

Past-paper walk-through

Achieving quality production ■ 4.3

eXercise

Questions in this set

- 0450/12 N25 Q1 ■ 20 marks
- 0450/22 N25 Q4 ■ 20 marks
- 0450/12 J25 Q1 ■ 20 marks
- 0450/12 M25 Q2 ■ 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

0450/12 N25 ■ Q1 ■ 20 marks

- 1 BEI is a multinational company. It manufactures aeroplanes. Quality assurance is important. BEI has 5000 employees. BEI's directors have announced plans to reduce the size of its workforce (downsize). The Human Resources Director is considering which employees to make redundant. Information about employee A can be found in Table 1.1.

Table 1.1

Information about employee A
• Worked at BEI for 1 year • Worked at another manufacturing business for 12 years • Able to use most of the machines at BEI • Often late for work • Popular with other employees • Left school with 2 IGCSEs

Question 1

(a) Define 'quality assurance'.

Question 1

(b) Identify **two** reasons why a business might reduce the size of its workforce.

Question 1

Question 1

Question 1

Question 1

-
- (c) Outline, with reference to BEI, the difference between redundancy and dismissal.

Question 1

(d) Explain **one** advantage and **one** disadvantage of BEI making employee A redundant.

Question 1

Question 1

- (e) Explain **two** possible benefits to a country of a multinational company locating there. Which benefit is likely to be the most important? Justify your answer.

Question 1

Solution 1

(a) Mark scheme

- Define 'quality assurance'.
- Award 2 marks for a full definition. Award 1 mark for a partial definition.
- ■
- Checking for quality (standards) throughout production process /
- checking quality at every stage [2]
- ■
- A method of improving quality by trying to prevent mistakes happening in
- the production process [2]

Solution 1

- Partial definition e.g.
- ■
- Checking work done / checking quality multiple times [1]
- ■
- Try to prevent mistakes [1]
- 2 To gain both marks, the answer must show
- the idea of:
- ■
- Check quality / product
- ■

Solution 1

- throughout/at every stage of the
- production process.

Solution 1

(b) Mark scheme

- Identify two reasons why a business might reduce the size of its workforce.
- Award one mark per reason (max 2).
- Points might include:
 - ■
 - Fall/decrease in demand/sales/revenue / recession
 - ■
 - Introduction of automation/machinery/technology / becoming capital

Solution 1

- intensive
- ■
- Financial problems / (need) to reduce costs
- ■
- Closure of factory/shop/office
- ■
- Merger/takeover
- ■
- Relocation / move its operations (to another part of country/world)
- Other appropriate responses should be credited.

Solution 1

- 2 Only award the first two responses given.
- 0450/12
- October/November 2025
- Guidance

Solution 1

(c) Mark scheme

- Outline, with reference to BEI, the difference between redundancy and
- dismissal.
- Award 1 mark for showing understanding of redundancy (max 1).
- Award 1 mark for showing understanding of dismissal (max 1).
- Award 1 mark for each relevant reference to this business (max 2).
- Points might include:
 - Redundancy:
 - ■

Solution 1

- The job is no longer needed/exists [k] as business is downsizing [app]
- ■
- The worker has done nothing wrong [k] when making aeroplanes [app]
- ■
- Being asked to leave because the skills/experience of the employee are
- no longer needed [k]
- Dismissal:
- ■
- Employee is incompetent/cannot do the job / not meeting targets [k] at
- the multinational company [app]

Solution 1

- ■
- Being asked to leave because of poor behaviour/conduct of
- employees [k] which may affect quality assurance [app]
- ■
- Termination of employment by the employer / when employee is
- told/made to leave job against will of employee [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

Solution 1

- made.
- The following words are likely to be
- appropriate for this question:
 - ■
 - Multinational company / MNC
 - ■
 - Aeroplanes
 - ■
 - Quality assurance
 - ■

Solution 1

- Downsize/reduce size of its workforce
- ■
- 5000 (employees)
- ■
- Employee A is often late to work
- ■
- Employee A worked for 1 year at BEI
- Other appropriate examples can be
- credited.
- Candidates must make it clear in the

Solution 1

- answer which term the point relates to.
- Max 1 [k] for points about redundancy and
- max 1 [k] for points about dismissal.
- Do not award:
 - ■
- Sacked / fired / laid off on own
- 0450/12
- October/November 2025
- Guidance

