



GCSE MARKING SCHEME

SUMMER 2019

**BUSINESS - COMPONENT 2
C510U20-1**

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.

GCSE BUSINESS - COMPONENT 2

SUMMER 2019 MARK SCHEME

Question		Marks
1 (a)	<p>State what is meant by a sole trader.</p> <p><i>AO1: 1 mark</i></p> <p>Award 1 mark for a correct definition</p> <p>A sole trader is a business that is owned and run by one person.</p> <p>Credit any other valid response.</p>	1
(b)	<p>Analyse the impact to Yasmin of operating as a sole trader.</p> <p><i>AO1: 1 mark</i> <i>AO2: 1 mark</i> <i>AO3: 2 marks</i></p> <p>Award 1 mark for a correct impact of being a sole trader Award 1 mark for applying to the data Award up to 2 marks for each developed explanation of the impact of being a sole trader/Award additional 1 mark for developed reasons</p> <p>Indicative content</p> <p>As a sole trader Yasmin will get to make all the decisions about the business (1) for example, she gets to choose the type of books that are to be offered (1) this means that she is able to keep in full control of her business as all the decisions are hers (1) it also means she is fully responsible for making the business a success as she is fully responsible (1).</p> <p>As a sole trader Yasmin may find it difficult to raise finance (1) for example if she wanted to expand the book shop and needed a loan to do this banks are sometimes reluctant (1) this means that sole traders can often find it difficult to meet their objectives as capital is often needed to make businesses successful (1) and can mean that sole traders often fail as they cannot keep up with competition (1).</p> <p>Credit any other valid response.</p>	4

Question		Marks
(c)	<p>Explain three advantages to a business such as BookBase of using primary research.</p> <p><i>AO1: 3 marks</i> <i>AO3: 3 marks</i></p> <p>Award up to 3 marks for each advantage of using primary research identified Award 1 mark for each development point for each advantage of using primary research (1 mark per advantage)</p> <p>Indicative content</p> <p>The information collected is up to date – and is therefore more relevant and valuable to get the findings that Yasmin wants.</p> <p>Specific information can be collected – unlike desk research which is often not specific, Yasmin can find out the views of specific customers/locals.</p> <p>Can be conducted on a small scale - so could be conducted with people who use the shop, so they get specific results that are relevant and useful.</p> <p>Credit any other valid response.</p>	6
(d) (i)	<p>Calculate the predicted opening balance for August for BookBase.</p> <p><i>AO2: 1 mark</i></p> <p>Award 1 mark for the correct answer</p> <p>(£)350</p>	1
(ii)	<p>Calculate the predicted total payments for September for BookBase.</p> <p><i>AO2: 1 mark</i></p> <p>Award 1 mark for the correct answer</p> <p>(£)6 750</p>	1
(iii)	<p>Calculate the predicted closing bank balance for December for BookBase.</p> <p><i>AO2: 1 mark</i></p> <p>Award 1 mark for the correct answer</p> <p>(£)6 050</p>	1

Question		Marks
(e)	<p>Explain two reasons why a positive cash flow is important to a business.</p> <p><i>AO3: 4 marks</i></p> <p><i>For each reason:</i></p> <p>Award 1 mark for a suitable reason (max 2) Award 1 mark for explanation of the reason (max 2)</p> <p>Indicative content</p> <p>The business will not need to borrow money (1) this will avoid having to pay interest charges on an overdraft or loan (1).</p> <p>The business will be more likely to be able to arrange long term loans (1) banks will have greater confidence in their ability to pay back money owed (1).</p> <p>May be able to negotiate prompt payment discounts if the business has a positive cash flow (1) they will be able to pass these savings on to the customer and increase sales (1).</p> <p>Credit any other valid response.</p>	4

1 (f) **Discuss how BookBase may compete with its large competitors. In your answer you should refer to marketing and the sales process.** [12]

