



GCE MARKING SCHEME

SUMMER 2019

**BUSINESS – UNIT 1
BUSINESS OPPORTUNITIES
2510U10-1**

INTRODUCTION

The marking scheme which follow were those used by WJEC for the 2019 examination in GCE BUSINESS. They were finalised after detailed discussion at examiners' conferences by all the examiners involved in the assessment. The conferences were held shortly after the papers were 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 conferences was to ensure that the marking schemes were 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' conferences, teachers may have different views on certain matters of detail or interpretation.

WJEC regrets that it cannot enter into any discussion or correspondence about these marking schemes.

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 BUSINESS

SUMMER 2019 MARK SCHEME

UNIT 1: BUSINESS OPPORTUNITIES

Question	Mark Scheme	Total
1. (a)	<p>Consider how useful the information in Fig.1 might be to those thinking about opening a tattoo parlour in 2019.</p>	4
	<p>AO2: 2 marks (max 2 marks) - award 1 mark for each correct statement about the data</p> <p>AO4: 2 marks (max 2 marks) - award 1 mark for each judgement about the data</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • It indicates segments by age, indicating the relative size of each age group and where promotion may be most effectively targeted. • The age group 30-39 are the biggest segment for tattoos. • It indicates that there is a significant market in the UK for tattoos. • <i>However</i>, it is 4 years out of date and therefore might be invalid. • It is research undertaken for UK as a whole and therefore may not be the same in Wales. • The usefulness is limited as it does not indicate the trend over time - Is demand rising or falling? • Any other valid point. 	
1. (b)	<p>Using Fig.2 calculate the number of people in the UK in 2015 who say they have 'no regrets' about having a tattoo.</p>	3
	<p>AO2: 3 marks</p> <p>Number in UK population with tattoos = 65 110 000 x 0.19 (x1) = 12 370 900 (x1)</p> <p>Number who have no regrets having a tattoo = 12 370 900 x 0.86 = 10 638 974 (x1)</p> <p>Correct answer only award 3 marks</p> <p>OFR applies</p>	

Question	Mark Scheme	Total
1. (c)	Outline why obtaining a tattoo is regarded as a ‘want’ rather than a ‘need’.	3
	AO1: 2 marks AO2: 1 mark Award 1 mark for each valid point. Indicative content: <ul style="list-style-type: none"> Needs are what people need to survive – food, shelter, warmth. Wants are what we desire or want to have. Needs are limited but wants are unlimited. We do not need tattoos but desire to have them for a variety of reasons in order to satisfy our wants. Having a tattoo will not help us survive but may give us pleasure. 	

1. (d)	Analyse the factors that may affect the demand for tattoos in the UK.			[8]
Band	AO1	AO2	AO3	
	3 marks	2 marks	3 marks	
3	3 marks Excellent understanding of at least two factors that affect demand for a service.		3 marks Excellent analysis of at least two factors that affect demand for tattoos in the UK.	
2	2 marks Good understanding of at least two factors that affect demand for a service.	2 marks Good application to the tattoo market in the UK.	2 marks Good analysis of the factors that affect demand for tattoos in the UK. The answer may be unbalanced, with only one factor explained in detail.	
1	1 mark Limited understanding of the factor(s) that affect demand for a service.	1 mark Limited application to the tattoo market in the UK.	1 mark Limited analysis of the factor(s) that affect demand for tattoos in the UK.	
0	0 marks No understanding demonstrated.	0 marks No application evident	0 marks No analysis undertaken.	

Indicative content:

- **Tastes and fashion** – tastes have changed and tattoos have become more socially acceptable. Celebrities such as Gareth Bale and an ever-increasing number of famous people are influencing their fans to follow their example.
- **Changes in price** – more will be demanded at lower prices and vice versa.
- More **disposable income** is available for people to spend on ‘luxuries’ and tattoos are available across a very wide price range.
- **Government legislation** - in relation to the regulation of tattoo parlours and tattoo artists has given the consumer greater confidence that the procedure is safer than in the past.
- **Advertising and Publicity** – the increased presence of tattoo outlets on the UK high streets results in greater awareness as well as a considerable amount of on-line advertising. Bad publicity may also have an impact when stories of medical issues arising from poor practice appear in the media.
- **Age structure of the population** – if the age structure of the population changes then there will be more or less demand according to the numbers in each category. Fig 1 suggests that younger age groups purchase the service more than older groups.
- **Seasonal** – people may be more inclined to have tattoos in the summer when they are more visible.

