



GCSE MARKING SCHEME

SUMMER 2022

**GCSE (NEW)
BUSINESS – UNIT 1
3510U10-1**

INTRODUCTION

This marking scheme was used by WJEC for the 2022 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.

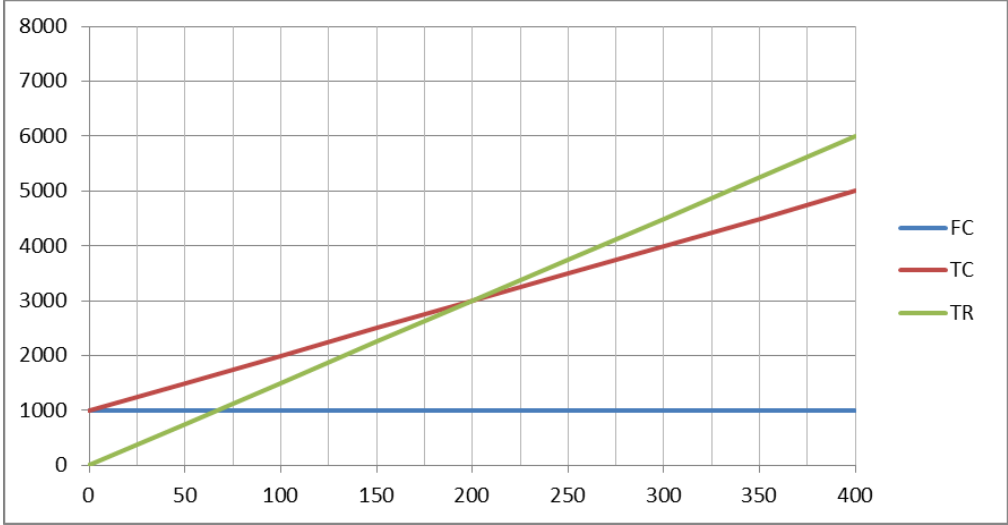
WJEC GCSE BUSINESS – UNIT 1

SUMMER 2022 MARK SCHEME

Question		Marks
1.	<p>Identify which two of the following are responsibilities of a business's finance department.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each correct answer</p> <p>Paying suppliers Creating a profit and loss account (income statement)</p>	2
2.	<p>Identify which two of the following are examples of external sources of finance</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each correct answer</p> <p>Government grant Hire purchase</p>	2
3.	<p>Identify which of the terms above best describes each of the following:</p> <p>AO1: 4 marks</p> <p>Award 1 mark for each correct answer</p>	4
(a)	<p>The term used to describe the general increase in prices over time.</p> <p>Inflation</p>	
(b)	<p>The range of all the goods and services offered by a business.</p> <p>Product portfolio</p>	
(c)	<p>A business that is owned by its members, usually its workers or customers.</p> <p>Cooperative</p>	
(d)	<p>A non-financial motive for entrepreneurs.</p> <p>Satisfaction</p>	

Question		Marks
4. (a)	<p>Using the table below, calculate the average number of customers per month that Joseph had in his fish and chip restaurant and takeaway between April and December. (Show your workings)</p> <p>AO2: 2 marks</p> <p>Award 1 mark for correct selection of data</p> $\frac{49\,497}{9}$ <p>Award 1 mark for correct answer</p> <p>5499.7 or 5500 or 5499.67 or 5499.667 or 5499.6666 or 5499.6667 if there is 5499.6 (and indication of recurring value)</p> <p>If only the correct answer is written, award 2 marks.</p> <p>OFR: $49497 \div$ any suitable number award 1 mark</p> <p>Do not accept 5499.6 or 5499</p>	2
(b)	<p>Identify two ethical business practices a business could use.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each suitable ethical practice identified</p> <p>Indicative content:</p> <p>Answers could include: Charging reasonable prices. Treatment of workers / fair pay (living wage) for workers / not using zero-hour contracts / good working conditions. Fair pay for suppliers / using fair trade businesses. Operating quietly during the night time. Donating profits to charity Donating unused food Sustainable fish suppliers/ethical suppliers Fair Trade Not Testing on animals Animal testing / cruelty free Giving food away</p> <p>(N.B.) Not just the word sustainability Not minimum wage</p> <p>Accept only one environmental practice.</p> <p>Credit any other valid ethical policy applied to Joseph's takeaway and restaurant business.</p>	2

