

Examiners' Report/
Principal Examiner Feedback

Summer 2015

Pearson Edexcel GCE Applied Business
Unit 10 Marketing Decisions
6925 Paper 01

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GCE Applied Business 6925: Marketing Decisions – Principal Examiner Report June 2015

General Comments

The main scenario for this paper related to the marketing decisions made by Reading's Exclusive Lifestyle Magazine (RELM), an upmarket publication delivered free to 7,000 homes worth over £1 million. RELM makes its revenue and profits from the exclusive businesses that advertise in the magazine. Candidates responded well to the topic and generally applied their answers fairly well to the scenario.

The final two questions were, as always, based upon candidates' study of actual businesses. Question 7 related to businesses that had moved from a Star position on the Boston Matrix to a Cash Cow position. Candidates still confuse 'market growth' and growth of an individual product in the market. This had a major impact on the answers for part (b).

Question 8 related to businesses that sell the same product to consumer and business markets. This was well answered by candidates who chose businesses with distinctly different markets, but many candidates either dealt with businesses that then sold the product, very little changed, on to the consumer, or ignored sales to businesses completely.

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

Question 1 (a)

The best candidates, understanding the term, selected appropriate elements of the macro marketing environment and explained clearly why Gill and Albert should have considered them before starting RELM. Many candidates, however, confused macro and micro elements and only partially answered the question, some dealing only with micro elements. The best approach was to take clear external elements from PESTLE and apply these to the external environment that should have been considered.

Question 1 (b)

Most candidates could give a major distinction between strategic and tactical but explanations of why starting RELM would be long term or a major decision involving the whole business tended to be fairly weak. Basic reasons were given but then poorly applied to the actual setting up and starting of a magazine.

Question 1 (c)

The majority of candidates saw the people who received the magazine as the customers. This was correct in the sense that the magazine was produced for them as part of the target market, even though they did not pay for it. What was disappointing was that Figure 1 had made it clear that turnover and profits were earned by selling advertising space to businesses wanting to place advertisements in the magazine, so it was the advertising space that was being sold and it was the advertisers who were the customers.

Question 2

Nearly all candidates were able to get comfortably into Level 2 on the mark scheme, drawing on the information provided in Figure 1. The approach, however, was generally just to list strengths and say how they applied to the business, and then repeat the same for weaknesses. Only the best candidates went on to consider the relative importance of the strengths and weaknesses and to make any comparisons. Consideration of whether or not the strengths did outweigh the weaknesses tended to be no more than a statement that there were more (listed) of one rather than the other. The best candidates did respond to the instruction to assess the 'relative' strengths and weaknesses, but this was the exception.

Question 3 (a)

This question required a good understanding of the position of RELM in terms of the product life cycle and of what would be appropriate pricing strategies based on the changing position from entering the market to building up a circulation of 7,000 magazine being delivered. Only the best candidates could put all of these slightly diverse elements together to explain what was likely to change over time.

Some candidates simply listed all of stages of a conventional product life cycle, ignoring the actual likely position for RELM, which had nothing to suggest maturity, saturation or decline. Many candidates did give penetration pricing as the 2012 position, with a good basic reason, but few gave a justified 2014 position. Skimming (where the price is set high and later lowered) was often suggested which was not particularly suitable for 2012 and certainly not for 2014, as it is an entry pricing strategy.

Question 3 (b)

The majority of candidates did not 'consider the readership' of RELM but simply argued for a pricing strategy now that the business was established. Some of the candidates did choose premium pricing but did not justify it in terms of the readership. Some candidates did recognise the nature of the readership but then argued for a pricing strategy based on selling the magazine to these wealthy readers, not pricing for the businesses advertising in the magazine. Where candidates went from the readership and then considered the businesses advertising in the magazine, and trying to tie the two together, good answers were given.

Question 4 (a)

Most candidates had no problem in identifying that diversification required a new market with a new product and many candidates could specify what was new about the market and what would be the new elements in the product. The question did ask candidates to justify why it would be diversification and only the better candidates gave more developed answers in their justifications, with good details of the changes in market and product, to gain the full 4 marks.

