

CONFERENCE VERSION – 09/06/2023

CONFIDENTIAL



GCSE MARKING SCHEME

SUMMER 2023

**BUSINESS - COMPONENT 1
C510U10-1**

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GCSE BUSINESS - COMPONENT 1

SUMMER 2023 MARK SCHEME

Question		Marks
1.	<p>Identify which two of the following are internal sources of finance.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each correct answer</p> <p>Owner's capital Selling assets</p>	2
2.	<p>Name two ways a business can protect its intellectual property.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each valid way identified</p> <p>Indicative content:</p> <p>Copyright Trademarks Patents</p>	2
3.	<p>Identify which of the above terms best describes each of the following:</p> <p>AO1: 4 marks</p> <p>Award 1 mark for each correct answer identified</p> <p>(a) The portion of a total market that is owned by one particular business, product or brand. Market share</p> <p>(b) Organisations owned and controlled by the government, such as the NHS. The public sector</p> <p>(c) An individual or group that affects or is affected by the activities of a business. Stakeholder</p> <p>(d) When the price for a product is high when it first enters the market, then reduces in price over time. Price skimming</p>	4

Question		Marks
4. (a)	<p>State two features of a co-operative.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each correct feature stated</p> <p>Indicative content:</p> <p>Aims to benefit members/improve welfare of staff Owned by customers/employees/local residents/members Members get votes Profits are paid to employees/customers/members Have ethical/social responsible aims</p> <p>Credit other valid suggestions.</p>	2
(b)	<p>Assess one way The Little Cinema Company could make a positive impact on the local community.</p> <p>AO1: 1 mark AO2: 1 mark AO3: 1 mark</p> <p>Award 1 mark for a positive impact identified Award 1 mark for reference to The Little Cinema Company Award 1 mark for a suitable development</p> <p>Indicative content</p> <p>One way The Little Cinema Company could make a positive impact on the local community is by providing a local cinema for the local community to enjoy. Cost of entrance to watch the latest films could be cheaper than the chain cinema, this means more local residents will be able to afford to go and enjoy a film more often.</p> <p>One way The Little Cinema Company could make a positive impact is by creating jobs for the local community. Local jobs can create a boost for a small town, more people may choose to spend more in the local area rather than going to the city nearby, generating even more jobs.</p> <p>One way The Little Cinema company could impact the local community is by reducing waste and cutting out the need for paper tickets. These could be delivered on customers phones/devices and would actually save the business money too which would reduce their cost of sales.</p> <p>Credit other valid responses.</p>	3
5. (a)	<p>Identify which method of production may be used to produce hand-made customised cakes.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for the correct answer</p> <p>Job production (accept job)</p>	1

Question		Marks
(b) (i)	<p>January net cash flow</p> <p>AO2: 1 mark</p> <p>Award 1 mark for the correct answer</p> <p>£500</p> <p>NB: Award marks for answer without “£”</p>	1
(ii)	<p>February opening balance</p> <p>AO2: 1 mark</p> <p>Award 1 mark for the correct answer</p> <p>£600</p> <p>NB: Award marks for answer without “£”</p>	1
(iii)	<p>March closing balance</p> <p>AO2: 1 mark</p> <p>Award 1 mark for the correct answer</p> <p>£300</p> <p>NB: Award marks for answer without “£”</p>	1
(c)	<p>With reference to the data, explain one reason why cash is important for Joseph’s business.</p> <p>AO1: 1 mark AO2: 1 mark AO3: 1 mark</p> <p>Award 1 mark for identifying one way cash is important Award 1 mark for reference to Joseph’s business/cash flow forecast Award 1 mark for a suitable development/explanation</p> <p>Indicative content</p> <p>Cash is important to Joseph’s business so he has enough money to pay for supplies. In March his net cash flow was -£350, which means he may not have the cash to buy supplies to make his cakes, he may have to let his customers down.</p> <p>Cash is important to Joseph so that he can plan ahead for quieter months as a custom cake business may not be busy all of the time. The cash will be necessary to pay for rent and utilities even if he does not have orders coming into his business.</p> <p>Credit other valid explanations.</p>	3

