

CONFERENCE VERSION – 14/06/2023

**CONFIDENTIAL**



# GCE AS MARKING SCHEME

**SUMMER 2023**

**AS  
BUSINESS – COMPONENT 2  
B510U20-1**

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## **GENERAL MARKING**

### **GUIDANCE Positive Marking**

It should be remembered that learners are writing under examination conditions and credit should be given for what the learner writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good response to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for a less than perfect answer if it satisfies the criteria of the mark scheme, nor should marks be added as a consolation where they are not merited.

For each question there is a list of indicative content which suggest the range of business concepts, theory, issues and arguments which might be included in learners' answers. This is not intended to be exhaustive and learners do not have to include all the indicative content to reach the highest level of the mark scheme.

The level-based mark schemes sub-divide the total mark to allocate to individual assessment objectives. These are shown in bands in the mark scheme. For each assessment objective a descriptor will indicate the different skills and qualities at the appropriate level. Learner's responses to questions are assessed against the relevant individual assessment objectives and they may achieve different bands within a single question. A mark will be awarded for each assessment objective targeted in the question and then totalled to give an overall mark for the question.

## GCE AS BUSINESS – COMPONENT 2

### SUMMER 2023 MARK SCHEME

<b>1. (a)</b>	<b>State what is meant by the term hot-desking.</b>	<b>Total</b>
	<p>AO1: 2 marks</p> <p>Award <b>1</b> mark for limited understanding of the term hot-desking Award <b>2</b> marks for good understanding of the term hot-desking</p> <p><b>Indicative content:</b></p> <p>Hot-desking means that an employee has no fixed work space (1) often booking work desks when required (1) Hot-desking reduces the need for office space (1).</p> <p>Any other relevant suggestion</p>	<b>2</b>
<b>(b)</b>	<b>Using the data above, calculate how many working hours per year are lost due to employees searching for desks to work on.</b>	<b>Total</b>
	<p>AO2: 2 marks</p> <p>Award <b>1</b> mark for calculating correct minutes per year Award <b>1</b> mark for calculating hours per year</p> <p><b>Indicative content</b></p> <p><math>18 \times 220 = 3\,960</math> minutes per year (1) <math>3\,960 / 60 = 66</math> hours per year (1)</p> <p>Accept 66</p> <p>Award <b>2</b> marks if just 66 is given</p>	<b>2</b>

<b>1. (c)</b>	<b>Explain two ways in which new technology has allowed businesses to use flexible working practices.</b>		<b>[4]</b>
<b>Band</b>	AO1	AO3	
	2 marks	2 marks	
<b>2</b>	<b>2 marks</b>	<b>2 marks</b>	
	Demonstrates good knowledge of new technology enabling flexible working  Two different ways technology has been used to help flexible working practices are identified and described	Good analysis of how new technology can support flexible working practices.  Two ways are explained	
<b>1</b>	<b>1 mark</b>	<b>1 mark</b>	
	Demonstrates limited knowledge of new technology enabling flexible working  One way technology has been used to help flexible working practices is identified and described or two different ways technology has been used to help flexible working practices are identified	Limited analysis of how new technology can support flexible working practices  At least one way is explained	
<b>0</b>	<b>0 marks</b>	<b>0 marks</b>	
	No valid knowledge.	No valid explanation	

**Indicative content:**

- **Social Media:** Allows customer support staff to work from any location, job share, support flexible working hours and homeworking.
- **Growth of online software / apps:** Allows workers to access company drives / files on the go supporting homeworking as company information can be access from home. This can also support hot-desking and zero-hours through booking system software that can be accessed from anywhere (with a log-in).
- **E-tailing / e-commerce / Internet:** Customers now can make enquiries, sales etc. 24/7, this can support flexible hours to deal with customer orders / queries at the convenience of the worker, who may have a wider range of working hours to choose from. Employees could be able to job share and work more part time contracts due to 24/7 enquiries / sales.
- Any other relevant suggestion.

<b>1. (d)</b>	<b>Consider whether the introduction of hot-desking is beneficial for employers and employees. [4]</b>	
<b>Band</b>	AO3	AO4
	2 marks	2 marks
<b>2</b>	<p><b>2 marks</b></p> <p>Good analysis of the benefits or drawbacks of hot-desking to both employers and employees</p> <p>The analysis considers both employers and employees and includes a clear line of argument</p>	<p><b>2 marks</b></p> <p>Good well-balanced evaluation of the benefits and drawbacks of hot-desking to both employers and employees</p> <p>Valid judgements are made to support arguments with some development on both sides.</p> <p>A conclusion may be offered</p>
	<b>1</b>	<p><b>1 mark</b></p> <p>Limited analysis of the benefits or drawbacks of hot-desking to employers and/or employees</p> <p>A superficial analysis with little development of points</p>
<b>0</b>	<p><b>0 marks</b></p> <p>No valid analysis</p>	<p><b>0 marks</b></p> <p>No valid evaluation</p>
<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• <b>Employers:</b> Hot-desking cuts office space, allowing the business to employ fewer fixed costs allowing the business to break even and make a profit quicker. However, poor booking systems waste on average 18 minutes a day, reducing productivity, and so the fixed costs saved could be outweighed by rising costs due to lower productivity levels and less output. Therefore dependent on the effectiveness of the management system of desk-bookings.</li> <li>• <b>Employees:</b> There is a motivational benefit if employees are able to choose where they work, improving their motivation according to Herzberg by being more responsible over their work. However, poor booking system may reduce job satisfaction, and poorer working relations identified in the case study can lead to more de-motivational effects (Mayo's human relations and Maslow social needs). Therefore is dependent on what motivates the workforce, and how user friendly the booking systems are to the employees.</li> <li>• It depends on the type of job the employee does, as desks may not be required.</li> <li>• Any other relevant suggestion</li> </ul>		

<b>1. (e)</b>	<b>With reference to Maximum Windows Ltd's vacancy, describe the difference between a job description and a person specification. [4]</b>	
<b>Band</b>	AO1	AO2
	2 marks	2 marks
<b>2</b>	<b>2 marks</b> Demonstrates good knowledge of the difference between a job description and a person specification  There is a clear understanding of a job description and person specification	<b>2 marks</b> Good application to Maximum Windows Ltd  There is clear application from the case study to both a job description and person specification
	<b>1 mark</b> Demonstrates limited knowledge of the difference between a job description and a person specification  There is clear understanding of either a job description or person specification  The differences between the two are identified with no description	<b>1 mark</b> Limited application to Maximum Windows Ltd  There is application from the case study to either a job description or person specification
<b>0</b>	<b>0 marks</b> No valid knowledge	<b>0 marks</b> No valid application

**Indicative content:**

- **Job description:** A job description explains the tasks involved in the job, the job title, responsibilities, place of work and employment conditions. Maximum Windows job description for their sales worker vacancy will involve details of the job such as filing, record keeping and visiting customer homes. It will also include employment conditions such as the worker being paid £10 per hour and working 35 hours per week.
- **Person specification:** This describes the skills, knowledge and experience needed by an individual to complete the job. It will detail educational requirements, experiences needed and important aspects of personality required. Maximum Windows person specification for its sales worker vacancy will include a minimum of 5 GCSEs including at least grade 4 in Maths and English that has good communication skills and is computer literate. However, previous experience of sales is not necessary.