Question		Marks
(c)	<p>Explain why Joseph may experience problems when operating as an ethical fish and chip restaurant and takeaway.</p> <p>AO3: 2 marks</p> <p>Award 1 mark for a limited analysis on the problems of being ethical. Award 2 marks for developed analysis on the problems of being ethical.</p> <p>Indicative content:</p> <p>Examples of limited analysis: It can be expensive to be ethical It can be hard to find ethical suppliers Bad reputation when things go wrong</p> <p>Examples of developed analysis</p> <p>It can be expensive to be ethical as suppliers often charge more for Fair Trade products as the costs are higher.</p> <p>Sourcing ethical suppliers for fish and chips may be difficult. It can be hard to check which food suppliers are ethical.</p> <p>If Joseph claims to be an ethical business but gives out misleading information to customers then this could lead to a damaging effect on his reputation.</p> <p>AO2: 2 marks</p> <p>Award 1 mark for limited application to Joseph's fish and chip business. Award 2 marks for good application to Joseph's fish and chip business.</p> <p>Indicative content:</p> <p>Examples of limited analysis: Joseph may need to increase prices Joseph may not find suppliers Joseph could have problems if ethical claims are not true. Being ethical may not attract customers to a takeaway.</p> <p>Examples of developed analysis Joseph may need to increase prices or have to reduce their profit margins to compete. This may mean a reduction in sales or falling profits.</p> <p>Joseph may need to change the food he offers if he can't find ethical suppliers.</p> <p>If false claims are made then Joseph's business reputation can be damaged, leading to less sales and bad publicity.</p> <p>Being ethical may not attract customers to a takeaway as other factors such as convenience may be considered more important to the target market.</p>	4

Question		Marks
5. (a) (i)	<p data-bbox="293 253 1262 320">Using the information above, draw and label the total revenue line on the chart.</p>  <p data-bbox="293 913 464 943">AO2: 1 mark</p> <p data-bbox="293 981 1062 1010">Revenue line drawn from (0,0) to (400,6000) and labelled.</p>	1
(ii)	<p data-bbox="293 1059 1289 1126">State the monthly break-even point (number of customers) for Noorie's Nail Bar.</p> <p data-bbox="293 1164 464 1193">AO2: 1 mark</p> <p data-bbox="293 1232 347 1261">200</p> <p data-bbox="293 1299 1161 1328">OFR read from revenue line drawn. One mark if it is when TR =TC</p>	1

Question		Marks
(b)	<p>Explain how Noorie’s business may be affected by an increase in Income Tax rates.</p> <p>AO3: 1 mark</p> <p>Award 1 mark for explaining the consequences of a rise in income tax.</p> <p>Indicative content:</p> <p>A rise in income tax means that people will retain less of their wages. There will be a fall in disposable income. Workers will get less net pay than before the tax increase</p> <p>Credit any other valid answers.</p> <p>AO2: 1 mark</p> <p>Indicative content:</p> <p>Award 1 mark for applying the consequences to Noorie’s business.</p> <p>Customers may spend less on luxuries like beauty treatments, so will spend less in Noorie’s business. Staff may ask for an increase in wages to minimise the impact of the income tax rise, so wage bill (costs) increase. Noorie might have to put her prices up if workers demand higher pay, this will deter customers from using her business.</p> <p>Credit any other valid answers.</p>	2
6. (a)	<p>Using the table above, calculate the percentage increase in 0–4-year-olds in the UK between 2006 and 2018. (Show your workings)</p> <p>AO2: 2 marks</p> <p>Award 1 mark for calculating the increase</p> $4,038,221 - 3,497,460 = 540,761$ <p>Award 1 mark for correct answer</p> $\frac{540,761}{3,497,460} \times 100 = \mathbf{15.46\% \text{ (accept 15.5%)}}$ <p>Note: if only 15.46 % or 15.5% is written award 2 marks Percentage sign or percentage is required for 2 marks</p>	2

Question		Marks
(b)	<p>With reference to the graph, describe why this data may be important to Penny Howard the owner of Play and Learn nursery.</p> <p>AO2: 1 mark</p> <p>Award 1 mark for analysing the graph</p> <p>Indicative content:</p> <p>There has been an increase in the number of young children/0-4-year-olds between 2006 and 2018 There has been a slight decrease in the number of young children/0-4-year-olds between 2014 and 2018 There has been no significant change in the number of young children between 2010 and 2018</p> <p>Credit any valid comment about the graph.</p> <p>AO2: 2 marks</p> <p>Award 1 mark for simple description relating to “Play and Learn” Award 2 marks for developed description relating to “Play and Learn”</p> <p>Indicative content:</p> <p>The increase suggests that there is a larger target market – this would suggest increased demand for her services – increased revenues. (Also open another nursery, extend the business)</p> <p>The slight decrease suggests there is falling demand since “Play and Learn” opened for business in 2013 – this would mean decreased demand for their services - falling revenues.</p> <p>With no real change between 2010 and 2018 the demand will stay the same – revenues will be unaffected.</p> <p>Those born just after 2014 may still be using the nursery so there may be no real change, so the demand will stay the same – revenues will be unaffected.</p> <p>This data is about the whole of the UK - so the findings may be less relevant to “Play and Learn” – they are only one nursery, not nationwide.</p> <p>Credit any other valid answers.</p>	3

