4(a)	**Define 'brand image'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. • The image or identity given to a product/business which distinguishes it from its competitors brand [2] • Characteristics that distinguish a business from others through design or logo [2] • The general impression of a product/business held by consumers [2] • Personality given to a product/business through marketing activities [2] Partial definition e.g. • Identity given to a product/business [1] • How product/business is seen by others [1] • Characteristics that make a <u>business</u> unique [1]

4(b)	**Identify <u>two</u> reasons why some markets have become more competitive.** Award 1 mark for each relevant reason (max 2). Points might include: • Globalisation/growth of free trade agreements • Changes in technology or examples e.g. ecommerce/internet/social media • Changes in legal controls / more or fewer regulations / government intervention in the market • Transport improvements/infrastructure improvements Other appropriate responses should be credited.

4(c)	**Outline <u>one</u> way MTL could act ethically with each of the following stakeholder groups:** **Employees** **Customers** Award 1 mark for each relevant way (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: Employees: • Pay fair/good wages [k] to its 430 employees [app] • Ensure fair/good working conditions [k] when making the toys [app] • Not employ child labour [k] • Not use zero hours contracts [k] Customers: • Charge a fair price [k] which can help maintain its good brand image [app] • Not advertise misleading prices [k] when operating in a competitive market [app] Other appropriate responses should be credited.

4(d)	**Explain <u>two</u> problems MTL might have when entering a new market in another country.** Award 1 mark for identification of each relevant problem (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: • Lack of market knowledge [k] so may not be aware of competitors' pricing/promotion [an] for toys [app] • Language differences) [k] so it may have to translate/change wording on the packaging [an] to explain how it is ethical [app] • Cultural differences [k] so product may not sell there [an] which could damage its brand image [app] • Changes in exchange rates [k] may make it difficult to set prices [an] for this large business [app] • Different legal controls [k] which could restrict what/how they can sell [an] • Import restrictions or examples such as quotas [k] which could restrict the number of products they can import [an] • Economic differences e.g. average income, stage in business cycle [k] • Social differences e.g. age structure [k] • Increased transport costs [k] as products may have to be transported over long distances [an] • Level of competition [k] • Lack of recognition of the business [k] • High taxes [k] • Difficulty in locating suppliers [k]

4(d)	• Increased risk of non-payment/incorrect payment [k] as methods of payment are likely to be different between each country [an] Other appropriate responses should be credited.

4(e)	Points might include: • Television [k] is expensive/can include moving images to attract attention [an] • Magazines [k] as able to target specific types of customers [an] • Discount offers/promotional pricing/ (money off) coupons/loyalty card [k] which can make the products more affordable [an] • Social media/internet-based advertising/influencers [k] to reach large numbers of people [an] • Leaflets [k] as this is a low-cost method [an] • Posters/billboards [k] as can be seen by everyone who is passing by [an] • Point of sale displays/demonstrations [k] as this allows the customer to be shown how it is used [an] • Radio advertising [k] which allows them to target specific regions [an] • Newspapers [k] • Gifts [k] • Sponsorship [k] • Competitions [k] encourage customer to buy to receive a reward/win [an] • Free samples [k] increase costs [an] • BOGOF [k] • After-sales service [k] Other appropriate responses should be credited. Justification might include: Television [k] as able to include moving images to attract attention [an]. Another method is posters [k] as it can be seen by everyone who is passing by [an]. Television is the best method as this is a large business so it should be able to afford the cost involved [eval] and is likely to reach far more people than a poster [eval].

2(a)	**Define 'cash flow forecast'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. • Estimate of future cash inflows and outflows of a business (usually on a month-by-month basis) [2]. Partial definition e.g. • Shows the cash inflows and outflows of a business [1].
2(b)	**Identify <u>two</u> reasons why cash is important for a business**. Award 1 mark per reason (max 2). Points might include: Examples of day-to-day costs/expenses include: • Pay employees/wages/salary • Pay suppliers/trade payables / raw materials / inventory • Pay rent • Pay insurance • Pay utilities e.g. heating/lighting/water/power • Pay advertising • Pay interest (on loans) / repay loan Other answers include: • For use in an emergency / to pay unexpected costs • Ensure survival / business may be forced to close if cannot pay its debts Other appropriate responses should be credited.

