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]

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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.

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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].

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 <u>two</u> 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 <u>one</u> advantage and <u>one</u> 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 <u>reducing customer loyalty</u> [an] • May not be reliable [k] as not up to date [an] Other appropriate responses should be credited.

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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].