<b>1. (f)</b>	<b>Explain how Maximum Windows Ltd could use the motivational theories of Mayo and Vroom to increase sales of its windows and conservatories. [6]</b>		
<b>Band</b>	AO1	AO2	AO3
	2 marks	2 marks	2 marks
<b>2</b>	<b>2 marks</b> Demonstrates good knowledge and understanding of both Mayo and Vroom's motivational theory	<b>2 marks</b> Good application of both motivational theorists to Maximum Windows Ltd	<b>2 marks</b> Good explanation of how Mayo and Vroom's motivational theorists can increase sales  There is a clear line of argument relating to increasing sales
<b>1</b>	<b>1 mark</b> Demonstrates limited knowledge/understanding Mayo and/or Vroom's motivational theory  One motivational theorist is understood	<b>1 mark</b> Limited application of one motivational theorist to Maximum Windows Ltd	<b>1 mark</b> Limited explanation of how Mayo and/or Vroom's motivational theories can increase sales  Superficial explanation of how motivational theorists can increase sales
<b>0</b>	<b>0 marks</b> No valid knowledge	<b>0 marks</b> No valid application	<b>0 marks</b> No valid explanation

**Indicative content:**

- **Mayo** believed that group dynamics are more important than any form of financial motivation. Stating the importance in the way employees are treated will affect their output. Mayo suggested that employers should have greater communication with its staff, promote teamwork (social needs), employee well-being, and making work interesting rather than repetitive. The case study suggests that Maximum Windows is already providing its sales workers with a variety of work rather than repetitive work. The sales team could work in groups / teams selling windows and conservatories in specific locations. This can promote the view that employees "do not want to let the team down", making them work harder, more persuasive and enthusiastic when speaking to customers to try and make sales for the team. Each team could also be given some responsibility in deciding on how to make sales and how to approach customers, to meet the needs of the local areas to increase sales.
- **Vroom's** expectancy theory states that how hard the employee will work depends on whether their target / work is achievable and what they will receive (reward / punishment) as a result of their actions. This reward / punishment could be financial or non-financial. There is an opportunity to reward sales staff at Maximum Windows Ltd a commission type bonus on top of every sale that is made. This could encourage workers to try harder to make sales, and visit more homes in order to receive the additional reward. This will likely increase sales as each customer is likely to be persuaded even more to purchase new windows or conservatories.
- Any other relevant suggestion.



2. (a)	Define the meaning of the term benchmarking.	Total
	<p>AO1:2 marks</p> <p>Award <b>1</b> mark for limited understanding of the term benchmarking Award <b>2</b> marks for good understanding of the term benchmarking</p> <p><b>Indicative content:</b> Benchmarking is where a business sets a target in terms of its standard of quality (1) based on competitors / best performing areas of the business (1)</p> <p>Any other relevant suggestion</p>	2
(b)	Using table 1 calculate:	Total
(i)	<p><b>easyJet’s average capacity utilisation per day. Present your answer to one decimal place.</b></p> <p>AO1: 1 mark</p> <p>Award <b>1</b> mark for knowledge of how capacity utilisation is calculated.</p> <p>Capacity utilisation =  <math display="block">\frac{\text{Current Output}}{\text{Maximum Capacity}} \times 100</math></p> <p>AO2: 1 mark</p> <p>Award <b>1</b> mark for a correct answer of easyJet’s capacity utilisation to one decimal place.</p> $\frac{242\,000}{260\,495} \times 100 = \underline{92.9\%}$	2
(ii)	<p><b>Ryanair’s maximum passenger capacity per day. Present your answer to the nearest whole number.</b></p> <p>AO1: 1 mark</p> <p>Award <b>1</b> mark for knowledge of how maximum passenger capacity is calculated</p> <p>Maximum Capacity =  <math display="block">\frac{\text{Current Output}}{\text{Capacity Utilisation}} \times 100</math></p> <p>AO2:1 mark</p> <p>Award <b>1</b> mark for a correct answer of Ryanair’s maximum capacity to the nearest whole number.</p> $\frac{357\,000}{95} \times 100 = \underline{375\,789}$	2

<b>2. (b) (iii)</b>	<b>Based on Table 1 and your calculations, assess the level of capacity utilisation for Ryanair. [6]</b>		
<b>Band</b>	AO2	AO3	AO4
	2 marks	2 marks	2 marks
<b>2</b>	<p><b>2 marks</b></p> <p>Good application of Ryan Air's capacity utilisation</p> <p>Answers refer to both Table 1 and answers from part b</p>	<p><b>2 marks</b></p> <p>Good analysis of the impact of capacity utilisation levels for Ryan Air</p> <p>There is a clear line of argument</p>	<p><b>2 marks</b></p> <p>Good well-balanced evaluation of Ryan Air's capacity utilisation level</p> <p>Valid judgements are made to support arguments with some development on both sides</p> <p>A conclusion may be offered</p>
<b>1</b>	<p><b>1 mark</b></p> <p>Limited application of Ryan Air's capacity utilisation</p> <p>Answers refer to Table 1 or answers from part b</p>	<p><b>1 mark</b></p> <p>Limited analysis of the impact of capacity utilisation levels for Ryan Air</p> <p>A superficial analysis with little development of points</p>	<p><b>1 mark</b></p> <p>Limited evaluation of Ryan Air's capacity utilisation level.</p> <p>Evaluation is one-sided</p> <p>Superficial evaluation</p> <p>There is no conclusion</p>
<b>0</b>	<p><b>0 marks</b></p> <p>No valid application</p>	<p><b>0 marks</b></p> <p>No valid analysis</p>	<p><b>0 marks</b></p> <p>No valid evaluation</p>

**Indicative content:**

Using table 1:

