



Examiners' Report/ Lead Examiner Feedback

June 2016

NQF BTEC Level 1/Level 2 Firsts in
Business

Unit 9: Principles of Marketing
(21325E)

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General Comments

This examiner report should be read in conjunction with the question paper and the published mark scheme. In it, we attempt to provide insight and examples of good and not so good responses. Centres could use this with candidates to ensure they understand how marks are awarded.

Many learners have now sat the Unit 9 Marketing test, and it is pleasing to see that many are well prepared for this paper. The improvement in performance in the two extended writing questions is dramatic compared to the first one or two tests. The use of the contextual information provided in the paper continues to improve, with the best responses making clear links between this data and relevant theory. There are however, still a large number of candidates who do not have a sound understanding of some of the key terms and concepts and they continue to perform poorly. The best candidates continue to demonstrate their wider knowledge of marketing across the whole of the paper.

A number of candidates continue to provide only a single point for some four mark questions, despite the explicit instruction to explain two points. Others confused distribution channels with promotion via the multitude of TV channels now available.

Surprisingly, quite a few candidates failed to describe the meaning of the terms 'cost-plus' pricing and 'competitive pricing'. These two questions are covered in more detail later in this report.

In this series, the two extended writing questions Q05(d) and Q11(d) performed well with a significant number of candidates achieving over 4 marks. Marks were awarded for two or more well developed points relating to the question. Where candidates scored lower, the responses were often lists of bullet points or unconnected statements.

In preparation for future series, candidates should focus on fully developing their understanding of the key terms, but should also focus on how to apply the basic understanding to the context of the question.

For the 8 mark questions candidates should read the questions carefully, including the introductory stem which contains relevant contextual information. Candidates then need to present a balance argument when asked to discuss, evaluate or assess a point – it is essential that they consider more than one side of an argument, otherwise they will limit their ability to achieve a higher mark.

Feedback on specific questions

Q01

Surprisingly a large number of candidates were unable to provide the missing word, opportunities, from the acronym SWOT. Quite a few candidates left the question blank whilst 'objectives' was a common incorrect response.

Q02

This question proved to be challenging for candidates. The desired response was that the goods sold in supermarkets are 'consumer goods'. There were a variety of incorrect responses including consumable goods. Some candidates gave the type of market i.e. business to consumer (B2C), rather than the type of good. Again this is an example of candidates not reading or fully understanding the question being asked.

Q03

This question performed as expected. Candidates were asked to 'give one method of collecting market research'. Correct responses included carrying out surveys or interviews, or using focus groups or observation. A number of candidates simply stated 'the internet' without quantifying how the internet would be used to collect market research, and as a result, these candidates failed to achieve a mark. Other incorrect responses included 'secondary' or 'primary' research. The question required learners to identify a specific method, not a type of research.

Q04

Performance on this question was good with more than half the candidates scoring full marks.

This is an example of a well-developed response which gained two marks.

4 State **two** purposes of market research.

1. Allows a business to identify customer wants and needs and produce a product appropriate for them
2. Allows a business to look at competitors activities such as prices, products and adjust their business.

(Total for Question 4 = 2 marks)

This weaker response was also awarded 2 marks, one for each purpose. The command verb was 'state', so a detailed development of the response was not required.

4 State **two** purposes of market research.

1 To find out what the customers need.

2 To know who you competing with (competitors)

(Total for Question 4 = 2 marks)

In this third response, the candidate scores only one mark for the first purpose. The second response on USP achieved no reward.

4 State **two** purposes of market research.

1 Purpose of market research is to find out who your target audience is.

2 Another purpose of market research is to identify ~~a~~^a unique selling point

(Total for Question 4 = 2 marks) **1**

Q05(a)

Candidates were asked to outline the meaning of the term 'mass market'. Many achieved one mark for identifying it was a market with a large number of customers, or where the volumes sold were very high. To achieve the second mark, candidates needed to develop the response, such as all the customers have similar needs or buy a standard product. The second mark could also be achieved by giving an example of a mass market good such as bread or cars or mobile phones. The example could not be 'sportswear' or 'trainers' as these were given in the stem of the question.

This response gained two marks.

(a) Outline what is meant by the term 'mass market'.

(2)2

Mass Market is a market which caters for a wide range of people such as next as they look at diff all age groups to produce clothing

The following response was awarded one mark.

(a) Outline what is meant by the term 'mass market'.

