



**General Certificate of Education (A-level) Applied
June 2012**

Applied Business

BS11

**(Specification
8611/8613/8616/8617/8619)**

Unit 11: The Marketing Environment

(External Test)

Mark Scheme

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 events which all examiners participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every examiner understands and applies it in the same correct way. As preparation for standardisation each examiner analyses a number of students' scripts: alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, examiners encounter unusual answers which have not been raised 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 students' 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.

Further copies of this Mark Scheme are available from: aqa.org.uk

Copyright © 2012 AQA and its licensors. All rights reserved.

Copyright

AQA retains the copyright on all its publications. However, registered schools/colleges for AQA are permitted to copy material from this booklet for their own internal use, with the following important exception: AQA cannot give permission to schools/colleges to photocopy any material that is acknowledged to a third party even for internal use within the centre.

Set and published by the Assessment and Qualifications Alliance.

| | Assessment Objectives |
|--|--|
| | The Assessment Objectives represent those qualities which can be demonstrated in students' work and which can be measured for the purposes of assessment. |
| AO1 Knowledge, skills and understanding | Students demonstrate knowledge and understanding of the specified content and relevant business skills. |
| AO2 Application of knowledge, skills and understanding | Students apply knowledge and understanding of the specified content and relevant business skills. |
| AO3 Research and analysis | Students use appropriate methods in order to obtain and select information from a range of sources to analyse business problems. |
| AO4 Evaluation | Students evaluate evidence to reach reasoned judgements. |
| Quality of Written Communication | <p>The quality of written communication is assessed in all assessment units where students are required to produce extended written material. Students 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: 29 marks

1 (a) Using **Item A**, explain **two** ways in which changes in the economic environment could have **reduced** the profits of Chinese toy manufacturers. (6 marks)

| Level | Descriptor | Marks | Assessment Objective |
|-------|--|-------|----------------------|
| 3 | Uses Item A when explaining two ways in which change in the economic environment could have reduced profits. | 6–5 | AO2 |
| 2 | Uses Item A when explaining one way in which change in the economic environment could have reduced profits. | 4–3 | |
| 1 | Demonstrates understanding of how the economic environment can affect the profits of any business. | 2–1 | AO1 |

Relevant answers might include the following:

- rising costs and/or falling revenues will have reduced profits
- rising costs might be caused by increased cost of raw materials or wage rates
- falling revenues might be caused by an appreciation of the exchange rate or decline in demand from buyers in Europe/USA.

1 (b) Using **Item A**, explain why product development might be important for the future success of toy manufacturers in China. (8 marks)

| Level | Descriptor | Marks | Assessment Objective |
|-------|--|-------|----------------------|
| 3 | Uses Item A when explaining the factors encouraging Chinese manufacturers to carry out product development. | 8–7 | AO3 |
| 2 | Uses Item A when explaining the benefits to Chinese manufacturers of product development. | 6–4 | AO2 |
| 1 | Demonstrates understanding of product development. | 3–1 | AO1 |

Relevant answers might include the following:

- Chinese manufacturers' profits being reduced – a number of these businesses have closed
- manufacturers need to be able to gain profitable orders – either by reducing costs or increasing revenues
- product development – one way in which a manufacturer could gain some ability to increase prices by differentiating their product from the competition (in China, Thailand or Vietnam)
- product development could also be a way to reduce costs – produce the same toy but using fewer/cheaper materials
- product development could also help a manufacturer to improve the way it meets buyers' needs, eg by producing a toy that takes advantage of new trends in the toy market.

