| | |
|---|---|
| 4 | **Analyse one benefit to a business of low labour turnover.**<br><br>*Note: no marks can be awarded if a relevant benefit is not given*<br><br>**Indicative content**<br><br>Responses may include:<br><br>**AO1 Knowledge and understanding**<br><br>**1 mark for identifying ONE BENEFIT to a business of low labour turnover**<br><br>• retain experienced, trained and skilled employees<br>• motivated/loyal employees<br>• lower costs<br>• HR team focussed on current employees not recruitment<br>• achievement of objectives<br>• uninterrupted production process/good productivity<br>• increased stability/reputation of business |
| 4 | **AO2 Application**<br><br>**2 marks for a DEVELOPED application/explanation of ONE benefit to a business of low labour turnover**<br>**1 mark for LIMITED application/explanation of ONE benefit to a business of low labour turnover**<br><br>• retain employees so skills are kept within the business<br>• assurance of job security to current and prospective employees<br>• current employees know the business well as have been there a long time<br>• less money and time is spent on the recruitment, selection and training process for new employees<br>• understanding of objectives may have increased over time<br>• current employees are satisfied/better motivated and developed<br>• no delays created by missing employees<br>• employees are happy and praise the business to outsiders<br><br>**AO3 Analysis**<br><br>**2 marks for DEVELOPED analysis of ONE benefit to a business of low labour turnover**<br>**1 mark for LIMITED analysis of ONE benefit to a business of low labour turnover**<br><br>• employees are specialised and can work with few errors so less waste and good quality<br>• encourages loyalty and hard work and assists with recruitment so saving money<br>• employees know what they are doing and have high output/can train others with on-the-job training<br>• reduced opportunity cost so more finance is available to use elsewhere in the business<br>• long-serving employees are more likely to have commitment to working towards and achieving the objectives<br>• can attract skilful labour to the business so improving productivity<br>• better customer satisfaction and loyalty increases sales and revenue<br><br>Accept all valid responses. |

| | |
|---|---|
| 2(a) | **Define the term *on-the-job training.***<br><br>**Indicative content**<br><br>Responses may include:<br><br>**AO1 Knowledge and understanding**<br><br>**CLEAR UNDERSTANDING (2 marks)**<br><br>• Training given at the place of work/while working (2)<br><br>Clear understanding of the term (or similar) to be is to be awarded 2 marks. This is indicated by 2 ticks<br><br>**PARTIAL UNDERSTANDING (1 mark)**<br><br>• Training about the job (1)<br><br>Partial understanding of the term (or similar) to be awarded 1 mark. This is indicated by 1 tick<br><br>Accept all valid responses. |
| 2(b) | **Explain <u>one</u> advantage to a business of induction training.**<br><br>**Indicative content**<br><br>Responses may include:<br><br>**AO1 Knowledge and understanding – 1 mark for identifying ONE advantage to a business of induction training – put tick in body of script.**<br><br>• Gives confidence to new starter employees<br>• Become familiar with role/purpose<br>• Gives initial focus on business objectives/goals<br>• Provides essential information about the business<br>• Clarifies rights and responsibilities of employees<br>• Prevents employees leaving<br>• Learning essential new skills for the job<br><br>**AO2 Application – 2 marks for DEVELOPED explanation of ONE advantage – put ticks in body of script.**<br>**– 1 mark for LIMITED explanation of an advantage – put tick in body of script.**<br>Impacts may include:<br>• Ensures new hires feel welcome – removes anxiety and stress.<br>• Provides knowledge and structure for new employees to settle in.<br>• Indicates concern and support for employees – reciprocated by employees – job satisfaction and job performance.<br>• Important elements of systems, procedures, values, culture, expectations clearly defined giving clarity and confidence to employees.<br>• Leads to greater employee retention – greater integration into the business.<br>• Ensures employees become more productive faster – provides appropriate skills<br>• Reduces mistakes – reduces costs<br>• Supports productivity and efficiency<br><br>All such impacts can contribute to a healthy and productive business environment.<br><br>Accept all valid responses |



| | |
|---|---|
| 1(a)(i) | **Identify <u>one</u> feature of a public limited company.**<br><br>**AO1 Knowledge and understanding**<br><br>**Indicative content**<br>Identification of a feature ✓ may include:<br>• can sell shares<br>• has shareholders<br>• limited liability<br>• separate legal identity from its owners<br>• must publish its accounts and report to its shareholders |

| | |
|---|---|
| 1(a)(ii) | **Explain the term *dynamic business environment*.** |

| **AO1 Knowledge and understanding**<br>**1 mark** | **AO2 Application**<br>**2 marks** |
|---|---|
| | **2 marks**<br>Developed application of **one** relevant point to a business context. |
| **1 mark**<br>Knowledge of **one** relevant point is used to answer the question. | **1 mark**<br>Limited application of **one** relevant point to a business context. |
| **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. |

**Indicative content**

Responses may include:

**AO1 Knowledge and understanding** (max 1 mark), including:
- rapid / fast changing market
- requires businesses to quickly adapt / be flexible.
- changes may be internal or external

**AO2 Application**
Explanation of internal changes (max 1 mark), including:
- leadership or management changes
- organisational restructuring
- investment in technology

Application for internal changes (max 1 mark), including:
- a new manager may bring a different vision or management style.
- merging departments
- upgrading equipment

1(a)(ii)

Explanation of external changes (max 1 mark), including:
- technological advancements
- economic shifts
- political and legal changes
- social trends
- environmental factors
- new products /ideas/entrants
- consumer tastes

Application for external changes (max 1 mark), including:
- AI, automation
- inflation, recession
- new regulations, trade policies
- consumer preferences, demographics
- climate change, sustainability pressures
- examples of dynamic markets
- examples of factors meaning markets are dynamic e.g. competition

Accept all valid responses.

| | |
|---|---|
| 1(b)(i) | **Refer to Table 1.1. Calculate the change in profit from 2023 to 2024.**<br><br>**Indicative content.**<br>Profit = Revenue – Total costs (1)<br><br>Profit in 2023 = \$44m – (\$6m + \$16m) = \$22m (1)<br><br>**OR**<br><br>Profit in 2024 = \$50m – (\$10m + \$20m) = \$20m (1)<br><br>Change in profit = Profit in 2024 – Profit in 2023 = \$20m – \$22m = –\$2m (OFR applies)<br><br>Answer = **–\$2** (3), \$ not required**.** Accept text explanation, such as decreases, instead of minus sign. In brackets indicates a minus figure<br><br>**No minus sign or other indication of decrease 2 marks**<br><br>**OFR applies** |

1(b)(ii) **Explain one use to CB of cost information.**

| **AO1 Knowledge and understanding**<br>**1 mark** | **AO2 Application**<br>**2 marks** |
|---|---|
| | **2 marks**<br>Developed application of **one** relevant point to a business context. |
| **1 mark**<br>Knowledge of **one** relevant point is used to answer the question. | **1 mark**<br>Limited application of **one** relevant point to a business context. |
| **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. |

Responses may include:

**AO1 Knowledge and understanding** (max 1 mark), including:
Uses may include:
- helps determine the price/set prices
- ensure it makes a profit/improve profitability
- ensures the business covers its costs and earns a margin on each sale.
- respond to rising costs
- reduce unnecessary costs
- help identify profitable/loss making products
- set budgets

