

Examiners' Report/
Principal Examiner Feedback

Summer 2014

GCE Applied Business (6925)

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The main scenario for this paper was about the media tablet industry and the use of applications for this technology. Candidates responded well to the general topic but sometimes allowed their personal knowledge to cloud the marketing aspects of their answers.

Question 7 related to businesses practising diversification. Usually, suitable examples were taken but some candidates selected businesses practising market development rather than diversification.

Question 8 related to the effects of difficult economic conditions. Most candidates had little difficulty in selecting suitable conditions and in considering how a specific business was affected and how it changed its marketing mix to deal with this.

Unfortunately, the usual perennial weaknesses remain and lead to a considerable loss of potential marks for many candidates. These weaknesses are:

- Not reading the questions carefully enough
- Not considering the context of the question in sufficient depth
- Not understanding some very basic terminologies
- Not considering the number of marks being awarded for a question
- Not writing in the space provided, especially those candidates with large handwriting.
- Not developing answers
- A poor understanding of many aspects of Section 10.3 of the syllabus.

Comments on specific questions

1 (a)

This exact approach had not been taken in previous questions and it did seem to throw some candidates. Some candidates misread the question and took it to be asking how the business could target the different markets, rather than how it could decide which of the two potential markets it should target. A wide range of possible factors were considered. Most were sensible and valid, such as market share, which best matched their products and which was the largest market. Candidates choosing these sorts of factors could then give good explanations of why they would help to choose the best market.

1 (b)

Most candidates interpreted this question as intended and considered different forms, or content, of promotion for the two separate markets. Usually, candidates then also gave reasons for why the approaches would be appropriate for each market. Some candidates simply wrote about different forms of promotion that could be used in general terms without specifying which market they were for, nor why they might be appropriate for both markets. Only the best candidates gave full answers which also considered why different approaches would be needed.

2

As with previous questions on the Boston Matrix most candidates still seem to have a very poor understanding of what 'market growth' means in terms of the Boston Matrix. For this question the market was clearly given as that for media tablets and growth of that market, as a whole, should have been considered. Table 1 showed considerable market growth for each of the years shown, 97%, 53% and 103%. This automatically excluded Cash Cow and Dog as possible sectors for the four main producers to be in. Some candidates did comment on the high growth for the market as a whole and then ignored this for the classifications of the individual producers.

A significant number of candidates decided that they had to use all four sectors of the matrix and then set about justifying why each would be in a different sector, ignoring growth in the market as a whole and often the relative market shares for each business. There were a few candidates who misread Rim QNX's figures and gave the figures for 'Other' instead. Some candidates confused the Boston Matrix with the Ansoff Matrix.

Most candidates placed Apple in the Cash Cow section even though its sales rose from about 72,000 in 2012 to a forecast 169,000 in 2016. So, even if growth of Apple had been taken instead of that of the market as a whole, it should still have been classified as a Star.

Very few candidates considered the situation in 2012 in terms of the classification the producers could have been given then. This needed consideration of the change in market growth from 2011.

3 (a)

Nearly all candidates showed a good understanding of the product life cycle and how it could help inform Apple in deciding when to introduce updates and improvements.

3 (b)

Most candidates did identify the two likely target markets and then went on to give specific likely features of apps for iLife and apps for iWork, relating the first to consumers and the second to business users. Some candidates did not relate their answers to the two markets but simply wrote about the benefit, in general, of having 200,000 supportive apps, ignoring the phrase 'particularly suitable' in the question.

Q3(c)

Where candidates had a clear understanding of the two elements of PESTLE they generally gave full and well applied answers. Some candidates confused 'environmental' with 'ethical' and some of the answers about 'social' were very vague and poorly explained. There were also some answers where understanding of the terms was shown but the 'regular updates' ignored.

4 (a)

Only a minority of candidates gave the correct answer of 'loss leader'. The most common wrong answer was 'penetration pricing'. Whilst this might have been an element in the pricing strategy, it ignored the objective of the strategy which was to create sales for other products on the website. That is not an objective of penetration pricing.

4 (b)

Most candidates explained the drawbacks in terms of not covering costs, although some seemed to think that if enough Kindle Fires were sold this would somehow magically create a profit. Other candidates considered the possibility that potential customers might see the low price as a sign of poor quality. Generally, answers were fairly well thought out and candidates scored good marks. However, marks were lost by candidates who wasted a significant proportion of their answers by explaining the benefits of the pricing strategy.

5 (a)

There was, as usual, very poor understanding of what a sample frame means, even though the term is clearly listed in section 10.3 of the syllabus. A sample frame is the group of people who could be included in the actual sample. Many candidates stated that sample frame was the 400 people sampled. That is the actual sample, not the people who could have been selected. Another large proportion of candidates gave the type of sample being used, cluster, convenience, random, etc. Some could give the right meaning but then took the wrong group in this actual survey. Very few gave the correct frame for this survey.

