Past-paper walk-through

Classification of businesses ▪ 1.2

eXercise

Questions in this set

- 0450/11 N25 Q1 ▪ 20 marks
- 0450/13 N25 Q4 ▪ 20 marks
- 0450/12 J25 Q3 ▪ 20 marks
- 0450/12 M25 Q4 ▪ 20 marks
- 0450/13 N24 Q3 ▪ 20 marks

Reading the mark scheme

- **B1** a mark that stands on its own – the point is either made or not.
- **M1** a *method* mark: the right approach, even if the number is wrong.
- **A1** an *answer* mark, and it usually needs its M mark first.
- **C1** a working mark on the way to the answer.
- // separates answers the examiner accepts equally.
- **ecf** = error carried forward: a later part is marked on your own earlier answer.
- **owtte** = "or words to that effect" – the wording need not match.

Question 1

0450/11 N25 ▪ Q1 ▪ 20 marks

1 WMH is a business which operates in the secondary sector. It makes furniture including tables and chairs. WMH's employees are all members of a trade union. The Managing Director knows the business is likely to remain small. She is considering introducing new technology into WMH's factory. She also knows it is important for a manufacturing business to choose a suitable location for a factory.

(a) Define 'trade union'.

Question 1

(b) Define ‘secondary sector’.

Question 1

(c) Identify **four** reasons why a business might remain small.

Question 1

Question 1

Question 1

Question 1

Question 1

Question 1

Question 1

Question 1

(d) Explain **two** possible effects of WMH introducing new technology.

Question 1

Question 1

Question 1

Question 1

Question 1

(e) Explain **two** factors a manufacturing business should consider when deciding on a suitable location for a factory. Which factor is likely to be the most important? Justify your answer.

Solution 1

(a) Mark scheme

- Define ‘trade union’.
- Award 2 marks for a full definition. Award 1 mark for a partial
- definition.
- ▪
- Group of workers who join together to ensure their
- interests are protected [2]
- ▪
- An organisation of employees aimed at improving pay

Solution 1

- and working conditions [2]
- ▪
- An organisation that exists to provide workplace support
- for its members [2]
- Partial definition e.g.
- ▪
- Group of workers/employees (who join together) [1]
- ▪
- People/organisation who fight for employee/worker
- rights [1]

Solution 1

- ▪
- Stand for worker‘s rights/protect workers [1]
- ▪
- Group of people who protect workers [1]
- ▪
- An organisation that ensures workers’ rights are not
- violated [1]
- 2 For two marks needs the idea of who is involved (a
- group/organisation of workers) and why it exists (protect
- their rights/ interests).

Solution 1

- 0450/11
- October/November 2025
- Guidance

Solution 1

(b) Mark scheme

- Define ‘secondary sector’.
- Award 2 marks for a full definition. Award 1 mark for a partial
- definition.
- Businesses that:
-
  -
- Process/manufacture goods from natural resources [2]
-
  -
- Manufacture goods using the raw materials provided by

Solution 1

- the primary sector [2]
- ▪
- Use manufacturing to transform the raw materials
- generated in the primary sector into a product [2]
- ▪
- Converts raw materials into manufactured goods [2]
- Partial definition e.g.
- ▪
- Makes products [1]
- ▪

Solution 1

- Manufactures goods [1]
- ▪
- Refines/processes raw materials [1]
- 2 Do not award examples of manufactured goods
- 0450/11
- October/November 2025
- Guidance

Solution 1

(c) Mark scheme

- Identify four reasons why a business might remain
- small.
- Award 1 mark per reason (max 4).
- Points might include:
- ▪
- Limited access to/lack of capital (to expand)
- ▪
- Limited access to/lack of suitable labour

Solution 1

- ▪
- Limited access to/lack of suitable land
- ▪
- Limited access to/lack of suitable resources/raw
- materials
- ▪
- Personal preference / owners' choice / owner does not
- want the responsibility / wants to keep control
- ▪
- Lack of skills/knowledge/experience (to expand)

Solution 1

- ▪
- Size of the market / amount of customers / level of
- demand / small market
- ▪
- To maintain close customers relationships / provide a
- personal service / type of industry
- ▪
- Some large firms dominate the market / low market
- share / too much competition
- ▪

Solution 1

- Can be flexible / respond quickly to changes in
- customer tastes
- ▪
- No economies of scale / to avoid diseconomies of scale
- ▪
- Operating at maximum possible output
- Other appropriate responses should be credited.
- 4 Only award the first four responses given.
- Do not award vague statements such as less stressful/have
- more free time/less likely to have communication issues.

