



GCE A LEVEL MARKING SCHEME

SUMMER 2019

**A LEVEL
BUSINESS - COMPONENT 3
A510U30-1**

INTRODUCTION

This marking scheme was used by WJEC for the 2019 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

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.

EDUQAS A LEVEL BUSINESS - COMPONENT 3

BUSINESS IN A CHANGING WORLD

SUMMER 2019 MARK SCHEME

SECTION A

1 (a)	Explain ways in which businesses can use contingency planning to deal with potential risks such as Toyota's product recall and VW's "dieselgate". [6]	
Band	AO1	AO3
	2 marks	4 marks
3		<p align="center">4 marks</p> <p>An excellent analysis of the use of contingency planning in dealing with the risks which may affect a business's activities</p> <p>Explanations are developed and in context</p> <p>Excellent analysis of at least two ways in which contingency planning can be used to deal with risks</p>
2	<p align="center">2 marks</p> <p>Good and clear understanding of contingency planning</p>	<p align="center">2-3 marks</p> <p>A good analysis of the use of contingency planning in dealing with the risks which may affect a business's activities</p> <p>The analysis considers at least two ways in which risks may be affected</p>
1	<p align="center">1 mark</p> <p>Limited understanding of contingency planning</p>	<p align="center">1 mark</p> <p>Limited analysis of the usefulness of contingency planning</p> <p>At least one way in which risks may be reduced</p>
0	<p align="center">0 marks</p> <p>No understanding of contingency planning</p>	<p align="center">0 marks</p> <p>No analysis of the use of contingency planning</p>

Indicative content:

Contingency planning is planning for unwanted and unlikely events. Contingency planning includes activities such as having contingency funds, alternative production arrangements, allocating responsibilities to managers/employees and dealing with public relations in the event of a crisis

Product recall is a likely scenario for Toyota as they are often launching new cars, or updated versions of existing models on to the market. As this is the case, the likely scenario is that Toyota may occasionally have a fault reach the market. Once this has been identified products must be recalled in case of potential threats to the safety of its customer. By having a contingency plan, customers can be quickly informed of any issues and their vehicles can be recalled and checked. This will help to maintain a high degree of trust in the brand and will maintain car sales in the future.

Contingency planning may include contractual arrangement or insurances to be put in place in the event of unwanted circumstances. As Toyota has many suppliers it is possible that on occasion products may be late or faulty. Therefore, penalties for such instances can be written in to the supplier's contract. As a result, Toyota will be able to recoup any costs occurred from the suppliers as a result of failure to supply or supply of faulty goods.

Credit any other valid point.

1 (b)	Assess the impact upon Toyota's stakeholders of the decision to relocate production from Mexico to the United States. [10]			
Band	AO1	AO2	AO3	AO4
	2 marks	2 marks	2 marks	4 marks
3				<p>4 marks</p> <p>An excellent well-balanced evaluation of the implications of relocation upon Toyota's stakeholders.</p> <p>Clear reference to the case study and context to support the judgement.</p>
2	<p>2 marks</p> <p>Good and clear understanding of the implications of relocation.</p>	<p>2 marks</p> <p>Good application of the implications of relocation upon Toyota's stakeholders.</p> <p>The learner makes effective use of the data in the case study.</p>	<p>2 marks</p> <p>A good analysis of the implications of relocation upon Toyota's stakeholders.</p> <p>Arguments are developed in context.</p>	<p>2-3 marks</p> <p>Good evaluation of the implications of relocation upon Toyota's stakeholders</p> <p>Candidate makes partial judgement, with some attempt to support their evaluation.</p>
1	<p>1 mark</p> <p>Limited understanding of the implications of relocation.</p>	<p>1 mark</p> <p>Limited application of the implications of relocation upon Toyota's stakeholders</p> <p>The learner response is mainly theoretical with the limited use of examples from the case study.</p>	<p>1 mark</p> <p>Limited analysis of the implications of relocation.</p> <p>A limited number of benefits and/or problems are analysed.</p> <p>Use of data is descriptive with little development.</p>	<p>1 mark</p> <p>Limited evaluation of the implications of relocation</p> <p>Unsupported judgements are made.</p>
0	<p>0 marks</p> <p>No understanding of the implications of relocation.</p>	<p>0 marks</p> <p>No application to the case study data.</p>	<p>0 marks</p> <p>No analysis of the implications of relocation.</p>	<p>0 marks</p> <p>No evaluation of the implications of relocation.</p>

Indicative content:

Employees in Mexico may suffer as production in the proposed \$1bn Mexican plant may not take place. However, the employees will produce the Corolla and the new Mazda SUV. This is likely to be a long-term investment which will bring jobs to 4,000 US workers as well as provide excellent facilities for those working at the plant.

Suppliers may incur additional charges if they need to transport component parts a further distance to the new US plant. Additionally, tariffs may be imposed on components leaving Mexico to go in to US produced vehicles. This increase in costs will reduce profits for suppliers and may lead to them having to give up Toyota contracts due to their reduced profitability. This will negatively affect suppliers.

