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AQA Level 3 Technical Level Business

Marketing principles

Unit Number: Y/506/6086

Mark Scheme

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SECTION A

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

KEY LIST

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

09	Explain **one** way in which understanding customer expectations could help a business to increase its sales. **[3 marks]**

1 mark for identifying **any** feature of customer expectations eg minimum performance levels for a product

1 mark for a valid impact of the **identified** feature on customers eg customers will decide on future purchases based on the products ability to meet or exceed expectations

1 mark for a valid reason **from the question** eg by exceeding customer expectations, the business could retain/gain customers and increase sales

"Customer expectation is the minimum a customer wants from a product (1 mark), so the customer will be satisfied if the product meets or exceeds this level (1 mark). By meeting, or exceeding, this level of expectation a business could gain loyal customers and increase its sales (1 mark)"

10	Explain **one** way in which a business could reduce costs by providing support to its supply chain. **[3 marks]**

1 mark for identifying **any** valid feature of a supply chain eg the businesses involved in distributing another business's products to the final consumer

1 mark for a valid aspect of the **identified** feature eg transport businesses moving goods from the business to retail outlets

1 mark for a valid reason **from the question** eg alter the product's packaging to allow for higher volume/more uniform shipments

"The supply chain consists of other businesses shipping goods into or out of the business (1 mark) eg transport businesses taking goods from the business to retailers (1 mark). The business could get costs down by repackaging its products to allow for easier/more rapid transport (1 mark)"

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11	Use the data to analyse the importance to the business of understanding its customers' needs and wants. **[6 marks]**

Level	Descriptor	Marks
3	Uses the data to analyse whether customer needs and wants are being met by the business	6–5
2	Explains the relevance of the data to customer needs and wants	4–3
1	Demonstrates generic understanding of customer needs and wants	2–1

Possible responses include:

***Knowledge* and Application (Levels 1 and 2):**

- *Customer needs and wants vary according to the type of product being purchased (eg luxury v necessity) and the motivations of the customer*
- *Customers look for a number of different types of benefits in products – depending on the nature of the product – and these range from functional benefits to emotional benefits. They can be influenced by close social contacts or general social trends*
- 1st question – majority satisfied with the transaction process, so could be seen as meeting emotional needs
- 2nd question – this is certainly targeted at emotional needs and this is less positive with the majority being only 'somewhat' satisfied
- 3rd question – this could relate to social forces impacting on customer needs and the results indicate that most respondents thought their family/friends were somewhat pleased.

Analysis (Level 3):

- The first question would indicate whether the buying process was supported by the sales staff - it does not necessarily relate to understanding customer needs but it might indicate the extent to which customers thought that sales staff took the time to understand their needs and this would be a positive aspect of the results
- The second question is not that positive – 20% of customers are not satisfied and this may well be sufficient to indicate a problem. However, 30% were very satisfied so it might indicate a broad target market with some sections not having specific needs being met
- The responses to the third question are, perhaps, indicative of a disinterest in the purchase by family/friends. This could be a worrying aspect as it might not support word-of-mouth promotion and/or repeat sales.

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12	Use the data to analyse the importance to the store manager of understanding the consumer buying process. **[6 marks]**

Level	Descriptor	Marks
3	Uses the data to analyse how the store manager might respond to an understanding of the consumer buying process	6–5
2	Explains the relevance of the data to the consumer buying process	4–3
1	Demonstrates generic understanding of the consumer buying process	2–1

Possible responses include:

***Knowledge* and Application (Levels 1 and 2):**

- *The consumer buying process relates to the stages customers go through before deciding to purchase a particular product*
- *It can be quite simple for low involvement goods or quite lengthy and complex for high involvement goods*
- *Stages include – need recognition, information search/processing, evaluation of alternatives and purchase decision*
- 1st bullet point – a high proportion of customers know exactly what they want to purchase prior to entering the store ie no issue with need recognition
- 2nd bullet point – the remaining customers seem to be split between those still identifying a need and those who are carrying a quick information search/processing/evaluation
- 3rd bullet point – this would seem to indicate that the store owner can influence buyer decisions ie to suggest a need which was not present before
- 4th bullet point – this would indicate that customers are not struggling to locate stationery items ie they do not have a clear need recognition in the first place.

