

GCE

Business Studies

Unit **F293**: Marketing

Advanced GCE

Mark Scheme for June 2014

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All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

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Annotations

Annotation	Meaning
	Blank Page – this annotation must be used on all blank pages within an answer booklet (structured or unstructured) and on each page of an additional object where there is no candidate response.
	Unclear
	Benefit of the doubt
	Incorrect point
	Level 1
	Level 2
	Level 3
	Level 4
	Not answered question
	No use of text
	Own figure rule
	Repetition
	Noted but no credit given
	Correct point
	Too vague

Question		Answer	Marks	Guidance	
				Content	Levels of response
1		<p>Indicative content in this answer is likely to be utilised by candidates from the following areas of the specification:</p> <ul style="list-style-type: none"> Describe, formulate, analyse and assess marketing objectives <p>One marketing objective could be to increase brand awareness (L1). This means that SNL would be trying to get more people to be aware of their business so that they can gain an increase in customers (L2). This is particularly appropriate for SNL because they have just launched and not many people know about them yet (L3). The more people that are aware of the SNL brand, the more customers, revenue and profit for the business (L3)</p>	6	<p>Candidates will be expected to identify a marketing objective relevant to Skate Nation Ltd as a launch business and analyse the effect of that objective in terms of the impact it may have on the business</p>	<p>Level 3 (6-5) Candidate demonstrates analytical skills when considering one potential marketing objective of Skate Nation Ltd</p> <p>Level 2 (4-3) Candidate demonstrates understanding marketing objectives in general. No context required.</p> <p>Level 1 (2-1) Candidate offers only knowledge of marketing objectives.</p>

Question		Answer	Marks	Guidance	
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2		<p>Indicative content in this answer is likely to be utilised by candidates from the following areas of the specification:</p> <p>Describe, exemplify, analyse and assess;</p> <ul style="list-style-type: none"> • random • stratified, • cluster, • systematic, • snowball, • quota and • convenience <p>Context:</p> <ul style="list-style-type: none"> • Waddington is a busy town, <i>so it may be possible to gain a large enough sample from convenience/cluster sampling.</i> • Latest sport crazes for young people + Idea came about from listening to our grandchildren and their friends (target market) + family focus, <i>so need a sampling method that can target these potential customers (stratified/quota)</i> • Plenty of parking for parents and grandparents to bring their families + cafe area + Potential customers of all ages, <i>could suggest that it is not a restricted</i> 	13	<p>Candidates will need to demonstrate a full understanding of the concepts of sampling and demonstrate application of this understanding to the type of business and the potential target market.</p> <p>Candidates will be expected demonstrate the ability to present an evaluation of the suitability of differing options for sampling methods in the collation of market data in line with the application needed for the type of business and market. A consideration of time constraints and cost may also be considered.</p>	<p>Level 4 (13-9) Candidate demonstrates evaluative skills when formulating a judgement on suitability of different sampling methods that could have been used by Skate Nation Ltd</p> <p>Level 3 (8-6) Candidate demonstrates analytical skills when considering the suitability of different sampling methods that could have been used by Skate Nation Ltd</p> <p>Level 2 (5-3) Candidate demonstrates understanding of different sampling methods. No context required.</p> <p>Level 1 (2-1) Candidate offers only knowledge of different sampling methods.</p>

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			<p><i>target market, so any sampling method might allow good research</i></p> <p>SNL could have used a stratified sampling method (L1). This would have allowed SNL to separate the whole population into representative layers so that they ask the right sample of people (L2). In this case they could have separated the market by age groups and focussed on those ages most likely to go to the skate park. This would have saved time and therefore reduced the costs of the market research because they were not asking the wrong people (L3).</p> <p>However, the initial research suggests that there may not be a specific age group who will use the skate park, especially with facilities such as the café which appeal to everyone. Therefore it may be more appropriate to use random sampling which would be cheaper than stratified sampling because SNL do not need to spend time targeting specific strata's of the population. (L4)</p>			

Question		Answer	Marks	Guidance
3	4	Formula: $\% \Delta QD / \% \Delta P(1)$ $\% \Delta QD = (290/620) \times 100 = 46.8\% (1)$ $\% \Delta Price = (6.00 - 4.50) / 6.00 \times 100 = 25.0\% (1)$ $PED = 46.8\% / 25.0\% = 1.9 (1)$ OR Formula: $(P1 - P2 / QD1 - QD2) \times (\Delta QD / \Delta P)(1)$	4	1 mark for knowledge of either formula Up to three further marks for correct calculations. Correct answer = 4 marks (with or without working)

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4		<p>Indicative content in this answer is likely to be utilised by candidates from the following areas of the specification:</p> <ul style="list-style-type: none"> • Demonstrate understanding of how the life of a product may be measured • Describe, exemplify analyse and discuss the product life cycle in given situations • Discuss methods that could be used to extend the life of a product in given situations • Demonstrate understanding of product portfolio analysis • Describe, exemplify, analyse and discuss the use of product portfolio analysis in given situations • Students can look at the marketing mix in relation to the product life cycle. Each stage would give different weighting to each element of the marketing mix. Students can assess how these weightings might change over time. <p>When SNL launch they will be at the start of the product life cycle (L1), this means that they can use price skimming (L1) which means that they charge a high price because it is new to the area (L2). Because SNL's services are 'craze driven' and there does not appear to be any competition in Waddington, it is likely</p>	13	<p>Candidates will be expected to demonstrate evaluative skills in the changing weightings of importance of different elements of the marketing mix for Skate Nation as it launches and establishes itself in the market.</p>	<p>Level 4 (13-9) Candidate demonstrates evaluative skills when formulating a judgement on changes in pricing strategies in line with the movement of Skate Nation through the Product Life Cycle</p> <p>Level 3 (8-6) Candidate demonstrates analytical skills when considering changes in pricing strategies in line with the movement of Skate Nation through the Product Life Cycle</p> <p>Level 2 (5-3) Candidate demonstrates understanding of pricing strategies and/or the Product Life Cycle. No context required.</p> <p>Level 1 (2-1) Candidate offers only knowledge of pricing strategies and/or the Product Life Cycle.</p>