Question		Marks
6. (a)	<p>State what is meant by a personal service.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for correct definition</p> <p>Indicative content</p> <p>A personal service is a service that is provided (by a business) to an individual/person/general public/consumer/customer</p> <p>Credit other valid suggestions.</p>	1
(b)	<p>Explain one way the choice of business ownership for Danny’s Dog Care may impact the business.</p> <p>AO1: 1 mark AO2: 1 mark AO3: 2 marks</p> <p>Award 1 mark for a suitable impact identified Award 1 mark for application to Danny’s Dog Care Award 1 mark for each valid development/explanation (Max 2 marks)</p> <p>Indicative content</p> <p>Danny could benefit from making all the decisions in the business himself, because he is a sole trader, which means he will not have to run his decision past anyone, which can lead to quicker decision making.</p> <p>Danny would have unlimited liability, because he is a sole trader, which would mean he is personally responsible for the business debts, if these debts cannot be paid they can be recovered from the Danny’s personal possessions.</p> <p>Credit other valid explanations.</p>	4
(c) (i)	<p>Calculate the total expenses for Danny’s Dog Care in 2020.</p> <p>AO2: 1 mark</p> <p>Award 1 mark for a correct answer</p> <p>£71 500</p> <p>NB: Award marks for answer without “£”</p>	1

Question		Marks
(ii)	<p>State the formula for calculating gross profit margin (GPM).</p> <p>AO1: 1 mark</p> <p>Award 1 mark for stating the correct formula</p> <p><u>Gross profit</u> Sale revenue x 100</p>	1
(iii)	<p>Use the formula to calculate the gross profit margin (GPM) for Danny’s Dog Care in 2022.</p> <p>AO2: 1 mark</p> <p>Award 1 mark for the correct answer</p> <p><u>95 160</u> 122 000</p> <p>78%</p> <p>NB: 0 marks for answer without %</p>	1
(d)	<p>With the use of an example relevant to Danny’s Dog Care, describe one possible reason why the cost of sales has fallen between 2020 and 2022.</p> <p>AO1: 1 mark AO2: 1 mark</p> <p>Award 1 mark for identifying a suitable reason Award 1 mark for describing in the context of Danny’s business</p> <p>Indicative content</p> <p>One reason Danny’s cost of sales may have fallen is due to reducing expenditure of supplies, for example he may have found a cheaper dog food.</p> <p>Credit other valid explanations.</p>	2

Question				Marks
(e)	Advise Danny on whether he should grow internally or externally. In your answer you must consider both qualitative and quantitative data.			10
Band	AO1: 2 marks	AO2: 4 marks	AO3: 4 marks	
3	No Band 3 marks for this Assessment Objective. 2 marks are awarded for Band 2.	4 marks Excellent application to Danny's Dog Care with relevant qualitative and quantitative data extracted There is clear, correct and direct reference to Danny's Dog Care throughout the answer	4 marks Excellent analysis and evaluation of internal and external methods of growth Clear, well-reasoned and suitable advice is given with a line of argument that is backed up using the data Writing is well structured and uses accurate grammar and punctuation	
2	2 marks Good knowledge and understanding of internal and external growth Good attempt to use specialist vocabulary	2-3 marks Good application to Danny's Dog Care with some relevant qualitative and/or quantitative data extracted There is some clear reference to Danny's Dog Care throughout the answer but there may be omissions	2-3 marks Good analysis and evaluation of internal and external methods of growth A mostly reasoned and balanced advice with a line of argument that is backed up using some of the data Writing is generally well structured and uses mostly accurate grammar and punctuation	
1	1 mark Limited knowledge and understanding of internal or external growth Limited attempt to use specialist vocabulary	1 mark Limited application to Danny's Dog Care with limited data extracted Some information from the data is used, but the response is mainly theoretical	1 mark Limited analysis and evaluation of internal or external methods of growth Limited or brief advice with superficial statements that are brief and unsupported Writing may lack structure and there will be some errors in spelling, grammar and punctuation	
0	0 marks No relevant knowledge or understanding	0 marks No reference is made to Danny's Dog Care	0 marks No valid analysis or evaluation is given	

Indicative content:

Danny is hoping to expand Danny's Dog Care. His business is very busy and is turning customers away because he can only accommodate 20 dogs. Danny could grow his business through internal growth, this is when a business grows from within, he could do this by perhaps building more kennels for the dogs on his existing land, this would allow him to increase his sales revenue. However, this type of growth could be quite slow, building new kennels will likely take some time to plan and build, but his net profit is rising year on year, so he is in a good financial position to pay for part of this with his retained profit and perhaps getting a mortgage for the rest. Banks would surely give Danny a mortgage, Danny is in a good financial position to be able to afford the repayments.

