



GCSE MARKING SCHEME

SUMMER 2022

**GCSE (NEW)
BUSINESS - UNIT 2
3510U20-1**

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 2

SUMMER 2022 MARK SCHEME

Question	Answer	Mark
1. (a)	<p>State how a retailer is different to a wholesaler.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for knowledge of retailers Award 1 mark for knowledge of wholesalers</p> <p>Indicative content:</p> <p>A retailer sells products to consumers/public A retailer sells products in small quantities/individual/single items A retailer provides customer service A retailer promotes the product to consumers A wholesaler sells products in larger quantities A wholesaler sells products to (small) businesses/retailers A wholesaler (generally) sells products at a lower price than retailers</p> <p>Credit any other valid suggestion</p> <p>NB. Do not credit, buy products (in bulk) from manufacturers as this is a function of both retailers and wholesalers.</p>	2
(b) (i)	<p>Using Figure 1, identify which supermarket had the biggest increase in market share between 2012 and 2018.</p> <p>AO2: 1 mark</p> <p>Award 1 mark for the correct answer</p> <p>Aldi</p>	1
(ii)	<p>Explain one possible reason for this increase in market share.</p> <p>AO3: 1 mark</p> <p>Award 1 mark for valid reason</p> <p>Indicative content:</p> <p>Cheaper than other supermarkets More stores opened across the UK/internal growth Good reputation so more customers/brand loyalty Increased promotion/advertising Quality products Diversification of product range Grown externally/takeover</p> <p>Credit any other valid suggestion</p>	1

Question	Answer	Mark
(iii)	<p>Explain the nature of a competitive marketplace.</p> <p>AO1: 1 mark AO3: 1 mark</p> <p>Award 1 mark for knowledge of a competitive marketplace Award 1 mark for explaining or development</p> <p>Indicative content:</p> <p>A competitive marketplace is when there are a number of businesses providing a particular good or service (1) and consumers usually have a choice on what they spend their money on (1)</p> <p>Businesses have to compete with other businesses (1) they can do this through actions such as having quality products, cheaper prices or effective promotion (1)</p> <p>Accept any other valid points</p>	2
(c) (i)	<p>Calculate the cost of sales for Tesco in 2018.</p> <p>AO2: 1 mark</p> <p>Award 1 mark for the correct answer</p> <p>£54.092 billion or £54 092 000 000</p> <p>NB: Don't need a £ for a mark. Must have 'billion' or 'b' or correct number of zeros.</p>	1
(ii)	<p>Calculate the total expenses for Tesco in 2017.</p> <p>AO2: 1 mark</p> <p>Award 1 mark for the correct answer</p> <p>£1.738 billion or £1 738 000 000</p> <p>NB: Don't need a £ for a mark but must have 'billion' or 'b' or correct number of zeros.</p>	1

Question	Answer	Mark
(d)	<p>With reference to Figure 1 and Figure 2, consider why Tesco is under increasing pressure from its shareholders in 2018.</p> <p>AO2: 2 marks AO3: 2 marks</p> <p>Figure 1:</p> <p>Award 1 mark for valid reference to Figure 1 (market share graph)</p> <p>Indicative content:</p> <p>Market share for Tesco has decreased between 2012 and 2018</p> <p>Award 1 mark for considering the impact of this</p> <p>Indicative content:</p> <p>This shows sales/sales revenue/turnover is falling compared to other supermarkets/competitors. Share price/value of shares may fall for shareholders</p> <p>Figure 2:</p> <p>Award 1 mark for valid reference to Figure 2 (profit and loss account)</p> <p>Net profit has decreased despite gross profit increasing Net profit has decreased despite turnover increasing Net profits down by £0.137 billion/£137 million Large increase in expenses from 2017 to 2018. Net profit margin 2% in 2018 compared to 2.3% in 2017</p> <p>Award 1 mark for considering the impact of this</p> <p>Indicative content:</p> <p>Dividends/payments/profits for shareholders may be lower Expenses need to be cut, maybe salaries of directors are too high Share price/value of shares may fall for shareholders</p> <p>Accept any other valid point</p>	4

