profits would fall.

The MS response was that demand will rise by a greater amount than that by which prices fell. Learners were also rewarded if they gave the formula for calculating PED and this demonstrates good understanding.

In the following responses, learners achieved the mark available.

*“increase in number of customers and therefore increase in profits”.*

*“could impact the business because prices are lower which could lead to increase in sales and revenues”.*

*“if they increase prices they could lose a lot of customers”.*

## **Q15**

This second extended writing question was poorly answered with many scoring marks in band 1 or less. The question required learners to discuss the advantages and disadvantages of the business using PESTLE analysis when making decisions. Many learners could identify the elements of PESTLE and so gained 1 mark. Others were able to give an advantage such as it helps identify external factors that could impact on the businesses plans. Others were able to identify disadvantages such as it can be time consuming, the data may be out of date, or the business may not have staff with the right skills to carry out this type of analysis.

Few learners were able to put their responses into the context of this child play business. Learners were rewarded for identifying elements of PESTLE and then discussing how for example a change in laws such as regulations regarding child safety might affect the business.

It is important that learners know how marks are allocated in this type of question. As with Q08, a levels-based mark scheme is used. To achieve band 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 'discuss', therefore in order to achieve higher marks, learners would be required to consider both sides of the argument; advantages and disadvantages, but they did not need to provide a conclusion.

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.



By carrying out a PESTLE analysis they can understand better the Political factors, for example, the laws and regulations related to renovating the toddlers play area, the taxes could be too high for them to pay and the business could fail.

Point

Development in context

They can understand the economical factors, for example if their customers can afford to pay the one-off £50 fee for the summer holidays promotion.

Point

Development in context

Understand social factors; for example analysing trends, so they can introduce something that's popular amongst children. Understand the Technological factors; for example what kind of technology would be more suited for the business, e.g. new models of ectv systems.

Point

Point

Understand legal factors; for example if they can legally renovate the toddlers play area or not.

Point

Understand Environmental factors, for example what impact would the "messy play" have on the environment, maybe

Point

they're using substances that are toxic and not safe for the children and the environment.

Development in context

To achieve the next band and be awarded 7 or 8 marks, the response needed to be balance and consider disadvantages rather than simply identify and develop how pestle could be useful.

The following examples scored zero marks, demonstrating no understanding of the concept.

1)

The advantages of little poppets using  
PESTLE is that the business can  
be analysed with Six Stages which  
will help them make marketing decisions.  
It will help them to know if it is  
right or not.

2)

## Disadvantages.

- business could lose out on profits because prices might be too low.
- Just because prices have been dropped doesn't mean it will gain more customers.

## Advantages:

- Little poppets could gain more customers.
- could also make the profits rise.
- Lower costs would be a benefit to parents that have more than 1 child especially if they are going more than once a week.

The following responses gains band 2 marks. At first glance this looks to be a list of points which would limit it to band 1. However, many of these points are correctly expanded in context to the play area business.

1. The following are the advantages

Using the PESTLE analysis will help little pappets to know good economic conditions and take advantage of them like an increase in interest rates and favourable exchange rate - This make make it to increase its charges per session to above £ 5-50 before 3pm in order to make more profit.

Point

Develop

2. Using the PESTLE analysis will help little pappets to know how people spend their time currently and add exciting activiting on its range like playing <sup>with</sup> in clay.

Point and developed with context

3- Using the PESTLE analysis will enable little pappets to open up a website so that people book play sessions on-line to avoid being out competed.

Point

4- Using the PESTLE analysis will enable little Pappets to know which laws are important to consider before planning children's play activities

Point

for example to see if using glass that is artificial will affect children.

context

1. The following are the disadvantages:

Using PESTLE analysis to make marketing decisions will limit Little Puppets from adding new activities on its range of activities it offers because its reading current ~~people~~ people's lifestyles

Point not clear

2. Using PESTLE analysis will waste the time of the business because it will need time to carry out research instead of just carrying out its new plans

like renovating the toddler's play area.

Point and developed with context

3. Using PESTLE analysis will limit Little Puppets to theoretic views about economy and lifestyle like interest rates which will make it set low prices and miss out on profits if customers are will to pay more for its services.

Point not clear

4. Using PESTLE analysis may lead to the business having a high promotional budget because its planning on using online promotion to develop its personality but it might be very expensive and useless.

Point not relevant to PESTLE

In conclusion, The advantages of Little Puppets using PESTLE analysis are more realistic than the disadvantages and therefore Little Puppets should use it.

## 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, 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 Q14a some learners discussed their own proposed activities rather than those in the scenario.
- For explain type questions, learners need to make a point that addresses the question 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 say the use of PESTLE analysis, learners should cover both the advantages and disadvantages to score higher marks.

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