Solution 1

(d) Mark scheme

- Explain one advantage and one disadvantage of BEI making employee A redundant.
- Award 1 mark for identification of each relevant advantage/disadvantage (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:
- Advantages:

Solution 1

- ■
- May have to pay out less in compensation/redundancy payment [k] as
- only been there for 1 year [app] which could help lower cash outflows /
- use funds for other areas of the business [an]
- ■
- Could improve productivity/efficiency [k] because they are often late for
- work [app] so orders are met on time [an]
- Disadvantages:
- ■
- May lose a lot of experience [k] as worked at another business for 12

Solution 1

- years [app] which could lead to more mistakes / less output [an]
- ■
- May lose skills [k] as employee A can use most of the machinery [app]
- which may lead to production delays [an]
- ■
- May lower motivation of other employees [k] as employee A is popular
- with them [app] which could increase labour turnover [an]
- ■
- May have to train someone else [k] which can increase costs [an]
- ■

Solution 1

- Lower output [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:
- ■
- Multinational company / MNC

Solution 1

- ■
- Aeroplanes
- ■
- Quality assurance
- ■
- Downsize (its workforce)
- ■
- 1 year (at BEI)
- ■
- 12 years (at other businesses)

Solution 1

- ■
- Popular (with other employees)
- ■
- Often late
- ■
- Able to use (most of) the machinery
- ■
- 2 IGCSEs
- ■
- 5000 (employees)

Solution 1

- Other appropriate examples can be
- credited.
- Some points could be awarded as [k] or
an but only award once.
- Some [an] could be used for different
- points but only award once.
- The following are [an] only:
 - ■
 - Increase costs on its own.
 - ■

Solution 1

- Labour turnover/absenteeism.
- 0450/12
- October/November 2025
- Guidance

Solution 1

(e) Mark scheme

- Explain two possible benefits to a country of a multinational company
- locating there. Which benefit 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 a justified decision as to which benefit is likely to be
- the most important to a country.
- Points might include:

Solution 1

- ■
- Increase jobs/employment opportunities [k] increasing people's income
- an AND/OR reducing unemployment [an] AND/OR improve standard of
- living/reduce poverty [an]
- ■
- Generate taxes [k] which may be used to improve public services [an]
- ■
- More competition [k] which could increase choice/quality of products /
- may lead to lower prices [an]
- ■

Solution 1

- Increase reputation/recognition of country [k] which could encourage
- other businesses to set up/invest in the country [an]
- ■
- Knowledge sharing / increase skills / gain technical knowhow [k] which
- could help improve production methods / increase efficiency/output [an]
- ■
- Improve infrastructure/new investment [k]
- Other appropriate responses should be credited.
- Justification might include:
- One benefit to the country is increased competition [k] which could increase

Solution 1

- the choice of products available [an]. It could also increase the number of jobs
k reducing unemployment. [an]
- The extra jobs are likely to be the most important because this could improve
- the standard of living for many families [eval] who may then be able to afford
- to buy the wider choice of goods [eval].
- 6 This is a general question so there are no
- marks for application.
- To access evaluation marks, candidates
- must identify two valid benefits.
- For evaluation to be awarded justification

Solution 1

- will usually follow on from relevant analysis
- of points.
- Some points could be awarded as [k] or
an but only award once.
- Some [an] can be used for different points
- but only award once.
- 0450/12
- October/November 2025
- Guidance

Question 4

0450/22 N25 ■ Q4 ■ 20 marks

- 4 (a) Explain **two** reasons why high quality is important for FF.

Question 4

Question 4

Question 4

Question 4

Question 4

Question 4

[8]

- (b) Using Appendix 3 and other information, consider the following **two** ways FF could contribute to sustainable development. Which way should Kathryn choose? Justify your answer.
- Buying all flowers from sustainable sources
 - Using electricity from renewable sources

Question 4

Question 4

[12]

Solution 4

(a) Mark scheme

- Explain two reasons why high quality is important for FF
- Award 1 mark for each reason (max 2).
- Award a maximum of 3 additional marks for each explanation of the reason
- why high quality is important – one of which must be applied to this context.
- Reasons might include:
 - ■
 - To establish a brand image – so that customers are encouraged to buy
 - the product – new customers are attracted