The community around the new \$1.6bn plant in the US will see significant benefits. Increased employment to the area and the need for services such as cleaning and catering will see an increase in economic development and prosperity. The increase in employment opportunities will lead to better lifestyles for the local community therefore leading to a significant benefit.

Customers in the US may suffer because of the move. Although the tariff on imported vehicles will be avoided, this may not offset the increased cost of land and labour in the US production plant. Therefore, if the average cost of producing a vehicle is higher in the US plant, this could push up the selling price of Corollas and Mazda SUVs leading to a detrimental effect on customers.

The US government will see great benefits from the production plant moving from Mexico. The 4000 employees will contribute towards the US government in terms of income tax. Additionally, profits will be subject to corporation tax. Therefore, the US government will benefit both from a reduction in payment in unemployment benefits and an increase in tax revenue.

Credit any other valid point.

1 (c)	Discuss the benefits and difficulties for Toyota of implementing their environmentally friendly policies.				[10]
Band	AO1	AO2	AO3	AO4	
	1 mark	2 marks	3 marks	4 marks	
3			<p>3 marks</p> <p>An excellent analysis of the benefits and difficulties of the implementation of environmentally friendly policies to Toyota</p> <p>Arguments are well structured and developed in context</p>	<p>4 marks</p> <p>An excellent well-balanced evaluation of the benefits and difficulties of the implementation of environmentally friendly policies to Toyota</p> <p>Clear reference to the case study and context to support the judgement</p>	
2		<p>2 marks</p> <p>Good application of the implementation of benefits and/or difficulties of the environmentally friendly policies to Toyota</p> <p>The learner makes effective use of the data in the case study</p>	<p>2 marks</p> <p>A good analysis of the benefits and/or difficulties of the implementation of environmentally friendly policies to Toyota</p> <p>Arguments are developed in context</p>	<p>2-3 marks</p> <p>Good evaluation of the benefits and/or difficulties of the implementation of environmentally friendly policies to Toyota</p> <p>Candidate makes partial judgement, with some attempt to support their evaluation</p>	
1	<p>1 mark</p> <p>Limited understanding of environmentally friendly policies</p>	<p>1 mark</p> <p>Limited application of the benefits and/or difficulties of the implementation of environmentally friendly policies to Toyota</p> <p>The learner response is mainly theoretical with the limited use of examples from the case study</p>	<p>1 mark</p> <p>Limited analysis of the benefits and/or difficulties of the implementation of environmentally friendly policies</p> <p>A limited number of benefits and/or problems are analysed</p> <p>Use of data is descriptive with little development</p>	<p>1 mark</p> <p>Limited evaluation of the benefits and/or difficulties of the implementation of environmentally friendly policies to Toyota</p>	

0	0 marks No understanding of environmentally friendly policies	0 marks No application of the benefits or difficulties of the implementation of environmentally friendly policies to Toyota	0 marks No analysis of the benefits or difficulties of the implementation of environmentally friendly policies	0 marks No evaluation of the benefits or difficulties of the implementation of environmentally friendly policies to Toyota
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Indicative content:

The car scrappage scheme will be of particular benefit to the sales of new vehicles as customers are actively encouraged to scrap older vehicles in order to achieve money off new cars. Toyota can use this scheme to offer discounts on vehicles which are selling less well than anticipated.

However, as Toyota are offering discounts off some vehicles, this will reduce the revenue which would have been achieved from a sale at full price. Therefore, it may be considered that this could be a contributory factor in the reduction in profits seen by Toyota despite an increase in the number of vehicles sold.

Another environmentally friendly policy which Toyota seem to be following is the use of electric vehicles such as Leaf and hybrid vehicles such as the Prius. These vehicles will reduce the amount of air pollution when the vehicles are operated. Initially, the research and development which goes in to these innovations is a large capital cost. However, as Toyota have become a market leader in a newly created market this will provide the business with improved revenue in the future. As a result, Toyota will benefit in the long term.

To some extent it can be argued that tightening of government regulations on vehicle emissions would eventually force Toyota to carry out research in order to reduce emissions. Therefore, Toyota is simply staying ahead of regulations in being proactive with 'greener' vehicles.

It is the case that research and development in to environmentally friendly vehicles may produce nothing of any merit. Therefore, it could be argued that such research is not worth the risk. Toyota could instead operate as a follower rather than a leader in the development of such innovations. This would be considerably cheaper but would not develop Toyota's reputation as a market leader.

It may be concluded that there is significant risk in following an environmentally friendly policy. However, if Toyota create true innovations which will provide them with first mover advantage then the investment will be worthwhile if the market is big enough to recoup the investment.

Credit any other valid point.