1 (c) Do you think that toy manufacturers in China should brand and sell their own products to Chinese consumers rather than supply toys to overseas businesses, such as *Matel*? Use **Item A** to justify your answer. (15 marks)

| Level | Descriptor | Marks | Assessment Objective |
|-------|--|-------|----------------------|
| 3 | Uses Item A to analyse factor(s) affecting the potential success of entering the domestic market. | 8–6 | AO3 |
| 2 | Uses Item A when explaining advantage(s) or disadvantage(s) of entering the domestic market. | 5–3 | AO2 |
| 1 | Demonstrates understanding of a relevant marketing strategy. | 2–1 | AO1 |

Relevant answers might include the following:

- problem currently seems to be that overseas buyers are not willing to cover any increases in costs faced by Chinese manufacturers
- at the same time, Chinese manufacturers cannot cut their costs so may be inevitable that they will have to find new buyers
- distributing/retailing their own brand of toys could help Chinese manufacturers to gain some price setting power through establishing brand loyalty
- establishing brand loyalty might be easier in a domestic market than an overseas one
- however, not at all clear that the Chinese market is understood even by Chinese manufacturers
- establishing brand loyalty takes time and, perhaps, companies like *Matel* already retail in the Chinese market making it difficult to compete
- overall, as the Chinese economy is developing and incomes are increasing, would seem sensible to turn to this market yet no guarantees of success.

See next page for Evaluation grid.

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

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

Judgement is being made on how important the two markets might be to Chinese toy manufacturers. To access Level 3, judgement must be made on the relative significance of the markets.

| Level | Descriptor | Marks | Assessment Objective |
|--------------|---|--------------|--|
| E3 | Offers judgement with weighted justification. Ideas are communicated in a coherent structure with consistent and appropriate use of technical terms. There are few errors in conventions of written communication. | 7–6 | AO4 and Quality of written communication |
| E2 | Offers judgement with supported justification. Ideas are communicated in a logical structure with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication. | 5–3 | |
| E1 | Offers limited judgement. Ideas are communicated with some structure evident with occasional use of appropriate technical terms. There are some errors in accepted conventions of written communication. | 2–1 | |

2

Total for this question: 28 marks

2 (a) Using **Figure 1**, explain **how** GP has benefited from market development. (5 marks)

| Level | Descriptor | Marks | Assessment Objective |
|-------|---|-------|----------------------|
| 2 | Uses Figure 1 when explaining a benefit of market development. | 5–3 | AO2 |
| 1 | Demonstrates an understanding of market development. | 2–1 | AO1 |

Relevant answers might include the following:

- GP's retail outlets in Europe, USA and China will allow it to sell more of its products as shown by data in **Figure 1**
- International Retail growing rapidly - increase in sales from €93m to €226m
- Italian retail market also grown and has helped to counteract the decline in diversified products.

2 (b) Using **Item B**, analyse the **weaknesses** of GP's market position. (8 marks)

| Level | Descriptor | Marks | Assessment Objective |
|-------|--|-------|----------------------|
| 3 | Uses Item B to analyse the significance of GP's market position. | 8–7 | AO3 |
| 2 | Uses Item B when explaining the weakness(es) of GP's market position. | 6–4 | AO2 |
| 1 | Demonstrates understanding of market position. | 3–1 | AO1 |

Relevant answers might include the following:

- part of GP's sales depend on agreements with other companies – if GP is seen as a competitor, these agreements could end
- very diverse products – from toys to clothing – which could make the business vulnerable to competitors
- nearly three quarters of revenues are from Italy which makes its market position questionable in the rest of the world
- does not have any significant market share in its International Retail outlets, indicating a possibly poor market position
- Diversified Products' sales declined possibly indicating that market position could be weaker here than in GP's other divisions.

2 (c) *To what extent should GP focus on developing its **Toys Italy** business division if it is to achieve its 2015 sales objective? Use **Item B** to justify your answer.*
(15 marks)

| Level | Descriptor | Marks | Assessment Objective |
|-------|---|-------|----------------------|
| 3 | Uses Item B to analyse factors affecting the ability of GP to achieve its sales objective. | 8–6 | AO3 |
| 2 | Uses Item B when explaining an advantage or disadvantage of developing Toys Italy. | 5–3 | AO2 |
| 1 | Demonstrates understanding of a relevant marketing strategy. | 2–1 | AO1 |

Relevant answers might include the following:

- aggressive objective – sales objective for 2015 of €2000 million – so significant growth is needed from somewhere!
- Toys Italy is still the main business division, but no obvious signs of growth
- however, Toys Italy is its core business and where it generates the toys which are then retailed
- Diversified Products market seems to be in decline so could divert resources from this to Toys Italy
- International Retail would seem to be the area where it should expand – very rapid rate of growth with room to expand considering it only has a small market share in these countries
- overall – focus should be on both Toys Italy and the International Retail divisions.