Solution 4

- ■
- To maintain a good reputation / to not gain a bad reputation – friends and
- family tell others about the goods/service which may lead to a good/bad
- reputation – increasing/decreasing sales
- ■
- To increase sales / attract more customers – due to customer needs
- being satisfied by the products supplied
- ■
- So that faulty products do not have to be replaced – which would reduce
- waste / ensures customer safety / avoids legal action

Solution 4

- ■
- Able to charge a high price – may lead to higher profit margin / as may
- increase added value
- For example: To maintain a good reputation (1) because if quality is not good
- then friends and family will tell others about the product which may lead to a
- bad reputation (1) and sales will be lower (1) for the new flower shop (app).
- Application could include: new shop/third shop; 2 shops; flowers; source of
- finance required for working capital; weddings; bride/groom; ribbons;
- contribute to sustainable development; targets a niche market; 4/8 employees
- at each shop; bride; average price paid is \$2000; supplies purchased each

Solution 4

- day; supplies are fresh; uses job production; small business; marketing mix
- for the new shop; social media reviews.
- 8
- 0450/22
- October/November
- 2025

Solution 4

(b) Mark scheme

- Using Appendix 3 and other information, consider the following two
- ways FF could contribute to sustainable development. Which way
- should Kathryn choose? Justify your answer.
- ■
- Buying all flowers from sustainable sources
- ■
- Using electricity from renewable sources
- Level Description

Solution 4

- 3
- Sound application of knowledge and understanding of
- relevant business concepts using appropriate terminology.
- Detailed discussion of both ways.
- Well-justified recommendation.
- Candidates discussing two ways in detail, in context and
- with a well-justified recommendation, including why the
- alternative way was rejected, should be rewarded with the
- top marks in the band.
- 9–12

Solution 4

- 2
- Sound application of knowledge and understanding of
- relevant business concepts using appropriate terminology.
- Detailed discussion of at least one way.
- Judgement with some justification / some evaluation of
- choices made.
- Candidates discussing one way in detail and applying it to
- the case should be rewarded with the top marks in the
- band.
- 5–8

Solution 4

- 1
- Limited application of knowledge and understanding of
- relevant business concepts.
- Limited ability to discuss the ways with little/no explanation.
- Simple judgement with limited justification / limited
- evaluation of choices made.
- Candidates outlining the two ways in context should be
- rewarded with the top marks in the band.
- 1–4
- 0

Solution 4

- No creditable response.
- 0
- 12
- 0450/22
- October/November
- 2025
- Relevant points might include:
 - Advantages
 - Disadvantages
 - Buying all flowers

Solution 4

- from sustainable
- sources
- ■
- Attract customers who
- are concerned about
- the environment if it is
- included in the
- advertising –
- increasing sales
- ■

Solution 4

- In the future
 - sustainable sources
 - will still be supplying
 - flowers – more secure
 - source of supply
 - ■
- Sustainable sources
 - are nearby in Main City
 - which is good for the
 - environment – as

Solution 4

- transport costs are
- lower and less
- polluting
- ■
- The average price
- on wedding flowers
- is \$2000 and
- customers may not
- be willing to pay
- more for sustainably

Solution 4

- produced flowers –
- so prices remain the
- same and profit
- margins may need
- to be lower
- ■
- Costs increase by
- 25% for flowers for
- each average
- wedding flowers – if

Solution 4

- prices are raised
- then may make FF
- less competitive –
- losing sales
- 0450/22
- October/November
- 2025
- Advantages
- Disadvantages
- Using electricity

Solution 4

- from renewable
- sources
- ■
- Savings of electricity
- after solar panels
- bought – \$100 per
- week saving on
- electricity for each
- shop
- ■

Solution 4

- \$5200 per year
- savings for each shop /
- \$15 600 per year for all
- 3 shops
- ■
- These cost savings will
- continue into the future
- – after the installation
- costs are repaid
- ■

Solution 4

- May be able to reduce
- prices as costs of
- power are reduced –
- become more
- competitive
- ■
- High cost to install
- the solar panels –
- costs \$6000 for
- each shop

Solution 4

- ■
- \$18 000 if all 3
- shops have solar
- panels
- ■
- May need to take
- out a loan – interest
- costs will increase –
- will increase cash
- outflow