**AO2 Application**
Explanation (max 1 mark), including:
- respond to rising costs by adjusting prices
- identifying high-cost/profitable items allows the business to streamline operations or reduce waste.
- accurate cost data helps the owner decide whether to introduce new products, offer discounts, or invest in equipment
- can be used to help obtain external finance

| | |
|---|---|
| 1(b)(ii) | Context (max 1 mark), including:<br>• example of price-setting – e.g. CB calculates that the total cost of ingredients, labour, and overheads for one latte is $1.50. To make a profit, CB decides to sell the latte for $3.00.<br>• if milk prices increase, the shop might adjust its pricing or switch suppliers.<br>• operate in mass market<br>• use of answer to **1(b)(i)** (OFR)/reduction in profit (OFR)/profit change between 2023 and 2024<br>• use of information in Table 1.1 – direct costs increased by $4m (to $10m) and indirect costs increased by $4m (to $20m)<br>• competitive market<br>• considering market segmentation<br>• demand for healthy food<br><br>**Accept all valid responses.** |

| | |
|---|---|
| 1(c) | **Analyse <u>two</u> benefits to CB of training its employees.** |

| Level | AO1 Knowledge and understanding<br>2 marks | AO2 Application<br>2 marks | AO3 Analysis<br>4 marks |
|---|---|---|---|
| **2** | | | **3–4 marks**<br>**Developed analysis**<br>• Developed analysis that identifies connections between causes, impacts and/or consequences of **two** points.<br>• Developed analysis that identifies connections between causes, impacts and/or consequences of **one** point. |
| **1** | **1–2 marks**<br>• Knowledge of **two** relevant points is used to answer the question.<br>• Knowledge of **one** relevant point is used to answer the question. | **1–2 marks**<br>• Application of **two** relevant points to a business context.<br>• Application of **one** relevant point to a business context. | **1–2 marks**<br>**Limited analysis**<br>• Limited analysis that identifies connections between causes, impacts and/or consequences of **two** points.<br>• Limited analysis that identifies connections between causes, impacts and/or consequences of **one** point. |
| **0** | **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. |

***Annotate the first benefit in the left-hand margin and the second in the right-hand margin.***

**1(c)**

Responses may include:

**AO1 Knowledge and understanding** (max s)

- improve the quality and consistency of its products and services
- increase productivity
- increase efficiency
- motivate staff
- develop new skills and knowledge

**AO2 Application**

*Max one for application in the first benefit and max on for application in the second benefit.*

- working in a coffee shop is labour intensive work.
- highly paid employees would like to improve skills
- mission statement refers to a unique experience for customers
- CB face very high costs that they need to control
- train staff to be helpful, friendly and knowledgeable
- offers food as well as coffee
- located in high-income areas of major cities
- competitive/dynamic business environment
- operate in several countries

**AO3 Analysis**

*Limited analysis – candidate shows one link in the chain of analysis.*
*Developed analysis candidate shows two or more links in the chain of analysis or a two-sided analysis.*
Analysis may include:

- training improves the skills of employees – greater efficiency/productivity more customers served/more sales/ profit.
- empowerment – may improve motivation by allowing employees to feel more knowledgeable e.g., advising customers on different products
- can increase customer satisfaction and loyalty – enhance its reputation/revenue/profits
- improve staff morale and retention – reduce turnover/absenteeism/recruitment costs
- increased efficiency – reducing costs and increasing profits
- build its customer base – attracting customers from the competition

**Accept all valid responses**

**1(d)**

**Evaluate whether CB should make greater use of market segmentation to be more successful.**

| **Level** | **AO1 Knowledge and understanding 2 marks** | **AO2 Application 2 marks** | **AO3 Analysis 2 marks** | **AO4 Evaluation 6 marks** |
|---|---|---|---|---|
| **3** | | | | **5–6 marks**<br>**Developed evaluation in context**<br>• A developed judgement/conclusion is made in the business context.<br>• Developed evaluative comments which balance some key arguments in the business context. |
| **2** | **2 marks**<br>**Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question. | **2 marks**<br>**Developed application** of relevant point(s) to the business context. | **2 marks**<br>**Developed analysis** that identifies connections between causes, impacts and/or consequences. | **3–4 marks**<br>**Developed evaluation**<br>• A developed judgement/conclusion is made.<br>• Developed evaluative comments which balance some key arguments. |
| **1** | **1 mark**<br>**Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question. | **1 mark**<br>**Limited application** of relevant point(s) to the business context. | **1 mark**<br>**Limited analysis** that identifies connections between causes, impacts and/or consequences. | **1–2 marks**<br>**Limited evaluation**<br>• A judgement/conclusion is made with limited supporting comment/evidence.<br>• An attempt is made to balance the arguments. |
| **0** | **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. |

1(d)

Responses may include:

**AO1 Knowledge and understanding (max K s)**
- market has smaller groups/sub-groups
- used to better target marketing efforts
- methods include geographic, demographic and psychographic

**Do not award K for product differentiation, must be market segmentation**

**AO2 Application**
*Limited application APP applies knowledge of market segmentation to CB once.*
*Developed application APP - APP applies knowledge of market segmentation to CB twice.*
- customers are becoming more aware of the health effects of consuming too much caffeine or sugar in their drinks.
- operates in prime areas
- use fair trade coffee beans
- customers environmentally conscious.
- highly competitive/dynamic business environment
- currently operates in the mass market.
- target young professionals, students and tourists
- research shows customers want healthy food options
- use of answer from **1(b)(i)**/decreasing profit
- use of information from table 1.1 – e.g. rising costs/increasing revenue

**AO3 Analysis**
*Limited analysis AN – candidate shows one link in the chain of analysis.*
*Developed analysis DEV – candidate shows two or more links in the chain of analysis.*

**Arguments for greater use of market segmentation:**
- Better targeting of customer needs – tailor products and marketing more effectively.
- Improved marketing efficiency – marketing campaigns can be more cost-effective and impactful when aimed at specific segments.
- Become more competitive – attracting a wider customer base

1(d)

**Arguments against greater use of market segmentation:**
- increased complexity and costs – may require changes in product lines, marketing strategies, and store layouts, increasing operational complexity and costs.
- further investment required – causing a strain on resources.
- risk of alienating existing customers – might confuse or alienate loyal customers who value the current broad appeal.
- maintaining a consistent brand image across – marketing becomes expensive and challenging
- limited capacity to implement segmentation – may lack the data analytics capabilities or marketing expertise needed to effectively identify and serve distinct segments.

**AO4 Evaluation**
*Limited evaluation EVAL – unsupported judgement and/or a weak attempt at evaluative comment*
*Developed evaluation E – supported judgement and/or reasonable evaluative comment*
*Developed evaluation in context EE – supported judgement in context and/or reasonable evaluative comment in context.*

While market segmentation offers opportunities for CB to better meet customer needs and stand out in a competitive market, it also introduces risks and costs. A balanced approach may be most suitable – CB could begin with light segmentation (e.g. offering healthier food options) while maintaining its mass market appeal. This would allow CB to test the effectiveness of segmentation without overcommitting resources.

Other evaluative arguments may include:
- target market – how to identify and attract a different market segment and costs involved
- selling at a lower price might damage the brand reputation.
- choice depends on operating costs, and customer preferences
- CB would need to conduct market research to determine which method would be more effective in increasing demand for its products
- a recommendation which could be that related to one method or could be that a combination is better. this helps CB to appeal to customers with different needs.
- yes, it should/should not with justification

*Evaluation must be clearly related to market segmentation*

Accept all valid responses.

2(a)(i)

**Identify one recruitment method.**

**Indicative content**
Identification of a method may include:
- job advertisements
- employment agencies
- online recruitment
- internal / external recruitment
- job description
- person specification
- headhunting
- advertising media for recruitment, e.g. newspapers, websites, word of mouth, internal noticeboard, intranet

Do not allow selection methods, e.g. curriculum vitae, résumé, application forms, interviews, references, testing, assessment centres.

*If more than one answer is given, only mark the first, reading from top left to bottom right.*

Accept all valid responses.

