

Mark Scheme (Results)

June 2011

GCE Applied Business (6925)
Paper 01

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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

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

Question Number	Exemplar Responses	Mark Allocation
<p>1(a)</p> <p><u>AO1</u> MB1 = 1 MB2 = 1</p> <p><u>AO2</u> MB1 = 2 MB2 = 1</p>	<ul style="list-style-type: none"> Micro relates to elements the business has control over whereas macro relates to external influences – Coldplay decided when to release the album/how to release it – this was their decision because they were the artists who had created the album – the possibility of releasing it through the Internet was part of the macro environment – this had been created by people/businesses other than Coldplay. 	<p>1 mark for showing understanding of the terms (may be implied)</p> <p>1 mark for identifying micro feature in context</p> <p>1 mark why this was from the micro environment</p> <p>1 mark for identifying macro feature in context</p> <p>1 mark for why this was from the macro environment</p> <p>(5 marks)</p>

Question Number	Exemplar Responses	Mark Allocation
<p>1(b)</p> <p><u>AO2</u> MB3 = 1</p> <p><u>AO3</u> MB1 = 1 MB2 = 1 MB3 = 1</p> <p><u>AO4</u> MB1 = 1 MB2 = 1 MB3 = 1</p>	<ul style="list-style-type: none"> • People could still share/copy downloads with/for friends – the files will then be on their systems – this means people could make illegal copies – Coldplay would not then be able to assess how many copies could have been sold if no illegal copies could be made – this would make it difficult/impossible to measure how effective the new method could have been – however, the same would be true of selling CDs – these can also be copied. • The CD was later released through music retailers – some customers may have wanted the actual CD – the digital release did not provide customers with an actual CD – some customers may have downloaded the album and bought the CD – Coldplay would not know how many people waited/how many people downloaded and bought the album – the CD was released in the stores later – Coldplay could still assess the initial effect of the new method. 	<p>1 mark for constraint (maximum 2 marks)</p> <p>1 mark for why it came from the new method (maximum 2 marks)</p> <p>1 mark for how it would negatively affect assessing effectiveness (maximum 2 marks)</p> <p>1 mark for why effectiveness could still be assessed (maximum 2 marks)</p> <p>(7 marks)</p>

Question Number		Indicative content
Q2 AO1 MB1 = 1 MB2 = 1 AO2 MB1 = 2 AO3 MB1 = 2 MB2 = 2 AO4 MB1 = 2 MB2 = 1		<ul style="list-style-type: none"> A PESTLE analysis looks at external factors that affect businesses (1) – Figure 1 shows the effects of legal changes (1) – it also shows the effects of technological/social changes (1) – Digital Economy Act will make the downloading of music without permission/payment illegal (2) – the Internet provides the technical opportunity to download/stream music (2) – makes it possible for the music industry to sell CDs and sell in digital form (2) – the legal protection will encourage music firms to use the Internet to sell more singles and albums (3) – the technology means that more music will be sold through customers copying music themselves rather than the business producing physical CDs (3) – distribution will be direct to consumers and less sold through retailers (3) – the effect of the new technology will be/is very significant with over 98% of singles now sold this way (4) – the new law will also help to prevent illegal file sharing which had been as high as 42% in 2007 (4). <p>Note: Candidates may also develop answers based on changes in social attitude to illegal downloading and to the way that music is accessed.</p>
Level	Mark	Descriptor
0	0 mark	No rewardable material
Level 1	1 – 3 marks	<p>Understanding of the context of PESTLE as an external influence shown (may be implied). Identification of the elements of PESTLE shown in Figure 1. For full marks at least two distinct elements must be identified.</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	4 – 6 marks	<p>Details are given of how the PESTLE elements have affected the music industry. At the lower end this will simply be selection of the relevant information from Figure 1. At the top end there should be explanation of how the elements created the effects.</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 marks	<p>Candidates must explain how future marketing decisions will be affected because of the external influences.</p> <p>The candidate uses some terms and shows some focus and organisation. Spelling, punctuation and the rules of grammar</p>

		are used with some accuracy.
Level 4	10 – 11 marks	<p>Assessment is made of the importance of the external influences on the music industry and hence the need to make significant changes in marketing.</p> <p>The candidate uses a range of appropriate 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
3(a) A01 MB1 = 2	<ul style="list-style-type: none"> • 1 – Star. • 2 – Problem child/question mark. • 3 – Cash cow. • 4 – Dog. 	1 mark for each pair of the parts correctly identified (2 marks)

