



General Certificate of Education

Applied Business 8616/8619

BS11 The Marketing Environment

Mark Scheme

2009 examination - January series

Mark schemes are prepared by the Principal Examiner and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation meeting attended by all examiners and is the scheme which was used by them in this examination. The standardisation meeting ensures that the mark scheme covers the candidates' responses to questions and that every examiner understands and applies it in the same correct way. As preparation for the standardisation meeting each examiner analyses a number of candidates' scripts: alternative answers not already covered by the mark scheme are discussed at the meeting and legislated for. If, after this meeting, examiners encounter unusual answers which have not been discussed at the meeting they are required to refer these to the Principal Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of candidates' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

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	Assessment Objectives
	The Assessment Objectives represent those qualities which can be demonstrated in candidates' work and which can be measured for the purposes of assessment.
AO1 Knowledge, skills and understanding	Candidates demonstrate knowledge and understanding of the specified content and relevant business skills.
AO2 Application of knowledge, skills and understanding	Candidates apply knowledge and understanding of the specified content and relevant business skills.
AO3 Research and analysis	Candidates use appropriate methods in order to obtain and select information from a range of sources to analyse business problems.
AO4 Evaluation	Candidates evaluate evidence to reach reasoned judgements.
Quality of Written Communication	<p>The quality of written communication is assessed in all assessment units where candidates are required to produce extended written material. Candidates will be assessed according to their ability to:</p> <ul style="list-style-type: none"> • select and use a form and style of writing appropriate to purpose and complex subject matter • organise relevant information clearly and coherently, using specialist vocabulary when appropriate • ensure that text is legible, and that spelling, grammar and punctuation are accurate, so that meaning is clear. <p>The assessment of the quality of written communication is included in Assessment Objective 4.</p>

1

Total for this question: 22 marks

(a) *Using Table 1 in Item A, describe the changes in the UK retail prices of clothing between 2003 and 2007. (2 marks)*

1 mark for stating that they have fallen (AO1).

1 mark for quantifying change, eg by at least 9.4% (AO2).

(b) *Using Item A, explain two possible causes of the changes in the UK retail prices of clothing between 2003 and 2007. (8 marks)*

Apply the following marking scheme to each answer.

Level	Descriptor	Marks	Assessment Objective
2	Uses Item A to explain a possible cause of the changes in UK retail prices of clothing.	3–4	AO2
1	Describes a possible cause of the changes in prices.	1–2	AO1

Relevant answers might include the following:

- shift to purchasing products from low-cost manufacturers – reducing costs and allowing price reductions
- higher exchange rate – reducing the price paid in terms of sterling
- driven by the ‘value clothing’ market
 - competitive market – forcing prices down
 - growing market – perhaps several new businesses entering the market and further increasing price competition.

(c) Using **Item A**, analyse **two** possible reasons why the demand for clothes sold by a 'value clothing' retailer might **fall**. (12 marks)

Apply the following marking scheme to each answer.

Level	Descriptor	Marks	Assessment Objective
3	Uses Item A to explain a possible cause of a fall in demand for 'value clothing'.	5–6	AO3
2	Uses Item A when describing a reason for a fall in demand.	3–4	AO2
1	Describes generic reason why the demand for a product might fall.	1–2	AO1

Relevant answers might include the following:

- increasing cost of purchasing the product, eg a fall in UK exchange rate or increased cost of importing products
- competitor provides a better offer, eg *Tesco's* products could be superior to *Asda's*
- ethical concerns, eg change in consumer preferences due to concerns about working conditions in manufacturing countries.

2

Total for this question: 30 marks

(a) Using **Item B**, explain **one** reason why retailers in the 'value clothing' market, such as Primark and Asda, might have carried out: (8 marks)

Apply the following marking scheme to each answer.

Level	Descriptor	Marks	Assessment Objective
2	Uses Item B when explaining a reason for using the method of research.	3–4	AO2
1	Describes the method of research or a general benefit of the method of research.	1–2	AO1

Relevant answers might include the following:

Market research:

- Primark customer opinions on store layout
- Primark research in Spanish consumer opinions prior to entering the market
- fashion preferences of target groups
- suitability of 'G21' range prior to and after its launch.

Observation of market activities:

- identify fashion trends
- Primark – trends in Spanish retailing activities
- Asda – observation of Primark's activities and possible implications for its own retail outlets.

(b) Using **Item B**, analyse the possible reasons for Primark's success in 2007. (8 marks)

Apply the following marking scheme to each answer.

Level	Descriptor	Marks	Assessment Objective
3	Uses Item B to analyse factor(s) contributing to Primark's success.	6–8	AO3
2	Uses Item B to explain why Primark was successful.	3–5	AO2
1	Describes performance of Primark or general reason(s) for success.	1–2	AO1

Relevant answers might include the following:

- focus on affordable fashion – identifying fashion trends and meeting customer needs at a low price
- investment in stores
 - increasing square footage – having the capacity to meet demand
 - fitting stores to a high standard – creating a shopping experience similar to more up-market retail outlets
- overseas expansion – successfully entering a foreign market which must have required effective market research and careful thought when launching the two stores, eg availability and suitability of the products
- in general, effective market penetration and development.

