

Mark Scheme (Results)

January 2013

GCE Applied Business (6925)
Paper 01

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January 2013

Publications Code UA034183

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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

| 1(a) Examine if the decision by <i>TPC</i> to start publishing books for the consumer market was a strategic or a tactical decision. | | |
|--|---|---|
| AOs | Mark Allocation | Exemplar Responses |
| <p><u>AO1</u> MB1 = 1</p> <p><u>AO2</u> MB1 = 2 MB2 = 1</p> | <p>1 mark for difference between the two (maximum 2 marks)</p> <p>1 mark for why this would be strategic or tactical (maximum 3 marks)</p> <p style="text-align: right;">(4 marks)</p> | <ul style="list-style-type: none"> • Strategic is long term, tactical short term – it will take time for <i>TPC</i> to become established in the consumer market – will need to create a new channel of distribution – will need to prove its books will sell before bookshops take them. • Strategic is a major decision for the business, tactical simply supporting that decision – the customer base here is new – will need to change all elements of the marketing mix. |

| 1(b) Explain why the decision to publish Reilly's cookbook is likely to change the channel of distribution compared to the books <i>TPC</i> already publish. | | |
|---|---|---|
| AOs | Mark Allocation | Exemplar Responses |
| <p><u>AO1</u> MB2 = 1</p> <p><u>AO2</u> MB1 = 1</p> <p><u>AO3</u> MB2 = 1 MB3 = 1</p> <p><u>AO4</u> MB1 = 1</p> | <p>1 mark for showing understanding of term (may be implied)</p> <p>1 mark for identifying existing method</p> <p>1 mark for new method</p> <p>1 mark for why change is needed (maximum 2 marks)</p> <p style="text-align: right;">(5 marks)</p> | <ul style="list-style-type: none"> • How the books get from the publisher to the end user – were going from <i>TPC</i> to businesses, colleges or universities – now likely to be sold through bookshops – consumers will not be going to businesses, colleges or universities to get cookbooks – outlets such as <i>WH Smith</i> sell cookbooks and that is where consumers will expect to find them. |

| | | |
|--|---|--|
| 2 | Using a SWOT analysis, evaluate if it was a sensible decision for TPC to publish 'The Reilly Perfect Way to Cook'. | |
| | Indicative content | |
| <u>AO1</u> MB1 = 1 MB2 = 1 <u>AO2</u> MB2 = 1 MB3 = 1 <u>AO3</u> MB1 = 1 MB2 = 1 MB3 = 1 <u>AO4</u> MB1 = 2 MB2 = 1 MB3 = 1 | <ul style="list-style-type: none"> SWOT analysis considers the strengths, weaknesses, opportunities and threats of a business decision (1) – it is used to evaluate the decision/it is part of the planning before a decision is made (1) – strength, chef who won televised competition (2) – will be well known to the public so may want his book (3) – weakness, first publication for consumer market (2) – will need to create links with bookshops/with the general public (3) – opportunity, there is a lot of interest in cookbooks at the moment (2) – means that there may be a ready market for Reilly's book (3) – threats, existing books written by celebrity chefs and other celebrities (2) – may make it difficult to compete with a relatively new chef (3) – the market has around 10 books in the top 50 bestsellers each week (4) – for a chef with a successful restaurant chain the strengths and opportunities are likely to outweigh the weaknesses and threats (4). | |
| Level | Mark | Descriptor |
| 0 | 0 mark | No rewardable material |
| Level 1 | 1 – 2 marks | <p>Candidates identify all four elements of a SWOT analysis and the basic purpose of it.</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 marks | <p>Specific details are selected from Figure 1 and related to the appropriate element of SWOT. For full marks details should be identified for all four elements.</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>The importance of the identified factors is considered in the context of the decision and the previous nature of the business. All four elements must be considered for full marks.</p> <p>The candidate uses some terms and shows some focus and organisation. Spelling, punctuation and the rules of grammar are used with some accuracy.</p> |
| Level 4 | 10 – 11 marks | <p>A reasoned conclusion is given as to whether or not the decision was sensible taking into consideration all of the elements of SWOT.</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> |