Analysis (Level 3):

- The immediate objective is to increase the sale of stationery items
- The research would seem to highlight two key findings about buyer behaviour:
    - Very few sales are made to customers who did not have a specific need recognition before entering the store – certainly not for stationery items as relocating the display did not seem to make any difference
    - Once at the counter, a response rate of 20% to the suggestion of purchasing a stationery item is quite significant and might even result in future repeat purchases
- The owner of the local newsagent has saved herself time and money eg hopefully won't waste any money on display materials for stationery items and simply needs to prompt buyers to remember that they do have a need for stationery

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13	Using the information and data, analyse which **two** sources the marketing manager should select for the research plan. **[6 marks]**

Level	Descriptor	Marks
3	Uses the information and data to analyse factor(s) affecting the selection of sources for the research plan	6–5
2	Explains the relevance of the information and data to the research plan	4–3
1	Demonstrates generic understanding of sources of information and data	2–1

Possible responses include:

***Knowledge* and Application (Levels 1 and 2):**

- *Data sources can be either primary – carried out first hand – or secondary – completed by agencies not directly employed by the researcher*
- *Secondary sources are wide ranging but include such sources as trade publications and market research reports*
- The Grocer – is in the right market area and includes information about convenience stores and could provide some articles about healthy eating trends
- Mintel – this is very specific information and, given the price, possibly contains a large amount of information which could be used by the marketing manager
- Interviews – primary research which would be exactly tailored to the needs of the marketing manager
- Google search – the marketing manager could avoid the expense of employing a research agency and carry out the research themselves ie quite likely that they would be able to find a number of articles without any direct cost and they would be in control.

Analysis (Level 3):

- The marketing manager has limited time and funds – four days and £2000
- The Grocer online magazine is relatively inexpensive and focused on his market area – he may well be able to quickly locate key reports and have funds left to spend on the Mintel report which could then be used to provide more detail and/or backup his initial findings from the Grocer
- The Mintel report is very expensive, so presumably contains useful information. However it would probably not be as focused as employing the research agency to interview their direct customers – this must be a strong contender as they have more control over what is being researched, yet they will have to wait for the results leaving them only 1 day to process them
- They could, in the meantime, just carry out their own Google searches – they could probably find examples of trends this way and be ready to analyse the research agency results when they arrived.

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14	Use the data to analyse why the researcher might use an online survey rather than a postal survey. **[6 marks]**

Level	Descriptor	Marks
3	Uses the data to analyse factor(s) affecting the choice of survey method	6–5
2	Explains the relevance of the data to the choice of survey method	4–3
1	Demonstrates generic understanding of surveys	2–1

Possible responses include:

***Knowledge* and Application (Levels 1 and 2):**

- *Closed question surveys use questions with a fixed number of possible responses eg using yes/no answers or Likert scales*
- *Surveys can be delivered and completed in a number of ways eg over the phone, by post or, increasingly, through webpages*
- *Cost of delivery/collation and response rates are factors which need to be considered when deciding on the medium to be used*
- Cost – surprisingly, it costs more to use online media and this might suggest that postal surveys are a better option
- Speed – a clear winner here with online surveys being almost instantaneous ie why would you ever use a postal survey?
- Response rate – this means how many surveys are actually completed in relation to the target eg if you send out 1000 postal surveys you only get back 44 completed surveys
- Optimum number of responses – this indicates how many questions you can ask before people get bored completing the survey and it would seem that online surveys are not suitable for lengthy surveys
- Reliability – how serious are people when they complete the survey and this is more certain for postal surveys whereas you could get 'throwaway' responses for online surveys.

Analysis (Level 3):

- Although the response rate for online surveys is low, what would this really mean as you have an infinite number of surveys being delivered – the fact that you can get a rapid response could be a key factor for the researcher who might be facing a time limit
- The cost is almost the same and the reliability of responses can be high, presumably when you keep the number of questions as low as possible eg 5 to 10
- The researcher might want to use an online survey when he/she has very specific areas to research and needs results as rapidly as possible – it would probably help if the website used to deliver the survey is viewed as exclusively as possible by the target audience.