Question		Marks
(c)	<p>Apart from the internet, suggest one other source of secondary (desk) research data that a business may use.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for correct suggestion</p> <p>Government statistics Newspapers/magazines Trade journals Internal data e.g., company reports/business records/financial data Census data Published research Books Articles Sales records Accounts</p> <p>Not accepting: news, documents, the word statistics on its own, or blogs, other business (would need competitors)</p>	1
(d) (i)	<p>Name one method of primary (field) research.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for correct suggestion</p> <p>Questionnaires/surveys/ e-mail surveys/telephone interviews/ postal surveys, Focus groups Personal interviews Observation/watching Consumer panels Test marketing</p> <p>Has to be named not a description</p>	1

Question		Marks
(ii)	<p>Suggest and describe one advantage to Penny of carrying out primary (field) research instead of secondary (desk) research.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for a benefit of primary research</p> <p>Indicative content:</p> <p>Up-to-date</p> <p>Specific/relevant to a business's own needs/accurate Provides answers to exact questions that a firm may be interested in Mentioning of local area/small</p> <p>etc</p> <p>AO2: 1 mark</p> <p>Award 1 mark for a valid example/application to "Play and Learn"</p> <p>Indicative content:</p> <p>Find out the number of local nurseries/competitors Find out the prices of local nurseries/competitors Find out the services offered by other local nurseries Find out demand for nurseries in the local area Find out what local people are willing to pay/can afford to pay for nursery.</p> <p>etc.</p>	2

Question		Marks
(e)	<p>Explain one way that owners can measure the performance of their business.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for an indicator of business performance</p> <p>AO3: 2 marks</p> <p>Award 1 mark for a simple explanation of how to measure business performance</p> <p>Award 2 marks for detailed explanation of how to measure business performance</p> <p>Indicative content:</p> <p>Growth of profits – compared with previous year / target – increase shows good performance/decrease shows poor performance</p> <p>Level of profit – compared with competitors – is net % profit greater</p> <p>Increase in sales/turnover/rate of turnover – compared to target/previous time /competitors – increase shows good performance/decrease shows poor performance</p> <p>Number of customers - compared with previous time/target – increase indicates greater customer satisfaction</p> <p>Ask customers opinions/customer feedback – customer satisfaction rates better than targets/previous year/competitors – improved satisfaction shows improved performance</p> <p>Financial results/revenue-compare with targets – better than expected performance by business – profit and loss/cashflow – would indicate success</p> <p>Market share - how much of the market does it have – has it increased/decreased.</p> <p>etc</p> <p>Profits alone is 1 mark</p> <p>Not accepting money or income</p>	3

6. (f) Advise Penny Howard on whether she should take on a business partner.

[8]

Band	AO1	AO2	AO3
	2	2	4
3	There are no Band 3 marks for this assessment objective 2 marks are awarded as for Band 2	There are no Band 3 marks for this assessment objective 2 marks are awarded as for Band 2	<p>4 marks</p> <p>Excellent well-reasoned and balanced analysis on whether Penny should or should not take on a partner</p> <p>Writing is very well structured using accurate grammar, punctuation, and spelling</p> <p>The advantages and disadvantages of taking on a partner are fully analysed</p> <p>Clear advice is given with supporting statements</p>
2	<p>2 marks</p> <p>Good knowledge and understanding of the key characteristics of partnerships and/or sole trader are demonstrated</p> <p>Some attempt to use specialist vocabulary</p>	<p>2 marks</p> <p>Good application of the key characteristics of a partnership and/or sole trader to Penny's business</p> <p>Information from the data is used in development</p>	<p>2-3 marks</p> <p>Good analysis on whether Penny should or should not take on a partner</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation, and spelling</p> <p>The analysis may be unbalanced and focus on either the advantages or disadvantages of taking on a partner</p> <p>Appropriate advice is given in conclusion</p>
1	<p>1 mark</p> <p>Limited knowledge and/or understanding of the characteristics of partnerships are demonstrated</p> <p>May only focus on either partnerships or sole traders.</p> <p>Characteristics are identified rather than understood. Limited or no use of specialist vocabulary</p>	<p>1 mark</p> <p>Limited application of the characteristics of a partnership and/or sole trader to Penny's business</p> <p>The response is mostly generic with brief application to Penny's business</p>	<p>1 mark</p> <p>Limited analysis on whether Penny should or should not take on a partner, which may be one-sided</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling. The analysis lacks detail and superficial comments are made with little development</p> <p>Advice may be given but it is not soundly justified</p> <p>Unsupported conclusions are made</p>
0	<p>0 marks</p> <p>No knowledge or understanding of the characteristics of partnerships or sole traders is demonstrated</p>	<p>0 marks</p> <p>No reference is made to Penny's business</p>	<p>0 marks</p> <p>No valid analysis and advice is given about forming a partnership.</p>

Indicative content:

Answers could include:

Possible arguments for Penny taking on a partner might include:

More capital can be brought into the business than Penny has available so there is greater scope to maintain and/or expand the business as she only has one nursery at the moment. She could then choose a better site to relocate to or open more nurseries.

