

Mark Scheme (Results)

Summer 2010

GCE

GCE APPLIED BUSINESS (6925) Paper 01

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6925 - Marketing Decisions - Mark Scheme - June 2010

For all questions, accept any reasonable answer if it is correct

Question Number	Exemplar Responses	Mark Allocation
1(a)(i) <u>AO2</u> MB1 = 2 MB2 = 1 MB3 = 1	<ul style="list-style-type: none"> Survival - the demand for houses is very low - will be increased competition between estate agents to sell the few properties there are - could drive some of them out of business. Develop more persuasive promotion - there have been increases in enquiries but these have not been converted into sales - if customers see the attractions of buying a particular house they might be persuaded to buy - more houses sold will confirm that more persuasive promotion is effective. 	<p>1 mark for likely objective</p> <p>1 mark for reference to appropriate information from Figure 1</p> <p>1 mark for why that would have resulted in the objective / why the objective was necessary (maximum 2 marks)</p> <p>(4 marks)</p>

1 (a)(ii) <u>AO1</u> MB1 = 1 <u>AO2</u> MB1 = 1 <u>AO3</u> MB1 = 1 MB2 = 1	<ul style="list-style-type: none"> A short term decision - offer lower rates of commission/charges for house sellers - will help to attract sellers away from the competition - help maintain sales so that the business can survive during the recession. A decision made to support a strategic decision - increasing levels of advertising - make more buyers aware of the houses it does have for sale - help to increase sales of houses that it does have and keep income flowing into the business. <p>(Note: The answer to part (ii) must relate to the objective identified in part (i).)</p>	<p>1 mark for understanding of tactical (may be implied)</p> <p>1 mark for suitable tactical decision (1 mark)</p> <p>1 mark for showing how the decision would be effective (maximum 2 marks)</p> <p>(4 marks)</p>
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Question Number	Exemplar Responses	Mark Allocation
1 (b) <u>AO1</u> MB3 = 1 <u>AO2</u> MB2 = 1 MB3 = 1	<ul style="list-style-type: none"> Dynamic refers to changing conditions in the market - in 2009 houses sales, demand and supply were all changing - Javelin needs to know what is changing so that it can make the correct marketing decisions. Market dynamics relates to how the market works - the market in 2009 was depressed - research would be needed to find out how this affected supply and demand for houses, so 	<p>1 mark for understanding of the term (may be implied)</p> <p>1 mark for application to conditions in 2009</p> <p>1 mark for why important</p> <p>(3 marks)</p>

	Javelin could adjust their marketing strategies appropriately.	
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Question Number	Exemplar Responses	Mark Allocation
2 (a) <u>AO1</u> MB1 = 2 MB2 = 1 <u>AO2</u> MB1 = 1 MB2 = 1	<ul style="list-style-type: none"> Promotional expenditure using independent media - the newspaper paper advertising is ATL and the signs are BTL - window displays are below-the-line (1 mark) because <i>Javelin</i> is responsible for producing window displays (1 mark) - the newspapers are separate businesses from <i>Javelin</i>. Determined by the level of direct control the business has over the medium being used - the newspaper paper advertising is ATL, the signs are BTL - window displays are BTL because <i>Javelin</i> control how they are made and displayed (2 marks) - the newspaper will control how the advertisements in their papers are displayed and shown to readers/<i>Javelin</i> will decide where signs are displayed. 	1 mark for meaning of terms/distinction. 1 mark for newspaper as ATL and For Sale signs BTL 1 mark for correct classification of window displays (must be justified) 1 mark for why each is above or below-the-line (maximum 2 marks) (5 marks)

Question Number	Exemplar Responses	Mark Allocation
2 (b) <u>AO3</u> MB2 = 1 MB3 = 1 <u>AO4</u> MB1 = 1 MB2 = 1 MB3 =	<ul style="list-style-type: none"> In the recession people have less disposable income - there will be less demand for houses from the public - this will lead to less customers contacting the business because they have seen the signs/ 'For Sale' signs will only show that one house is for sale as people drive past - pictures in the window will show a range of houses for sale in the area -- the range of houses shown in the window and the newspapers are likely to attract more people. There is a very depressed housing market - this could increase competition between estate agents - this could mean that the newspapers have a wide range of other houses for sale - the window displays could show many more houses for sale - <i>Javelin</i> advertisements will have less effect, whereas the window displays in each agency are unlikely to change very much. 	1 mark for the effect of the February conditions (maximum 2 marks) 1 mark for why the method would not be effective 1 mark for why less effective than other methods 1 mark for reasoned conclusion (5 marks)

