



General Certificate of Education

Business Studies 6131

**BUS6 External Influences and
Objectives and Strategy**

Mark Scheme

2008 examination - June 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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General Marking Guidance

You should remember that your marking standards should reflect the levels of performance of Advanced Level candidates, mainly 18 years old, writing under examination conditions. The level of demand of this unit is that expected of candidates at the end of a full A Level course.

Positive Marking

You should be positive in your marking, giving credit for what is there rather than being too conscious of what is not. Do not deduct marks for irrelevant or incorrect answers as candidates penalise themselves in terms of the time they have spent.

Mark Range

*You should use the whole mark range available in the marking scheme. Where the candidate's response to a question is such that the mark scheme permits full marks to be awarded, full marks **must** be given. A perfect answer is not required. Conversely, if the candidate's answer does not deserve credit, then no marks should be given.*

The use of Levels of Response

*Levels of response marking requires examiners to follow the logic of a candidate's answer. A concept which would receive credit only for knowledge in one context could become a means of analysis in another. For instance, in the question: 'Discuss the BGD Company's marketing strategy', a candidate who writes: 'approaches to a strategy include SWOT and the Boston Matrix' is showing knowledge. A brief, accurate explanation of the Matrix shows understanding, whereas a candidate who uses the Matrix to examine the BGD Company's case is showing the skill of analysis. **Please note that there are other ways to show analysis.***

*What then of evaluation? This is the hardest skill to define because judgement can only be shown in context - and that context is not only the one set in the assessment unit, but also by the candidate's own answer. Evaluation is **not** shown by drilled phrases or approaches such as: 'On the other hand ...' or 'Business operates in an ever-changing ...'. It is shown through the weighting of the candidate's arguments, the logic (and justification) of his/her conclusions.*

The skills we seek from candidates are as follows:

- 1 Knowledge and understanding: accurate definitions or explanations of relevant terms should always be credited within this category; candidates can also gain credit for knowing and explaining a point relevant to the question, eg an advantage of factoring.
- 2 Application is the skill of bringing knowledge to bear to the business context faced by the candidate. Candidates should not be rewarded for simply dropping the company name or product category into their answer; the response must show recognition of some specific business aspect of the firm, its management or its situation.
- 3 Analysis: building up an argument using relevant business theory in a way that answers the question specifically and shows understanding of cause and effect.
- 4 Evaluation is judgement. This can be shown within an answer, through the weighting of an argument or in the perceptiveness shown by the candidate (perhaps about the degree of crisis/strength of the XYZ Company). It can also be shown within a conclusion, perhaps by weighing up the strength of the candidate's own arguments for and against a proposition. Evaluation is **not** shown simply by the use of drilled phrases such as "On the other hand" or "Business operates in an ever-changing environment." It is shown through the weighting of the candidate's response plus the logic and justification of his/her conclusions.

Quality of Language

The GCSE and GCE A/AS Code of Practice requires the assessment of candidates' quality of written communication wherever they are required to write in continuous prose. In this unit, this assessment will take place for each candidate's script as a whole by means of the following marking criteria.

- LEVEL 4 Complex ideas are expressed clearly and fluently. Sentences and paragraphs follow on from one another smoothly and logically. Arguments are consistently relevant and well structured. There are few, if any, errors of grammar, punctuation and spelling. **4 marks**
- LEVEL 3 Moderately complex ideas are expressed clearly and reasonably fluently, through well linked sentences and paragraphs. Arguments are generally relevant and well structured. There may be occasional errors of grammar, punctuation and spelling **3 marks**
- LEVEL 2 Straightforward ideas are expressed clearly, if not always fluently. Sentences and paragraphs may not always be well connected. Arguments may sometimes stray from the point or be weakly presented. There may be some errors of grammar, punctuation and spelling, but not such as to suggest a weakness in these areas. **2 marks**
- LEVEL 1 Simple ideas are expressed clearly but arguments may be of doubtful relevance or obscurely presented. Errors in grammar, punctuation and spelling may be noticeable and intrusive, suggesting a weakness in these areas. **1 mark**

Total 4 marks

1

Total for this question: 14 marks

To what extent could contingency planning remove the uncertainties faced by Cadbury Schweppes? (14 marks)

	Content 2 marks	Application 2 marks	Analysis 4 marks	Evaluation 6 marks
Level 3				6–5 marks Good judgement shown in weighing up the value of contingency planning in removing uncertainty for Cadbury Schweppes
Level 2	2 marks Relevant point(s) explained or good understanding of the term	2 marks Application of the issue(s) to this context in some detail	4–3 marks Good analysis of issue(s), with good use of relevant theory	4–3 marks Some judgement shown in weighing up the value of contingency planning for Cadbury Schweppes
Level 1	1 mark Relevant point(s) identified or some understanding of the term	1 mark Some application of the issue(s) to this context	2–1 marks Limited analysis of issue(s)	2–1 marks Limited judgement shown

Possible answers might include the following:

Definition: Contingency planning is the planning for unwanted or unlikely events through a series of 'what if' questions, often using computer modelled scenarios.