Extra skills and expertise can be brought into the business. The new partner may have skills that Penny does not have, such as marketing or IT skills that could benefit the business. The new partner may have contacts for new staff.

An additional person is available to help take the pressure of running the business, which will have long working hours because it is open for long hours.

Partnerships are relatively easy to set up. Penny runs a small business and will not have a lot of money to spend on legal documents as would be required when setting up a limited company. A Deed of Partnership is straight forward.

Possible arguments against Penny taking on a partner might include:

The partners may disagree about running the business and about future developments. As a sole trader Penny can make her own decisions. This could affect the success of the nursery and the service they offer to its customers.

Penny is used to being a sole trader, since 2010, she might not like giving up some control of this business, she built it from scratch and may find it difficult listening to another point of view.

Profits will be shared but as a sole trader Penny kept all of the profits. This may not be an issue if profits are increased as a result of any additional income generated as a result of being a partnership, if opening a new nursery.

Success may depend on the efforts of both partners, but the partner may not work as hard or be as motivated as Penny, for example, Penny may be more willing to work in the nursery and do admin tasks at home as required.

Conclusion and advice: Penny may benefit from the extra capital and skills in the business, and it will help her to start increasing the number of customers with some new initiatives or a marketing campaign, as long as the relationship between the partners is clearly set out in the Deed of Partnership, and they can work together it should succeed.

Credit any other valid response.

Conclusion is reversible.

Question	Answer	Mark
7. (a) (i)	<p>Describe which method of production Designer Sofas UK is likely to use in the manufacture of its identical standardised products.</p> <p>AO1: 1 mark AO2: 1 mark</p> <p>Award 1 mark for selecting appropriate method Award 1 mark for describing the chosen method</p> <p>Indicative content:</p> <p>Mass/Flow – can make many identical items to meet demand – large numbers can be made for a national/international business</p> <p>Batch – sofas can be made in a variety of different sizes – give an example e.g., 2 seater and 3 seater/colours/fabrics.</p> <p>May see many/lots of/large amounts</p>	2
(ii)	<p>Describe which method of production Designer Sofas UK is likely to use in the manufacture of its individually designed products.</p> <p>AO1: 1 mark AO2: 1 mark</p> <p>Award 1 mark for a selecting appropriate method Award 1 mark for describing the chosen method</p> <p>Indicative content:</p> <p>Job/bespoke – can make products to the customer’s exact specifications – give an example e.g., size – could be a unique piece of furniture/customised e.g., fabric.</p>	2

Question	Answer	Mark
(b)	<p>Consider how businesses benefit from using CAD and CAM.</p> <p>AO1: 2 marks AO3: 2 marks</p> <p>Award 1 mark for knowledge of CAD (max 1 mark) Award 1 mark for knowledge of CAM (max 1 mark)</p> <p>Award 1 mark for each valid consideration (matched to CAD/CAM) - (Max 2 marks)</p> <p>Indicative content:</p> <p>CAD CAD means using computers to design products Producing drawings of finished products – 3D images so a business has a more accurate idea of how the finished product will look – before manufacturing Speeds up design-simple to edit alternative designs can be considered No need to build models for finished goods – saves money on prototype materials – can use software to test designs/materials before manufacture etc.</p> <p>CAM Computer Aided Manufacture means use of computers in production Can be linked with CAD – Measurements easily transferred to manufacturing process – less scope for error in production – more accurate – less wastage Used in mass production/flow production/speeds up production– increasing the efficiency of production/reduces waiting time for products Fewer workers required – lower wage costs.</p> <p>etc.</p>	4

Question	Answer	Mark
(c)	<p>Outline one legal responsibility Designer Sofas UK has towards its customers.</p> <p>AO1: 1 mark AO2: 1 mark</p> <p>Award 1 mark for identification Award 1 mark for development/description</p> <p>Indicative content:</p> <p>Consumer law is concerned with protecting customers from unfair selling practices</p> <p>Products must be described accurately – cannot mislead the customer about the product – e.g. fabric/size</p> <p>Item must be fit for purpose/not faulty – of a suitable quality – e.g. sofa would be expected to last a number of years</p> <p>Misleading advertising – must have accurate pricing – accurate images – accurate description</p> <p>The right to return items bought online – have 14 days to send the item back – for a refund – excludes custom made items</p> <p>etc</p> <p>Not accepting health and safety as it is an online business</p>	2

7. (d) Discuss how Designer Sofas UK can use the place and product aspects of the marketing mix to meet this aim.

