



GCE MARKING SCHEME

SUMMER 2016

**BUSINESS STUDIES - BS1 (LEGACY)
1081/01**

INTRODUCTION

This marking scheme was used by WJEC for the 2016 examination. It was finalised after detailed discussion at examiners' conferences by all the examiners involved in the assessment. The conference was held shortly after the paper was taken so that reference could be made to the full range of candidates' responses, with photocopied scripts forming the basis of discussion. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners.

It is hoped that this information will be of assistance to centres but it is recognised at the same time that, without the benefit of participation in the examiners' conference, teachers may have different views on certain matters of detail or interpretation.

WJEC regrets that it cannot enter into any discussion or correspondence about this marking scheme.

GENERAL MARKING GUIDANCE

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

Levels of Response

Questions are awarded marks on the basis of the levels of response. The purpose of this is to award the so-called higher level skills, particularly of analysis and evaluation. In practice, the good Business Studies candidate is likely to demonstrate a good grasp of the information presented to him/her, he/she will be able to weigh this up in the light of his/her theoretical understanding of the subject and will be able to suggest appropriate strategies to deal with the situation. Candidates who have a deficiency in their theoretical understanding or who are unable to analyse properly a situation, are unlikely to be able to synthesise or evaluate in a meaningful way.

In marking scripts reference should be made to the relevant part of the mark scheme and the candidate should be awarded a mark that corresponds to the highest level that he/she has demonstrated.

Quality of written communication

The QWC is assessed in question 5(b).

Qu	Answer	Mark allocation	Assessment objective
1.	<p>Explain, with the use of examples, what is meant by needs and wants.</p> <p>Up to 4 marks available.</p> <p>Needs 1 mark for correct description/explanation. Award 1 mark for correct example.</p> <p>Wants 1 mark for correct description/explanation. Award 1 mark for correct example.</p> <p>Indicative content:</p> <p>Needs – the basic requirement to sustain life e.g. food, water, shelter</p> <p>Wants – the extras that improve the quality of life and these are <u>unlimited</u> e.g. a car.</p>	4	AO1 4
2.(a)	<p>Adapt the diagram below to show how bad weather may affect the demand for and price of second-hand 4x4 vehicles.</p> <p>Shift of demand curve to the right and correctly labelled D1 -1 mark New higher equilibrium price shown on vertical axis where D1 cuts S and labelled P1 – 1 mark</p>	2	AO2 2
2.(b)	<p>Other than price and weather, explain three factors that are likely to affect the demand for second-hand 4x4 vehicles in the UK.</p> <p>Award 1 mark for each relevant factor identified. Award 1 mark for correct explanation of each relevant factor identified.</p> <p>Indicative Content:</p> <ul style="list-style-type: none"> • Increased level of Income. Those who previously could not afford such vehicles can now purchase them. Their demand becomes effective. • The price of a complementary product may change. If fuel falls in price more may be purchased. • Tastes and fashion. If the driving of such vehicles becomes a status symbol or high profile personalities are seen driving them, then demand may increase. • Marketing campaigns. Effective advertising on behalf of the suppliers may have a positive impact on sales. • Government legislation. If the government try to discourage the use of vehicles with low fuel efficiency via the tax system then demand may fall. • Environment. 	6	AO1 3 AO3 3

Qu	Answer	Mark allocation	Assessment objective
3.	<p>Use the decision facing Les and Julia to explain the concept of opportunity cost.</p> <p>Opportunity cost measures costs in terms of the next best alternative/option foregone (x1) when making a choice between a number of alternatives. (x1)</p> <p>If Les decides to purchase the van then the benefits he foregoes by not extending the shop represent the opportunity cost – and vice versa. (x2)</p>	4	<p>AO1 2</p> <p>AO2 2</p>
4.(a)	<p>What is meant by the term <i>market orientated</i>?</p> <p>Award 1 mark for a brief description.</p> <p>Award 2 marks for a more detailed understanding –</p> <p>Indicative content:</p> <p>The extent to which a firm’s strategic thinking stems from looking outwards to consumer tastes – carrying out thorough market research.</p> <p>Management take into account the needs of their customers before making any decisions.</p> <p>Placing the customer at the centre of the organisation’s decision making.</p> <p>Understanding the market in which the business is operating – monitoring competitors’ activities.</p> <p>Being aware of, and responding to, competitive pressures.</p>	2	AO1 2

Qu	Answer	Mark allocation	Assessment objective
4.(b)	<p>Explain two methods of qualitative market research that may be used by Long Tall Sally.</p> <p>Award 1 mark for the identification of a qualitative market research method. (x2)</p> <p>Award 1 mark for development of each method identified applied to Long Tall Sally. (x2)</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • Group discussions/focus groups – free ranging discussions, often led by psychologists. A list of prepared topics will be discussed but any other points raised by a group member will be dealt with. Group size usually six to eight. • In-depth interviews – informal, between a psychologist and a single customer. Avoids the risk that interviewee will be swayed by group opinion or a strong individual. • Customer feedback. • Open ended questionnaires – that ask for opinion. 	4	<p>AO1 2</p> <p>AO2 2</p>
4.(c)	<p>Why is Long Tall Sally's market described as a <i>niche market</i>?</p> <p>Award 1 mark for a correct explanation plus 1 mark for one for directly relating the explanation to Long Tall Sally.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • A market in which a business specifically aims or targets its product at a particular, usually small or specialised segment of the market. • Long Tall Sally aims its products at a target market of women 5'8" tall and above. 	2	AO3 2
4.(d)	<p>Consider the benefits and drawbacks to Long Tall Sally of operating in a niche market.</p> <p>Level 1 Candidate identifies one or two drawbacks and/or benefits</p> <p>Level 2 Candidate attempts to analyse possible benefits and/or drawbacks of operating in a niche market and may attempt some evaluation.</p> <p>Level 3 Candidate undertakes a sound evaluation with some reference to Long Tall Sally.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • LTS can charge a higher prices/premium prices as there is less competition. Profit margins may therefore be higher. • By targeting the market of women over 173cms LTS can focus on the specific needs of these customers, thereby providing a better product and service. LTS can get closer to its customers. 	<p>6</p> <p>1-2</p> <p>3-4</p> <p>5-6</p>	<p>AO2 1</p> <p>AO3 1</p> <p>AO4 4</p>

