

Business Studies

Advanced GCE **F293**

Marketing

Mark Scheme for June 2010

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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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Question	Expected Answers	Marks	Rationale
1	<p>Assuming that average attendance figures remain unchanged, calculate the predicted change in revenue if the price for the Tuesday evening Pilates class is increased by 25% to £5 and the price for the daytime class is reduced by 25%.</p> <p>Evening: Price was £4 + 25% = £5</p> <p>Daytime: Price was £4 – 25% = £3 {1}</p> <p>Revenue up by £18 in the evening and down by £10 in the daytime {2}</p> <p>Revenue increases by £8 overall {1}.</p> <p>An alternative might be: Now £4 x 28 customers = £112 {1} Proposal (£5 x 18) + (£3 x 10) = £120 {2}</p> <p>Difference is an increase of £8 {1}</p> <p>Give 4 marks for £8 or 7.14%</p>	[4]	

Question	Expected Answers	Marks	Rationale
2	<p data-bbox="365 252 1332 284">Analyse <u>two</u> advantages to AHC of using price discrimination.</p> <p data-bbox="365 320 1332 587">Price discrimination is charging different prices to different groups or types of customers for essentially the same product or service. In the case study there is plenty to suggest that the range of services and the different ways in which they are offered is open to the use of price discrimination. The advantage to Andy is that it allows him to target his prices more closely to the demand. It allows greater opportunities to, for example, have different prices in the café; in the health and beauty salon, etc. More effective use of the time, given the ‘contribution’ aspects of much of the offering at AHC.</p> <p data-bbox="365 624 1205 722">Level 3 [5-6] Candidate demonstrates analytical skills when considering the advantage(s) of Andy making use of price discrimination at AHC.</p> <p data-bbox="365 759 1153 858">Level 2 [3-4] Candidate shows understanding of the advantage(s) of price discrimination.</p> <p data-bbox="365 895 945 959">Level 1 [1-2] Candidate offers theoretical knowledge only.</p>	[6]	

Question	Expected Answers	Marks	Rationale
3	<p>Discuss the extent to which Andy might use market segmentation to understand the factors which influence the members of AHC when buying services from AHC.</p> <p>Market segmentation is where a market is broken down into several 'segments' to allow for closer targeting of marketing and other activities. In the case, the range of customers and their different specific requirements need to be considered in a variety of ways. Andy could segment his members in terms of income, how far away they have come from, type of membership, demand for activities, based on gender, etc. Knowledge of this would allow Andy to target his market research and ultimately the products and services provided by AHC. It would help him to assess where and how to advertise/promote; prices to charge; emphasis to place on specific services provided, etc. On the negative side, better candidates may argue that in the environment of AHC, it would be tricky to make much use of market segmentation because there is very little actual breaking up of the membership which could be usefully done. The type of customers of AHC may well be largely from a specific local area belonging to similar socio-economic groupings. Much depends on how aware Andy actually is of his membership. To reach L4, it would be expected that candidates are able to balance the argument in some way.</p> <p>Advantages of market segmentation to Andy/ AHC can reach L4 if evaluative.</p> <p>Level 4 [9-13] Candidate demonstrates evaluative skills when considering the extent to which market segmentation might be used.</p>	[13]	

Question	Expected Answers	Marks	Rationale
	<p>Level 3 [6-8] Candidate demonstrates analytical skills when considering the use of market segmentation to understand the factors that influence buyer behaviour.</p> <p>Level 2 [3-5] Candidate is able to apply relevant suggestions to knowledge of market segmentation or shows understanding of it.</p> <p>Level 1 [1-2] Candidate offers relevant theoretical knowledge only. Some simple ideas have been expressed.</p>		
4	<p>At the marketing conference, Andy heard about AIDA. Analyse how AIDA could be applied to AHC.</p> <p>AIDA is a model of marketing that relates to the promotion of a product. It stands for Attention, Interest, Desire and Action. These are the four stages of a promotion model to move the customer from a state where they have no awareness of the product through to the point at which they decide a purchase needs to be made. In the case, there is little attempt to actively promote the services provided and this may lead many candidates to believe that AIDA has no validity. Better candidates may well focus on the wording, which suggests the word "could". Consideration of how the AIDA model might work within AHC should generate many marks.</p>	[6]	

