

GCE

Business Studies

Unit **F293**: Marketing

Advanced GCE

Mark Scheme for June 2017

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

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.

OCR will not enter into any discussion or correspondence in connection with this mark scheme.

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Annotations

Annotation	Meaning
	Correct
	Incorrect
	Not sure what the candidate is trying to say or it does not make sense.
BOD	Benefit of doubt given
L1 L2 L3 L4	Levels of response awarded at this point
OFR	Own figure rule
TV	Too vague
NAQ	Not answered the question
NUT	Not used the context (generic)
REP	Repetition. The candidate has merely restated what has already been said and so no further credit given.
SEEN	The page has been seen. This can be used on pages where no other annotation is appropriate.

EVERY PAGE, INCLUDING BLANK PAGES (use the BP annotation), MUST HAVE SOME ANNOTATION

Subject-specific Marking Instructions

Crossed out responses

Where a candidate has crossed out a response and provided a clear alternative then the crossed out response is not marked. Where no alternative response has been provided, examiners should give candidates the benefit of the doubt and mark the crossed out response where legible.

Contradictory responses

When a candidate provides contradictory responses, then no mark should be rewarded, even if one of the answers is correct.

Short answer questions (usually worth only **one mark per response**)

Where candidates are required to provide a set number of short answer responses then only the set number of responses should be marked. The response space should be marked from top to bottom until the required number of responses have been considered. The remaining responses should not then be marked. Examiners will have to apply judgement as to whether a 'second response' on a line is a development of the 'first response', rather than a separate, discrete response. *(The underlying assumption is that the candidate is attempting to hedge their bets and therefore getting undue benefit rather than engaging with the question and giving the most relevant/correct responses.)*

INTRODUCTION

Your first task as an Examiner is to become thoroughly familiar with the material on which the examination depends. This material includes:

- the specification, especially the assessment objectives
- the question paper and its rubrics
- the mark scheme.

You should ensure that you have copies of these materials.

You should ensure also that you are familiar with the administrative procedures related to the marking process. These are set out in the OCR booklet **Instructions for Examiners**. If you are examining for the first time, please read carefully **Appendix 5 Introduction to Script Marking: Notes for New Examiners**.

Please ask for help or guidance whenever you need it. Your first point of contact is your Team Leader.

USING THE MARK SCHEME

Please study this Mark Scheme carefully. The Mark Scheme is an integral part of the process that begins with the setting of the question paper and ends with the awarding of grades. Question papers and Mark Schemes are developed in association with each other so that issues of differentiation and positive achievement can be addressed from the very start.

This Mark Scheme is a working document; it is not exhaustive; it does not provide 'correct' answers. The Mark Scheme can only provide 'best guesses' about how the question will work out, and it is subject to revision after we have looked at a wide range of scripts.

The Examiners' Standardisation Meeting will ensure that the Mark Scheme covers the range of candidates' responses to the questions, and that all Examiners understand and apply the Mark Scheme in the same way. The Mark Scheme will be discussed and amended at the meeting, and administrative procedures will be confirmed. Co-ordination scripts will be issued at the meeting to exemplify aspects of candidates' responses and achievements; the co-ordination scripts then become part of this Mark Scheme.

Before the Standardisation Meeting, you should read and mark a number of scripts, in order to gain an impression of the range of responses and achievement that may be expected.

In your marking, you will encounter valid responses which are not covered by the Mark Scheme: these responses must be credited. You will encounter answers which fall outside the 'target range' of Bands for the paper which you are marking. Please mark these answers according to the marking criteria.

Please read carefully all the scripts in your allocation and make every effort to look positively for achievement throughout the ability range. Always be prepared to use the full range of marks.