[10]

Band	AO1	AO2	AO3
	2	5	3
3	There are no Band 3 marks for this assessment objective 2 marks are awarded as for Band 2	<p>5 marks</p> <p>Excellent application of Place and Product to Designer Sofas UK, online retailers and furniture businesses</p> <p>There is accurate, clear and direct reference to Designer Sofas UK, online retailers and furniture businesses throughout the discussion</p>	<p>3 marks</p> <p>An excellent analysis and evaluation of Place and Product for Designer Sofas UK</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling</p> <p>Well-reasoned and balanced discussion</p> <p>Clear judgements are made with supporting statements</p>
2	<p>2 marks</p> <p>Good knowledge and understanding of the key elements of Place and Product</p> <p>Some attempt to use specialist vocabulary</p>	<p>3-4 marks</p> <p>Good application of Place and Product to Designer Sofas UK, online retailers or furniture businesses</p> <p>Information from the data is accurately used in development</p>	<p>2 marks</p> <p>Good analysis and/or evaluation of Place and Product for Designer Sofas UK</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling</p> <p>The discussion may be unbalanced</p> <p>Appropriate judgements are made.</p>
1	<p>1 mark</p> <p>Limited knowledge or understanding of Place and/or Product</p> <p>Limited or no use of specialist vocabulary</p>	<p>1-2 marks</p> <p>Limited application of Place and/or Product to Designer Sofas UK, online retailers or furniture businesses</p> <p>The response is mostly generic with brief reference to Designer Sofas UK, online retailers or furniture businesses</p>	<p>1 mark</p> <p>Limited analysis/evaluation on how Designer Sofas UK could use Place and/or Product in the marketing of their business</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>The analysis lacks detail and superficial comments are made with little development</p> <p>Unsupported judgements are made</p>
0	<p>0 marks</p> <p>No knowledge or understanding of the 4Ps</p>	<p>0 marks</p> <p>No reference is made to Designer Sofas UK, online retailers or furniture businesses</p>	<p>0 marks</p> <p>No valid analysis or evaluation</p>

Indicative content:

Answers could include:

PLACE:

Designer Sofas UK might decide to open physical stores – to raise awareness of the business in local areas/those without internet access - to encourage people who would like to see or try the furniture before buying it - advantages of doing so explained

BUT

Increased costs of shops e.g. rent/wages etc – increasing prices – reducing profit margin

OR

Difficult competing with other furniture businesses with physical stores that are more well-known. e.g., DFS who have many shops – may reduce prices to compete – reduction in profit margin.

Candidates may also consider;

Remain online only - using distribution centres etc

Develop selling opportunities abroad –

Developing website/app – to increase sales opportunities

Sell through other retailers e.g., John Lewis/Amazon

PRODUCT:

Increase product portfolio – Designer Sofas UK might introduce a new range of sofas/furniture products (in addition to sofas, chairs and tables) – to attract new market segments – increasing their target market

BUT

May find difficulty in finding suppliers for new items – cost of designing new products may increase costs – increasing prices etc

OR

New manufacturing methods may be needed – new machinery – workers with new skills – training costs and extra investment for the equipment – impact on prices – difficulty finding suitable staff etc

OR

May need to change factory to accommodate extra space needed for increased production – this may increase costs – change location - difficulty for existing staff to get to, etc

Product differentiation – May sell a luxury range/improve quality – attracting customers that are willing to pay more for furniture

BUT

Might be difficult to sell the higher priced items or to target those customers – hard to find quality material suppliers to meet the expectations of the customers – increased quality may increase costs – minimising the profit margin, despite higher prices.

Candidates may also consider;

Develop a USP

Product design/innovation

Product life-cycle

Credit any other valid response.

Question	Answer	Mark
8. (a)	<p>Using the information above, describe how Ben Francis displays the characteristics of an entrepreneur.</p> <p>AO2: 2 marks</p> <p>Indicative content:</p> <p>Award 1 mark for correctly identifying a characteristic of an entrepreneur</p> <p>Show initiative Risk taker Organise resources Determined Making decisions Innovative</p> <p>Indicative content:</p> <p>Award 1 mark for applying this to Ben</p> <p>Show initiative – Identified a gap in the market for gym clothes</p> <p>Risk taker – quit university/a job to pursue his business</p> <p>Organised – balanced time commitments e.g., job/work</p> <p>Determined – Ben had created apps/started businesses prior to Gymshark.</p> <p>Decisive/decision making – Ben has made bold decisions in the aim of creating a business.</p> <p>Innovative – developing new products/businesses</p> <p>Credit any other valid application</p>	2
(b)	<p>If sales continue to increase by 48% between 2020 and 2021, calculate Gymshark Ltd's sales revenue for 2021</p> <p>AO2: 1 mark</p> <p>Award 1 mark for correct answer</p> <p>AO2: 1 mark</p> <p>$1.48 \times \text{£}261 \text{ million} = \text{£}386.28 \text{ million}$</p> <p>Note: if only $\text{£}386.28\text{m}$ or 386.3m or 386 million or $386\,000\,000$ then award 1 mark</p> <p>Award 1 mark if no £ sign.</p>	1

