



**General Certificate of Education (A-level) Applied  
June 2011**

**Applied Business**

**BS11**

**(Specification  
8611/8613/8616/8617/8619)**

**Unit 11: The Marketing Environment (External  
Test)**

***Mark Scheme***

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Mark schemes are prepared by the Principal Examiner 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 examiners participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the candidates' responses to questions and that every examiner understands and applies it in the same correct way. As preparation for standardisation each examiner analyses a number of candidates' scripts: alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, examiners encounter unusual answers which have not been raised they are required to refer these to the Principal Examiner.

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	<b>Assessment Objectives</b>
	The Assessment Objectives represent those qualities which can be demonstrated in candidates' work and which can be measured for the purposes of assessment.
AO1 Knowledge, skills and understanding	Candidates demonstrate knowledge and understanding of the specified content and relevant business skills.
AO2 Application of knowledge, skills and understanding	Candidates apply knowledge and understanding of the specified content and relevant business skills.
AO3 Research and analysis	Candidates use appropriate methods in order to obtain and select information from a range of sources to analyse business problems.
AO4 Evaluation	Candidates evaluate evidence to reach reasoned judgements.
<b>Quality of Written Communication</b>	<p>The quality of written communication is assessed in all assessment units where candidates are required to produce extended written material. Candidates will be assessed according to their ability to:</p> <ul style="list-style-type: none"><li>• select and use a form and style of writing appropriate to purpose and complex subject matter</li><li>• organise relevant information clearly and coherently, using specialist vocabulary when appropriate</li><li>• ensure that text is legible, and that spelling, grammar and punctuation are accurate, so that meaning is clear.</li></ul> <p>The assessment of the quality of written communication is included in Assessment Objective 4.</p>

1

Total for this question: 31 marks

**1 (a)** Explain the possible effect of an economic recession on video game console sales. (4 marks)

Level	Descriptor	Marks	Assessment Objective
2	Explains how an economic recession could reduce video game sales.	4–3	AO2
1	Demonstrates understanding of the economic marketing environment.	2–1	AO1

Relevant answers might include the following:

- economic recession could reduce the incomes of customers or increase uncertainty about employment
- either a fall in income or an increase in uncertainty could cause consumers to reduce spending on non-essentials (eg leisure activities such as console games)
- possibly no effect as demand for game consoles could be resistant to declining incomes, ie children pester power.

**1 (b)** Why do you think Nintendo was the last to reduce the price of its video game console in 2009? Use **Item A** to explain your answer. (5 marks)

Level	Descriptor	Marks	Assessment Objective
2	Uses <b>Item A</b> when explaining why <i>Nintendo</i> was reluctant to cut prices.	5–3	AO2
1	Demonstrates understanding of why businesses might alter prices.	2–1	AO1

Relevant answers might include the following:

- wait to see what the other main competitors do first
- related to the popularity of the *Wii* – if it remains as the most popular console, then possibly do not need to reduce the price.

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| <b>1 (c)</b> | <i>Using <b>Item A</b>, analyse how product development could help video game console businesses, such as Nintendo, to establish a competitive advantage.</i><br>(8 marks) |
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Level	Descriptor	Marks	Assessment Objective
3	Uses <b>Item A</b> when explaining how product development can help to establish a competitive advantage.	8–6	AO3
2	Uses <b>Item A</b> to explain a benefit of product development.	5–3	AO2
1	Demonstrates understanding of product development/competitive advantage.	2–1	AO1

**Relevant answers might include the following:**

- *Wii* represents a good example of product development leading to an improvement in the competitiveness of a video game console business, ie offering features not available from competing products and establishing a competitive advantage
- both competitors were considering their own product development in the form of new controllers – this would allow the businesses to regain some of the competitive advantage lost to *Nintendo*
- *Nintendo* had also developed its other product, the DSi, to provide customers with a wider range of features and extend the product's life.