Solution 1

- 0450/11
- October/November 2025
- Guidance

Solution 1

(d) Mark scheme

- Explain two possible effects of WMH introducing new
- technology.
- Award 1 mark for identification of each relevant effect (max
- 2).
- Award 1 mark for each relevant reference to this business
- (max 2).
- Award 1 mark for each relevant explanation (max 2).
- Points might include:

Solution 1

- Positive effects:
- ▪
- Improve quality / less waste / fewer mistakes [k] leading
- to a better reputation [an] for its furniture [app]
- ▪
- Increases productivity / efficiency / quicker production

k leading to lower (average) costs [an] for this small

- business [app]
- ▪
- Improved communication [k] leading to fewer mistakes /

Solution 1

- better efficiency [an] in the factory [app]
- ▪
- Can design new products [k] which may increase sales /
- access new markets [an]
- ▪
- Greater job satisfaction/motivation [k] reducing
- absenteeism/lowering labour turnover [an]
- ▪
- Employees may gain new skills [k] leading to higher
- pay/chances of promotion [an]

Solution 1

- ▪
- Reduces time/costs to design new products [k]
- ▪
- Increase output [k]
- ▪
- Safer workplace [k]
- 6 To use words from the stem as application, the reference
- must be appropriate (i.e. make sense) in relation to the point
- being made.
- The following words are likely to be appropriate for this

Solution 1

- question:
- ▪
- Furniture or related words such as tables/chairs
- ▪
- Trade union
- ▪
- Factory
- ▪
- Small business
- ▪

Solution 1

- Secondary sector/manufacturing
-
  -
- Location is important
- Other appropriate examples can be credited.
- Some points can be [k] or [an] but do not award the same
- point twice.
- Some analysis can be used for more than one point, but
- only award once.
- 0450/11
- October/November 2025

Solution 1

- Guidance
- Negative effects:
- ▪
- Purchasing new equipment / expensive to buy/set up [k]
- increasing cash outflows/debt [an]
- ▪
- Need to train workers [k] which can increase costs [an]
- ▪
- If technology is rapidly changing it will need to change
- often to remain competitive [k] which will increase costs

Solution 1

an

- ▪
- Some employees may lose their jobs/made redundant

k

- ▪
- May demotivate employees [k]
- Other appropriate responses should be credited.

Solution 1

(e) Mark scheme

- Explain two factors a manufacturing business should
- consider when deciding on a suitable location for a
- factory. Which factor is likely to be the most important?
- Justify your answer.
- Award up to 2 marks for identification of relevant points.
- Award up to 2 marks for relevant development of points.
- Award up to 2 marks for justified decision as to which
- location factor is likely to be the most important for a

Solution 1

- manufacturing business.
- This is a general question so there are no marks for
- application
- 0450/11
- October/November 2025
- Guidance
- Points might include:
- ▪
- Access to skilled labour [k] as may be difficult to
- find/recruit / could increase recruitment/labour costs [an]

Solution 1

- ▪
- Access to raw materials/components [k] so production is
- not delayed [an]
- ▪
- Availability / rent of suitable land [k] which could restrict
- size of factory / increase fixed costs [an]
- ▪
- Good transport links [k] to ensure materials arrive /
- products sent when needed [an]
- ▪

Solution 1

- Proximity to market [k] to ensure sales/revenue can be
- made [an]
- ▪
- Type of product [k] a fragile/heavy product may need to
- be closer to customers to reduce risk of damage/cost

an

- ▪
- Government grants [k] which could help reduce costs

an

- ▪

Solution 1

- Legal controls [k] which may prevent the business from
- locating in certain areas [an]
- ▪
- Access to utilities/power/water [k] as needed for
- production [an]
- ▪
- Trade barriers [k]
- ▪
- Security of the area/level of crime [k]
- Other appropriate responses should be credited.

Solution 1

- Justification might include:
- Skilled labour [k] if difficult to find could increase recruitment
- costs [an]. Another factor is availability of suitable land [k]
- which could restrict the size of the factory [an]. Having
- suitable land is more important because this might limit
- output which could reduce its ability to meet demand [eval]
- whereas a business can train employees, and the extra cost
- might be covered by the additional revenue gained [eval].
- 6 .
- 0450/11

Solution 1

- October/November 2025
- Guidance

Question 4

0450/13 N25 ▪ Q4 ▪ 20 marks

4 ZPR is a business in the tertiary sector. It has 1 restaurant which has 20 employees. The Human Resources Manager is preparing a job description as ZPR needs 2 new chefs. He said: ‘I need to advertise the job vacancies externally. ZPR will use a range of financial rewards as it can be difficult to recruit employees.’ The manager knows there are many factors for a business to consider when deciding who to recruit.