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15	Use the data to analyse the **reliability** of the research findings.	**[6 marks]**

Level	Descriptor	Marks
3	Uses the data to analyse the possible effect(s) of bias/validity/timeliness on the reliability of the research findings	6–5
2	Explains the relevance of the data to the concept of reliability	4–3
1	Demonstrates generic understanding of reliability	2–1

Possible responses include:

***Knowledge* and Application (Levels 1 and 2):**

- *Data reliability considers the 'usability' of researched data ie the extent to which it provides a reliable foundation for decisions*
- *Data reliability can be affected by three factors – the presence of bias and inaccuracy inherently present in the source; the validity of the data (ie is it useful/truthful?) and the timeliness of the data (ie is it up to date?)*
- 1st row –
    - we have two sources with different findings so could be an issue of accuracy or validity
    - the data would seem to be a little out of date – over a year, possibly two years old and this would be an issue of timeliness
    - possible presence of source bias as a mobile phone manufacturer might want to over-emphasise the popularity of smartphones
- 2nd row -
    - the data is certainly timely and could be argued to be free from bias
    - possible issue with validity as the issue is what's meant by a favourite e-commerce site?

Analysis (Level 3):

- All aspects of the findings would indicate problems with the reliability of the data
- It would seem that it is difficult to get hold of reliable data on the percentage of UK mobile phones which are e-commerce ready – findings vary and the data is old. In addition, what might have been the definition of e-commerce ready? The findings could be considered to fail on all three counts (ie biased, invalid and not timely).
- Favourite e-commerce website – it is unclear as to whether this relates to just people visiting these sites from a mobile phone. Could include views from tablets/desktop computers. In addition, how would you define favourite? This would seem to be based solely on number of visits to the site and nothing to do with actual purchases from the site. The findings could be considered to fail on validity.

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16	Use the data to analyse which marketing mix should be used by the business in order to achieve its profit aim. **[6 marks]**

Level	Descriptor	Marks
3	Uses the data to analyse factor(s) affecting the choice of marketing mix	6–5
2	Explains the relevance of the data to the concept of the marketing mix	4–3
1	Demonstrates generic understanding of the marketing mix	2–1

Possible responses include:

***Knowledge* and Application (Levels 1 and 2):**

- *Marketing mix considers the 4Ps – price, product, promotion, place*
- *Price – how much to charge for products; product – what types of products to sell; promotion – how to communicate with customers and persuade/inform them; place – where to sell the products/how to distribute the products to the final consumer*
- Option A
  - product altered by adding a range of soaps which are made in France – this would seem to be widening the product range
  - promotion and price the same so the business is not using these aspects of the mix
  - place has continuity – so retaining the current market segment – but adding e-commerce to target different segments or increase sales volume?
- Option B
  - product altered by deepening the product range with an additional four fragrances and all from the existing business
  - price proposed to increase significantly and this might be the way in which sales are planned to increase
  - place proposed to change significantly from 'part-time' sales to a permanent presence on the high street – perhaps intended to scale up sales
  - promotion – equally 'aggressive' with a leafleting campaign, presumably to support the hoped for increase in sales.

Analysis (Level 3):

- Option A has the merit of being less risky and less likely to alienate the existing customer base. It has the potential to increase sales through the use of e-commerce and the introduction of a new product range. Although not seemingly as coordinated as option B, it might be considered coordinated as it may well be more in line with the capabilities/capacities of the business.
- Option B has the merit of being possibly more able to achieve the 20% increase in profits, through the 25% price increase and through a permanent presence on the high street. It could be considered to be co-ordinated as all elements of the mix seem to be supporting each other, however it might be seen as less co-ordinated than option A due to the very different approach ie will the business understand how to operate a high street store? Also high risk given the potential to alienate the existing customer base with the price increase.

