



GCSE MARKING SCHEME

SUMMER 2025

**BUSINESS - COMPONENT 1
C510U10-1**

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 1

SUMMER 2025 MARK SCHEME

Question	Answer	Mark
1	Identify which two of the following are examples of non-financial methods of motivation. AO1: 2 marks Award 1 mark for the correct answer Empowerment Job enlargement	2
2	Identify which of the above terms best describes each of the following: AO1: 4 marks Award 1 mark for the correct answer identified	4
2 (a)	Buying goods and services through hand-held mobile devices such as smartphones M-commerce	
2 (b)	A measure of the rate of change in prices over a period of time. Inflation	
2 (c)	A strategy which initially involves selling a product at a high price, prices are then reduced at a later stage. Price skimming	
2 (d)	Treating one person differently to another based on age, race or gender. Discrimination	

Question	Answer	Mark
3 (a)	Identify which two of the following best describes Faith's business. AO1: 2 marks Award 1 mark for each correct answer identified Faith sells a personal service Faith works in the private sector	2
3 (b)	Explain one way the information in Table 1 could be useful to Faith in running her business. AO1: 1 mark AO2: 1 mark AO3: 1 mark Award 1 mark for identifying one way the information could be useful Award 1 mark for suitable context Award 1 mark for a suitable explanation Indicative content One way the information on Faith's performance could be useful is by helping her measure the success of her business. Faith is able to see her video tutorials are becoming increasingly popular from the statistics, this could encourage her to create more content, leading to increased revenue from the number of subscribers she receives. One way the information on Faith's performance could be useful is by helping her decide on the direction her business should take, she may look at the data and decide that applying make-up to clients is no longer a viable part of her business because returning customers are falling and she should concentrate on creating her videos instead as these are increasing. One way the information on Faith's performance could be useful is by helping her improve parts of her business, she may look at the drop in returning customers and decide she needs to do some market research to establish why the number of customers returning is declining, she could improve her business based on her findings. Credit other valid responses.	3

Question	Answer	Mark
4 (a)	Describe two stages of the sales process using examples relating to selling used cars. AO1: 2 marks AO2: 2 marks Award 1 mark for describing each stage of the sales process (up to 2 marks) Award 1 mark for using examples relating to used cars (up to 2 marks) Indicative content <u>Good product knowledge</u> - such as details about the car specifications/engine size. <u>Identifying sales opportunities</u> - by asking the customer suitable questions about customers' car size preference. <u>Informing customers of the features and benefits</u> - such as explaining details such as Bluetooth capabilities/heated seats/automatic boot opening. <u>Closing the sale</u> - by overcoming any concerns customers have about the cost of running the vehicle and convincing them to buy. <u>Following up and providing good after sales service</u> - by including warranties where customers are entitled to have repairs done for free. Credit other valid responses.	4
4 (b)	Identify the type of training that is being used by Tina. AO2: 1 mark Award 1 mark for a correct type of training identified Off-the-job Accept off-site training, external training	1

Question	Answer	Mark
4 (c)	Calculate how much commission Tina would be paid for selling the two cars. AO2: 2 marks Award 1 mark for each stage Stage 1 $19995/100 = 199.95$ $12750/100 = 127.50$ or $19995 * 0.02 = £399.90$ $12750 * 0.02 = £255$ Stage 2 $199.95 + 127.50 = £327.45$ $£327.45 \times 2 = £654.90$ or $399.90 + 255 = (£)654.90$ Award 2 marks for the correct answer.	2
4 (d)	Explain one benefit to a business of using commission to pay its workers. AO1: 1 mark AO3: 1 mark Award 1 mark for identifying one benefit of paying commission Award 1 mark for a suitable explanation Indicative content One benefit to business of paying commission based on sales is staff are encouraged to sell more in order to gain commission, this can result in increased turnover, which could lead to increased profit. One benefit to a business of using commission to pay its workers is to improve motivation, this will result in better staff retention/less costs relating to high staff turnover. One benefit to a business of using commission to pay its workers is payroll costs are linked to sales, this means the business is able to manage its costs better. Credit other valid responses.	2