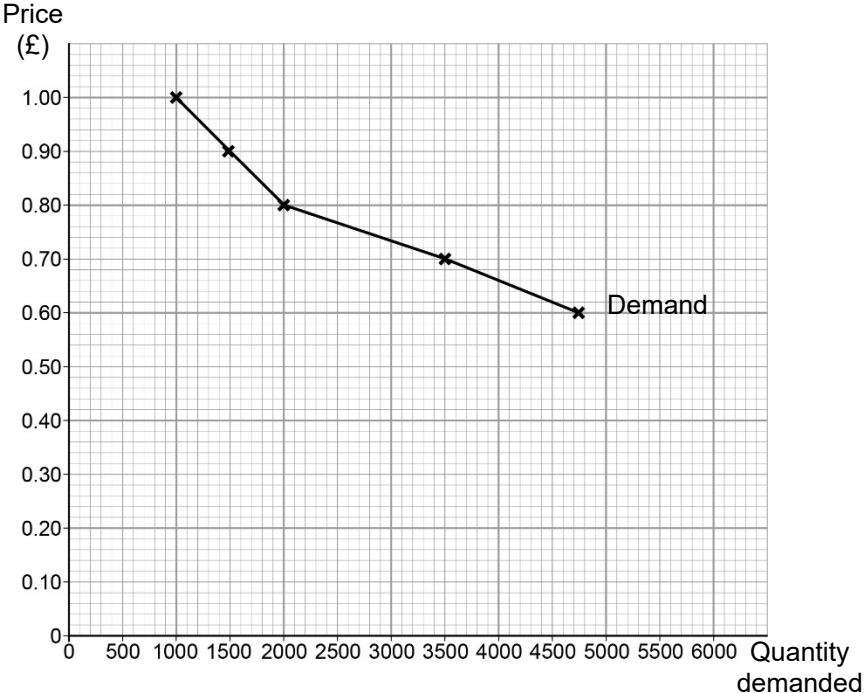
Question	Mark Scheme	Total
1. (e)	What is meant by the term ‘niche market’?	2
	AO1: 2 marks Award 1 mark for each valid point. Targets the smaller segment of a larger market (1) where customers have specific needs and wants (1)	

1. (f)	Explain why the tattoo market could <u>not</u> be regarded an oligopolistic market. [8]		
Band	AO1	AO2	AO3
	3 marks	2 marks	3 marks
3	3 marks Excellent understanding of the key features of oligopolistic competition.		3 marks Excellent explanation as to why the UK tattoo market might not be regarded as operating under oligopolistic competition.
2	2 marks Good understanding of the key features of oligopolistic competition.	2 marks Good application to the market conditions facing the UK tattoo market.	2 marks Good explanation as to why the UK tattoo market might not be regarded as operating under oligopolistic competition.
1	1 mark Limited understanding of the key features of oligopolistic competition.	1 mark Limited application to the market conditions facing the UK tattoo market.	1 mark Limited explanation as to why the UK tattoo market might not be regarded as operating under oligopolistic competition.
0	0 marks No understanding evident.	0 marks No application undertaken.	0 marks No analysis evident.

Indicative content:

- When there are many firms in a market, but only a few dominate, oligopoly is said to exist.
- Whilst there are a considerable number of businesses competing in the tattoo market, there are none which are dominant. No large businesses dominate the industry with their brand – brand identity is weak.
- In an oligopolistic market there may be barriers to entry. However, there are few barriers to entry in the tattoo market and it is relatively easy for new tattoo businesses to set up. Set up costs are relatively inexpensive as equipment is relatively cheap. Premises tend to be small.
- Health and safety regulations do have to be attained via a registration process but this is not a high barrier to overcome.
- In an oligopolistic market each business attempts to differentiate their product and a considerable amount of money may be spent on advertising and promotion. There is a degree of differentiation between tattoo artists but generally the ‘product’ is fairly similar and promotional budgets fairly low due to the small scale of the businesses.
- In an oligopolistic market strong brands may be able to charge higher prices. In the tattoo market pricing is competitive and because there is no market domination businesses only have a limited degree of control over prices.
- The tattoo market is better described as monopolistic competition.

