

1(a) **Explain four reasons why a business might remain small.**

Award 1 mark for each suitable reason (max 4).

Award a maximum of 1 additional mark for **each** explanation of why a business remains small.

There are no application marks for this question.

Suitable reasons might include:

- The product / service is specialised / may be personal / customised – not suitable for production on a large scale / produced using job production
- Market size – doesn't have a large market / maybe niche market / sales are low / lack of demand
- Owner's choice / owner's preference / owner's objective – to keep a work life balance / less stress / less pressure / satisfied with current business performance
- Easier to manage / control – owner makes decisions himself/herself / may not have the skills to manage a larger business
- Owner knows all the employees – personal relationship / paternalistic style / easier communication
- Lack of finance / fewer options of finance for a small business
- Maintaining close customer relations – wishes to maintain customer loyalty / face-to-face customer service
- Not willing to take many / additional risks – does not want more responsibility
- Market dominated by large business / many competitors – restricting growth / sales

For example: The product is specialised (1) and therefore is not suitable to be produced on a large scale (1).

1(b) **Consider the following three roles of packaging for CC's products. Which role is most important for CC? Justify your answer.**

- **Protecting the product**
- **Promoting the brand image**
- **Providing information about the product**

Level	Description	Marks
3	Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of two or more roles. Well-justified conclusion. Candidates discussing three roles, in context and with a well-justified conclusion, including why the alternative roles were rejected, should be rewarded with the top marks in the band.	9–12
2	Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of at least one role. Judgement with some justification / some evaluation of choice made. Candidates discussing two or more roles in detail and applying these to the case should be rewarded with the top marks in the band.	5–8
1	Limited application of knowledge and understanding of relevant business concepts. Limited ability to discuss the roles with little / no explanation. Simple judgement with limited justification/limited evaluation of choice made. Candidates outlining the three roles in context should be rewarded with the top marks in the band.	1–4
0	No creditable response.	0

1(b)	Relevant points might include: <table border="1"> <tr> <td data-bbox="282 150 439 453">Protecting the product</td><td data-bbox="439 150 936 453"> • Cookies can easily break – delivered to customer in damaged state if packaging not suitable which could reduce the reputation for CC's high-quality products – leading to lower sales • Needs to ensure the product stays fresh and best quality – to be consumed in a good condition and not deteriorated in any way / no germs/bacteria – keeps customers loyal to CC and maintains sales • May prevent damage when being transported/stored – may lead to increased costs as products have to be replaced </td></tr> <tr> <td data-bbox="282 453 439 708">Promoting the brand image</td><td data-bbox="439 453 936 708"> • Appendix 1 is an advert showing cookies are of high quality and has a recognised logo – consumers will see the logo and associate the packaging with CC's products helping to advertise the cookies to other potential customers when they see the packaging • Colour on the packaging can be used to associate the logo with the product – make the product easily identifiable on shelves and stand out from competing products </td></tr> <tr> <td data-bbox="282 708 439 944">Providing information about the product</td><td data-bbox="439 708 936 944"> • The ingredients can be listed on the packaging – in case customers need to know about allergies – prevents customers from falling ill when consuming the cookies – stops CC getting a bad reputation for selling products that can cause illness • Information about the fresh ingredients may be a legal requirement – stops CC from being prosecuted and being fined </td></tr> </table>	Protecting the product	• Cookies can easily break – delivered to customer in damaged state if packaging not suitable which could reduce the reputation for CC's high-quality products – leading to lower sales • Needs to ensure the product stays fresh and best quality – to be consumed in a good condition and not deteriorated in any way / no germs/bacteria – keeps customers loyal to CC and maintains sales • May prevent damage when being transported/stored – may lead to increased costs as products have to be replaced	Promoting the brand image	• Appendix 1 is an advert showing cookies are of high quality and has a recognised logo – consumers will see the logo and associate the packaging with CC's products helping to advertise the cookies to other potential customers when they see the packaging • Colour on the packaging can be used to associate the logo with the product – make the product easily identifiable on shelves and stand out from competing products	Providing information about the product	• The ingredients can be listed on the packaging – in case customers need to know about allergies – prevents customers from falling ill when consuming the cookies – stops CC getting a bad reputation for selling products that can cause illness • Information about the fresh ingredients may be a legal requirement – stops CC from being prosecuted and being fined
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