1 (d)	Consider how technological developments have influenced Toyota's marketing strategy. [12]			
Band	AO1	AO2	AO3	AO4
	2 marks	2 marks	4 marks	4 marks
3			<p>4 marks</p> <p>An excellent analysis of how technological developments have influenced Toyota's marketing strategy</p> <p>Arguments are developed in context</p>	<p>4 marks</p> <p>An excellent well-balanced evaluation of how technological developments have influenced Toyota's marketing strategy</p> <p>Clear reference to the case study and context to support the judgement</p>
2	<p>2 marks</p> <p>Good and clear understanding of marketing strategy</p>	<p>2 marks</p> <p>Good application of the case study information when determining how technological developments have influenced Toyota's marketing strategy</p> <p>The learner makes effective use of the data in the case study</p>	<p>2-3 marks</p> <p>A good analysis of how technological developments have influenced Toyota's marketing strategy</p> <p>Arguments are developed in context</p>	<p>2-3 marks</p> <p>Good evaluation of how technological developments have influenced Toyota's marketing strategy</p> <p>Candidate makes partial judgement, with some attempt to support their evaluation</p>
1	<p>1 mark</p> <p>Limited understanding of marketing strategy</p>	<p>1 mark</p> <p>Limited application of the case study in determining how technological developments have influenced Toyota's marketing strategy</p> <p>The learner response is mainly theoretical with the limited use of examples from the case study</p>	<p>1 mark</p> <p>Limited analysis of how technological developments have influenced Toyota's marketing strategy</p> <p>A limited number of benefits and/or problems are analysed</p> <p>Use of data is descriptive with little development</p>	<p>1 mark</p> <p>Limited evaluation of how technological developments have influenced Toyota's marketing strategy</p> <p>Unsupported judgements are made</p>
0	<p>0 marks</p> <p>No understanding of marketing strategy</p>	<p>0 marks</p> <p>No application of the case study in assessing how technological developments have influenced Toyota's marketing strategy</p>	<p>0 marks</p> <p>No analysis of how technological developments have influenced Toyota's marketing strategy</p>	<p>0 marks</p> <p>No evaluation of how technological developments have influenced Toyota's marketing strategy</p>

Indicative content:

Marketing strategy can contain decision making in terms of pricing, product features, promotional techniques and placement of products in order to generate sales. It may also consider aspects with the Ansoff matrix in terms of moving to new markets, developing new products or diversifying.

Toyota was the first to introduce hybrid technology to the car market with the Prius. As a result, this will help establish the business as market leader in this sector. As a result, consumers looking for an alternative to petrol or diesel will be attracted to this product. This will assist Toyota in achieving an increase in market share and becoming more dominant in the car market.

As cars are a 'big ticket' item, it is essential that price is at a level which is suitable for consumers. Toyota offer a range of prices of its vehicles. However, its research in to hybrid technology has allowed the provision of high prices for the Lexus RX 400h. Further down the range the Scion brand targeted at younger consumers sees technology as less of a priority. Therefore, technological development is important to support high prices at the top of their product range but is less important lower down in their price range.

In terms of promotion, technological development can create an important unique selling point (USP). This was of vital importance in the creation of the hybrid market. Going forward, battery life will become important to the sales of electric cars such as Toyota's Leaf. The new market of driverless cars will be an important USP in establishing this as a new market and assuring the public of the safety features in such vehicles.

Technology may be less important in Toyota's place strategy. Although online sales and information will be important, so too will the experience of driving a vehicle. It is likely that before customers spend thousands of pounds on a new vehicle they will want to visit a showroom and test drive the vehicle in order to make comparisons to other vehicles they may wish to purchase.

Developing new methods of power such as hybrid technology and hydrogen fuel cells will assist Toyota in achieving first mover advantage in to newly created markets. Therefore, it may be argued that developing new technologies is an essential part of Toyota's marketing strategy.

Credit any other valid point.

1 (e)	Evaluate the impact of the business cycle, interest rates and exchange rates on Toyota. [12]			
Band	AO1	AO2	AO3	AO4
	2 marks	2 marks	4 marks	4 marks
3			<p>4 marks</p> <p>An excellent well-balanced analysis of the impact of the business cycle, interest rates and exchange rates to Toyota</p> <p>Arguments are developed in context</p>	<p>4 marks</p> <p>An excellent well-balanced evaluation of the impact of the business cycle, interest rates and exchange rates to Toyota</p> <p>Clear reference to the case study and context to support the judgement</p>
2	<p>2 marks</p> <p>Good and clear understanding of the business cycle, interest rates and exchange rates</p>	<p>2 marks</p> <p>Good application of at least 2 from the business cycle, interest rates and exchange rates to Toyota</p> <p>The learner makes effective use of the data in the case study</p>	<p>2-3 marks</p> <p>A good analysis of the impact of at least 2 from the business cycle, interest rates and exchange rates to Toyota</p> <p>Arguments are developed in context</p>	<p>2-3 marks</p> <p>Good evaluation of the impact of at least 2 from the business cycle, interest rates and exchange rates to Toyota</p> <p>Candidate makes partial judgement, with some attempt to support their evaluation</p>
1	<p>1 mark</p> <p>Limited understanding of the business cycle, interest rates and/or exchange rates</p>	<p>1 mark</p> <p>Limited application of the business cycle, interest rates and/or exchange rates to Toyota</p> <p>The learner response is mainly theoretical with the limited use of examples from the case study</p>	<p>1 mark</p> <p>Limited analysis of the impact of the business cycle, interest rates and/or exchange rates</p> <p>A limited number of benefits and/or problems are analysed</p> <p>Use of data is descriptive with little development</p>	<p>1 mark</p> <p>Limited evaluation of the impact of the business cycle, interest rates and/or exchange rates to Toyota</p>
0	<p>0 marks</p> <p>No understanding of the business cycle, interest rates or exchange rates</p>	<p>0 marks</p> <p>No application of the business cycle, interest rates or exchange rates to Toyota</p>	<p>0 marks</p> <p>No analysis of the impact of the business cycle, interest rates or exchange rates to Toyota</p>	<p>0 marks</p> <p>No evaluation of the impact of the business cycle, interest rates or exchange rates to Toyota</p>