Band	AO1: 4 marks	AO2: 4 marks	AO3: 4 marks
3	<p>4 marks</p> <p>Excellent knowledge and understanding of how small businesses compete with large businesses</p> <p>There is clear and detailed reference to the sales process and marketing</p> <p>Specialist vocabulary is used with accuracy</p>	<p>4 marks</p> <p>Excellent application to Yasmin's business</p> <p>There is clear, correct and direct reference to data throughout the answer</p> <p>A good range of data is used</p>	<p>4 marks</p> <p>Excellent analysis and evaluation of the key points Yasmin should consider</p> <p>Writing is well-structured using accurate grammar, punctuation and spelling</p> <p>Well-reasoned and balanced discussion with clear line of argument</p> <p>An attempt is made to use context to support discussion</p>
2	<p>2-3 marks</p> <p>Good knowledge and understanding of how small businesses compete with large businesses</p> <p>There is clear reference to the sales process and/or marketing</p> <p>There is an attempt to use specialist vocabulary</p>	<p>2-3 marks</p> <p>Good application to Yasmin's business</p> <p>Relevant data is used to develop the answer</p> <p>There may be some data omissions</p>	<p>2-3 marks</p> <p>Good analysis and evaluation of the key points Yasmin should consider</p> <p>Writing is generally well-structured with mostly accurate grammar, punctuation and spelling</p> <p>The discussion may be unbalanced</p>
1	<p>1 mark</p> <p>Limited knowledge and understanding of how small businesses compete with large businesses</p> <p>There is limited reference to the sales process or marketing</p> <p>Limited or no use vocabulary</p>	<p>1 mark</p> <p>Limited application to Yasmin's business</p> <p>Some data is included, but this is brief</p> <p>The answer is mainly theoretical</p>	<p>1 mark</p> <p>Limited analysis and/or evaluation of the key points Yasmin should consider</p> <p>Writing may lack structure and there will be errors in spelling, punctuation and grammar</p> <p>Unsupported assumptions 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 Yasmin's business</p>	<p>0 marks</p> <p>No valid analysis or evaluation is given</p>

Indicative content

Answers could include

Marketing

The marketing mix – price, promotion, product, place

Sales process

Preparing through good product knowledge

Identify sales opportunities

Understanding needs and wants of customers

Informing customers of the features and benefits of the product or service

Closing the sale

Following up and after sales

BookBase is clearly struggling to compete with large businesses such as Amazon, Waterstones and Tesco. Yasmin, the owner, admits she cannot compete with these large companies on price, who can often offer products to their customers cheaper than she can buy them. Yasmin is so passionate about her business that she must try and find another way to compete.

Using the sales process is one way that Yasmin could differentiate the business and make it more successful, she knows she can offer something that the large businesses cannot.

Yasmin has excellent product knowledge, she has a passion for books and is well-known for being able to recommend suitable books, this is not something that the likes of Amazon can do, what with being an online retailer, customer reviews are never the same as the real thing. People who work in Tesco and Waterstones are unlikely to work there specifically for their passion for books, therefore, Yasmin's product knowledge could really help her get a competitive edge. Yasmin could do reviews of different books to further enhance this.

Another way Yasmin can use the sales process is by identifying the needs of customers, Yasmin will know what her customers want from speaking to them daily, she will also have local knowledge. It states that she has done secondary research but is considering doing primary research too. Although the larger businesses are able to do primary research, Yasmin could make good use out of surveys to find out what customers of her business particularly want and then make changes in her business to meet customer needs. It is likely that she could be more successful by doing this and she should really aim to find out more about her customers.

As for marketing, Yasmin could use the marketing mix to get a competitive edge over the competitors. She is in an ideal location, on a busy high street in a busy location so as well as her regular customers she is likely to get passing trade. We know from Yasmin's research that the sale of printed books are due to rise and the sales on the high street are too set to rise. Yasmin is in competition with Tesco who can offer books at extended times compared to the high street, Yasmin could compete by extending her opening hours. She can also compete with the online companies by having a good range of books that customers want, then they won't want to wait for delivery from the likes of Amazon.

Another way she could use marketing to compete is the product, she is unlikely to be able to compete on price or promotion, but she can certainly distinguish her product. She already has a well-established brand and is well-known for her product knowledge, which is something that the bigger stores cannot always compete with in terms of books. She could look at packaging, she could use lovely bags to further help develop her brand and get even further well-known, she could have nice distinctive bags that people will want to be seen with, this is not something Tesco or Amazon can really compete with.

Credit other valid answers and discussions.

Credit any other valid response.