2(a)(ii)

**Explain the term cash flow.**

| **AO1 Knowledge and understanding**<br>**1 mark** | **AO2 Application**<br>**2 marks** |
| --- | --- |
| | **2 marks**<br>Developed application of **one** relevant point to a business context. |
| **1 mark**<br>Knowledge of **one** relevant point is used to answer the question. | **1 mark**<br>Limited application of **one** relevant point to a business context. |
| **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. |

**AO1 Knowledge and understanding**
Knowledge of cash flow may include:
- The sum of cash payments into a business less the sum of cash payments out of a business
- Inflows and outflows
- Into and out of the business
- Receipts and payments
- Money / notes / coins / funds / finance

**2(a)(ii)**

**AO2 Application**

*Limited application applies knowledge of cashflow to a business context.*

*Developed application - applies knowledge of cashflow to a business context.*

- Who the cash flow is from / to, e.g. customers, suppliers, lenders
- Liquidity / solvency
- Working capital
- Prediction / forecast
- Opening / closing balance
- Different to profit
- Benefits of producing a cash flow forecast, e.g. take preventative action
- Uses of a cash flow forecast, e.g. predict shortfalls, apply for finance, business plans
- Examples of what cash may be used for, e.g. bills, staff wages, electricity, pay debts
- Example from a business context

Accept all valid responses.

| **Exemplar and annotations** | **Mark** | **Rationale** |
|---|---|---|
| Cash in and out - measures the business's ability to pay debts and the solvency of the business. | 3 | The answer shows knowledge by the reference to cash in and out. There is an explanation of how it measures the ability to pay debts which is developed by the reference to solvency. |
| Money into and out of the business - It measures the liquidity of the business. | 2 | Two marks. The first for knowledge and the second mark for application to liquidity. |
| The flow of cash receipts and payments – | 1 | A reasonable definition |
| The flow of cash - | 0 | Tautological |

**2(b)(i)**

**Refer to Fig 2.1. Calculate the percentage of PD's customers with positive feedback**

Formula to calculate percentage:

Positive Respondents = $\frac{\text{Positive feedback}}{\text{Total feedback}} \times 100$ (1 mark – formula only)

Positive Respondents = $\frac{80 + 40}{800} \times 100$ (1 mark – use of correct figures)

Positive Respondents = 15 (%) (1 mark – correct answer (no % necessary)

Answer = 15 (%) (3 marks – correct answer (no working or % necessary)

2(b)(i)

**Exemplar and annotations**

| **Marks** | **Answer** | **Rationale** |
|---|---|---|
| 3 marks | Correct answer<br>**15%** | **Working and % do not matter.**<br>**Must be three** ✓ to denote the three marks.<br>Correct rounding must be applied. |
| 2 marks | **Both** of the following:<br>• Correct calculation of total respondents (800)<br>• Correct calculation of positive respondents (120)<br>**OR**<br>• An incorrect answer with one mistake allowing OFR for final stage.<br>**OR**<br>• A correct answer from an inverted formula (6.67 – OFR) | To award two marks, there must be<br>• Two ✓ and a ✗<br>**OR**<br>• One ✓ , one ✗ and one OFR |
| 1 mark | **One** of the following:<br>• Correct formula<br>• Correct calculation of total respondents (800)<br>• Correct calculation of positive respondents (120) | To award one mark, there must be:<br>• One ✓ and two ✗ |
| 0 marks | No creditable content. | To award zero marks, there must be<br>• One ✗ |

2(b)(ii)

**Refer to Fig. 2.1 and other information. Explain one reason why this data collected for PD may not be reliable.**

| **AO1 Knowledge and understanding**<br>**1 mark** | **AO2 Application**<br>**2 marks** |
|---|---|
| | **2 marks**<br>Developed application of **one** relevant point to a business context. |
| **1 mark**<br>Knowledge of **one** relevant point is used to answer the question. | **1 mark**<br>Limited application of **one** relevant point to a business context. |
| **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. |

**Indicative content**
**AO1 Knowledge and understanding**
Knowledge of one reason for data not being reliabl (max 1 mark), including:
- Human error
- Lack of data standards
- Incomplete / outdated data
- Poor questionnaire design / poorly written questions / question construction
- Incorrect sampling
- Data collection issues
- Low response rates

| Question | Answer |
|---|---|
| 2(b)(ii) | **AO2 Application**<br>Explanation of one reason for data not being reliable (max 1 mark), including:<br>• Human error–untrained employees enter the data incorrectly / different teams with inconsistent methods<br>• Lack of data standards–no rules of formatting / classifying data<br>• Incomplete / outdated data–data no longer reflects current opinions<br>• Poor questionnaire design / poorly written questions–leading questions / confusion<br>• Incorrect sampling–sample doesn't represent target customers<br>• Data collection issues–timing<br>• Low response rates–bias / length of questionnaire<br><br>Context applied to **PD** (max 1 mark), including:<br>• Mass market<br>• Market dominated by a few well-known brands<br>• Total market value is $5.3bn<br>• 17% share of market<br>• Pablo became Marketing Director in 2022<br>• Launched promotional campaign based on trending music on social media<br>• Used social media influencers<br>• Poor online feedback<br>• Sales volume decreased by 20% in a week and continued to fall<br>• Excess inventory in warehouses<br>• Drop in PD's share price<br>• Negative impact on cashflow<br>• Questionnaire completed by previous PD customers<br>• Data from Fig. 2.1<br>• 800 respondents |

2(b)(ii)

| Exemplar and annotations | Mark | Rationale |
|---|---|---|
| Low response rates may lead to biased data affecting decisions to repair the damage to PD's brand . | 3 | Low response rates , with further explanation to how it may affect the data The third mark is for reference to the context . |
| An incorrect sample size of 800 customers . | 2 | Knowledge of a use and applied to the number of customers who completed the questionnaire. |
| Problems collecting the data | 1 | Knowledge of a reason with no application |
| The data will be inaccurate, incomplete and misleading . | 0 | No reason why the data collected may not be reliable. This answer is a description of unreliable data and does not answer the question |

Accept all valid responses.

2(c)

**Analyse <u>two</u> possible costs to PD of holding inventory.**

| Level | AO1 Knowledge and understanding<br>2 marks | AO2 Application<br>2 marks | AO3 Analysis<br>4 marks |
|---|---|---|---|
| 2 | | | **3–4 marks**<br>**Developed analysis**<br>• Developed analysis that identifies connections between causes, impacts and/or consequences of **two** points.<br>• Developed analysis that identifies connections between causes, impacts and/or consequences of **one** point. |
| 1 | **1–2 marks**<br>• Knowledge of **two** relevant points is used to answer the question.<br>• Knowledge of **one** relevant point is used to answer the question. | **1–2 marks**<br>• Application of **two** relevant points to a business context.<br>• Application of **one** relevant point to a business context. | **1–2 marks**<br>**Limited analysis**<br>• Limited analysis that identifies connections between causes, impacts and/or consequences of **two** points.<br>• Limited analysis that identifies connections between causes, impacts and/or consequences of **one** point. |
| 0 | **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. |

**First cost in the left-hand side column, second cost in the right-hand side column**

2(c)

**Indicative content**

**AO1 Knowledge and understanding**

Knowledge of possible costs of holding inventory (max s), may include:
- Opportunity cost of holding stock
- Impact on working capital
- Labour cost
- Storage costs
- Risk of wastage / damage
- Depreciation
- Insurance

**AO2 Application**

Application of cost to PD, including:
- Mass market
- Market dominated by a few well-known brands
- Total market value is $5.3bn
- 17% share of market
- Pablo became Marketing Director in 2022
- Launched promotional campaign based on trending music on social media
- Used social media influencers
- Poor online feedback
- Sales volume decreased by 20% in a week and continued to fall
- Excess inventory in warehouses
- Drop in PD's share price
- Negative impact on cashflow
- Data from Fig. 2.1
- 800 respondents

**AO3 Analysis**

Limited analysis of cost of holding inventory – candidate shows one link in the chain of analysis.
Developed analysis of cost of holding inventory candidate shows two or more links in the chain of analysis or a two-sided analysis.