Question			Answer	Marks	Guidance	
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			<p>that the customers will pay a high price when it just launches and this means that SNL will break even more quickly (L3).</p> <p>However this is likely to be inappropriate as SNL moves into the growth stage of the product life cycle. To grow the business will need to attract more than just the 'craze driven' younger customers and so they may choose to use differential pricing. This would allow them to charge a low price at off-peak times and attract new customers maintaining the growth of the business (L4).</p> <p>If SNL continue to grow, eventually they will reach saturation. It is likely that SNL will face more competition at this point and competition pricing may be more appropriate. By this stage SNL will be able to maintain a lower price than the competition because they have been established in the market and have covered their original capital outlay whereas the competitors will need to break even (L4).</p>			

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5		<p>Indicative content in this answer is likely to be utilised by candidates from the following areas of the specification:</p> <ul style="list-style-type: none"> • promotion: below-the-line methods; <p>Candidates will be expected to demonstrate to cause and effect of selecting two below the line promotional techniques which could be undertaken by Skate Nation Ltd</p> <p>Below the line promotion is where the business can have direct contact with the potential consumer, eg:</p> <ul style="list-style-type: none"> • sponsorship • direct mail • sales promotion • packaging • public relations • personal/direct selling • trade fairs • Trade publications • Email promotions • Allow website, social media etc. <p>SNL could sponsor a local football team (L1). This would mean that their advert was seen by all of the spectators who come to the matches (L2). This would be appropriate for SNL because it targets a local people who like sports which is the target market for SNL, therefore increasing their sales and profits (L3)</p>	6	<p>L3 One issue analysed – 5 marks Two issues analysed – 6 marks</p> <p>L2 One issue explained – 3 marks Two issues explained – 4 marks</p> <p>L1 One issue stated – 1 marks Two issues stated – 2 marks</p>	<p>Level 3 (6-5) Candidate demonstrates analytical skills when considering the possible below the line promotional methods available to Skate Nation Ltd</p> <p>Level 2 (4-3) Candidate demonstrates understanding of below the line promotion methods. No context required.</p> <p>Level 1 (2-1) Candidate offers only knowledge of below the line promotion methods. No context required.</p>

Question		Answer	Marks	Guidance	
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6		<p>Indicative content in this answer is likely to be utilised by candidates from the following areas of the specification:</p> <p>Marketing:</p> <ul style="list-style-type: none"> • New market development risks and potential rewards • Knowledge requirement of new market • Lack of brand awareness in new market or established in the current market <p>Finance:</p> <ul style="list-style-type: none"> • Initial start-up costs of the diversification are considerable • Depreciation of assets in both businesses are considerable based on wear and tear • Large scale investment needed from a potentially weak position currently • Overtrading in terms of the diversification growth strategy <p>People:</p> <ul style="list-style-type: none"> • Considerable increase in the workforce requirements needed to support the diversification venture • Potential training and recruitment costs of services businesses in two very differing markets as a 	18	<p>Candidates will be expected demonstrate the ability to present a two sided argument in that on the one hand, based on knowledge, judgement and evidence in the case, a new venture such as this may be considered risky especially given the launch stage which the original business of the skate park is in.</p> <p>Candidates will be expected to consider the wider implications of the venture and the likely impact on all other functions within the business and the interdependency of people, financial and production/logistics strategies. The short term and long term financing of the venture and the production issues involved coupled with the required staffing and logistics.</p> <p>NB: An answer which only includes or does not include marketing issues should only be awarded the lowest mark in the appropriate level.</p> <p>A one sided argument cannot achieve a Level 4 mark.</p>	<p>Level 4 (18-13) Candidate demonstrates evaluative skills when considering whether SNL should diversify into the child play facility. Sentences and paragraphs, consistently relevant, have been well structured, using appropriate technical terminology. There have been few, if any, errors of spelling punctuation and grammar.</p> <p>Level 3 (12-7) Candidate demonstrates analytical skills when considering when considering whether SNL should diversify into the child play facility. whether SOL. There will be some errors of spelling, punctuation and grammar, but these are unlikely to be intrusive or obscure meaning.</p> <p>Level 2 (6-3) Candidate demonstrates understanding of the factors affecting diversification. No context required. There are likely to be some errors of spelling, punctuation and grammar of which some may be noticeable and intrusive.</p>

Question			Answer	Marks	Guidance	
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			skate park and a children's play zone Operations: <ul style="list-style-type: none"> • Logistics and timescales of diversifying at the time of launch of the skate park • Efficiencies and synergies with the adjacent facility could bring new efficiencies and economies of scale or possibly diseconomies of scale • Impact of increased scale and diversification strategy on USP, brand image and potentially quality issues • Potentially considerable new legal requirements in terms of the new play zone diversified project alongside the skate park 			Level 1 (2-1) Candidate offers only theoretical knowledge of diversification. Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar, which will be noticeable and intrusive. Writing may also lack legibility.

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