Question	Answer	Mark
5 (a)	Outline the difference between cash and profit. AO1: 2 marks Award 1 mark for correct understanding of cash Award 1 mark for correct understanding of profit Indicative content Cash is the money that flows in and out of the business on a day-to-day basis Profit is when a business' revenue exceeds its costs	2
5 (b) (i)	Calculate the forecasted total payments for July. AO2: 1 mark Award 1 mark for the correct answer (£)99 684	1
5 (b) (ii)	Calculate the forecasted opening balance for September. AO2: 1 mark Award 1 mark for the correct answer (£)19 744	1
5 (b) (iii)	Calculate the forecasted closing balance for December. AO2: 1 mark Award 1 mark for the correct answer (£)3 050	1

Question	Answer	Mark
5 (c)	Explain one reason why it is important for a business to understand the needs of its customers. AO1: 1 mark AO3: 1 mark Award 1 mark for identifying a reason Award 1 mark for explaining the reason Indicative content It is important that businesses understand the needs of customers as it could lead to <u>increased sales and revenue</u> - because more customers want to buy the products/service. It is important that businesses understand the needs of customers so it creates <u>customer value</u> - which will encourage customers to pick the business over its competitors. It is important that businesses understand the needs of customers if it <u>operates in a competitive market</u> – because it will need to stand out from its competitors in order to draw customers in. It is important that businesses understand the needs of customers in order to <u>gain customer loyalty</u> – which will encourage repeat purchases and increased revenue. It is important that businesses understand the needs of customers so it can offer products with a <u>unique selling point</u> that meet customer wants – leading to increased sales and profit. Credit other valid responses.	2

Question	Answer	Mark
5 (d) (i)	Explain the importance of accurate and up-to-date market research data to a business. AO1: 1 mark AO3: 1 mark Award 1 mark for identifying one importance of accurate and up-to-date market research data Award 1 mark for a suitable explanation Indicative content One reason accurate and up-to-date market research data is important to business is because markets change rapidly and if the data is out of date, it may encourage the business to make the wrong decisions based on the data. One reason accurate and up-to-date market research data is important to business is because business needs to understand its customers' specific wants and needs, if the data is inaccurate businesses may waste money developing the wrong products. One reason accurate and up-to-date market research data is important to business is because inaccurate, out-of-date market research data can be costly to business if it makes decisions based on inaccurate data. Credit other valid responses.	2
5 (d) (ii)	Identify one limitation of the market research data collected by Sunnyside Garden Centre. AO2: 1 mark Award 1 mark for identifying a suitable limitation Indicative content One limitation of the market research data collected by Sunnyside Garden Centre is the small sample size. One limitation of the market research data collected is that 50% of the respondents had never visited the garden centre. One limitation of the market research data collected by Sunnyside Garden Centre is the results may be bias/ respondent may have completed it without care and attention simply to get the discount voucher. Credit other valid responses.	1

Question	Answer			Mark
5 (e)	Using both qualitative and quantitative data, and with reference to: • Revenue and costs • The marketing mix Recommend ways in which Sunnyside Garden Centre could improve its cash-flow.			10
Band	AO1	AO2	AO3	
	2 marks	4 marks	4 marks	
3	There are no band 3 marks for this assessment objective 2 marks are awarded for band 2	4 marks Excellent application of the methods used to improve Sunnyside Garden Centre's cash-flow with reference to revenue and costs and the marketing mix. Excellent use of Sunnyside Garden Centre's qualitative and quantitative data. There is clear, correct and direct reference to Sunnyside Garden Centre throughout the answer.	4 marks An excellent analysis and evaluation of suitable methods relating to costs and revenue and the marketing mix to improve Sunnyside Garden Centre's cash-flow. Reference is made to the qualitative and quantitative data. Writing is very well structured, using accurate grammar, punctuation and spelling. Clear recommendations are made with supporting statements.	
2	2 marks Good knowledge and understanding of revenue and costs and the marketing mix. Good knowledge and understanding of methods used to improve cash-flow. Good attempt to use specialist vocabulary.	2-3 marks Good application of the methods used to improve Sunnyside Garden Centre's cash-flow with reference to revenue and/or costs and/or the marketing mix. Good use of Sunnyside Garden Centre's qualitative and quantitative data to make informed business decisions. There is good reference to Sunnyside Garden Centre throughout the answer.	2 - 3 marks A good analysis and evaluation of suitable methods relating to costs and revenue and the marketing mix to improve Sunnyside Garden Centre's cash-flow. Reference is made to the qualitative and quantitative data. Writing is generally well structured using reasonably accurate grammar, punctuation and spelling. Recommendations are made with some supporting statements.	