Question Number	Exemplar Responses	Mark Allocation
3(b) A02 MB1 = 1 A02 MB2 = 1 MB3 = 1 A03 MB1 = 1 MB2 = 1 MB3 = 1	<p>See Figure 3 below.</p> <p><u>Product Life Cycle for very successful album</u></p>	1 mark for labelling of axes 1 mark for launch from high positive point on the vertical axis 1 mark for Growth A to B 1 mark for maturity/saturation B to C 1 mark for decline C to D 1 mark for labelling stages of PLC (6 marks)

Question Number	Exemplar Responses	Mark Allocation
<p>3(c)</p> <p><u>AO1</u> MB1 = 1</p> <p><u>AO2</u> MB1 = 1</p> <p><u>AO4</u> MB1 = 1 MB2 = 1</p>	<ul style="list-style-type: none"> • A strategy that will continue the sales of the product – release the album with additional tracks – would be a slightly different product from the original – dedicated fans will want the fuller version and may buy another copy. • A strategy that will stop the decline of sales – set up a tour to promote the album – may increase the target market as more people hear the music live – albums could be on sale at the gigs which would increase demand as people have just heard the music live. <p>(Note: There will be a wide range of suitable strategies)</p>	<p>1 mark for understanding of term (may be implied)</p> <p>1 mark for strategy</p> <p>1 mark for how it would extend the plc</p> <p>1 mark for justification of why it would be suitable for this product</p> <p>(4 marks)</p>

Question Number	Exemplar Responses	Mark Allocation
<p>4</p> <p><u>AO1</u> MB2 = 1 MB3 = 1</p> <p><u>AO2</u> MB2 = 1 MB3 = 1</p> <p><u>AO3</u> MB2 = 1 MB3 = 1</p>	<ul style="list-style-type: none"> • The stages product go through from producer to consumer – did go from producer via retailer to consumer, now goes from producer direct to consumer via the Internet – original promotion would have included persuading retailer to stock the CDs – now direct communication to the consumer will be necessary/communication through the Internet/general promotions through television, magazines, etc. – people buying off the Internet will not visit retail shop to buy CDs – will not know about them unless a direct form of promotion is used. 	<p>1 mark for understanding of term (may be implied)</p> <p>1 mark for identification of the change in the channel</p> <p>1 mark for likely original method of promotion</p> <p>1 mark for change in method of promotion</p> <p>1 mark for why that change is necessary</p>

		(maximum 2 marks) (6 marks)
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Question Number	Exemplar Responses	Mark Allocation
5(a) <u>A01</u> MB1 = 1 <u>A02</u> MB1 = 2 MB2 = 1	<ul style="list-style-type: none"> Market development – same product in a new market – the music has already been produced for CDs, etc – the use in TV adverts, etc will be a new market for many of the artists. <p>(Note: It is possible for candidates to argue other sections, e.g., market penetration if they argue this is something the business already does.)</p>	1 mark for the part 1 mark for reference to the basic requirements of that section 1 mark for why the product is the same 1 mark for why the market is new (4 marks)

Question Number	Exemplar Responses	Mark Allocation
5(b) <u>A02</u> MB1 = 1 MB1 = 1 <u>A04</u> MB1 = 1	<ul style="list-style-type: none"> The name of the artist may not appear on the advertisement – this will be background music to the advertisement – if people do not know the artist they will not know whose music to buy if they like it. Advertisements are usually very short – only part of the artist’s music will be played – this may not be enough to encourage people to buy it. The advertisement/film/game may not appeal to people – the music will be associated with where it is heard – this could create negative images for the artist. 	1 mark for basic reason (maximum 2 marks) 1 mark for why the licensing causes this 1 mark for how that will lessen promotion of the artist (3 marks)

