



Level 3 Technical Level
BUSINESS: MARKETING
Y/506/6086

Unit 2 Marketing Principles

Mark scheme

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Mark schemes are prepared by the Lead Assessment Writer 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 associates 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 associate understands and applies it in the same correct way. As preparation for standardisation each associate 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, associates encounter unusual answers which have not been raised they are required to refer these to the Lead 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.

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Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level, ie if the response is predominantly level 3 with a small amount of level 4 material it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

An answer which contains nothing of relevance to the question must be awarded no marks.

SECTION A

The following list indicates the correct answers used in marking candidates' responses to the multiple-choice questions.

KEY LIST

01	C
02	A
03	D
04	A
05	D
06	D
07	A
08	A

0 9 **A small business operates in a competitive environment.**

Explain one benefit to the business of understanding its customer expectations.

[3 marks]

1 mark for identifying a feature of the term customer expectations.

1 mark for the purpose of understanding customer expectations for small businesses.

1 mark for the benefit to the small business of understanding customer expectations.

Customer expectations is the perceived value customers seek from the purchase of a good or service. (1 mark) It's really important for small businesses to understand customer expectations – especially small businesses as they often provide a more personal service. (2 marks) This would help the business to meet and exceed customer expectations thereby gaining customer loyalty. (3 marks)

1 0 **Clothing businesses, such as Topshop, ask customers to leave reviews after their online purchases.**

Explain one benefit to clothing businesses of customers leaving post-purchase evaluations when wanting to increase sales.

[3 marks]

1 mark for identifying a feature of the term post-purchase evaluations.

1 mark for the purpose of post-purchase evaluations for clothing businesses.

1 mark for the benefit to the clothing businesses of asking for post-purchase evaluations.

This is the stage after a product or service has been purchased and used in which the consumer reflects on whether the product met expectations, exceeded them or was disappointing. (1 mark) Many large businesses now ask customers to review the buying process of online items allowing customers to share their opinions with fellow customers or potential customers. (2 marks) For clothing businesses this means customers can get information about sizes, materials and quality which can then lead to repeat custom and an increase in sales. (3 marks)

1 1

Use the information to analyse why the business is considering these two options in response to the increased competition.

[6 marks]

Level	Descriptor	Marks
3	Uses the information to analyse the option(s) as response(s) to increased competition.	6–5
2	Explains the relevance of the information to competition.	4–3
1	Demonstrates generic understanding of competition/micro environment.	2–1

Possible responses include:

Knowledge level 1:

- The micro environment is an organisation's immediate area of operations that affect its performance and decision-making freedom. These factors include competitors, customers, distribution channels, suppliers, and the general public.
- Competition is rivalry in which sellers try to get what other sellers are seeking at the same time.

Application level 2:

- Competition from online businesses – they might have lower running costs so can sell at a lower price.
- Competition from new cafés – they might be selling better quality or a better range of products.
- Cheaper suppliers – helps to get costs down and prices can be lowered.
- Customer research – knowing what customers want might help to see if the competition is offering a better price and/or product range.

Analysis level 3:

- Cheaper suppliers – if they use cheaper suppliers then they are in a position to react to competition by discounting key products eg the ones offered by the new cafés. This might help them to 'knock out' local competition.
- Customer research – this could mean that the business can find out exactly what food requirements customers have. This could meet customer expectations and maintain sales by stopping customers using the competition. Sales might actually increase if the new products are a genuine improvement.

1 2

Use the information to analyse why the business would focus on quality and location in order to achieve its customer satisfaction objective.

[6 marks]

Level	Descriptor	Marks
3	Uses the information to analyse the importance of quality and/or location to customer satisfaction.	6–5
2	Explains the relevance of the information to customer satisfaction.	4–3
1	Demonstrates generic understanding of customer satisfaction.	2–1

Possible responses include:

Knowledge level 1:

- Customer satisfaction measures how well the expectations of a customer concerning a product or service provided by your company have been met.

Application level 2:

- Focus on quality – if they focus on quality, customers should be satisfied as they should be very happy with the product and the excellent service that they are receiving as employees have been recently trained.
- Focus on location – the added convenience of delivery could also mean that customers are satisfied.

Analysis level 3:

- Focus on quality – this high-quality customer service could most likely mean that customers are satisfied with the products and service that they are receiving. This customer satisfaction could then lead to repeat customers and increased customer loyalty, therefore increasing the likelihood of achieving their objective.
- Focus on location – customers should be more satisfied and use the business again due to the convenience of delivery and therefore the chance of meeting the objective increases.

1 3

Use the information to analyse how these methods of research would meet Patrick’s needs.

[6 marks]

Level	Descriptor	Marks
3	Uses the information to analyse how these methods of research would meet Patrick’s needs.	6–5
2	Explains the relevance of the information to research methods.	4–3
1	Demonstrates generic understanding of research methods.	2–1

Possible responses include:

Knowledge level 1:

- Market research is the action or activity of gathering information about consumers' needs and preferences.
- Primary market research is collected first hand for a specific purpose.
- Secondary market research is collected by others for a different purpose.