(a) Define ‘tertiary sector’.

Question 4

(b) Define ‘job description’.

Question 4

(c) Identify **four** financial rewards a business could use.

Question 4

Question 4

Question 4

Question 4

Question 4

Question 4

Question 4

Question 4

(d) Explain **two** ways ZPR could use to advertise its job vacancies externally.

Question 4

Question 4

Question 4

Question 4

Question 4

(e) Explain **two** factors a business should consider when deciding who to recruit. Which factor is likely to be the most important for a tertiary sector business? Justify your answer.

Solution 4

(a) Mark scheme

- Define ‘tertiary sector’.
- Award 2 marks for a full definition. Award 1 mark for a partial
- definition.
- ▪
- Industry/industries which provide services to
- consumers/customers and/or other sectors of the
- economy [2]
- ▪

Solution 4

- Businesses that supply a service to consumers and/or
- other businesses [2]
- Partial definition e.g.
- ▪
- Provide services [1]
- 2 Who the services are sold to is +1 only.
- Do not award:
- ▪
- Examples of businesses such as delivery business,
- accountant, shops as these does not explain the term.

Solution 4

- ▪
- Names of shops/retailers.

Solution 4

(b) Mark scheme

- Define ‘job description’.
- Award 2 marks for a full definition. Award 1 mark for a partial
- definition.
- ▪
- Outlines the responsibilities and duties to be carried out
- by someone to do a (specific) job [2]
- ▪
- A list of the key points about a job, job title, key duties,

Solution 4

- responsibilities and accountabilities [2]
- ▪
- A description of the tasks, roles, and responsibilities of a
- particular position [2]
- Partial definition e.g.
- ▪
- States what the job involves [1]
- 2 1 mark for what includes e.g. examples of elements.
- 1 mark for link to job/position.
- Explain plus e.g. of content can get 2 marks.

Solution 4

- Examples can be 1 OR +1.
- Max 1 if there is any reference to skills/qualifications.
- 0450/13
- October/November 2025
- Guidance

Solution 4

(c) Mark scheme

- Identify four financial rewards a business could use.
- Award 1 mark per financial reward (max 4).
- Points might include:
- ▪
- Time-rate
- ▪
- Piece-rate
- ▪

Solution 4

- Salary
- ▪
- Bonus
- ▪
- Commission
- ▪
- Profit sharing
- ▪
- Fringe benefits or examples e.g. discounts on business
- goods

Solution 4

- ▪
- Share ownership
- Other appropriate responses should be credited.
- 4 Only award the first four responses given.
- 0450/13
- October/November 2025
- Guidance

Solution 4

(d) Mark scheme

- Explain two ways ZPR could use to advertise its job
- vacancies externally.
- Award 1 mark for identification of each relevant way (max 2).
- Award 1 mark for each relevant reference to this business
- (max 2).
- Award 1 mark for each relevant explanation (max 2).
- Points might include:
- ▪

Solution 4

- National newspapers [k] especially as it is difficult to
- recruit employees [app] so could attract people from a
- wider area/whole country [an]
- ▪
- Recruitment agencies [k] as need 2 chefs [app] and the
- agency will do all the work for the business (saving
- time) [an]
- ▪
- Specialist magazines [k] such as one aimed at
- restaurants [app] as potential employees are more likely

Solution 4

- to see it [an]
- ▪
- Company website [k] of this tertiary sector business

app as there is likely to be no fee/free [an]

- ▪
- Online recruitment sites [k] which can reach a large
- number of people [an]
- ▪
- (Government run) job centres [k]
- ▪

Solution 4

- Visiting universities/colleges [k]
- ▪
- Local newspapers [k]
- Other appropriate responses should be credited.
- 6 To use words from the stem as application, the reference
- must be appropriate (i.e. make sense) in relation to the point
- being made.
- The following words are likely to be appropriate for this
- question:
- ▪

Solution 4

- Tertiary sector
- ▪
- Restaurant
- ▪
- 20 (employees)
- ▪
- Job description
- ▪
- (2) chefs/cooks
- ▪

Solution 4

- Difficult to recruit employees
- ▪
- Financial rewards
- Other appropriate examples can be credited.
- Analysis can focus on explaining the way or an advantage of
- using the way.
- Some analysis can be used for different points but only
- award once.
- 0450/13
- October/November 2025

Solution 4

- Guidance

Solution 4

(e) Mark scheme

- Explain two factors a business should consider when
- deciding who to recruit. Which factor is likely to be most
- important for a tertiary sector business? Justify your
- answer.
- Award up to 2 marks for identification of relevant points.
- Award up to 2 marks for relevant development of points.
- Award up to 2 marks for a justified decision as to which
- factor is likely to be the most important for a tertiary sector