- 95% capacity utilisation is seen close to the ideal level. Ryan Air could be getting 5% more customers on average each day (currently 257,000), which would reduce fixed costs per customer, improving profits further. However, having 5% spare capacity means that customers can get served quicker during their flight, improving quality. Also figures in table 1 are averages per day, it gives Ryan Air flexibility to cope with a sudden increase in passenger numbers, and is likely that certain days they are closer to 100%. Cabin Crew may become more stressed and demotivated if each flight is fully booked with more customers to serve. Even though there is 5% spare capacity, they still have 115,000 more customers per day on average compared to easyJet and the figure is pretty impressive given the extra fleet of aircrafts compared to easyJet

Using answer to part B:

- Ryan Air's capacity utilisation is 2.1% more than easyJet, suggesting that Ryan Air are utilising their resources and fixed costs more efficiently in matching demand levels, enabling lower fixed costs per customer, allowing them to charge lower prices (being a budget airline) and / or earn more profits compared to easyJet. This is impressive given that Ryan Air's maximum capacity is almost 100,000 customers a day more than easyJet suggesting a better management of available resources. However, data is based on March 2019 and only shows information from a limited time period, which may not be true across other months.
- OFR applies to answers from part B
- Any other relevant suggestion.

<b>2. (c)</b>	<b>‘Businesses should focus on offering lower prices rather than improving quality’. To what extent do you agree with this statement? [6]</b>	
<b>Band</b>	AO3	AO4
	3 marks	3 marks
<b>3</b>	<p><b>3 marks</b></p> <p>Excellent detail and well-balanced analysis of the value of both strategies</p> <p>Analysis shows a clear line of argument and includes an excellent understanding of the impact of both strategies, comparing one to the other</p>	<p><b>3 marks</b></p> <p>An excellent and well-balanced evaluation of the value of both strategies</p> <p>Both sides of the argument are evaluated</p> <p>Clear judgements are made with supporting statements</p> <p>Key depends on factors are identified and evaluated</p>
<b>2</b>	<p><b>2 marks</b></p> <p>Good analysis of the value of both strategies</p> <p>Analysis is uneven, with some well-developed points and some where the development is more limited</p> <p>The analysis will mainly focus on one-side of the argument, mainly on either price or quality</p>	<p><b>2 marks</b></p> <p>A good evaluation of the value of both strategies</p> <p>The evaluation is reasonably well balanced with some development on both sides of the argument.</p> <p>Valid judgements are made with some supporting statements</p>
<b>1</b>	<p><b>1 mark</b></p> <p>Limited analysis of the value of both strategies</p> <p>A one-sided analysis</p> <p>The value of one / both strategies will be identified but with no / superficial development</p>	<p><b>1 mark</b></p> <p>Limited evaluation of the value of both strategies</p> <p>The evaluation is one-sided</p> <p>Judgements are superficial and unsupported</p>
<b>0</b>	<p><b>0 marks</b></p> <p>No valid analysis</p>	<p><b>0 marks</b></p> <p>No valid evaluation</p>

**Indicative content:**

*Focusing on price:*

For

- Lower prices will mean that more people will be able to purchase the good / service, the business will receive more sales, increasing economies of scale.
- It can make the business stand out above competition providing they offer a similar standard of good / service for a lower price.
- It may be suitable to attract more customers in bad economic conditions with lower prices as customers may become more price sensitive.

Against

- Low prices can give a perceived value of poorer quality.
- Lower prices could result in less added-value, and a larger number of sales needed to break even.
- Lowering prices depends on the ability to lower costs; pressuring staff to become more productive, stressed possibly increasing labour turnover, alternatively using cheaper input resources such as stock which could lead to a poor reputation of quality.

*Focusing on quality:*

For

- Will enable the business to charge more for the good / service, increasing added value profit margins, and lowering the break-even point.
- Will enable the business to gain an increased reputation, leading to better reviews and increased word-of-mouth promotion.
- May encourage customer loyalty providing the improved quality is perceived as value for money by the customers.

Against

- Improving quality may mean that each department requires a larger budget to offer a better quality good / service, increasing costs, lowering short term profit levels. For example: operations may need to invest in technology or use better suppliers. HR may need to invest into staff training. Marketing may need to invest in a promotional campaign to emphasise the quality of the brand.
- Customers may have to pay more and may not be able to afford to purchase the good / service.

*Possible themes for evaluation:*

- Businesses should consider both quality and price to offer the best value for money to its target customers, as they will be happy to pay a price that represents the level of quality. In many instances, lowering prices, due to reducing costs may have an effect on quality, so a balance is required.

It depends on:

- Market position of the business.
- Target customer requirements.
- Level of economic activity.
- Level of competition.
  
- Successful businesses in many markets are commonly the ones that either are the best value or best quality, so both strategies are suitable providing they can match / better what competitors offer. If there is little/no competition then the importance of each strategy diminishes.
  
- Any other relevant suggestion.

<b>3. (a) (i)</b>	<b>Complete the table below by constructing Coca Cola's income statement for 2018.</b>	<b>Total</b>												
	<p>AO1: 1 mark</p> <p>Award 1 mark for knowledge of how an income statement is constructed.</p> <p>1 mark is awarded if the learner puts the correct headings in the missing spaces within the income statement. (Sales revenue, cost of sales and expenses).</p> <p>AO2: 2 marks</p> <p>Award 1 mark for the correct calculation of Gross Profit Award 1 mark for the correct calculation of Net Profit.</p> <table border="1" data-bbox="363 667 1086 920"> <thead> <tr> <th></th> <th>\$bn</th> </tr> </thead> <tbody> <tr> <td>Sales Revenue</td> <td>31.85</td> </tr> <tr> <td>Cost of Sales</td> <td>11.77</td> </tr> <tr> <td><b>Gross Profit</b></td> <td><b>20.08</b></td> </tr> <tr> <td>Expenses</td> <td>13.65</td> </tr> <tr> <td><b>Net Profit</b></td> <td><b>6.43</b></td> </tr> </tbody> </table> <p>OFR applies to the calculation of net profit</p>		\$bn	Sales Revenue	31.85	Cost of Sales	11.77	<b>Gross Profit</b>	<b>20.08</b>	Expenses	13.65	<b>Net Profit</b>	<b>6.43</b>	3
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<b>Net Profit</b>	<b>6.43</b>													
<b>(ii)</b>	<b>With reference to the completed income statement, assess Coca Cola's financial performance for 2018.</b>	<b>Total</b>												
	<p>AO4: 2 marks</p> <p>Award 1 mark for a limited judgement of Coca Cola's 2018 income statement Award 2 marks for a good judgement of Coca Cola's 2018 income statement</p> <p><b>Indicative content:</b></p> <p>Coca Cola will be unhappy with their net profit as it is lower than prior to 2016 suggesting that social and tax changes adversely affected them</p> <p>Although the re-launch of Diet Coke proved successful, the boost in sales did not match the fall in popularity of the classic Coca Cola brand</p> <p>However, the cost of the re-launch would have increased expenses in 2018</p> <p>2017 data hasn't been provided so a full assessment cannot be made.</p> <p>OFR applies</p>	2												