**2(c)**

Analysis may include:

- Opportunity cost of holding stock–space used to store stock could be used for production reducing potential output–lower revenue
- Impact on working capital–money / cash will be tied up in the stock–cannot pay suppliers
- Labour cost–reduced profit–lower shareholder dividends
- Increase storage costs–reduction in profit margins–reduction in share price
- Increase risk of wastage–spend time disposing of the waste–inefficiency
- Depreciation–reduces profits to reinvest–less future growth
- Insurance–increased expenses–reduced working capital

Accept all valid responses.

**Exemplar and annotations**

| | **AO1 Knowledge** | **AO2 Application** | **AO3 Analysis** |
|---|---|---|---|
| Exemplar for one cost of holding inventory<br>***Annotations for the first cost should be placed in the left-hand margin.*** | Insurance K. | To reduce risk of disruption to operations to maintain PD's 17% market share. APP. | Insurance will compensate PD if an incident destroys stock so it can maintain sales - AN satisfying customers DEV. |
| Exemplar of a second cost of holding inventory<br>***Annotations for the second cost should be placed in the right-hand margin.*** | Risk of wastage K | Of the unsold mass market fizzy drinks APP . | Could lead to a reduction in profit AN and future expansion DEV . |

**2(d)**

**Evaluate the importance of branding to the future success of PD.**

| **Level** | **AO1 Knowledge and understanding 2 marks** | **AO2 Application 2 marks** | **AO3 Analysis 2 marks** | **AO4 Evaluation 6 marks** |
|---|---|---|---|---|
| **3** | | | | **5–6 marks**<br>**Developed evaluation in context**<br>• A developed judgement/conclusion is made in the business context.<br>• Developed evaluative comments which balance some key arguments in the business context. |
| **2** | **2 marks**<br>**Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question. | **2 marks**<br>**Developed application** of relevant point(s) to the business context. | **2 marks**<br>**Developed analysis** that identifies connections between causes, impacts and/or consequences. | **3–4 marks**<br>**Developed evaluation**<br>• A developed judgement/conclusion is made.<br>• Developed evaluative comments which balance some key arguments. |
| **1** | **1 mark**<br>**Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question. | **1 mark**<br>**Limited application** of relevant point(s) to the business context. | **1 mark**<br>**Limited analysis** that identifies connections between causes, impacts and/or consequences. | **1–2 marks**<br>**Limited evaluation**<br>• A judgement/conclusion is made with limited supporting comment/evidence.<br>• An attempt is made to balance the arguments. |

| | | | | | |
|---|---|---|---|---|---|
| 2(d) | **0** | **0 marks** No creditable response. | **0 marks** No creditable response. | **0 marks** No creditable response. | **0 marks** No creditable response. |

**Indicative content**

**AO1 Knowledge and understanding**
Knowledge of branding (max 2 marks), including:
- Creating a distinct identity / image
- Brand values
- A company's name and logo, visual design, slogan, jingle
- Making consumers feel good about supporting a company and establishing an emotional connection.
- Differentiates from competitors
- Influence purchasing decisions
- Customers identify with business / brand
- Brand personality
- Build trust / relationships

2(d)

**AO2 Application**
Application of branding to PD, including:
- Mass market
- Market dominated by a few well-known brands
- Total market value is $5.3 bn
- 17% share of market
- Pablo became Marketing Director in 2022
- Launched promotional campaign based on trending music on social media
- Used social media influencers
- Poor online feedback
- Sales volume decreased by 20% in a week and continued to fall
- Excess inventory in warehouses
- Drop in PD's share price
- Negative impact on cashflow
- Data from Fig. 2.1
- 800 respondents
- Need to repair damaged PD brand from promotional campaign

**AO3 Analysis**
Limited analysis of the importance of branding to PD – candidate shows one link in the chain of analysis.
Developed analysis of the importance of branding to PD – candidate shows two or more links in the chain of analysis.
- Create distinct identity/image – maintaining customer base and repeat sales/loyalty–long term profitability
- Name and logo conjure brand values–can attract/deter new customers–increase/decrease market share
- Customers buy the brand regardless of quality–repeat customers–increased market share
- Differentiates from competitors–attracts customers–increased market dominance
- Influence purchasing decisions–increase revenue–increased profits
- Customers identify with business / brand–building brand loyalty–long-term profitability
- Brand personality–helps to differentiate and create a USP–customers pay a higher price
- Build trust / relationships–increased reputation–increased market share

2(d)

**AO4 Evaluation**

Limited evaluation – an unsupported judgement and/or weak attempt at an evaluative commen EVAL
Developed evaluation–supported judgement and/or reasonable evaluative commer E
Developed evaluation in context–supported judgement in context and/or reasonable evaluative comment in conte... EE .

- The external impacts that affect the future brand image, e.g. new competitors or social trends
- The relative importance of other elements of the marketing mix
- Other factors that affect future success, e.g. financial management, competition, social trends
- An evaluation on whether branding is important to PD's future success.

Accept all valid responses.

**Exemplars for awarding evaluation**

| **L1** EVAL **(limited supporting evidence)** | **L2** E **(developed supporting evidence)** | **L3** EE **(developed supporting evidence with context)** |
|---|---|---|
| Branding is important to support PD's future success. | Branding is important to support PD's future success. Branding helps customer recognise PD's drinks amongst competing brands. | Branding is important to support PD's future success. Branding helps customer recognise PD's drinks amongst competing brands and therefore maintain a 17% share of the market. |
| Branding is not important to the future success of PD. | Branding is not important to the future success of PD. The taste of the drink is more important because customers will not buy a drink that they dislike the taste of, even if attractively branded. | Branding is not important to the future success of PD. The taste of the drink is more important because customers will not buy a drink that they dislike the taste of, even if attractively branded in the mass market. |



2(a)

**Define the term *involuntary redundancy.***

**Indicative content**

Responses may include:

**AO1 Knowledge and understanding**

Clear understanding (2 marks)

- An employer terminates the job of an employee (1), employees are selected for redundancy (1) and the employee has no choice in this decision (1)

Partial understanding (1 mark)

- An employee loses their job (1)
- The job role is no longer needed (1)

Accept all valid responses.

A-Level Business: **s25 12**

**2(b)**

**Explain <u>one</u> way a business could use employee development to encourage multi-skilling.**

There are 3 marks for this question**:**

1 mark for K

2 marks for APP

**Indicative content**

Responses may include:

**AO1 Knowledge and understanding**
1 mark for identifying **one** way of using employee development to encourage multi-skilling

- Training programmes
- Offer job rotation
- Offer job enlargement
- Offer job enrichment
- Motivate/pay employees to learn new skills
- Provide rewards for employees that take up multi-skilling opportunities
- Promote a learning culture in the business

**AO2 Application**

2 marks for **developed** APP of the chosen way given

1 mark for **limited** APP of the way given

- Specific training programmes that focus on giving employees the opportunity to cross the traditional trade-specific or craft-specific skill sets.
- Develop a culture in a business that encourages and rewards employees who seize opportunities to extend their skills – a clear business objective to unlock employee potential.