Alternatively, Danny could grow externally. Nearby there is a business that is not as successful as his. Pet Corner is struggling financially. He could merge with the business; a merger is when two businesses join together to form a larger business. The owners of Pet Corner may be impressed with the success of Danny's Dog Care and see this as a fantastic opportunity for them to get out of its financial difficulties. For Danny it would mean he would no longer have to turn customers away, he could just merge with the ready-made business. Moreover, this would give him an opportunity to diversify into caring for cats too, allowing him to enter a new market.

Danny could decide that because the owners of Pet Corner have not been very successful that he would like to take over the business rather than merge. Danny may want to be in full control of the business, he is a sole trader after all, he is used to making all the decisions himself. Danny is in a good financial position, his net profit is increasing every year going from £11,000 in 2020 to £17,080 in 2022, so it is likely he could borrow money quite easily to buy the business or even use his retained profit. Danny may even get a really good price for Pet Corner because of the trouble the business is in, the owners may be happy to sell.

I think Danny should grow externally, because this would be much quicker to meet his aim of expansion. Danny would be better off taking over Pet Corner, if they want to sell, so he can continue to make the decisions himself. But he will need to hire more staff, which would increase his expenses further, however, with the ability to take more pets his sales revenue would increase and counteract the rise in expenses. He will then benefit from his success but on a larger scale.

Credit other valid responses.

Question		Marks
7. (a)	<p>Outline the benefits to a business of being a member of the European Union.</p> <p>AO1: 3 marks</p> <p>Award 1 mark for each suitable benefit and/or development</p> <p>Indicative content</p> <p><u>Agreed regulations</u>, meaning it's easier to trade with countries within the EU, due to less red tape</p> <p><u>Countries/businesses receive money from the EU</u>, to pay for projects such as building roads, which can reduce the amount of money the country's government will have to spend</p> <p><u>Free movement of goods</u>, its much cheaper for countries in the EU to move goods around the EU, because they don't have to pay tariffs</p> <p><u>Free movement of people</u>, allowing European citizens to move to any country within the EU for work, allowing countries to fill jobs in areas of demand</p> <p>Credit other valid answers.</p>	3
(b)	<p>Describe two benefits to Nectar of exporting its organic honey to other countries.</p> <p>AO1: 2 marks AO2: 2 marks</p> <p>Award 1 mark for each benefit described (Max 2 marks)</p> <p>Award 1 mark for applying the benefit to Nectar/use of the data (Max 2 marks)</p> <p>Indicative content</p> <p>By exporting its honey to other countries Nectar can spread the risk, at the moment it is relying on one market in the UK, this is risky.</p> <p>Sales of Nectar's organic honey have recently become saturated. There is growing demand for organic produce from abroad so it makes sense to start selling abroad to find new customers.</p> <p>If the exchange rate was to drop more countries would be inclined to purchase the organic honey from Nectar because the organic honey may be cheaper than local products which would increase the businesses revenue</p> <p>Award other valid answers</p>	4

