

Business Studies

Advanced GCE

Unit **F293**: Marketing

Mark Scheme for June 2011

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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 Answer	Mark	Additional Guidance
1	<p>Using the mark up information in lines 51-52, calculate the price charged to a customer for repair work where the labour costs are £200 and the parts costs are £300.</p> <p>Labour costs are £200 with a 300% mark up The mark up is £600 (1) Therefore, the labour charge is £800 (1)</p> <p>Part costs are £300 with a 50% mark up The mark up is £150. Therefore, the parts charge is £450 (1) (Maximum 3 marks for mark-up calculations)</p> <p>The price paid by the customer is, therefore, £1250 (1)</p>	[4]	
2	<p>Discuss appropriate pricing strategies which David might adopt to try to increase demand in the coming months.</p> <p>The pricing strategy might include some discussion of known approaches eg cost-plus, demand based, psychological etc. Candidates have the opportunity to consider the full range of services/products mentioned in the case with the key consideration being to develop a strategy. Some may focus on the problem of setting different prices in relation to the full range of products/services being sold at PCL. To achieve Level 4, there is an expectation that candidates will consider a range of possible approaches in line with the evidence available — competition; wide product mix, etc. Reference to the examples of prices given in the text and the use of mark up for pricing servicing and repairs — how appropriate is this for other aspects of PCL?</p> <p>Level 4 (9-13) Candidate demonstrates evaluative skills when formulating an appropriate pricing strategy that David might adopt to increase demand in the coming months.</p> <p>Level 3 (6-8) Candidate demonstrates analytical skills when considering elements of a pricing strategy that David might adopt to increase demand in the coming months.</p>	[13]	

Question	Expected Answer	Mark	Additional Guidance
	<p>Level 2 (3-5) Candidate demonstrates knowledge and understanding of relevant pricing methods. No context required.</p> <p>Level 1 (1-2) Candidate offers only knowledge and understanding of pricing ideas.</p>		
3	<p>Analyse two possible marketing advantages to PCL of developing its website.</p> <p>Possible answers might consider the need to do what others may be doing in this market. The advantages relate to aspects of communication; to relate more closely to certain types of customers; to give a modern image to customers; to increase sales of parts; to increase number of services booked, etc.</p> <p>Level 3 (5-6) Candidate demonstrates analytical skills when considering advantage(s) to PCL of developing the website.</p> <p>Level 2 (3-4) Candidate explains advantage(s) of developing a website. No context required.</p> <p>Level 1 (1-2) Candidate offers only theoretical knowledge of developing a website.</p>	[6]	
4	<p>Analyse one possible marketing objective which David might consider appropriate for PCL.</p> <p>Possible objectives include increased sales; increased market share; increased customer awareness; product/service diversification; etc — lots of possible ideas! Candidates will be rewarded for relating the stated objective to PCL</p> <p>Level 3 (5-6) Candidate demonstrates analytical skills when considering a possible marketing objective for PCL.</p>	[6]	

Question	Expected Answer	Mark	Additional Guidance
	<p>Level 2 (3-4) Candidate shows explanation/understanding of a possible marketing objective. No context required.</p> <p>Level 1 (1-2) Candidate offers only theoretical knowledge of a marketing objective.</p>		
5	<p>Evaluate ways in which David could assess how PCL's marketing activities assist in the achievement of its business objectives.</p> <p>A business such as PCL will use a variety of marketing activities. Many are mentioned in the case. The question tests whether the candidate can determine how the success of marketing might be assessed. The focus may well be on carrying out effective market research and better responses are likely to develop a strategy to show how market research might be used to consider this. Mention could also be made of advertising elasticity of demand. To reach Level 4 there is a need to evaluate the possible methods with a time related strategy. Better candidates will also make reference to the actual objectives stated/implied in the case. Candidates who relate this to current and possible future promotion activities at PCL will clearly score well.</p> <p>Level 4 (9-13) Candidate evaluates the methods that David could use to assess how PCL's marketing activities assist in the achievements of its business objective.</p> <p>Level 3 (6-8) Candidate analyses the method(s) that David could use to assess how PCL's marketing activities assist in the achievements of its business objective.</p> <p>Level 2 (3-5) Candidate demonstrates knowledge and understanding of method(s) that could be used to assess how PCL's marketing activities assist in the achievements of its business objective. No context required.</p> <p>Level 1 (1-2) Candidate offers only theoretical knowledge of marketing activities and business objectives.</p>	[13]	

Question	Expected Answer	Mark	Additional Guidance
6 *	<p>Considering marketing and other issues, should PCL take over WCH, the car hire business? 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 the firm afford to expand in this way (setting up the website etc.)? Other ideas which may come up to diversify. Economic climate?</p> <p>People: staff skills? Issues of takeover given the working culture at WCH. Widen the customer base? Need for more staff? Possible redundancy for some?</p> <p>Operations: maintaining quality? Difficulty of working the new business in the same way as PCL, Impact on PCL?</p> <p>Also, there is a need to consider the wider market and the overall state of the economy and any external factors — new scrappage scheme/environmental factors, etc.</p> <p>Some discussion of the changes and how they might impact on different issues would be credited. Better responses may refer to Ansoff's Matrix (not required) and the issues related to product/market development.</p> <p>The evaluation of the actual decision should draw on the other functional areas.</p> <p>Level 4 (13-18) Candidate demonstrates evaluative skills when considering whether PL should take over WCH. 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 (7-12) Candidate demonstrates analytical skills when considering whether PCL should take over WCH. 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 demonstrates knowledge and understanding of the factors affecting the decision to take over WCH. No context required. There are likely to be some errors of spelling, punctuation and grammar of which some may be noticeable and intrusive.</p>	[18]	

Question	Expected Answer	Mark	Additional Guidance
	<p>Level 1 (1-2) Candidate offers only theoretical knowledge of strategic changes which might impact on the business in general. 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>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 <u>cannot</u> achieve a Level 4 mark.</p>		
		Total	[60]

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