

Examiners' Report/ Lead Examiner Feedback

January 2015

NQF BTEC Level 1/Level 2 Firsts in
Business

Unit 9: Principles of Marketing
(21325E)

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Introduction

This report has been written by the lead examiner for the BTEC Principles of Marketing unit. It is designed to help you understand how learners performed overall in the exam. For each question there is a brief analysis of learner responses. You will also find example learner responses from Level 2 Pass and Distinction learners. We hope this will help you to prepare your learners for future examination series.

Grade Boundaries

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Grade	Unclassified	Level 1 Pass	Level 2		
			Pass	Merit	Distinction
Boundary Mark	0	9	20	31	42

General Comments

This was the third sitting of this paper. Some learners appeared to be well prepared for this paper, although a significant number seemed to struggle both with examination technique and applying basic contents from the specification.

The use of the contextual information provided in the paper continues to improve, with the best responses making clear links between this data and relevant theory, but too many candidates still respond to questions by simply copying words or phrases from the case study. While this approach can be appropriate for questions that use the operative verb "identify", it is not appropriate for questions asking the learner to explain, describe, discuss, analyse or evaluate.

Where learners did well, they consistently used technical vocabulary correctly and made appropriate links between theory and the contextual data included in the paper. The best candidates demonstrated their wider knowledge of marketing activity and, in particular, the use of social media by firms.

Questions requiring an extended response continued to perform poorly. A number of candidates did not provide a second point for some four mark questions, despite the explicit instruction to explain two points. Too many learners still provide little more than lists of bullet points or unconnected sentences in their responses to 8 mark questions.

In preparation for future series, candidates should focus on developing their ability to use case study data without directly copying elements of it. There is also a need for candidates to focus on reading questions carefully, identifying all instructions given.

Candidates should remember that they need to present a balance argument when asked to discuss, evaluate or assess a point. It is essential that they consider more than one side of an argument, otherwise they will limit their ability to achieve a higher mark. Analytical models in the specification should be considered both in terms of their application to examples and their relative advantages and disadvantages. This is an area where candidates have not performed well not only in this paper but also the one that preceded it.

Q1

A significant number of candidates were able to access this question. There was little variation in the responses given.

- 1 Products such as comic books are often bought by parents and used by their children.

What is the name given to people who use a product that was bought by someone else?

The person who bought the product is the customer. The person who uses the product is a consumer. /

(Total for Question 1 = 1 mark)

Q2

This question also proved accessible to a wide range of candidates. Learners stated a wide range of different reasons for using marketing.

- 2 Give **one** reason why businesses use marketing.

Businesses use Marketing to identify customer needs and wants and make a product^{service} suited to meet their requirements. /

(Total for Question 2 = 1 mark)

Q3a

This question performed well, with many candidates able to correctly state that logos are symbols that make a brand recognizable. A minority of candidates responded to this question by simply stating one or listing a number of key terms relating to brands.

3 (a) What is the name given to symbols that are used to make a brand recognisable?

(1)

Symbols - Logo Font, text, images, Logo, colours, celebrity endorsement

Q3b

Performance on this question was variable with many candidates stating key words relating to branding rather than correctly identifying the description in the question stem as a brand extension or brand stretch.

(b) When a company develops a successful brand it often uses it to sell new products.

What is the name given to this strategy?

(1)

Brand extension Brand stretch
Product range - different products

(Total for Question 3 = 2 marks)

Q4a

Many candidates were able to correctly identify that the lifecycle stage described was the decline stage. Some candidates incorrectly stated that "Entertainment World" were at the Maturity stage of the lifecycle, but most responses seemed to indicate some knowledge of the Product Lifecycle model.

4 Entertainment World sells DVDs and CDs.
The sales of these products have been falling over the last three years.

(a) Which stage of the product life cycle have DVDs and CDs reached?

The Decline stage in the product life cycle. (1)

Q4b

This question proved challenging for a number of candidates simply restated the question and the question stem, albeit with the words in a different order. Better prepared learners were able to correctly note that the new product is being launched onto the market and that it might have relatively low sales or high advertising costs. Some candidates were able to describe the progress of the product into or out of the introduction stage of the lifecycle.

(b) Entertainment World has introduced a new product.

Describe what is meant by the term 'introduction stage' of the product life cycle.

The term 'introduction stage' when the product is already developed and then launched into the market. The stock of the product, heavy promotion or advertising to make people aware of the product. Brand awareness. (2)

Q4c

This question was not well answered by a number of candidates. Weaker responses were only eligible for two of the four marks available because they only made two valid points without any development. Stronger responses made two clear points, each of which was developed. The most common responses given related to the ability to spread risks over a number of products in a range and the potential for new products to replace older items that are near to the end of their lifecycle.

