

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 business unique [1]

4(b)

Identify two 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 one 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 two 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].

3(a)	Define ‘partnership’. Award 2 marks for a full definition. Award 1 mark for a partial definition. • Two (or more) people agree to jointly own a business (together) [2] • A business formed by two or more people [2] Partial definition e.g. • A business run/operated/managed/controlled/lead by two (or more) people [1]
3(b)	Identify <u>two</u> ways to measure the size of a business. Award 1 mark per way (max 2). Points might include: • (Number of) employees / size of workforce / (amount of) labour • Value of sales/revenue • Number/amount of customers / volume of output / number of sales • Value of output • (Value of) capital employed Other appropriate responses should be credited.

3(c)

Outline two pricing methods Miguel could use.

Award 1 mark for each relevant method (max 2).

Award 1 mark for each relevant reference to this business (max 2).

Points might include:

- Cost-plus pricing [k] to cover the costs of the gym [app]
- Penetration pricing [k] as it is a new business [app]
- Competitive / competition pricing [k] based on the location [app]
- (Price) skimming [k] for some of the classes [app]
- Promotional pricing [k] based on its market research results [app]

Other appropriate responses should be credited.

3(d)

Explain one advantage and one disadvantage to Miguel of using secondary market research.

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:

- Low cost/free [k] which is important for a new business [app] so has funds for other activities [an]
- Readily available [k] so saves time / has time to focus on other issues [an] such as deciding a pricing method [app]
- More/wide(r) range of information [k] about classes/yoga [app] which could help increase demand/sales [an]

Disadvantages:

- Out-of-date information [k] for the gym [app] leading to wrong decisions being taken [an]
- Data is available for all businesses [k] so may not help create competitive advantage [an] so may not help the partnership [app]
- May not be relevant/specific to business needs [k] for this small business [app] which could result in customer needs not being met reducing customer loyalty [an]
- May not be reliable [k] as not up to date [an]

Other appropriate responses should be credited.

3(e)	Do you think access to employees is the most important factor for a new business to consider when deciding on a suitable location? 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 access to employees is the most important factor for a new business to consider when deciding on a suitable location. Points might include: Access to employees: • Availability/number of employees [k] as if high employment may be difficult to find enough employees / if many available could pay lower wages [an] helping to lower costs [an] • Distance/proximity from workers/workplace [k] as if far may <u>increase</u> transport costs / if many close it may be easier to recruit [an] • May need skilled/trained workers [k] to provide a good level of service/high(er) output / may not be suitable workers nearby [an] • Level of wages/salary (in local area) [k] if high wages need to be paid it could increase costs [an] Other factors might include: • Access to customers/demand / proximity to market [k] to increase sales [an] AND/OR revenue [an] • Availability of suitable premises/rent [k] as high rent will increase fixed costs [an] • Number of competitors [k] may lead to high/low footfall [an] • Distance to/from suppliers/transport links [k] which could increase transport costs [an] • Access to raw materials [k] • Legal controls [k] • Government grants [k] • Local infrastructure e.g. internet/water/electricity [k] • Personal preference [k]
3(e)	Other appropriate responses should be credited. Justification might include: Availability of employees as if high employment may be difficult to find enough employees [k] reducing level of output [an]. Another factor is government grants [k] which could help pay the start-up costs [an]. The grant is likely to be the most important factor for a new business because without enough finance, there may be no business [eval] and there would be no need to worry about recruiting employees [eval].