**2(b)**

- A consistent business focus on the need to update core skills to take advantage of a dynamic economic environment so that employees have a forward focus and expectation of change (threats and opportunities).
- A business sees multi-skilling and upskilling as a critical workforce investment – HRM access and make available e-learning courses, virtual workshops – identify skill gaps and facilitate tailored learning pathways.
- Develop a learning environment and link a focus on in-demand skills with career development opportunities to provide an incentive to develop skills employees want and the skills a business needs.

Accept all valid responses.

A-Level Business: **s25 21**

**2(a)(i)**

**Identify <u>one</u> way in which business size can be measured.**

**Indicative content**

Identification of a method ✓ may include:
- Capital employed
- Market capitalisation
- Market share
- Revenue (allow sales, sales turnover or turnover, income)
- Quantity sold
- Value of output
- Number of employees
- Area/space
- Number of outlets
- Number of customers

Do not allow profit – which is a measure of success or performance, but not size.

*If more than one answer is given, only mark the first, reading from top left to bottom right.*

Accept all valid responses.

2(a)(ii)

**Explain the term *demographic segmentation*.**

| **AO1 Knowledge and understanding**<br>**1 mark** | **AO2 Application**<br>**2 marks** |
|---|---|
| | **2 marks**<br>Developed application of **one** relevant point to a business context. |
| **1 mark**<br>Knowledge of **one** relevant point is used to answer the question. | **1 mark**<br>Limited application of **one** relevant point to a business context. |
| **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. |

**Indicative content**

**AO1 Knowledge and understanding**
Knowledge of demographic segmentation may include:
- The identification of groups of customers with similar or common needs or characteristics within a market
- Dividing the market according to factors that describe the population
- Specific customer groups / target markets

AO2 Application
Explanation of demographic segmentation (max 1 mark) including:
- Study of population data/trends
- Examples of demographic factors, e.g. age, gender, race, social class, income

Context applied to demographic segmentation, including (max 1 mark):
- A valid example of a business that uses demographic segmentation to plan how it markets its products, e.g. a luxury car manufacturer may use demographic segmentation to target its advertising at high-income individuals or PH targets its student rental accommodation at university students

2(a)(ii)

- Used for marketing of different products or services to specific consumer groups
- Helps the business to adapt the marketing mix to the needs of the target customer group
- Different marketing decisions for different groups

Accept all valid responses

*Application can be made to PH or any other scenario/context/business/person.*

| **Exemplar and annotations** | **Mark** | **Rationale** |
|---|---|---|
| Dividing the market into groups according to age or gender , for example a clothes retailer has three departments with products for men, women and children . | 3 | The answer starts with application but shows knowledge by the reference to age/gender. There is an example of the use of demographic segmentation by a clothes retailer. |
| Identifying groups of customers with similar needs or characteristics within a market using population data such as age | 2 | Clear knowledge. With some application of how |
| Used for marketing of different products or services to specific types of customer | 1 | A reasonable definition |
| Segmenting using demographics | 0 | Tautological |

2(b)(i)

**Refer to lines 6–8. Calculate PH's labour turnover in 2024.**

Formula to calculate labour turnover:

- $\dfrac{\text{number of employees leaving in 1 year}}{\text{Average number of people employed}} \times 100$ (1 mark – formula only)

Use of figures:

- $\dfrac{45}{150} \times 100$ (1 mark – use of correct figures)

Labour turnover:

- 30% (1 mark – correct answer – no % necessary)

**Exemplar and annotations**

| **Marks** | **Answer** | **Rationale** |
|---|---|---|
| 3 marks | Correct answer<br>**30%** | **Working and % do not matter**.<br>**Must be three** ✓ to denote the three marks.<br>Correct rounding must be applied. |
| 2 marks | **Both** of the following:<br>• Correct formula<br>• Correct identification of figures<br><br>**OR**<br>An incorrect answer with one mistake allowing OFR for final stage.<br>**OR**<br>0.3 (has not completed final stage to multiply by 100)<br>**OR**<br>A correct answer from an inverted formula (3.3 – OFR) | To award two marks, there must be<br>• Two ✓ and a ✗<br>**OR**<br>• One ✓ , one ✗ and one OFR |

2(b)(i)

| **Marks** | **Answer** | **Rationale** |
|---|---|---|
| 1 mark | **One** of the following:<br>• Correct formula | To award one mark, there must be:<br>• One ✓ and two ✗ |
| 0 marks | No creditable content. | To award zero marks, there must be<br>• One ✗ |

| | |
|---|---|
| 2(b)(ii) | **Explain <u>one</u> way in which PH could use Maslow's Hierarchy of Needs** |

| **AO1 Knowledge and understanding<br>1 mark** | **AO2 Application<br>2 marks** |
|---|---|
| | **2 marks**<br>Developed application of **one** relevant point to a business context. |
| **1 mark**<br>Knowledge of **one** relevant point is used to answer the question. | **1 mark**<br>Limited application of **one** relevant point to a business context. |
| **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. |

**Indicative content**

**AO1 Knowledge and understanding**
Knowledge of a use of a motivational theory (max 1 mark), including:
- Change the way that employees are treated/managed/motivated at PH or relevant examples
- Make changes to increase motivation to maintain PH's low labour turnover/retain employees
- Understand employee behaviour/employee motivation
- Measuring employee needs

**AO2 Application**
Explanation of a use of Maslow's hierarchy of needs (max 1 mark), including:
- Explain how motivation affects how employees behave, e.g. an employee doing a repetitive job/working alone may have a high absenteeism rate
- Explain the use with reference to one of Maslow's categories of need, e.g. physiological, safety, love and belonging, esteem and self-actualisation needs
- Examples of how PH could change the way that employees are managed/motivated:
- Offer more opportunities for internal promotion
- Increase employee salaries
- Encourage employees to stay in the business
- Change working conditions

2(b)(ii)

Context applied to **PH** (max 1 mark), including:
- Use of demographic segmentation in its market research
- University students would pay a premium price for high specification rental accommodation
- Specialist teams focused on sales, maintenance, customer service and finance.
- Little opportunity for internal promotion
- Low salaries
- Offers profit sharing
- 150 employees
- Low labour turnover
- Profit reduced by 75%
- In 2024, 45 employees left PH
- Increased complaints about maintenance and customer service
- Use of data from Fig. 2.1
- Operations Director wants to improve the sustainability of PH's operations

Accept all valid responses.

| **Exemplar and annotations** | **Mark** | **Rationale** |
|---|---|---|
| Managers can understand what motivates employees such as ensuring physiological needs are met for the 150 employees. | 3 | Use of Maslow's hierarchy of needs by managers, with further explanation with reference to Maslow's hierarchy. The third mark is for reference to the context. |
| Helps managers decide how to change their management style so that less than 45 employees leave this year. | 2 | Knowledge of a use and applied to the number of employees. |
| Identifies the different motivations for human behaviour | 1 | Knowledge of a use with no application |
| Maslow's Hierarchy of needs is a motivational theory is the study of understanding what drives a person to work towards a particular goal or outcome. | 0 | No use of Maslow's hierarchy of needs. This answer is a definition of the theory and does not answer the question |

<table>
<tr><td>2(c)</td><td>

**Analyse <u>one</u> advantage and <u>one</u> disadvantage to PH of using an overdraft as a source of finance.**

| Level | AO1 Knowledge and understanding<br>2 marks | AO2 Application<br>2 marks | AO3 Analysis<br>4 marks |
|---|---|---|---|
| **2** | | | **3–4 marks**<br>**Developed analysis**<br>• Developed analysis that identifies connections between causes, impacts and/or consequences of **two** points.<br>• Developed analysis that identifies connections between causes, impacts and/or consequences of **one** point. |
| **1** | **1–2 marks**<br>• Knowledge of **two** relevant points is used to answer the question.<br>• Knowledge of **one** relevant point is used to answer the question. | **1–2 marks**<br>• Application of **two** relevant points to a business context.<br>• Application of **one** relevant point to a business context. | **1–2 marks**<br>**Limited analysis**<br>• Limited analysis that identifies connections between causes, impacts and/or consequences of **two** points.<br>• Limited analysis that identifies connections between causes, impacts and/or consequences of **one** point. |
| **0** | **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. |