| 3(a) Analyse which part of the Boston Matrix 'The Reilly Perfect Way to Cook' is likely to be in as it is launched into the cookbook market. | | |
|---|---|---|
| AOs | Mark Allocation | Exemplar Responses |
| <p><u>AO1</u> MB1 = 3</p> <p><u>AO2</u> MB1 = 1 MB2 = 1</p> <p><u>AO3</u> MB1 = 1</p> | <p>1 mark for part</p> <p>1 mark for stating high market growth</p> <p>1 mark for why the information supports this</p> <p>1 mark for stating low market share</p> <p>1 mark for why the information supports this (maximum 2 marks)</p> <p style="text-align: right;">(6 marks)</p> | <ul style="list-style-type: none"> Problem child/question mark – there is high market growth – cookbooks are becoming more and more popular – this book will only take a small share in the market – this is the first book <i>TPC</i> has published for the consumer market – there are regularly around 10 cookbook titles in the 50 best sellers. |

| 3(b) Show what constraints <i>TPC</i> is likely to face when identifying the target market for this cookbook. | | |
|--|---|---|
| AOs | Mark Allocation | Exemplar Responses |
| <p><u>AO2</u> MB1 = 2 MB2 = 1 MB3 = 1</p> | <p>1 mark for constraint (maximum 2 marks)</p> <p>1 mark for why it comes from <i>TPC's</i> position in the market (maximum 2 marks)</p> <p style="text-align: right;">(4 marks)</p> | <ul style="list-style-type: none"> Not familiar with the market – would not have internal records of customers buying these kinds of book – may find it difficult to decide what motivates people to buy cookbooks and promote to the wrong market. The cookbook is about traditional Irish dishes – this book is being launched into the UK market – there is likely to be limited market research on who in the UK likes traditional Irish cooking. |

| 4 (a) Considering the information given in <u>Figure 1</u> , justify a suitable pricing strategy that <i>TPC</i> could use for this hardback version. | | |
|---|--|--|
| AOs | Mark Allocation | Exemplar Responses |
| <p><u>AO3</u> MB1 = 1 MB2 = 1 MB3 = 1</p> <p><u>AO4</u> MB1 = 1 MB2 = 1 MB3 = 1</p> | <p>1 mark for feature of the market/product from figure 1 (maximum 2 marks)</p> <p>1 mark for likely strategy</p> <p>1 mark for why the feature would lead to that strategy (maximum 3 marks)</p> <p style="text-align: right;">(6 marks)</p> | <ul style="list-style-type: none"> Competitive market with around 10 books in top 50 each week – books on cooking are now very popular – competitive pricing – customers have many different books to choose from – would expect a new book by a respected chef to be in the same price range – if the book is price higher people may not be interested. Relatively unknown chef, only had restaurants since 2008 – this is <i>TPC</i>'s first mainstream consumer publication – penetration pricing – might need to become established in the market before setting prices similar to other publications – a lower initial price might encourage people to try an unknown publisher and chef – other publishers would tolerate this because they have top 50 publications. <p>(Note: Premium pricing would also be acceptable)</p> |

| 4 (b) Show why <i>TPC</i> 's decision is an example of the skimming pricing strategy. | | |
|--|--|--|
| AOs | Mark Allocation | Exemplar Responses |
| <p><u>AO1</u> MB1 = 1</p> <p><u>AO2</u> MB1 = 1 MB2 = 1</p> <p><u>AO3</u> MB1 = 1 MB2 = 1</p> | <p>1 mark for meaning of term (may be implied)</p> <p>1 mark for feature of the measure (maximum 2 marks)</p> <p>1 mark for how this example shows that feature (maximum 2 marks)</p> <p style="text-align: right;">(5 marks)</p> | <p><u>Why this is an example</u></p> <ul style="list-style-type: none"> Price is set high to enter the market and is then reduced – two distinct price are given – the hardback was set at £24.99 and the paperback set at £15.99 – the price was dropped from one to the other. Price set high to capture interested people then lowered to increase interest in others – there is a significant time gap between the two prices – the paperback was launched seven months later – this ensured that people who could not wait would buy the higher priced edition. |