Qu	Answer	Mark allocation	Assessment objective
	<ul style="list-style-type: none"> • Promotion costs may be lower as LTS focuses on this specific target group. Their website or outlets may be tall womens' first port of call. • During difficult financial periods such as recessions LTS may retain its customers more easily as price competition may be less fierce. • If LTS enjoy considerable success, larger organisations may take a greater interest in supplying this target market more effectively. They have 11 UK outlets and may attract attention as a profitable segment. • LTS cannot enjoy the same economies of scale as some of their larger competitors. • LTS cannot spread its risks as readily as competitors such as M&S - if the larger retailers do try to meet the needs of this target market then they would not be able to match sustained price competition. • LTS has been operating for 30 years and seems to serve this target market effectively. 		
4.(e)	<p>Consider the factors that Long Tall Sally's management should take into account when choosing the location of a new store.</p> <p>Level 1 Candidate identifies relevant location factors.</p> <p>Level 2 Candidate attempts to analyse relevant location factors that LTS would need to take into account.</p> <p>Level 3 Candidate fully considers relevant location factors that LTS would need to take into account.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • Proximity to one of its existing stores – they would have to guard against the loss of customers from its existing outlet. • Population density – as they operate in a niche market they would have to ensure that a sufficient number of people within the target group live in the area chosen. Market research would need to be undertaken. • Cost of the outlet. Whilst an outlet in a desirable city centre location might be desirable the business rates, rental costs etc need to be taken into consideration. • Proximity to competition. Whilst LTS operate in a niche market it is not the only supplier of clothes for tall women. An established competitor may make some locations undesirable. • Proximity to customers/footfall. • Infrastructure – transport. • Accessibility – parking. 	<p>8</p> <p>1-2</p> <p>3-5</p> <p>6-8</p>	<p>AO2 4</p> <p>AO3 2</p> <p>AO4 2</p>

Qu	Answer	Mark allocation	Assessment objective
5.(a)	<p>Alison Rees is considering becoming a franchisee with The Oggy Oggy Pasty Company. Suggest two appropriate sources of finance that she might use to start her business.</p> <p>Award 1 mark for each relevant source of finance suggested</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • Her own savings • Redundancy money she may have received from previous employment • Funding acquired from friends and family • A bank loan/overdraft • Government grant 	2	AO2 2
5.(b)	<p>To what extent do you agree with the view that franchising is the best method for The Oggy Oggy Pasty Company to expand rather than opening more of its own outlets?</p> <p>Level 1 Candidate identifies relevant benefits and/or disadvantages. The candidate organises information and presents simple ideas in a clear manner using some appropriate terminology. Errors in grammar, punctuation and spelling may be noticeable and intrusive suggesting weaknesses in these areas.</p> <p>Level 2 Candidate analyses benefits and/or disadvantages for franchisor of may attempt evaluation. The candidate can organise relevant information and express moderately complex ideas clearly in a coherent manner. There is good use of specialist terminology. Occasional errors in grammar, punctuation and spelling occur but they are not sufficient to suggest a weakness in these areas.</p> <p>Level 3 Candidate fully evaluates the statement. The candidate can organise effectively relevant information and express complex ideas extremely clearly and fluently. There is very good use of specialist terminology. There are few, if any, errors of grammar, punctuation and spelling.</p>	<p>10</p> <p>1-3</p> <p>4-6</p> <p>7-10</p>	<p>AO1 2</p> <p>AO2 2</p> <p>AO3 2</p> <p>AO4 4</p>

Qu	Answer	Mark allocation	Assessment objective
5.(b)	<p>Indicative content:</p> <p><u>Benefits to the franchisor</u></p> <ul style="list-style-type: none"> • Extra commitment from franchisees, who, if chosen carefully have lots of drive and enthusiasm. • Able to expand the market and sales quickly as large amounts of capital do not have to be raised in order to purchase and set up outlets. • Increased revenues, e.g. in the form of monthly royalties which have to be paid even if franchisee makes a loss. • Risks and uncertainty are shared. • Initial fee, e.g. of £9,995 in the case of TOOPC. • The brand's awareness can be developed more quickly as more outlets are opened and momentum can be gained. • Human resource costs are significantly reduced as recruitment and employment is the responsibility of the franchisees. • Economies of scale. • Faster growth method. • Contribution towards overall marketing costs. <p><u>Disadvantages for franchisor</u></p> <ul style="list-style-type: none"> • Franchisees may not operate in a satisfactory manner and the reputation of the business may be damaged. Bad PR may result. • Must ensure that the franchise agreements are carefully drawn up or disputes could occur. Legal costs may be high. • Could TOOPC effectively recruit, support and service an increasing number of franchisees? If not, dissatisfaction and poor practice could result. TOOPC will not have complete control of the day to day running of the business. • TOOPC will not own the outlets and if property values increase they will not have increasingly valuable capital assets. • Do not receive all profits. 		