**1 (d)** *In addition to product development, Nintendo carried out market development in 2009, for example by promoting the DSi as an educational tool.*

*What do you think are the advantages to Nintendo of market development as opposed to product development? Use **Item A** to justify your answer.*

*(14 marks)*

Level	Descriptor	Marks	Assessment Objective
3	Uses <b>Item A</b> to analyse the possible effects of market development.	7–6	AO3
2	Uses <b>Item A</b> when explaining a benefit of market development.	5–3	AO2
1	Demonstrates understanding of market development.	2–1	AO1

**Relevant answers might include the following:**

- the use of the *DSi* as an educational tool or as a way of delivering guides is an example of market development – existing product but targeting a new market
- if *Nintendo* is to increase sales, it can either increase these in existing markets or establish new markets
- given the possible threats posed by competitor product developments, market development might be the only way to increase sales
- the experience of selling the product to new markets could assist in future product developments, ie find new needs to meet customer needs
- product development might be considered more risky than market development.

**See next page for Evaluation grid.**

**For AO4**, you should award marks using the scheme below.

**Note:** AO4 also assesses candidates' quality of written communication. When deciding on the AO4 level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

Level	Descriptor	Marks	Assessment Objective
E3	Judges, by considering evidence from <b>Item A</b> , the overall benefit of market development in comparison to product development.  Ideas are communicated in a coherent structure with consistent and appropriate use of technical terms. There are few errors in conventions of written communication.	7–6	AO4 and Quality of written communication
E2	Judges, using some evidence from <b>Item A</b> , an advantage of market development.  Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	5–3	
E1	Identifies an advantage of market development.  Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	2–1	

2

Total for this question: 27 marks

<b>2 (a)</b>	<i>Explain <b>one</b> marketing benefit to GAME Group of expanding through takeovers.</i>	<i>(5 marks)</i>
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Level	Descriptor	Marks	Assessment Objective
2	Explains a marketing benefit of the takeover(s).	5–3	AO2
1	Demonstrates an understanding of horizontal integration.	2–1	AO1

Relevant answers might include the following:

- gives the possibility of dominating the market, at least gain more control
- acquire trained staff who, especially in the European market, understand customer requirements
- faster than establishing new stores, so can better exploit the market
- reduces competition faced by *GAME Group plc*.

<b>2 (b)</b>	<i>Using <b>Item B</b>, analyse how the use of market segmentation could have helped GAME Group to achieve market leadership in the UK.</i>	<i>(8 marks)</i>
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Level	Descriptor	Marks	Assessment Objective
3	Uses <b>Item B</b> when explaining how market segmentation could have contributed to establishing <i>GAME Group's</i> market leadership in the UK.	8–6	AO3
2	Uses <b>Item B</b> to explain a benefit of market segmentation.	5–3	AO2
1	Demonstrates an understanding of market segmentation.	2–1	AO1

Relevant answers might include the following:

- segmentation could be by consumer benefits, age/sex and income levels
- income considerations taken into account with 'trade-in' sales – targeting price conscious segment but also, possibly, serious gamers looking for discounts on the latest games. This would help to increase sales and improve the competitiveness of the business
- segmentation used within the UK when the business decided not to re-brand *Gamestation* – targeting two distinct markets allowing the business to capture a wider share of the overall market, ie helped *GAME Group* to take advantage of both the 'serious' and 'leisure' segments of the UK market.



**2 (c)** *To what extent were the marketing activities of GAME Group sufficient for them to remain competitive? Use **Item B** to justify your answer. (14 marks)*

Level	Descriptor	Marks	Assessment Objective
3	Uses <b>Item B</b> to analyse the effects of the marketing activity(ies) within a competitive market.	7–6	AO3
2	Uses <b>Item B</b> to explain a benefit of the marketing activity(ies).	5–3	AO2
1	Demonstrates understanding of marketing activity(ies).	2–1	AO1

**Relevant answers might include the following:**

- fall in sales could be due to increased competition from, for example, supermarkets but could also be due to a change in the marketing environment, eg continued problems in the UK economy as sales did not fall as much elsewhere
- the fact that trade-in sales continued to increase would indicate that more customers were looking for discounted prices – the approach seems to be working and could be promoted more, perhaps discounting new products as well?
- dual brand approach in the UK possibly sensible given the uncertainty in the market, but perhaps greater focus should be given to online sales as this could reduce costs – perhaps need to close even more stores?
- however, competitive advantage of the business could be expert advice provided by in-store staff
- perhaps difficulties are just temporary and no need to change current activities which seem to be targeting all market segments and reducing risk.