| 4(c) Describe the benefit to <i>TPC</i> of this pricing policy. | | |
|---|---|--|
| AOs | Mark Allocation | Exemplar Responses |
| <p><u>AO1</u> MB1 = 2 MB2 = 1 MB3 = 1</p> | <p>1 mark for benefit (maximum 2 marks)</p> <p>1 mark for why this comes from the way the strategy works (maximum 3 marks)</p> <p style="text-align: right;">(4 marks)</p> | <ul style="list-style-type: none"> • Can capture two markets – the high price will cream off those who will pay a high price because they really want the book – the lower price will encourage people less interested in the product to buy it – the business will gain more revenue than if they just sold the paperback version. • Customer will feel they are being especially catered for – the higher priced book will seem to have more value because it is hardback – the price for the paperback will have been lowered so customers will feel this is being done to help them – customers will be satisfied and more prepared to use the business again. |

| 5(a) Outline why this survey was an example of convenience sampling. | | |
|--|--|---|
| AOs | Mark Allocation | Exemplar Responses |
| <p><u>AO1</u> MB1 = 1 MB2 = 1</p> | <p>1 mark for understanding of term (may be implied)</p> <p>1 mark for how this survey shows convenience sampling</p> <p style="text-align: right;">(2 marks)</p> | <ul style="list-style-type: none"> • The sample is selected from people who are readily available – the only people being asked will be people who visit the restaurant. • The sample is selected on the basis of convenience or ease – as people are already visiting the restaurants it would be relatively easy to ask the questions, observe them, etc. |

| | | |
|---|---|---|
| 5(b) | | Advise the Marketing Director of TPC as to whether or not he should follow Reilly's recommendations. |
| Indicative content | | |
| <p><u>AO3</u> MB1 = 2 MB2 = 1 MB3 = 1</p> <p><u>AO4</u> MB1 = 3 MB2 = 2 MB3 = 2</p> | <ul style="list-style-type: none"> The highest response for age is 60% in Oxford is 16 to 25 and, for income £41 000 to £60 000 in Cheltenham (1) – on that basis Eoghan does have a recommendation with some value (1) – but if all of the percentages are taken across the restaurants this would not be sensible for both (3) – for age the highest average percentage is 26 to 55, 41.25% / for income it is £41 000 to £60 000, 36.25% (3) – if an overall highest response is used then age range should be 26-55 and income 21-40 thousands (3) – the percentages are different in different area so different target might be best for each city (2) – Age range in Oxford might be 16 to 25, but 26 to 55 for the other three cities (2) – for income £21 000 to £40 000 range for London and Salisbury, but £41 000 to £60 000 for the other two (2) – the numbers surveyed are different for each restaurant and that should be taken into account (4) – the target is for selling the book whereas here the data is for people eating out, which could be very different (4) – the survey also needed to consider which groups of people also buy cookbooks (4). | |
| Level | Mark | Descriptor |
| 0 | 0 mark | No rewardable material |
| Level 1 | 1 – 2 marks | Superficial analysis of the table with reasonable basic advice. 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 | 3 – 5 marks | Basic analysis of the table showing an understanding of the differences in the total for each age and income category. 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 – 8 marks | Reasoned advice given on the basis of a good analysis of the information on the table. 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 | 9 – 11 marks | Reasoned advice which takes into account the significant limitations of the survey and the fact that the marketing decision need to relate to the selling of the book, not just the restaurant clientele. 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. |