Question	Answer	Mark
(e) (i)	<p>State two characteristics of a branded product.</p> <p>AO1: 2 marks</p> <p>Award 1 mark for each valid characteristic identified</p> <p>Indicative content:</p> <p>Customers see it as being different from other products and services (1)</p> <p>Is easily recognised (1)</p> <p>Allows a business to charge a higher price (1)</p> <p>Is viewed by consumers as superior to other products offered by competitors /better reputation (1)</p> <p>May develop a loyal following of customers/people willing to make repeat purchases (1)</p> <p>Represents certain values/beliefs/benefits/to consumers (1)</p> <p>It has a logo/slogan/name (1)</p> <p>Accept any other valid characteristic</p>	2

(e) (ii) Explain why Jack's sells own branded and branded products.		[6]
Band	AO2	AO3
	2	4
3	<p>There are no Band 3 marks for this assessment objective 2 marks are awarded as for Band 2</p>	<p>4 marks</p> <p>An excellent analysis on the importance of selling both own brand and branded products</p> <p>The explanation will focus on both the benefits of selling own brand and branded products</p>
2	<p>2 marks</p> <p>Good application to Jacks or supermarkets</p> <p>There is clear and direct reference to the data and/or supermarkets</p>	<p>2-3 marks</p> <p>A good analysis on the importance of selling both own branded and branded products</p> <p>The explanation may focus on the benefits of selling either own brand or branded products</p>
1	<p>1 mark</p> <p>Limited application to Jacks or supermarkets</p> <p>The response is mostly generic with brief application to the data</p>	<p>1 mark</p> <p>A limited analysis on the importance of selling either own brand or branded products</p> <p>The explanation may focus on a benefit of selling either own brand or branded products</p> <p>The explanation lacks detail and superficial comments are made</p>
0	<p>0 marks</p> <p>No reference is made to the data or car supermarkets</p>	<p>0 marks</p> <p>No valid analysis is given</p>

Indicative content:**Own brand:**

Own branded products are usually cheaper than branded products which may attract customers. Discount stores like Aldi and Lidl have had increased market share so Jack's may benefit by offering similar brands.

Jack's is trying to compete with Aldi and Lidl and own brand prices will allow them to do this. By offering similar products at similar prices, Jack's may take away market share from Aldi and Lidl.

Jack's may have more influence over suppliers of the own brand products. This means they can gain good profit margins, even on low priced items. Suppliers of branded products have more influence which may reduce the profit margin that Jack's makes on branded items, despite their prices being higher.

Own brand products can be locally manufactured in the UK reducing transport costs. Lower costs mean Jack's can charge lower prices, increasing competitiveness.

Own brand products can be locally manufactured in the UK improving the ethical image of Jack's. Some customers will be attracted to this ethical reputation, increasing sales. This may be important when the UK leaves the EU.

Branded Products:

Branded products have loyal customers, so some people may choose to shop elsewhere if well-known brands are not available from Jack's. This may reduce customers that use the store, reducing sales and revenue.

Branded products are usually more expensive than own brand products. This increases the sales revenue Jack's makes per sale when compared with own brand products. (They may include an example from figure 3).

Reference to Own Brands and Branded Products:

Jack's can target a wider market. Some customers would like to buy a combination of own brand and branded products. By offering both, they can attract these customers.

Credit any other valid suggestion.

