

# Mark Scheme (Results) January 2011

GCE

## GCE Applied Business (6925) Paper 01 Marketing Decisions

Edexcel is one of the leading examining and awarding bodies in the UK and throughout the world. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers.

Through a network of UK and overseas offices, Edexcel's centres receive the support they need to help them deliver their education and training programmes to learners.

For further information, please call our GCE line on 0844 576 0025, our GCSE team on 0844 576 0027, or visit our website at [www.edexcel.com](http://www.edexcel.com).

If you have any subject specific questions about the content of this Mark Scheme that require the help of a subject specialist, you may find our Ask The Expert email service helpful.

Ask The Expert can be accessed online at the following link:

<http://www.edexcel.com/Aboutus/contact-us/>

Alternatively, you can speak directly to a subject specialist at Edexcel on our dedicated Business and Economics telephone line: 0844 372 2187

January 2011

Publications Code UA026063

All the material in this publication is copyright  
© Edexcel Ltd 2011

## General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question Number	Exemplar Responses	Mark Allocation
1 (a)  <u>AO1</u> MB1 = 1 MB2 = 1  <u>AO2</u> MB1 = 1 MB2 = 1 MB3 = 1	<ul style="list-style-type: none"> <li>• Low price/only £1 for each product - people may be looking for cheap bargains - will have lower incomes in the recession - may have to cut back on even very cheap products - some people will have lost their jobs in the recession.</li> <li>• Quality of the product may be less as they are priced at only £1 - in times of recession people buy less/lower quality product - cannot afford the higher prices that come with these - supermarkets also provide more value products so will increase competition - supermarket customers expect major supermarkets to increase their ranges of low cost/value products in a recession.</li> </ul>	1 mark for identifying the nature of the products (may be implied)  1 mark for what the opportunity is  1 mark for why that came from the recession  1 mark for what the threat is  1 mark for why that came from the recession <b>(5 marks)</b>

Question Number	Exemplar Responses	Mark Allocation
1 (b)  <u>AO1</u> MB1 = 1 MB2 = 1  <u>AO2</u> MB1 = 1 MB3 = 1  <u>AO3</u> MB1 = 1 MB3 = 1	<p><u>Weakness</u></p> <ul style="list-style-type: none"> <li>• Could be confusing for customers - 3,000 items in one place is a great deal to choose from - might waste time looking for what they want.</li> <li>• Customers may be tempted to overspend - with so many items all at £1, customers may find many bargains - may then avoid shopping at <i>Poundland</i>.</li> <li>• Increased storage costs for <i>Poundland</i> - 3,000 items will need considerable shelf space for display - larger premises will cost more to rent/buy.</li> </ul> <p><u>Strength</u></p> <ul style="list-style-type: none"> <li>• Provides customers with choice - offers them over 3,000 items to choose from - the range of products includes many items people would be interested in.</li> <li>• Shopping can be done in one place - the 3,000 items include a wide range of different types of products - customers may be able to get much of their weekly household shopping from the one store.</li> <li>• Customers may spend more than intended - may go in for specific items but see others - 3,000 items means there will probably be other items that will interest them.</li> </ul>	1 mark for weakness (maximum 2 marks)  1 mark for why this come from there being 3,000 items for sale (maximum 2 marks)  (1 + 2) or (2 + 1)  Repeat for strength  <b>(6 marks)</b>

Question Number	Exemplar Responses	Mark Allocation
2 (a)  <u>AO1</u> MB1 = 1  <u>AO2</u> MB1 = 1 MB2 = 1  <u>AO3</u> MB1 = 2 MB2 = 1	<u>Meaning</u> <ul style="list-style-type: none"> <li>• The steps involved in passing the goods from the producer to the consumer.</li> <li>• The network of organisations and individuals that connect the manufacturer of a product with ultimate consumers.</li> <li>• For <i>Poundland</i> this is the supplier, to <i>Poundland</i> as the wholesaler, to its own stores as retailer, to the consumer.</li> </ul> <u>Benefits</u> <ul style="list-style-type: none"> <li>• Lower costs - will not have to pay a mark-up to a wholesaler - can store goods in the distribution centre rather than the stores - would lower rental costs on the stores.</li> <li>• The warehouse is near the middle of Britain - keeps the cost of distribution to all stores relatively low - <i>Poundland</i> has stores throughout the UK - if supplies had to deliver to each store it would put up their costs and prices.</li> <li>• The distribution centre is extensive - will be able to store a wide range of products - can supply the stores quickly if they run out of items - if they went straight to the suppliers the suppliers may be out of stock because they are supplying other businesses.</li> </ul>	1 mark showing understanding of the term (may be implied)  1 mark for benefit (maximum 2 marks)  1 mark for why that comes for this channel of distribution (maximum 3 marks)  <b>(6 marks)</b>