Solution 4

- business to consider when deciding who to recruit.
- Points might include:
- ▪
- Experience/skills [k] as this shows the person is able to
- do the job [an] AND/OR may expect higher wages [an]
- ▪
- Education/qualifications [k] as person is likely to make
- less mistakes / provide better service [an]
- ▪
- Personality/attitude/whether trustable [k] as may want

Solution 4

- someone willing to learn [an]
- ▪
- Punctuality/disciplinary record [k] as if they are late, it
- could cause delays [an]
- Other appropriate responses should be credited.
- Justification might include:
- One factor is skills [k] as this shows that the person is able
- to do the job [an]. Another factor is personality [k] as
- someone with the right personality may be more willing to
- learn [an]. Skills are the most important as fewer mistakes

Solution 4

- can lead to a better reputation [eval] which is especially
- important for a tertiary sector business, whereas simply
- being willing to learn does not mean they can do the job

eval .

- 6 This is a general question so there are no marks for
- application.
- Some analysis could work for more than one factor, but only
- award once.
- To access evaluation must discuss two factors.
- For evaluation to be awarded justification will usually follow

Solution 4

- on from relevant analysis of points.

Question 3

0450/12 J25 ▪ Q3 ▪ 20 marks

3 Hal wants to be a successful entrepreneur. He plans to leave his job to start up a bakery. The bakery will operate in the private sector. The business will have many stakeholder groups. Hal has been told it is important for a new business to select an appropriate source of start-up capital. He also knows new businesses are at a greater risk of failure.

(a) Define ‘private sector’.

Question 3

(b) Identify **two** reasons why new businesses are at a greater risk of failure.

Question 3

Question 3

Question 3

Question 3

(c) Identify **four** stakeholder groups a business might have.

Question 3

Question 3

Question 3

Question 3

Question 3

Question 3

Question 3

Question 3

(d) Explain **two** characteristics Hal will need to become a successful entrepreneur.

Question 3

Question 3

Question 3

Question 3

Question 3

Question 3

(e) Do you think a bank loan is the best source of start-up capital for a new business? Justify your answer.

Solution 3

(a) Mark scheme

- Define 'private sector'.
- Award 2 marks for a full definition. Award 1 mark for a partial
- definition.
- ▪
- (When business activities are) owned by individuals [2]
- ▪
- (The part of the economy that is) controlled by
- individuals and companies for profit [2]

Solution 3

- Partial definition e.g.
- ▪
- Not government/state controlled [1]
- ▪
- Run/controlled by individuals [1]
- 2
- 0450/12
- May/June 2025
- Guidance

Solution 3

(b) Mark scheme

- Identify two reasons why new businesses are at a
- greater risk of failure.
- Award 1 mark for each reason (max 2).
- Points might include:
- ▪
- Lack of finance/(start-up) capital
- ▪
- Cash flow problems/lack of liquidity

Solution 3

- ▪
- Level of competition/market already saturated
- ▪
- Lack/low level of customers/demand/sales/lack of
- customer loyalty
- ▪
- Poor planning/no business plan/lack of objectives
- ▪
- Lack of (managerial/business) experience/skills
- ▪

Solution 3

- Inadequate/no market research/poor marketing
- ▪
- No/low reputation/brand awareness/brand image
- Other appropriate responses should be credited.
- 2 Only award the first two responses given.

Solution 3

(c) Mark scheme

- Identify four stakeholder groups a business might have.
- Award 1 mark for each stakeholder group (max 4).
- Points might include:
- ▪
- Employees/workers
- ▪
- Managers/directors
- ▪

Solution 3

- Owners/shareholders
- ▪
- Suppliers
- ▪
- Lenders/banks
- ▪
- Government
- ▪
- Local community
- ▪

Solution 3

- Customers
- Other appropriate responses should be credited.
- 4 Only award the first four responses given.
- 0450/12
- May/June 2025
- Guidance

Solution 3

(d) Mark scheme

- Explain two characteristics Hal will need to become a
- successful entrepreneur.
- Award 1 mark for identification of each relevant
- characteristic (max 2).
- Award 1 mark for each relevant reference to this business
- (max 2).
- Award 1 mark for each relevant explanation (max 2).
- Points might include:

Solution 3

- ▪
- Risk-taking [k] especially as plans to leave his job [app]
- because the owner may lose their investment [an]
- ▪
- Hard-working [k] as must be ready to do everything on
- own/as may have to work long hours [an] to set up his
- bakery [app]
- ▪
- Creative [k] as having (new) ideas can help gain
- customers [an] for his private sector business [app]