3. (b)	Explain the relationship between the product life cycle and cash flow. [4]	
Band	AO1	AO3
	2 marks	2 marks
<b>2</b>	<p style="text-align: center;"><b>2 marks</b></p> <p>Demonstrates good knowledge of the relationship between the product life cycle and cash flow</p> <p>Three to four stages of the product life cycle are linked to cash flow</p> <p>A fully completed diagram showing the product life cycle and cash flow is also acceptable for 2 marks</p>	<p style="text-align: center;"><b>2 marks</b></p> <p>Good explanation of the relationship between the product life cycle and cash flow</p> <p>Three to four stages of the product life cycle are explained in relation to cash flow</p>
<b>1</b>	<p style="text-align: center;"><b>1 mark</b></p> <p>Demonstrates limited knowledge of the relationship between the product life cycle and cash flow</p> <p>One to two stages of the product life cycle are linked to cash flow</p> <p>A partially completed diagram showing the product life cycle and cash flow is also acceptable for 1 mark</p> <p>Good knowledge of the product life cycle with no link to cash flow</p>	<p style="text-align: center;"><b>1 mark</b></p> <p>Limited explanation of the relationship between the product life cycle and cash flow</p> <p>One to two stages of the product life cycle are explained in relation to cash flow</p>
<b>0</b>	<p style="text-align: center;"><b>0 marks</b></p> <p>No valid knowledge</p>	<p style="text-align: center;"><b>0 marks</b></p> <p>No valid explanation</p>

**Indicative content:**

- During the development and introduction stage cash flow is usually negative. This is because of the costs of R&D and developing the marketing mix to innovate an idea to market (development). At the introduction stage, it is unlikely that enough sales will be made to achieve a positive net cash due to the development costs.
- During the growth stage cash flow goes from negative to positive. This is because customer numbers are increasing and starting to cover the costs of the marketing mix. However, as the product is still relatively new, there is still usually a lot of expenditure on promotion to make customers aware of the brand, so cash outflows could still be as high if not still higher than cash inflows.
- During the maturity stage customer numbers are high and stable. As the product is well known, costs for promotion starts to fall and so it is more than likely that the business will achieve a positive cash flow as a result. However, extension strategies used and the costs of them may turn cash negative initially at the end of the maturity stage to stop the product from declining.
- During the decline stage customer numbers start to fall, however, so does expenditure on the marketing mix does as the product is well-known. As a result, falling customer numbers may not mean negative cash flow as falling costs and expenditure on developing the products marketing mix also falls. Therefore, falling inflows is matched with falling outflows and so cash flow can remain positive until customer numbers become so low that there is no reason to keep the product in the market.
- Any other relevant suggestion.

<b>3. (c)</b>	<b>Discuss if Coca Cola should now re-focus its marketing efforts on its Classic Coca Cola brand.</b>			<b>[6]</b>
<b>Band</b>	AO2	AO3	AO4	
	2 marks	2 marks	2 marks	
<b>2</b>	<b>2 marks</b> Good application to Coca Cola of re-branding Classic Coke	<b>2 marks</b> Good analysis of the decision to re-focus marketing efforts on the classic coke brand  There is a clear line of argument	<b>2 marks</b> Good well-balanced evaluation of the decision to re-focus marketing efforts on the classic coke brand  Valid judgements are made to support arguments with some development on both sides	
<b>1</b>	<b>1 mark</b> Limited application to Coca Cola of re-branding Classic Coke	<b>1 mark</b> Limited analysis of the decision to re-focus marketing efforts on the classic coke brand  A superficial analysis with little development of points	<b>1 mark</b> Limited evaluation of the decision to re-focus marketing efforts on the classic coke brand  Superficial evaluation	
<b>0</b>	<b>0 marks</b> No valid application	<b>0 marks</b> No valid analysis	<b>0 marks</b> No valid evaluation	

**Indicative content:**

- The sugar tax is a UK tax only therefore there is still growth possibilities outside the UK and at populations where health concerns on high sugar drinks are not so apparent.
- Net profit in 2019 suggests that the company has the resources to put more money into marketing its original brand to halt the decline of the product further.
- The Classic brand is a cash cow and 2019's Net Profit shows that there may not be a need to re-focus the Classic Coke brand as other varieties are making the company successful.
- Health-conscious people in the UK is reducing the customer segment of the original Classic Coke brand so marketing efforts should continue to focus on more popular brands such as Diet Coke.
- The sugar tax is already making the Classic brand more expensive to purchase, and the cost of the re-brand may make it difficult to cover costs, especially with a smaller market segment of customers.
- Any other relevant suggestion.

<b>4. (a)</b>	<b>Describe the different organisational structures that could be used within a creative business such as a magazine publisher or fashion designer. [10]</b>	
<b>Band</b>	AO1	AO2
	6 marks	4 marks
<b>3</b>	<p><b>5-6 marks</b></p> <p>Excellent understanding of at least two organisational structures</p> <p>Clear understanding of the features of at least two organisational structures</p>	
<b>2</b>	<p><b>3-4 marks</b></p> <p>Good understanding of one or two organisational structures</p> <p>The learner identifies the key features of at least one organisational structure</p> <p>At least two types of organisational structures are identified</p>	<p><b>3-4 marks</b></p> <p>The learner applies at least two organisational structures to a creative business</p> <p>Good application of how different organisational structures might be used in context</p> <p>There is direct and clear reference to a creative business</p>
<b>1</b>	<p><b>1-2 marks</b></p> <p>Limited understanding of one or two organisational structures</p> <p>Superficial understanding of the features of each organisational structure</p> <p>At least one correct organisational structure is identified</p>	<p><b>1-2 marks</b></p> <p>The learner applies at least one organisational structure to a creative business</p> <p>Limited application of one or two organisational structures might be used in context</p> <p>Suggestions of the use of organisational structures are generic and limited attempt is made to link these to a type of creative business</p>
<b>0</b>	<p><b>0 marks</b></p> <p>No valid knowledge or understanding</p>	<p><b>0 marks</b></p> <p>No valid application</p>



