



Level 3 Technical level Business: Marketing

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 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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MARKING METHODS

In fairness to candidates, all examiners **must** use the same marking methods. The following advice may seem obvious, but all examiners **must** follow it as closely as possible.

- 1 If you have any doubt about how to allocate marks to an answer, consult your Team Leader.
- 2 Refer constantly to the mark scheme and standardising scripts throughout the marking period.
- 3 Use the full range of marks. Don't hesitate to give full marks when the answer merits them.
- 4 The key to good and fair marking is **consistency**.

INTRODUCTION

The information provided for each question is intended to be a guide to the kind of answers anticipated and is neither exhaustive nor prescriptive. **All appropriate responses should be given credit.**

Where literary or linguistic terms appear in the Mark Scheme, they do so generally for the sake of brevity. Knowledge of such terms, other than those given in the specification, is **not** required. However, when determining the level of response for a particular answer, examiners should take into account any instances where the candidate uses these terms effectively to aid the clarity and precision of the argument.

DESCRIPTIONS OF LEVELS OF RESPONSE

The following procedure must be adopted in marking by levels of response:

- read the answer as a whole
- work up through the descriptors to find the one which best fits
- where there is more than one mark available in a level, determine the mark from the mark range judging whether the answer is nearer to the level above or to the one below.

Since answers will rarely match a descriptor in all respects, examiners must allow good performance in some aspects to compensate for shortcomings in other respects. Consequently, the level is determined by the 'best fit' rather than requiring every element of the descriptor to be matched. Examiners should aim to use the full range of levels and marks, taking into account the standard that can reasonably be expected of candidates.

Section A**Total for this section: 50 marks**

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

KEY LIST

1	B	5	C
2	A	6	A
3	B	7	A
4	D	8	D

0 9

Explain **one** way in which **understanding customer expectations** could help a small business to increase its revenue

[3 marks]

1 mark for identifying and/or understanding customer expectations

1 mark for a valid way in which customer expectations can help a small business to increase revenue

1 mark for a valid reason from the question eg by gaining more customers

Customer expectations are the minimum a customer wants from a product (1 mark), so the customer will be satisfied if the product meets or exceeds this level and potentially return to the business, for a small business they are likely to build a relationship with customers (1 mark). By meeting, or exceeding, this level of expectation a business could get more people to buy in and increase its revenue (1 mark).

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Explain **one** reason why it is important for a business to understand the **consumer buying process**.

[3 marks]

1 mark for identifying and/or understanding the consumer buying process

1 mark for a reason why it's important for a business to understand the consumer buying process

1 mark for a valid reason that relates to the consumer's position in the buying process

The consumer buying process relates to the stages customers go through before deciding to purchase a particular product (1 marks) Stages include – need recognition, information search/processing, evaluation of alternatives and purchase decision (1 mark) It's important for business to understand this so they can recognise where customers are in the process and offer post purchase assistance where needed. (1 mark)

1	1
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Use the information to analyse which method would be the most appropriate for this research.

[6 marks]

Level	Descriptor	Marks
3	Uses the information to analyse which is the most appropriate method for the business.	6–5
2	Explains the relevance to the shop of the most appropriate method of research.	4–3
1	Demonstrates generic understanding of market research	2–1

Possible responses include:

Knowledge (level 1):

Market research is the action or activity of gathering information about consumers' needs and preferences.

Application (level 2):

- Internet research of the competitors – using their social media sites and websites. This could be cheap and quick for the business.
- Focus group – with some of their loyal customers, however they will have to reward them for the time spent at the focus group. This could provide some reliable information which could help them to improve their business.
- Mintel market research report- investigating the street-food industry in the UK. This could be very relevant for the business but depending on the publication date maybe outdated.

Analysis (level 3):

- Internet research of the competitors – could be ideal for the company as this won't have any costs associated with this except the time element of someone undertaking the research.
- Focus group – Again a good way of finding out what the customers want as this will be the target market, but likely they will have to reward the customers for their time, which could mean spending more than they would wish to considering they are struggling with cash flow at the moment.
- Mintel market research report- It is likely that the business would have to pay for this and it could be outdated, therefore meaning that the business cannot use the research as it could be outdated and not representative.

1	2

Use the information above to analyse how **post purchase** reviews can help this business make appropriate marketing decisions

[6 marks]

Level	Descriptor	Marks
3	Uses the information to analyse the importance of post purchase reviews for making appropriate marketing decisions.	6–5
2	Explains how post purchase reviews can help the business make appropriate marketing decisions	4–3
1	Demonstrates generic understanding of post purchase reviews and/or marketing decisions	2–1

Knowledge (level 1):

Post purchase reviews are completed by customers after they have bought a product.