Question	Answer			Mark
5 (e)				
1	1 mark Limited knowledge and understanding of revenue and costs and/or the marketing mix. Limited knowledge and understanding of methods to improve cash-flow. Limited attempt to use specialist vocabulary.	1 mark Limited application of the methods used to improve Sunnyside Garden Centre's cash-flow with reference to revenue and costs and/or the marketing mix. Limited use of Sunnyside Garden Centre's qualitative and/or quantitative data to make informed business decisions. There is limited reference to Sunnyside Garden Centre throughout the answer. The response is mostly generic with a brief mention of Sunnyside Garden Centre.	1 mark A limited analysis and evaluation of methods relating to costs and revenue and/or the marketing mix to improve Sunnyside Garden Centre's cash-flow. Reference is made to the qualitative and/or quantitative data. Writing shows limited evidence of structure, with errors in grammar, punctuation and spelling. Recommendations may be brief and unsupported.	
	0	0 marks No valid knowledge.	0 marks No valid application.	0 marks No valid analysis or evaluation.
Indicative content Sunnyside Garden Centre could increase its cash-flow by reducing its costs. At the moment, wages contribute to a high proportion of its payments. All other payments on its cash-flow forecast, such as loan repayments and rates, must be paid, so this is the only area where there is some flexibility. 95% of respondents of the questionnaire who had visited the garden centre said that they were served quickly, this could possibly mean that there may be some flexibility to lose some staff. It appears, due to the fluctuations in wages, that staff could possibly work different hours based on demand or it hires temporary staff at busy periods such as the summer months. Wage costs can be saved by not offering extra hours or not hiring temporary staff. Alternatively, they could make staff redundant, but this can cause low staff moral due to increased workload on remaining staff or because of the fear of losing their job. Less staff could affect customer experience at a time when Sunnyside Garden Centre are not in a good financial position and are experiencing a cashflow shortage. Sunnyside Garden Centre could try to increase its revenue in a number of ways. It doesn't seem that Sunnyside Garden Centre advertise, on the cash-flow forecast advertising is not recorded as a payment. Because cash is a				

