

Business Studies

Advanced GCE

Unit **F293**: Marketing

Mark Scheme for January 2013

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All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

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Annotations

Annotation	Meaning
	Unclear
	Benefit of the doubt
	Incorrect point
	Level 1
	Level 2
	Level 3
	Level 4
	Not answered question
	No use of text
	Own figure rule
	Repetition
	Noted but no credit given
	Correct point
	Too vague

Question	Answer	Marks	Guidance																					
1	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"></td> <td style="width: 10%;">Year</td> <td style="width: 10%;">1</td> <td style="width: 10%;">2</td> <td style="width: 10%;">3</td> <td style="width: 10%;">4</td> <td style="width: 10%;">5</td> </tr> <tr> <td></td> <td>Readership</td> <td>25,000</td> <td>37,000</td> <td>50,000</td> <td>70,000</td> <td></td> </tr> <tr> <td></td> <td></td> <td colspan="5" style="text-align: center;">102,000</td> </tr> </table> <p>Increase in Projected Readership</p> <p>$102,000 - 25,000 = 77,000$ (1)</p> <p>% Change = (Difference/original figure) x 100 (1)</p> <p>$(77,000/25,000) \times 100 = \underline{308\% (2)}$ – (1) given for OFR purposes</p>		Year	1	2	3	4	5		Readership	25,000	37,000	50,000	70,000				102,000					4	<p>Up to four marks Award four marks for correct answer with limited/no demonstration of calculations.</p> <p>Common mistakes, <i>supported by working</i>:</p> <p>$102,000/25,000 \times 100 = 408\%$ (2) 30.8% (3) $77,000/102,000 \times 100 = 75.49\%$ (3) $25,000/102,000 \times 100 = 24.51\%$ (1)</p>
	Year	1	2	3	4	5																		
	Readership	25,000	37,000	50,000	70,000																			
		102,000																						

Question		Answer	Marks	Guidance	
				Content	Levels of response
2		<p>Indicative content in this answer is likely to be utilised by candidates from the following areas of the specification:</p> <ul style="list-style-type: none"> • promotion: Advertising • pricing strategies • market Share analysis. • market research <p>EXEMPLAR ANSWERS</p> <p>Level 1 The more readers the more the advertising space is worth. Price will be low until the magazine is established. Price will go up when the magazine gains more readers.</p> <p>Level 2 The more readers the more Joe can charge for the advertising space and this leads to increased advertising revenue for KPL. (3 marks) As the magazine becomes more popular, more businesses will want to advertise in the magazine but because the space is limited the price will go up leading to more revenue for KPL (4 marks)</p> <p>Level 3 However with the growth of magazines/competition on the internet there will be more choice for the advertising businesses and therefore Joe might end up lowering the price to remain competitive, therefore gaining less revenue (6 marks)</p>	6	<p>Candidates should be able to demonstrate analytical thought in that the greater the number of readers or customers which Life Magazine has, the more that KPL can charge for advertising based on the increased target audience for the advertisement.</p> <p>Alternatively, candidates may focus on the increase in demand to advertise in the publication which may lead to KPL to charging more for the advertising space which it has available, ie a possible limit on the level of supply of advertising space within the publication which may be outstripped by demand, thus increasing the price advertisers may be willing to pay.</p>	<p>Level 3 (6–5 marks) Candidate demonstrates analytical skills when considering the reasons why advertising revenue may increase alongside the projected increase in readership. - analysis of the reason, including likelihood of the reason being the only cause, the most important cause, being affected by other influences, not leading to a constant/continued increase in revenue etc...</p> <p>Level 2 (4–3 marks) Candidate shows understanding of advertising pricing strategy and/or the link between demand for the advertising space and revenue gained and/or the link between supply of the advertising space and revenue gained (ie because supply is limited OR because supply can be increased). No context required.</p> <p>Level 1 (2–1 marks) Candidate offers theoretical knowledge only of pricing ideas and the relationship between demand and price and/or relationship between market research and predicted sales No context required</p>