2(c)	**Identify <u>four</u> functions of management.** Award 1 mark per function (max 2). Four from: • Control • Coordinate • Plan • Organise • Command
2(d)	**Explain <u>two</u> ways OTK could overcome a short-term cash flow problem.** 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: • Overdraft [k] as this would allow the business to spend more than it has in its current account [an] for this jewellery business [app] • Ask suppliers for longer to pay [k] which would delay/decrease cash outflows [an] for more than 30 days [app] • Short-term bank loan [k] for the shop [app] increasing cash inflows quickly [an] • Delay purchase of non-current assets [k] keeping more cash in the business [an] • Sell (non-current) assets [k] generates cash inflows [an] • Ask customers to pay sooner / offer discounts to customers <u>to pay more quickly</u> [k] Other appropriate responses should be credited.

2(e)	**Explain <u>two</u> threats to a business of using ecommerce. Which threat 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 threat is likely to be most important to a business. Points might include: • <u>Increased/more</u> competition [k] so may have to set lower prices (to compete) / may have to spend more on advertising/promotion [an] • Need to design/build website [k] which increases costs [an] • Time/cost for maintenance/updating of the website [k] so may need to employ someone to do this [an] • No face-to-face contact with customer / suppliers / lack of personal service [k] so difficult to gain feedback [an] AND/OR may be difficult to build customer loyalty / supplier relationships / [an] • Need to deliver the products to customers [k] increasing transport/postage costs [an] leading to lower profit margin [an] • Technical problems/no power [k] so may lose potential sales [an] • Security threats / risk of hacking / computer viruses / data theft/fraud / scams [k] which could damage its reputation [an] AND/OR reduce customer loyalty [an] • Risk of bad reviews [k] lowering sales AND/OR revenue [an] • High level of returns [k] Other appropriate responses should be credited. Justification might include: One threat is an increase in competition [k] so may have to set lower prices (to compete) [an]. Another threat is technical problems [k] so the business may lose potential sales [an]. Technical problems are likely to be the most important threat because if customers cannot access the website setting a lower price may be ineffective [eval] so gaining any revenue could be difficult to achieve. [eval].

2(a)	**Define 'entrepreneur'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. • An individual who takes the financial risk of starting (and managing) a new business [2] • A person who takes the risk for a new business venture [2] Partial definition e.g. • A person who starts/sets up a business [1]
2(b)	**Identify <u>two</u> reasons why a governments support start-up businesses.** Award 1 mark per reason (max 2). Points might include: • Create jobs / reduce unemployment • Increase competition • Increase output / improve gross domestic product / increase GDP • Generate taxation/taxes • Motivate/encourage entrepreneurs • (Business) can grow (into larger businesses in the future) • Reduce imports / increase exports • Provide a wider variety of goods/services Other appropriate responses should be credited.

2(c)	**Outline <u>two</u> opportunities for Max's business of using ecommerce.** Award 1 mark for each relevant opportunity (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • Lower rent / no/few shops needed [k] so may not need as much government support [app] • Widen market / more potential customers / orders can be taken 24/7 [k] for the books [app] • Website can be used to promote the business [k] which is helpful for this new business [app] • Easy/quick <u>to update</u> [k] for this entrepreneur [app] • Can provide detailed information [k] alongside the market research [app] • Fewer employees needed [k] Other appropriate responses should be credited.

2(d)	**Explain <u>two</u> ways Max could use market research to help make business decisions**. 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: • Identify consumer needs / identify target market [k] as it's a new business [app] to ensure sales [an] • Identify competition [k] which may influence his marketing/pricing [an] for his books [app] • Identify market size/trends/demand [k] to know what products to stock [an] which may help build customer loyalty [app] • How to promote its products [k] to raise awareness [an] as plans to use ecommerce [app] • What/amount of inventory to buy [k] to keep variable costs low [an] • Set prices/decide what prices to set [k] to ensure business can breakeven / cover costs [an] Other appropriate responses should be credited.

2(e)	**Explain <u>two</u> ways a business could use to build customer loyalty. Which is likely to be the best way for a new business to use? 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 about which is the best way for a new business to build customer loyalty. Points might include: • Offer good customer service / train employees [k] which can make customers feel valued / builds trust [an] • Loyalty (reward) scheme / special offers/discounts <u>to regular</u> customers / <u>membership</u> discounts [k] so they have an incentive to return [an] but it takes time/cost to set up/operate [an] • Build customer relationships / communicate with customer or examples e.g. use newsletters to communicate [k] so customers remember your business [an] • Ask for feedback / carry out market research [k] so the items being sold match customer needs [an] • Respond to complaints quickly [k] so that customers are less likely to go to other businesses [an] • Offer <u>extra</u> services or examples such as after sales service / delivery / credit facilities [k] which show that the business cares [an]

2(e)	Other appropriate responses should be credited. Justification might include: One way is to offer good customer service [k] which can make customers feel valued [an]. Another way is to respond to complaints quickly [k] so that customers are less likely to go to other businesses [an]. Offering good customer service is the best way for a new business because this is likely to reduce the number of mistakes which can help reduces the likelihood of complaints [eval] and improve its reputation which could help the new business compete [eval].