- a contingency plan is a way to better crisis manage, by being prepared for an event
- detailing a series of possible crises, such as significant increases in commodity prices, or fuel costs, could better prepare Cadbury Schweppes
- the impacts of these changes could be planned for – alternate materials or suppliers, stock piling, forward market purchases
- finance could be set aside for when commodity prices rise
- alternative production facilities could be found for when extra capacity is needed
- plans could be put in place to deal with quality problems/health scares.

Evaluation might include a balance between a recognition that contingency planning can reduce, but not remove, uncertainty. It might also recognise that, the larger the company the more difficult it is to completely protect it from external shocks. Might also recognise the costs of contingency planning.

2

Total for this question: 16 marks

To what extent did Cadbury Schweppes' actions in response to its quality problems suggest that it was meeting its social responsibilities to all of its stakeholders? (16 marks)

	Content 3 marks	Application 3 marks	Analysis 4 marks	Evaluation 6 marks
Level 3				6–5 marks Good judgement shown in weighing up whether Cadbury Schweppes met its social responsibilities to its stakeholders
Level 2	3 marks Relevant point(s) explained or good understanding of the term	3 marks Application of the issue(s) to this context in some detail	4–3 marks Good analysis of issue(s), with good use of relevant theory	4–3 marks Some judgement shown in weighing up the company's response in relation to its stakeholder interests
Level 1	2–1 marks Relevant point(s) identified or some understanding of the term	2–1 marks Some application of the issue(s) to this context	2–1 marks Limited analysis of issue(s)	2–1 marks Limited judgement shown

Relevant answers might include the following:

- a definition of social responsibilities
- a definition of stakeholder concept against shareholder concept
- Cadbury Schweppes informed customers through national newspapers, website and a helpline
- the company withdrew millions of products from the shelves, at a cost of £30m, when there was no established link between its products and any cases of illness
- but the actions took place five months after the contamination
- the law is strict on food hygiene and food labelling so the company had no choice
- did it consider the interests of suppliers and workers? What was the impact on them?
- were shareholders' interests dominant rather than the social responsibilities of other stakeholders?

Evaluation might include a recognition that Cadbury Schweppes did all they had to do, no more no less. It might consider the extent to which shareholder pressures outweighed social responsibilities to other stakeholders. It might also recognise the effect of legislation on food hygiene and labelling. The influence of pressure groups and Government watchdogs such as the Food Standards Agency and the Health Protection Agency would also be relevant.

3

Total for this question: 16 marks

Assess the likely success of Cadbury Schweppes' strategy of product development through the UK launch of Trident chewing gum. (16 marks)

	Content 3 marks	Application 3 marks	Analysis 4 marks	Evaluation 6 marks
Level 3				6–5 marks Good judgement shown in weighing up the factors likely to affect the success of Trident's launch in the UK
Level 2	3 marks Relevant point(s) explained or good understanding of the issue(s)	3 marks Application of the issue(s) to this context in some detail	4–3 marks Good analysis of issue(s), with good use of relevant theory	4–3 marks Some judgement shown in weighing up the factors likely to affect the success of Trident's launch in the UK
Level 1	2–1 marks Relevant point(s) identified or some understanding of the issue(s)	2–1 marks Some application of the issue(s) to this context	2–1 marks Limited analysis of issue(s)	2–1 marks Limited judgement shown

Relevant answers might include the following:

- possible content marks for knowledge of product development as part of Ansoff Matrix
- marketing – dominance of Wrigley's 95% market share and the marketing benefits this brings in terms of place on UK shelves – can Cadbury Schweppes use its existing confectionery and soft drinks power amongst retailers to stock Trident?
- price – is this likely to impact? Does a new entrant have to have a price advantage?
- Cadbury Schweppes' own brand identity – can it transfer to another confectionery product?
- does Cadbury Schweppes have distributional advantages? Existing channels could be used to get the product to market
- success in the USA against Wrigley suggests this could be transferred into success in the UK – similar market?