Application (level 2):

Post purchase reviews can help the business with their marketing decisions as they will be able access how customer feel they were treated in regards to customer's service and price, they may then be able to respond to the comments about prices being too high.

Analysis (level 3):

This would then mean that the business can respond appropriately on the basis of these reviews meaning that marketing decisions could be to bring in repeat custom as well as new customers and to promote the businesses special offers, and respond to the comments that have been left by customers.

1 3

Use the information above to analyse the **validity** of the research methods selected.

[6 marks]

Level	Descriptor	Marks
3	Uses the data to analyse which set of data would be the most valid for the business.	6–5
2	Explains the reliability of the data for the business.	4–3
1	Demonstrates generic understanding market research or data reliability.	2–1

Knowledge (level 1)

Market research is the action or activity of gathering information about consumers' needs and preferences. Data reliability focuses on whether research results can be applied to a wider group than those who took part in a study.

Application (level 2)

Closed question postal survey of 20 people living within 50 miles to the bowling alley- small sample of people, they don't live that locally and therefore may not be interested in the bowling alley, and therefore this may mean they have a small reply rate. This would mean that the data was potentially not valid as this is a small sample size.

Online survey sent to 100 customers who currently have a loyalty card with the bowling alley- most likely to complete the survey as they already are customers of the bowling alley and have a vested interest in what happens there, online surveys are quick and easy to complete and the sample size is much higher for a local business.

Face to Face questionnaire of 200 school children at the 10 closest schools to the bowling alley – 200 children is a large sample size, and the local schools in the area are likely to be customers of the bowling alley. This could potentially mean that this is a valid sample due to the size of the group questioned.

Analysis (level 3)

Closed question survey of 20 people living within 50 miles to the bowling alley- the sample size is very small, people are unlikely to travel 50 miles to a bowling alley- even in the school holidays therefore this data is unlikely to be representative of the target market for the bowling alley.

Online survey sent to 100 customers who currently have a loyalty card with the bowling alley – this means that are likely to be more representative of the target market and therefore supply more reliable data for the business to make decisions on.

Face to Face questionnaire of 200 school children at the 10 closest schools to the bowling alley – this is likely to be unreliable for the business as children are not necessarily the ones that would be paying for the bowling and therefore despite the information being about what the children want it may not be of any use to the business.

1 4

Use the information above to analyse the **contribution** made by each **marketing mix** to achieving the café's revenue objective.

[6 marks]

Level	Descriptor	Marks
3	Uses the information to analyse the contribution made by each marketing mix to the café of achieving the café's revenue objectives.	6–5
2	Explains the contribution made by each marketing mix to the café achieving their revenue objective	4–3
1	Demonstrates generic understanding of the marketing mix.	2–1

Knowledge (Level 1):

The marketing mix is the 4'ps product place price and promotion.

Application (Level 2):

Marketing mix 1 – this could help the business meet its revenue objective because it offers a delivery service for lunches which could work well with offices in the local town, as well as this they will be serving what people look for when ordering lunch- sandwiches and pasties. They will also gain more customers during the school holidays as they will be offering a promotion which gives a discount.

Marketing mix 2 – this could help the business meet its revenue objective as they will focus on healthy alternative options which could attract customers, they will also offer a loyalty card which could keep some customers loyal to the business and repeat custom is essential for increased sales.

Analysis (level 3):

Marketing mix 1 – The promotion in school holidays may mean that more people use the café and therefore this could increase sales, leading to an increase in revenue. In addition the online delivery service may mean that they could cater for office lunches on a regular basis again meaning they could increase revenue and hopefully profit.

Marketing mix 2 – The focus on healthy and organic food fits with local trends and could mean that more people could use the café as they are interested in being healthy, leading to increased revenue. If they succeed in opening more stores each year from 2020 this could mean that they could reach a larger target market and sell to more people in the new areas, leading to increase sales revenue. However pricing 10% more than local chain shop may dissuade some customers.

1 5

Use the information above to analyse the importance of **SWOT analysis** when

aking promotion decisions.

[6 marks]

Level	Descriptor	Marks
3	Uses the information to analyse the importance of SWOT to a business when making promotion decisions	6–5
2	Explains the importance of SWOT to a business when making promotion decisions	4–3
1	Demonstrates generic understanding of SWOT analysis	2–1

Knowledge (level1):

SWOT analysis allows a business to assess their strengths/ weaknesses (internal) and opportunities and threats (external) Promotion is how a business communicates with its customers.