### Indicative content:

- Three common organisational structures include a traditional hierarchical structure, flatter hierarchical structure and a matrix structure.
- **Traditional hierarchical structure:** Exists where there are many layers of hierarchy (management levels), with those at the top making the majority of decisions (centralised), a long chain of command, and a narrower span of control towards the top of the hierarchy. There are clearly defined paths and each worker understands where they fit in the organisation. A creative business such as a magazine publisher will likely need a large number of management levels to have greater control of the stories that need investigating for the articles within the magazine. Within the production facility of the magazines/textiles factory for clothing, there will be lower-skilled workers that will require a clear chain of command. Workers in the factory may focus on a small part of the production whereby supervisors, section managers etc. will need to directly control and report back to head office on production targets.
- **Flatter hierarchical structure:** Exists where there are a small number of layers of hierarchy (management levels), with a small chain of command, so delegation is common given the larger span of control at the top of the hierarchy. Delayering causes tall hierarchy's to become flatter. Each type of fashion clothing may have its own flat structures with a senior lead for each garment e.g. dresses, trousers etc. As the designers are higher-skilled (same as journalists for magazines), they will need less control and be given more responsibility over their own work, creating their own stories / designs, needing fewer management levels controlling them. There are a lot of alternatives in both industries so keeping HR costs low by having fewer managers will enable the businesses to become more price competitive.
- **Matrix structure:** Attempts to organise management tasks that cuts across traditional departmental boundaries. People from different areas (departments) can work together in a team focused structure. Each member of the team has enhanced authority over their specialist area within a specific project such as a new product launch and reports to a team leader. For example the representative from marketing will be able to make marketing decisions relating to the project. Workers in this structure will still usually also have to report to their line manager within their hierarchal structure. Matrix teams can be created in creative business such as in fashion as a team of people from different areas of the business are put together to work on new designs for the upcoming year. In a magazine scenario, a new type of magazine will be creative by a specialist team of people from all parts of the business to ensure it meets customers' requirements, it can be produced, and is cost-effective.
- Any other relevant suggestion

<b>4. (b)</b>	<b>'Business success is more dependent on workforce performance than operations management'. Discuss. [15]</b>		
<b>Band</b>	AO1	AO3	AO4
	3 marks	6 marks	6 marks
<b>3</b>	<p><b>3 marks</b></p> <p>The learner demonstrates excellent understanding of workforce performance and operational management</p> <p>There is clear understanding of the key elements of workforce performance and operational issues</p>	<p><b>5-6 marks</b></p> <p>The learner gives an excellent analysis of the value of workforce performance and operational management to business success</p> <p>The analysis is balanced and detailed</p> <p>Key issues have been well-developed with a clear line of argument</p> <p>Analysis will be supported by specific reference to areas of workforce performance and operational management</p> <p>In-depth analysis required for this band</p>	<p><b>5-6 marks</b></p> <p>The learner gives an excellent evaluation of the value of workforce performance and operational management to business success</p> <p>The evaluation is balanced and detailed and will focus on the key issues</p> <p>The evaluation clearly relates to the importance of each area</p> <p>The evaluation provides a broad range of arguments on both sides of the debate</p> <p>Clear judgements are made with supporting statements to build an argument</p> <p>The evaluation will consider factors that determine which area is more important for success</p> <p>A holistic evaluation may be offered with an overall conclusion</p>
	<b>2</b>	<p><b>2 marks</b></p> <p>The learner demonstrates good understanding of workforce performance and operational management</p> <p>There is clear understanding of at least one area of workforce performance and operational management</p>	<p><b>3-4 marks</b></p> <p>The learner gives a good analysis of the value of workforce performance and operational management</p> <p>The analysis is uneven with some well-developed points and others which are more limited in their development</p> <p>A number of key issues are developed. The analysis will mainly focus on one side of the argument</p> <p>There is an attempt to analyse the impact of one to two areas of workforce performance and operational management issues</p>

<p style="text-align: center;"><b>1</b></p>	<p style="text-align: center;"><b>1 mark</b></p> <p>The learner demonstrates limited understanding of workforce performance and operational management</p> <p>Understanding is superficial</p> <p>Reference to workforce performance and operational issues are general</p>	<p style="text-align: center;"><b>1-2 marks</b></p> <p>The learner gives a limited analysis of the value of workforce performance and operational management</p> <p>Superficial analysis</p> <p>A limited number of key issues are developed</p> <p>The analysis will focus on one side of the argument, considering workforce performance or operational management issues</p>	<p style="text-align: center;"><b>1-2 marks</b></p> <p>The learner gives a limited evaluation of the value of workforce performance and operational management</p> <p>The learner shows an awareness of some of the key issues but with limited development</p> <p>The evaluation will not focus on business success</p> <p>Judgements are superficial and unsupported</p> <p>Evaluation is not explained</p> <p>There is no conclusion</p>
<p style="text-align: center;"><b>0</b></p>	<p style="text-align: center;"><b>0 marks</b></p> <p>No valid understanding</p>	<p style="text-align: center;"><b>0 marks</b></p> <p>No valid analysis</p>	<p style="text-align: center;"><b>0 marks</b></p> <p>No valid evaluation</p>

### **Indicative content:**

Business success can be measured in a number of ways and not just profit: Market share, growth, reputation, employee satisfaction, and number of product launches.

#### *Value of workforce performance to business success*

- Labour productivity: Unit costs fall as productivity increases. Lower costs can lead to lower prices, more demand, potentially leading to higher profits. Customers will feel that they are getting better value for money which could also increase business reputation. However, higher productivity levels could be as a result of employees rushing their work, possibly leading to quality issues affecting customer confidence in the business. It also depends on the methods to raise productivity, as if they are not motivational, can cause unnecessary stress increasing labour turnover.
- Labour turnover: If labour turnover falls, this could be a sign of a more motivated workforce and keeps more experience in the business as less workers leave. This could improve customer service levels if workers are happier with their jobs, creating customer loyalty, increased sales and a better reputation. However, it depends on the amount of workers employed by the business. Many secondary sector businesses in the UK employ mainly robotics.
- Absenteeism: The more days off workers have, the more de-motivated they might be. Causing more stress to other workers having to cover shifts, possibly leading to situations of not having enough staff which can affect the quality of the product / service provided. Increasing absenteeism usually causing lower productivity levels and higher labour turnover rates.

#### *Value of operational management to business success*

- Technology: Capital intensive businesses would argue that the maintenance of technology is more important than the workforce who control them due to the reduced effect workers have on the end product quality.
- Production: Production methods that minimise waste are important to maintain / increase business profits. Any problems with the production methods used can cause a slowdown in labour productivity, so the choice of production methods as well as the employees who work within the production method are as important as each other, to ensure quick delivery times, quality and customer satisfaction.
- Stock management: Running out of stock or holding too much stock will affect unit costs, wastage, customer delivery delays. Workers themselves cannot get the blame for productivity issues if the underlying problem is an operation issue.
- Quality management: Quality checks are important in making sure faulty products do not get the end the customers. If productivity levels rise, it cannot be at the expense of reduced quality management and the systems in place to check quality.