*Advantage in the left hand side column, disadvantage in the right hand side column*

</td></tr>
</table>

<table>
<tr><td>2(c)</td><td>

**Indicative content**

**AO1 Knowledge and understanding**
Knowledge of one advantage using an overdraft as a source of finance K (max 1 mark), including:
- Quick – previously agreed / immediately available
- Convenient – can use it as required
- Flexible
- No repayment schedule
- No loss of ownership

Knowledge of one disadvantage using an overdraft as a source of finance K (max 1 mark), including:
- High interest rates / fees
- Can be recalled at any time
- Often low limit available
- Can only be used for short-term needs
- Must be repaid

*Note: the advantages/disadvantages have to be true for an overdraft, but not exclusively true to an overdraft (i.e. they may apply to other sources of finance).*

**AO2 Application**
Application of an advantage or disadvantage to PH APP, including:
- Use of demographic segmentation in its market research
- University students would pay a premium price for high specification rental accommodation
- Specialist teams focused on sales, maintenance, customer service and finance.
- Little opportunity for internal promotion
- Low salaries
- Offers profit sharing
- 150 employees
- Low labour turnover
- Profit reduced by 75%
- In 2024, 45 employees left PH
- Increased complaints about maintenance and customer service
- Use of data from Fig. 2.1

</td></tr>
</table>

| | |
|---|---|
| 2(c) | • Operations Director wants to improve the sustainability of PH's operations<br>• Use of data from Fig. 2.1<br>• Operations Director wants to improve the sustainability of PH's operations<br><br>**AO3 Analysis**<br>*Limited analysis of an advantage/disadvantage of using an overdraft* AN *– candidate shows one link in the chain of analysis.*<br>*Developed analysis of an advantage/disadvantage of using an overdraft* DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.*<br><br>Analysis may include:<br>• Quick – previously agreed / immediately available; the funds can be used for expansion immediately – leading to increased market share<br>• Convenient – can use it as required; no time is wasted with application – can be used for other activities such as marketing<br>• Flexible; can be used for any type of purchase – to meet the business objectives<br>• No repayment schedule; this will reduce cash outflows – This money can be used to better maintain the properties rented, reducing customer complaints.<br><br>• High interest rates/fees; higher interest rates may increase costs – this will reduce profits<br>• Can be recalled at any time; the business may need to suddenly repay the money leading to cashflow problems – threatening business survival<br>• Often low limit available; The overdraft limit may be low. This will limit the investments that PH can make – therefore the business will not be able to reduce complaints.<br>• Can only be used for short-term needs; limiting the project that the money can be used for – some objectives may not be met<br>• Must be repaid; increasing cash outflows – less funds available for marketing<br><br>Accept all valid responses. |

| | |
|---|---|
| 2(c) | **Exemplar and annotations** |

| | AO1 Knowledge | AO2 Application | AO3 Analysis |
|---|---|---|---|
| Exemplar of an advantage ***Annotations for the advantage should be placed in the left-hand margin.*** | Interest only charged on the overdrawn amount K | For upgrading accommodation in high-income cities APP. | Ensures short term cost is minimal AN reducing further pressure on profit levels DEV. |
| Exemplar of a disadvantage ***Annotations for the disadvantage should be placed in the right-hand margin.*** | The funds need to be repaid K | If student accommodation not rented out APP. | This could lead to a bad credit rating if payments missed AN which may increase cost of future borrowing DEV. |

2(d)

**Evaluate whether Frank's plan will improve the sustainability of PH's operations**

| **Level** | **AO1 Knowledge and understanding 2 marks** | **AO2 Application 2 marks** | **AO3 Analysis 2 marks** | **AO4 Evaluation 6 marks** |
|---|---|---|---|---|
| **3** | | | | **5–6 marks**<br>**Developed evaluation in context**<br>• A developed judgement/conclusion is made in the business context.<br>• Developed evaluative comments which balance some key arguments in the business context. |
| **2** | **2 marks**<br>**Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question. | **2 marks**<br>**Developed application** of relevant point(s) to the business context. | **2 marks**<br>**Developed analysis** that identifies connections between causes, impacts and/or consequences. | **3–4 marks**<br>**Developed evaluation**<br>• A developed judgement/conclusion is made.<br>• Developed evaluative comments which balance some key arguments. |

2(d)

| **Level** | **AO1 Knowledge and understanding 2 marks** | **AO2 Application 2 marks** | **AO3 Analysis 2 marks** | **AO4 Evaluation 6 marks** |
|---|---|---|---|---|
| **1** | **1 mark**<br>**Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question. | **1 mark**<br>**Limited application** of relevant point(s) to the business context. | **1 mark**<br>**Limited analysis** that identifies connections between causes, impacts and/or consequences. | **1–2 marks**<br>**Limited evaluation**<br>• A judgement/conclusion is made with limited supporting comment/evidence.<br>• An attempt is made to balance the arguments. |
| **0** | **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. |

**Indicative content**
**AO1 Knowledge and understanding**
Knowledge of sustainability of operations (max 1), including:
- Operating / surviving / remaining in business for the long-term / future / not running out of money / continuity / stable
- Efficiency
- Productive
- Day-to-day running of the business
- Keeping customers satisfied
- Maintaining profitability – reducing expenses and increasing revenue

*Note: The question stem asks about operational sustainability. Therefore, operational sustainability must be the focus of the answer, not environmental sustainability.*

2(d)

**AO2 Application**

Application of an advantage or disadvantage to PB APP, including:

- Use of demographic segmentation in its market research
- University students would pay a premium price for high specification rental accommodation
- Specialist teams focused on sales, maintenance, customer service and finance.
- Little opportunity for internal promotion
- Low salaries
- Offers profit sharing
- 150 employees
- Low labour turnover
- Profit reduced by 75%
- In 2024, 45 employees left PH
- Increased complaints about maintenance and customer service
- Use of data from Fig. 2.1

**AO3 Analysis**

*Limited analysis of whether the plan will improve the sustainability of PH's operations* AN *– candidate shows one link in the chain of analysis.*

*Developed analysis of whether the plan will improve the sustainability of PH's operations* DEV *– candidate shows two or more links in the chain of analysis.*

- Financial stability; reduce short term cash inflow – reduce debt burden and interest payments
- Focus on profit; increase profit margins – focus on core values
- Increased efficiency of workforce; may lose excellent employees who take knowledge to competitors – lose market share/customer service may reduce further due to losing more experienced employees
- Keeping customers satisfied; increased market share – more market power / ability to increase prices
- Business continues for the long-term; increased employee satisfaction from greater job security – reduced labour turnover

**AO4 Evaluation**

Limited evaluation – an unsupported judgement and/or weak attempt at an evaluative comment EVAL

Developed evaluation – supported judgement and/or reasonable evaluative comment E

Developed evaluation in context – supported judgement in context and/or reasonable evaluative comment in context EE .

2(d)

- The impact of the plan depends on the timescales, future aims and objectives and financial liquidity of PH. After downsizing the amount of revenue generated may not meet shareholder expectations
- Will demand for premium accommodation increase in the future? What are the demands of students?
- Should PH repurpose its accommodation for a different target audience, create a subsidiary brand and grow market share?
- Is market share and size the most important measure of success, or is profitability more important?
- The extension strategy may generate a short-term boost to sales/market share, but will it be sustained in the long-term?
- A judgement on whether the course of action is suitable for PH.