Solution 3

- ▪
- Effective communicator/persuasive [k] with his
- stakeholders [app] as may need to convince its
- banks/suppliers/customers to lend/provide/buy goods

an

- ▪
- Perseverance/determination/resilience/self-motivated [k]
- so needs to be prepared to keep going when faced with
- problems [an]
- ▪

Solution 3

- Optimistic [k] so always think they will/can succeed [an]
- ▪
- (Self-) confident [k] so convince people/banks to invest

an

- ▪
- Independent [k] as be able to work without any help [an]
- ▪
- Innovative [k]
- Other appropriate responses should be credited.
- 6 To use words from the stem as application, the reference

Solution 3

- must be appropriate (i.e. make sense) in relation to the point
- being made.
- The following words are likely to be appropriate for this
- question:
- ▪
- Leave his job
- ▪
- Start-up/new business
- ▪
- Bakery or examples e.g. cakes, recipes

Solution 3

- ▪
- Private sector
- ▪
- Stakeholder (groups)
- Other appropriate examples can be credited.
- To access knowledge must identify a recognised
- characteristic.
- 0450/12
- May/June 2025
- Guidance

Solution 3

(e) Mark scheme

- Do you think a bank loan is the best source of start-up
- capital for a new business? Justify your answer.
- Award up to 2 marks for identification of relevant points.
- Award up to 2 marks for relevant development of points.
- Award up to 2 marks for a justified decision as to whether a
- bank loan is the best source of start-up capital for a new
- business.
- Points might include:

Solution 3

- Bank loan
- ▪
- Quick to arrange [k] so does not delay plans/so can pay
- bills on time [an]
- ▪
- Must pay interest [k] increasing costs/expenses/cash
- outflows [an]
- ▪
- Must repay [k]
- ▪

Solution 3

- Able to obtain large/full amount [k]
- ▪
- May need security/collateral [k] which may not be
- available for a start-up / so personal assets may be at
- risk [an]
- Other methods could include:
- ▪
- Own savings [k] as no need to repay [an]
- ▪
- Borrow from friends/family [k] as may give long time to

Solution 3

- repay [an]
- ▪
- Overdraft [k] can arrange quickly/only pay interest when
- used [an]
- ▪
- Government grant [k] which has no interest [an]
- ▪
- Crowdfunding [k] but no guarantee can raise full amount

an

- Other appropriate responses should be credited.

Solution 3

- 6 This is a general question so there are no marks for
- application.
- Some points analysis can be advantages and/or
- disadvantages for different sources but only award the same
- point once.
- For evaluation to be awarded justification will usually follow
- on from relevant analysis of points.
- 0450/12
- May/June 2025
- Guidance

Solution 3

- Justification might include:
- One advantage of a bank loan is it is quick to arrange [k] so
- does not delay plans/ability to pay bills straightaway [an].
- Another source is own savings [k] because there is no need
- to repay [an]. A bank loan is the best source because speed
- means they do not miss out on the opportunity whereas it
- can take time to build up enough savings [eval], and by the
- time they do, there may be insufficient demand [eval].
- Guidance

Question 4

0450/12 M25 ▪ Q4 ▪ 20 marks

4 SEP operates in the tertiary sector. As a social enterprise, SEP has many objectives. It collects old books from libraries and schools and sells them to customers at a low price. SEP provides training for its 10 part-time employees. SEP's manager wants to know how the introduction of a legal minimum wage might affect a business.

(a) Identify **two** services provided by businesses in the tertiary sector.

Question 4

Question 4

Question 4

Question 4

(b) Identify **two** objectives a social enterprise might have.

Question 4

Question 4

Question 4

Question 4

(c) Outline **two** benefits to SEP of having part-time employees.

Question 4

Question 4

(d) Explain **two** reasons why training is important to SEP.

Question 4

Question 4

Question 4

Question 4

Question 4

(e) Do you think the introduction of a legal minimum wage will always have a negative effect on a business? Justify your answer.