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SECTION B

Total for this section: 30 marks

17	Rachel believes that SP Retail has sufficient understanding of its marketing environment to make informed marketing decisions. To what extent do you agree with Rachel? Use **Item A** to justify your answer. **[15 marks]**

Level	Descriptor	Marks
5	Analyses key competing factors affecting the sufficiency of SP Retail's understanding of its marketing environment. Weighted evaluation supported by analysis. Uses **Item A** to develop a detailed analytical response.	15–13
4	Analyses some competing factors affecting the sufficiency of SP Retail's understanding of its marketing environment. Two-sided judgement supported by analysis. Uses **Item A** to develop a considered analytical response.	12–10
3	Analyses some factors affecting the sufficiency of SP Retail's understanding of its marketing environment. One-sided judgment supported by analysis. Uses **Item A** to develop an analytical response.	9–7
2	Explains aspects of SP Retail's marketing environment. Basic supported judgment Uses **Item A** to support response.	6–4
1	Demonstrates generic understanding of the marketing environment. Limited unsupported judgment. No use of **Item A** to support response	3–1

***Knowledge* and Application:**

- *The marketing environment is a broad term covering the macro, micro and internal environments*
- *The macro environment considers the broad forces, outside of a business's control, which can impact on the nature and effectiveness of a business's marketing activities*
- *The micro environment considers forces closer to the business but still external to it. These forces can have a significant and immediate effect on the outcomes of marketing activities.*
- *The internal environment considers those forces which affect the strengths and weaknesses of a business's competitive position.*
- Macro environment
    - Rachel has investigated aspects of the social and environmental marketing environment when introducing the new product
    - Rachel has reviewed recent media reports to identify aspects of the economic marketing environment

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- Micro environment
    - SP Retail would seem to have some understanding of the factors motivating its customers
    - SP Retail has an understanding of its suppliers/intermediaries
    - Rachel would seem to be aware of competitors
    - SP Retail does **not** seem to have any information about the general public
- Internal environment
    - Financial resources – SP Retail's profits declined by 12% three months after the launch of the new product range
    - Skills/people – SP Retail sales staff are aware of trends
    - Internal elements restricting successful marketing – it would seem that we have some disagreement between Rachel and Pritesh; he was only given a small budget to carry out restricted research into the marketing environment

Analysis:

- Rachel would appear to have some understanding of suppliers, competitors, environmental/social forces and economic forces. This may be enough of a basis for SP Retail to make informed marketing decisions. It may have enough information about external opportunities and threats – it would seem to know something about the economic/social/ environmental aspects of the macro environment.
- Pritesh would seem to have had enough of an understanding of buyer behaviour to see the opportunity offered by Rachel's concerns about the environmental and ethical impact of SP Retail's purchasing decisions – his recycling scheme produced results in terms of increased repeat purchases. He is right to request funds to carry out detailed research into SP Retail's marketing environment – that is his job and he has evidence to indicate that SP Retail might be 'losing its way' ie poor sales of the new product range, only low/medium priced products showing an increase in repeat sales, the competitor stopping trading (why was this?), and no real evidence to show that SP Retail customers are concerned about 'sustainable products'

Evaluation:

- SP Retail has suffered from poor sales and declining profits. Without evidence to the contrary, this would seem to back Pritesh's request for more detailed research into its external marketing environment
- SP Retail has some understanding about the macro/micro environment, but this would seem to be slightly biased towards Rachel's priorities
- However, SP retail has restricted funds and time – it needs to react as rapidly as possible – and the issue would seem to be what is meant by 'sufficient understanding'?
- Overall, the extent to which Rachel is correct would seem to depend on the extent to which the new product range was, in itself, responsible for the recent financial problems. It could simply be the fact that too much money was spent on relabeling all products and slow economic conditions resulted in poor overall sales. We don't know and the decision to provide Pritesh with a small budget to carry out focused research would seem, on balance, to be a sensible one.

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18	To what extent do you agree with the changes to SP Retail's marketing mix proposed by Pritesh? Use **Item B** to justify your answer. **[15 marks]**

Level	Descriptor	Marks
5	Analyses key competing factors affecting the suitability of the proposed marketing mix. Weighted evaluation supported by analysis. Uses **Item B** to develop a detailed analytical response.	15–13
4	Analyses some competing factors affecting the suitability of the proposed marketing mix. Two-sided judgement supported by analysis. Uses **Item B** to develop a considered analytical response.	12–10
3	Analyses some factors affecting the suitability of the proposed marketing mix. One-sided judgment supported by analysis. Uses **Item B** to develop an analytical response.	9–7
2	Explains the purpose(s) of the proposed marketing mix. Basic supported judgment Uses **Item B** to support response.	6–4
1	Demonstrates generic understanding of the marketing mix. Limited unsupported judgment. No use of **Item B** to support response	3–1