Question		Marks
2 (a)	<p>State what is meant by the term sales turnover.</p> <p><i>AO1: 1 mark</i></p> <p>Award 1 mark for a valid definition</p> <p>The income a business receives from selling its products or services.</p>	1
(b)	<p>Describe what is meant by the term brand.</p> <p><i>AO1: 1 mark</i></p> <p>Award 1 mark for a valid description</p> <p>A brand is a product/service/business image/identify that is recognisable.</p> <p>Credit any other valid response.</p>	1
(c)	<p>Using the data in chart 1, calculate the UK percentage of ASOS global retail sales turnover in 2017. (Present you answer to one decimal point)</p> <p><i>AO2: 2 marks</i></p> <p>Award 1 mark for selecting the correct data</p> <p>$698\,200 / 1\,776\,500 \times 100$</p> <p>Award 1 mark for correct answer</p> <p>39.3 (%) (Award 2 marks if give just the correct answer)</p> <p>OFR – only for adding up the total sales incorrectly</p>	2

2 (d) **Analyse the advantages and disadvantages to ASOS of using digital and social media to communicate with customers.** [8]

Band	AO2: 4 marks	AO3: 4 marks
3	<p>4 marks</p> <p>Excellent application of ASOS's use of digital and social media</p> <p>There is clear, correct and direct reference of the data throughout the answer</p>	<p>4 marks</p> <p>Excellent analysis of the advantages and disadvantages of using digital and social media to communicate with customers</p> <p>Well-reasoned and balanced analysis</p>
2	<p>2-3 marks</p> <p>Good application of ASOS's use of digital and social media</p> <p>Relevant data is used to develop the answer</p> <p>There may be some omissions</p>	<p>2-3 marks</p> <p>Good analysis of the advantages and disadvantages of using digital and social media to communicate with customers</p> <p>The discussion may be unbalanced</p>
1	<p>1 mark</p> <p>Limited application of ASOS's use of digital and social media</p> <p>Some information in the data is included, but this is brief</p> <p>The answer is mainly theoretical</p>	<p>1 mark</p> <p>Limited analysis of the advantages and disadvantages of using digital and social media to communicate with customers</p> <p>Unsupported and superficial analysis</p>
0	<p>0 marks</p> <p>No reference is made to ASOS</p>	<p>0 marks</p> <p>No valid analysis of the advantages and disadvantages of using digital and social media to communicate with customers</p>

Indicative content

Advantages

- Raise brand awareness/loyalty
- Reach customers easily
- Speed of communication
- Wider audience of communication
- Can gain customer insights
- Targeting adverts at particular customers
- Generate higher converting leads
- Provide a rich customer experience
- Build relationships

Disadvantages

- Negative reviews – can spread quickly
- Lack of control
- Competition
- Social media fatigue/spamming
- Cost of managing online presence

ASOS use social media to communicate with customers and has been important to the success of the business. ASOS has managed to create a huge following on social media helping them raise brand awareness and become a household name with the younger generation. This has led to the huge success of ASOS with impressive retail sales of £1.8 billion on 2017. Another advantage to ASOS is that they can use customer insights on social media to ensure they sell what customers want, ASOS use social media to track customer spend and find out what customers want to buy, they can do this by tracking the amount of likes, keyword searches and conversion leads. By meeting the needs of the customers in providing the products they want ASOS will continue to be successful.

There are disadvantages of communicating with customers using social media. The cost of managing such a huge social media following will be huge. It is important that ASOS are constantly tracking what is going on and are dealing with bad reviews quickly and professionally, as they can be damaging to a business. Also, as ASOS is an international business, this needs to happen around the clock, which will take a lot of well-qualified, experienced staff. Also, people can get a little sick of lots of adverts and block or unfollow, the customers are very much in control of what they look at. ASOS needs to be careful that there are not too many adverts or they may lose their valuable customers or get bad reviews which could be damaging.

Credit any other valid response.

Question		Marks
2 (e)	<p>Explain the importance of an effective supply chain to ASOS.</p> <p><i>AO1: 1 mark</i> <i>AO2: 2 marks</i> <i>AO3: 3 marks</i></p> <p>Award 1 mark for knowledge of the supply chain</p> <p>Award 1 mark for limited application to ASOS Award 2 marks for good application to ASOS</p> <p>Award 1 mark for each developed explanation (up to 3 marks)</p> <p>Indicative content</p> <p>An effective stock control system is vital to make sure that ASOS' customers receive their clothes on time and that this continues to maintain the reputation of ASOS, therefore ASOS needs to make sure they have the right stock and systems to get it to customers quickly. There is so much online competition that customers can easily go elsewhere, therefore ASOS rely on getting products to customers on time.</p> <p>Although they have a huge distribution centre in Yorkshire it is working at full capacity, therefore they would operate a JIT stock control system, so stock is not hanging around, as they don't have the room especially as between 2000 and 7000 new lines are added each week, this means that the cost of holding stock is minimised. Therefore, using effective stock control is vital to the success of ASOS.</p> <p>Credit any other valid response.</p>	6