#### *Possible themes for evaluation:*

- It depends on the amount of labour a business employs (labour or capital intensive).
- It depends on the sector that the business is in (e.g. secondary versus tertiary).
- Operational management directly affects the performance of the workforce and both need to work together to ensure business success. Workers cannot work unless equipment is working, raw materials are available and quality systems are in place. However, workers do need take responsibility over the quality and speed of their own work to satisfy customers.
- Any other relevant suggestion

<b>5. (a)</b>	<b>Describe the difference between revenue, cash flow and profits for a seasonal business</b> <span style="float: right;"><b>[10]</b></span>	
<b>Band</b>	AO1	AO2
	6 marks	4 marks
<b>3</b>	<b>5-6 marks</b> Excellent understanding of the differences between revenue, cash flow and profits  Clear understanding of each of the key terms and the differences between them	
	<b>3-4 marks</b> Good understanding of the differences between revenue, cash flow and/or profits  The learner demonstrates understanding of the difference of two of the three key terms  Knowledge of at least two of the three key terms	<b>3-4 marks</b> The learner applies the differences between all three key terms using a seasonal business scenario  Good application of all key terms used in context  There is direct and clear reference to a seasonal type of business
<b>1</b>	<b>1-2 marks</b> Limited understanding of the differences between revenue cash flow or profits.  Superficial understanding of the key terms and the differences between them  Knowledge of at least one key term	<b>1-2 marks</b> The learner applies the differences of one to two key terms using a seasonal business scenario  Limited application of one or two key terms to the scenario of a seasonal business  Solutions are generic and limited attempt is made to link these to a seasonal business
	<b>0 marks</b> No valid knowledge or understanding	<b>0 marks</b> No valid application
<b>0</b>	<b>0 marks</b> No valid knowledge or understanding	<b>0 marks</b> No valid application

### Indicative content:

- **Revenue** is the total amount received from customers. It is calculated using the formula price x units sold.
- **Cash Flow** is the money coming in and out of a business over a period of time. It includes; inflows, outflows, net cash flow, which all have an impact on opening and closing balances.
- **Profit** is the total amount made once all costs have been deducted. It is calculated using the formula total revenue – total costs or total contribution – fixed costs.

Examples of seasonal businesses could include a campsite which is busier over the summer, or businesses that make most of its sales around Christmas such as businesses who produce Christmas trees / Christmas gift shops

In regards to a campsite:

- Revenue will be much higher over summer / holiday times as more people tend to go camping during the holiday season or when the weather is warmer. As a result most of sales will occur during certain times of the year, and often campsites are closed over winter, resulting in no revenue being earned during these times (unless campsite use land for other purposes). Most revenue will be made through the rent of the tent / pitch plus other services or products that may be on offer such as food and drink, laundry services etc.
- Cash flow is linked to revenue in that cash flow will tend to be more positive during busier months such as the summer, as revenue forms the large part of cash inflows. However, unlike cash inflows (which may stop during the winter months), cash outflows / payments will still have to be made, and are included within cash flows. For example manager salaries, rent / mortgage of the land, maintenance of the campsite will be paid throughout the year, all will likely cause cash flow to be more negative over winter months when customer numbers are low. However, cash flow may still be positive through owner's investment or loans to help the campsite get through the quieter months.
- Profit is linked to revenue given that revenue forms one part of the calculation. Therefore, based on revenue only, profits should be higher during peak season (summer time for campsites). However, profit also includes fixed and variable costs. Variable costs will be higher in the summer and providing that positive contribution is gained profit levels should still rise. In the summer there is likely to be lots of cash outflows due to these variable costs but the larger amounts of cash inflows should result in profit. Fixed costs are paid continuously through the year (cash outflows) regardless of the number of customers, and when there is less revenue in quieter months, profit will be lower as fixed costs still have to be paid.
- Profitable businesses may have no cash. The campsite may be very profitable in the summer but if all of the cash is used for maintenance, expansion of the campsite, marketing or other uses they may run out of cash. So, income statements may look very positive, but the profits may be tied up in assets or other purchases and not in cash form.
- Any other relevant suggestion

5. (b)	Evaluate how different stakeholders may be affected by the strategies used by businesses to solve cash flow problems. [15]		
Band	AO1	AO3	AO4
	3 marks	6 marks	6 marks
<b>3</b>	<p style="text-align: center;"><b>3 marks</b></p> <p>The learner demonstrates excellent understanding of the strategies used to solve cash flow problems</p> <p>There is a clear understanding of at least 2 different strategies used to solve cash flow problems</p> <p>At least 2 key stakeholders are identified</p>	<p style="text-align: center;"><b>5-6 marks</b></p> <p>The learner gives an excellent analysis of the impact of cash flow solutions on key stakeholders</p> <p>The analysis is balanced and detailed</p> <p>Key issues have been well-developed with a clear line of argument</p> <p>Analysis will be supported by specific references to the impact of cash flow solutions on different key stakeholders</p> <p>In-depth analysis required for this band</p> <p>The impact on at least 2 key stakeholders is analysed</p>	<p style="text-align: center;"><b>5-6 marks</b></p> <p>The learner gives an excellent evaluation of the impact of cash flow solutions on key stakeholders</p> <p>The evaluation is balanced and detailed and will focus on the key issues</p> <p>The evaluation provides a balanced and broad range of arguments on both sides of the debate</p> <p>Clear judgements are made with supporting statements to build an argument</p> <p>The evaluation will consider factors that determine whether all key business stakeholders will be affected to the same extent.</p> <p>At least 2 key stakeholders are evaluated</p> <p>A holistic evaluation may be offered with an overall conclusion.</p>
<b>2</b>	<p style="text-align: center;"><b>2 marks</b></p> <p>The learner demonstrates good understanding of the strategies used to solve cash flow problems</p> <p>The learner demonstrates understanding of at least 2 solutions to cash flow problems</p> <p>At least 2 key stakeholders are identified</p>	<p style="text-align: center;"><b>3-4 marks</b></p> <p>The learner gives a good analysis of the impact of cash flow solutions on business stakeholders</p> <p>The analysis is uneven with some well-developed points and others which are more limited in their development.</p> <p>A number of key issues are developed, and there is some reference to different key stakeholders</p> <p>The analysis will mainly focus on one side of the argument.</p> <p>A good one-sided analysis.</p> <p>The impact on at least 2 key stakeholders is analysed</p>	<p style="text-align: center;"><b>3-4 marks</b></p> <p>The learner gives a good evaluation of the impact of cash flow solutions on business stakeholders</p> <p>The evaluation will include some of the key issues</p> <p>The evaluation may consider the factors that determine whether all key business stakeholders will be affected to the same extent</p> <p>The evaluation is reasonably well-balanced with some development on both sides of the debate</p> <p>The learner makes judgements with some attempt to support their evaluation</p> <p>At least 2 key stakeholders are evaluated</p> <p>The answer may include a brief conclusion</p>