Question	Answer	Mark
(c)	<p>Which one of the following intellectual property rights is Gymshark Ltd most likely to have used to protect its brand name and logo?</p> <p>AO1: 1 mark</p> <p>Award 1 mark for the correct answer</p> <p>Trademark</p>	1
(d)	<p>Outline how Gymshark Ltd can provide customer service online.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for identifying one feature of customer service (stages)</p> <p>(Max 2 marks)</p> <p>Indicative content:</p> <p>Greeting the customer Interacting with the customer Identifying customer needs and wants Encouraging feedback from the customer Responding to feedback</p> <p>AO2: 2 marks</p> <p>Award 1 mark for simple analysis relating to “Gymshark” Award 2 marks for developed analysis relating to “Gymshark”</p> <p>Indicative content:</p> <p>(Greeting) Gymshark’s website must be easy to use - have a welcoming home page and encourage the user to use the website - designed for a younger target market – clearly show the product is gym clothing</p> <p>(Interacting) The website should be interactive with images, links, sound and display the clothes attractively - the clothes should be seen – live chat/FB messenger/DMs/chat bot/help button should be working well with quick response times to customer enquiries</p> <p>(Identifying customer needs and wants) Customer needs and wants can be completed online with search features for products e.g. size, gender, colour - images of the clothing – links to other products that customers bought when the same products were bought</p> <p>(Encourage Feedback) FB/DM/Live Chat/Email to get feedback – use of review sites e.g. Trustpilot – customer forums – questionnaires.</p> <p>(Responding to Feedback) FB/DM/Live Chat/Email to get and respond to feedback – quick responses to feedback – dealing with customer complaints before negative online ratings – live chat staff should have accurate policy information – to avoid customer confusion quickly – immediate response</p> <p>Credit any other valid application</p>	4

Question	Answer	Mark
(e)	<p>Describe the importance to Gymshark Ltd of producing quality products.</p> <p>AO1: 2 marks AO2: 2 marks</p> <p>Award 1 mark for each valid point (max 2 marks) Award 1 mark for a development relevant to Gymshark/fitness clothing market/retail. (Max 3 marks)</p> <p>Indicative content:</p> <p>High levels of customer satisfaction/customers will be happy with the products – repeat purchasing/customer/brand loyalty – led to rapid business growth Differentiates the goods from rivals - competitive market Increase market share – developed brand/logo Improve image/reputation – recognised brand/logo – use in promotion Charge higher prices – increase sales revenue – bigger margins/increase profit Less complaints/returns – reduce costs of providing new/replacement products – cost of processing returns as Gymshark is an online company</p> <p>Credit any other valid application</p>	4

8. (f) Discuss the impact of using social media and blogs on the owners, customers and competitors of Gymshark Ltd. [8]

Band	AO1	AO2	AO3
	2	2	4
3	There are no Band 3 marks for this assessment objective 2 marks are awarded as for Band 2	There are no Band 3 marks for this assessment objective 2 marks are awarded as for Band 2	<p>4 marks</p> <p>Excellent well-reasoned discussion on the advantages and/or disadvantages to the owners, customers and competitors of Gymshark of using social media and blogs</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling</p> <p>The advantages and/or disadvantages of owners, customers and competitors are discussed</p>
2	<p>2 marks</p> <p>Good knowledge and understanding of the impact on owners and/or, customers and/or competitors</p> <p>Some attempt to use specialist vocabulary</p> <p>Minimum of 2 stakeholders discussed</p>	<p>2 marks</p> <p>Good application of the information from the data is used in development</p> <p>The answer clearly relates to Gymshark, social media, websites (new technology)</p>	<p>2-3 marks</p> <p>Good discussion of the advantages and/or disadvantages to some stakeholders but not all of owners or customers or competitors of Gymshark of using social media and blogs</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling</p> <p>The discussion will focus on some of the owners, customers, or competitors</p> <p>Minimum of 2 stakeholders discussed.</p>
1	<p>1 mark</p> <p>Limited knowledge and understanding of the impact on owners and/or customers and/or competitors</p> <p>Limited or no use of specialist vocabulary</p>	<p>1 mark</p> <p>Limited application of the information from the data is used in development</p> <p>The response is mostly generic with brief application to Gymshark and new technology</p>	<p>1 mark</p> <p>Limited discussion of the advantages and/or disadvantages to the owners or customers or competitors of Gymshark of using social media and blogs</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>The discussion lacks detail and superficial comments are made with little development</p>
0	<p>0 marks</p> <p>No knowledge and understanding of the impact on owners, customers and competitors</p>	<p>0 marks</p> <p>No reference is made to Gymshark, clothing, social media, websites</p>	<p>0 marks</p> <p>No valid discussion of the advantages or disadvantages to owners, customers and competitors</p>

Indicative content:

Answers could include:

Owners:

Advantages - Cost savings of promoting through social media – reducing costs – maximising profits. Increasing awareness of the products – through 20 million social media followers – followers more likely to be the target market as chosen to follow ambassadors, unlike traditional media and generally younger – increasing effectiveness. May also mention YouTubers and name another sportswear competitors.