Question	Answer	Mark
	problem for Sunnyside Garden Centre it would need to keep its advertising costs down, therefore, advertising online through social media would be a suitable method. Of the respondents of the questionnaire 30% had never heard of the garden centre, this surely confirms the need for advertising, although only a small number of people completed the questionnaire. Social media advertising is renowned for being a cheaper form of advertising, that can be targeted at people of a certain age group who live in a certain area. Sunnyside Garden Centre could also consider methods to increase customer loyalty through promotions, it could introduce a loyalty scheme, where customers receive points for every plant they buy, once they have collected enough points, they could spend these points in the garden centre, this could encourage customers not to move to buying garden supplies online. Sunnyside Garden Centre could consider the products it sells. At the moment, according to the cash-flow forecast, cost of sales is over 50% of total revenue each month, it may need to consider reducing the product ranges it has. It could be argued that lots of these products are not getting sold and with plants there would be a shelf-life to the products, plants would die, there could be a lot of wastage. It would be worth the garden centre reviewing its products and making some decisions on what is selling and what isn't. 80% of respondents of the questionnaire who had visited the garden centre said products were overpriced. Price seems important, we know that the garden centre only asked a small sample of people to complete the questionnaire and of that sample only 50% had been there, therefore we cannot rely on the market research data fully, that said, the cash-flow forecast which we can rely on paints a picture of a business with low revenue in relation to its costs of sales, therefore, we can deduce that it may need to make some adjustments to the products it sells and offering cut price products could be a solution. We also know that 70% of customers who completed the questionnaire are considering buying garden supplies online so we know that they must have access to the internet. Perhaps, in the future, when revenue picks up it could consider an online presence. At the moment, I don't think the businesses has the finances to consider setting up a website, however, if they try to reduce the wage bill, develop customer loyalty through promotions, gain more customers through advertising and streamline its product ranges and reduce waste it could start to see an increase in its net cash flow, this could then be reinvested into a website which would satisfy the customer preference of buying online. This website, run alongside the garden centre could keep all customers happy and lead to more success for Sunnyside Garden Centre. Credit other valid responses.	

Question	Answer	Mark
6 (a) (i)	State two features of a charity. AO1: 2 marks Award 1 mark for each correct feature Indicative content A not-for-profit organisation Exists to supports a particular cause/purpose Does not pay tax Receives donations Do not accept benefit the community. Credit other valid responses.	2
6 (a) (ii)	Explain one way in which the aims of a private limited company differ from those of a charity. AO1: 1 mark AO3: 1 mark Award 1 mark for identifying a difference Award 1 mark for explaining a difference Indicative content Charities' aims must support a cause, whereas private limited companies would more likely aim to maximise profit. Charities will aim to raise and maximise donations whereas a private limited company will aim to maximise its customer base. Charities will aim to satisfy the needs to the people it supports whereas a private limited company will aim to satisfy its shareholders. Credit other valid responses.	2

Question	Answer	Mark
6 (b) (i)	With direct reference to World of Books, describe one way the entrepreneurs demonstrated entrepreneurial characteristics. AO1: 1 mark AO2: 1 mark Award one mark for identifying an entrepreneurial characteristic Award one mark for describing suitable information from the data Indicative content The entrepreneurs were innovative/shows initiative, he saw an opportunity, when he spotted a charity shop throwing out unwanted books and decided to turn it into a business opportunity. The entrepreneurs are organised, running a business with an inventory of over seven million items, therefore they must be very organised. The entrepreneurs are good decision makers, they decided to introduce the Ziffit app to enable people to sell their own books and make money. Any valid characteristics (AO1) application (AO2) must be specific to the case study. Credit other valid responses.	2
6 (b) (ii)	Suggest: One financial risk of becoming an entrepreneur. One non-financial reward of becoming an entrepreneur. AO1: 2 marks Award 1 mark for suggesting a risk of being an entrepreneur Award 1 mark for suggesting a non-financial reward of being an entrepreneur Indicative content Risks • Lower than expected sales revenue • Unexpected costs • Loss of investment • Not having job security Do not accept unlimited liability. Rewards • Providing goods and services to meet the needs of others • Personal satisfaction • Customer feedback • Flexible working/hours • Supporting the community/natural environment • Putting a hobby to use Credit other valid responses.	2

Question	Answer	Mark
6 (c) (i)	Describe how World of Books are an environmentally friendly business AO2: 2 marks Award 1 mark for identifying a way World of Books is environmentally friendly Award 1 mark for describing suitable information from the data Indicative content World of Books are an environmentally friendly business because they buy second-hand books, this means they prevent books going to landfill. World of Books are an environmentally friendly business because it reduces the production of new books, because it encourages people to reuse the books rather than buy new. World of Books are an environmentally friendly business because it reduced the use of paper, by helping to limit the production of new books by encouraging people to reuse. Credit other valid responses.	2
6 (c) (ii)	Explain one reason why a business may aim to be environmentally friendly. AO1: 1 mark AO3: 1 mark Award 1 mark for identifying a reason why businesses choose to be environmentally friendly Award 1 marks for explain why businesses choose to be environmentally friendly Indicative content Business may aim to be environmentally friendly in order to attract customers who may be attracted by products that reduce the impact on the environment leading to increased sales. Business may aim to be environmentally friendly in order to motivate employees who would feel more comfortable working for a business that does the right thing and lead to a lower staff turnover and the costs associated with that. Business may aim to be environmentally friendly in order to reduce levels of pollution and waste in order to benefit future generations. Business may aim to be environmentally friendly in order to gain a competitive advantage over businesses offering similar product/services by making it their USP. Credit other valid responses.	2