Solution 4

- ■
- Relies on amount of
- sunlight each day –
- may be lower at
- different times of
- the year / difficult to
- store the electricity
- ■
- Maintenance cost
- for the solar panels

Solution 4

- Recommendation Justification may include:
 - ■
- Kathryn should buy all FF's flowers from
- sustainable sources as FF may attract many more
- customers who are concerned about the
- environment, and they may be willing to pay a
- higher price if 25% increased cost of the flowers is
- passed on to customers. Purchasing solar panels
- may require taking out a bank loan and this will
- increase expenses which FF may not be able to

Solution 4

- afford given FF is opening a new shop and
- already has to find ways to finance its working
- capital.
- ■
- Kathryn should use renewable energy to provide
- electricity for FF's shops. This is an investment
- that will continue to save \$300 each week for the
- 3 shops in the future and may help to make FF
- more competitive

Question 1

0450/12 J25 ■ Q1 ■ 20 marks

- 1 NFC manufactures shoes using batch production. Quality assurance is used to maintain quality. NFC uses market segmentation. The Marketing Director is reviewing NFC's product range. He knows there are both benefits and limitations to developing new products. He also knows the promotion of products is important.
 - (a) Define 'batch production'.

Question 1

(b) Identify **two** aims of promotion.

Question 1

Question 1

Question 1

Question 1

- (c) Outline **one** advantage and **one** disadvantage to NFC of using quality assurance.

Question 1

Question 1

(d) Explain **two** benefits to NFC of using market segmentation.

Question 1

Question 1

Question 1

Question 1

Question 1

Question 1

- (e) Do you think the benefits for a business of developing new products are greater than the limitations? Justify your answer.

Solution 1

(a) Mark scheme

- Define 'batch production'.
- Award 2 marks for a full definition. Award 1 mark for a partial
- definition.
- ■
- Where a quantity/group of one product is made, then a
- quantity of another product will be produced [2]
- ■
- A whole batch/group moves through the different stages

Solution 1

- of production together [2]
- Partial definition e.g.
- ■
- Similar items made together/items made in a group/set

1

- ■
- Moving together through different stages of production

1

- 2 One mark for idea of a group/set of products.

Solution 1

(b) Mark scheme

- Identify two aims of promotion.
- Award 1 mark for each aim (max 2).
- Points might include:
 - ■
 - To raise awareness/inform/remind people about
 - products/services
 - ■
 - To persuade/attract (new) consumers / increase

Solution 1

- sales/revenue
 - ■
- To create/maintain brand/company image/reputation
 - ■
- Ensure/build customer loyalty/encourage repeat purchases
 - ■
- To introduce new products on to the market
 - ■
- To compete with competitors' products/differentiate from

Solution 1

- competitors
- Other appropriate responses should be credited.
- 2 Only award the first two responses given.
- 0450/12
- May/June 2025
- Guidance

Solution 1

(c) Mark scheme

- Outline one advantage and one disadvantage to NFC of using quality assurance.
- Award 1 mark for each relevant advantage/disadvantage (max 2).
- Award 1 mark for each relevant reference to this business (max 2).
- Points might include:
- Advantages:

Solution 1

- ■
- Errors can be spotted earlier/during production [k] of the
- shoes [app]
- ■
- Can motivate employees [k] so may be willing to offer
- ideas for its product range [app]
- ■
- No need to recruit quality inspectors [k]
- Disadvantages:
- ■

Solution 1

- All (production) workers need training/time/cost to train
- workers [k] which may take funds away from developing
- new products [app]
- ■
- Not all workers are interested/able to spot problems [k]
- during batch production [app]
- ■
- May slow down production [k]
- Other appropriate responses should be credited.
- 4 To use words from the stem as application, the reference

Solution 1

- 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:
 - ■
 - Shoes
 - ■
 - Batch (production)
 - ■
 - Promotion (of products)

Solution 1

- ■
- Developing new products
- ■
- Product range
- ■
- Market segmentation
- Other appropriate examples can be credited.
- 0450/12
- May/June 2025
- Guidance

Solution 1

(d) Mark scheme

- Explain two benefits to NFC of using market segmentation.
- Award 1 mark for identification of each relevant benefit (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

- ■
- Can design/produce goods to meet specific needs of
- consumers/know what to produce [k] so that
- costs/materials are not wasted (producing wrong
- product) [an] especially as plan to develop new products

app

- ■
- Help target advertising/marketing strategies [k] to
- ensure maximum number of people see the products

an which is an aim of promotion [app]

Solution 1

- ■
- Identify gaps in the market/new opportunities [k] for its
- shoes [app] which can help spread risk [an]
- ■
- May make marketing expenditure more effective [k] so
- do not waste money/resources [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.