Disadvantages - Cost of free clothing given away – likely to have to give large amounts to keep ambassadors. Lack of control of promotion – ambassadors promote how they wish – could lead to miscommunication with customers – poor image of the ambassadors reflects badly on Gymshark. Need to develop reliable and fast logistics – failure to do this could lead to complaints/poor reputation.

Customers:

Advantages - More information/images about the product through SM as well as website – important when buying online – to help make an informed product choice – independent review – ambassador trusted by customers Can order through smartphone – links to products provided by ambassador - no need to visit a shop – Gymshark costs are reduced by being online only which may lead to lower pricing.

Disadvantages - Returns process can be difficult – time waiting for exchanges/refunds – not able to see/try on the products – gym wear needs to fit well. Ambassadors could be less independent as chosen by Gymshark – receiving free items – so may promote regardless of how they feel about the product – less trustworthy.

Competitors:

Advantages – Can copy Gymshark’s promotional model – potentially leading to increased sales. General increased awareness of gym clothing through Gymshark’s promotion – competitors may gain sales – especially those charging lower prices than Gymshark.

Disadvantages – Sales growth of Gymshark suggests sales lost by competitors – reducing profits. First to develop an idea are often market leaders – hard to gain back market share – even if copying the same e-commerce model

Credit any other valid response.

Question	Answer	Mark
9. (a)	<p>State three reasons why businesses diversify.</p> <p>AO1: 3 marks</p> <p>Award 1 mark for each correct answer</p> <p>Indicative content:</p> <p>Spreading risks/entering new markets/survival Greater profits/financial gain/ increased revenue Cutting costs as the business can supply its other companies Gain Economies of Scale To grow the business Larger market</p> <p>Don't credit 2 similar responses e.g. increase revenue and greater profits only credit one</p> <p>Credit any other valid response.</p> <p>Do not award marks for increase market share</p>	3

Question	Answer	Mark
(b)	<p>Suggest and explain two factors a business might consider before deciding where to locate.</p> <p>AO1: 2 marks AO3: 2 marks</p> <p>Award 1 mark for each valid suggestion (max 2 marks)</p> <p>Award 1 mark for each development (max 2 marks)</p> <p>Indicative content:</p> <p>Close to raw materials – reduce the transportation costs/encourages close links to suppliers so can negotiate better deals/specific products Close to skilled labour – education providers in the local area provide specific training or qualifications required by the business’ workers Good infrastructure/Road/Rail/ Air/Sea Links – can transport large amounts of raw materials to the factory/finished products can be sent to their customers in a range of destinations Closeness to market/customers – large demand for the specific product in the local area Geographical factors – steel making requires a large amount of water for the cooling process so needs to be coastal – other specific business example acceptable Government incentives (Grants) – companies can get additional funding at no cost if they locate in specific area/areas with high unemployment Communication links –high speed internet Cost of land/property – different costs in different geographical regions. Close to competitors – to be near skilled labour – close to suppliers – suitable infrastructure</p> <p>NB: Focus on location not siting. (don’t credit accessibility, footfall, affluence of area etc)</p> <p>Credit any other valid response.</p>	4
(c)	<p>Calculate the revenue made by Tata’s engineering business in 2018. (Show your answer to 3 decimal places).</p> <p>AO2: 1 mark</p> <p>Award 1 mark for the correct answer</p> <p>$0.35 \times 100.3 = \\$35.105$ (b)illion or \$35 105 000 000</p> <p>NOTE: If no \$ still award 1 mark. Ignore currency sign.</p> <p>Do not award marks for \$35 billion</p>	1

Question	Answer	Mark
(d)	<p>Describe what is meant by the term sustainability.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for limited knowledge of sustainability</p> <p>Indicative content:</p> <p>Answers could include: Not harming the environment Looking after the environment</p> <p>Award 2 marks for clear understanding of sustainability</p> <p>Indicative content:</p> <p>Answers could include: Sustainability is concerned about meeting the needs of the present without compromising the ability of future generations to meet their own needs</p> <p>Sustainability in business is carrying out business activity with minimal negative impact on the environment</p> <p>Credit any other valid point</p>	2

9. (e) Discuss the opportunities and threats to Tata of operating in a global marketplace. [10]