Solution 4

(a) Mark scheme

- Identify two services provided by businesses in the tertiary sector.
- Award 1 mark for each relevant service. [max 2].
- Points might include:
- ▪
- Banking
- ▪
- Retailing
- ▪

Solution 4

- Hotels
- ▪
- Holidays/tourism
- ▪
- Restaurant
- ▪
- Insurance
- ▪
- Accountancy
- ▪

Solution 4

- Advertising
- ▪
- Hairdressing
- ▪
- Entertainment
- ▪
- Transporting
- ▪
- Legal services
- ▪

Solution 4

- Education
- ▪
- Healthcare/medical/hospitals
- Other appropriate responses should be credited.
- 2 Only award the first two responses.
- Do not award:
- ▪
- Names of businesses.
- 0450/12
- February/March 2025

Solution 4

- Guidance

Solution 4

(b) Mark scheme

- Identify two objectives a social enterprise might have.
- Award 1 mark for each relevant objective [max 2].
- Points might include:
- ▪
- To make a profit to reinvest back into the business
- ▪
- Social benefit/welfare or examples e.g. to benefit/improve local
- community/disadvantaged groups in society

Solution 4

- ▪
- To protect the environment/environmental issues
- Other appropriate responses should be credited.
- 2 Only award the first two responses given.

Solution 4

(c) Mark scheme

- Outline two benefits to SEP of having part-time employees.
- Award 1 mark for each relevant benefit [max 2].
- Award 1 mark for each relevant explanation in context [max 2].
- Points might include:
- ▪
- Cheaper than full-time / reduce labour costs / no need to pay when
- not working [k] which may help have low prices [app]
- ▪

Solution 4

- More flexible hours of work [k] when selling books [app]
- ▪
- Can ask/more likely to work at busier times [k] for the social
- enterprise [app]
- ▪
- Can/more likely to extend working hours [k] for the tertiary sector
- business [app]
- ▪
- Provides a range of skills/experience [k] among the 10 employees

app

Solution 4

- ▪
- Helps attract well-qualified employees who need flexible hours [k]
- ▪
- Can help keep experienced staff [k]
- Other appropriate responses should be credited.
- 4 To use words from the stem as application, the
- reference must be appropriate (i.e. make sense)
- in relation to the point being made.
- The following words are likely to be appropriate
- for this question:

Solution 4

- ▪
- Books
- ▪
- Social enterprise
- ▪
- Tertiary sector
- ▪
- 10 employees
- ▪
- Libraries/schools

Solution 4

- Other appropriate examples can be credited.
- 0450/12
- February/March 2025
- Guidance

Solution 4

(d) Mark scheme

- Explain two reasons why training is important to SEP.
- Award 1 mark for each relevant reason [max 2].
- Award 1 mark for each relevant reference to this business [max 2].
- Award 1 mark for each relevant explanation [max 2].
- Points might include:
-
  -
- Increase knowledge/skills/flexibility [k] of the 10 employees [app]
- which can increase the quality of the service offered [an]

Solution 4

- ▪
- Increase motivation [k] in the social enterprise [app] which can
- increase productivity/efficiency [an]
- ▪
- Better quality (service) / decrease errors [k] when dealing with the
- books [app] which can decrease waste/cost [an]
- ▪
- Increase efficiency [k] of the tertiary sector business [app] which
- can lower average/unit cost [an]
- ▪

Solution 4

- Fewer accidents / ensure safe working conditions [k] to avoid legal
- action [an]
- ▪
- Able to train others [k] reducing training costs [an]
- ▪
- Help introduce a new process [k] which could lower mistakes [an]
- ▪
- To attract (new/potential) employees [k]
- Other appropriate responses should be credited.
- 6 To use words from the stem as application, the

Solution 4

- reference must be appropriate (i.e. make sense)
- in relation to the point being made.
- The following words are likely to be appropriate
- for this question:
- ▪
- Books
- ▪
- Social enterprise
- ▪
- 10 (employees)

Solution 4

- ▪
- Part-time (employees)
- ▪
- Tertiary sector
- ▪
- Libraries/schools
- Other appropriate responses can be credited.
- Some points can be [k] or [an] but do not award
- the same point twice.
- 0450/12

Solution 4

- February/March 2025
- Guidance

Solution 4

(e) Mark scheme

- Do you think the introduction of a legal minimum wage will always
- have a negative effect on a business? Justify your answer.
- Award 1 mark for each relevant point [max 2]
- Award 1 mark for each relevant explanation [max 2].
- Award up to 2 marks for a justified decision as to whether the
- introduction of a legal minimum wage will always have a negative effect
- on a business.
- Points might include:

Solution 4

- ▪
- May encourage more people to apply for jobs [k] making it easier to
- recruit [an]
- ▪
- Business may already pay above minimum wage so would have
- limited/no effect on costs [k]
- ▪
- Increase motivation [k] increasing productivity/reduce
- absenteeism/labour turnover [an]
- ▪

Solution 4

- Have to pay more to employees [k] which will increase costs [an] so
- may have to increase prices [an]
- ▪
- May not be able to afford to pay all workers the higher wage rate [k]
- so may have to make redundancies [an]
- ▪
- Other workers being paid more than the minimum wage may ask for
- a wage increase [k]
- ▪
- May have to find other ways to reduce costs [k] which may reduce

Solution 4

- quality [an]
- Other appropriate responses should be credited.
- Justification might include:
- It may increase motivation [k] increasing productivity [an]. However, it
- can lead to high costs [k] so prices may have to be increased [an].
- The introduction of a minimum wage may not always have a negative
- effect as it will apply to all businesses so competitors may also have to
- increase their prices so the business may not lose any competitive
- advantage [eval]. The increase in productivity could even offset some of
- the increase in cost [eval].