5 (b)

Again, the term 'media mix' is clearly stated in the syllabus, in section 10.2, but very few candidates seemed to know what it meant. Many confused it with 'marketing mix' and others just saw it as promotion rather than specific media for that promotion.

There was considerable data in Table 2 which could have been used for selecting appropriate media, and candidates who did understand the term did do this, especially in terms of the interests section. However, most candidates simply took sections of the table and tried to tie these to elements of the marketing mix, typically relating the income section to possible pricing strategies.

The question did instruct candidates to 'assess' and that required them to consider limitations of the data, of which there were many. Only the better candidates did that, as well as relating their answers to the media mix, so few candidates scored above Level 2.

6 (a)

Despite the clue in the name, a significant number of candidates did not know what convenience sampling meant and described random, cluster and other forms of sampling. Candidates who did understand often gave only a basic meaning and did not then go on to explain why this survey showed convenience sampling. Only 1 or 2 marks awarded was fairly typical. The best candidates did give well developed explanations in terms of convenience to those carrying out the survey or the willingness of the respondents.

6 (b)

The main drawback described was that of using a cluster sample in Leicester and how that would limit the range of answers, especially as the business was planning on selling to the whole of the UK. Other drawbacks related to the time of day, which day of the week was chosen, the fact that this was on the High Street, etc, were also well argued and generally candidates scored good marks for this question. There were also good answers related to choosing the same number of men as women instead of taking a truly random sample.

6 (c)

There was no one correct answer to this question and marks were awarded on how well candidates could argue the case for their chosen first answer and against the others. Some candidates coped very well with the task, thinking carefully about the actual questions and their benefits and limitations and applying them clearly to what AppMyster was trying to find out and what it was planning to sell. Weaker candidates gave poorly thought out answers and often contradicted themselves as they considered each possible first question.

Q7

(a) Most candidates chose appropriate markets which clearly showed diversification. Some candidates chose market development, as with a business selling its products in another country, without any clear new product.

(b) The main weakness here was shown by candidates who read the question one that asked them to show how the business targeted the two markets rather than how the target customers in the two markets differed. Where candidates did read the question correctly they gained the basic marks easily, but only the better candidates developed their answers for full marks.

(c) A significant number of candidates did not know what a 'channel of distribution' meant and limited their answers to situations in which the product was being sold to the final customers. Many candidates simply stated what the channels would be but did not go on to compare them. Where services were chosen, as with Virgin's travel businesses, some candidates felt they needed to go back to the production of the trains or the planes, not recognising that what was being sold was a transport service.

Q8

(a) Most candidate had little difficulty in giving a feature of difficult economic conditions and how that affected the customers and hence the business. Details tended to be fairly general and in some cases they showed a poor understanding of what actually happened, as with rising prices during the recession. A significant number of candidates wasted time explaining how the business responded to the situation, which was the focus of part (b). Candidates must read all parts of these two final questions before choosing the business and answering the individual parts.

(b) Again, most candidates had little difficulty in stating the changes in the marketing mix that the businesses adopted and most then gave details of how these helped overcome the problems.

Issues for future series

The points listed below repeat comments made in previous reports, but they are ones that are still **not** being addressed by many candidates – hence marks are being lost unnecessarily.

1. **The applied approach** – All businesses used in these papers relate to real businesses, either named or with the names changed. Preparation for this paper should, therefore, include as much study as possible of the marketing processes and the decisions real businesses take. Candidates should also be aware of the changing marketing conditions taking place through changes in the economy, society and other internal and external influences.
2. **Terminologies** – Candidates need to know all of the terms given in the syllabus **and** common terms that relate to marketing. A particular problem is candidates' very poor understanding of sampling methods and techniques.
3. **Reading the question/following instructions** – Many marks are still being unnecessarily lost, simply because candidates have not read the question carefully enough or taken the context into consideration.
4. **Questions requiring extended answers** – There will continue to be two questions with 11 marks in the future series. Students should be shown how to develop their answers so that they can provide in-depth and detailed answers to these questions.
5. **Questions based on own study** – Students must be able to use knowledge and understanding of a wide range of real marketing situations in order to answer questions on any part of the syllabus. Centres need to ensure that their students have appropriate examples that can be applied to all parts of the syllabus. Careful selection of examples will allow candidates to use the same businesses studied across a range of possible topics for these final two questions.

Please also note the comments made about online marking in previous reports and the comments made about writing only to the space provided on the paper itself. Centres need to ensure that their candidates are not being disadvantaged simply because of the layout of the paper. Additional work outside of the specified area on the paper, or on additional sheets, is totally acceptable, but, when this is done, it is vital that the candidates indicate somewhere on their answer to a specific question that they are using additional paper or completing the answer somewhere else in the actual booklet.

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