GCSE MARKING SCHEME

SUMMER 2024

BUSINESS - COMPONENT 2
C510U20-1

About this marking scheme

The purpose of this marking scheme is to provide teachers, learners, and other interested parties, with an understanding of the assessment criteria used to assess this specific assessment.

This marking scheme reflects the criteria by which this assessment was marked in a live series and was finalised following detailed discussion at an examiners' conference. A team of qualified examiners were trained specifically in the application of this marking scheme. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners. It may not be possible, or appropriate, to capture every variation that a candidate may present in their responses within this marking scheme. However, during the training conference, examiners were guided in using their professional judgement to credit alternative valid responses as instructed by the document, and through reviewing exemplar responses.

Without the benefit of participation in the examiners' conference, teachers, learners and other users, may have different views on certain matters of detail or interpretation. Therefore, it is strongly recommended that this marking scheme is used alongside other guidance, such as published exemplar materials or Guidance for Teaching. This marking scheme is final and will not be changed, unless in the event that a clear error is identified, as it reflects the criteria used to assess candidate responses during the live series.

GCSE BUSINESS – COMPONENT 2

SUMMER 2024 MARK SCHEME

Question	Answer	Mark
1. (a) (i)	**State what is meant by the term brand.** AO1: 1 mark Award **1** mark for a valid definition **Indicative content** A name, design or logo that makes a product different from those produced by rivals. A name, design or logo that consumers recognise. Credit any other valid response.	1
(ii)	**Explain the importance of branding to Taylors of Harrogate.** AO2: 1 AO3: 2 Award **1** mark for a suitable reason in the context of Taylors of Harrogate/data Award **1** mark for each valid explanation or development (max 2 marks) **Indicative content** Branding is important to Taylors of Harrogate because tea drinkers in the UK are loyal to their chosen brand, it is difficult to get customers to switch brands of tea, therefore developing brand loyalty is key to success in the tea industry. Credit any other valid response.	3

Question	Answer	Mark
(b)	**Using the information in Figure 1, calculate the average tea sales in tonnes between 2016 and 2020.** AO2: 2 marks Award **1** mark for correctly adding the correct data 102 164 + 91 743 + 94 668 + 95 238 + 94 007 = 477 820 Award **1** mark for the dividing the added data by the correct amount of years 477 820 / 5 Apply OFR only in stage 2 if incorrect figures are calculated in stage 1 Award **2** marks for the correct answer 95 564 Award **1** mark if the candidate uses the £ sign	2
(c)	**Explain the reason why the sale of traditional tea has declined.** AO2: 1 AO3: 2 Award **1** mark for a valid reason identified in the data (max 1 mark) Award **1** mark for each valid explanation or development **Indicative content** Traditional tea sales are declining because of changes in tastes; fruit and herbal teas are becoming popular with younger people leading to a decline in sales for traditional tea, resulting in an opportunity for tea businesses to meet the needs of new younger customers by offering new types of tea with new flavours. Credit any other valid response.	3

Question	Answer	Mark
(d)	**Describe one way in which the market for tea can be segmented.** AO1: 1 mark AO2: 1 mark Award **1** mark for a valid segment identified (max 1 mark) Award **1** mark for a suitable description in the context of the scenario **Indicative content** One way tea manufacturers segment the market is by age, by introducing fruit and herbal teas to suit changing tastes in young people. One way tea manufacturers segment the market is by lifestyle, new healthy green teas are suited to people with healthy lifestyles. One way tea manufacturers segment is the age, producing traditional loose tea, popular with older customers. One way Yorkshire Tea segmented the market is by geography, producing tea that is suitable for people who live in places with certain types of water. Credit any other valid response.	2
(e)	**Explain why Taylors of Harrogate uses batch production to produce its Yorkshire Tea.** AO1: 1 mark AO2: 1 mark AO3: 1 mark Award **1** mark for stating why batch processing is used Award **1** mark for suitable application to Yorkshire Tea Award **1** mark for suitable explanation/development **Indicative content** Different batches can be altered to meet the varying needs of customers, some customers will want to buy small boxes of the tea bags, others will want to buy large boxes, this ensures the needs of a range of customers are met. The machinery is always being used, there will be different levels of demand for different size tea bags, using the same machine will ensure the best use of resources as the machine will be in constant use. Credit any other valid response.	3