(c) Using **Item B**, discuss the extent to which Asda's marketing activities could defend its share of the 'value clothing' market. (14 marks)

Level	Descriptor	Marks	Assessment Objective
3	Uses Item B when analysing factors affecting Asda's ability to defend its market share.	5–7	AO3
2	Uses Item B when explaining an advantage or disadvantage of Asda's marketing activities.	2–4	AO2
1	Identifies a generic factor affecting a business's market share or describes Asda's marketing activities.	1	AO1

Relevant answers might include the following:

- use of different retail outlets
 - attempt to reach as much of the target market as possible – in different shopping environments
 - perhaps Asda consumers more likely to purchase 'George' clothing as a secondary consideration. Difficult to establish brand loyalty?
 - 'George' outlets not as successful as Asda had hoped – favour the expansion of Asda Living outlets
 - Asda Living outlets at least have clothing on its own level, so approximating a department store experience. Increasing the number of outlets should increase overall sales.

- 'G21' fashion range
 - attempt to match Primark's offer or beat it?
 - indication that the range has been selling, but no indication of how well
 - could easily be matched by competitors
 - is it an attempt to target a different group of consumers or just maintain loyalty?
 - does not really matter how good the product range is if the shopping experience is inferior.

For AO4, you should award marks using the scheme below.

Note that AO4 also assesses candidates' quality of written communication. When deciding on the AO4 level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

Level	Descriptor	Marks	Assessment Objective
3	Evaluates the ability of the marketing activities to defend market share. Ideas are communicated in a coherent structure with consistent and appropriate use of technical terms. There are few errors in accepted conventions of written communication.	6–7	AO4 and Quality of written communication
2	Judges, with some justification, the ability of the marketing activity(ies) to defend market share. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	3–5	
1	Judges, using limited evidence, the ability of the marketing activity(ies) to defend market share. Ideas are communicated with some structure evident with occasional use of appropriate technical terms. There are some errors in accepted conventions of written communication.	1–2	

3**Total for this question: 28 marks**

(a) *Assess the significance to 'value clothing' retailers, such as Asda, of the UK clothing market trends identified in **Item C**.* (14 marks)

Level	Descriptor	Marks	Assessment Objective
3	Uses Item C to analyse the significance of trend(s).	5–7	AO3
2	Explains the possible impact of trend(s) described in Item C .	2–4	AO2
1	Describes the data.	1	AO1

Relevant answers might include the following:

- value clothing market
 - still indicating growth – 5.9% - but over five years this seems low
 - market becoming even more competitive and profit margins declining – hence the idea that the market will not be able to support the same number of businesses
 - significance – need to ensure that the business protects market share in the short term.
- market segments
 - market for women's clothing possibly presents the greatest threat – are value clothing retailers capable of differentiating their products in order to gain higher prices or will market share be lost to mainstream retailers?
 - however, apparently plenty of scope to increase revenue from male consumers
 - significance - greater range of male clothing and a focus on improving the quality/diversity of women's clothing?
- threat from mainstream retailers
 - could reduce the size of the market for value clothing if social and ethical trends favour mainstream retailers who may well promote ethical values and further enhance the quality of their products.
- numerical data
 - index of consumer spending re-enforces growth potential of menswear market – approximately 5% per year steady growth – but falling off slightly by 2011
 - significance – value retailers might need to focus more on men's clothing, but no data provided for spending on women's and children's clothing.

See opposite page for AO4.

For AO4, you should award marks using the scheme below.

Note that AO4 also assesses candidates' quality of written communication. When deciding on the AO4 level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

Level	Descriptor	Marks	Assessment Objective
3	Evaluates the significance of the market trends in Item C . Ideas are communicated in a coherent structure with consistent and appropriate use of technical terms. There are few errors in accepted conventions of written communication.	6–7	AO4 and Quality of written communication
2	Judges, with some justification, the significance of the market trends in Item C . Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	3–5	
1	Judges, using limited evidence, the significance of the market trends in Item C . Ideas are communicated with some structure evident with occasional use of appropriate technical terms. There are some errors in accepted conventions of written communication.	1–2	

(b) Evaluate a marketing strategy that a 'value clothing' retailer, such as Asda, could implement to take advantage of the UK clothing market trends identified in **Item C**.
(14 marks)

Level	Descriptor	Marks	Assessment Objective
3	Uses Item C to analyse the suitability of the marketing strategy or analyses how the strategy could be implemented.	5–7	AO3
2	Describes the marketing strategy/activity(ies) in context.	2–4	AO2
1	Identifies a marketing strategy/activity.	1	AO1

A range of marketing strategies could be selected, for example:

- segmentation/market development – develop the segment for men’s clothing
- competitive positioning – gain increasing share of the ‘value clothing’ market
- horizontal integration – merge with other value retailers to gain economies of scale and compete more effectively.

Candidates are required to justify the strategy in relation to the trends shown in **Item C**. The levels awarded will depend on the extent to which a candidate identifies a key issue from **Item C** (eg women’s clothing market reaching maturity) and justifies a marketing strategy capable of addressing the issue (eg segmentation strategy differentiating the product offer to women and men).

For AO4, you should award marks using the scheme below.

Note: AO4 also assesses candidates’ quality of written communication. When deciding on the AO4 level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

Level	Descriptor	Marks	Assessment Objective
3	Evaluates the suitability of the marketing strategy. Ideas are communicated in a coherent structure with consistent and appropriate use of technical terms. There are few errors in accepted conventions of written communication.	6–7	AO4 and Quality of written communication
2	Judges, with some justification, the suitability of the marketing strategy/activity(ies). Ideas are communicated in a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	3–5	
1	Supports suitability of the marketing strategy/activity. Ideas are communicated with some structure evident with occasional use of appropriate technical terms. There are some errors in accepted conventions of written communication.	1–2	