(2)

mass market means is that
it caters for everyone and
not a specific customer.

The response below did not give an true definition of the term 'mass market' and therefore did not earn any marks.

(a) Outline what is meant by the term 'mass market'.

(2)

A large market share that is in
high demand for a particular
simple product. That can usually be
made quite cheaply and quickly

Q05(b)

This question also proved challenging, and over half of all candidates scored zero marks. To achieve full marks, candidates had to provide either a well-developed definition, or a simple definition with an example. In a large number of cases, candidate mistook the term distribution channel for TV channels that may be used for promoting a product.

This answer earned two marks and showed an example of a distribution chain.

(b) OPUS uses a number of distribution channels.

Outline what is meant by the term 'distribution channel'.

(2)

Distribution channel is the way the products
go from the PRODUCER to the TARGET MARKET.
An example of this is:
PRODUCER → WHOLESALER → RETAILER → CONSUMER

This was a strong example of a well-developed answer, and earned two marks.

(b) OPUS uses a number of distribution channels.

Outline what is meant by the term 'distribution channel'.

(2)2

The means of getting the product to the customer, which can be direct to the customer or through other 3rd parties, which is indirect.

This response was more basic and earned one mark.

(b) OPUS uses a number of distribution channels.

Outline what is meant by the term 'distribution channel'.

(2)1

Distribution channel is how the business gets the product to the customer such as delivering it.

This incorrect response related to promotion via TV channels and did not earn credit.

(b) OPUS uses a number of distribution channels.

Outline what is meant by the term 'distribution channel'.

(2)0

The right ~~unappropriate~~ ^{appropriate} promotion for your business ~~example~~ TV adverts i.e. you have large business with budget.

Q05(c)

This is a question where candidates occasionally understood the basic concept of cost plus pricing, but were unable to give reasons why a business might choose this method of pricing. Centres need to ensure candidate not only understand the meaning of terms, but can also use them in a range of contexts. A number of candidates were able to gain one mark for identifying that cost plus pricing means they can add up the costs and then add the profit they want to earn. Candidates often confused this pricing method with price skimming, premium pricing and penetration pricing.

In the following example, the candidate has been given the benefit of doubt and awarded one mark for identifying that using cost plus pricing 'means they can make a profit' [on each item sold]. No credit has been awarded for the remainder of the response.

Explain **two** reasons why OPUS might use 'cost plus' pricing for a new product.

(4)1

1 If they use cost plus they can make profit. otherwise they can't make profit, if they can't make profit there is no point to open a shop.

2 People always test new product

~~So~~ The can reach ~~the~~ breakeven sooner if don't add plus then they don't get revenue/income.

This second example is a better response which has been awarded full marks. In the first part the candidate describes the process and way they would use it. In the second part another reason is provided and developed – it is quicker and easier.

(c) When OPUS launches a new product, it uses a 'cost plus' pricing strategy.

Explain **two** reasons why OPUS might use 'cost plus' pricing for a new product.

(4)4

1 The manufacturing costs are covered, this means the product once sold will have a definite profit, because all extra costs are covered in the price.

2 It is easy to calculate, so time won't have to be wasted calculating a set cost. Therefore this makes the process quicker and easier

Q05(d)

Candidates performed much better on this question/topic than in previous series. Many were able to breakdown the acronym (PESTLE) and describe the constituent parts. Candidates were awarded marks in Level 2, for identifying two or three ways in which PESTLE factors might impact on the business as it expands, and for developing the response. Where candidates were awarded seven marks, there was a balanced argument and a clear link to the context, although on the whole these links were rather weak. This is an improvement on previous performance when very few candidates managed to achieve band 3 of the mark scheme.

The following answer was awarded seven marks.

(8) 7

Political issues include new government policies, this could include policies affecting businesses. For example if the government give out business start up loans or grants. This would affect OPUS as it expands because more businesses would be opening. This could take away some market share, as there could be more smaller competitors. Economic Issues include change in the amount of tax that everyone must pay. If it goes up OPUS would have less money to spend on the expansion, and their customers would have less money as well to spend. But if it goes down OPUS could put more money into the expansion. Technological developments could hinder OPUS' expansion, due to more customers buying online, so OPUS may have to ~~stretch~~^{expand} to online sales, rather than in store. Social factors include issues such as the aging population. This means OPUS would have to redirect their sportswear at older people. This could slow down expansion, because the new market

might not buy as much sportswear. Legal regulations could slow down OPUS' expansion due to new health and safety laws. Or they speed up the expansion if laws were less strict. The environmental issues include laws ~~at~~ that require large companies to become 'greener'. This could impact OPUS because they may have to change the way they manufacture the trainers and sportswear, or change the way they transport goods.