Question	Answer	Mark
(f)	**Explain two factors Taylors of Harrogate may consider when deciding what price to charge for its Yorkshire Tea.** AO2: 2 marks AO3: 2 marks Award **1** mark for each valid and suitable factor for Taylors of Harrogate (max 2 marks) Award **1** mark for each valid explanation (max 2 marks) One of the factors Yorkshire Tea may consider when deciding what price to charge for its tea is what its competitors such as Twinings and PG Tips charge. Consumers have lots of options, so Yorkshire Tea needs to make sure they are charging the right price that consumers are happy to pay. Another factor Yorkshire Tea may consider is that the traditional tea market is in long term decline, this may encourage Yorkshire Tea to reduce the price of its tea to encourage people to buy it. Yorkshire Tea travels a very long way from China, India, Sri Lanka or Kenya to arrive in Yorkshire for blending, these transport costs will impact on price Yorkshire Tea charges for its tea. Yorkshire Tea goes through many quality procedures to ensure it has the perfect blend, all these quality procedures cost money and will impact on the price Yorkshire Tea charges for its tea. Credit any other valid response.	4

<table>
<tr><td colspan="4">(g) Evaluate the impact of Taylors of Harrogate's supply and logistical decisions on the business and two other stakeholders. [12]</td></tr>
<tr><td rowspan="2">Band</td><td>AO1</td><td>AO2</td><td>AO3</td></tr>
<tr><td>2 marks</td><td>4 marks</td><td>6 marks</td></tr>
<tr><td>3</td><td>There are no band 3 marks for this assessment objective

2 marks are awarded for band 2</td><td>4 marks
Excellent application of Taylors of Harrogate's supply and logistical decisions

The learner will make excellent use of the context of Taylors of Harrogate throughout the answer</td><td>5-6 marks
An excellent balanced evaluation of the impact of supply and logistical decisions on the business and 2 other stakeholders

Excellent reference is made to supply and logistical issues

Writing is very well structured, using accurate grammar, punctuation and spelling

Clear judgements are made with supporting statements</td></tr>
<tr><td>2</td><td>2 marks
Good knowledge and understanding of supply and logistical issues

Good attempt to use specialist vocabulary</td><td>2-3 marks
Good application of Taylors of Harrogate's supply and/or logistical decisions

The learner will make good use of the context of Taylors of Harrogate throughout the answer</td><td>3-4 marks
A good evaluation of the impact of supply and logistical decisions on the business and at least 1 other stakeholder, though it may be unbalanced

Good reference is made to supply and logistical issues

Writing is generally well structured using reasonably accurate grammar, punctuation and spelling

Judgements are made with supporting statements</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge and understanding of supply and/or logistical issues

Limited attempt to use specialist vocabulary</td><td>1 mark
Limited application of Taylors of Harrogate's supply and/or logistical decisions

The learner will make limited use of the context of Taylors of Harrogate</td><td>1-2 marks
A limited evaluation of the impact of supply and/or logistical decisions on the business and/or at least 1 other stakeholder

Limited reference is made to supply and/or logistical issues

Writing shows limited evidence of structure, with errors in grammar, punctuation and spelling

Judgements may be brief and unsupported</td></tr>
<tr><td>0</td><td>0 marks
No knowledge or understanding of supply or logistical issues</td><td>0 marks
No reference to Taylors of Harrogate</td><td>0 marks
No evaluation of the impact of supply and/or logistical issues on Taylors of Harrogate</td></tr>
</table>