Solution 1

- The following words are likely to be appropriate for this
- question:
- ■
- Shoes
- ■
- Batch production
- ■
- Quality assurance
- ■
- Promotion (of products)

Solution 1

- ■
- Develop new products
- Other appropriate examples can be credited.
- Do not award answers about the benefits of market
- research.
- 0450/12
- May/June 2025
- Guidance

Solution 1

(e) Mark scheme

- Do you think the benefits of developing new products
- for a business are greater than the limitations? 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
- the benefits of developing new products for a business are
- greater than the limitations.

Solution 1

- Points might include:
- Benefits:
- ■
- Increase demand/customer (base)/sales [k] which may
- increase revenue/market share [an]
- ■
- Can help spread risk/diversification [k] if sales fall for
- one product, this can be offset by sales of another
- product [an]
- ■

Solution 1

- Provide competitive advantage/unique selling point
- (USP) [k] which could increase customer/brand loyalty

an

- ■
- Enter new markets [k]
- ■
- Improve brand recognition/reputation [k]
- Limitations:
- ■
- Must produce new/trial products/more raw materials [k]

Solution 1

- increases costs [an]
- ■
- Need to carry out market research [k] increases cash
- outflows [an]
- ■
- Need to launch/promote/market the new product [k]
- ■
- Often requires large capital expenditure/cost of new
- machinery [k]
- ■

Solution 1

- May need to recruit/train additional
- employees/specialists [k]
- Other appropriate responses should be credited.
- 6 This is a general question so there are no marks for
- application.
- To access evaluation must discuss at least one benefit and
- one limitation.
- For evaluation to be awarded justification will usually follow
- on from relevant analysis of points.
- 0450/12

Solution 1

- May/June 2025
- Guidance
- Justification might include:
 - New products can help increase potential sales [k] which
 - increases revenue [an]. However, there is a cost of
 - developing new products [k] which increases cash outflows
- an . The benefits of developing new products are greater
 - because the extra revenue gained could cover the additional
 - costs [eval] which can increase the chance of growth/long
 - term survival [eval].

Solution 1

- Guidance

Question 2

0450/12 M25 ■ Q2 ■ 20 marks

- 2** Rachel's business produces and sells chocolate bars. Quality is important. Rachel is a sole trader who received government support when she started up her business. The business operates in a competitive market. Rachel is considering ways to increase sales of her best-selling product. She is also planning to introduce a new chocolate bar. Rachel knows deciding which pricing method to use for a new product is important.

(a) Define 'sole trader'.

Question 2

(b) Identify **two** ways a government can support business start-ups.

Question 2

Question 2

Question 2

Question 2

- (c) Outline **two** ways Rachel could increase sales of her best-selling product.

Question 2

Question 2

(d) Explain **two** reasons why quality is important to Rachel's business.

Question 2

Question 2

Question 2

Question 2

Question 2

- (e) Do you think price skimming is the best pricing method for a business to use when introducing a new product? Justify your answer.

Solution 2

(a) Mark scheme

- Define 'sole trader'.
- Award 2 marks for a full definition. Award 1 mark for a partial definition.
- ■
- A business is owned (and controlled) by one person [2].
- ■
- An (unincorporated) business owned by one person [2].
- Partial definition, e.g.
- ■

Solution 2

- One person starts/runs/controls/operates a business [1]
- 2

Solution 2

(b) Mark scheme

- Identify two ways a government can support business start-ups.
- Award 1 mark for each relevant way [max 2].
- Points might include:
 - ■
 - Providing (low cost) loans / low interest rates
 - ■
 - Providing grants
 - ■

Solution 2

- Low-cost rent
 - ■
- Lower tax / tax relief
 - ■
- Providing training
 - ■
- Providing advice / research / marketing data
 - ■
- Providing mentors
- Other appropriate responses should be credited.