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"> Market segmentation <p>Context is likely to be based on VSM having targeted:</p> <ul style="list-style-type: none"> School aged children and their parents Professional musicians <p>Advantages may include:</p> <ul style="list-style-type: none"> Focussed marketing on these segments which could lead to higher sales Less 'wasted' marketing because the mix can be targeted on the specific groups. Reduced competition due to a more specific target Premium pricing may be possible due to a targeted market segment Possible to differentiate products based on the chosen segments Targeted special offers Targeted advertising Differentiated pricing possible Possibility of a reduced product range 	6	<p>2 issues analysed = 6 marks</p> <p>1 issue analysed = 5 marks</p> <p>2 issues understood = 4 marks</p> <p>1 issue understood = 3 marks</p> <p>2 issues stated = 2 marks</p> <p>1 issue stated = 1 mark</p>	<p>Level 3: 6-5 marks Candidate demonstrates analytical skills when considering the advantages to VSM of market segmentation</p> <p>Level 2: 4-3 marks Candidate demonstrates understanding of the advantages of market segmentation. No context required.</p> <p>Level 1: 2-1 marks Candidate demonstrates only theoretical knowledge of market segmentation.</p>

2	(a)	<p>Absorption pricing = VC per unit + allocation of FC per unit (1)</p> $\text{£}3000/25 = \text{£}120 \text{ (1)}$ $\text{£}1000/25 = \text{£}40 \text{ (1)}$ $\text{£}120 + \text{£}40 = \underline{\text{£}160} \text{ (1)}$ <p style="text-align: right;">OFR</p>	4	<p>A correct answer with no working gains full marks</p> <p><u>General guideline for marking</u></p> <p>1 mark for correct formula/knowledge of absorption pricing 1 mark for calculating VC per unit 1 mark for calculating allocation of FC per unit 1 mark for correctly calculating price (based on OFR)</p>
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2	(b)	<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"> pricing strategies; skimming, penetration, competition-based, psychological, cost based, absorption, marginal, contribution, target-based, full-cost based; price discrimination <p>Context is likely to be based on:</p> <ul style="list-style-type: none"> No shop specialising near VSM (in home town) Currently using absorption pricing Competition is internet-based, and non-specialist shops Internet does not allow for the same level of 'browsing' or specialist advice Non-specialist shops only carry a small range of popular products Table 1; VSM more expensive than competition <p>Analysis may include:</p> <ul style="list-style-type: none"> Competition-based pricing May increase sales revenue if products are price elastic – are the targeted markets likely to be price elastic (children – perhaps, professional musicians – less likely). However, VSM is higher priced than all of the competition – can the business afford to reduce the price to beat the competition? Also the competition are likely to benefit from economies of scale and may not have the overhead costs of VSM – is this therefore a viable, long-term solution? 	13	<p>Analysis may come from a response which looks at the benefits and costs of competition-based pricing. However analysis of other pricing methods as an alternative to competition-based pricing is also acceptable.</p> <p>Evaluation may focus on a number of areas:</p> <ul style="list-style-type: none"> the suitability of competition based pricing for any of VSMs products the suitability of competition-based pricing for all of VSMs products the suitability of other pricing strategies as alternatives to competition based pricing 	<p>Level 4: 13-9 marks Candidate demonstrates evaluative skills when considering competition-based strategies for VSM.</p> <p>Level 3: 8-6 marks Candidate demonstrates analytical skills when considering competition-based strategies for VSM.</p> <p>Level 2: 5-3 marks Candidate demonstrates understanding of competition-based pricing strategies. No context required.</p> <p>Level 1: 2-1 marks Candidate demonstrates only theoretical knowledge of a competition-based pricing strategy.</p> <p><u>Default marks</u></p> <p>L4 – 11 L3 – 7 L2 – 4 L1 – 2</p>
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		<ul style="list-style-type: none"> • Absorption pricing VSM already using this strategy, but does it allow for a profit to be made? Makes sure that all costs are covered. Sales are not increasing however using this method. • Psychological pricing Already being used by some of the competitors in Table 1. Is it likely to make a difference to VSM's target market? • Price discrimination Professional musicians are more likely to pay a premium price and want a high quality product in return. Children (and parents) are more likely to be price elastic, but perhaps selling the instrument might increase loyalty for accessories in the future? • Skimming Could be an option assuming VSM is offering a significantly differentiated product/service. Would customers be willing to pay a much higher price for the ability to have a range of products and specialist advice? So far VSM has made a profit charging a higher price than the competitors so this could be a way of increasing profit margins without decreasing customers. However this would be a risk – market research needed? 			