Application level 2:

- Internet research of the competitors – using their social media sites and websites. This could be cheap and quick for Patrick to use.
- Panels – using these could be a good idea for Patrick as he could get the opinions direct from the prospective customers and they may be willing to give their thoughts in exchange for the half-price service.

Analysis level 3:

- Internet research of the competitors – could be ideal for Patrick as this won't have any costs associated with this except the time element of someone undertaking the research.
- Panels – could be useful for Patrick to speak directly to potential customers, by doing this he may find out much more from them as they could talk about their previous experience of car servicing. They are more likely to talk for the half-price service, however there will be a loss of revenue associated with this.

1 4

Use the information to analyse how the reliability of the data collected by the research may impact on the shop’s decision.

[6 marks]

Level	Descriptor	Marks
3	Uses the information to analyse the importance of data reliability for the shop’s stock decision.	6–5
2	Explains the relevance of the information to data reliability.	4–3
1	Demonstrates generic understanding of data reliability.	2–1

Possible responses include:

Knowledge level 1:

- Secondary research is research that has already been collected for a different purpose.
- Reliability is a measure of the accuracy, validity and timeliness of research.

Application level 2:

- The information collected from the internet may reflect the bias of those who collected it. Hence it may not tell the full story and Lego and unicorns may not really be popular with many.
- Trade journals are written by people in the industry. They may have more knowledge of what is popular, but they may also have bias. Film toys may not be popular. However, this could prove to be out of date research.

Analysis level 3:

- Internet research is likely to be more up to date than trade journals. This could mean that a decision to stock unicorn toys and Lego could prove to be more reliable, meaning that the shop will stock more popular toys and increase their sales. However, searching the internet is likely to be time consuming for the business.
- Trade journals are likely to be more outdated and could prove to mean that a decision to stock Harry Potter and Star Wars items may mean they suffer from excess stock in the run up to the Christmas period or sales at any other time of the year.

1 5

Use the information to analyse the impact on demand for Doggy day care if they go ahead with their proposed pricing.

[6 marks]

Level	Descriptor	Marks
3	Uses the information to analyse the impact on the business of using the suggested pricing.	6–5
2	Explains the relevance of the information to pricing.	4–3
1	Demonstrates generic understanding of price.	2–1

Possible responses include:

Knowledge level 1:

- The 4Ps are known as the marketing mix – product, place, price and promotion.
- Price is the sum or amount of money for anything that is bought, sold or offered for sale.

Application level 2:

- The business will likely attract more customers once they introduce the changes to the services offered, especially as they will start this with a lower than usual price.

Analysis level 3:

- The business will most likely attract new customers as well as keeping those they already have.
- However, if the price slowly rises for full and half-day day care, some customers are likely to be put off by the rising price and may leave the business to take their dogs to the competition as there is growth in this area. This would suggest other businesses offer the same service.

1 6

Use the information to analyse the benefits to Southwest Airlines of having an excellent relationship with its internal customers.

[6 marks]

Level	Descriptor	Marks
3	Uses the information to analyse the benefits of an excellent relationship with internal customers for Southwest.	6–5
2	Explains the relevance of the information to internal customers.	4–3
1	Demonstrates generic understanding of internal customers.	2–1

Possible responses include:

Knowledge level 1:

- Internal customers are those colleagues and departments within your own organisation.
- Employees are an internal stakeholder of organisations.

Application level 2:

- The employees (internal customers) may feel motivated to provide good customer service, they are motivated by things such as training profit sharing and stock options. This increased motivation may lead to better service which is a benefit to the business. This may influence buyer behaviour.

Analysis level 3:

- By focusing on the internal customers of the airline, the airline's cabin crew, pilots and other employees will be motivated to provide excellent customer service, as they will want to work for and be proud of the organisation. This would mean that the external customers receive good customer service and therefore are happy to travel again with the company in the future. This internal marketing is vital in such a competitive and saturated market such as airline travel, to ensure customer retention through good customer service.

SECTION B

1 7

Which aspect of the macro environment do you consider had the biggest impact on House of Fraser? Use Item A to justify your decision.

[15 marks]

Level	Descriptor	Marks
5	Uses Item A to develop a balanced analytical response. Analyses the significance of macro environment factors that have impacted House of Fraser. Judges significance of impact.	15–13
4	Uses Item A to develop an analytical response. Explains the impact of macro environment factors on House of Fraser. Judges impact.	12–10
3	Uses Item A to develop the response. Explains the macro environment factors that have impacted House of Fraser. Judges likely impact.	9–7
2	Uses Item A to describe elements of the macro environment.	6–4
1	Demonstrates generic understanding of the macro environment.	3–1

Possible responses include:

Knowledge level 1:

- The macro environment is the major external and uncontrollable factors that influence an organisation’s decision-making, and affect its performance. These factors include the economic factors; legal, political, and social conditions; technological changes.