Question		Marks
(c) (i)	<p>Using an example from Reynolds Ltd’s organisational chart, describe what is meant by the chain of command.</p> <p>AO1: 1 mark AO2: 1 mark</p> <p>Award 1 mark for valid description Award 1 mark for using a correct example of a chain of command from Reynolds Ltd.</p> <p>Indicative content</p> <p>The chain of command is the line of authority in a business on which communication passes. In Reynolds the managing director will set an aim for the business and communicate it down the business through the directors.</p> <p>Credit other valid descriptions.</p>	2
(ii)	<p>Analyse one impact of a wide span of control for Reynolds Ltd’s logistics manager.</p> <p>AO1: 1 mark AO2: 1 mark AO3: 1 mark</p> <p>Award 1 mark for identifying a suitable impact Award 1 mark applying the impact to Reynolds Ltd’s logistics manager Award 1 mark for analysis/development</p> <p>Indicative content</p> <p>This could prove difficult to manage. The logistic manager’s span of control may be too big with too many people to manage, it is already over double other managers, this could cause communication problems.</p> <p>The logistics manager may be more stressed as they have 20 lorry drivers to manage which is a significant amount more than other managers. This stress could lead to them making errors in their job and cost the business money.</p> <p>Credit other valid answers.</p>	3

Question				Marks
(d)	Discuss the advantages and disadvantages to Reynolds Ltd of using a hierarchical (tall) structure.			8
Band	AO1: 2 marks	AO2: 2 marks	AO3: 4 marks	
3	No Band 3 marks for this Assessment Objective. 2 marks are awarded for Band 2.	No Band 3 marks for this Assessment Objective. 2 marks are awarded for Band 2.	4 marks Excellent analysis and evaluation at least 2 advantages and 2 disadvantages of using a hierarchical (tall) structure Writing is well structured and uses accurate grammar and punctuation Excellent discussion with supporting statements throughout	
2	2 marks Good knowledge and understanding of hierarchical (tall) structures Good attempt to use specialist vocabulary	2 marks Good application to Reynolds Ltd There is clear reference to Reynolds Ltd throughout the answer	2-3 marks Good analysis and evaluation of at least 1 advantage and 1 disadvantage of using a hierarchical (tall) structure Writing is generally well structured using reasonably accurate grammar, punctuation and spelling Good discussion with some supporting statements	
1	1 mark Limited knowledge and understanding of hierarchical (tall) structures Limited attempt to use specialist vocabulary	1 mark Limited application to Reynolds Ltd There is limited reference to Reynolds Ltd throughout the answer The answer is mainly theoretical	1 mark Limited analysis and evaluation of at least 1 advantage or 1 disadvantage of using a hierarchical (tall) structure Writing shows limited evidence of structure with some errors in grammar, punctuation and spelling Unsupported statements are made	
0	0 marks No relevant knowledge or understanding	0 marks No reference is made to Reynolds Ltd	0 marks No valid analysis or evaluation is given	

Indicative content

One of the main advantages for Reynolds Ltd of a hierarchical (tall) organisational structure is the narrow spans of control. The span of control is the number of people who someone is responsible for. In Reynolds Ltd, most of the managers and directors have just a handful of people to manage, staff can feel more supported where there are narrower spans of control, resulting in a productive workforce, who are able to ensure deliveries arrive on time.

Another advantage for Reynolds Ltd of a hierarchical (tall) organisational structure is clear opportunities for promotion. For example, the finance team can clearly see the next step on the promotional ladder is to become the finance manager. This can be very motivating for staff, when an opportunity arises. Having a motivated workforce will be important to Reynolds Ltd, it can lead to a more productive workforce.

However, one of the disadvantages for Reynolds Ltd of a hierarchical (tall) organisational structure is slow communication. Communication is particularly important in a logistics company where staff are moving around the UK and France and are relying on good communication to get orders delivered on time. In a hierarchical (tall) structure, messages have to pass through the stages of the hierarchy, for example, the managing director will communicate through the directors, then the managers before it arrives with the team members. This can also lead to slow decision making. Logistics is an everchanging industry, which relies on quick decisions to be made in order to ensure deliveries arrive on time, if a lorry driver, who is on the road, needs a decision made quickly, which has to go through the logistics manager, then the operations director before it gets to the managing director, this can cause real problems for Reynolds Ltd.

Credit other valid responses.

