



NCFE Level 1/2 Technical Award in Business and Enterprise (603/2955/5)

Unit 01 Introduction to business and enterprise

March 2022

Mark Scheme

Past Paper

This mark scheme has been written by the Assessment Writer and refined, alongside the relevant questions, by a panel of subject experts through the external assessment writing process and at standardisation meetings.

The purpose of this mark scheme is to give you:

- examples and criteria of the types of response expected from a learner
- information on how individual marks are to be awarded
- the allocated assessment objective(s) and total mark for each question.

Marking guidelines

General guidelines

You must apply the following marking guidelines to all marking undertaken throughout the marking period. This is to ensure fairness to all learners, who must receive the same treatment. You must mark the first learner in exactly the same way as you mark the last.

- The mark scheme must be referred to throughout the marking period and applied consistently. Do not change your approach to marking once you have been standardised.
- Reward learners positively, giving credit for what they have shown rather than penalising them for what they might have omitted.
- Utilise the whole mark range and always award full marks when the response merits them.
- Be prepared to award zero marks if the learner's response has no creditworthy material.
- Do not credit irrelevant material that does not answer the question, no matter how impressive the response might be.
- The marks awarded for each response should be clearly and legibly recorded in the grid on the front of the question paper.
- If you are in any doubt about the application of the mark scheme, you must consult with your Team Leader or the Chief Examiner.

Guidelines for using extended response marking grids

Extended response marking grids have been designed to award a learner's response holistically and should follow a best-fit approach. The grids are broken down into levels, with each level having an associated descriptor indicating the performance at that level. You should determine the level before determining the mark.

When determining a level, you should use a bottom-up approach. If the response meets all the descriptors in the lowest level, you should move to the next one, and so on, until the response matches the level descriptor. Remember to look at the overall quality of the response and reward learners positively, rather than focussing on small omissions. If the response covers aspects at different levels, you should use a best-fit approach at this stage and use the available marks within the level to credit the response appropriately.

When determining a mark, your decision should be based on the quality of the response in relation to the descriptors. You must also consider the relative weightings of the assessment objectives, so as not to over/under credit a response. Standardisation

materials, marked by the Chief Examiner, will help you with determining a mark. You will be able to use exemplar learner responses to compare with a live response, to decide if it is the same, better or worse.

You are reminded that the indicative content provided under the marking grid is there as a guide, and therefore you must credit any other suitable responses a learner may produce. It is not a requirement either, that learners must cover all of the indicative content to be awarded full marks.

Assessment objectives

This unit requires learners to:

| | |
|------------|---|
| A01 | Recall knowledge and show understanding. |
| A02 | Apply knowledge and understanding. |
| A03 | Analyse and evaluate knowledge and understanding. |

The weightings of each assessment objective can be found in the qualification specification.

| Qu | Mark scheme | Total marks |
|----|-------------|-------------|
|----|-------------|-------------|

Section 1

Total for this section: 8 marks

| | | |
|---|---|-------------------------|
| 1 | <p>Which one of the following would make more workers available to a business?</p> <p>A A large fall in the level of unemployment B A rapid and sustained increase in GDP C An increase in the number of competitors D The business's main competitor closes down</p> <p>Answer: D (The business's main competitor closes down)</p> | <p>1</p> <p>AO1 – 1</p> |
| 2 | <p>Which one of the following is an internal stakeholder in a business?</p> <p>A Customers B Finance providers C Managers D Suppliers</p> <p>Answer: C (Managers)</p> | <p>1</p> <p>AO1 – 1</p> |
| 3 | <p>Which two of the following are characteristics of the decline stage of the product lifecycle?</p> <p>A Advertising expenditure is increasing B Customers switch to substitute products C Profit is maximised D Sales are at the maximum E Sales are decreasing</p> <p>Answers: B (Customers switch to substitute products) and E (Sales are decreasing)</p> | <p>2</p> <p>AO1 – 2</p> |
| 4 | <p>Which one of the following is not a reason why product development and innovation are important to a business?</p> <p>A To enable the business to enter new markets B To identify the business's strengths and weaknesses C To increase the business's market share D To make the business more competitive</p> <p>Answer: B (To identify the business's strengths and weaknesses)</p> | <p>1</p> <p>AO1 – 1</p> |

| | | |
|-----------------|--|-------------------------|
| <p>5</p> | <p>Which one of the following would a business use to judge the level of its customer service?</p> <p>A Changing profit margins B Changing sales figures C Mystery shoppers D Website traffic</p> <p>Answer: C (Mystery shoppers)</p> | <p>1</p> <p>AO1 – 1</p> |
| <p>6</p> | <p>A small village shop sells household necessities.</p> <p>Which one of the following could make the shop more competitive?</p> <p>A A new competitor opening in the local area B A new set of shelves in the shop’s stockroom C Increasing the shop’s opening hours D Increasing the charge to customers for the shop’s delivery service</p> <p>Answer: C (Increasing the shop’s opening hours)</p> | <p>1</p> <p>AO1 – 1</p> |
| <p>7</p> | <p>Which one of the following is a non-financial objective of a business?</p> <p>A Increasing employee engagement B Increasing revenue C Profitability D Profit maximisation</p> <p>Answer: A (Increasing employee engagement)</p> | <p>1</p> <p>AO1 – 1</p> |