Question Number	Exemplar Responses	Mark Allocation
2 (b)  <u>AO2</u> MB1 = 2 MB2 = 1 MB3 = 1	<ul style="list-style-type: none"> <li>• Would change the retailing function - the wholesaler/retailer/consumer link is through the stores - on the website the wholesale stage would be directly linked to the consumer - could help <i>Poundland</i> to keep costs down/make more profit per item.</li> <li>• Wholesaler/consumer link would be direct - consumers would choose items on the website - items would be delivered direct to consumers - less goods would be sold via the stores</li> </ul>	1 mark for basic effect (maximum 2 marks)  1 mark for why it comes from selling via the website (maximum 3 marks)  <b>(4 marks)</b>

Question Number		Indicative content
3		<ul style="list-style-type: none"> <li>Target will be people with low incomes (1) - likely to be looking for a bargain (1) - will expect all of the goods to be £1 (2) - that is what they will think 'pound shops' should be (2) - Everything-A-Pound states what customers think a pound shop should be (2) - many of the names might suggest that (some) items will be more than £1 (3) - Around-A-Pound suggests some items will be more than £1 (2) - Hi-Pound may be confused with High Pound (3) - whereas Everything-A-Pound states clearly that the price of all items is £1 (3) - this will match the expectations of people who think a 'pound shop' is one where all goods are £1 - the other names do not clearly state this (4) - some may be ignored because their meaning is unclear, as with Pinch-A-Pound/Pound Magic (4).</li> </ul>
QWC (i - iii)		
<u>AO1</u> MB1 = 1 MB2 = 1		
<u>AO2</u> MB1 = 1 MB2 = 1		
<u>AO3</u> MB1 = 1 MB2 = 1 MB3 = 1		
<u>AO4</u> MB1 = 2 MB2 = 1 MB3 = 1		
Level	Mark	Descriptor
0	0	No reward able material
Level 1	1 - 2	<p>Identification of the likely target market or basic expectation. Selection of Everything-A-Pound or Pound Magic with no explanation of why. (N.B. candidates may reason other choices and gain full marks at this level).</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 - 6	<p>Identification of the likely expectations of potential customers in terms of pound shops. Basic application to concept of a 'pound shop'.</p> <p>The appropriateness of the names is considered in the context of the target's likely expectations.</p> <p>The candidate uses everyday language and the response lacks clarity and organisation. Spelling, punctuation and the rules of grammar are used with limited accuracy.</p>
Level 3	7 - 9	<p>Names that are appropriate and inappropriate are considered and compared. For full marks, some negative elements must be considered.</p> <p>The candidate uses some specialised terms and shows some focus and organisation. Spelling, punctuation and the rules of grammar are used with some accuracy.</p>
Level 4	10 - 11	<p>The appropriateness of the names is compared and a well reasoned conclusion given as to why one is more appropriate than the rest. The conclusion should also consider the definition of 'pound shops'.</p> <p>The candidate uses a range of appropriate specialised terms and 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> MB1 = 1 MB2 = 1  <u>AO2</u> MB1 = 1 MB2 = 1  <u>AO3</u> MB1 = 1	<ul style="list-style-type: none"> <li>For individual customers £50 is attractive - this might attract customers to try the store and go through the checkout - a chance of being given a £1 voucher is not particularly attractive - if people think that many other people will be going, they will think the chances of getting a voucher are very low - overall the give-aways are fairly small and on their own will not have a major impact on customers.</li> <li>The celebrity opening the store will be an important event - many people like to see and meet celebrities/the celebrity will be signing autographs - the celebrity may be someone some people do not like - will not want to come to see that person - there are a number of different attractions and offers so overall people may want to visit the store on the opening day</li> </ul>	1 mark for point that would make it effective (if reasoned) - maximum 2 marks  1 mark for why that would attract new customers  1 mark for point that would make it ineffective (if reasoned)  1 mark for why that would not attract many customers  1 mark for reasoned conclusion  <b>(5 marks)</b>

Question Number	Exemplar Responses	Mark Allocation
4 (b)  <u>AO1</u> MB1 = 2	<ul style="list-style-type: none"> <li>It will take time to find/rent/buy suitable premises - as this is another country <i>Poundland</i> will need to find out what the legal requirements are for owning/using property is.</li> <li>Expansion is often a slow process - it took <i>Poundland</i> nearly 20 years to expand from one outlet to 200 outlets.</li> </ul>	1 mark for basic reason - maximum 2 marks  1 mark for application  <b>(2 marks)</b>