Question		Marks
8. (a)	<p>Using the data in the graph, calculate Glastonbury's percentage share of the total number of people attending the top 10 festivals in 2019. (Show your workings and present your answer to 1 decimal place).</p> <p>AO2: 3 marks</p> <p>Award 1 mark for calculating the number of people that attend festivals</p> <p>684 000</p> <p>Award 1 mark for selecting the correct data</p> <p>120 000 and 684 000</p> <p>Award 1 mark for the correct answer $120\,000 / 684\,000 * 100$ 17.5(%)</p> <p>(Award 3 marks if the correct answer is given) (Award 2 marks if the answer is not to 1 decimal place)</p>	3
(b)	<p>Apart from waste, state two other environmental costs of business activity.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each correct answer</p> <p>Indicative content</p> <p>Traffic congestion Noise pollution Air pollution Use of finite resources Climate change Deforestation Destroying wildlife/habitats</p> <p>Award any other valid responses.</p>	2

Question		Marks
(c)	<p>Explain how understanding the needs of customers will contribute to the success of Annie’s business.</p> <p>AO1: 1 mark AO2: 1 mark AO3: 1 mark</p> <p>Award 1 mark for knowledge of the importance of understanding customer needs Award 1 mark for applying to Annie’s business Award 1 mark for explanation/development</p> <p>Indicative content:</p> <p>One benefit of understanding customers is increased sales, Annie is likely to sell more tents if she provides the cool design customers want, this will lead to increased sales and more revenue for Eco Tent.</p> <p>Understanding customers will help avoid costly mistakes, for example, Annie will ensure the tents are not difficult to put up, this will lead to customers choosing Eco Tent over its competitors.</p> <p>Award any other valid explanations.</p>	3
(d)	<p>Apart from understanding the needs of customers, explain one reason why a business may carry out market research.</p> <p>AO1: 1 mark AO3: 1 mark</p> <p>Award 1 mark for stating a reason Award 1 mark for explanation/development</p> <p>Indicative content</p> <p>One reason a business may carry out market research is to identify market opportunities, to see if there is demand for a product or service.</p> <p>One reason a business may carry out market research is to analyse competitor activity, to see if there is a gap in the market.</p> <p>One reason a business may carry out market research is to assess the effectiveness of their actions, to see if a recent advertising campaign has been successful.</p> <p>Credit other valid responses.</p>	2

Question				Marks
(e)	<p>Discuss the potential success of Annie’s business based on the following factors:</p> <ul style="list-style-type: none"> • entrepreneurial characteristics • ethical and environmental influence on business activity • the competitive environment 			10
Band	AO1: 2 marks	AO2: 4 marks	AO3: 4 marks	
3	<p>No Band 3 marks for this Assessment Objective.</p> <p>2 marks are awarded for Band 2.</p>	<p>4 marks</p> <p>Excellent application to Annie and Eco Tent</p> <p>There is clear, correct and direct reference to Annie and Eco Tent throughout the answer</p>	<p>4 marks</p> <p>Excellent discussion on all 3 factors</p> <p>Writing is well structured using accurate grammar, punctuation and spelling</p> <p>Excellent analysis and evaluation with supporting statements</p>	
2	<p>2 marks</p> <p>Good knowledge and understanding of all 3 factors</p> <p>Good attempt to use specialist vocabulary</p>	<p>2-3 marks</p> <p>Good application to Annie and Eco Tent</p> <p>There is clear reference to Annie and Eco Tent throughout the answer</p>	<p>2-3 marks</p> <p>Good discussion on at least 2 of the factors</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling</p> <p>Good analysis and evaluation with some supporting statements</p>	
1	<p>1 mark</p> <p>Limited knowledge and/or understanding of at least 1 factor</p> <p>Limited attempt to use specialist vocabulary</p>	<p>1 mark</p> <p>Limited application to Annie and Eco Tent</p> <p>There is limited reference to Annie and Eco Tent in the response</p> <p>The answer is mainly theoretical</p>	<p>1 mark</p> <p>Limited discussion on at least 1 factor</p> <p>Writing shows limited evidence of structure with some errors in grammar, punctuation and spelling</p> <p>Unsupported statements are made</p>	
0	<p>0 marks</p> <p>No relevant knowledge or understanding</p>	<p>0 marks</p> <p>No reference is made to Annie and/or Eco Tent</p>	<p>0 marks</p> <p>No valid analysis or evaluation is given</p>	