Indicative content:

The business cycle considers changes in gross domestic product over time. It is clear from the chart that the credit crunch in 2008, and following recession, lead to a reduction in the registration of new vehicles. As cars are a 'big ticket' item it is likely that demand is income sensitive. Therefore, it is likely that as incomes begin to increase during economic recovery, this will lead to an increase in car sales.

However, although the chart notes the number of new cars being registered, it does not show the average price of vehicles being sold. It may be that the number of vehicles being registered increases but the average price of a vehicle is reduced. This would help to explain why Toyota's profits have suffered in recent years whilst the number of cars being sold has increased.

Interest rates are the reward for saving or the cost of borrowing. Interest rates have remained at a very low rate since 2008. This has meant that loans are relatively cheap and the reward for saving is relatively low. As a result, this may encourage customers to spend rather than save. In terms of 'big ticket' items such as cars this should in theory lead to an increase in sales. However, as unemployment will be highest during the slump the uncertainty surrounding future income may discourage spending or the taking out of loans. Therefore, although it would seem reasonable to assume spending on cars will increase, uncertainty in the market may produce the opposite result.

Exchange rates show the value of one currency in terms of another. Unfavourable exchange rates led to Toyota's profits falling by 21% from 2016-17. Therefore, the fluctuation of exchange rates can have a negative effect on Toyota's profits regardless of any increase in trade.

However, a weak pound as a result of Brexit talks has led to an increase in demand for Toyota cars being exported from the UK to the Eurozone. Therefore, whether Toyota benefit or suffer due to exchange rate fluctuation is likely to be the result of the location of its factories and the degree of international trade taking place between countries with different currencies. By manufacturing in the US rather than Mexico, it is likely that Toyota has reduced the effect of some exchange rate fluctuation between Mexico and the US.

Credit any other valid point.

SECTION B

2 (a)	Explain how Porters 5 Forces may be useful to a small independent bakery seeking to enter a new market.			[10]
Band	AO1	AO2	AO3	
	4 marks	4 marks	2 marks	
3	<p style="text-align: center;">4 marks</p> <p>Excellent understanding of Porters 5 forces</p> <p>4- 5 forces must be clearly understood</p>	<p style="text-align: center;">4 marks</p> <p>Excellent application of Porters 5 forces to a small independent bakery</p> <p>There is continuous direct and specific reference to a small independent bakery</p>		
2	<p style="text-align: center;">2-3 marks</p> <p>Good understanding of Porters 5 forces</p> <p>2-3 forces are understood</p>	<p style="text-align: center;">2-3 marks</p> <p>Good application of Porters 5 forces to a small independent bakery</p> <p>The learner uses relevant content and data to develop and support their argument</p>	<p style="text-align: center;">2 marks</p> <p>Good analysis of Porters 5 forces</p> <p>2 or more uses explained</p>	
1	<p style="text-align: center;">1 mark</p> <p>Limited understanding of Porters 5 forces</p> <p>Forces are named but not understood</p> <p>1 force is understood</p>	<p style="text-align: center;">1 mark</p> <p>Limited application of Porters 5 forces to a small independent bakery</p> <p>The learner response is mainly theoretical with the inclusion of some reference to the data</p>	<p style="text-align: center;">1 mark</p> <p>Limited analysis of Porters 5 forces</p> <p>At least 1 use explained</p>	
0	<p style="text-align: center;">0 marks</p> <p>No understanding of Porters 5 forces</p>	<p style="text-align: center;">0 marks</p> <p>No application of Porters 5 forces to a small independent bakery</p>	<p style="text-align: center;">0 marks</p> <p>No analysis of Porters 5 forces</p>	

Indicative content:

Credit any other valid point.

Porters 5 forces considers businesses to be influenced by 5 forces. These include barriers to entry, supplier power, buyer power, degree of competition, threat of substitutes.

Barriers to entry may be significant for an independent bakery as the opening of a new shop will seem comparatively expensive to a small, independent, bakery as property is a significant cost. However, it could be the case that a new shop is rented therefore lowering the financial barrier to entry.

Supplier power is less likely to be significant to a bakery. If a baker is obtaining a higher volume of ingredients from the same supplier they may obtain a discount for larger purchases. As flour, eggs, etc. can be gained from many sellers supplier power will be relatively weak.

Buyer power is more likely to be a challenge to a baker when moving in to a new market. As potential customers will already be receiving baked goods from a different source the baker will need to convince the public that his product is better. In the case of a baker, organic products or using meat from unusual animals in pies may be a way to establish a unique selling point and reduce buyer power.