(f) Evaluate the methods of growth used by Tesco.**[10]**

Band	AO1	AO2	AO3
	3	3	4
3	<p>3 marks</p> <p>Excellent knowledge and understanding of internal and external growth</p> <p>Specialist vocabulary is used with accuracy</p>	<p>3 marks</p> <p>Excellent application to Tesco</p> <p>There is clear and direct reference to the supermarket industry</p>	<p>4 marks</p> <p>An excellent evaluation of the reasons for selecting external and internal growth.</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling.</p> <p>The evaluation includes reference to external and internal growth</p> <p>The positive and negative aspects of internal and external growth are evaluated.</p> <p>The impact on Tesco of selecting both internal and external growth is clearly evaluated</p> <p>A well-reasoned and balanced analysis.</p>
2	<p>2 marks</p> <p>Good knowledge and understanding of internal and external growth</p> <p>Some attempt to use specialist vocabulary</p>	<p>2 marks</p> <p>Good application to Tesco</p> <p>There is some reference to the supermarket industry</p>	<p>2-3 marks</p> <p>Good evaluation of the reasons for selecting external and internal growth.</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling.</p> <p>The evaluation may be unbalanced and focus on either internal or external growth</p> <p>Appropriate advice may be given in a conclusion</p>
1	<p>1 mark</p> <p>Limited knowledge and/or understanding of internal and/or external growth</p> <p>Limited or no use of specialist vocabulary</p>	<p>1 mark</p> <p>Limited application to Tesco</p> <p>The response is mostly generic with brief application to Supermarkets</p>	<p>1 mark</p> <p>Limited evaluation of the reasons for selecting external and/or internal growth.</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>The evaluation 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 internal and external growth</p>	<p>0 marks</p> <p>No reference is made to Tesco /supermarkets</p>	<p>0 marks</p> <p>No valid evaluation or advice is given</p>

Indicative content:

Advantages of external growth:

It is a fast method of growth. Booker is the largest wholesaler in the UK with an established customer base and successful business model. This means an increase in revenue and company profits is immediate.

Booker sells products to other businesses (retailers and other tertiary sector businesses e.g., restaurants) which will generate a new source of income. The new business will now gain revenue from individual consumers as well as business customers, which Tesco have never targeted before.

Likely to benefit from economies of scale – this reduces costs and provides a cost advantage to Tesco over other supermarkets when purchasing products from suppliers. As the largest retailer and wholesaler, demand for products from suppliers will be extremely high and lower prices per item could be negotiated.

Savings can be made through rationalisation. For instance, only one head office will be required so expenses can be saved by reducing the number of staff being paid and combining resources like warehousing.

Disadvantages of external growth

External growth is very expensive. Booker costs Tesco £4 billion. If Tesco was to set-up their own wholesale business, it would cost significantly less than £4 billion.

Governments can stop external growth if they feel that it is not in the consumers interest e.g., Sainsbury's and ASDA was not approved. This may limit the size that a company can reach or which companies they can acquire.

Duplication of resources. When businesses are acquired, it is likely that there will be two separate departments providing the same service e.g., marketing. Deciding how to streamline this can be time-consuming and expensive if it involves redundancies.

Demotivation of staff if they feel that they have a risk of losing jobs. Could lead to poor performance/customer service which can affect the financial performance of business.

Advantages of internal growth:

Significantly cheaper than external growth, £25 million spent on 7 stores (less than £4 million spent per store). Reduced costs can be passed to the customer with lower prices, increasing sales. This reduces the financial risk.

The new stores are targeting the same segment (discounters) as Aldi and Lidl which are growth sectors. If done in the correct locations whilst offering a similar shopping experience to Aldi and Lidl, then growth should be possible.

Disadvantages of internal growth

Internal growth would take much longer to get the market share. Tesco are known for selling to customers and would have to build up their reputation and customer loyalty as a wholesaler.

The grocery market is very competitive and dynamic and makes internal growth very challenging. The market already has many established businesses and most locations around the UK will already have access to a Tesco store or a competitor. Sainsbury's and ASDA will become a bigger rival to Tesco if their merger goes ahead, internal growth would struggle to compete with the new business

Tesco already have 6 500 stores across the UK meaning there are few or no locations where they don't have coverage. Further stores may result in taking sales from existing stores already owned by Tesco (market cannibalisation).

Credit other valid evaluation and answers where the advantages are implied through comparison with the counter argument.