Q06

This was a question on marketing, not market research.

This did not stop a large number of candidates giving answers relating to the benefits of market research, rather than why marketing was important. Those candidates received zero credit as determined by the mark scheme. The first example is one such response. The second example is a detailed and correct response to the question.

6 Give **one** reason why marketing is important to a business such as Bob's Celebration Cupcakes.

0

It is important because it will help him gain knowledge about the needs and expectations of customers.

(Total for Question 6 = 1 mark) 0

6 Give **one** reason why marketing is important to a business such as Bob's Celebration Cupcakes.

1

Because marketing increases brand awareness and since he is not carrying any ~~product~~ promotional activity, it will really help Bob to finally build his reputation.

(Total for Question 6 = 1 mark) 1

Q07

This was a question where many candidates were unable to demonstrate basic knowledge and a significant majority could not provide the correct response i.e. Product orientation.

Q08

Here the majority of candidates were able to identify that when a business sells its products to other businesses this is known as a B2B or Business to Business market.

Q09(a)

This question proved very straightforward and many candidates were able to state two dimensions of a brand. The mark scheme gave a number of examples including the use of logos, colours, symbols, straplines etc., and many of these were seen in the candidates' responses. In the example below, the candidate has achieved one mark for the first example but zero marks for the second.

9 Bob is planning to develop a brand for *Bob's Celebration Cupcakes*.

(a) State **two** dimensions of a brand.

(2)1

- 1 brand personalising
- 2 brand sketch / value.

Q09(b)

Candidates needed to describe a benefit of branding. Many could give a basic outline of one benefit, and a number could give a well-developed response. A number of candidates gave two benefits rather than developing one in detail, and so could only be awarded one mark. However, many candidates referred to making the product "well known" which gained no reward, or they simply stated that it would help make the product a success. The lack of use of the correct terminology restricted performance on this question.

The response below is a good example of how to score full marks on this type of question.

(b) Describe **one** benefit of branding to a business such as *Bob's Celebration Cupcakes*.

(2)2

one benefit of branding to Bob's celebration cupcakes is that
it allows to create recognition amongst potential customers.
therefore, it would attract target customers which would also
increase the value of the brand and cupcakes (products).

Q10(a)

Many candidates were able to gain one mark for this question, but often struggled to gain the additional mark for an appropriate development. Many candidates identified that there would be lots of competition in a fast-growing market and therefore the business may lose customers, but then many failed to explain this linkage. Where candidates did better, they also identified and explained that they would need to produce more products to meet growing demand or that demand may be unknown as sales are hard to predict.

The following response gained two marks.

10 The gluten-free and dairy-free cupcake market is fast-growing.

(a) Outline **one** implication of entering a fast-growing market.

(2) 2

There are alot of new competitors who also enter that same market, so it is hard to compete with so many businesses doing the same thing.

This is an example of a response where the development has not earned credit, but one mark was awarded for identifying that there would be many competitors.

(a) Outline **one** implication of entering a fast-growing market.

(2) 1

There would be a lot of competition within a fast growing market. People may envy how much money is ^{being} made.

The following response did not merit any marks.

(a) Outline **one** implication of entering a fast-growing market.

(2) 0

fast-growing market will increase the reputation of a business so they ~~will~~ will have more customers to buy their product and earn more money.

Q10(b)

In this question, candidates were asked to explain two reasons a business would want to develop a USP. Many candidates were able to give either two basic reasons without

sufficient or appropriate development, or they were able to give one developed reason but not the second. Both of these types of response therefore scored half marks.

In this first example, no marks have been awarded for the first response, but the second part of the answer has been awarded two marks.

(b) Explain **two** reasons why a business such as *Bob's Celebration Cupcakes* would want to develop a Unique Selling Point (USP).

- ✓ (4) 2
- 1 It gives the brand a reputation, that people can learn the business by the unique selling point, as it is easy to remember.
 - 2 sets ~~it~~ the business apart from competitors, so people ~~can~~ will choose Bob's Celebration Cupcakes over the ^{other} ~~other~~ businesses selling cupcakes.

The second example has been awarded one mark for each part of the response.