Indicative content

The impact of Taylors of Harrogate's supply and logistical decisions are really important to the business, customers and staff. Tea leaves travel a long way, from countries such as China and Kenya, by ship to Yorkshire ready for blending. The tea leaves travel thousands of miles, it's so important that this is done as quickly and efficiently as possible or the delicate leaves could spoil, this could affect the quality of the tea and result in a loss of taste. As we know, the tea market is in long term decline, this coupled with fierce competition from other brands such as Tetley and PG Tips means that Taylors of Harrogate will want to keep costs down as much as possible. Shipping is a cheaper option compared to plane, however, the decision to ship the tea is very time consuming and could impact on quality. Shipping can also lead to issues with reliability, unpredicted weather problems can lead to ships taking longer than anticipated. This coupled with the distance the tea has to travel from the Far East and Africa is another consideration when ensuring that tea is available on the shelves of the supermarkets for customers and there are not problems with supply.

Quality is important to staff particularly managers who are under pressure to sell as much tea as possible but also the dedicated tea testers who taste the tea to get the perfect blend, if the flavour is affected by the length of time is takes to ship the tea they will feel the pressure and may worry they are not delivering quality. If customers are not happy with the quality of the tea they may become loyal to another brand.

Supply also needs to be considered, Taylors of Harrogate will need suppliers that can meet its logistical demands but also its ethical demands. Taylors of Harrogate is committed to developing ethical relationships with its suppliers where staff are looked after. The business cannot just pick any supplier, it needs to make sure the supplier meets its strict ethical standards. These ethical standards come at a cost. It can become quite a balancing act for a business, meeting the needs of customers, who want quality at a fair price, but also providing suitable standards for staff. We know that Taylors of Harrogate is operating in a competitive market, but we also know that tea drinkers are loyal to a brand, therefore customers may be likely to feel a sense of loyalty to brands who not only offer quality but trade fairly with their suppliers too. Being ethical costs money, one impact is that Taylors and Harrogate has to pass these costs onto the customer, leading to increased prices, Taylor and Harrogate will have to decide if they absorb these costs because they don't want to risk losing the loyalty of their customers.

Credit any other valid response.

<table>
<tr><th>Question</th><th>Answer</th><th>Mark</th></tr>
<tr><td>2. (a)</td><td>Identify two features of a sole trader.

AO1: 2 marks

Award 1 mark for each correct feature identified

Indicative content

• Owns a business on their own
• They make all the decisions
• They control profits
• They are subject to unlimited liability

Credit any other valid suggestion.</td><td>2</td></tr>
<tr><td>(b)</td><td>Explain one reason why Barry decided to change his business to a private limited company.

AO1: 1 mark
AO2: 1 mark
AO3: 1 mark

Award 1 mark for a correct reason identified
Award 1 mark for valid application
Award 1 mark for valid explanation of the reason

Indicative content

Barry may have decided to change from a sole trader to a private limited company to benefit from limited liability, Barry is expanding the business and taking risks, if somethings goes wrong he is not personally responsible for the debts of the business.

Barry may want more capital to help fund his expansion, Barry has invested in an e-commerce website and a distribution centre, he could invite shareholders to buy shares and raise more capital for the expansion.