**See next page for Evaluation grid.**

**For AO4**, you should award marks using the scheme below.

**Note:** AO4 also assesses candidates' quality of written communication. When deciding on the AO4 level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

Level	Descriptor	Marks	Assessment Objective
E3	Judges, by considering evidence from <b>Item B</b> , the suitability of a marketing activity.  Ideas are communicated in a coherent structure with consistent and appropriate use of technical terms. There are few errors in conventions of written communication.	7–6	AO4 and Quality of written communication
E2	Judges, using some evidence from <b>Item B</b> , the significance of a marketing activity.  Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	5–3	
E1	Identifies significance of marketing activities.  Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	2–1	

3

Total for this question: 22 marks

**3 (a)** Using **Item C**, analyse how Activision Blizzard established brand loyalty.  
(8 marks)

Level	Descriptor	Marks	Assessment Objective
3	Uses <b>Item C</b> to analyse how brand loyalty has been established by <i>Activision Blizzard</i> .	8–6	AO3
2	Uses <b>Item C</b> to describe how <i>Activision Blizzard</i> established brand loyalty.	5–3	AO2
1	Demonstrates understanding of brand loyalty.	2–1	AO1

Relevant answers might include the following:

- brand loyalty depends on the ability of a business to consistently meet the needs of customers in a way that other businesses cannot
- payment method for 'Blizzard' games could have helped to develop a brand loyalty
- limited range of titles produced, but these seem to be interactive, eg based on a film, using a specialised game controller or focused on role playing
- by focusing on a limited range of titles, the business can concentrate on providing a consistent experience that is engaging but predictable, eg 'Guitar Hero' smash hits
- if the business had produced a wide variety of titles, then quality of the products might vary causing brand loyalty to suffer
- continued updates of 'Activision' titles helps to develop a loyal customer group who feel that their needs are continuing to be met.

<b>3 (b)</b>	<p><i>Activision Blizzard needs to respond to its market weaknesses and threats. However, it would like to maintain its overall marketing strategy and does not have the resources to implement major changes in this strategy.</i></p> <p><i>Assess the significance to Activision Blizzard of the market weaknesses and threats it faces. Use <b>Item C</b> to justify your answer. (14 marks)</i></p>
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Level	Descriptor	Marks	Assessment Objective
3	Uses <b>Item C</b> to analyse the possible impact of market weakness(es) or threat(s).	7–5	AO3
2	Uses <b>Item C</b> to explain the meaning of the market weakness(es) or threat(s).	4–3	AO2
1	Demonstrates understanding of market weakness(es) and threat(s).	2–1	AO1

**Relevant answers might include the following:**

- narrow range of titles could have helped establish brand loyalty but if the titles lose their appeal then this is a very significant weakness and the business needs to consider consumer preferences and develop new titles
- lack of long-term sales agreement is a significant weakness but only if the titles produced decline in popularity
- reliance on 'World of Warcraft' would seem to be a very significant weakness as is the expense of developing online role playing games yet this may well mean that no competitor can enter the market
- film industry involvement in producing video games would seem to be a considerable threat if they produce popular games
- given the constraints faced by *Activision Blizzard* (ie desire to keep strategy and inability to implement major changes) the weaknesses and threats imply that the business may well lose market share rapidly if competitors gain brand loyalty and steal market share or if customers lose interest in key titles
- overall significance – *Activision Blizzard* must ensure that its limited range of titles continue to meet customer needs. This may well imply a focus on online gaming as the competition from film industry producers could be too severe.

**See next page for Evaluation grid.**

**For AO4**, you should award marks using the scheme below.

**Note:** AO4 also assesses candidates' quality of written communication. When deciding on the AO4 level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

Level	Descriptor	Marks	Assessment Objective
E3	Evaluates, by considering evidence from <b>Item C</b> , the overall significance of the marketing weaknesses and threats.  Ideas are communicated in a coherent structure with consistent and appropriate use of technical terms. There are few errors in conventions of written communication.	7–6	AO4 and Quality of written communication
E2	Judges, using some evidence from <b>Item C</b> , the significance of the marketing weakness(es) or threat(s).  Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	5–3	
E1	Identifies significance of marketing weakness(es) or threat(s).  Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	2–1	

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