See next page for Evaluation grid.

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

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

Judgement is being made on how significant the divisions are to the success of the business. To access Level 3, judgement must be made on the relative significance of the divisions.

| Level | Descriptor | Marks | Assessment Objective |
|--------------|---|--------------|--|
| E3 | Offers judgement with weighted justification. Ideas are communicated in a coherent structure with consistent and appropriate use of technical terms. There are few errors in conventions of written communication. | 7–6 | AO4 and Quality of written communication |
| E2 | Offers judgement with supported justification. Ideas are communicated in a logical structure with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication. | 5–3 | |
| E1 | Offers limited judgement. Ideas are communicated with some structure evident with occasional use of appropriate technical terms. There are some errors in accepted conventions of written communication. | 2–1 | |

3

Total for this question: 23 marks

3 (a) Using **Item C**, analyse the marketing benefits to *Wicked Vision* of using the Internet to communicate with its customers. (8 marks)

| Level | Descriptor | Marks | Assessment Objective |
|-------|---|-------|----------------------|
| 3 | Uses Item C to analyse the marketing benefits of using the Internet to communicate with its customers. | 8–6 | AO3 |
| 2 | Uses Item C when explaining how <i>Wicked Vision</i> could use the Internet to communicate with its customers. | 5–3 | AO2 |
| 1 | Demonstrates understanding of the technical environment. | 2–1 | AO1 |

Relevant answers might include the following:

- varied use of the Internet by the business, ie Facebook, website, Twitter and YouTube
- allows for detailed communication and to illustrate product benefits in a market where demonstrations are important
- allows for feedback and customer reviews which can then be viewed by prospective customers and used by the business as a form of market research
- using the Internet to raise the profile of the business and its products in a type of market where consumer trends/fashion might be crucial.

3 (b) *Wicked Vision wants to widen the ‘Wicked’ brand by launching more products and increasing its customer base.*

*Recommend how Wicked Vision could carry out research to identify the best way of developing its market. Use **Item C** to justify your answer. (15 marks)*

| Level | Descriptor | Marks | Assessment Objective |
|-------|--|-------|----------------------|
| 3 | Uses Item C to analyse the type of information that could help to identify successful products. | 8–6 | AO3 |
| 2 | Uses Item C when explaining the information that could be collected. | 5–3 | AO2 |
| 1 | Demonstrates understanding of research methods. | 2–1 | AO1 |

Relevant answers might include the following:

- market research – to identify customer opinions on new toys (either own brand or imported) and through interviews and focus groups rather than questionnaires which might be more appropriate for widening the customer base
- observation of market activities – visiting other countries (eg trade exhibitions or simply observation) to identify possible brands that could be imported or produced under the ‘Wicked’ brand name
- business and trade publications – could offer information concerning trends in the industry, but given the pace of change likely in this market, not a particularly useful source of information
- government publications – could offer information on leisure activities, population structure etc which might be of some use when considering how to widen the customer base.

See next page for Evaluation grid.

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

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

Judgement is being made on the ability of the methods to provide suitable information. To access Level 3, judgement must be made on the relative importance of the methods.

| Level | Descriptor | Marks | Assessment Objective |
|--------------|---|--------------|--|
| E3 | Offers judgement with weighted justification. Ideas are communicated in a coherent structure with consistent and appropriate use of technical terms. There are few errors in conventions of written communication. | 7–6 | AO4 and Quality of written communication |
| E2 | Offers judgement with supported justification. Ideas are communicated in a logical structure with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication. | 5–3 | |
| E1 | Offers limited judgement. Ideas are communicated with some structure evident with occasional use of appropriate technical terms. There are some errors in accepted conventions of written communication. | 2–1 | |