| 6(a) How could desk research have helped TPC to identify a suitable target market for the cookbook? | | |
|---|---|---|
| AOs | Mark Allocation | Exemplar Responses |
| <p>AO1 MB1 = 1 MB2 = 1</p> <p>AO2 MB1 = 1 MB2 = 1</p> <p>AO3 MB1 = 1</p> | <p>1 mark for meaning of desk research (may be implied)</p> <p>1 mark for suitable source (maximum 2 marks)</p> <p>1 mark for why the source would help to identify the target market (maximum 3 marks)</p> <p>(1 + 2 + 2) or (1 + 1 + 3)</p> <p>(5 marks)</p> | <p><u>Meaning</u></p> <ul style="list-style-type: none"> • Research into existing published sources. • <p><u>Why suitable</u></p> <ul style="list-style-type: none"> • Mintel – has published reports on all major market sectors – will have profiles on the market for different kinds of books. • Social Trends/Government publications – give details of peoples interests – would include details of the types of food people like to cook. • National diet and nutrition survey – gives details on who shops and cooks – will help TPC to target the people who might use cookbooks. |

| 6(b) Explain why desk research might be particularly unreliable if TPC wants to find out the dynamics of the market for cookbooks. | | |
|---|--|---|
| AOs | Mark Allocation | Exemplar Responses |
| <p>AO1 MB2 = 1 MB3 = 2</p> <p>AO2 MB3 = 1</p> <p>AO4 MB1 = 2 MB2 = 1</p> | <p>1 mark for meaning of dynamics of market</p> <p>1 mark for drawback (maximum 2 marks)</p> <p>1 mark for why that makes it unreliable (maximum 2 marks)</p> <p>1 mark for application to the dynamics of the market (maximum 2 marks)</p> <p>1 mark for application to TPC</p> <p>(1 + 2 + 2 + 1 + 1) or (1 + 2 + 1 + 2 + 1)</p> <p>(7 marks)</p> | <p><u>Dynamics of the market</u></p> <ul style="list-style-type: none"> • Changing nature of the market <p><u>Why unreliable</u></p> <ul style="list-style-type: none"> • Out of date – desk research is published data so it will not be totally up-to-date – cooking trends may have changed over time – peoples eating habits can change fairly quickly – TPC may make marketing decision on data that is now wrong. • Limited information – the secondary research may not have dealt with the exact market TPC is interested in — the market is likely to be influenced by what the public is being shown on television – this can change from week to week – TPC’s cookbook is about ethnic Irish dishes so may not have been of interest when the secondary research was published. |

| 7(a) Describe the changed economic condition. | | |
|---|--|--|
| AOs | Mark Allocation | Exemplar Responses |
| A01 MB1 = 1 | 1 mark for changed economic condition (1 mark) | (<i>Asda Plc</i> has been used as an example for Q8) <u>Name of business – Asda</u> <ul style="list-style-type: none"> • Downturn in the economy. • Recession. • Fall in customers' income. |

| 7(b) How did the business alter its marketing mix in order to cope with the changes in the economic conditions? | | |
|---|---|---|
| AOs | Mark Allocation | Exemplar Responses |
| A02 MB1 = 1 MB2 = 1 MB3 = 1 A03 MB1 = 1 MB2 = 1 | 1 mark for change to an element of the marketing mix (maximum 2 marks) How this helped to meet changed condition (maximum 3 marks) (5 marks) | <ul style="list-style-type: none"> • 10% lower prices than competitors of 15,000 items – customers offered the difference on a basket of goods if it did not cost less at <i>Asda's</i> major competitors – this would attract customers from other stores such as Tesco – would help <i>Asda</i> to maintain sales and keep people purchasing from its store even in times of recession. • Increased advertising to promote the offer – heavy advertising of the offer on television – ensured that most people knew about the offer – also emphasised that the prices were checked by an independent business – help customers trust the offer and be willing to try it out and increase sales. |