(c) Entertainment World wants to increase the number of products in its portfolio. <

Explain **two** reasons why Entertainment World might want to do this.

(4)

Entertainment World may want to broaden their product portfolio to gain more customers to the business, therefore ^{increasing potential revenue} increasing. It will allow higher revenue and profit from profitable products if launched. By broadening their range they can see whether certain products are profitable or not and adjust the product life cycle by extension strategies or cease trading the product to avoid potential loss of revenue and focus on profitable products.

Q4d

This question was generally well answered by a range of candidates. Many learners appeared to have a good knowledge of how social media can be used by businesses, applying knowledge from their own experience of using platforms such as Facebook or Instagram to the context of the question. Many responses stated a series of benefits of social media or gave a one sided response that developed the benefits of this method of promotion without any balance. Such responses typically gained three or four marks.

(d) The managers of Entertainment World have started using social media to promote the business and provide information about the latest album releases.

Customers are offered a 10% discount if they click a button to show that they 'like' an Entertainment World product.

Discuss whether social media is an appropriate promotional method for Entertainment World.

pros
cons
conclusion

(8)

The benefits of this is that social media is free advertising, and can increase sales due to more advertising. Also this is effective because if customers like the product this will pop up on their friends social media so it will recommend to them. Because of the 10% discount people are more likely to shop with Entertainment. Also this will generate awareness about the business because some people may not know about Entertainment worlds products or upcoming products.

One of the disadvantages of this is that it might not provide sales and only awareness.

This is an example of a better response which considered both the benefits and drawbacks of using social media.

Q5

This question was not well answered by candidates. Many learners struggled to correctly identify the goods sold by the case study business as capital goods. A surprising number of learners identified the demolition equipment as an example of consumer goods.

5 Kelvin sells products to other businesses to use in a production process.

What type of goods are these?

~~Consumer Goods~~ Capital Goods

1

(Total for Question 5 = 1 mark)

Q6ai

This question proved accessible to a wide range of candidates. Many learners were able to correctly identify the method of primary research listed in the case study associated with this question.

6 Kelvin has carried out different types of market research.

(a) (i) Identify **one** type of primary research that Kelvin has used.

(1)

Kelvin has 'carried out telephone interviews with the owners of building companies'

Q6aii

This question proved challenging for a number of candidates. This question required a response that stated a method of primary research. Some candidates were able to give an appropriate method of research. Other candidates either incorrectly identified a method of secondary research from the case study or gave inappropriate responses such as a definition of the term primary research.

(ii) Give **one** other type of primary research that Kelvin could use.

(1)

Questionnaires can be used to help g him or encourage him/get ideas from competitors of how to build a strong image of his business.

Q6b

This question was generally not well answered by candidates. Many responses suggested that candidates did not understand the disadvantages of primary research. Other responses stated a drawback of research without developing it. Candidates should be aware that the command word "Outline" requires a response that develops a single point. The example below, states two relevant points (the time involved in gather the research and the cost of its research), but only gains one mark because neither is developed.

(b) Outline **one** disadvantage to Kelvin of using primary research.

(2)

One disadvantage is that it will take to much time and money to ~~ga~~ get information by using primary research.

Q7a

Many candidates were able to correctly state that the P in PESTLE stands for Political. A number of answers gave key words relating to marketing that begin with P such as Product or Promotion instead of Political.

7 Kelvin is planning to carry out a PESTLE analysis.

(a) What does the P in PESTLE stand for?

(1)

Political

Q7b

This question proved challenging for some candidates with a number of incorrect answers given, normally relating to other elements of PESTLE analysis such as laws or pollution.

Where candidates answered this question correctly, they generally gave an answer such as taxes or interest rates.

(b) One E in PESTLE stands for economic.

State **one** economic factor that might have an impact on Kelvin's business.

(1)

A rise in tax or interest rates may impact on Kelvin's business's profit he may gain.

Q7c

Many candidates struggled to achieve any marks for this question. Too many responses made statements about the importance of following the law without stating a specific legal factor. A surprising number of responses suggested that the absence of a brand identity from the business might be a legal factor.

Most correct answers related either to copyright or to health and safety issues. A significant minority of responses correctly recognised that the case study business produces equipment that is used in a dangerous workplace and linked this fact to health and safety law.

(c) The L in PESTLE stands for legal.

Describe **one** legal factor that might have an impact on Kelvin's business.

(2)

A legal factor may include a law or act that he and his business must abide by. This may include Health and Safety ~~etc~~ an example would be if his factory was not safe enough for him and his employees, then changes would have to be made.