Competitors in the form of large bakeries such as Greggs may be a significant when moving in to a new market. As the bakery is a small independent business they are unlikely to be able to compete on price against Greggs who will be able offer cheaper prices due to purchasing economies of scale. Therefore, a small independent bakery will have to choose a site where potential customers have higher disposable incomes and are more likely to buy for reasons of quality rather than price.

Many food substitutes are available from sandwich shops or fast food outlets. Therefore, a bakery will have to accept that its ability to pick up a large quantity of the market is limited. However, substitutes do not necessarily have to be viewed as problematic. If the new shop is in a location known for food outlets but there is no bakery, the new shop is likely to be a success.

2 (b)	It is always better for a business to grow organically rather than engage in external growth. Discuss. [20]		
Band	AO1	AO3	AO4
	4 marks	8 marks	8 marks
3		<p>6-8 marks</p> <p>An excellent analysis of organic and external growth</p> <p>Key issues for both sides of the debate are discussed in detail</p> <p>The analysis will be well balanced, well-developed and with a clear line of argument</p>	<p>6-8 marks</p> <p>An excellent level of evaluation of organic and external growth</p> <p>The evaluation is balanced and detailed and will focus on the key issues</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>A holistic evaluation will be offered with an overall conclusion</p>
2	<p>3-4 marks</p> <p>Good understanding of organic and external growth</p> <p>A clear understanding of organic and external growth</p>	<p>3-5 marks</p> <p>A good level of analysis of organic and external growth</p> <p>A number of key issues for both sides of the debate are discussed</p> <p>The analysis may be uneven, with some well-developed ideas and others where the development is more limited</p>	<p>3-5 marks</p> <p>A good level of evaluation outlining the significance of both organic and external growth</p> <p>The evaluation will include most of the key issues</p> <p>Evaluation is reasonably well balanced with some development on both sides of the debate</p> <p>Judgements are made with some attempt to support statements and build arguments</p> <p>A brief conclusion will be offered</p>
1	<p>1-2 marks</p> <p>Limited understanding of organic and/or external growth</p> <p>A limited number of issues are identified</p>	<p>1-2 marks</p> <p>Limited analysis of organic and/or external growth</p> <p>A limited number of issues are analysed</p> <p>The analysis may focus on one side of the argument</p>	<p>1-2 marks</p> <p>Limited evaluation outlining the significance of organic and/or external growth</p> <p>The evaluation will include some of the key issues but with limited development</p> <p>Judgements are superficial and unsupported</p> <p>Evaluation will be uneven and focus on one side of the argument</p>
0	<p>0 marks</p> <p>No understanding of organic or external growth</p>	<p>0 marks</p> <p>No analysis of organic or external growth</p>	<p>0 marks</p> <p>No evaluation of organic or external growth</p>

Indicative content:

Organic growth occurs when businesses attract more customers and make more sales. This may be done by opening new outlets in new locations. External growth occurs through merger or takeover. This leads to a more sudden increase in the size of the business.

Organic growth can be a financially stable method of growth. During organic growth a business may decide to open a new shop or move in to different markets gradually. This will help keep liquidity and gearing at a suitable level. However, as a takeover is likely to be a significant financial investment, gearing may suddenly increase if borrowing is needed. If the takeover is funded internally it is likely that liquidity will suddenly become much worse. Therefore, in terms of the short-term financial position, organic growth may be the better alternative.

However, external growth is a quick way of entering a new market. When Wal-Mart came to the UK they did not try and open Wal-Mart stores, they simply bought ASDA. As a result, Wal-Mart automatically had access to a nationwide group of supermarkets with a significant market share. This strategy was much more successful than Tesco's attempt to enter the US market via organic growth. Tesco could not establish themselves in the market and instead had to leave the US market.

Organic growth is beneficial in terms of maintaining corporate culture. When companies are merged two organisations with different working methods and practices are put together. This can cause a great deal of difficulty as working practices need to change in order to accommodate the new situation. This can be a long and expensive process; therefore it can be judged that organic growth may be better in terms of maintaining a consistent corporate culture.

External growth can be mutually beneficial in terms of sharing resources and ideas. If a company such as Toyota, having researched hybrid technology, merged with Porsche, with a focus on precision engineering, both businesses would be able to gain significant information from each other. This sort of horizontal merger can be very beneficial in terms of gaining new ideas quickly from those working in the same industry. However, organic growth may gain no additional industry insight and may be 'more of the same' albeit in a new location.

Organic growth may be better as the business purchases machinery, hires staff and launches products as is needed. However, external growth through a takeover may mean that there is a duplication of roles e.g. 2 sales directors. Additionally, the new business may find some of its branches are in the same location which restricts their potential to maximise profits. Therefore, as external growth can lead to duplication of resources and a reduction in efficiency in the short-term, organic growth is more effective.

Credit any other valid argument.