Question Number	Exemplar Responses	Mark Allocation
<p>6(a)</p> <p>A01 MB1 = 2</p> <p>A02 MB1 = 2 MB2 = 1</p> <p>A03 MB1 = 1</p> <p>A04 MB1 = 1</p>	<ul style="list-style-type: none"> Gives demographic, social and activity data of fans <p><u>Demographic</u></p> <ul style="list-style-type: none"> Demographic data will give details of age, gender, location of fans – would help <i>Hive Music</i> use advertising that would appeal to the specific age/gender groups – and where advertisements should be placed. <p><u>Social</u></p> <ul style="list-style-type: none"> Social data will give details on lifestyle, attitudes and opinions – would help <i>Hive Music</i> to match the type of music these people download to the lifestyle, etc, and offer them similar music – could use distribution channel such as iTunes. <p><u>Activity</u></p> <ul style="list-style-type: none"> Activity data will give details of how fans occupy themselves in their free time – could help <i>Hive Music</i> when deciding where to advertise its artists/where its artists should perform when on tour – could advertise through social network sites. 	<p>1 mark for the what the dashboard offers</p> <p>1 mark for what data would be included (maximum 2 marks)</p> <p>1 mark for how that would help the marketing (maximum 4 marks)</p> <p>(7 marks)</p>

Question Number	Exemplar Responses	Mark Allocation
<p>6(b)</p> <p>A02 MB1 = 1 MB1 = 1 MB3 = 1</p> <p>A04 MB1 = 1</p>	<ul style="list-style-type: none"> Do you buy CDs of music produced by <i>Hive Music</i> in retail outlets? – the object of the questionnaire is to build up a profile of customers who still buy CDs in retail outlets – <i>Hive Music</i> also wants to question its customers – if respondents answer no to this question time and cost will not be wasted continuing with the questionnaire. 	<p>1 mark for example</p> <p>1 mark how that question relates to what <i>Hive Music</i> wants to find out (maximum 2 marks)</p> <p>1 mark for how this will make the questionnaire more cost/time effective (maximum 2 marks)</p> <p>(4 marks)</p>

Question Number		Indicative content
Q6(c) <u>AO1</u> MB1 = 1 MB2 = 1 MB3 = 1 <u>AO2</u> MB1 = 1 MB2 = 1 <u>AO3</u> MB1 = 1 MB2 = 1 <u>AO4</u> MB1 = 1 MB2 = 1 MB3 = 2		Simple random sampling is when all people in the sampling frame have an equal chance of being selected (1) – cluster sampling is when the sampling is carried out in selected locations/a few groups of many possible groups in the sample frame (1) – quota sampling is when set numbers of people are questioned who have specific characteristics (1) – <i>Hive Music</i> needs to find out if its customers are still buying CDs from retailers (2) – it is also carrying out the survey in the street (2) – this would make a simple random sample very difficult to carry out (3) – people stopped may not be buying <i>Hive Music's</i> products/may not have bought any CDs (3) – quota sampling will mean only those people in the selected quota will be asked the questionnaire/rest of the questionnaire (3) – cluster sampling would have the benefit that the survey could be carried out where sales records show most of <i>Hive Music's</i> CDs are sold (3) – using quota or cluster would save time and cost for the business (4) – using quota sampling in specific clusters is likely to produce the most accurate results with a survey of just 2,000 people (4).
Level	Mark	Descriptor
0	0	No rewardable material
Level 1	1 – 3 marks	Candidates show understanding of the types of sampling listed (may be implied). At the top end candidates should show understanding of all three types. 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.
Level 2	4 – 5 marks	Recognition of the need to weigh up the types with reference to the objectives of the survey and that this will be carried out as a street survey. The candidate uses everyday language and the response lacks clarity and organisation. Spelling, punctuation and the rules of grammar are used with limited accuracy.
Level 3	6 – 9 marks	Characteristics of the sampling types are applied to the objectives of the survey <i>Hive Music</i> has in carrying it out. Arguments are given for or against the types in context. At the top end at least two types must be compared in this way. The candidate uses some terms and shows some focus and organisation. Spelling, punctuation and the rules of grammar are used with some accuracy.
Level 4	10 – 11	A reason conclusion is given. Candidates will have considered