Indicative content

Annie is clearly very innovative, she saw an opportunity when she visited a festival and witnessed all the discarded tents, she identified this was a problem and came up with a solution. Annie spotted a gap in the market, which is likely to lead to success. Annie was willing to take a risk, she invested all her savings into developing a biodegradable tent, Annie was willing to put her own money into it, if it didn't work out Annie would be left with no savings and debt. Annie is also organised, she decided to carry out market research, even though she was willing to risk her time and money she wanted to do it in a planned way. Annie researched statistics about the use of tents, she found out what was important to customers and how many people actually discarded their tents. By doing this, Annie could make calculated business decisions, this planned approach is more likely to lead to success in her business.

Annie knew that eco-friendliness and ethical products were important to many people, she knows this from her market research, so she developed Eco Tent. Annie believed producing a biodegradable tent would minimise waste. Businesses that have a reputation for being environmentally friendly and ethical often enjoy greater sales and profits. Eco-Tents make customers aware of the materials that are used to produce the product and that they would biodegrade. Eco friendly and ethical products are often more attractive to customers, especially younger customers who tend to attend festivals, this is likely to lead to success for Annie.

Annie may have realised that the potential for her business idea may be huge because of the thousands of people who visit festivals each year. However, price is also important to people. Annie's competition is likely to be Argos and Tesco, who produce tents, marketed as single-use items for as little as £30 each. Eco Tents are double the price and will degrade after 120 days. To be competitive Annie will need to focus on the fact that the tent is better for the environment and more ethical to get people to pay the higher price for the tent. Cost is important to customers, this may be one important factor that may hinder the success of Annie's business.

Credit other valid responses.

Question		Marks
9. (a)	<p>Identify which one of the following promotional activities is most likely to be carried out through the use of digital media.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for the correct answer</p> <p>Social media</p>	1
(b)	<p>Explain one reason why having a USP is important to E-Spin.</p> <p>AO1: 1 mark AO2: 1 mark AO3: 1 mark</p> <p>Award 1 mark for a identifying a correct reason Award 1 mark for applying to E-Spin Award 1 mark for a valid explanation</p> <p>Indicative content:</p> <p>One reason why having a USP is important to E-Spin is so they can charge higher prices, we know E-Spin is more expensive than its competitors, because customers are attracted by the lighter more aerodynamic bikes, which some people are happy to pay more for leading to a higher revenue and more loyal, happy customers for E-Spin.</p> <p>Credit other valid responses</p>	3
(c)	<p>Using the data in the advert extract, describe E-Spin's product portfolio.</p> <p>AO2: 2 marks</p> <p>Award 1 mark for a limited description of E-Spin's product portfolio Award 2 marks for a developed description of E-Spin's product portfolio</p> <p>Indicative content</p> <p>Limited description:</p> <p>E-Spin have 3 different bikes</p> <p>Developed description:</p> <p>E-Spin offer 3 different styles of bike, the E-Sport, E-Work and E-Ease. This will allow E-Spin to meet to needs of sporty people, working people and older people.</p> <p>E-Spin sell 3 different product styles that are aimed at different types of people</p> <p>Credit other valid responses</p>	2

Question		Marks
(d)	With reference to the advert extract, analyse E-Spin's use of market segmentation.	6

Band	AO1: 2 marks	AO2: 2 marks	AO3: 2 marks
2	<p>2 marks</p> <p>Good knowledge and understanding of market segmentation</p> <p>At least 2 market segments are clearly understood</p>	<p>2 marks</p> <p>Good application to E-Spin throughout the answer</p> <p>There is clear reference to E-Spin and the data</p>	<p>2 marks</p> <p>Good analysis of E-Spin's use of market segmentation</p> <p>Clear lines of development</p>
1	<p>1 mark</p> <p>Limited knowledge and/or understanding of market segmentation</p> <p>Market segments are listed or at least 1 market segment is understood</p>	<p>1 mark</p> <p>Limited application to E-Spin throughout the answer</p> <p>There is limited reference to E-Spin and the data</p>	<p>1 mark</p> <p>Limited analysis of E-Spin's use of market segmentation</p> <p>The analysis is superficial</p>
0	<p>0 mark</p> <p>No knowledge or understanding of market segmentation</p>	<p>0 marks</p> <p>No reference is made to E-Spin</p>	<p>0 marks</p> <p>No valid analysis</p>

Indicative content

One way E-Spin has segmented its market successfully is by lifestyle, the E-Sport is aimed at sporty, adventure seekers, another lifestyle area is city workers. These are very clear groups of people who have certain interests.