<p style="text-align: center;"><b>1</b></p>	<p style="text-align: center;"><b>1 mark</b></p> <p>The learner demonstrates limited understanding of the strategies used to solve cash flow problems</p> <p>Understanding is superficial</p> <p>The learner identifies at least 1 solution to cash flow problems but shows limited understanding</p> <p>At least 1 key stakeholder is identified</p>	<p style="text-align: center;"><b>1-2 marks</b></p> <p>The learner gives a limited analysis of the impact of cash flow solutions on business stakeholders</p> <p>Superficial discussion</p> <p>A limited number of key issues are developed</p> <p>The analysis will focus on one side of the argument</p> <p>The impact on at least 1 key stakeholder is analysed</p>	<p style="text-align: center;"><b>1-2 marks</b></p> <p>The learner gives a limited evaluation of the impact of cash flow solutions on business stakeholders</p> <p>The learner shows an awareness of some of the key issues but with limited development</p> <p>The evaluation is uneven and focuses more on some stakeholders than others or does not identify positive and negative consequences to stakeholders</p> <p>Judgements are superficial and unsupported</p> <p>Evaluation is not explained.</p> <p>At least 1 key stakeholder is evaluated</p> <p>There is no conclusion.</p>
<p style="text-align: center;"><b>0</b></p>	<p style="text-align: center;"><b>0 marks</b></p> <p>No valid understanding</p>	<p style="text-align: center;"><b>0 marks</b></p> <p>No valid analysis</p>	<p style="text-align: center;"><b>0 marks</b></p> <p>No valid evaluation</p>



**Indicative content:**

Solutions to cash flow problems may include: Speeding up or increasing inflows, delaying or cutting back outflows and finding additional funding.

**Speeding up/increasing inflows**

- Customers may be negatively affected through reduced trade credit which may impact the affordability of the product. This may result in less revenue and profits, reducing dividends for shareholders and tax revenues for the government. However, getting inflows in sooner will allow the business to pay its debts and essentially keep running, allowing them to still provide goods / services to its customers, paying taxes and dividends.
- Through increased advertising to attract customers to increase inflows may reduce departmental budgets for other managers in the business, resulting in other areas of the business having to cut costs affecting employees. The overall effect on stakeholders depends on whether the revenue earned from the promotion exceeds its costs, however in the short term cash flow problems will get worse, so will adversely affect internal stakeholders.

**Delaying/decreasing outflows**

- This may include budget cuts, redundancies and delayering. Directly affecting managers abilities to run their department and whether or not jobs are lost. However, those who lose their job may get redundancy payments and so gain a short-term boost in income, which for those who wanted to leave the company will see benefits. Cash flow therefore will only be improved in the longer term if cutting expenditure is as a result of job cuts.
- Suppliers may be pressured into lowering their prices or offering longer credit terms which will inevitably affect the cash flow of the supplier. However, if cash flow problems are solved, the supplier will maintain its sales with the business and there will be greater chances that suppliers will be paid on time.

**Finding additional funding**

- Banks will gain in the longer term as they will charge interest on any loan or debt factoring provided to the business. However, if cash flow problems continue to exist in the future the banks may not get their money back on time if the business fails. The interest charges will affect available funds for departmental budgets (managers), as well as reduced dividends for shareholders due to interest charges.
- It could provide opportunities for shareholders to invest more money into the business for a better longer term investment, however, risky if the business fails. A business with cash flow problems may not attract investors as it shows an increased risk to the investors.

*Possible themes for evaluation:*

- Overall it does depend on the solutions used as different stakeholders will be affected by the different solutions to cash flow problems.
- Short-term versus long-term effects will also differ on the stakeholder groups affected.
- Any other relevant suggestion

<b>6. (a)</b>	<b>Describe the likely marketing mix for a business that is regarded as a monopoly.</b> <b>[10]</b>	
<b>Band</b>	AO1	AO2
	6 marks	4 marks
<b>3</b>	<b>5-6 marks</b> Excellent understanding of at least three elements of the marketing mix  Clear understanding of the features of at least three elements of the marketing mix, using correct terminology  Clear understanding of a monopoly	
	<b>3-4 marks</b> Good understanding of at least two elements of the marketing mix  The learner identifies the key features of at least two elements of the marketing mix  Clear understanding of a monopoly	<b>3-4 marks</b> The learner applies at least three elements of the marketing mix to a monopoly  Good application of how marketing mix elements might be used in a monopoly  There is direct and clear reference to a monopoly
<b>1</b>	<b>1-2 marks</b> Limited understanding of one or two elements of the marketing mix  Superficial understanding of the features of the marketing mix  At least one marketing mix element is identified  Some understanding of a monopoly	<b>1-2 marks</b> The learner applies one to two elements of the marketing mix to a monopoly  Limited application of one or two marketing mix elements in a monopoly  Suggestions of the use of the marketing mix is generic and limited attempt is made to link these to a monopoly
	<b>0 marks</b> No valid knowledge or understanding	<b>0 marks</b> No valid application

### Indicative content:

The marketing mix consists of the 4p's, product, price, place and promotion which outlines the business strategy when targeting its customers. The amount of competition will have an impact on a business's marketing mix especially those that are market orientated. Monopoly markets in theory is when there is one business in the market, or one that has 25% market share.