Credit any other valid suggestion.</td><td>3</td></tr>
</table>

Question	Answer	Mark
(c)	**Explain one reason why a business may want to grow.** AO1: 1 mark AO3: 1 mark Award **1** mark for a valid reason identified Award **1** mark for a valid explanation **Indicative content** A business may want to grow to make profit, larger businesses can benefit from economies of scale leading to reduced costs. A business may want to grow to improve market share, businesses with a larger market share will be able to negotiate deals with suppliers reducing costs. Larger businesses are able to diversify, they are able to spread the risk and protect themselves from external factors. Larger businesses can benefit from economies of scale, leading to reduced costs which they can pass on to customers. Credit any other valid suggestion.	2
(d)	**Explain one factor Barry would have considered when deciding the location for his warehouse and distribution centre.** AO1: 1 mark AO2: 1 mark AO3: 1 mark Award **1** mark for a valid factor identified Award **1** mark for valid application Award **1** mark for valid explanation of the factor **Indicative content** Infrastructure is important because Barry delivers the hot tubs all over the UK so being close to a motorway will help to get the hot tubs to customers quickly which will please his customers. Cost is important because Barry is clearly a very cautious businessman, he does his research and worries about cashflow, so he will want to find somewhere that is within his budget. Availability of labour to expand Barry's business is going to employ two members of skilled staff, if he locates in a remote place, he may not be able to find staff easily to work and he will not be able to fulfil his orders. Award any other suitable suggestion.	3

<table>
<tr><td colspan="3">(e) Consider the reliability of Barry's market research.</td><td>[6]</td></tr>
<tr><td rowspan="2">Band</td><td>AO1</td><td>AO2</td><td>AO3</td></tr>
<tr><td>2 marks</td><td>2 marks</td><td>2 marks</td></tr>
<tr><td>2</td><td>2 marks
Good knowledge and understanding of the importance of reliable market research data

Good attempt to use specialist vocabulary</td><td>2 marks
Good application to Bubbles Hot Tubs and Barry's market research data

The context of Bubbles Hot Tubs supports the answer</td><td>2 marks
Good analysis and evaluation of the usefulness of the market research data

Writing is generally well structured using reasonably accurate grammar, punctuation and spelling

Judgements are made with some supporting statements</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge and/or understanding of the importance of reliable market research data

Limited attempt to use specialist vocabulary</td><td>1 mark
Limited application to Bubbles Hot Tubs and Barry's market research data

Brief context of Bubbles Hot Tubs to support their answer</td><td>1 mark
Limited analysis and/or evaluation of the usefulness of the market research data

Writing shows limited evidence of structure, with errors in grammar, punctuation and spelling

Judgements may be brief and unsupported</td></tr>
<tr><td>1</td><td>0 marks
No knowledge or understanding</td><td>0 marks
No reference to Bubbles Hot Tubs</td><td>0 marks
No analysis or evaluation of the market research data</td></tr>
</table>

Indicative content

Barry used both primary and secondary market research to help him decide if he should go into the plumbed in hot tub market. Primary research is the type of research that has been collected for the first time, it is specific to the needs of the business and is usually more reliable. Barry did an online survey of 50 of his existing customers, this means the people he asked were already interested in hot tubs making them a reliable respondent. However, this is a very small sample and should Barry base such an important business decision on this. Barry must have thousands of customers, that he has sold hot tubs to over the years, surely he could have easily sent the online survey to more of them. It says that 20% of customers said that they would consider purchasing the hot tubs, but we need to question the reliability of this data, it does not say how many people responded.

Barry also collected secondary market research data, this involves data that already exists. Although this type of data can be gathered quickly and relatively cheaply, often online through the internet, it does have its limitations. Barry spent one evening online looking at data. One problem with this is data found online may not be reliable, he may have to verify the data with other sources. Also, some of the data he found was not specific to the country where his customers live, he found data about increases in disposable income relating to the USA.

Credit any other valid response.

Question	Answer	Mark
(f)	**Explain two ways a business could improve its cash flow.** AO1: 2 marks AO3: 2 marks Award **1** mark for each valid way identified (max 2 marks) Award **1** mark for each valid explanation of the identified way (max 2 marks) **Indicative content** Increase revenue, a business could increase its prices in order to increase the amount of money it has coming in. Reduce costs, a business could aim to make savings such as cheaper raw materials. Delay payments, a business could try and persuade suppliers to give them more time to pay for supplies. Extra funding, businesses could use an overdraft to help them raise extra finance to cover cash flow problems. Credit any other valid response.	4