Question	Answer			Mark
6 (d)	Analyse the impacts of the Ziffit smartphone app on World of Books and its customers.			8
Band	AO1 2 marks	AO2 3 marks	AO3 3 marks	
3	There are no band 3 marks for this assessment objective 2 marks are awarded for band 2	3 marks Excellent application of the impacts of the Ziffit app on World of Books and its customers. There is clear and direct reference to World of Books throughout the answer.	3 marks An excellent analysis of the impact of introducing the new app to World of Books and its customers. Writing is very well structured using accurate grammar, punctuation and spelling. Well-reasoned and analysis that does consider both positive and negative impacts.	
2	2 marks Good knowledge and understanding of the impacts of new technology on business. Good attempt to use specialist vocabulary.	2 marks Good application of the impacts of the Ziffit app on World of Books and its customers. There is reference to World of Books throughout the answer.	2 marks A good analysis of the impacts of introducing the new app to World of Books and its customers. Writing is well structured using reasonably accurate grammar, punctuation and spelling. The analysis may consider both positive and negative impacts.	
1	1 mark Limited knowledge and understanding of the impact of new technology on business. Limited attempt to use specialist vocabulary.	1 mark Limited application of the impact of the Ziffit app on World of Books and/or its customers. The response is mostly generic with brief mention of World of Books.	1 mark A limited analysis of the impact of introducing the new app to World of Books and/or its customers. The analysis lacks detail and superficial comments are made with little development. The analysis may only consider positive or negative impacts.	
0	0 marks No valid knowledge.	0 marks No valid application.	0 marks No valid analysis.	

Question	Answer	Mark
6 (d)	Indicative content Customers could benefit from introducing the new Ziffit app. Previously, books that were sold on the World of Books website were surplus books from charity shops. The Ziffit app was introduced to allow people with unwanted books to make some money by selling the books to World of Books through the app. The app will benefit customers in two ways, those people who sell the books get to make a little money from selling the books rather than throwing them out, they can then spend the extra money as they wish. This app is really convenient for customers and customers can sell the books in 4 easy steps. These days most people have smartphones which means the service is more accessible to all types of people who have unwanted books. It also helps customers who buy the books from the World of Books website because they now have a greater variety of books to choose from, as World of Books is potentially increasing its supplies and also lead to a greater variety of books available for customers to choose from. However, those customers who originally bought from the World of Books website, may have done this because of its links with charities, some of these customers may not be happy with the new system. Despite this, people who sell books to World of Books through the Ziffit app and those customers who buy the second hand books are helping the environment by reducing the amount of books being manufactured and reducing the environmental cost of this, this may satisfy their own social objectives. World of Books could also benefit from the Ziffit app. The app could encourage customers to sell their books cheaply to World of Books and allows it to make a profit on these books by reselling them. One example is a book sold of the Ziffit app for £1.10 was then sold on The World of Books website for £5.99, this is a substantial profit margin, despite the cost of a courier and related costs with the website such as the costs of servers, experts to build and maintain the app and the cost of maintaining security, which can be high and the storage costs relating to selling millions of books, this business model is likely to be highly profitable especially as it is likely that Ziffit customers will likely sell lots of books at the same time. Despite these extra costs World of Books is now able to buy books more easily, it is also able to manage the books it wants to buy by offering more money for rare books and less for books where there is high supply. World of Books can also support environmental issues more easily by encouraging more and more customers to buy second hand and reduce the need for production which will benefit future generations. Credit other valid responses.	