3 (a)	Explain why it is possible for cinemas to develop into oligopolies whilst a butcher's shop is more likely to be in monopolistic competition. [10]		
Band	AO1	AO2	AO3
	4 marks	4 marks	4 marks
3	4 marks Excellent understanding of oligopolies and monopolistic competition	4 marks Excellent application to cinemas in the development of oligopolies and a butcher's shop showing signs of monopolistic competition	
2	2-3 marks Good understanding of oligopolies and monopolistic competition	2-3 marks Good application to cinemas in the development of oligopolies and a butcher's shop showing signs of monopolistic competition The learner uses relevant content and data to develop and support their argument	2 marks Good analysis of cinemas in the development of oligopolies and a butcher's shop showing signs of monopolistic competition Arguments are well developed
1	1 mark Limited understanding of oligopolies and/or monopolistic competition	1 mark Limited application to cinemas in the development of oligopolies and a butcher's shop showing signs of monopolistic competition The learner response is mainly theoretical with the inclusion of some reference to the data	1 mark Limited analysis of cinemas in the development of oligopolies a butcher's shop showing signs of monopolistic competition
0	0 marks No understanding of oligopolies or monopolistic competition	0 marks No application to cinemas in the development of oligopolies and a butcher's shop showing signs of monopolistic competition	0 marks No analysis of cinemas in the development of oligopolies and a butcher's shop showing signs of monopolistic competition

Indicative content:

Oligopolistic markets have many businesses but only a few dominate the market. Businesses tend to have products which are highly differentiated with strong brand identity. Markets with monopolistic competition tend to have a large number of relatively small businesses in competition with each other. There are few barriers to entry with product differentiation and brand strength being relatively weak.

As oligopolies are dominated by a few businesses as barriers to entry are high. One such barrier to entry is the set-up cost. As cinemas are large buildings with specialist equipment the set-up cost is high. This will naturally keep competition to a minimum in areas with a large population. Conversely, a butcher's shop has very low barriers to entry as the start-up costs are limited. As a result, a butcher's shop is unlikely to become dominated by a few large businesses.

Established cinema company such as VUE is likely to open a cinema with 10 or more screens. This will enable more films to be shown or popular films to be shown on multiple screens. Therefore, large cinemas are much more likely to be successful than small independent cinemas who cannot afford to purchase blockbuster films on the day of their release. Conversely, a small butchers shop is likely to be successful because of the quality of the product, the skill of the butcher and the level of personal service. This is difficult to replicate in a large chain store meaning the butchers are likely to remain as independents with some loyalty due to reputation.

Credit any other valid point.

3 (b)	Without government intervention stakeholders would be exploited by businesses. Discuss. [20]		
Band	AO1	AO3	AO4
	4 marks	8 marks	8 marks
3		<p>6-8 marks</p> <p>An excellent analysis of the influence government intervention may have upon stakeholders</p> <p>A clear understanding of the positive and negative impact upon stakeholders of government intervention</p> <p>Key issues for both sides of the debate are discussed in detail</p> <p>The analysis will be well balanced, well-developed and with a clear line of argument</p>	<p>6-8 marks</p> <p>An excellent level of evaluation of the extent to which government intervention may prevent the exploitation of stakeholder groups</p> <p>The evaluation is balanced and detailed and will focus on the key issues</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>A holistic evaluation will be offered with an overall conclusion</p>
2	<p>3-4 marks</p> <p>Good understanding of government intervention</p> <p>A clear understanding of the impact to stakeholders of government intervention</p>	<p>3-5 marks</p> <p>A good analysis of the influence government intervention may have upon stakeholders</p> <p>A number of stakeholders are discussed and positive and negative implications analysed</p> <p>The analysis may be uneven, with some well-developed ideas and others where the development is more limited</p>	<p>3-5 marks</p> <p>A good level of evaluation of the extent to which government intervention may prevent the exploitation of stakeholder groups</p> <p>The evaluation will include most of the key issues</p> <p>Evaluation is reasonably well balanced with some development on both sides of the debate</p> <p>Judgements are made with some attempt to support statements and build arguments</p> <p>A brief conclusion will be offered</p>

<p>1</p>	<p>1-2 marks</p> <p>Limited understanding of government intervention</p> <p>Shows an understanding of the impact to stakeholders of government intervention</p>	<p>1-2 marks</p> <p>Limited analysis of the influence government intervention may have upon stakeholders</p> <p>A limited number of issues are analysed</p> <p>The analysis may focus on one side of the argument</p>	<p>1-2 marks</p> <p>Limited evaluation of the extent to which government intervention may prevent the exploitation of stakeholder groups of either financial or non-financial issues</p> <p>The evaluation will include some of the key issues but with limited development</p> <p>Judgements are superficial and unsupported</p> <p>Evaluation will be uneven and focus on one side of the argument</p>
<p>0</p>	<p>0 marks</p> <p>No understanding of government intervention</p>	<p>0 marks</p> <p>No analysis of the influence government intervention may have upon stakeholder(s)</p>	<p>0 marks</p> <p>No evaluation of the extent to which government intervention may prevent the exploitation of stakeholder groups</p>

Indicative content:

Government intervene in the market by creating and enforcing legislation.