Question Number		Indicative content
<u>3</u> <u>A01</u> MB1 = 1 MB2 = 1 <u>A02</u> MB1 = 1 <u>A03</u> MB1 = 2 <u>A04</u> MB1 = 2 MB2 = 2 MB3 = 2		<p><u>Relevant elements of PEST (1)</u></p> <ul style="list-style-type: none"> • Economic • Social • Political, if correctly argued <p>Understanding (may be implied) - these are external factors (1).</p> <p><u>Likely effects of specific elements of PEST</u></p> <ul style="list-style-type: none"> • <u>Economic</u> - the credit crunch has made it more difficult for people to gain funds (2) - this reduces the capital people have available to buy houses (3) - there is less demand in the market so there will be fewer sales (3) - <i>Javelin</i> will be earning its 1.5% commission on fewer sales so its income will fall (3). • House builders have been unable to sell houses because of the depressed market (2) - have stopped building new houses (2) - this reduced the houses available for estate agents to sell (3) - will increase competition between the estate agents (3). • <u>Social</u> - there is rising unemployment (2) - some people have lost their jobs and others are worried that they might lose their jobs (2) - less people will be able to afford to buy a house (3) - people are less likely to want to risk changing jobs so may not be looking for house in other parts of the country (3). • <u>Political</u> - the government has put pressure on banks to lend money (2) - if this was successful more funds might be available for houses purchasers (3) - they could then afford to buy houses (3) - might be particularly attracted by the low price of houses (3). <p><u>Evaluation of the extent of the impact of the PEST elements (4)</u></p> <ul style="list-style-type: none"> • The lack of demand caused a 17.7% fall in house prices in one year - suggests the effects of the recession and the lack of funds was very dramatic - however there are still potential buyers which suggests that these were not the only causes. • The level of unemployment had doubled - this is a major change in the economy - will affect both people's ability to purchase houses and the confidence of people still employed. • The government did put pressure on the banks and building societies to lend more money - by February 2009 that had no significant effect - the government as an element of PEST was not effective at that time.
Level	Mark	Descriptor
0	0	No rewardable material
Level 1	1 - 2	<p>Understanding of the elements of PEST and identification of at least one relevant element shown in Figure 1.</p> <p>The candidate uses everyday language and the response lacks clarity and organisation and is difficult to comprehend. Spelling, punctuation and the rules of grammar are used with little accuracy.</p>
Level 2	3 - 5	<p>Selection of appropriate details from Figure 1 to match the element(s) identified. At the top end more than one distinct element should have been considered, even if that comes from the same classification of PEST, e.g., both from economic.</p> <p>The candidate uses everyday language and the response lacks clarity and</p>

		organisation and is difficult to comprehend. Spelling, punctuation and the rules of grammar are used with limited accuracy.
Level 3	6 - 8	<p>Explanation of how the external PEST elements are likely to have affected <i>Javelin</i>. At least two distinct external causes from Figure 1 should be explained.</p> <p>The candidate uses some specialist terms and the response shows some focus and organisation. Spelling, punctuation and the rules of grammar are used with some accuracy.</p>
Level 4	9 - 11	<p>The extent of the PEST elements is considered in terms of their likely impact on the business. This should have reference to the size of the changes shown in Figure 1. For full marks more than one factor in terms of the level of the effect should be considered.</p> <p>The candidate uses appropriate specialist terms and the response shows good focus and organisation. Spelling, punctuation and the rules of grammar are used with considerable accuracy.</p>

Question Number	Exemplar Responses	Mark Allocation
4 (a) <u>AO1</u> MB3 = 1 <u>AO3</u> MB1 = 1 <u>AO4</u> MB1 = 2	<ul style="list-style-type: none"> Policy to increase sales in the existing market - the housing market was very depressed - average number of sales per estate agent had fallen to 9.9/month - the market base was falling so finding new customers would have been very difficult. Expanding sales by selling more in its current market - potential customers unable to get funds - sales in the existing market were falling - the costs of increasing promotion to try to find more customers may have been wasted in a declining market. 	1 mark for meaning of term (may be implied) 1 mark for detail of market in February 2009 1 mark for why that means market penetration should have been avoided (maximum 2 marks) (4 marks)

Question Number	Exemplar Responses	Mark Allocation
4 (b) <u>AO1</u> MB1 = 1 MB2 = 1 <u>AO2</u> MB1 = 1 MB2 = 2 MB3 = 1 <u>AO3</u> MB1 = 2	(i) <u>Market development</u> <ul style="list-style-type: none"> Selling the same product into a new market - set up new outlets outside of Leicester and Loughborough - there are limited customers in its existing markets - can use its expert knowledge gained since 1977. (ii) <u>Diversification</u> <ul style="list-style-type: none"> Moving into a market that is not directly related to the one it is already in - opening an employment agency - it already has offices which could be used/converted - more people are seeking employment and less seeking houses. 	1 mark for term (may be implied) 1 mark for suitable strategy 1 mark for why it would be suitable in context (maximum 2 marks) (1 + 1 + 2) x 2 (8 marks)