Question	Answer			Mark
7 (a)	Identify the stage of the supply chain that is missing from the diagram. AO1: 1 mark Award 1 mark for the correct answer Procurement			1
7 (b)	State one way a business can grow internally. AO1: 1 mark Award 1 mark for correctly identifying the method of growth Indicative content Open new stores Hiring more staff Selling more goods/services Selling to new markets Expanding product range Through franchising Credit other valid responses.			1
7 (c)	Analyse the impacts on Sainsbury's of using smaller businesses to supply products to its supermarkets.			6
Band	AO1	AO2	AO3	
	2 marks	2 marks	2 marks	
2	2 marks Good knowledge and understanding of choosing suppliers. Good attempt to use specialist vocabulary.	2 marks Good application of the impacts on Sainsbury's choosing smaller businesses to supply products. There is reference to the scenario throughout.	2 marks A good analysis of the impacts of choosing smaller businesses to supply products. Writing is well structured, using accurate grammar, punctuation and spelling.	
1	1 mark Limited knowledge and understanding of choosing suppliers. Limited attempt to use specialist vocabulary.	1 mark Limited application of the impact on Sainsbury's choosing smaller businesses to supply products. The response is mostly generic.	1 mark A limited analysis of the impact of choosing smaller businesses to supply products. Writing shows limited evidence of structure, with errors in grammar, punctuation and spelling.	
0	0 marks No valid knowledge.	0 marks No valid application.	0 marks No valid analysis.	

Question	Answer	Mark
7 (c)	Indicative content One impact of choosing a smaller business to supply goods to Sainsbury's is issues with quantity and speed of supply. Small businesses, such as Higgidy may struggle to meet the demand of a national supermarket chain, such as Sainsbury's, with over 600 stores nationwide. Problems could include delays in delivery and the inability to deliver within a certain time slot, smaller businesses may simply not have the capacity to meet this demand. Supermarkets sell lots of perishable goods, so any delay in deliveries could cause problems with food going out of date if not delivered within a certain time frame, leading to wastage and increased costs for Sainsbury's. A smaller business is unlikely to be able to be in a position to be as competitive as a larger business, as it is not benefiting from economies of scale because of its small size. These increased costs could lead to lower profit margins for Sainsbury's because if goods are too expensive, customers are unlikely to purchase the pies. Sainsbury's may find themselves discounting product such as pies if they are left unsold, reducing profit margins and impact on its ability to compete in such a competitive environment. Customers are likely to be impressed that a large, national business such as Sainsbury's is supporting smaller businesses such as Higgidy and choosing them as a supplier. This could encourage more people to shop at Sainsbury's boosting customer loyalty, as people are likely to be pleased that they are helping develop smaller businesses. It also allows Sainsbury to have a more varied range of products available to sell to customers, this will suit the diverse needs of customers who may be likely to shop at Sainsbury's if it meets their needs, this can lead to brand loyalty, which is often an important factor in such a competitive industry. Credit other valid responses.	
7 (d)	Using the chart above, calculate the percentage increase in Higgidy's turnover between 2011 and 2021. (Show your workings) AO2: 2 marks Award 1 mark for calculating the difference $41.3 - 11.1 = 30.2$ Award 1 mark for correct answer $30.2 / 11.1 = 2.72 \times 100$ 272(%) (accept 272.07% or 272.072% or 272.1%) If correct answer is given award 2 marks	2