Solution 4

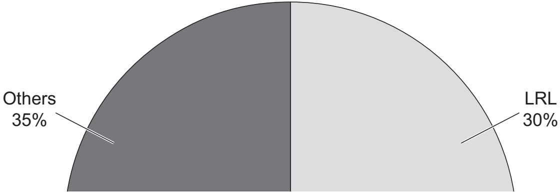
- 6 This is a general question so there are no marks
- for application.

Question 3

0450/13 N24 ▪ Q3 ▪ 20 marks

3 LRL makes skincare products including face cream. It is a private sector business in country X. One of LRL's objectives is to contribute to sustainable development. Maintaining customer loyalty is important and the Marketing Director knows a business must have an appropriate marketing mix. He is analysing data to calculate the value of LRL's market share. An extract is shown in Fig. 3.1. The total value of sales of skincare products in country X for 2023 was $120 million.

Market share data for skincare products in country X in 2023 (%)



Question 3

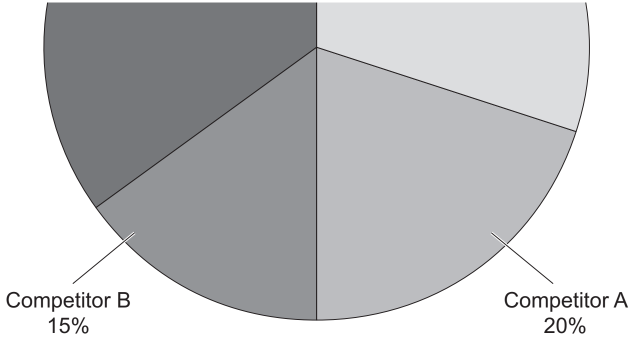


Fig. 3.1

(a) Define 'private sector'.

Question 3

(b) Calculate the value of LRL's market share in 2023.

Question 3

Question 3

(c) Outline **two** ways LRL could contribute to sustainable development.

Question 3

Question 3

(d) Explain **two** advantages to LRL of maintaining customer loyalty.

Question 3

Question 3

Question 3

Question 3

Question 3

Question 3

(e) Explain **two** elements of the marketing mix. Which do you think is the most important element for a business? Justify your answer.

Solution 3

(a) Mark scheme

- Define ‘private sector’.
- Award 2 marks for a full definition. Award 1 mark for a partial definition.
- The part of the economy that is controlled by individuals/companies for profit

2

- OR
- When business activities are owned by individuals / group of individuals [2]
- Partial definition e.g. run by individuals [1]
- 2 Do not award:

Solution 3

- ▪
- Examples
- ▪
- Features of a sole trader, partnership or
- limited company

Solution 3

(b) Mark scheme

- Calculate the value of LRL's market share in 2023.
- Award 2 marks for a correct answer.
- Award 1 mark for correct method but incorrect answer.
- Correct answer [2]
- $36 million
- OR $36 000 000
- Method e.g:
-

Solution 3

- (Percentage $\div$100) x total value of sales in market = value of business
- sales [1]
- ▪
- 120 $\times$ 30% [1]
- If correct answer given with no working shown, award 2 marks.
- 2 Award only 1 mark if $36m is written as
- part of the answer but is not given as the
- final answer.
- $ not needed.
- Need million for 2 marks.

Solution 3

- 0450/13
- October/November 2024
- Notes

Solution 3

(c) Mark scheme

- Outline two ways LRL could contribute to sustainable development.
- Award 1 mark for identification of each relevant way (max 2).
- Award 1 mark for each relevant reference to this business (max 2).
- Points might include:
- ▪
- Reduce amount/number of resources used [k] when making skincare
- products [app]
- ▪

Solution 3

- Develop environmentally friendly products [k] which could help the
- marketing mix [app]
- ▪
- Use environmentally friendly methods of production [k] at this private
- sector business [app]
- ▪
- Use environmentally friendly materials / buy materials from sustainable
- sources [k] which may help improve customer loyalty [app]
- ▪
- Use environmentally friendly packaging / reduce packaging

