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# Level 3 Technical Level

## **BUSINESS: MARKETING**

### **Y/506/6086**

Unit 2 Marketing Principles

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**Mark scheme**

January 2019

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Version/Stage: 1.0 Final

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 Assessment Writer.

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**

1	<b>B</b>
2	<b>C</b>
3	<b>B</b>
4	<b>C</b>
5	<b>D</b>
6	<b>A</b>
7	<b>D</b>
8	<b>A</b>

**0 9** A local leisure centre is reviewing its objectives.

Explain **one** benefit to the leisure centre of having **customer satisfaction** as a business objective.

**[3 marks]**

**1 mark** for identifying a feature of the term customer satisfaction.

**1 mark** for a purpose of the leisure centre having customer satisfaction as a business objective.

**1 mark** for the benefit to the leisure centre (eg a local leisure centre would have a lot of competition and therefore would want customers to be satisfied so they return).

**1 0** A large electronics retailer has received complaints about the quality of one of its items.

Explain **one** reason why it is important for the retailer to communicate with its **supply chain**.

**[3 marks]**

**1 mark** for identifying a feature of the term supply chain.

**1 mark** for a purpose of the retailer needing to communicate with its supply chain.

**1 mark** for the benefit to the electronics retailer of communicating with its supply chain (eg quality is vitally important in the electronics sector as it is highly competitive and customers can go elsewhere to buy products).

**1 1** Use the information above to analyse the **reliability** of the data for Helen.

[6 marks]

Level	Descriptor	Marks
3	Uses the information to analyse the reliability of the data for Helen.	6–5
2	Explains the relevance of the information to data reliability.	4–3
1	Demonstrates generic understanding of reliability.	2–1
0	Nothing worthy of credit.	0

**Possible responses include**

**Knowledge level 1**

- Reliability is a way of assessing the quality and consistency of what you intend to measure with your research.
- Market research is the activity of gathering information about consumers' needs and preferences.

**Application level 2**

- A closed question survey of a small sample of parents dropping children off at a local primary school each morning for a week. But the sample is small, and people may not want to answer when busy picking up a child.
- An online survey sent to everyone on Helen's personal social media pages. Helen is likely to use the people she already has on her social media as her sample, meaning this is less reliable.
- A postal survey sent to people in the local vicinity to Helen's home. Despite the fact this is sent to the local area, they may not have children or a need for cakes. In addition, postal surveys are rarely returned.

**Analysis level 3**

Some of the data here may be reliable, mainly from the closed question survey completed by local parents at the primary school, as this is a key target market. However, it is unlikely that people will have much time to complete surveys when dropping off or picking up children. The other two pieces of research are unlikely to be reliable due to the sample that has been chosen.

**1 2** Use the information above to analyse why **cultural differences** can influence purchasing decisions when buying Cadbury products.

**[6 marks]**

Level	Descriptor	Marks
3	Uses the information to analyse why cultural differences can influence purchasing decisions.	6–5
2	Explains the relevance of the information to cultural differences.	4–3
1	Demonstrates generic understanding of cultural differences.	2–1
0	Nothing worthy of credit.	0

**Possible responses include**

**Knowledge level 1**

- Cultural differences are the various beliefs, behaviours, languages, practices and expressions considered to be unique to a specific ethnicity, race or national origin.

**Application level 2**

Chocolate companies need to understand cultural differences in order to make sure that they sell products that link with the beliefs of the culture in particular countries. For example, in China, making Cholairs sweeter than in the UK.

**Analysis level 3**

Cultural differences can influence purchasing decisions because each country is unique and has its own set of beliefs and behaviours. Chocolate companies need to understand each country to ensure that they don't offend anyone, sell things that are inappropriate or have products that wouldn't be eaten. For example, in India, Dairy Milk maybe seen as a replacement for traditional Indian sweets. This can then mean that businesses would need to alter their products to meet the needs of customers, as where they are brought up and live may impact on their choices.

**1 3** Use the information above to analyse the importance to LocalMe of understanding the **consumer buying process**.

**[6 marks]**

Level	Descriptor	Marks
3	Uses the information to analyse the importance of understanding the consumer buying process to LocalMe.	6–5
2	Explains the relevance of the information to the consumer buying process.	4–3
1	Demonstrates generic understanding of the consumer buying process.	2–1
0	Nothing worthy of credit.	0

### Possible responses include

#### Knowledge level 1

- The consumer buying process relates to the stages customers go through before deciding to purchase a particular product.
- Stages include – need recognition, information search/processing, evaluation of alternatives and purchase decision.

#### Application level 2

- 80% of customers go straight to buy a newspaper or milk or other item – this means that the largest proportion of customers do not consider buying fruit and vegetables.
- 15% of customers, when suggested by the corner shop's staff, look at the fruit and vegetables. It could be possible that the shop target these customers to try and increase the sales of fruit and vegetables.
- Advertising fruit and vegetables outside the corner shop has no impact on revenue. In this case they may need to understand why the advertising did not help sales. It may not have been clear for example.