(g)	To what extent do you agree with Barry's plan to expand Bubbles Ltd and start selling plumbed-in hot tubs in addition to the inflatable hot tubs? [10]		
Band	**AO1**	**AO2**	**AO3**
	2 marks	**4 marks**	**4 marks**
	There are no band 3 marks for this assessment objective 2 marks are awarded for band 2	**4 marks** Excellent application to Barry and Bubbles Hot Tubs There is clear and direct use of the data The learner will use the context of Bubbles Hot Tubs throughout the answer	**4 marks** An excellent analysis and evaluation of the expansion plans Writing is very well structured, using accurate grammar, punctuation and spelling Valid use of the data in making judgements Balanced and clear judgements are made with supporting statements
	2 marks Good knowledge and understanding of the methods used for internal growth Good attempt to use specialist vocabulary	**2-3 marks** Good application to Barry and Bubbles Hot Tubs The learner will make good use the context to support their answer, but there may be some omissions	**2-3 marks** A good analysis and evaluation of the expansion plans Writing is generally well structured using reasonably accurate grammar, punctuation and spelling Clear judgements are made with some supporting statements
	1 mark Limited knowledge and understanding of the methods used for internal growth Limited attempt to use specialist vocabulary	**1 mark** Limited application to Barry and Bubbles Hot Tubs There is limited use of the data to support the answer The response is mostly generic with brief application to Bubbles Hot Tubs	**1 mark** A limited analysis and evaluation of the expansion plans Writing shows limited evidence of structure, with errors in grammar, punctuation and spelling Judgements may be brief and unsupported
	0 marks No knowledge or understanding of the reasons why businesses grow	**0 marks** No reference to Bubbles Hot Tubs or Barry	**0 marks** No analysis or evaluation of the expansion plans

Indicative content

Barry clearly wants to grow and expand the business. Since the business started in 2008, it has been growing, from moving into its own premises in 2015 after increased demand in the market to now where Barry wants to enter the more luxury plumbed-in market, growth is clearly Barry's objective.

The business model that Barry is looking into is very different to the business he currently has. Inflatable hot tubs are a relatively affordable item, they do not need special installation and neither Barry or his current staff have expertise in this area; plumbed-in hot tubs are expensive and complex. Barry has done his research, he has done some secondary research and found the hot tub market is due to grow by 9.6%, however, the data is not specific to inflatable or plumbed in hot tubs.

Sales of hot tubs are linked to disposable income because they are a luxury item, if people have more disposable income they are likely to buy luxury items such as a hot tub, however, the data Barry found was relating to the USA market and therefore not relevant.

One area that Barry will need to consider is rising energy costs, I can imagine hot tubs use a lot of energy and if people are concerned about rising energy costs, they may decide not to buy one. That aside, hot tubs are clearly in demand and Barry is in a financial position to grow the business.

We are unsure if Barry has retained any profit for further investment, but even if he hasn't, with consistent success banks are likely to lend him the money to expand the business.

Another area Barry may want to consider is the way he sells the hot tubs, at the moment, he does everything online, people are happy to buy an inflatable hot tub that is not extremely expensive, however, when it comes to making a huge investment in a plumbed-in hot tub, that costs thousands of pounds, are people going to be likely to buy online without actually seeing the item?

Also, Barry is not going to make a huge amount of profit from each one he sells, he will have to invest in two new skilled staff which will be an ongoing cost of £80 000 per year and a special vehicle, which will costs £50 000, he may find sales are slow if people are not sure about buying such an expensive item online.

Barry is worried about cash flow problems which indicates that things are perhaps not going so well with his business, if he is only going to make on average £800 per hot tub, he will need to sell approximately 162 to cover those costs and that does not even consider all the other costs involved with the expansion.

Barry should not take the risk at the moment. This is a huge, expensive decision. He needs to do more market research as some of the data is unreliable and not specific. Perhaps he would be better off diversifying into another area of product and spreading the risk.

Credit any other valid response.