Question 4 (b)

This question was fairly well answered but many candidates only considered positive or negative points, ignoring the instruction to 'analyse'. 'At this time' was well understood and the arguments for or against starting a second magazine were usually well related to the position of RELM's first magazine, just covering costs, 7,000 deliveries, the change in likely readership, etc.

Question 5 (a)

It was important that candidates appreciated how the survey was conducted, as shown in the stem, 'at home', 'self completion' and by MORI not RELM. Many of the basic drawbacks given could have applied to most surveys, as with people lying. The candidates who gave the best answers clearly recognised that the survey was being completed at home and had been left for the respondent to fill in without face-to-face guidance or monitoring.

Question 5 (b)

The question very clearly instructed candidates to answer 'with reference to the data shown on Table 1'. Some candidates gave general answers about why gender and age should be considered, making no reference to the data on Table 1 at all. Their possible mark was restricted to 2 marks in total.

Once Table 1 became the focus of the answer it should have been clear that differences in responses by females and males, and by different age groups should be significant in terms of the content of the magazine. There were some very well argued answers showing good analysis of the data and application to potential content by candidates who did highlight the differences as well as the similarities.

Some candidates only considered the highest responses and found it more difficult to find significant differences. Some candidates read gender differences into the age group, even though that could not be determined from the table. Many candidates concentrated on the gender element with little being said about the age element.

Question 6 (a)

Most candidates have a very poor understanding of sampling and few gained significant marks for this question. Many candidates ignored the details in the stem which limited the quota sample to gender, age and income and started listing all the other factors that might be in the actual survey questions such as lists of interests, where they lived, what magazines they read. Most candidates

did not consider that additional information would be needed before the quota sample could be constructed.

Question 6 (b)

Nearly all candidates could identify a secondary source but many of these were inappropriate for RELM trying to find out income data for the specified age group. These sources included approaching businesses, schools, job centres and the Inland Revenue. Where suitable sources were identified, such as the ONS, candidates did not really know what actual information was likely to be available.

Question 7

Candidates needed to select a market in which there was a clear fall in growth or a decline. Many of the markets chosen were still growing and only the named product was declining within that market. This showed a common misconception of what the Boston Matrix actually measures which is growth of the whole market, not of the individual product in the market.

(a) The market needed to be significantly specific for it to be identified as the market that would be in the Star and Cash Cow position. Some candidates gave markets that were too general, for example, technology.

(b) Very few candidates considered what was happening in the market as a whole, which for a Cash Cow position needed low, or even negative, market growth. Candidates confuse 'market growth' with growth of an individual product in the market. The market for 'smart phones' continues to grow significantly but BlackBerry's growth in that market has been very poor. That does not make BlackBerry a Cash Cow or Dog, but a Problem Child

The majority of candidates only considered the growth of the individual product in the overall market, and not the state of the overall market itself. Students need to look at what the actual 'Boston Consulting Group's Product Portfolio Matrix' stated were the criteria being examined.

(c) Despite most candidates scoring zero, or very low, marks for part (b) most candidates could give details of tactical marketing decisions that helped to keep sales of the selected product going. Explanations of why these were successful were often basic, except from the better candidates.

Question 8

Selection of the business tended to determine how well this question was answered. There needed to be one product being sold into a consumer market and into a business market, and, preferably, with different uses in the two markets, as with baked means being sold to household and to restaurants. Many candidates took the single product and showed two ways of it getting, basically unchanged, to the final consumer.

(a) Many candidates ignored the need to have a business customer and chose two consumer markets, old and young, the UK and abroad, males and females. These candidates could gain up to 3 marks but, frequently, did not explain why the strategies were different or why the differences would be effective for the different consumers.

Where candidates did clearly identify consumer and business markets, too many were simply getting the same product to the final consumer, direct or via other businesses.

(b) Many candidates had a poor understanding of the term. Even where this was understood it became complicated by the need to reconcile promotional strategies for part (a) with channels of distribution for part (b) when the selection of the product meant that, basically, the same channels was being used.

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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