	marks	all three types of sampling before the conclusion is given. The candidate uses a range of appropriate terms and shows good focus and organisation. Spelling, punctuation and the rules of grammar are used with considerable accuracy.
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Question Number	Exemplar Responses	Mark Allocation
7(a) <u>AO1</u> MB1 = 1	(<i>Land Rover</i> has been used as an example for Q8) Name of business – <i>Land Rover Group Ltd</i> The <i>Land Rover</i> Freelander 2, concerns about using up non-renewable fossil fuels/ causing pollution through exhaust emissions.	1 mark for identification of the changed product and the environmental/ ethical concerns (1 mark)

Question Number	Exemplar Responses	Mark Allocation
7(b) <u>AO1</u> MB3 = 1 <u>AO3</u> MB1 = 1 MB2 = 1 MB3 = 1 <u>AO4</u> MB1 = 1	Introduction of a stop-start function for the 'e' version – previous Freelander models did not have this capability – when the vehicle has stopped moving the engine stops running – this means less diesel is used/ no exhaust emissions polluting the atmosphere – fuel consumption improved from 37.7mpg to 42.2mpg.	1 mark for change made (maximum 2 marks) 1 mark for how the change differed from earlier product 1 mark for how this addressed the environmental/ethical concerns (maximum 3 marks) (2 + 0 + 3) or (1 + 1 + 3) or (2 + 1 + 2) (5 marks)

Question Number	Exemplar Responses	Mark Allocation
<p>7(c)</p> <p>A01 MB3 = 1</p> <p>A04 MB1 = 1 MB2 = 1 MB3 = 1</p>	<p>Sales figures for the Freelander 2 – rose by 55% from October 2008 to October 2009 – this was, however, from a very low sales base because of the recession – it was also much lower than other models, Discovery up by 112%, so its success was limited.</p>	<p>1 mark for identifying measure of success</p> <p>1 mark for details of changes in this measure</p> <p>1 mark for evaluating the success (maximum 2 marks) (4 marks)</p>

Question Number	Exemplar Responses	Mark Allocation
<p>8(a)(i)</p> <p>A01 MB1 = 1 MB2 = 1</p>	<p>(<i>Treasures of the Earth</i> An introductory offer on a new magazine will be used as the example) <u>Product – Magazine</u></p> <p><u>Short-term</u> – Get people to try the magazine. <u>Long-term</u> – Get magazine established in the very competitive market.</p>	<p>1 mark for short term objective</p> <p>1 mark for long term objective</p> <p>(2 marks)</p>

Question Number	Exemplar Responses	Mark Allocation
<p>8(a)(ii)</p> <p>A02 MB1 = 1 MB2 = 1</p> <p>A03 MB1 = 2</p>	<p><u>Short-term</u></p> <ul style="list-style-type: none"> Price placed well below competitors' prices at 99p – encouraged customers to try magazine because full price was £3.99 <p><u>Long-term</u></p> <ul style="list-style-type: none"> Price was raised to normal price for this type of magazine – allowed it to be accepted in the market without aggressive competition. 	<p>1 mark for use of price in the short term</p> <p>1 mark for how this met the objective</p> <p>Repeat for long-term</p> <p>(1 + 1) x 2 (4 marks)</p>

Question Number	Exemplar Responses	Mark Allocation
<p>8(b)</p> <p><u>A02</u> MB3 = 1</p> <p><u>A04</u> MB1 = 1 MB2 = 1 MB3 = 1</p>	<p>The specialist magazine market has many new publications – it is recognised in the industry that these need to get established – most magazine publishers will be in the same position – will not attempt to stop a new publication as long as it has a full market price in the long-run.</p>	<p>1 mark for characteristic of the market (maximum 2 marks)</p> <p>1 mark for why that would make penetration pricing successful in this market (maximum 3 marks)</p> <p>(4 marks)</p>

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