Local community: Without government intervention in the form of environmental regulations, it would be likely that businesses may be less likely to absorb the social costs of their activities. Without legislation to control businesses actions it is likely that businesses may dump more waste in water sources or land in order to reduce the costs. Equally, factories may purchase lower grade air pollution filters and therefore reduce the quality of air for the local community. However, it may also be noted that some businesses such as M&S are responsible in their aims to reduce waste and pollution. M&S's 'plan A' is a key part of their marketing strategy in attracting middle class customers who can afford to pay more for 'responsible' behaviour.

Customers: Businesses in the UK will be investigated if their market share exceeds 25%. This is done in order to maintain consumer choice. Without such regulation a monopoly may occur. This would reduce consumer choice and reduce the incentive for companies to keep prices at a reasonable level and increase the quality of goods and services, all of which is a disadvantage to the consumer. However, it could be argued that larger businesses will be able to access economies of scale benefits. Therefore, a monopoly has great potential for low costs. Therefore, if businesses sought to benefit consumers this would lead to lower prices and an increase in capital spent on research and development to further improve the quality of goods and services.

Suppliers: Businesses often choose suppliers based on price and the quality of their products. Government offers little protection to suppliers as their ability to win contracts is based on their own abilities. Additionally, some companies such as M&S will choose to source in an ethical manner. Fair Trade ensures suppliers achieve a fair price for their goods and in doing so offers benefits to smaller farms which may be part of the organisation. As consumers may choose to buy fair trade products such as bananas and coffee, the protection of suppliers is driven by consumers decisions rather than those of the retailer.

Employees: Employees enjoy significant protection from employers via extensive UK employment law. Health and Safety legislation protects employees whilst at work. Without regulations governing safety procedures and practices employers may not choose to purchase safety equipment in order to reduce costs. This would be detrimental to employees as this may increase the likelihood of injury. Without legislation it is also less likely that a monetary pay-out will occur as a result of any work place injury.

Competitors: Competition regulations govern the percentage of market share a company is allowed to take. Failure to have competition regulations may lead to a monopoly occurring which is detrimental for potential competition.

Pressure groups: Pressure groups often exert significant power by lobbying members of parliament (MPs) in order to create laws which will support their cause. Therefore, if the government does not create laws to constrain business activity pressure groups will lose their ability to control business behaviour. However, it could be said that pressure groups could create bad press for businesses which do not act in an ethical manner. Therefore, it is not necessary for government to intervene in business activity.

Government: Government have targets for environmental controls as parts of their targets as an EU member. Therefore, a lack of government intervention is likely to lead to targets being missed. This can lead to fines which will lead to tax income being utilised to pay fines rather than provide merit or public goods.

Credit any other valid point.

4 (a)	Explain how the Boston matrix may be a useful management tool to a business experiencing slow sales growth.			[10]
Band	AO1	AO2	AO3	
	4 marks	4 marks	2 marks	
3	<p>4 marks</p> <p>Excellent understanding of the Boston matrix</p> <p>Excellent explanation of each category of the Boston matrix as well as the overall concept</p>	<p>4 marks</p> <p>Excellent application of the Boston matrix to a business with slow sales growth</p> <p>The learner makes excellent use of relevant content and data to develop and support their argument</p>		
2	<p>2-3 marks</p> <p>Good understanding of the Boston matrix</p> <p>Good explanation of categories within the Boston matrix. Answers may not cover all 4 categories</p> <p>A complete diagram of the Boston matrix</p>	<p>2-3 marks</p> <p>Good application of the Boston matrix to a business with slow sales growth</p> <p>The learner uses relevant content and data to develop and support their argument</p>	<p>2 marks</p> <p>Good analysis of how the Boston matrix may be utilised</p>	
1	<p>1 mark</p> <p>Limited understanding of the Boston matrix</p> <p>Explanations are superficial, or a limited number of categories are explained</p> <p>A partially complete diagram of the Boston matrix</p> <p>Limited understanding of the overall concept</p>	<p>1 mark</p> <p>Limited application of the Boston matrix to a business with slow sales growth</p> <p>The learner response is mainly theoretical with the inclusion of some reference to the data</p>	<p>1 mark</p> <p>Limited analysis of how the Boston matrix may be utilised</p>	
0	<p>0 marks</p> <p>No understanding of the Boston matrix</p>	<p>0 marks</p> <p>No application of the Boston matrix to a business with slow sales growth</p>	<p>0 marks</p> <p>No analysis of how the Boston matrix may be utilised</p>	

Indicative content:

The Boston matrix examines the balance of products within a business's portfolio in relation to market share and market size.

The Boston matrix is of use to a business with slow sales growth as it will enable a business to view the overall position of products within its portfolio. Ideally, a business will have a balanced portfolio with products in each section of the Boston matrix. Slow sales growth may be the result of an unbalanced portfolio with few new products. By using the Boston matrix, a business will be able to establish this and focus on the development of new goods or services.

Question marks/Problem children have a high potential for growth but low market share. As these products have recently been introduced to the market these products need significant promotion in order to catch the attention of the public. A business with slow growth may use the Boston matrix to identify which products need support from promotional campaigns in order to be successful.

Stars have high market share and high market growth. As these products are progressing well a business could examine this category to decide how these products could be developed further in order to increase revenue. Equally, similar products may be developed in order to capitalise of the company's findings.