Question		Answer	Marks	Guidance	
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3		<p>Indicative content in this answer is likely to be utilised by candidates from the following areas of the specification:</p> <ul style="list-style-type: none"> • product life cycle • boston matrix • product portfolio analysis • market segmentation • advertising <p>EXEMPLAR ANSWER</p> <p>Life Magazine is a ? on the Boston matrix as it will have a low market share but in a growth market. (Level 2)</p> <p>Because Life Magazine is at the beginning of the PLC it may need to be supported by the profits of Men's Stuff which is at the maturity stage of the PLC. (Level 3)</p> <p>Therefore without the financial support of Men's Stuff, Life Magazine is unlikely to succeed in the short term and that is why it is critical to extend the PLC of Men's Stuff (Level 4)</p> <p>However, in the medium to long term; Life Magazine should become self-supporting as it moves through the growth and maturity stages of the product life cycle or star to cash cow quadrants of the Boston Matrix. (Level 4)</p>	13	<p>Evaluative judgement may be demonstrated by considering the speed at which Life Magazine may gain market share and progress through the stages of the product life cycle or Boston Matrix to become 'self-supporting'</p> <p>Candidates will need to demonstrate the interdependency of the two magazine products and how the profit generation of the mature product may be used to support that of the new/launch product.</p> <p>Exploration of different extension strategies for Men's Stuff should only be rewarded at Level 2, unless there is a specific link to Life</p>	<p>Level 4 (13–9 marks) Candidate demonstrates evaluative skills when formulating a judgement on the need to support the new product venture with finance from the existing product.</p> <p>Level 3 (8–6 marks) Candidate demonstrates analytical skills when considering the need to support the new product venture with finance from the existing product.</p> <p>Level 2 (5–3 marks) Candidate demonstrates understanding of the product life cycle or Boston Matrix. No context required.</p> <p>Level 1 (2–1 marks) Candidate offers only knowledge of the product life cycle, Boston Matrix, market segmentation or advertising</p>

Question		Answer	Marks	Guidance	
				Content	Levels of response
4		<p>Indicative content in this answer is likely to be utilised by candidates from the following areas of the specification:</p> <ul style="list-style-type: none"> • Marketing Mix <ul style="list-style-type: none"> - price - product - place - promotion • Blending of marketing mix variable • Assessment of impact of marketing mix variables. <p>Candidates will be expected to demonstrate their knowledge of the marketing mix and to use evaluative comments to support judgements on the importance of different elements of the mix and their interdependency</p> <p>Candidates will be expected to consider aspects of the marketing mix in relation to the launch of the new product, Life Magazine, advertising and customers.</p>	13	<p>Evaluation skills are likely to be demonstrated in the consideration of the relative importance of the different elements of the mix, eg pricing being least relevant.</p> <p>Further evaluation may be demonstrated with candidates possibly considering the changing importance of the elements of the marketing mix alongside the product life cycle of time in general.</p> <p>At least two elements of the marketing mix must be used to reach L4.</p> <p>Judgement that suggests that all the elements of the marketing mix are equally important should be rewarded at L4.</p>	<p>Level 4 (13–9 marks) Candidate demonstrates evaluative skills when formulating an appropriate judgement as to the importance of the varying elements of the marketing mix in relation to an extension strategy for Men's Stuff magazine.</p> <p>Level 3 (8–6 marks) Candidate demonstrates analytical skills when considering the varying elements of the marketing mix in relation to an extension strategy for Men's Stuff magazine</p> <p>Level 2 (5–3 marks) Candidate demonstrates understanding of the marketing mix. No context required.</p> <p>Level 1 (2–1 marks) Candidate offers only knowledge of the marketing mix.</p>