Solution 2

- 2 Only award the first two responses given.
- 0450/12
- February/March 2025
- Guidance

Solution 2

(c) Mark scheme

- Outline two ways Rachel could increase sales of her best-selling
- product.
- Award 1 mark for each relevant way [max 2].
- Award 1 mark for each relevant reference to this business [max 2].
- Points might include:
 - ■
 - Advertising or examples e.g. use social media [k] to explain quality
 - is important [app]

Solution 2

- ■
- Improve the existing product / use better quality materials / new
- features / new variations [k] to make its chocolate [app]
- ■
- Decrease prices / promotional pricing / offer discounts [k] in the
- competitive market [app]
- ■
- Point of sale display [k] by the sole trader [app]
- ■
- Free samples [k]

Solution 2

- ■
- Competitions [k]
- ■
- Offer free gifts [k]
- ■
- Buy One Get One Free / BOGOF [k]
- ■
- New/change packaging [k]
- ■
- Enter a new market [k]

Solution 2

- ■
- Sell through new outlets [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:
- ■
- Chocolate (bars) or related words e.g. cocoa

Solution 2

- ■
- Sole trader
- ■
- Competitive market
- ■
- Quality (is important)
- Other appropriate examples can be credited.
- 0450/12
- February/March 2025
- Guidance

Solution 2

(d) Mark scheme

- Explain two reasons why quality is important to Rachel's business.
- 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:
 - ■
 - Can charge higher prices [k] which could influence pricing method
app and increase profit margin [an]

Solution 2

- ■
- Attract new customers [k] increasing market share [an] in the
- competitive market [app]
- ■
- Establish a brand image [k] which can increase sales [an] of
- chocolate bars [app]
- ■
- Differentiate product from competitors [k] which could increase
- market share [an]
- ■

Solution 2

- Reduce complaints [k] for the sole trader [app] so reduce returns /
- cash outflows / less waste [an]
- ■
- Maintain customer loyalty [k] which can lead to (repeat) sales /
- increase revenue / buy more often [an]
- ■
- Act as a form of word-of-mouth promotion [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)

Solution 2

- in relation to the point being made.
- The following words are likely to be appropriate
- for this question:
 - ■
 - Chocolate bars or related words such as
 - cocoa, ingredients
 - ■
 - Sole trader
 - ■
 - Competitive market

Solution 2

- ■
- (Decide on) pricing method
- ■
- New product
- ■
- Best-selling product
- Other appropriate examples can be credited.
- Some points can be [k] or [an] but only award
- once.
- 0450/12

Solution 2

- February/March 2025
- Guidance

Solution 2

(e) Mark scheme

- Do you think price skimming is the best pricing method for a
- business to use when introducing a new product? 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 justified decision as to whether price skimming
- is the best pricing method to use when introducing a new product.
- Points might include:

Solution 2

- Price skimming:
 - ■
 - Gives the image of high quality [k] which may increase reputation
- an
 - ■
 - May be quick to recover research/development costs [k] to break
 - even sooner [an]
 - ■
 - Increase profit margin [k]
 - ■

Solution 2

- (High price) may encourage competitors to enter the market [k]
- which can decrease market share [an]
- ■
- (High price) may decrease demand [k] which may decrease
- revenue [an]
- Other pricing methods include:
- ■
- Penetration pricing [k] as the low price may be more affordable [an]
- which increases sales [an]
- ■

Solution 2

- Cost-plus pricing [k] as is simple to use [an]
- ■
- Competitive pricing [k] so should not lose sales to competition on
- price alone [an]
- Other appropriate answers should be credited.
- 6 This is a general question so there are no marks
- for application.
- To access marks, points must refer to a specific
- pricing method.
- Advantages or disadvantages of other methods

Solution 2

- can be awarded as [an].
 - Some points can be awarded as [an] for different
 - methods, but only award once.
 - 0450/12
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 - Guidance
 - Justification might include:
 - Price skimming means that it may be quick to recover development
 - costs [k] which means funds can be reinvested back into the business
- an . Whereas using penetration pricing [k] can make the product more

Solution 2

- affordable [an]. Price skimming is not the best method because the high
- price might discourage customers from trying the product whereas
- penetration pricing could generate more sales [eval] and increase
- market share for the new product [eval].
- Guidance