- **Product:** In monopoly markets the product is unique, the brand more recognisable as the business in this market is more well-known. A longer life cycle may exist with limited competition. It may not be as necessary to invest in R&D and innovate new product ideas with limited competition. However, with more profits product innovation could be more common in monopoly markets with bigger cash cows in existence. E.g. Apple can afford to bring out updated products each year as they can afford the R&D investment.
- **Price:** Businesses in monopoly markets are price makers rather than price takers. Firms in monopoly markets are more likely to use price skimming, loss leader and destroyer pricing strategies due to their market power and lack of competition.
- **Promotion:** Businesses in monopoly markets are more likely able to sell to a wider audience possibly across the whole of the UK. Due to this, and the likelihood of a larger amount of funds available, more above the line promotional strategies are likely to be used to attract customers. Businesses that are monopolies will not ignore below the line promotional activities but the amount they promote does depend on whether there are alternatives that customers could use.
- **Place:** Firms that are monopolies may have enough funds to control most/all parts of their own distribution. Monopolies that sell to a large area such as the UK, will be able to buy more in bulk straight from the producer and are likely to have their own warehouse distribution facilities, cutting out wholesalers. Due to advancements in technology monopolies can use direct channels, and often due to availability of funds use multi-channel retailing.
- Any other relevant suggestion

6. (b)	Evaluate the importance of market research to business survival. [15]		
Band	AO1	AO3	AO4
	3 marks	6 marks	6 marks
<b>3</b>	<p><b>3 marks</b></p> <p>The learner demonstrates excellent understanding of the importance of market research</p> <p>There is clear understanding of the importance of different types of market research.</p> <p>Both primary and secondary sources are considered</p> <p>The key effects of undertaking market research are identified</p>	<p><b>5-6 marks</b></p> <p>The learner gives an excellent analysis of the importance of market research to a business's survival</p> <p>The analysis is balanced and detailed</p> <p>Key issues have been well-developed with a clear line of argument</p> <p>Analysis will be supported by reference to primary and secondary market research data and linked to boosting survival chances</p> <p>In-depth analysis required for this band</p>	<p><b>5-6 marks</b></p> <p>The learner gives an excellent evaluation of the importance of market research to business survival</p> <p>The evaluation is balanced and detailed and will focus on the key issues</p> <p>The evaluation clearly relates to business survival and how market research may and may not help this</p> <p>The evaluation provides a broad range of arguments on both sides of the debate</p> <p>The evaluation may consider the factors that determine survival</p> <p>Clear judgements are made with supporting statements to build an argument</p> <p>The evaluation will consider depend on factors that determine the importance of market research</p> <p>A holistic evaluation may be offered with an overall conclusion.</p>
<b>2</b>	<p><b>2 marks</b></p> <p>The learner demonstrates good understanding of the importance of market research</p> <p>The learner makes an attempt to identify the importance of market research</p> <p>There is clear understanding of primary or secondary market research data</p>	<p><b>3-4 marks</b></p> <p>The learner gives a good analysis of the importance of market research to a business's survival</p> <p>The analysis is uneven with some well-developed points and others which are more limited in their development</p> <p>A number of key issues are developed. The analysis will mainly focus on one side of the argument</p> <p>There is an attempt to analyse the impact of either primary or market research</p>	<p><b>3-4 marks</b></p> <p>The learner gives a good evaluation of the importance of market research to a business's survival</p> <p>The evaluation will include some of the key issues of both areas</p> <p>The evaluation is reasonably well-balanced with some development on both sides of the debate</p> <p>The learner makes judgements with some attempt to support their evaluation</p> <p>The answer may include a brief conclusion</p>

<p style="text-align: center;"><b>1</b></p>	<p style="text-align: center;"><b>1 mark</b></p> <p>The learner demonstrates limited understanding of the importance of market research</p> <p>Understanding is superficial</p> <p>The learner identifies the impact of conducting market research with no development</p>	<p style="text-align: center;"><b>1-2 marks</b></p> <p>The learner gives a limited analysis of the importance of market research to a business's survival</p> <p>Superficial discussion</p> <p>A limited number of key issues are developed</p> <p>The analysis will focus on one side of the argument</p> <p>Limited attempt is made to link market research to survival</p>	<p style="text-align: center;"><b>1-2 marks</b></p> <p>The learner gives a limited evaluation of the importance of market research to a business's survival</p> <p>The learner shows an awareness of some of the key issues but with limited development</p> <p>The evaluation will not focus on business survival</p> <p>Judgements are superficial and unsupported</p> <p>Evaluation is not explained</p> <p>There is no conclusion</p>
<p style="text-align: center;"><b>0</b></p>	<p style="text-align: center;"><b>0 marks</b></p> <p>No valid knowledge or understanding</p>	<p style="text-align: center;"><b>0 marks</b></p> <p>No valid analysis</p>	<p style="text-align: center;"><b>0 marks</b></p> <p>No valid evaluation</p>

**Indicative content:**

Learners may approach their answer looking at different types of market research (primary and secondary separately) or market research as a whole topic. Both approaches are credited equally and learners are not required to specifically refer to or compare the two main types of market research. For band 3, responses would include the importance of research findings that can be found from primary as well as secondary sources.

Importance of primary research findings:

- Allows the business to speak to potential customers via questionnaire, interviews etc. Understanding what customers want will allow the business to develop a marketing mix that more customers are attracted to, to improve products / services currently on offer. Qualitative data can be gained by asking customers detailed opinions allowing for more detailed knowledge of the market. Gaining more customers allows the business a greater chance of survival as there is more money flowing into the business to pay for the running costs. However, it is highly dependent on sample size, type of sample and the need to avoid bias. Research results may not be accurate and the business may make decision based on untruthful information which could in fact do more harm than good to its survival chances. The costs of research will also put new small businesses further into the red, making it harder to break even.

Importance of secondary research findings:

- Is much cheaper and quicker to access, allowing the business to react to research found quicker to meet the changing needs of the market. Quantitative data found on competitor's websites, their products/services and prices, data from government reports and trends can give the business access to information quickly to which it could use in planning their own business. For example news articles show that vegan food is significantly growing in popularity and so businesses within the food industry can use this secondary research to offer vegan food, to increase sales and survive. Understanding competitors and what they offer by researching their websites or reviews allows the business to stand out in the local area. Cheaper forms of research allow the business to break even quicker and respond to the market sooner. However, secondary research is not usually specific to the business's needs, lacks depth and is quantitative and often historical. Competitor products and prices may be found out, but there's no in depth knowledge of what is the most popular product and why. This limits its benefits in helping a business survive.
- A business may undertake detailed market research however many other factors will also contribute to helping a business survive such as:
  - Choice of location.
  - Effective workforce planning.
  - Sound financial management.
  - Quality control.
  - Customer service.
  - Stock management.
  - Implementation of the marketing mix.

Possible themes for evaluation:

- Market research will give the business an insight into the market helping it to survive, however, its key that the research is used well.
- It depends on the budget available as the cost of research may prevent the business having enough money for other areas of business operation.
- Many factors will help the business survive.
- It depends on the type of market research carried out and its confidence level.
- Market research may be more important for newly established small businesses who lack market knowledge.
- Any other relevant suggestion