| 7(c) To what extent were the alterations to the marketing mix unsuccessful? | | |
|---|---|--|
| AOs | Mark Allocation | Exemplar Responses |
| A01 MB3 = 1 A04 MB1 = 1 MB2 = 1 MB3 = 1 | 1 mark for factor (maximum 2 marks) 1 mark for why that made it unsuccessful (maximum 3 marks) (4 marks) | <ul style="list-style-type: none"> • The offer included a guarantee to pay back any difference with a voucher – there were a significant number of cases where the difference was less than 10% - <i>Asda</i> had to pay the difference – made less profit on those goods. • Created a challenge to its competitors – they also dropped prices on many of the selected items – meant that <i>Asda</i> was having to pay out the difference more often – where this was publicised it may be that the offer looks less important. |

| | | |
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| 8(a) | State why this was a strategic decision for the business. | |
| AOs | Mark Allocation | Exemplar Responses |
| AO1 MB1 = 1 | 1 mark for why it was strategic (1 mark) | (The <i>Laura Ashley</i> has been used as an example for Q8) <u>Business – Laura Ashley</u> <u>Country – Australia</u> <ul style="list-style-type: none"> The decision was to expand stores in Australia over the long term. Required a decision by the full management as this needed considerable new investment. |

| | | |
|---|--|---|
| 8(b) | Analyse why the business chose this country (these countries). | |
| AOs | Mark Allocation | Exemplar Responses |
| AO1 MB1 = 1 MB2 = 1 AO2 MB3 = 1 AO4 MB1 = 1 MB2 = 1 | 1 mark for basic reason (maximum 2 marks) 1 mark for how the expansion matched this (maximum 3 marks) (5 marks) | <ul style="list-style-type: none"> English speaking – would mean less changes to the marketing mix – going into many European countries would need a change in language on packaging, advertisements, etc – would be comparatively more expensive. Similar culture to the UK – many Australians are from British decent – attracted by the same kind of products – may know of <i>Laura Ashley</i> through contacts in the UK. Has over 22 million people – breaking into this market would generate good sales – marketing can be uniform to the whole nation – creates economies of scale in the market, so lower cost/unit. |

| | | |
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| 8(c) | Identify tactical marketing decisions the business made in order to start selling or producing in this country (these countries). | |
| AOs | Mark Allocation | Exemplar Responses |
| AO2 MB1 = 3 AO3 MB1 = 1 | 1 mark for tactical decision (maximum 2 marks) 1 mark for how this helped the business to start in the country (maximum 3 marks) (4 marks) | <ul style="list-style-type: none"> Pricing would need to be changed – Australia has dollars, UK has pounds – the exchange rate is A\$1 = £0.64 – prices would need to very much higher in dollars in order to cover costs and ensure expansion was successful. Allowing some tactical decisions to be made by individual Australian stores – for example the ‘Scratch and Dent’ sale of display furniture in the Brand Junction store in Bundoorra – this allows store to make decisions that increase sales – profits can then be used to open more stores. |

6925 – Marketing Decisions – January 2013 – Content and AOs Grids

Content area distribution

| Question | Content area | | | | Total |
|---------------|--------------|-----------|-----------|-----------|-----------|
| | 10.1 | 10.2 | 10.3 | 10.4 | |
| 1 (a) | 4 | | | | 4 |
| 1 (b) | | 5 | | | 5 |
| 2 | 7 | | | 4 | 11 |
| 3 (a) | | 6 | | | |
| 3 (b) | | | | 4 | 4 |
| 4 (a) | | 6 | | | 6 |
| 4 (b) | | 5 | | | 5 |
| 4 (c) | | | | 4 | 4 |
| 5 (a) | | | 2 | | 2 |
| 5 (b) | | | 8 | 3 | 11 |
| 6 (a) | | | 5 | | 5 |
| 6(b) | | | 7 | | 7 |
| 7 (a) | 1 | | | | 1 |
| 7 (b) | 5 | | | | 5 |
| 7 (c) | | | | 4 | 4 |
| 8 (a) | 1 | | | | 1 |
| 8 (b) | 3 | | | 2 | 5 |
| 8 (c) | 2 | | | 2 | 4 |
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| | | | | | |
| Total | 23 | 22 | 22 | 23 | 90 |
| Target | 22/23 | 22/23 | 22/23 | 22/23 | 90 |

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Order Code UA034183 January 2013

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