Application (Level 2):

The opportunity of the surfing competition may mean that they advertise to local surfers as they could build a reputation with those interested in this activity. As there is a surf competition a large number of tourists may also visit the area. In addition they could use that fact they have experienced and knowledgeable staff to advertise to people outside of the area as they could offer guidance as to the local area.

Analysis (Level 3):

The could use the fact that they have experienced and reliable staff to advertise to customers the customer service that they offer as this could often be better than some of the cheaper price chains. Those customers looking for a good service hotel may stay here rather than a chain. However, as the staff are reluctant to use new technology it may not be worth the company using social media or the internet as its unlikely that staff will be able to support this.

1 6

Use the information above to analyse the importance to the business of understanding the **external macro environment**.

[6 marks]

Level	Descriptor	Marks
3	Uses the information to the business of understanding the macro marketing environment	6–5
2	Explains the importance to the business of understanding the macro marketing environment	4–3
1	Demonstrates generic understanding the macro marketing environment	2–1

Knowledge (level 1):

The macro marketing environment is the environment external to the business and includes elements such as technological, economic, political and social.

Application (level 2):

It is important to understand the macro environment as the company may find that customer having less disposable income are less likely to spend money on their product as it's not a necessity. Social trends indicate that male and female groups may wish to book this type of activity for birthday parties and the company may wish to target this group of customers for their business. As well as focusing on tourists who could visit the area due to a weak pound. However young people may not be interested in their business as they are more focused on social media and technology.

Analysis (level 3):

Being aware of the macro environment means that the company is able to market the business accordingly and this is of vital importance for the business as this could impact on the level of sales that the business makes and ultimately profit. The business needs to be aware of the macro environment in case they need to adapt the marketing mix, for example lowering prices due to the lack of disposable income. In addition they would also be able to plan ahead and set objectives for the future.

SECTION B

1 7

To what extent is **promotion** an important part of the **extended marketing mix** for Horses in Need?

Use **Item A** to justify your answer.

[15 marks]

Level	Descriptor	Marks
5	Uses Item A to develop a balanced analytical response Analyses key aspects of the marketing mix that could be important for Horses in need Cheshire. Evaluation of suitability supported by analysis	15–13
4	Uses Item A to develop a considered analytical response. Analyses some key factors of the marketing mix that could be important for Horses in need Cheshire. Judgement of suitability supported by analysis	12–10
3	Uses Item A to develop an explanatory response. Explains some issues of the importance of promotion within the marketing mix for Horses in need Cheshire. One-sided judgment supported by an explanation.	9–7
2	Uses Item A to support response. Describe the importance of promotion within the marketing mix for Horses in need Cheshire.	6–4
1	Demonstrates generic understanding of the marketing mix/ extended marketing mix/ not for profit organisation. .	3–1

Possible responses include:

Understanding (L1)

A not-for-profit business describes a type of organization that does not earn profits for its owners. All of the money earned by or donated to a not-for-profit organization is used in pursuing the organization's objectives and keeping it running. Typically, not-for-profit organizations are charities.

The marketing mix is about putting the right product or a combination thereof in the place, at the right time, and at the right price. The 7p's also contain, people, physical evidence and process.

Description (L2)

- Promotion – communication with supporters and markets in this case for Alice she needs to communicate with the supporters directly.
- Place – the physical location is based in Cheshire nearby to very affluent areas.
- People – the way in which the charity satisfies the supporters of the charity.
- Process – the way that Alice and the volunteers provide customer service for the customers and offer the horse riding and birthday parties.
- Physical evidence – the way in which the charity has set itself up in its surroundings the way that the sanctuary provides care for the animals.

Explanation and Judgment (L3)

As Alice offers birthday parties for children at the sanctuary she need to deal directly with customers/supporters of the charity, therefore her people skills need to be of a good standard to ensure they continue to use the charity and she has strong customer loyalty and awareness in the local area.

Alice has to emphasise public relations with her supporters they are very wealthy and affluent and expect in return the charity to also support them, with things like riding lessons. If Alice didn't have a good relationship and good PR with her supporters then they may not support the charity, which could mean that she sees the level of donations fall.

Analysis judgement and evaluation (L4 and L5)

Promotion is one of the most important elements of the marketing mix for the charity as this is the way that they communicate with customers and those who will donate money to the cause; Alice needs to ensure that customers and supporters understand the needs of the charity.