Cash Cows are products with high market share but little growth. A business can look at its portfolio in order to establish which of its products may fall in to these products in order to help promote newly launched products.

Dogs are products with low market share and low market growth. A business experiencing slow growth in sales may decide which products should be removed from sale. In doing so, resources such as machinery and staff can be moved on to the production of new potentially profitable products.

4 (b)	Global brands should maintain the same marketing mix in every country to be competitive. Discuss.			[20]
Band	AO1	AO3	AO4	
	4 marks	8 marks	8 marks	
3		<p>6-8 marks</p> <p>An excellent analysis of the role of a consistent marketing mix in maintaining global brand strength</p> <p>Key issues for both sides of the debate are discussed in detail</p> <p>The analysis will be well balanced, well-developed and with a clear line of argument</p>	<p>6-8 marks</p> <p>An excellent level of evaluation regarding the role of a consistent marketing mix in maintaining global brand strength</p> <p>The evaluation is balanced and detailed and will focus on the key issues</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>A holistic evaluation will be offered with an overall conclusion</p>	
2	<p>3-4 marks</p> <p>Good understanding</p> <p>A clear understanding of the elements of the marketing mix in maintaining a global brand image</p>	<p>3-5 marks</p> <p>A good analysis of the role of a consistent marketing mix in maintaining global brand strength</p> <p>A number of key issues for both sides of the debate are discussed</p> <p>The analysis may be uneven, with some well-developed ideas and others where the development is more limited</p>	<p>3-5 marks</p> <p>A good level of evaluation regarding the role of a consistent marketing mix in maintaining global brand strength</p> <p>The evaluation will include most of the key issues</p> <p>Evaluation is reasonably well balanced with some development on both sides of the debate</p> <p>Judgements are made with some attempt to support statements and build arguments.</p> <p>A brief conclusion will be offered</p>	

<p>1</p>	<p>1-2 marks</p> <p>Limited understanding</p> <p>A limited or incomplete understanding of the elements of the marketing mix in maintaining a global brand image</p> <p>Not all elements of the marketing mix are included</p>	<p>1-2 marks</p> <p>Limited analysis of the role of a consistent marketing mix in maintaining global brand strength</p> <p>A limited number of issues are analysed</p> <p>The analysis may focus on one side of the argument</p>	<p>1-2 marks</p> <p>Limited evaluation regarding the role of a consistent marketing mix in maintaining global brand strength</p> <p>The evaluation will include some of the key issues but with limited development</p> <p>Judgements are superficial and unsupported</p> <p>Evaluation will be uneven and focus on one side of the argument.</p>
<p>0</p>	<p>0 marks</p> <p>No understanding</p>	<p>0 marks</p> <p>No analysis of a consistent marketing mix in maintaining global brand strength</p>	<p>0 marks</p> <p>No evaluation of a consistent marketing mix in maintaining global brand strength</p>

Indicative content:

The marketing mix involves coordinating the pricing, place, product and promotional strategies. If these elements are coordinated effectively this will lead to high levels of sales.

Price: Pricing strategies may vary depending on the situation. Business may adopt a market leader strategy if they are the dominant business in the market, where as, others may offer a follower pricing strategy charging a lower price than the market leader. When considering pricing strategies between countries a business much consider that incomes will vary between countries therefore it is essential that pricing is adjusted in a way that will produce effective levels of sales within that country. However, this is not always the case, it is reported that the price of a cup of coffee in China may equate to a week's wage. This would lead to a perception of the product as being luxury rather than an everyday item as in the UK. Pricing is part of the companies image, therefore if the price is set at a level which seems cheap in one country and expensive in another this will lead to an inconsistency in the perception of the brand. Therefore, it is important that the price is set at a level which represents the brand.

Place: Place strategy outlines the way in which the product is made accessible to the consumer. It may well be that a website can be part of an international place strategy. In this way a relatively consistent customers experience can be obtained. In terms of retail outlets, it is likely that businesses will need to position their outlets to access the same 'target customer' in any country. Therefore, it is likely that the retail experience will be the same. However, place strategies may vary between countries as consumer behaviour in terms of online shopping may be more prevalent in some countries rather than others.

Product: Companies such as McDonalds may aim to offer the same experience to all customers through offering the same core products in order to generate a strong core message about the brand. However, a degree of globalisation is experienced by McDonalds customers due to the differing tastes of host countries. As a result, French outlets serve beer, whilst American outlets may offer larger portion sizes. However, some core elements such as the Big Mac will remain consistently available throughout all outlets to maintain brand image.

Promotion: In terms of maintaining brand image international businesses will need to promote using the same logos and trademarks. In the case of McDonalds it is likely that Ronald McDonald is used to promote the brand in all countries in order to maintain international awareness. However, McDonalds were forced to change their promotion in France as a white faced clown has particular cultural significance. Therefore, cultural sensitivities need to be taken into account when promoting in different countries.

Although the elements of the marketing mix may be slightly different between different countries the essential aim must remain the same. That is that the 4P's must work together in order to target the customer effectively.

Credit any other valid point.