#### Analysis level 3

Ultimately it is vital that LocalMe understand the consumer buying process so that they can stock the products that consumers want to buy in the shop. This would have an impact on sales. It could also mean that they no longer stock certain items such as fruit and vegetables if sales are very low and only possibly 20% consider making a purchase. These are perishable items that do not last very long.

**1 4** Use the information above to analyse the impact that the **macro marketing environment** could have on the sales of food boxes.

**[6 marks]**

Level	Descriptor	Marks
3	Uses the information to analyse the impact of the macro marketing environment on the business.	6–5
2	Explains the relevance of the information to the macro marketing environment.	4–3
1	Demonstrates generic understanding of the macro marketing environment.	2–1
0	Nothing worthy of credit.	0

**Possible responses include**

**Knowledge level 1**

- The macro marketing environment includes all the major external and uncontrollable factors that can influence a business. These are usually PEST factors.
- PEST – Political, economic, social, technological.

**Application level 2**

- Economic – these factors could impact the business in a positive way, as increasing unemployment could suggest more disposable income.
- Social – trends would suggest that this is a market that people want, they want convenience and to eat healthily.

**Analysis level 3**

Many positive aspects here would suggest that this could have a positive impact on the business. Many more people want convenience and to be able to eat healthily. The food box delivery service fits their needs and allows them to be able to do this easily on their mobile or tablet. In addition, it's likely that people will have more disposable income due to the rising rates of employment. The only concern would be if people decide to save, due to interest rates or cut down on spending due to higher inflation above 2%.

**1 5** Use the information above to analyse how the business may need to **adapt the marketing mix** for its new takeaway service.

[6 marks]

Level	Descriptor	Marks
3	Uses the information to analyse how the business may need to adapt its marketing mix for its new customer requirements.	6–5
2	Explains how the business may need to adapt its marketing mix.	4–3
1	Demonstrates generic understanding of the marketing mix.	2–1
0	Nothing worthy of credit.	0

### Possible responses include

#### Knowledge level 1

Marketing mix is the 4P's: product, place, price and promotion.

#### Application level 2

- Place – one restaurant that can seat up to 30 customers. The place would not change, just the fact they would offer a delivery and a collect service. Customers can still come to the same place to collect.
- Product – focus on quality of the pizza and its ingredients. They wouldn't really need to change the product section as they are just offering the same product but as takeaway.
- Price – offer a competitive pricing strategy and a price match scheme with other nearby competitors. They will need to now do this with all the takeaway places which may mean they need to reduce prices slightly for a takeaway service.
- Promotion – through word of mouth, and flyers through local resident's doors. As they are now offering an online service they may wish to adapt their promotion so that it is online maybe through social media, or by using a website for online ordering.

#### Analysis level 3

Ultimately, they would need to change some aspects of their marketing mix to adapt to the new requirements of takeaway customers. The product and place will stay the same with just some changes to the distribution channel here to offer a takeaway and delivery service. Their price may change slightly due to the fact they are offering a takeaway service. People may not be willing to pay the same price for a pizza as they would charge in the restaurant. Their promotion would also need to be updated to link with the fact that they will be offering an online service, so maybe using more technology to promote.

**1 6** Use the information from the **SWOT table** to analyse the likely success of Raman's business.

**[6 marks]**

Level	Descriptor	Marks
3	Uses the information to analyse the impact of the SWOT table on Raman's business.	6–5
2	Explains the relevance of the SWOT information for Raman's business.	4–3
1	Demonstrates generic understanding of the SWOT analysis.	2–1
0	Nothing worthy of credit.	0

**Possible responses include**

**Knowledge level 1**

- SWOT internal strengths and weaknesses and external opportunities and threats.

**Application level 2**

- S – Raman could benefit from having only just graduated and by doing so well within her class. Customers will like this, especially those who may follow her on social media.
- W – As she has only just graduated she does not have the experience of running a business, and therefore she may find this a challenge.
- O – As there are no other hairdressers in the area offering an online booking service it is possible that she could benefit from this USP.
- T – As she is new to the industry she could find it very hard to compete with larger, more successful brands.

**Analysis level 3**

Raman's customer relationships could be impacted in a couple of ways. As she is young and new to hairdressing she is likely to know the new trends and styles, therefore it is possible that she will have a large customer base with the younger generation who follow social media. However, it is also possible that Raman could find it difficult to run a successful business due to her lack of experience. She may not be able to compete with the larger brands, but she does have a USP by being the only online mobile hairdresser in the local area. This could be convenient for customers and she could build relationships with customers when she visits their homes.

**1 7** What marketing actions should Harry take in order to compete with larger businesses that offer similar services?

Use the **marketing mix** and **Item A** to justify your choice.

**[15 marks]**

Level	Descriptor	Marks
5	Uses <b>Item A</b> to develop a balanced analytical response. Analyses key actions Harry should take to persuade local businesses to continue to trade with him. Evaluation of suitability supported by analysis.	15–13
4	Uses <b>Item A</b> to develop an analytical response. Analyses key actions Harry should take to persuade local businesses to continue to trade with him. Judgement of suitability supported by analysis.	12–10
3	Uses <b>Item A</b> to develop an explanatory response. Explains what actions Harry should take to persuade local businesses to continue to trade with him. One-sided judgment supported by an explanation.	9–7
2	Uses <b>Item A</b> to support response. Describes what actions Harry should take to persuade local businesses to continue to trade with him.	6–4
1	Demonstrates generic understanding of the marketing mix.	3–1
0	Nothing worthy of credit.	0

#### Possible responses include

##### Knowledge level 1

- The marketing mix is known as the 4 p's.
- These are considered to be product, place, price and promotion.