Evaluation might involve a balance of the above factors towards a decision about likely success. It might recognise the dominance of Wrigley globally and in the UK in the chewing gum market. It might include a recognition that a demerged confectionery business could focus more effectively on competing against Wrigley in the UK.

4

Total for this question: 16 marks

Discuss the possible difficulties that Cadbury Schweppes might face when expanding into emerging markets such as Thailand and Malaysia. (16 marks)

	Content 3 marks	Application 3 marks	Analysis 4 marks	Evaluation 6 marks
Level 3				6–5 marks Good judgement shown in weighing up the possible difficulties Cadbury Schweppes might encounter in emerging markets
Level 2	3 marks Relevant point(s) explained or good understanding of the issues	3 marks Application of the issue(s) to this context in some detail	4–3 marks Good analysis of issue(s), with good use of relevant theory	4–3 marks Some judgement shown in weighing up the possible difficulties Cadbury Schweppes might encounter in emerging markets
Level 1	2–1 marks Relevant point(s) identified or some understanding of the issues	2–1 marks Some application of the issue(s) to this context	2–1 marks Limited analysis of issue(s)	2–1 marks Limited judgement shown

Relevant answers might include the following:

- possible content marks for understanding emerging markets
- distribution – large distances create supply problems – which could be reduced if production is moved closer to the market – but this might make it more difficult to monitor and maintain quality. Quality problems in emerging markets might damage Cadbury Schweppes brand image in established markets.
- growth seems fairly static in established markets, where competition is entrenched. Perhaps growth of the scale desired by Cadbury Schweppes is only possible in emerging markets
- cultural differences might affect production – different ingredients and processes – and marketing – different tastes and competition
- emerging markets might not have the distribution networks in place.

Evaluation might include a balanced judgement between the problems inherent in expanding into emerging markets, with a recognition that established markets might be close to saturation.

5

Total for this question: 18 marks

Do you think that Cadbury Schweppes' future success will be increased by its decision to separate its confectionery and soft drinks businesses? Use the text, **Appendices A and B**, and any other relevant information to help to justify your answer. *(18 marks)*

	Content 3 marks	Application 3 marks	Analysis 4 marks	Evaluation 8 marks
Level 3				8–6 marks Good judgement shown in concluding whether Cadbury Schweppes' future success is likely to arise from the separation
Level 2	3 marks Relevant point(s) explained showing good understanding	3 marks Application of the issue(s) to this context in some detail	4–3 marks Good analysis of issue(s), with good use of relevant theory	5–3 marks Some judgement shown in weighing up whether Cadbury Schweppes' future success is likely to arise from the separation
Level 1	2–1 marks Relevant point(s) identified showing some understanding	2–1 marks Some application of the issue(s) to this context	2–1 marks Limited analysis of issue(s)	2–1 marks Limited judgement shown

Relevant answers might include the following:

Against the separation:

- traditional economies of scale in production and distribution are likely to be significant. Cadbury Schweppes has enjoyed the benefits of reduced unit costs in raw material purchase, product distribution and R&D. If it wants to cut costs and expand into emerging markets, economies of scale might be essential
- growth by merger is relatively quick and reduces established competition if horizontal – this might be important in emerging markets
- Cadbury Schweppes has grown extensively and successfully through merger – is not this the continued way forward?
- demerging USA soft drinks loses a significant proportion of Cadbury Schweppes revenue and profit. The shareholders might be happy, but will the two separate businesses benefit?
- overall profit margin is 12.6%, whereas profit margin for USA soft drinks is 22.5%.

For the separation:

- but, is the tide turning against growth by merger?
- confectionery is the largest part of the company's revenue
- are the problems faced by Cadbury Schweppes examples of a poorly managed company? Can these problems be reduced by a smaller, more focused business?
- will a Cadbury Schweppes focused on confectionery be a more effective competitor in its core markets?
- **Appendix B** suggests that the market valuations of the two separate companies is greater than when combined – but this is just an estimate of share value

Evaluation might include a balance of the factors towards a decision. The loss of the USA soft drinks operations might have a negative short-term impact on Cadbury Schweppes. But is this necessary for longer term viability in core markets? Has the company any choice? Will interests of shareholders outweigh those of other stakeholders?