Accept all valid responses.

**Exemplars for awarding evaluation**

| **L1** EVAL **(limited supporting evidence)** | **L2** E **(developed supporting evidence)** | **L3** EE **(developed supporting evidence with context)** |
|---|---|---|
| Frank's plan will improve the sustainability of PH's operations. | Frank's plan will improve the sustainability of PH's operations. Increased labour efficiency will reduce expenditure on salaries. | Frank's plan will improve the sustainability of PH's operations. Increased labour efficiency will reduce expenditure on salaries. This will help to reverse the trend of reducing profit levels over the past two years. |
| I don't think the sustainability of PH's operations will be improved. | I don't think the sustainability of PH's operations will be improved. Investing in new accommodation will cost a lot of money. | I don't think the sustainability of PH's operations will be improved. Investing in new accommodation will cost a lot of money, and PH does not have experienced employees to do the work as they have left. |

1(a)(i)

**Identify <u>one</u> business activity within the quaternary sector.**

Responses may include:
The quaternary sector consists of those industries providing **knowledge/communication and information services**, such as
- computing
- ICT
- consultancy
- research and development (R&D)
- digital marketing
- digital recruitment and selection
- Intellectual property (copyright, patents)

Allow examples of specific business', industries etc. that exist in the quaternary sector, including
- web/internet design
- Education
- Training
- Media
- Government
- Cyber security

*Note: – allow any activity that **<u>could</u>** be in the quaternary sector*

Accept all valid responses.

1(a)(ii)

**Explain the term *supply chain management.***

| **AO1 Knowledge and understanding**<br>**1 mark** | **AO2 Application**<br>**2 marks** |
|---|---|
| | **2 marks**<br>Developed application of **one** relevant point to a business context. |
| **1 mark**<br>Knowledge of **one** relevant point is used to answer the question. | **1 mark**<br>Limited application of **one** relevant point to a business context. |
| **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. |

Responses may include:
**AO1 Knowledge and understanding**
Knowledge of supply chain management (max 1 mark), including:
The coordination (allow management) of the flow/movement of goods and services.
Allow – management of inventory
–management of raw materials

**AO2 Application**
*Limited application applies knowledge of supply chain management from one aspect of the supply chain (ie suppliers to a business, within a business or from the business to customers).*
*Developed application + applies knowledge of supply chain management in two or more aspects of a business.*

Explanation of supply chain management (max 2 marks), including:
**From** suppliers to business
**Within** the business
**To** the customer

**1(a)(ii)**

- **From** suppliers – and **to** customers .
- Between different parts **within** the business – and **to** the customer.
- Raw materials **within** the business – and **to** distribution channels.
- Involves the complete chain of inventory **from** suppliers – **to** customers.
- Involves inventories, **from** raw materials – **to** finished goods.

Accept all valid responses.

| **Exemplar and annotations** | **Mark** | **Rationale** |
|---|---|---|
| Coordination of the movement of products [K]. For example, how raw materials are delivered to the business [APP] and how the business delivers products to customers [APP]. | **3** | Explicit knowledge of supply chain management and explanation of two elements of the supply chain. |
| The coordination of products [K] from the suppliers delivering to the business [APP] and how the business moves these through its production process [APP]. | **3** | Poorly defined, but there is clear knowledge that the supply chain involves movement. Two elements of the movement, from the supplier to the business and then the business through the production process. |
| Movement of inventory [K] around a factory [APP], and to the customers [APP] | **3** | Knowledge of movement with movement around a factory and to customers, so all three marks. |
| Management of the raw materials being turned into products [K] which can be sent to customers [APP]. | **2** | Clear knowledge, but only one type of movement. |
| Managing the movement of products [K]. | **1** | Not a perfect definition, but enough to award the knowledge mark. No attempt to apply. |
| Looking after how products are offered to customers. | **0** | No explicit knowledge of movement. Can not award APP without K. |
| Managing the supply chain. | **0** | Tautology |

**1(b)(i)**

**Refer to Table 1.1 and other information. Calculate TT's forecast total profit from the QZ contract.**

**Formula:**
Profit = TR – TC (direct costs + indirect costs) (1)

**OR**

Calculation of total direct costs = $5 × 5000 = $25 000 (1)

**Calculation of TC:**
TC = $25 000 + $9000 = $34 000(1)

**Answer**

$40000 – $34000 = $6000 (1 – OFR rule applies)

**Ans = $6000 (3 marks)**

1(b)(i)

**Exemplars and annotations**

| **Marks** | | |
|---|---|---|
| **3 marks** | Correct answer<br>**6000** | **Working and $ sign do not matter**.<br>An answer of 6 is incorrect. |
| **2 marks** | Correct calculation of total costs (TC) ($34 000 – with working).<br><br>**OR**<br><br>Correct calculation of gross profit ($15 000 – with working)<br><br>**OR**<br><br>An incorrect answer with one mistake allowing OFR for final stage. | To award two marks, there must be<br>• Two ✓ and a ✗<br>**OR**<br>• One ✓ , one ✗ and one OFR<br>**OR**<br>• Two OFR and a ✗ |
| **1 mark** | **One** of the following:<br>• Correct formula<br>• Correct calculation of total direct costs ($25 000) | To award one mark, there must be:<br>• One ✓ and two ✗ |
| **0 marks** | No creditable content. | To award zero marks, there must be a minimum of one ✗ |

1(b)(ii)

**Explain one reason why TT needs accurate cost information.**

| **AO1 Knowledge and understanding**<br>**1 mark** | **AO2 Application**<br>**2 marks** |
|---|---|
| | **2 marks**<br>Developed application of **one** relevant point to a business context. |
| **1 mark**<br>Knowledge of **one** relevant point is used to answer the question. | **1 mark**<br>Limited application of **one** relevant point to a business context. |
| **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. |

Responses may include:

**AO1 Knowledge and understanding**
Identification of a reason why a business needs accurate cost information K (max 1 mark), including:
- To calculate the total cost of production
- To make sure a profit is made
- To identify the profit margin
- To identify the break even point / margin of safety / target profit level
- To know how much finance is needed
- To categorise costs
- To forecast sales
- To budget/plan
- To set prices

1(b)(ii)

**AO2 Application**

Explanation of a reason why a business needs accurate cost information (max 1 mark), including:

- To calculate the total cost of production – to calculate profit levels
- To make sure a profit is made – which can increase dividends
- To identify the profit margin – to benchmark against other businesses
- To identify the break-even point / margin of safety / target profit level – to ensure the business sells enough to cover the costs
- To know how much finance is needed – so that a bank can see how much profit may be made
- To categorise costs – to budget for cost centres
- To forecast sales – to estimate the break-even level of sales
- To budget – so that the business can plan for future expansion
- To set prices – by knowing the total costs which need to be covered.

Context applied to **TT** (max 1 mark), including:

- TT has shareholders
- Specialises in supply chain management
- Contracts to deliver raw materials
- To secondary and tertiary sector businesses
- Agreed contract between TT and QZ
- Use of Table 1.1
- TT employs 120 drivers
- Objective to increase sales
- Targeting small, online retail businesses
- Requires a new fleet of smaller trucks

1(b)(ii)

| **Exemplar and annotations** | **Mark** | **Rationale** |
|---|---|---|
| To set prices by calculating the total costs and setting a price higher than the cost per unit when delivering 5000 products for QZ . | 3 | A reason identified, explained and in context, so all 3 marks. |
| To set budgets for the 5000 QZ deliveries . | 2 | A reason identified, but not explained. The context about QZ is fine. |
| So that TT can know how much finance it needs to cover the QZ order. | 1 | Identification of a reason, but no explanation and the context is TV. Names are not enough for context. |
| So that TT can survive. | 0 | No specific reason identified. |

- Plans to use digital promotion.