Question	Answer	Mark	
7 (e) (i)	State the formula for calculating net profit margin. AO1: 1 mark Award 1 mark for stating the correct formula Indicative content Net Profit / Sales Revenue x 100	1	
7 (e) (ii)	Calculate Higgidy's Net Profit Margin for 2020. Present your answer to two decimal points, show your workings.) AO2: 1 mark 1.6/ 30.4 x 100 Award 1 mark for correct answer 5.26(%)	1	
7 (f)	Analyse Higgidy's decision to introduce online advertising in 2021.	8	
Band	AO1	AO2	AO3
	2 marks	3 marks	3 marks
3	There are no band 3 marks for this assessment objective 2 marks are awarded for band 2	3 marks Excellent application. There is clear and direct reference to Higgidy throughout the answer.	An excellent analysis of the decision to introduce online advertising that includes advantages and disadvantages. Writing is very well structured, using accurate grammar, punctuation and spelling. Well-reasoned analysis with clear lines of reasoning.
2	2 marks Good knowledge and understanding of advertising online. Good attempt to use specialist vocabulary.	2 marks Good application. There is some reference to Higgidy throughout the answer.	2 marks A good analysis of the decision to introduce online advertising that includes advantage(s) and disadvantage(s). Writing is well structured, using some accurate grammar, punctuation and spelling.

Question	Answer			Mark
1	1 mark Limited knowledge and understanding of advertising online. Limited attempt to use specialist vocabulary.	1 mark Limited application. There is limited reference to Higgidy within the answer.	1 mark A limited analysis of the decision to introduce online advertising that may be one sided. Writing shows limited evidence of structure, with errors in grammar, punctuation and spelling. The analysis lacks detail and superficial comments are made with little development.	
	0 marks No valid knowledge.	0 marks No valid application.	0 marks No valid analysis.	
Indicative content One advantage of Higgidy's decision to use advertising online is that certain groups of customers can be targeted. Online advertising uses people's search preferences to direct advertising to things they would be interested in, for example, a person researching plant-based recipes online would likely be a suitable audience for Higgidy pies, therefore the advertising is more targeted. This targeted advertising could result in increased sales for Higgidy and could be the reasons that sales turnover increased drastically between 2020 and 2021 by £10.9 million. Online advertising is considered more cost effective when compared to other types of advertising, although it depends on a range of factors, it is considered to be a cheaper form of advertising when compared with advertising on TV. TV advertising has disadvantages alongside the huge costs of production and fees to air, these days viewers can easily skip adverts on TV whereas with YouTube, you are forced to watch a certain amount of time of an advert in order access the video you want to watch. This is a very clever way for business to target its adverts and ensure customers are watching at least part of an advert, therefore reaching its audience. Although viewers can get annoyed with the adverts, they really don't have much choice but to watch if they want to watch a particular video. Another reason Higgidy may have made the decision to introduce online advertising in 2021 is because of increased advertising by its competitors. It is likely that Higgidy operates in a competitive environment and if its competitors start advertising it is important that Higgidy also starts otherwise it may lose customers and not gain new ones at the same rate as its competitors. We are not sure what type of advertising its competitors are using but Higgidy's decision to use online advertising is a good one as it is more cost effective and has the ability to reach its target market more effectively through the use of algorithms based on its audience's search criteria. Credit other valid responses.				

Question	Answer	Mark
8 (a)	Identify two motives Max may have had for starting Rugby Tots. AO2: 2 marks Award 1 mark for a correct motive identified (up to 2 marks) Indicative content Max played rugby, so one motive Max could have had for starting Rugby Tots is to turn his hobby into a business. One motive Max could have had for starting Rugby Tots is because he spotted a gap in the market. Provide rugby classes for his local community. Credit other valid responses.	2
8 (b)	Explain <u>two</u> benefits of branding to a business. AO1: 2 marks AO3: 2 marks Award 1 mark for identifying a benefit of branding (max 2 marks) Award 1 mark for an explanation of each benefit (max 2 marks) Indicative content Branding can contribute to a business's success - because it differentiates it from other similar businesses. Branding can help a business create a USP – allowing the business to charge a premium price. Credit other valid responses.	4
8 (c)	Identify two ways Rugby Tots segments the market. AO2: 2 marks Award 1 mark for each identified market segment for Rugby Tots Indicative content Lifestyle Gender/sex Age	2