Another way E-Spin is segmenting is by age, offering specific bikes for older customers who may have joint problems, this could attract lots of older customers who want to ride their bikes with a little bit of help.

One group that E-Spin is not segmenting is by gender. So, although E-Spin are segmenting well and attracting many segments they are dismissing a huge potential target market. E-Spin needs to develop a bike to attract woman.

Credit other valid responses.

Question				Marks
(e)	With reference to all the data on E-spin, explain how E-spin could make changes to its marketing mix to respond to increased competition.			8
Band	AO1: 2 marks	AO2: 4 marks	AO3: 2 marks	
3	No Band 3 marks for this Assessment Objective. 2 marks are awarded for Band 2.	4 marks Excellent application to E-Spin with relevant data extracted There is clear, correct and direct reference to E-Spin throughout the answer	No Band 3 marks for this Assessment Objective. 2 marks are awarded for Band 2.	
2	2 marks Good knowledge and understanding of the marketing mix Understanding of at least 3 Ps Good attempt to use specialist vocabulary	2-3 marks Good application to E-Spin with some relevant data extracted There is clear reference to the E-Spin throughout the answer	2 marks Good explanation of possible ways E-Spin could make changes to its marketing mix to respond to competition Explanation refers to at least 2 Ps Writing is very well structured using accurate grammar, punctuation and spelling	
1	1 mark Limited knowledge and/or understanding of the marketing mix Understanding of at least 1 P Limited attempt to use specialist vocabulary	1 mark Limited application to E-Spin with limited data extracted There is limited reference to E-Spin The answer is mainly theoretical	1 mark Limited explanation of possible ways E-Spin could make changes to its marketing mix to respond to competition Explanation refers to at least 1 P Writing may lack structure and there will be errors in spelling, punctuation and grammar	
0	0 marks No relevant knowledge or understanding	0 marks No reference is made to the E-Spin	0 marks No valid explanation is given	

Indicative content

E-Spin could start by updating their product range, at the moment it is making products for a range of market segments including age, where more mature customers are segmented by offering the E-Ease. They could introduce bikes to meet the needs of female customers by perhaps introducing a lighter, smaller e-bike that would suit that segment and therefore increase E-Spin's sales. At the moment its product range is a little limited and is not targeting certain large groups of potential customers.

E-Spin could look at its pricing, we know that E-Spin are expensive and that is possibly why they are losing customers. When the brothers started the business its USP was lighter bikes with better charge which seemed to attract customers at the time, but now there is competition. As technology moves on it often gets cheaper, they should be able to produce the bikes more cheaply after this amount of time. Demand for its bikes has decreased so it will need to come up with ways to either lower its price point to attract new customers with their current pricing by perhaps rebranding or developing a new USP such as an even lighter bikes that go even further on one charge.

E-Spin could consider where it sells the bikes, at the moment it is just online, we know the bikes are expensive, could people be put off parting with their cash if they have not actually seen and touched the bike? E-Spin could consider selling these bikes through popular retailers such as Halfords or having pop-up-shops in major cities allowing potential customers to see and feel the bikes before they invest in this expensive item.

Lastly, there is promotion. We know that all advertising is done online at the moment. Perhaps they need to consider advertising using other mediums, it could potentially not be reaching many customers who perhaps don't get to see the adverts online. TV would probably not be suitable as it is such a specialist product and could be expensive when the business is struggling. Due to the nature of the product, advertising using printed media, perhaps a newspaper or a specialist magazine could be perfect. Older/working people tend to read newspapers, suiting the segment it is aiming for in the price bracket they are in. Specialist bike magazines will be read by people already interested in bikes, so this will be perfect, both printed media would likely have good coverage but not as expensive as TV.

Credit other valid responses.