Accept all valid responses.

1(c) **Analyse <u>two</u> advantages to TT of improving diversity and equality in the workplace.**

| Level | AO1 Knowledge and understanding<br>2 marks | AO2 Application<br>2 marks | AO3 Analysis<br>4 marks |
|---|---|---|---|
| **2** | | | **3–4 marks**<br>**Developed analysis**<br>• Developed analysis that identifies connections between causes, impacts and/or consequences of **two** points.<br>• Developed analysis that identifies connections between causes, impacts and/or consequences of **one** point. |
| **1** | **1–2 marks**<br>• Knowledge of **two** relevant points is used to answer the question<br>• Knowledge of **one** relevant point is used to answer the question. | **1–2 marks**<br>• Application of **two** relevant points to a business context.<br>• Application of **one** relevant point to a business context. | **1–2 marks**<br>**Limited analysis**<br>• Limited analysis that identifies connections between causes, impacts and/or consequences of **two** points.<br>• Limited analysis that identifies connections between causes, impacts and/or consequences of **one** point. |
| **0** | **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. |

1(c) *Note: Annotate the first advantage in the left-hand margin and the second advantage in the right-hand margin.*

Responses may include:

**AO1 Knowledge and understanding**

Identification of an advantage of improving diversity and equality, including:

- Increase potential supply of workers
- Reduce the chance of being sued
- Increase motivation
- Improve reputation/ brand image
- Attract more diverse employees
- Reduce labour turnover

**AO2 Application**

Application of the advantage to TT, including:

- TT is a private limited company
- Specialises in supply chain management
- Contracts to deliver raw materials
- To secondary and tertiary sector businesses
- Works with one of the largest manufacturers in country J
- Agreed contract between TT and QZ
- Use of Table 1.1
- TT employs 120 drivers
- Objective to increase sales
- Targeting small, online retail businesses
- Requires a new fleet of smaller trucks
- Plans to use digital promotion
- Industry has been criticised for not having diversity and equality

**1(c)**

**AO3 Analysis**

- Limited analysis of an advantage of improving diversity and equality to a business [AN] – developed analysis [DEV] , including:
- Increase potential supply of workers: reduce labour costs – increase profitability.
- Reduce the chance of being sued – decrease business costs – increase profit.
- Increase motivation – increase efficiency of the business – increase profitability.
- Improve reputation – increase sales / contracts – increase profit.
- Attract more diverse employees – brings new ideas into the business – increase sales / profit.
- Reduce labour turnover – reduce business costs – increase profitability.

Accept all valid responses.

**Exemplar and annotations**

| **AO1 Knowledge** | **AO2 Application** | **AO3 Analysis** |
|---|---|---|
| Motivate drivers [K], | as there are 120 of them [APP], | so this might lead to more productive employees [AN] leading to lower average costs [DEV]. |
| Attract better employees [K]. | Which will help TT reach its objective to increase sales [APP], | by having more skilled employees, TT can increase the number of deliveries [AN] and therefore increase the profit [DEV]. |

**1(d)**

**Evaluate the usefulness of digital promotion to TT when targeting small online retailers.**

| Level | AO1 Knowledge and understanding 2 marks | AO2 Application 2 marks | AO3 Analysis 2 marks | AO4 Evaluation 6 marks |
|---|---|---|---|---|
| 3 | | | | **5–6 marks**<br>**Developed evaluation in context**<br>• A developed judgement/conclusion is made in the business context.<br>• Developed evaluative comments which balance some key arguments in the business context. |
| 2 | **2 marks**<br>**Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question. | **2 marks**<br>**Developed application** of relevant point(s) to the business context. | **2 marks**<br>**Developed analysis** that identifies connections between causes, impacts and/or consequences. | **3–4 marks**<br>**Developed evaluation**<br>• A developed judgement/conclusion is made.<br>• Developed evaluative comments which balance some key arguments. |
| 1 | **1 mark**<br>**Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question. | **1 mark**<br>**Limited application** of relevant point(s) to the business context. | **1 mark**<br>**Limited analysis** that identifies connections between causes, impacts and/or consequences. | **1–2 marks**<br>**Limited evaluation**<br>• A judgement/conclusion is made with limited supporting comment/evidence.<br>• An attempt is made to balance the arguments. |
| 0 | **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. | **0 marks**<br>No creditable response. |

| | |
|---|---|
| 1(d) | Responses may include:<br><br>**AO1 Knowledge and understanding – knowledge of digital promotion**<br>Knowledge of digital promotion $\boxed{\text{K}}$ (max 2 marks), including:<br>• Social media<br>• Email<br>• Using the internet /technology (marketing)<br>• Online (marketing)<br>• Spam<br>• Influencer<br>• Search engine optimisation<br>• Mobile/smartphone/ app-based (marketing)<br>• Viral (marketing)<br>• Pay per click<br><br>**AO2 Application**<br>Application to TT $\boxed{\text{APP}}$, including:<br>• TT is a private limited company<br>• Specialises in supply chain management<br>• Contracts to deliver raw materials<br>• To secondary and tertiary sector businesses<br>• Works with one of the largest manufacturers in country J<br>• Agreed contract between TT and QZ<br>• Use of Table 1.1<br>• TT employs 120 drivers<br>• Objective to increase sales<br>• Requires a new fleet of smaller trucks |

| | |
|---|---|
| 1(d) | **AO3 Analysis**<br>**Analysis of the usefulness of digital promotion, including**<br>• Limited analysis of the use of digital promotion $\boxed{\text{AN}}$ – developed analysis $\boxed{\text{DEV}}$ , including:<br>• To communicate: relatively inexpensive which reduces business costs – increases profit.<br>• To inform: digital promotion can be very fast with messages reaching customers instantly, this is likely to increase customer knowledge of a business and increase sales – increasing profit.<br>• To persuade: people spend vast amounts of time on digital devices so digital promotion is likely to target these customers more than other types of promotion, increasing sales – increasing profit.<br>Always on: especially with the increase in wearable technology, digital promotion increases the chances of customers seeing the promotion and being persuaded to make a purchase – increasing profit.<br><br>**AO4 Evaluation**<br>Limited evaluation of the usefulness of digital promotion $\boxed{\text{EVAL}}$ – developed $\boxed{\text{E}}$ – developed in context $\boxed{\text{EE}}$ , including:<br>• Relative usefulness of digital promotion in targeting smaller online retailers.<br>• Comparison with non-digital types of promotion<br>• Comparison of different digital promotion methods.<br>• Use of digital methods may depend upon; cost of method, target market of customers for the online retailers, advances in technology (speed, influence etc.), budget available, geographical spread of market etc.<br>• The impact of the chosen digital promotion methods method(s) and the impact of the methods themselves.<br>• The likely response from competitors.<br>• A judgement of the most useful method of digital promotion.<br><br>Accept all valid responses. |

1(d)

**Exemplars for awarding evaluation**

**Evaluate the usefulness of digital promotion to TT when targeting small online retailers.**

| **L1** EVAL **(limited supporting evidence)** | **L2** E **(developed supporting evidence)** | **L3** EE **(developed supporting evidence with context)** |
|---|---|---|
| Digital promotion is very useful for TT. | Digital promotion is very useful for TT because it is a low-cost way to change customers opinion about the business. | Digital promotion is very useful for TT because it is a low-cost way to change customers opinion about the business. Low cost is important so that TT can make the new QZ contract successful. |
| Digital promotion is not useful for TT. | Digital promotion is not useful for TT because it is more likely to be ignored by customers as spam. | Digital promotion is not useful for TT because it is more likely to be ignored by customers as spam because of the newspaper criticism. |