

3(a)	Identify <u>X</u> and <u>Y</u>. Award 1 mark for each correct answer. X: Break-even (point) Y: (Total) revenue
3(b)	Define ‘margin of safety’. Award 2 marks for a full definition. Award 1 mark for a partial definition. • The difference between the <u>current level</u> of output/sales and break-even output/sales [2] • The amount by which <u>sales</u> exceed the break-even point [2] Partial definition e.g. • Difference between total output and break-even point [1] • Number of units that exceed break-even output [1]

3(c)

Outline two advantages of Vicki delegating tasks to her employees.

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

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

Points might include:

- Motivate employees [k] helping increase sales above 900 units [app]
- Develop employee skills / increase flexibility of workforce [k] when making burgers [app]
- Builds trust between the owner and her employees / better working relations [k]
- The owner cannot do all tasks alone / reduces her workload / she has time to focus on other tasks [k] such as completing the break-even chart [app]
- Quality of the owner's work is often improved / she is less likely to make mistakes [k] at the restaurant [app]
- She can measure performance/success of employees [k]

Other appropriate responses should be credited.

3(d)

Explain two possible effects of an economic recession on Vicki's business.

Award 1 mark for identification of each relevant method (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:

- Lower/fewer sales [k] leading to lower revenue [an] from selling burgers [app]
- May need to lower costs [k] as revenue is likely to be falling [an] for the restaurant [app]
- More workers available to select from [k] so may be able to lower labour costs [an] of the 14 employees [app]
- Workers may be made redundant / reduce workforce / downsize [k] which could demotivate other workers [an]
- Low business confidence [k] so less willing/likely to invest [an]
- The business may fail / hard to survive [k] so may lose their investment [an]
- May have cash flow problems [k] so cannot pay day-to-day costs [an]
- May have to lower prices [k]
- May delay any expansion plans [k]
- Banks may not be willing to lend [k]
- May change objective to survival [k]
- Lower profit [k] so less funds to invest [an]

Other appropriate responses should be credited.

3(e)

Explain two methods of training a business might use. Which is likely to be the best method for a service 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 as to which is likely to be the best method for a service business to use.

Points might include:

On-the-job training [k]

- Being trained in the workplace [an]
- Watching a more experienced worker doing the job [an]
- Allows business specific training to be given [an]
- Low(er) cost [an]
- Some work completed during training [an]
- May learn bad habits from trainer [an]
- Trainer may not be as productive as usual [an]

Off-the-job training [k]

- Being trained away from the workplace [an]
- Allows employees to be trained by experts [an]
- New/up-to-date skills/knowledge can be taught [an]
- High(er) cost [an]
- Wages paid but no work is being done [an]
- Induction training [k]
- Can help new employees understand / familiarise with the work/workplace/job role [an]
- New workers settle into their job quickly [an]
- Delays when start work [an]

Other appropriate responses should be credited.

3(e)	Justification might include: On-the-job training [k] is where trainees watch a more experienced worker [an]. Alternatively, off-the-job training [k] will teach up to date skills [an]. Off-the-job training is the best method as the business is more likely to improve productivity by learning the ideas [eval] whereas on-the-job training may lead to employees picking up bad habits so would have limited value [eval].
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 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].