Application level 2:

- Technology – new digital technology on smart phones and tablets mean that customers now shop in a different way, the rise of purely online businesses would also affect House of Fraser.
- Social – as there is now much more choice on the high street, customers don’t have as much of a reason to go into department stores like they used to years ago.
- Economic – the credit crunch meant that as many people lost their jobs they did not have as much disposable income as previously to spend on clothes, and again they may have bought cheaper alternatives.

Analysis level 3:

- Technology – new technologies mean that people can now shop without leaving their home on their smartphone or tablet. Purely online businesses have benefitted from this and it means that, as they don’t have a presence on the high street, customers don’t have as much of a reason to shop in towns and cities which can impact negatively on House of Fraser’s sales.
- Social – new businesses that don’t operate in department stores, have meant that there isn’t as much need to visit them, the increase of fast fashion means that social trends have shifted to people buying

cheaper and much more disposable items not sold in department stores, meaning House of Frasers sales declining.

- Economic – the credit crunch meant that people were reluctant to spend money on “non- essential” items, and therefore stores such as Primark became more attractive. This impacts on House of Fraser as their sales and profits will fall as a result, as they cannot compete on price with the discount stores.

Evaluation L4 & 5:

- Ultimately, all factors could have impacted on House of Fraser and caused its decline. However, it is likely that given the rise of social media and new technologies such as apps, it could be that technology had the largest impact. It could also be that internal factors, such as rising overheads costs from suppliers and minimum wage changes, have largely impacted the business.

1 8

To what extent do you agree with the changes to Sauthier Retail's marketing mix proposed by Phillipa? Use Item B to justify your answer.

[15 marks]

Level	Descriptor	Marks
5	Uses Item B to develop a balanced analytical response. Analyses the significance of changes to Sauthier Retail's marketing mix. Judges significance of changes.	15–13
4	Uses Item B to develop an analytical response. Explains the impact of the changes to Sauthier Retail's marketing mix. Judges impact of changes.	12–10
3	Uses Item B to develop the response. Explains the changes suggested by Phillipa for Sauthier Retail. Judges likely impact of changes.	9–7
2	Uses Item B to describe the changes to the marketing mix.	6–4
1	Demonstrates generic understanding of the marketing mix.	3–1

Possible responses include:

Knowledge level 1:

- The marketing mix consists generally of the 4Ps – price, product, place, and promotion. The extended mix also includes, process, people and physical evidence.

Application level 2:

- Price – would allow them access to a wider target market due to the more competitive prices that will be used.
- Product – more customers would show an interest in the products, and those teenagers with disposable income are more likely to buy fast fashion.
- Place – the addition of sales in Europe would allow them to develop a larger customer base and revenue from overseas.
- Promotion – increased social media is a good idea for the target customers, as well as the advertising on ferries which will attract those visiting from France.

Analysis level 3:

- Price – this could mean that sales could increase due to the cheaper prices, however it could mean that suppliers are squeezed out of profit or cheaper suppliers are found. This goes against what they have built up previously.
- Product – this could mean that a younger audience is attracted to them, who are more likely to buy clothes more often, increasing revenue for the business.
- Place – this could mean that the business is more modern with the increase and development of technology such as the online store allowing sales to overseas. Using market development allows for a much larger target audience, growing the business.

- Promotion – this could mean that they have much more of a presence. The use of social media will attract a younger customer base, and the advertising on ferries could reach more tourists which could mean additional word of mouth once they go back home.

Evaluation L4 &5:

- Ultimately, they could lose their USP if they adopt the changes suggested by Phillipa, in addition it may mean losing the strong relationship that they have had with suppliers, and the lead time they have offered. But, on the other hand it could mean that they are more competitive with the high street during the tough trading conditions mentioned. The use of more social media and the great idea of advertising on ferry routes could also bring in more custom, as they would be able to sell online. It could be best to use a combination of Stefan and Phillipa's ideas to maintain the tradition of the business.

Assessment outcomes coverage

Assessment Outcomes	Marks available in section A	Marks available in section B	Total Mark
AO1: Understand business organisation	17 34%	0 marks 0%	16
AO2: Investigate trends in the economic environment	17 34%	15 marks 50%	33
AO3: Assess the impact of competition and innovation	13 26%	0 marks 0%	13
AO4: Assess business opportunities and threats	9 18%	15 marks 50%	24
Total	50 marks	30 marks	80

Question	Assessment Outcome 1	Assessment Outcome 2	Assessment Outcome 3	Assessment Outcome 4
1	1			
2			1	
3				1
4		1		
5				1
6	1			
7		1		
8				1
9	3			
10		3		
11		6		
12	6			
13			6	
14			6	
15				6
16	6			
17		15		
18				15
Totals	17	26	13	24

Assessment objectives coverage

Question	Knowledge and Understanding	Application	Analysis and Evaluation	Total
1		1		1
2	1			1
3	1			1
4	1			1
5		1		1
6	1			1
7		1		1
8		1		1
9	1	2		3
10	1	2		3
11	2	2	2	6
12	2	2	2	6
13	2	2	2	6
14	2	2	2	6
15	2	2	2	6
16	2	2	2	6
17	3	3	9	15
18	3	3	9	15
Totals	24	26	30	80