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3		<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"> • Product portfolio <p>Context is likely to be based on:</p> <ul style="list-style-type: none"> • Tom and Matt could not afford to keep every product in stock • Small range of the most popular products, but can order others • Monthly meetings to decide on portfolio • Some items are very big • Competitors only keep most popular products <p>Possible disadvantages of using sales data to decide about the product portfolio:</p> <ul style="list-style-type: none"> • Products may not sell many, but still be profitable • May need a large portfolio to allow browsing • Customers may expect a large product portfolio when buying from a music shop • Could be expensive to VSM to keep changing the portfolio • VSM needs to offer niche products to differentiate itself for the competition. • Sales data may be out of date – VSM might suffer if they make decisions based on out of date data 	6	<p>Analysis should be focussed on the disadvantage of using sales data to decide about the product portfolio not analysis of VSM's portfolio of products.</p>	<p>Level 3: 6-5 marks Candidate demonstrates analytical skills when considering one disadvantage of using sales data to make product portfolio decisions.</p> <p>Level 2: 4-3 marks Candidate demonstrates understanding of a disadvantage of using sales data to make product portfolio decisions. No context required.</p> <p>Level 1: 2-1 marks Candidate demonstrates only theoretical knowledge of sales data and/or product portfolio analysis.</p> <p><u>Default marks</u></p> <p>L3 – 6 L2 – 4 L1 – 2</p>
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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"> • promotion: advertising, sales promotion, personal selling, branding, elasticity, above- and below-the-line methods; <p>Context is likely to be based on:</p> <ul style="list-style-type: none"> • VSM shop is on the main street of a town – signage, word of mouth etc. • Branded carrier bags • Visits to primary schools • Social media – uploading videos • Inelastic promotional elasticity of demand (Matt thinks) <p>Analysis may include:</p> <ul style="list-style-type: none"> • Below the line methods likely to be cheaper but how effective will they be? Useful for a local business, especially passing trade, but is this likely for the segments that VSM has targeted? • Carrier bags provide a brief advertisement, but how often will a purchase be an impulse when someone has seen a carrier bag from VSM? • Visits to primary school will hit the target market, but it is likely to be the parents who have the purchasing power. Pester power may be effective if children go home and convince the parents to purchase. • Social media and uploaded videos provide a practical example of the products on offer. Possibly hitting the 	13	<p>Although no particular above the line methods of promotion are mentioned in the case, analysis may be valid as long as they are suitable for a local business such as VSM.</p> <p>Evaluation is likely to focus on the context and the suitability specifically for VSM of the promotional strategy to enable the business to succeed.</p> <p>Evaluation of only one promotional method (i.e. the use of social media) should be rewarded in the bottom half of Level 4.</p> <p>Evaluation of two or more promotional methods or the entire strategy should be rewarded in the top half of Level 4.</p>	<p>Level 4: 13-9 marks Candidate demonstrates evaluative skills when considering VSMs promotional strategy.</p> <p>Level 3: 8-6 marks Candidate demonstrates analytical skills when considering VSMs promotional methods.</p> <p>Level 2: 5-3 marks Candidate demonstrates understanding of promotion. No context required.</p> <p>Level 1: 2-1 marks Candidate demonstrates only theoretical knowledge of promotion.</p> <p><u>Default marks</u></p> <p>L4 – 11 L3 – 7 L2 – 4 L1 – 2</p>
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		<p>target market of children. However, if the customer is searching the internet for videos they may be happy purchasing through the internet which VSM does not offer yet. Also, viewers can be anywhere in the world – is this worth the effort?</p> <ul style="list-style-type: none">• A local shop is unlikely to benefit from mass promotion using above the line methods, but local above the line may be beneficial, but more expensive. Where does Matt have information about the promotional elasticity of demand? Is it based on market research?			