- aim to (4) 2
- 1 They would ^{aim to} be different from other businesses. He could be different and use above the line promotions.
 - 2 It attracts customers if they have dimensions or extensions that no other business has. Such as celebrity endorsements.

Q11(a)

A number of candidates failed to provide the correct definition of competitive pricing, by incorrectly stating that competitive pricing meant selling at a low price. They failed to state that in this pricing method, the price is usually similar to the competition for a similar product. Other incorrect responses included definitions of skimming or penetration pricing.

Q11(b)

A number of candidates were able to achieve at least one mark on this question by identifying one advantage of using e-commerce in a business such as this. Where candidates suggested this would enable the business to trade internationally, no marks were awarded as this could not be the case for this type of product. Candidates need to ensure there is context in their responses. Further, responses linked purely to marketing rather than selling online did not receive credit. One such example is shown below.

(b) As Bob expands his business he is considering using ecommerce to sell his products.

Give **two** advantages of using ecommerce to Bob's Celebration Cupcakes.

(20)

- 1 The internet is very popular which means more people are likely to see ~~the~~ Bob, and could be put on a common site.
- 2 Can show up if type in bakerys in the area then see the opening times & more information.

Q11(c)

Many candidates were able to gain two marks for explaining that at the launch stage of the product life cycle, customers are not familiar with the product and therefore may not buy it. However, a number failed to make a second developed point. Some candidates were confused about this part of the PLC, stating that they need to do lots of research about the product to make sure it will be a success. This is describing the R&D stage which has already taken place when the product has been launched on to the market.

An example of a full mark response is given below.

Explain **two** implications for the business of having products at the introductory stage of the product life cycle.

(4)

- 1 one implication of having products at the introductory stage of the life cycle of product is that sales are very low. therefore, the business is unable to cover costs as the product has just been launched.
- 2 another implication is that there is ~~too~~ less awareness of the product so not many people are aware of it. this means business need to spend money in order to promote the product out to the market as competitors are already already selling similar products.

Q11(d)

On the whole candidates did well with this question with many gaining marks in mark band 2, for being able to describe two to three points about the benefits or drawbacks of viral marketing to the cupcake business. Some candidates gained marks in band 3 for ensuring they had at least three balanced arguments, all described and with a clear link to the context. A conclusion was usually present, however, on the whole these conclusions were weak.

An example of a good response is shown below

Evaluate whether viral marketing would be appropriate for Bob's Celebration Cupcakes.

(8) 6

Viral marketing is carried out on different forms of social media, to attract widespread attention from people online. The advantages to viral marketing are that it is relatively cheap. It won't cost the business to set up social media and they can use it for free. Secondly there is a large proportion of people online, this means Bob's Celebration Cupcakes would have wide spread attention. Thirdly if Bob creates an advert that is novelty enough, then people will share it and it can go viral. The disadvantages are that it could take Bob time to create the social media accounts. And that time could be spent actually making the cupcakes to sell. Secondly it could be difficult for Bob to create something that ~~is~~ is novelty enough that people want to share it, otherwise it would be a waste of time.

Thirdly once he has set up the social media, he still needs to let people know that Bob's Celebration Cupcakes has social media. As people can only 'share' or 'like' his promotions if they know about it. Overall I think that viral marketing is appropriate for Bob's Celebration Cupcakes, because it is easy, free promotion. And ~~the~~ it will help him to expand his cupcake business as well as stand out from competing businesses. Although he needs to create original promotions for it to go viral, the ^{business} ~~word~~ will still be promoted, if he doesn't.

(Total for Question 11 = 16 marks) **12**

At the other end of the spectrum, learners were confused as to what viral marketing was, and confused this with getting a virus in Bob's computer system. Other candidates had lengthy descriptions about other types of marketing that they believed would be more effective for Bob, and given this was not a requirement of this question, this type of response scored few if any marks.

An example of a zero mark response that does not answer the question set has been shown below. It is vague and discusses alternative promotional approaches, which gain no reward.

Evaluate whether viral marketing would be appropriate for Bob's Celebration Cupcakes.

(8) 0

* He can then improve his brand and be more known.

Because he only now uses word of mouth. he can tell his current customers to write good reviews so he ~~doesn't~~ looks good. Viral marketing can assist in the expansion, and could then create a chain.

On the otherhand due to him being only a very minute business he should just focus on ~~being~~ being better than his local competition. He should instead also look at advertising in windows and hand out leaflets.

Focus on setting up a sturdy foundation to his business.