Question Number	Exemplar Responses	Mark Allocation
5 (a) <u>A01</u> MB1 = 1 <u>A02</u> MB1 = 1	<ul style="list-style-type: none"> The data is new - it has been collected direct from the customers. 	1 mark for showing understanding of primary research (may be implied) 1 mark for explanation in context (2 marks)

Question Number	Exemplar Responses	Mark Allocation
5 (b) <u>A01</u> MB1 = 1 <u>A02</u> MB1 = 1	<ul style="list-style-type: none"> The number of people who could be included in the sample - all customers who come into the office. 	1 mark for showing understanding of term (may be implied) 1 mark for sampling frame (2 marks)

Question Number	Exemplar Responses	Mark Allocation
5 (c) <u>A01</u> MB2 = 1 MB3 = 1 <u>A02</u> MB1 = 1 <u>A03</u> MB3 = 1 <u>A04</u> MB1 = 1	<ul style="list-style-type: none"> A sample from a population that is relatively easy to access / the data is collected when customers are in the office - data is limited to people who come into the office - the sample does not include any other customers because it is collected in the office - during recession less customers will bother to come into the office. This should be easy for <i>Javelin</i> to collect data / customers were already in the office talking to sales staff - potential customers may not be prepared to give all the details <i>Javelin</i> is trying to collect - the customers may just want details about a particular property they have seen in the window - with few people wanting to buy houses in a recession/in a buyers market, customers can dictate to the business what they want rather than what the business wants. 	1 mark for understanding of the term (may be implied) or 1 mark for why this sample met that criteria 1 mark for constraint when trying to increase sales (maximum 2 marks) 1 mark for why that comes from this convenience sampling (maximum 2 marks) 1 mark for why that was caused by the depressed market conditions. (5 marks)

Question Number	Exemplar Responses	Mark Allocation
6 (a) <u>AO2</u> MB1 = 1 MB2 = 1 MB3 = 1 <u>AO3</u> MB1 = 1 MB2 = 1 MB3 = 1	<ul style="list-style-type: none"> Place is shown by the two locations in the table - the data provides details of price difference and numbers of sales in different locations - would help them to make decisions about where to reduce or expand the business. <i>Javelin</i> sets its charges at 1.5% of the sale price - the data shows how house prices have been falling - could make decisions to raise the charges to compensate/lower them to attract more customers. <p>(N.B. no marks are given for simply naming the parts of the marketing mix - they must be applied).</p>	<p>1 mark for element of the mix applied to the business/data</p> <p>1 mark for what the data shows about the part of the mix</p> <p>1 mark for a suitable decision based on what the data shows</p> <p>(1 + 1 + 1) x 2 (6 marks)</p>

Question Number	Indicative content	
6 (b) <u>AO1</u> MB2 = 1 MB3 = 1 <u>AO3</u> MB1 = 2 MB2 = 1 MB3 = 1 <u>AO4</u> MB1 = 2 MB2 = 2 MB3 = 1	<p><u>Generalised comments (1)</u></p> <ul style="list-style-type: none"> House prices are falling in both markets. House prices higher in Loughborough than Leicester. House sales fell in Leicester but rose in Loughborough. More houses were sold in Leicester than in Loughborough. <p><u>Analysis, explanations and conclusions</u></p> <ul style="list-style-type: none"> Average house prices have fallen by £15 000 in Leicester but £27 000 in Loughborough (2) - however house prices overall are higher in Loughborough (2) - on the other hand more house are sold in Leicester (2) - <i>Javelin</i> earns income of 1.5% of the house price (3) - the higher the house prices the more commission so Loughborough would be best (3) - on average a sale in Loughborough would earn £2,430 compared to £2,100 in Leicester (3) - however, 4 to 5 times as many houses are sold in Leicester so more income could be earned there (4) - Leicester would probably be a better long term prospect because of the larger market and lower percentage fall in house prices (4) however, the data is for average sales in the two locations and the decision would need to take into account <i>Javelin's</i> actual sales in each of its offices (4). 	
Level	Mark	Descriptor
0	0	No rewardable material
Level 1	1 - 2	<p>Generalised comments on what the data shows in terms of house prices, number of house sold, changes in the figures and the basic differences between Leicester and Loughborough.</p> <p>The candidate uses everyday language and the response lacks clarity and organisation and is difficult to comprehend. Spelling, punctuation and the rules of grammar are used with little accuracy.</p>
Level 2	3 - 5	<p>Analysis of appropriate data to support basic arguments for one location or the other. Some comparison between the two locations will be made.</p> <p>The candidate uses everyday language and the response lacks clarity and</p>

		organisation and is difficult to comprehend. Spelling, punctuation and the rules of grammar are used with limited accuracy.
Level 3	6 - 8	<p>Explanations of why the data would support one of the locations rather than the other. Both house prices and number of houses sold should be considered.</p> <p>The candidate uses some specialist terms and the response shows some focus and organisation. Spelling, punctuation and the rules of grammar are used with some accuracy.</p>
Level 4	9 - 11	<p>A reasoned conclusion is given supported by the explanations already outlined. For full marks there should be consideration of the limitations of the data on the table.</p> <p>The candidate uses appropriate specialist terms and the response shows good focus and organisation. Spelling, punctuation and the rules of grammar are used with considerable accuracy.</p>