Question		Answer	Marks	Guidance	
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5		<p>Indicative content in this answer is likely to be utilised by candidates from the following areas of the specification:</p> <ul style="list-style-type: none"> • distribution • distribution Channels. <p>It is not enough to just say that selling online reduces costs, or increases demand, there needs to be some reasoning behind it and for L3, some context (ie compared to printing the magazine)</p>	6	<p>Candidates will be expected to demonstrate knowledge and understanding of having studied on-line retail as a form of distribution strategy within the context of the marketing mix.</p> <p>One advantage may be speed of response to the market and, therefore, up to date stories and articles; however, from a negative point of view, candidates may analyse the implications of short term set up costs or secondary readership.</p> <p>Candidates are able to demonstrate the cause, effect and 'knock-on' effect of launching the magazine as an on-line publication as a distribution strategy.</p> <p>L3 One issue analysed – 5 marks Two issues analysed – 6 marks</p> <p>L2 One issue explained – 3 marks Two issues explained – 4 marks</p> <p>L1 One issue stated – 1 marks Two issues stated – 2 marks</p>	<p>Level 3 (6–5 marks) Candidate demonstrates analytical skills when considering one advantage and/or one disadvantage of on-line distribution to KPL.</p> <p>Level 2 (4–3 marks) Candidate demonstrates understanding of on-line distribution. No context required.</p> <p>Level 1 (2–1 marks) Candidate offers only knowledge of on-line distribution.</p>

Question		Answer	Marks	Guidance	
				Content	Levels of response
6*		<p>Indicative content in this answer is likely to be utilised by candidates from the following areas of the specification:</p> <p>Marketing:</p> <ul style="list-style-type: none"> possible issues in the market research undertaken on which the proposed venture is based marketing issues in launching a new product to a new market segment segmentation analysis will be critical to getting the strategy right in order to attract customers. <p>Finance:</p> <ul style="list-style-type: none"> short term start-up costs of setting up a new venture on-going technical investment in systems will be required for the new venture in order to ensure quality and performance possible impact on financial stability eg, gearing, cash flow, etc impact of timing of possible returns on the investment provision for depreciation of technical equipment will be an important financial element to evaluate the investment. <p>People:</p> <ul style="list-style-type: none"> human resource planning is needed to include increasing the workforce to produce the new magazine recruitment is likely to be required to bring in the required technically skilled staff to launch the on-line magazine. 	18	<p>Candidates will be expected demonstrate the ability to present a two sided argument in that on the one hand, based on knowledge and the context of the publishing industry, a new venture such as this may be considered of moderate risk; however, candidate in this may consider that KPL could be misplacing some of its analytical thoughts on the market and complacency being evident in its market analysis.</p> <p>Candidate will be expected to consider the wider implications of the venture and the likely impact on staffing and skills requirements, short term and long term financing of the venture and the production issues involved in the production of an on-line publication as opposed to the print-based Men's Stuff magazine.</p> <p>NB: An answer which only includes or does not include marketing issues should only be awarded the lowest mark in the appropriate level.</p> <p>A one sided argument cannot achieve a Level 4 mark.</p>	<p>Level 4 (18–13 marks) Candidate demonstrates evaluative skills when considering whether KPL should launch the on-line Life Magazine. Sentences and paragraphs, consistently relevant, have been well structured, using appropriate technical terminology. There have been few, if any, errors of spelling punctuation and grammar.</p> <p>Level 3 (12–7 marks) Candidate demonstrates analytical skills when considering whether KPL should launch the on-line Life Magazine. There will be some errors of spelling, punctuation and grammar, but these are unlikely to be intrusive or obscure meaning.</p> <p>Level 2 (6–3 marks) Candidate demonstrates understanding of the factors affecting a decision about the launch of an online magazine. There are likely to be some errors of spelling, punctuation and grammar of which some may be noticeable and intrusive.</p> <p>Level 1 (2–1 marks) Candidate offers only theoretical knowledge of strategic changes which might impact on the business in general.</p>

Question			Answer	Marks	Guidance	
					Content	Levels of response
			<p>Operations:</p> <ul style="list-style-type: none"> • technical investment in the hardware required for an on-line publication and its production will be needed • maintenance and performance management of the systems which support the new on-line publication will be needed. 			Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar, which will be noticeable and intrusive. Writing may also lack legibility.

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