Question Number	Exemplar Responses	Mark Allocation
4 (c)  <u>AO1</u> MB3 = 2  <u>AO2</u> MB3 = 1  <u>AO3</u> MB3 = 1  <u>AO4</u> MB3 = 1	<ul style="list-style-type: none"> <li>Cheaper products may need to be stocked/lower quality stock - <i>Poundland</i> will only receive the equivalent of 88p for each item sold - this would reduce its profit margin if it sold the same items as in the UK - some items sold in the UK may not be made available in Euroland.</li> <li>Reduce the quantity in multiple items - for example reducing the number of biscuits sold in a packet - the relative cost/unit could then be same in Euroland as in the UK - <i>Poundland</i> can then make the same profit/unit in each country.</li> </ul>	1 mark for appropriate change in product (maximum 2 marks)  1 mark for why changes would come from selling for a Euro rather than a Pound (maximum 3 marks)  <b>(5 marks)</b>

Question Number	Exemplar Responses	Mark Allocation
5 (a)  <u>AO1</u> MB1 = 2  <u>AO2</u> MB1 = 1  <u>AO3</u> MB1 = 1 MB2 = 1	<ul style="list-style-type: none"> <li>Website users must acknowledge that they want their details to be used by Poundland - without this, Poundland cannot send users marketing literature - this limits the numbers of people Poundland can directly contact in this way - once the opt-in has been offered to users Poundland would be breaking the law if it send email bulletins to those who had not opted-in.</li> </ul>	1 mark for understanding of term (may be implied)  1 mark for what this means for the business  1 mark for the significance for the business (maximum 2 marks)  <b>(4 marks)</b>

Question Number	Exemplar Responses	Mark Allocation
5 (b)  <u>AO2</u> MB3 = 1  <u>AO4</u> MB1 = 2 MB2 = 2	<ul style="list-style-type: none"> <li>The sample of people chosen for the research is selected on a basis where each person has the same chance of being chosen - this was not a sample as all visitors were included - for a sample only some of the sample frame will be included - each time a person accesses a page on the website the research is conducted - people in this research were not selected randomly as everyone was included.</li> </ul>	1 mark for understanding of term (may be implied)  1 mark for why this was not a sample (maximum 2 marks)  1 mark for why this was not random (maximum 2 marks)  <b>(5 marks)</b>

Question Number	Exemplar Responses	Mark Allocation
<p>5 (c)</p> <p><u>AO2</u> MB1 = 2 MB2 = 2</p> <p><u>AO3</u> MB1 = 1 MB2 = 1</p>	<ul style="list-style-type: none"> <li>Google's data is about what pages of the website visitors access - the sales record show what has been purchased - Google does provide data on an hourly basis - the sales records will only be available on a daily/weekly or monthly basis - the sales records show what is actually sold whereas Google's data only shows that people visited the website - if Poundland want to know what sells best it needs to use its own sales records.</li> </ul>	<p>1 mark for what data Google will provide</p> <p>1 mark for what the sales record will provide</p> <p>1 mark for the benefit of the google data/<i>Poundland</i> data (maximum 2 marks)</p> <p>1 mark for comparison with the alternative source (maximum 2 marks)</p> <p>1 marks for conclusion in terms of value to <i>Poundland</i></p> <p>(1 + 1 + 2 + 1 + 1) or (1 + 1 + 1 + 2 + 1)</p> <p><b>(6 marks)</b></p>

Question Number		Indicative content
(6) QWC (i - iii) <u>AO1</u> MB3 = 1 <u>AO2</u> MB3 = 1 <u>AO3</u> MB1 = 1 MB2 = 1 <u>AO4</u> MB1 = 3 MB2 = 2 MB3 = 2		<ul style="list-style-type: none"> <li>This will only be in the Cardiff area (1) - unlikely to be representative of the whole of the UK (1) - <i>Poundland</i> should consider using panels in other parts of the UK as well (2) - the panel will be asked for the same information each time (2) - this will not help <i>Poundland</i> gain information of new products (2) - the panel is asked information over time so this may help to identify trends (3) - however <i>Poundland</i> stocks over 3,000 items and a 100 strong panel would need to buy 30 different items for all to be covered (3) - the store is located on a street with the highest footfall outside of London so many people shop there (3) - people in different parts of the country are likely to buy different products (3) - if <i>Poundland</i> stocks the same products in each store this panel would be a valuable sample (4) - if customer profiles are very different across the UK it would not be very useful (4).</li> </ul>
Level	Mark	Descriptor
0	0	No rewardable material
Level 1	1 - 2	<p>Basic limitations or benefits will be identified, but may only relate to the Cardiff store not representing the UK as a whole, or two benefits such as 'the data is collected regularly'.</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 - 6	<p>Candidates explain the limitations and benefits of both the location of the sample and the use of a panel. Candidates may advise what needs to be done to ensure that the survey is effective.</p> <p>The candidate uses everyday language and the response lacks clarity and organisation. Spelling, punctuation and the rules of grammar are used with limited accuracy.</p>
Level 3	7 - 9	<p>Candidates assess the location of the sample, its nature and the use of a panel in the context of what and where <i>Poundland</i> sells in the context of what and where <i>Poundland</i> sells. Both positive and negative factors should be considered at the top end.</p> <p>The candidate uses some specialised terms and shows some focus and organisation. Spelling, punctuation and the rules of grammar are used with some accuracy.</p>
Level 4	10 - 11	<p>A reasoned conclusion is given with the advice clearly justified.</p> <p>The candidate uses a range of appropriate specialised terms and 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)  <u>AO1</u> MB1 = 1	( <i>John Lewis</i> has been taken as the example for Q7.) <u>Name - <i>John Lewis</i></u>  <ul style="list-style-type: none"> <li>• <i>John Lewis</i> is an up-market department store with high priced products, it has launched a low price value range.</li> </ul>	1 mark for details of original product and what change was made  (1 mark)