Question Number	Exemplar Responses	Mark Allocation
7 (a)	(<i>Radiohead</i> and the release of the 'In Rainbows' album has been taken as the example for Q7.)	1 mark for main objective
<u>AO1</u> MB1 = 1	To see how fans would react if the album was offered on line without a specified price - the album was not available to fans from any other source until the launch in music shops.	1 mark for why this comes from a specific launch date
<u>AO2</u> MB1 = 1		
		(2 mark)

Question Number	Exemplar Responses	Mark Allocation
7 (b)	<ul style="list-style-type: none"> This was when the album was completed and ready for sale - the use of a specific date increased the hype surrounding the release - fans keen to get the latest album would want to download it as soon as possible - it was offered online for whatever the downloader was prepared to pay and increasing the hype about the launch date would make fans more willing to pay something. 	1 mark for basic reason (maximum 2 marks)
<u>AO1</u> MB1 = 1 MB2 = 1		1 mark for why that needed the use of a specific date (maximum 3 marks)
<u>AO2</u> MB1 = 1 MB2 = 1		
		(4 marks)

Question Number	Exemplar Responses	Mark Allocation
7 (c)	<ul style="list-style-type: none"> The majority of fans downloaded the album as soon as they could so after the launch sales fell - three months later there was a physical release of the album in music stores - many fans wanted a physical album for their collections - sales therefore increased again. 	1 mark for why the sales fell (maximum 2 marks)
<u>AO1</u> MB2 = 1		1 mark for why they then started to grow (maximum 3 marks)
<u>AO2</u> MB1 = 1 MB2 = 1		

<p><u>AO4</u> MB1 = 1</p>	<ul style="list-style-type: none">• Many fans downloaded the album in the first week of online release - downloads then became less as less committed fans started to download - a deluxe version was then released - this encouraged committed fans to buy the extended album causing sales to rise to the No 1 album spot.	<p>(4 marks)</p>
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Question Number	Exemplar Responses	Mark Allocation
8 (a) <u>AO1</u> MB1 = 1	(<i>Somerfield</i> has been taken as an example for Q8) <u>Business, <i>Somerfield</i>.</u> <u>Specific product(s)</u> - Turkeys, grapes, mature cheddar. <u>When used</u> - 1 st to 14 th April	1 mark for product(s) and when used. (1 mark)

Question Number	Exemplar Responses	Mark Allocation
8 (b) <u>AO1</u> MB1 = 1 MB2 = 1 <u>AO2</u> MB1 = 1 MB2 = 1	<ul style="list-style-type: none"> Leaflets were offered to customers in store and delivered to homes - Many items were offered at half price - customers felt that they were getting a bargain - old and new prices were also given to show customers how much they would be saving. Leaflets gave details of all items reduced in price - each product had 'half price' on a bold red background with a picture of the product next to it - this made the offers stand out so that customers would know about them - the offers were also limited to a fortnight which encouraged customers to come in early before the offers ran out. 	1 mark for promotion used 1 mark for details of what the promotion showed (maximum 2 marks) 1 mark for why that would persuade customers (maximum 2 marks) (4 marks)

Question Number	Exemplar Responses	Mark Allocation
8 (c) <u>AO1</u> MB3 = 1 <u>AO4</u> MB1 = 2 MB2 = 1 MB3 = 1	<ul style="list-style-type: none"> Some of the products, e.g. turkey, related to Easter/the offer was just for the Easter period - turkey is traditionally eaten at Easter - customers would feel that the offer is being made specifically for them - would want to buy these products from <i>Somerfield</i> rather than another supermarket - also likely to buy other items for Easter that were not reduced. Some of the products were staple foods - cheddar cheese, margarine, bacon, potatoes - people are likely to buy these regularly - if they are really low in price in one supermarket many customers will be attracted - they may then do the whole weekly shop there increasing <i>Somerfield's</i> turnover. 	1 mark for nature of the specific product(s) (maximum 3 marks) 1 mark for why that would make it a successful loss leader (maximum 3 marks) (2 + 3) or (3 + 2) (5 marks)

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