##### Application level 2

- Price – Harry could focus on more competitive pricing to ensure that he offers a lower price than the larger businesses.
- Product – As his products are of good quality, customers would be able to trust him, Harry could therefore focus his advertising on this.
- Place – They have both a bricks and mortar printing facility as well as an app and a website, this is a very modern way for customers to shop, Harry could focus on his ability of offering face to face selling.
- Promotion – Harry has a personal relationship with many of the businesses he deals with, this means that he could build repeat custom.

### **Analysis level 3**

Harry would need to focus on changing his promotions and price. As his product is already of good quality and his place local and online, these two P's may not need to change.

For his price he would need to ensure that he is much more competitive, this may mean he needs to negotiate with suppliers to get better deals so he can pass lower prices onto consumers.

He could also offer some sales promotions such as 10% off for loyal customers and BOGOF at certain times of the year. He should also ensure that all of his advertising is focused around his personal relationship with customers and quality of products to hopefully offer something different to the larger business.

### **Evaluation L4 & 5**

Ultimately if businesses are just looking for the lowest price it's likely that they will switch to using the larger businesses. However, if they are looking for a business with a personal touch and products that are of high quality, it is likely that they will continue to trade with Harry. It depends on the objectives and the financial position of the business at that time. If Harry can change his price slightly and focus on the quality of his products and personal selling they may just trade with him!

**1 8** From Olivia's and Sophie's proposals, which action would you advise they take?

Use **Item B** and your understanding of the **micro marketing environment** to justify your choice.

**[15 marks]**

Level	Descriptor	Marks
5	Uses <b>Item B</b> to develop a balanced analytical response. Analyses the extent to which the chosen action will impact Pro-teen's ability to achieve their sales revenue objective. Evaluation of impact supported by analysis.	15–13
4	Uses <b>Item B</b> to develop an analytical response. Analyses key points of which action Pro-teen should take to achieve their sales revenue objective. Judgement of impact supported by analysis.	12–10
3	Uses <b>Item B</b> to develop an explanatory response. Explains which action Pro-teen should take to achieve their sales revenue objective. One-sided judgment supported by an explanation.	9–7
2	Uses <b>Item B</b> to support response. Describes which action Pro-teen should take.	6–4
1	Demonstrates generic understanding of the micro marketing environment.	3–1
0	Nothing worthy of credit.	0

### Possible responses include

#### Knowledge level 1

- The micro environment refers to factors that affect a firm's ability to build and maintain successful customer relationships.
- These include: customers, suppliers, the public etc.

#### Application level 2

The micro environment could impact their sales revenue due to customers preferring to purchase items online, as this is more convenient and probably fits in with people's busy lives.

In addition, if they go with Olivia's idea it is likely that a cheaper supplier could mean worse quality, but charging less than the more convenient alternatives may attract customers.

Sophie's idea could mean that they gain more customers if they target the general public in the local area. However, it's still quite likely that people will have formed shopping habits online and prefer to do this.

#### Analysis level 3

- Olivia's idea – this could mean that the micro marketing environment affects the business in both positive and negative ways, customers are likely to be encouraged to shop at the business if they lower the prices as customers are very price orientated. However as this is a food product, it's likely they will also be motivated by quality and Olivia would need to ensure that quality doesn't suffer too much with the new supplier.

- Sophie's idea – this could again mean that the micro marketing environment affects the business in both positive and negative ways. Schools and colleges may like the idea that this is a local business. This could mean that they are likely to shop with Pro-teen, especially as schools and colleges are their target market. Pro-teen also have a trusted relationship with their supplier and they may be able to negotiate a slight price cut for being loyal customers.

#### **Evaluation L4 & 5**

Overall the micro environment could be difficult to control. Olivia's idea is the less risky option and would mean that they focus on their core customers and products. However, this could be limited as to how much this could increase revenue. Sophie's would be the riskier and possibly more costly of the two ideas, this would mean that they try to attract new custom. Despite being the more risky, it is likely that Sophie's option would result in higher sales revenue.

**Assessment outcomes coverage**

Assessment Outcomes	Marks available in section A	Marks available in section B	Total Mark
AO1: Understand business organisation	8 16%	0 marks 0%	8
AO2: Investigate trends in the economic environment	20 44%	15 marks 50%	35
AO3: Assess the impact of competition and innovation	6 12%	0 marks 0%	6
AO4: Assess business opportunities and threats	16 32%	15 marks 50%	31
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		
<b>Totals</b>	<b>8</b>	<b>35</b>	<b>6</b>	<b>31</b>

**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
<b>Totals</b>	<b>24</b>	<b>26</b>	<b>30</b>	<b>80</b>