(If reference is made to monopolistic competition only, maximum marks - AO1 1, AO2 2, AO3 1)

Question	Mark Scheme	Total												
2. (a)	<p>Using the data provided in the demand forecast table, construct and label the weekly demand curve for Jackson’s Pies on the graph provided below.</p>	2												
	<p>AO2: 2 marks</p> <p>Award 1 mark for correctly drawn demand curve Award 1 mark for correct labelling</p> <p>Indicative content:</p>  <table border="1" data-bbox="427 589 1294 1279"> <caption>Data points for the Demand Curve</caption> <thead> <tr> <th>Quantity demanded</th> <th>Price (£)</th> </tr> </thead> <tbody> <tr> <td>1000</td> <td>1.00</td> </tr> <tr> <td>1500</td> <td>0.90</td> </tr> <tr> <td>2000</td> <td>0.80</td> </tr> <tr> <td>3500</td> <td>0.70</td> </tr> <tr> <td>4500</td> <td>0.60</td> </tr> </tbody> </table>	Quantity demanded	Price (£)	1000	1.00	1500	0.90	2000	0.80	3500	0.70	4500	0.60	
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3500	0.70													
4500	0.60													
2. (b) (i)	<p>Calculate the difference in revenue earned when the pies are sold at 70 pence and 90 pence.</p>	2												
	<p>AO2: 2 marks</p> <p>$0.90 \times 1\,500 = \text{£}1\,350$ $0.70 \times 3\,500 = \text{£}2\,450$ (x1)</p> <p>$\text{£}2\,450 - \text{£}1\,350 = \text{£}1\,100$ (x1)</p> <p>No £ sign in final answer max 1 mark</p>													
2. (b) (ii)	<p>With reference to your calculation in 2 (b) (i), explain why Jessica is concerned about the possible price rise proposed by her brother.</p>	2												
	<p>AO3: 2 marks</p> <p>Award 1 mark for each relevant point.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • This is a very significant fall in revenue for the business. • Demand for the pies is price sensitive around this price range. • As demand for the pies is price elastic this would be not be a wise thing to do. 													

2. (c) (i)	Outline the concept of unlimited liability.	2
	AO1: 2 marks Award 1 mark for each relevant point. Indicative content: <ul style="list-style-type: none"> • If a business has debts, any owner with unlimited liability is personally responsible for those debts. • Individuals may be forced to sell personal possessions or use personal savings to meet such debts. 	

2. (c) (ii)	Analyse the importance of a Deed of Partnership to a business such as Jackson's Pies.		[4]
Band	AO1	AO3	
	2 marks	2 marks	
2	2 marks Good knowledge of key features of a Deed of Partnership.	2 marks Good analysis of the importance of a Deed of Partnership to a business.	
1	1 mark Limited knowledge of key features of a Deed of Partnership.	1 mark Limited analysis of the importance of a Deed of Partnership to a business.	
0	0 marks No knowledge demonstrated	0 marks No analysis undertaken.	

Indicative content:

- The Deed of Partnership can be seen as an **agreement** between partners – it is important because it sets out the rules under which the partnership will operate.
- It sets out the share of profits that each partner will receive – this is important in the case of a dispute between the partners as it records the amount of capital that each partner has invested.
- It sets out the roles and responsibilities of each partner - ensuring that the business has an organisational framework within which to operate.
- It also notes what will happen if one of the partners were to pass away/leave - and how the partnership would be dissolved.
- The voting shares of each partner are also set out in the deed - The number of voting shares are often allocated in relation to the relative size of the investment made by each partner - This is most important when key strategic decisions are being made.

2. (d)	Explain what is meant by <i>quantitative and qualitative</i> market research and evaluate the usefulness of both to a business such as Jackson's Pies. [10]		
Band	AO1	AO3	AO4
	4 marks	2 marks	4 marks
3	4 marks Excellent understanding of the key features of both quantitative and qualitative market research.		4 marks Excellent evaluation of the usefulness of undertaking both quantitative and qualitative market research to a business.
2	2-3 marks Good understanding of the key features of both/either quantitative and qualitative market research.	2 marks A good explanation of the usefulness of both quantitative and qualitative market research to a business.	2-3 marks A good evaluation of the usefulness of undertaking both/either quantitative and qualitative market research to a business.
1	1 mark Limited knowledge of the key features of both/either quantitative and qualitative market research.	1 mark A limited explanation of the usefulness of both/either quantitative and qualitative market research to a business.	1 mark A limited evaluation of the usefulness of undertaking both/either quantitative and qualitative market research to business.
0	0 marks No knowledge is demonstrated.	0 marks No analysis evident.	0 marks No evaluation undertaken.