Question	Answer	Mark
8 (d)	Outline the difference between a franchisee and a franchisor. AO1: 2 marks Award 1 mark for limited understanding of the difference between a franchisee and a franchisor. Award 2 marks for good understanding of the difference between a franchisee and a franchisor. Indicative content A franchisor sells the rights to use its name and sell its products. A franchisor receives royalty payments from the franchisee. The franchisee receives training and support from the franchisor. Credit other valid responses.	2

Question	Answer			Mark
8 (e)	Advise Kai on whether he should become a RugbyTots franchisee or set up his own rugby coaching business.			10
Band	AO1 2 marks	AO2 4 marks	AO3 4 marks	
3	There are no band 3 marks for this assessment objective 2 marks are awarded for band 2	4 marks Excellent application on whether Kai should become a franchisee or set up on his own. There is clear and direct reference to Kai and Rugby Tots throughout the answer.	4 marks An excellent analysis and evaluation on whether Kai should become a franchisee or set up on his own. Writing is very well structured, using accurate grammar, punctuation and spelling. Clear advice is given with supporting statements.	
2	2 marks Good knowledge and understanding of franchising and starting a new business. Good attempt to use specialist vocabulary.	2-3 marks Good application on whether Kai should become a franchisee or set up on his own. There is good reference to Kai and Rugby Tots throughout the answer.	2-3 marks A good analysis and evaluation on whether Kai should become a franchisee and/or set up on his own. Writing is well structured, using mostly accurate grammar, punctuation and spelling. Appropriate advice is given.	
1	1 mark Limited knowledge and understanding of franchising and/or starting a new business. Limited attempt to use specialist vocabulary.	1 mark Limited application on whether Kai should become a franchisee or set up on his own. There is limited reference to Kai and Rugby Tots. The answer is mostly generic.	1 mark A limited analysis and evaluation on whether Kai should become a franchisee or set up on his own. Writing lacks structure, with grammar, punctuation and spelling errors. Unsupported conclusions are made.	
	0 marks No valid knowledge.	0 marks No valid application.	0 marks No valid analysis or evaluation.	

Question	Answer	Mark
	Indicative content I think Kai should take on a Rugby Tots franchise rather than start his own rugby coaching business. If Kai decided to start his own rugby coaching business, he would have to make all the decisions himself and this could be a little overwhelming, we know that he is a teacher and is unlikely to have much experience in business although as a P.E. teacher, he is experienced in teaching children sport. It could be argued that setting up his own business would suit Kai, we know he has his own ideas and aspirations and would like to supplement his coaching service with afterschool clubs and parties. One of the problems with a franchise is that franchisees don't have a lot of scope to be innovative and make decisions, which Kai may find stifles his creativity. Kai may struggle to follow all the rules laid out by the franchisor and start to feel that he is more of a manager than a business owner, this may be frustrating for Kai. He will be his own boss as all decisions are on him, as a franchisee, he will have to run certain things past the franchisor. As a franchisee, he will be entitled to training and support, if he sets up his own coaching business, he is on his own, there will be no one to help him or train him, this could be hard when starting out. There will be no training days, online sessions or manual and head-office support for Kai if he starts his business alone. The cost of starting up the business alone, Kai has calculated, would be £5 000, this is cheaper than buying the franchise, however, Kai will be starting from scratch and he won't benefit from the branding that Max has developed. Would he be able to afford to get kits with his own branding on? He is more likely to have success with a brand that is already developed and trusted compared to spending a long time and effort in developing his own brand. The franchise is a well-known business, he won't need to worry about advertising and is more likely to develop a customer base as an established brand. The franchise is more expensive, at £6 500 and he would have to pay royalties and a percentage of the profit to the franchisor, Max. We know Kai has 3 children and money may be tight as a teacher but in reality, there is not that much difference financially between the 2 options. I believe he is more likely to make a success of the franchise, it is well known with 5000 classes worldwide per week and for this reason, I advise Kai to take on a Rugby Tots franchise. Credit other valid responses.	