4(a)	**Define 'social enterprise'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. An organisation that has social objectives as well as an aim to make a profit to reinvest back into the business [2] OR A business with social objectives that reinvests most of its profits back into the business/into benefiting society at large [2] OR A business that seeks to raise income, which it invests in a specific social or environmental issue [2] OR A business set up to help society/a community rather than make a profit [2] Partial definition e.g. a business that aims to help/benefit society [1]

4(b)	**Identify <u>two</u> ways legal controls over marketing might affect a business.** Award 1 mark per way (max 2). Points might include: • No misleading promotion/advertising • No price fixing/charging very high prices where there is little or no competition • No selling faulty/dangerous goods/certain ingredients • Ensure products are fit for purpose • Price reductions must be genuine • Increased costs to meet the legal controls/pay fines • Spend longer time ensuring they meet the legal controls • May need to alter packaging • Restrictions on advertising certain products to some age groups/places. Other appropriate responses should also be credited.

4(c)	**Outline <u>one</u> advantage and <u>one</u> disadvantage to CFG of using skimming as its pricing method.** 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: • Helps establish a high-quality image/customers may think it is a good quality [k] which may also help as want to be ethical [app] • Can quickly recover research/development costs [k] which is important as developed a new product [app] • Higher revenue per item [k] for its chocolate [app] • May have a lower break-even output [k] Disadvantages: • High price might discourage (potential) customers [k] for this social enterprise [app] • High prices/profitability could encourage competitors to enter market [k] so may not be able to support local farmers [app] Other appropriate responses should be credited.

4(d)	**Explain <u>one</u> advantage and <u>one</u> disadvantage to CFG of using retailers as its distribution channel for the new product.** 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: • Producers can sell in large quantities to retailers [k] increasing revenue [an] from its new product [app] • Reduced costs **(compared to selling direct to consumers)** [k] increasing profit margin [an] in this social enterprise [app] • Retailer shares the cost of holding inventory [k] lowering expenses [an] • Retailers will promote the product [k] reducing the cost of promotion/increasing sales [an] • Access wider range of customers [k] Disadvantages: • No direct contact with consumer [k] about its chocolate bar [app] so may not adapt to changing needs [an] • Final price (paid by consumer) is often high [k] so may be uncompetitive [an] • Retailer takes some of profit away from the producer [k] • Producer loses some control of marketing mix [k] • Retailers usually sell competitors' products as well [k] Other appropriate responses should also be credited.

4(e)	**Do you think being ethical will always lead to lower profit 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 justified decision as to whether being ethical will always lead to lower profit for a business. Points might include: • Limited/fewer sources of materials [k] leading to less output [an] • Higher cost of materials [k] leading to higher variable costs/cost of goods [an] which lowers gross profit margin [an] • Workers may have to be paid more/fair pay [k] increasing labour costs [an] • May take time to source ethical supplies [k] which could delay production [an] • Good image/reputation [k] so can charge high(er) prices/ lead to customer loyalty [an] • High(er) demand / increase sales / enter new market / more customers [k] which could increase revenue [an] • Help recruit/motivate/retain workers [k] leading to lower absenteeism/increased productivity [an] • Investors more likely to invest [k] • Can help create better supplier relations (by paying a fair price) [k] • Less opposition from pressure groups [k]

4(e)	Justification might include: Being ethical could mean having to pay more to suppliers [k] increasing variable costs [an]. However, this could improve the business's reputation [k] allowing them to increase prices [an]. Being ethical will not always mean lower profit because a better reputation is likely to attract more customers [eval], and the extra revenue gained could cover the costs increasing profit overall [eval].