Indicative content:

Understanding

- **Quantitative** market research involves the collection of data that can be measured.
- Based on facts that can be tested in a mathematical format.
- Collection of statistical data from sources such as sales figures.
- Data is collected from customers using questionnaires with closed questions.

- **Qualitative** market research involves the collection of data about attitudes, beliefs and intentions.
- Views and opinions are gathered through open questioning such as 'What do you enjoy about our pies?'
- Focus groups and interviews are typically used to gather qualitative data – allowing two-way interaction to take place.
- Professional marketing psychologists are often employed in order that the findings can be made into meaningful, useful data.

Analysis and evaluation

- **Quantitative** data leads to objective conclusions which can be tested to ensure their statistical validity.
- The requirements of the research can be clearly laid out and specific guidelines can be given to those undertaking the research in order that the required information is obtained.
- Findings are clear and unambiguous but closed questions can result in narrow findings which may not fully reveal valuable marketing information.

- **Qualitative** data helps to gain a more realistic, in-depth view of customers and potential customers.
- The forms of research used allows greater interaction as questioning is open-ended – allowing the research to be extended and adapted.
- Interpreting such data can be difficult and small businesses are unlikely to have the expertise amongst their staff to carry this out meaningfully.
- Quantitative research often leads to a need to carry out further, qualitative research in order to seek the answers required. Both methods are likely to involve a significant cost. Small businesses are unlikely to be able to afford to carry out a great deal of market research. This is a dilemma for small businesses as they could make strategic decisions based on inadequate research – resulting in failure.
- Quality market research is always helpful. However, poor quality research, whether quantitative or qualitative will not prove to be useful for any small business.

Question	Mark Scheme	Total
3. (a)	State two key features of SMEs.	2
	AO1: 2 marks Award 1 mark for each valid point. Indicative content: <ul style="list-style-type: none"> • A business that has fewer than 250 employees. • A business that has an annual turnover of less than 50 million euros. 	

3. (b)	Discuss the view that the impact upon the Welsh economy of attracting Aston Martin to manufacture in Wales is far more important than encouraging the development of SMEs.			[8]
Band	AO2	AO3	AO4	
	2 marks	2 marks	4 marks	
3			4 marks Excellent evaluation of the relative importance of large and small businesses to the Welsh economy. An overall judgement may be made.	
2	2 marks Good application to the context given in the data.	2 marks Good analysis of the impact upon the economy of businesses setting up in Wales.	2-3 marks Good evaluation of the relative importance of large and small businesses to the Welsh economy. May include an overall judgement.	
1	1 mark Limited application to the context given in the data.	1 mark Limited analysis of the impact upon the economy of businesses setting up in Wales.	1 mark Limited evaluation of the relative importance of large and/or small businesses to the Welsh economy.	
0	0 marks No application evident.	0 marks No analysis evident.	0 marks No evaluation evident.	

Indicative content:

- The manufacturing unit will create 750 new skilled jobs. Skilled jobs are well-paid and will have a positive multiplier effect on the local and national economy. The deal is estimated to be worth hundreds of millions of pounds.
- Suppliers and local businesses will benefit, with an estimated 1000 jobs being created. These are likely to be in SMEs.
- A skills academy will benefit workers seeking to gain valuable, transferable skills which may well benefit other businesses in Wales.
- The amount of money that the Welsh Government is putting forward to support the Aston Martin project is significant and the money could be spent elsewhere in the public sector.
- Placing a very large amount of money into one project carries a risk. If Aston Martin run into difficulties and sales fall, they could possibly leave Wales. This would cause significant unemployment and result in wasted government expenditure. Bosch and Panasonic are just two examples of large businesses which no longer manufacture in Wales having received financial support from government when they initially set up.
- Business such as Bosch and Panasonic did, however, provide quality jobs for a significant number of Welsh workers; both directly and in the supply chain.
- The vast majority of people in Wales are employed by micro, small and medium sized businesses, so it would seem essential that the government supports them and encourages them to set up. The long-term impact could be greater in terms of employment when compared to the 'one-off' Aston Martin proposal.
- Many small businesses fail within their first two years and the support they may have been offered to set up is wasted. All businesses carry a degree of risk, whether large or small.
- The impact that Aston Martin will have upon the Welsh economy will depend upon how successful it proves to be. If successful it will be money well-spent. Other businesses may also be attracted if the venture succeeds. The up-skilling of the workforce may benefit other businesses. However, failure could be very costly in terms of government investment, investing £5.8 million into one business is very risky.