2 (f) **Evaluate the impact on ASOS stakeholders of opening a new distribution centre in the US.** [12]

Band	AO1: 4 marks	AO2: 4 marks	AO3: 4 marks
3	<p>4 marks</p> <p>Excellent knowledge and understanding of the impact of opening a new distribution centre on key stakeholders</p> <p>Consistent understanding of how at least 2 key stakeholders are involved in business activity</p> <p>Specialist vocabulary used</p>	<p>4 marks</p> <p>Excellent application of the data</p> <p>Clear and direct reference to a wide range of data on ASOS' business</p> <p>Relevant data is used to develop and support a clear argument</p>	<p>4 marks</p> <p>Excellent analysis and evaluation of the impact on ASOS's stakeholders of opening a new distribution centre</p> <p>Writing is well-structured using accurate grammar, punctuation and spelling</p> <p>Well-reasoned and balanced discussion with clear line of argument</p> <p>Information from the data is clearly used to support the discussion</p> <p>An overall conclusion may be offered</p>
2	<p>2-3 marks</p> <p>Good knowledge and understanding of the impact of opening a new distribution centre on key stakeholders</p> <p>Clear understanding of how at least 2 key stakeholders are involved in business activity</p> <p>Attempt to use specialist vocabulary</p>	<p>2-3 marks</p> <p>Good application of the data</p> <p>Clear reference is made to a range of data on ASOS'S business</p> <p>An attempt is made to use relevant data to support the argument</p>	<p>2-3 marks</p> <p>Good analysis and evaluation of the impact on ASOS's stakeholders of opening a new distribution centre</p> <p>Writing is generally well-structured using accurate grammar, punctuation and spelling</p> <p>The discussion may be unbalanced and lack detail in some parts</p> <p>An attempt is made to use context to support discussion</p> <p>An overall conclusion may be offered</p>
1	<p>1 mark</p> <p>Limited knowledge and/or understanding of the impact of opening a new distribution centre on key stakeholders</p> <p>Understanding of how at least 1 or 2 key stakeholder(s) are involved in business activity</p>	<p>1 mark</p> <p>Limited application of the data</p> <p>There is limited reference to ASOS</p>	<p>1 mark</p> <p>Limited analysis and/or evaluation of the impact on ASOS's stakeholders of opening a new distribution centre</p> <p>Writing lacks structure and there will be errors in spelling, punctuation and grammar</p> <p>Unsupported assumptions are made with little reference to data</p> <p>Superficial analysis or evaluation</p>
0	<p>0 marks</p> <p>No relevant knowledge or understanding</p>	<p>0 marks</p> <p>No reference is made to ASOS/context</p>	<p>0 marks</p> <p>No valid analysis or evaluation is given</p>

Indicative content

ASOS' stakeholders include its customers, its shareholders, employees, managers, suppliers, pressure groups and the local community that can influence the decisions the business makes.

ASOS is considering opening a new distribution centre in the US but must consider all its stakeholders when making these decisions.

The shareholders are likely to see a benefit out of opening the fulfilment centre in the US. At the moment around 12% of global sales go to the US, if there was a distribution centre in the US, they would be able to get products to the US market much more cheaply and quickly, this would surely lead to an increase in sales but also profit margins, which could mean greater returns for shareholders. Usually the objective of a shareholder is to make money on their investment, therefore, this would meet their objectives.

Customers are likely to benefit from opening the distribution centre too. At the moment the distribution centre in Yorkshire is nearly up to full capacity, with 85 000 product lines and 2 000 to 7 000 new product lines added each week, the new distribution centre will surely relieve the pressure. This will be beneficial for customers in the US who will likely get their products quicker but also more cheaply. At the moment, quick delivery is £9, this is a high cost and customers may be put off. Therefore, this will be beneficial to all customers ensuring more customers get their products more cheaply.

Pressure groups may not support the new distribution centre, particularly pressure groups who are interested in environmental issues. They may not agree with shipping and driving products all over the world as it is damaging to the environment. The local community in the US where they will place the distribution centre and government in the US may welcome the new distribution centre as it will create jobs and money for the people in that county.

There will be a positive impact for most shareholders by opening the new distribution centre, helping to ease the pressure in the UK, increase sales and profits from the US market and create jobs, helping them to achieve their goal of becoming the US' number one online clothes retailer.

Credit any other valid response.