Possible responses include:

***Knowledge* and Application:**

- *The marketing mix consists of elements – Price, Product, Promotion and Place which can be extended to include People/Process and Physical evidence*
- *The marketing mix should be carefully selected on the basis of a business's resources/capabilities, the competitive nature of the market and the behaviour of its targeted consumers*
- *The marketing mix should be co-ordinated – to include the elements of the mix and the capabilities/operation of the business's functional areas ie achieving an effective marketing mix is not easy*
- Pritesh proposes keeping the new product range but also indicates that the mix should be changed to be more in line with a FMCG mix eg selling more products with a rapid sales turnover and the possibility for repeat purchases
- This would also seem to indicate that he might want to reduce prices as an FMCG market is usually very price competitive
- The main focus of his proposed mix would seem to be 'place' – he wants SP Retail to establish an e-commerce website in addition to its physical stores
- Pritesh believes that the new product range should not be sold in the high street stores and they should only be retailed online
- Pritesh does not say anything about promotion, but his belief that SP Retail should have an FMCG marketing mix would indicate that he wants to increase spending on 'mass promotion' (above the line promotion for example)

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Analysis:

- Pritesh's marketing mix comes from his observation that customers are starting to buy products from competing online retailers. He also says that SP Retail needs to 'focus more on fulfilling customer expectations'. He is right to consider a change in the marketing mix given this evidence and his focus on e-commerce would seem to be a sensible reaction. As SP Retail is in the FMCG market, it needs a mix appropriate to this type of market – his decision to shift the new product range to online sales could make space within the high street stores to stock 'fast moving' lower margin items. These FMCG products might be better understood by both staff and customers.
- Rachel is questioning the proposed marketing mix because it does not seem to be co-ordinated ie it does not have a 'corporate focus' or support the brand image. The business has a reputation for personalised customer service – how would the mix be in line with this? Rachel is right to point out that SP Retail might not necessarily be within the FMCG market – by a broad definition this might be true, but that does not mean it should become a retailer of cheap products which she thinks Pritesh is suggesting. Finally, it is worrying that the research results indicated that staff 'did not really understand the new products'. Perhaps it is simply a failure to communicate product benefits?

Evaluation:

- Difficult to argue against Pritesh's proposed mix – it would seem a little odd that SP Retail does not have an e-commerce website. This would probably not cost much to implement and would seem to be a positive element of the proposed mix.
- However, Pritesh's view that SP Retail is operating in a FMCG market, whilst true, may well be missing the business's strengths – SP Retail retails quality products at reasonably competitive prices using knowledgeable sales staff. His mix may well dilute these strengths and damage the business's market position and/or ability to react to opportunities/threats
- Alternatively, it could be a 'smart' move – perhaps the e-commerce website could be the best way to communicate the benefits of the new product range. Perhaps staff had been trained on the benefits of the new products, perhaps the target market for these products does not come from SP Retail's existing customer base and a new target market should be aimed for?
- Overall the decision to move into 'sustainably sourced' products seems to be a key issue. If the existing target market is happy with these products and Pritesh simply has failed to implement the mix, then Rachel is right and SP Retail should not implement Pritesh's proposed mix. However, it may well be that SP Retail is being squeezed out of the market and recent events are simply the first signs of this – the business needs to be proactive and Pritesh's proposed mix could save the business.

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Assessment outcomes coverage

Assessment Outcome	Marks available in section A	Marks available in section B	Total Mark
1. Investigate the role and function of marketing within organisations	10 marks 12.5%	0 marks 0%	10
2. Assess key components of the marketing environment and the factors that influence consumer behaviour	15 marks 18.75%	15 marks 18.75%	30
3. Investigate how to collect relevant information about the marketing environment	18 marks 22.5%	0 marks 0%	18
4. Assess the concept and elements of the marketing mix and how it is applied in different contextual settings	7 marks 8.75%	15 marks 18.75%	22
Total	**50 marks**	**30 marks**	**80**

Question	AO1	AO2	AO3	AO4
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
Totals	**10**	**30**	**18**	**22**

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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
Totals	**24**	**26**	**30**	**80**