Solution 3

- ▪
- Reduce waste [k]
- ▪
- Reuse products/materials [k]
- ▪
- Recycle products/materials [k]
- ▪
- Replant trees [k]
- Other appropriate responses should be credited.
- 4 To use words from the stem as application,

Solution 3

- the reference must be appropriate (i.e.
- make sense) in relation to the point being
- made.
- The following words are likely to be
- appropriate for this question:
- ▪
- Skincare or examples such as face
- cream
- ▪
- Private sector (business)

Solution 3

- ▪
- Marketing mix
- ▪
- Customer loyalty
- ▪
- 30% (market share)
- ▪
- $120 million (total value of market
- sales)
- ▪

Solution 3

- $36 million (revenue)
- Other appropriate examples can be
- credited.
- 0450/13
- October/November 2024
- Notes

Solution 3

(d) Mark scheme

- Explain two advantages to LRL of maintaining customer loyalty.
- Award 1 mark for each relevant advantage (max 2).
- Award 1 mark for each relevant reference to this business (max 2).
- Award 1 mark for each relevant explanation (max 2).
- Points might include:
- ▪
- Easier to match products to existing customer needs [k] reducing wastage

an as know which are the popular types of skincare products [app]

Solution 3

- ▪
- Improve / good reputation / brand image [k] so less promotion
- needed / lower cost (of advertising) [an] by this private sector business

app

- ▪
- Increase sales / customers [k] which could increase revenue / market
- share [an] above $36m [app]
- ▪
- Encourages existing customers to try new products [k]
- ▪

Solution 3

- May be able to increase prices [k] which would increase profit margin [an]
- Other appropriate responses should be credited.
- 6 To use words from the stem as application,
- the reference must be appropriate (i.e.
- make sense) in relation to the point being
- made.
- The following words are likely to be
- appropriate for this question:
- ▪
- Skincare or examples such as face

Solution 3

- cream
- ▪
- Marketing mix
- ▪
- Sustainable development
- ▪
- 30% (market share)
- ▪
- Private sector business
- ▪

Solution 3

- $120 million (total value of market
- sales)
- ▪
- $36 million (revenue)
- Other appropriate examples in context can
- be credited.
- Some points could be [k] or [an] but do not
- award the same point twice e.g. repeat
- customers.
- Increase market share is [an] only.

Solution 3

(e) Mark scheme

- Explain two elements of the marketing mix. Which do you think is the
- most important element for a business? Justify your answer.
- Award up to 2 marks for identification of relevant points.
- Award up to 2 marks for relevant development of points.
- Award up to 2 marks for a justified decision as to which is the most important
- element of the marketing mix for a business.
- Points might include:
- 6 This is a general question so there are no

Solution 3

- marks for application.
- Some points could apply to more than one
- option but only award the same point once.
- To access evaluation marks, candidates
- must discuss two elements of the
- marketing mix.
- 0450/13
- October/November 2024
- Notes
- Promotion [k]

Solution 3

- ▪
- Raises awareness / informs potential customers [an] leading to more sales

an

- ▪
- Attracts / persuades potential customers [an] increasing revenue [an]
- ▪
- Creates / builds brand image [an] increasing customer loyalty [an]
- ▪
- Way to communicate with customers [an]
- Product [k]

Solution 3

- ▪
- Without a product there is nothing to sell / if dislike the product customers
- will not buy it [an]
- ▪
- A poor / bad quality product will not last long in the market [an] so
- time / money spent developing it would be wasted [an]
- ▪
- Good quality product can encourage customer loyalty [an]
- ▪
- Good quality can improve brand image [an]

Solution 3

- Place [k]
- ▪
- Close / near target market / customers [an] to ensure sales [an]
- ▪
- A suitable location might have high rent [an] leading to increased
- costs / higher prices [an]
- Price [k]
- ▪
- A low price could create image of low quality [an] damaging its reputation

an

Solution 3

- ▪
- If price is too low, may not cover costs [an]
- ▪
- If the price is too high, the business may be less competitive [an] lowering
- market share [an]
- ▪
- If the price is too high, could lead to fewer sales (as customers cannot afford
- it) [an
- 0450/13
- October/November 2024

Solution 3

- Notes
- Other appropriate responses should be credited.
- Justification might include:
- One element is promotion [k]. This is important as more people are aware of
- your business [an]. The product also matters [k] as this is what people are
- buying so without a product there is nothing to sell [an]. Product is the most
- important element, because if it is unique, this can help the business standout

eval which means the business has a better chance of

- attracting / maintaining customers. [eval]
- Notes