Question	Expected Answers	Marks	Rationale
	<p>Level 3 [5-6] Candidate demonstrates analytical skills when considering whether AIDA could be applied to AHC.</p> <p>Level 2 [3-4] Candidate shows understanding of AIDA.</p> <p>Level 1 [1-2] Candidate offers only theoretical knowledge.</p>		
5	<p>Recommend and justify a marketing strategy that Andy might use to increase sales at AHC.</p> <p>There is plenty of opportunity to present a coordinated 4P's type of answer which considers some or all aspects of price, promotion, product and even place. A marketing strategy is a combination of the elements of the marketing mix that face a firm at a given point in time. The marketing strategy should meet the marketing objectives (to provide a good service, make a profit?, growth, etc) without outspending the budget set. In terms of the material in the case there are a number of possible issues to consider. AHC largely sells to specific types of customers. This is likely to impact on the mix, particularly promotion. They may have to look at different aspects of personal selling rather than a mass marketing campaign. Candidates may wish to consider aspects of pricing, changes to the product, distribution strategy, or promotion. The drawing together of the different aspects of the mix is a requirement of the question. Candidates should be rewarded highly if their answer highlights a strategic approach, ie setting objectives, SWOT analysis, etc. Better answers are likely to take into account the great range of services provided and will, therefore, avoid the 'one size fits all' approach to developing the strategy. To reach L4, it is expected that a range of possible ideas are considered for different aspects of the activities of AHC.</p>	[13]	

Question	Expected Answers	Marks	Rationale
	<p>Level 4 [9-13] Candidate demonstrates evaluative skills when formulating an appropriate marketing strategy that Andy might use to increase sales.</p> <p>Level 3 [6-8] Candidate demonstrates analytical skills when considering element(s) of a marketing strategy that Andy might adopt to increase sales in the future.</p> <p>Level 2 [3-5] Candidate is able to demonstrate knowledge and understanding of the element(s) of a marketing strategy.</p> <p>Level 1 [1-2] Candidate offers relevant theoretical knowledge only. Some simple ideas have been expressed.</p>		

Question	Expected Answers	Marks	Rationale
6*	<p>Considering marketing and other issues, should Andy introduce one of the expansion ideas in Option C? Justify your view.</p> <p>Candidates should bear in mind that the changes would have a wide-ranging impact on the business as a whole. Better answers should reflect on the impact on other functional areas within the firm.</p> <p>Finance: can AHC afford the ideas presented? How will the decision be made? Opportunity cost?</p> <p>People: staff skills? Widen the customer base? Need for more staff? Training considerations?</p> <p>Operations: maintaining quality? Research of product range? Likely disruption?</p> <p>Also, there is a need to consider the wider market.</p> <p>Some discussion of the different changes and how they might impact on different issues would be credited. Better responses may refer to the different aspects of product development and the issues related to market development.</p> <p>The evaluation of the actual decision should draw on the other functional areas.</p> <p>Ultimately, a decision needs to be made. To reach L4, there is a need to justify the decision having argued the issues related to the other functions of business activity.</p> <p>Level 4 [13-18]</p> <p>Candidate demonstrates evaluative skills when considering whether Andy should introduce one of the ideas in Option C.</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 have been few, if any, errors of spelling punctuation and grammar.</p>	[18]	

Question	Expected Answers	Marks	Rationale
	<p>Level 3 [7-12] Candidate demonstrates analytical skills when considering whether Andy should introduce one of the ideas in Option C.</p> <p>Relatively straightforward 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 [3-6] Candidate is able to apply relevant suggestions to knowledge of impact of options. Some simple ideas have been expressed in an appropriate context.</p> <p>There are likely to be some errors of spelling, punctuation and grammar of which some may be noticeable and intrusive.</p> <p>Level 1 [1-2] Candidate offers relevant theoretical knowledge only.</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>		

Assessment Objectives Grid (includes QWC)

Question	AO1	AO2	AO3	AO4	Total
1	2	2			4
2	2	2	2		6
3	2	3	3	5	13
4	2	2	2		6
5	2	3	3	5	13
6	2	4	6	6	18
Total	12	16	16	16	60

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