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*5	<p>Indicative content in this answer is likely to be utilised by candidates from the following areas:</p> <p>Marketing</p> <ul style="list-style-type: none"> • VSM already has an online following through their use of social media – would these followers actually purchase products from VSM if they were able to? • However, the number of views is relatively small considering most of these people would be unlikely to make a significant purchase from VSM. • VSM has a significantly higher price than all of the other online retailers. If it were to use an online retailer would its products appear at the bottom of the list? • VSM had an initial objective to provide the ability to browse and give expert advice to customers – this would be lost so would the business still have a USP? <p>Finance</p> <ul style="list-style-type: none"> • No upfront finance costs required • Potential cash-flow problems because of late payment from online retailers. VSM would build up debtors. • Does VSM have the finance to pay for Becky to go full-time? Would the online sales cover this extra operational cost? <p>Production</p> <ul style="list-style-type: none"> • Process between online retailer, Becky and the shop seems convoluted and may cause delays to customer deliveries. • Logistic firms can be expensive and may not offer a quick enough 	18	<p>An answer which only includes or does not include <i>Marketing</i> should only be awarded the lowest mark in the appropriate level.</p> <p>A one-sided argument cannot achieve a L4 mark.</p> <p>Evaluation is likely to come through linking the arguments to the objective of VSM, which was to give customers a place to try and buy instruments as well as other accessories and to make enough profit to give them both an income.</p> <p>Online sales seem to be going against their original purpose, but perhaps time (and the fact that they have made a reasonable income in the past) necessitates this move.</p> <p>Judgement may depend upon many issues. Therefore, a candidate can recommend either way and be capable of receiving full marks.</p>	<p>Level 4: 18-13 marks Candidate demonstrates evaluative skills when considering the decision whether VSM should sell its products online.</p> <p>Complex ideas have been expressed clearly and fluently using a style of writing appropriate to the complex subject matter. Sentences and paragraphs, consistently relevant, have been well structured, using appropriate technical terminology. There may be few, if any, errors of spelling, punctuation and grammar.</p> <p>Level 3: 12-7 marks Candidate demonstrates analytical skills when considering the factors affecting the decision for VSM to sell its products online.</p> <p>Relatively straight forward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. 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 marks Candidate demonstrates</p>
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		<p>service for VSMs online customers.</p> <ul style="list-style-type: none"> • How will VSM and Becky control stock – is there an online stock system to avoid Becky selling an item that has also been sold in the shop? • Will the online sales break-even, especially with logistic costs and Becky’s increased wages? <p>People</p> <ul style="list-style-type: none"> • Becky has only worked at VSM for a short time – can she be trusted to work from home. Will she do a good job or could this damage the reputation of VSM? • Beck is pregnant – what provision will be in place for her maternity cover? If she is the only one who knows how to maintain the online system then this could be a problem. Will VSM need to train up and employ another worker to cover her maternity leave? • Although Becky seems confident, does she actually have the necessary skills required to setup and maintain this link with the online retailers? • If Becky becomes full time, this may increase the costs of her maternity cover and the conditions of her service. 	<p>Poor QWC cannot prevent a candidate from accessing any level, but within any individual level QWC can affect, by up to 2 marks, the final mark given.</p>	<p>understanding of the factors involved in distributing products online. No context required.</p> <p>Some simple ideas have been expressed in an appropriate context. There are likely to be some errors of spelling, punctuation and grammar of which some may be noticeable and intrusive.</p> <p>Level 1: 2-1 marks Candidate offers relevant knowledge only of factors involved in distributing products.</p> <p>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.</p> <p><u>Default marks</u></p> <p>L4 – 16 L3 – 10 L2 – 5 L1 – 2</p>
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APPENDIX 1 – GRID FOR 2017 EXAMINATION

Question	AO1	AO2	AO3	AO4	Total
1	2	2	2	-	6
2 (a)	2	2	-	-	4
2 (b)	2	3	3	5	13
3	2	2	2	-	6
4	2	3	3	5	13
5	2	4	6	6	18
Total	12	16	16	16	60

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