Band	AO1	AO2	AO3
	3	3	4
3	<p>3 marks</p> <p>Excellent knowledge and understanding of globalisation and the global market</p> <p>Specialist vocabulary is used with accuracy</p>	<p>3 marks</p> <p>Excellent application to 'Tata', manufacturing or conglomerate businesses</p> <p>There is clear and direct reference to 'Tata' and the manufacturing industry</p>	<p>4 marks</p> <p>An excellent discussion of the opportunities and threats to 'Tata' of operating globally</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling</p> <p>Well-reasoned and balanced discussion with a clear line of argument</p> <p>Clear judgements are made with supporting statements</p>
2	<p>2 marks</p> <p>Good knowledge and understanding of globalisation and the global market</p> <p>Some attempt to use specialist vocabulary</p>	<p>2 marks</p> <p>Good application to 'Tata', manufacturing or conglomerate businesses</p> <p>Information from the data is used in development</p>	<p>2-3 marks</p> <p>Good discussion of the opportunities and threats to 'Tata' of operating globally</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling</p> <p>The discussion may be unbalanced and focus on either the advantages or disadvantages the opportunities and threats to 'Tata' of operating globally</p> <p>Judgements are made with some supporting comments.</p>
1	<p>1 mark</p> <p>Limited knowledge and/or understanding of globalisation and the global market</p> <p>Characteristics are identified rather than understood</p> <p>Limited or no use of specialist vocabulary</p>	<p>1 mark</p> <p>Limited application to 'Tata' manufacturing industry or conglomerate businesses</p> <p>The response is mostly generic with brief application to 'Tata', manufacturing industry or conglomerate businesses</p>	<p>1 mark</p> <p>Limited analysis/discussion on whether 'Tata' should operate globally</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>The discussion/analysis lacks detail and superficial comments are made with little development</p> <p>Unsupported judgements may be made</p>
0	<p>0 marks</p> <p>No knowledge or understanding of globalisation or the global market</p>	<p>0 marks</p> <p>No reference is made to 'Tata' or the manufacturing industry</p>	<p>0 marks</p> <p>No valid analysis/discussion is given</p>

Indicative content:

Answers could include:

Opportunities:

Whilst there is potential for more sales in one country, this is limited to a certain amount, therefore operating globally offers better prospects with more customers and a wide market available that is consuming large quantities of their products. For Tata they have the opportunity to earn increased turnover which may lead to increased profits. \$60 billion earned overseas so this is already happening.

Economies of Scale, Tata is able to negotiate better prices on the things that it purchases particularly those that are used in multiple products or manufacturing processes.

Spread the risks of the business if product sales in India fall then having sales revenue from other countries will be beneficial. This improves the company resistance to economic downturns.

Production costs can be cut when factories are placed near raw materials, reducing the cost of transport and avoiding trade barriers. Cost reduction can make the business more competitive.

Transport costs can be minimised as Tata can place itself close to the market.

By operating in over 150 countries, Tata has the option of moving operations to a country that offers cheaper costs, these could include labour cost, or lower taxes. These reduced costs can be passed onto the customer or increase profit margins.

Tata could take advantage of trade deals that allow them to avoid paying tariffs or having quotas on the number of products they sell. This would make them more competitive with domestic rivals. Tata make common/popular products that many domestic competitors already make.

Tata employ over 700,000 workers worldwide. Some countries would have lower wage rates so costs savings can be made in these countries allowing Tata to supply its products at prices that customers in different markets can afford, increasing sales.

Tata operate in many different markets allowing them to establish each one in a new country. Once one business is established itself, e.g., car brand another one of Tata's business could then establish itself using the loyalty it has already gained in other markets.

Threats:

Despite the huge size of the foreign markets and the potential for growth of the company, it is not always easy to succeed in new markets. Some markets will have domestic competitors with loyal customers that may be hard to attract.

There may well be cultural differences so that in some countries there is no interest in the manufactured products e.g. Tetley Tea. Local demand may be different so products may need to be changed to attract local customers/businesses. This may incur costs e.g., adapting cars for left-hand/right hand drive.

When competing globally there are many larger businesses that can compete by price and product range. Entering the same market may prove costly as prices may need to be lowered to attract customers.

There may be legal and bureaucratic problems in setting up in other countries. Different employment laws mean that factory standards and employee welfare are vastly different in different countries. Failure to know these laws may result in fines, legal action by staff, potentially damaging the business reputation.

There may be language barriers, communication problems and difficulty training staff. The main office of Tata in Mumbai, may find it challenging to communicate over long distances especially with time differences. This may lead to inefficiencies in running the business.

Fluctuations in exchange rates may affect the business. Price transparency is not always clear. So, profit margin targets may not be met.

Credit other valid points.

If a conclusion is offered (though this is not necessary to gain the full marks) award comments that are developed from the points above, not just repeating the points made in the analysis and earlier evaluation.

The bigger market and the consequent higher sales and profits may offset the higher costs and regulations found abroad, clearly increasing sales abroad presents huge opportunities for Tata to become a successful global business.

Exposure to risks of operating in a number of different countries e.g., if there is civil unrest/economic fluctuations/political instability – could impact supply.

Management difficulties due to size – operating in many countries – in many different markets – loss of control – reliance on those running the business in each country.

Accept any other valid opportunity or threat to Tata.

Conclusion given is reversible.