Question Number	Exemplar Responses	Mark Allocation
7 (b)  <u>AO1</u> MB1 = 1  <u>AO2</u> MB1 = 1 MB2 = 1  <u>AO3</u> MB1 = 1 MB2 = 1	<ul style="list-style-type: none"> <li>• Consumers wanted cheaper products because of the recession - <i>John Lewis</i> introduced 100 low-priced homeware products - 4 glasses were £9.00, the value box of 4 glasses was only £4.00 - the value range allowed people with less income to continue to shop at <i>John Lewis</i> - the range was benchmarked against Tesco own brand range so customers knew they were getting equal value at <i>John Lewis</i>.</li> </ul>	1 mark for the change in buyer behaviour/ why it changed  1 mark for details of the change in product (maximum 2 marks)  1 mark for how the new product range caters for the new buyer behaviour (maximum 2 marks)  (5 marks)

Question Number	Exemplar Responses	Mark Allocation
7 (c)  <u>AO1</u> MB2 = 1  <u>AO2</u> MB1 = 1  <u>AO4</u> MB1 = 2	<ul style="list-style-type: none"> <li>• The reputation of <i>John Lewis</i> may be affected - if less well-off people start to shop there others may go elsewhere - people shop there to have a more exclusive label on their purchases - in the long-run <i>John Lewis</i> may remove the value lines which will limit the negative effect.</li> <li>• Profits may be affected - could rise if many more people buy cheap goods - this could happen if more customers were attracted to shop at <i>John Lewis</i> who were not customers before - the benefit would have to be weighed against fall in sales of more expensive goods as existing customers move to the value lines.</li> </ul>	1 mark for criteria on which the consequence will be evaluated (may be implied)  1 mark for effect  1 mark for why the effect comes from the change in product range  1 mark for how significant this effect will be  (4 marks)

Question Number	Exemplar Responses	Mark Allocation
8 (a)	<p>(Unilever's Marmite product has been taken as an example for Q8)  <u>Business, Unilever.</u>  <u>Product - Marmite.</u></p> <ul style="list-style-type: none"> <li>Savoury spreads market - has experienced increased popularity as providing vitamins/as a filling for sandwiches to take to work or school - was a unique product in this market with no serious competition - the total market for savoury spreads became saturated - most households who wanted Marmite already bought it - they continued to buy it so good profits were made but few additional household bought it so few additional sales were made.</li> </ul>	<p>1 mark for identifying the market in which it was a star (may be implied)</p> <p>1 mark for details of its rise to become a star</p> <p>1 mark for why it became a star</p> <p>1 mark for showing understand of low market growth for cash cow</p> <p>1 mark for why this product became a cash cow (maximum 2 marks)</p> <p><b>(6 marks)</b></p>

Question Number	Exemplar Responses	Mark Allocation
8 (b)	<ul style="list-style-type: none"> <li>The use of Paddington Bear eating Marmite sandwiches - Paddington traditionally eats marmalade sandwiches - the campaign had a lot of negative press from Paddington fans - some customers felt that Unilever had exploited the owners of Paddington books just to make a clever promotion so stopped buying Marmite.</li> </ul>	<p>1 mark for the strategy</p> <p>1 mark for why it has not been successful (maximum 3 marks)</p> <p><b>(4 marks)</b></p>

Further copies of this publication are available from  
Edexcel Publications, Adamsway, Mansfield, Notts, NG18 4FN

Telephone 01623 467467  
Fax 01623 450481

Email [publications@linneydirect.com](mailto:publications@linneydirect.com)

Order Code UA026063 January 2011

For more information on Edexcel qualifications, please visit [www.edexcel.com/quals](http://www.edexcel.com/quals)

Edexcel Limited. Registered in England and Wales no.4496750  
Registered Office: One90 High Holborn, London, WC1V 7BH