(Total for Question 7 = 4 marks)

Q8a

This question proved challenging for many candidates. Although a number of responses demonstrated some understanding of the relationship between price and demand, few learners were able to show any understanding of the concept of elasticity.

8 Kelvin sells products that have price elastic demand.

(a) Outline what is meant by price elastic demand.

(2) Q08a

It means that the price of elastic changes depending on the amount of demand of that material. So if everyone is wanting elastic then the price of it will go up and if they don't then it will go down.

Q8b

This question required candidates to make a point about mark-up pricing and to develop it. Many candidates struggled to answer this question. Although some were able to show some understanding of mark-up pricing, many others simply wrote about pricing strategies in general terms, commenting on the importance of setting the correct price. Better responses tended to relate to the simplicity of this method or to the ability of the business owner to set a price that covers costs.

(b) Kelvin manufactures machinery used to demolish buildings, which he sells to other businesses. Kelvin uses mark-up pricing when setting the price he will charge.

Explain **one** advantage to Kelvin's business of using mark-up pricing.

(2)

The advantage of mark-up pricing is he knows his costs are covered and he will be making a profit off the product. The cost of product plus the percentage of the product.

Q8c

This was a question that many candidates did not answer well. Too many learners simply demonstrated their knowledge of SMART objectives without demonstrating how this model could be used by the case study business in order to expand.

Furthermore, candidates tended to fail to make and develop two separate points. Too many candidates simply stated either one or two points without any development. For future sessions, candidates should be aware that when a question asks for two things to be explained, they should make two different points, both of which are developed.

(c) Kelvin wants to expand his business. He has set SMART objectives in his marketing plan.

Explain **two** ways in which SMART objectives will help Kelvin manage the expansion of his business.

(4)

SMART targets are used to help achieve (aimed) to the overall objectives of the business. For example, increase sales by 5%. The sales will increase revenue and profit ^{for expand.} if he meets his overall objective. This will

S - Specific - Increase sales by 5% ~~allow to~~

M - Measurable - Time limit

A - ~~Realistic~~ Achievable - Can it done

R - Realistic - Product range expansion to help, can be done,

T - Time-related - 10 months

Q9a

Many candidates were able to achieve at least one mark on this question by identifying an appropriate form of promotion. The best responses showed a good understanding of the context of the question, noting that methods such as trade fairs and personal selling were likely to be appropriate ways of promoting the heavy machinery designed by Kelvin Cuttler.

9 Kelvin sells his products in a Business to Business market. B2B

(a) State **two methods** of promotion that would be appropriate for a Business to Business market.

(2)

1 Kelvin could promote his products at trade fairs.

2 Do demonstration of products.

2

Q9b

Many candidates struggled to answer this question. Although a number of responses demonstrate some understanding of the concept of market share, too few responses showed any clear understanding of the implications of market share.

Many responses incorrectly referenced elements of the case study material such as the 50 mile radius in which the business tends to find its customers or the firms lack of brand image.

(b) Kelvin currently has a low share of the market for construction machinery.

Explain **two** implications, other than profit, for Kelvin's business of having a low market share.

(4)

The lack of branding as resulted in Kelvin's business experiencing a low market share. This is because less potential customers are willing to go to a business they can trust or ~~has~~ uses methods of branding.

Kelvin's competitors have said to have a strong brand image. Therefore, customers are willing to go to his competitors to purchase products than his because he hasn't bothered branding especially in an industry so large full of competitors. This is therefore two reasons or implications that may be a result of Kelvin's business' low market share.

Q9c

This question elicited a number of disappointing responses. Candidates were, in many cases, able to use the case study material to conduct a simple SWOT analysis, and many learners clearly understood the basic details of the model. Few candidates achieved more than three marks, while many responses gained one or two marks for demonstrating knowledge of SWOT analysis, very few answers were able to develop this knowledge. Candidates should be reminded to read questions carefully and to ensure that their responses fully address the question set. Other analytical models in the specification may be tested in ways similar to this in future examinations. Candidates should be able to critique the analytical models in the unit content.

Below is an example of a response that applied the model rather than analysing it, a common mistake made by many candidates when attempting this question.

SWOT analysis is used to assess the position of a business in the current market. Considering Kelvin has a low market share due to competition entering the same market, he ^{has} a lot of threats from other businesses.

Kelvin can analyse his strengths of his business that no other business has and use it to his best potential. Due to his low market share, it has damaged his reputation as a business as a result of not having a brand.

Kelvin could see his weaknesses and ~~weak~~ where he lacks. His main problem is brand identity, Kelvin has not developed a brand for his products, therefore no one notices his company. This is main weaknesses and he needs to develop a brand to gain attention of ^{a market segment} customer, potential customers and competitors.

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