However, other elements of the marketing mix could be just as important such as people as Alice and her volunteers are constantly dealing with people on a day to day basis and needs to leave a good impression of the business so that they will donate and/or book riding lessons or parties.

1 8

Evaluate the **significance** of **micro marketing environment** for Michael?

Use **Item B** to justify your answer.

[15 marks]

Level	Descriptor	Marks
5	Uses Item B to develop a balanced analytical response. Analyses key reasons as to which factor is the most important element of the micro marketing environment for Michael. Evaluation of importance supported by analysis	15–13
4	Uses Item B to develop an analytical response. Analyses some key reasons as to which factor is the most important element of the micro marketing environment for Michael. Judgement of importance supported by analysis	12–10
3	Uses Item B to develop an explanatory response. Explains some issues of the importance of the micro marketing environment for Michael	9–7
2	Uses Item B to support the response. Describes the importance of the micro marketing environment to Michael.	6–4
1	Demonstrates generic understanding of the micro marketing environment.	3–1

Possible responses include:

Understanding (L1)

The micro environment refers to the forces closely influencing the company and directly affect the organization's relationships. The factors include the company and its current employees, its suppliers, marketing intermediaries, competitors, customers and the general public.

Description (L2)

Competition – There has been a big increase in competition with chains such as Pizza Express and Zizzi also offering gluten free menus. Due to the size of these businesses they can also offer deals as they benefit from economies of scale meaning that prices are often lower than that offered by Michael.

Customers – There has been a huge increase in the popularity of gluten free and clean eating over the past few years. Therefore, customers may prefer to eat at this type of restaurant however due to the recession and other factors such as income freezes they may be mindful of the amount spent on eating out.

Suppliers – As there is more demand for the gluten free items there are now more suppliers in the market, but prices have remained relatively high due to the fact that demand is high and businesses are willing to order from suppliers.

Explanation and Judgment (L3)

Michael needs to be aware of the micro marketing environment as this would mean that he can respond to what the competition is doing. Therefore, meaning they bring out similar promotions and products in order to compete with larger competitors.

He needs to pay attention to the customers and be able to satisfy their needs to ensure that he maintains customer loyalty and repeat business, which is vital for a small restaurant.

He must also pay attention to suppliers and ensure he pays them on time and has a good relationship with them due to the competition demanding similar items. By maintaining a good relationship, he may be able to negotiate.

Overall, he needs to be aware of all of the elements of the micro marketing environment as these can impact on the success of the business.

Analysis, judgement and evaluation (L4 and L5)

Competition is the most important element of the micro marketing environment for Michael, because large chains are able to price set and be more dominant within the market, meaning that Michael may find it difficult to compete, especially on price. However, he also needs to be aware of the actions of suppliers and customers as they are dependent on these stakeholders too for the success of the restaurant.

Customers could be the most important element of the micro marketing environments without them the business would not exist. They would need to ensure that they pay attention to and satisfy customer needs to ensure retention and repeat customer. This could be difficult as customers have the power in this type of market and could go to any restaurant that sells gluten free items.

In addition, suppliers could also be the most important element of the micro marketing environment, Michael would need to maintain a good relationship with these suppliers to ensure that he gets the best prices they offer as gluten free items are costly. He would also need to negotiate payment terms where possible.

Ultimately, it depends on which angle you assess the situation from. All elements of the micro marketing environment are likely to be significant, especially for a small business. However, the entrance of larger businesses into the market means that competitor could be a huge factor in the performance of the business as they can take customers and supplier which therefore will have a huge impact on the small restaurant.

Assessment outcomes coverage

Assessment Outcomes	Marks available in Section A	Marks available in Section B	Total Mark
AO1: Investigate the role and function of marketing within organisations	10 12.5%	-	10 marks 12.5%
AO2: Assess key components of the marketing environment and the factors that influence consumer behaviour	18 22.5%	15 18.75%	33 marks 41.25%
AO3: Investigate how to collect relevant information about the marketing environment	13 16.25%	-	13 marks 16.25%
AO4: Assess the concept and elements of the marketing mix and how it is applied in different contextual settings	9 11.25%	15 18.75%	24 marks 30%
Total	50	30	80 marks

Question	Assessment outcome 01	Assessment outcome 02	Assessment outcome 03	Assessment outcome 04
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				
18		15		15
Total	10	33	13	24

Assessment objectives coverage

Question	Knowledge and understanding	Application	Analysis and evaluation	Total
1	1			
2	1			
3	1			
4	1			
5	1			
6	1			
7	1			
8	1			
9	1	2		
10	1	2		
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
Total	28	22	30	80