1(a)	**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 <u>batch/group</u> moves through the different stages of production <u>together</u> [2] Partial definition e.g. • Similar items made together/items made in a group/set [1] • Moving together through different stages of production [1]
1(b)	**Identify <u>two</u> 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 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 competitors Other appropriate responses should be credited.

1(c)	**Outline <u>one</u> advantage and <u>one</u> 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: • 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: • 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.

1(d)	**Explain <u>two</u> 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: • 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] • 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.

1(e)	**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. 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] • Provide competitive advantage/unique selling point (USP) [k] which could increase customer/brand loyalty [an] • Enter <u>new markets</u> [k] • Improve brand recognition/reputation [k] Limitations: • Must produce new/trial products/more raw materials [k] 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] • May need to recruit/train additional employees/specialists [k] Other appropriate responses should be credited.

1(e)	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].

1(a)	**Identify <u>two</u> roles of packaging.** Award 1 mark per role (max 2). Points might include: • Carry information about product / meet legal requirements • Protect the product • Promote <u>brand image</u> / name / (brand) reputation • Help advertise / <u>attract</u> customers • Add value • Ease of transport • Easy / convenient to open / use • Ease of storage / display • Suitable for product to fit in / contain the product Other appropriate responses should be credited.
1(b)	**Identify <u>two</u> stages (other than development) of the product life cycle.** Award 1 mark per stage (max 2). Two from: • Introduction • Growth • Maturity • Decline

1(c)	**Outline <u>two</u> factors MDZ's Marketing Director should consider when deciding the price of the new product.** Award 1 mark for each relevant factor (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • Brand image [k] as wants to act in an ethical way [app] • Cost of production or examples i.e. cost of materials/labour [k] as have 30 employees [app] • Competition / price of competitors' products [k] for chocolate [app] • Whether product is unique / availability of substitutes [k] • Size of market / niche market / mass market / target market / who selling to / level of demand / price elasticity of demand [k] • Business objective [k] • Profit margin / added value [k] • Quality [k] • Government or legal controls / tax [k] Other appropriate responses should be credited.

1(d)	**Explain <u>one</u> way MDZ could act in an ethical way with each of the following stakeholder groups:** **Employees** **Suppliers** 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: Employees: • Pay <u>fair</u> wages/pay [k] to its 300 employees [app] to maintain their standard of living [an] • Ensure <u>fair</u> working conditions [k] when making the new product [app] so they do not leave / become demotivated [an] • Avoid use of child labour / not produce products in sweat shops [k] Suppliers: • To be paid <u>on time</u> [k] for the ingredients [app] to help prevent cash flow problems for them [an] • Pay fair price [k] to protect the suppliers' profit margin [an] as products purchased in the local area [app] Other appropriate responses should be credited.

1(e)	**Explain <u>two</u> possible methods of sales promotion a business could use for a new product. Which is likely to be the best method to use? 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 best method of sales promotion for a business to use for a new product. Points might include: • Free samples [k] encourage customers to try the product [an] but there is a cost of providing samples [an] • Point of sale displays / demonstrations [k] which raises awareness [an] • Buy One Get One Free (BOGOF) / special offers / discounts [k] which makes the product more affordable [an] • Loyalty schemes [k] so customers want to buy it more often [an] leading to repeat business [an] • (Free) gifts [k] customers will tend to buy more products to gain more gifts [an] • Competitions [k] people will buy more for a chance to win a prize [an] • After sales service [k] Other appropriate responses should be credited.

1(e)	Justification might include: It can offer free samples [k] to encourage customers to try the product [an]. Another method is Buy One Get One Free (BOGOF) [k] which makes the product more affordable [an]. BOGOF is the best method because it helps generate some revenue whereas with free samples there is no guarantee people will buy anything [eval] so the business may have to find another way to help cover the development costs of a new product [eval].