Section 2

Total for this section: 51 marks

| | | |
|----|--|--------------|
| 8 | <p>A business wants to maintain and improve the quality of the products or services it provides.</p> <p>Identify one method the business might use to do this.</p> <p>Award one mark for correctly identifying one method a business may use to maintain and improve the quality of the product or service it provides.</p> <p>Eg:</p> <ul style="list-style-type: none"> • quality control • benchmarking • quality assurance • Total Quality Management (TQM). • Kaizen <p>Must be a named method not a description of a method</p> | 1 AO1 – 1 |
| 9 | <p>Identify one method of primary market research.</p> <p>Award one mark for correctly identifying one method of primary market research.</p> <p>Eg:</p> <ul style="list-style-type: none"> • Questionnaires / surveys • observations • focus groups • (telephone) interviews. <p>Must be a named method not a description of a method</p> | 1 AO1 – 1 |
| 10 | <p>Identify two categories in the Boston Matrix.</p> <p>Award one mark for each correctly identified category from the Boston Matrix to a maximum of two marks.</p> <ul style="list-style-type: none"> • Cash cow(s). • Dog(s). • Question mark(s)/problem child. • Star(s). | 2 AO1 – 2 |

| | | |
|------------------|---|-------------------------|
| <p>11</p> | <p>Describe one motivation for being an entrepreneur.</p> <p>Award one mark for correctly identifying one motivation for being an entrepreneur.</p> <p>Eg:</p> <ul style="list-style-type: none"> • financial • personal • social. <p>Award one further mark for describing the motivation, eg:</p> <ul style="list-style-type: none"> • financial (AO1). Many entrepreneurs are motivated by the opportunity to make far more money than can be earned from working as an employee for somebody else (AO1) • personal (AO1). Some entrepreneurs are motivated by no longer being told what to do / by being able to choose the hours / days they work / have work-life balance (AO1) • social (AO1). An entrepreneur might wish to improve or influence social change, to benefit certain people or groups (AO1). <p>The description MUST match the motivation for the 2nd mark</p> <p>Eg Social (1) allows you to be your own boss, to make more money than as an employee (0)</p> | <p>2</p> <p>AO1 – 2</p> |
| <p>12</p> | <p>Last year, heavy rain severely damaged strawberries being grown in Scotland.</p> <p>Explain how this may have affected the price of strawberries sold to consumers last year in Scotland.</p> <p>Award one AO2 mark for determining the impact on the price of strawberries:</p> <ul style="list-style-type: none"> • the price of strawberries would have risen / increased. (1) <p>Award one AO2 mark for explaining why this price increase would have occurred:</p> <ul style="list-style-type: none"> • this would have caused a reduction in supply • fewer strawberries would have been available for sale • the supply curve for strawberries would have shifted to the left. | <p>2</p> <p>AO2 – 2</p> |

| | | |
|----|--|--------------|
| 13 | <p>Flow production is one production method used in manufacturing products.</p> <p>Identify two features of flow production.</p> <p>Award one mark for each correctly identified feature of flow production, to a maximum of two marks.</p> <p>Eg:</p> <ul style="list-style-type: none">• large quantities are produced / <i>mass produced</i>• simplified or standardised product / all products are the same or identical• semi-skilled workforce specialising in one task only / <i>workers are specialists / have set tasks / overseen by a small number of employees</i>• <i>high degree of automation / production is automated</i>• large stocks of raw materials and work in progress• makes use of an assembly line / <i>conveyor belt / production line</i>• capital intensive / large amount of machinery /• continuous production. / <i>does not stop</i> | 2 AO1 – 2 |
|----|--|--------------|

| | | |
|----|---|-------------------------------------|
| 14 | <p>Explain, using Maslow’s hierarchy of needs, two ways that a business can improve the motivation of its workers.</p> <p>AO1</p> <p>Award one AO1 mark for each correctly identified stage from Maslow’s hierarchy of needs to a maximum of two marks:</p> <ul style="list-style-type: none"> • physiological / basic • safety / security • love and belonging / social needs • esteem / self-esteem • self-actualisation. <p>AO2</p> <p>Award up to two AO2 marks for explaining how each identified stage can be applied in a business to raise worker motivation. These cannot be awarded as “stand alone” marks – they are for development of the AO1 marks</p> <p>Eg:</p> <ul style="list-style-type: none"> • <i>physiological / basic</i> (AO1). A business could provide water fountains, so workers can get a drink when thirsty / provide regular rest breaks, so workers do not get tired (AO2) • <i>safety / security</i> (AO1). A business can provide a permanent contract / ensure the worker works in safe conditions (AO2) • <i>love and belonging</i> (AO1). A business can organise workers into teams / hold team days (AO2) • <i>esteem</i> (AO1). A business can praise staff / have recognition awards (AO2) • <i>self-actualisation</i> (AO1). The business can allow (some) workers to make more decisions or have more control over how they organise their day / their work; or can provide work that will enable workers to reach their full potential (AO2). <p>Answers that make no explicit reference to Maslow stages or make suggestions such as ‘increase wages’ or ‘provide job rotation’ on their own, cannot be awarded any marks.</p> | <p>4</p> <p>AO1 – 2 AO2 – 2</p> |
|----|---|-------------------------------------|

| | | |
|----|--|-------------------------------------|
| 15 | <p>Explain two advantages of being a member of the cooperative.</p> <p>AO1</p> <p>Award one AO1 mark for each valid advantage of being a member of the cooperative, to a maximum of two marks.</p> <p>Eg:</p> <ul style="list-style-type: none"> • limited liability • equal voting rights • dividends / share of the profits • may get advice from fellow members • economies of scale or examples of economies of scale, such as purchasing economies / bulk buying (not in Units 1 or 2 but rewardable if learners appear to have been taught it). • Convenience / availability of supplies • Exclusive access to a range of products <p>AO2</p> <p>Award one AO2 mark for each explanation of an advantage, to a maximum of two marks.</p> <p>Eg:</p> <ul style="list-style-type: none"> • limited liability (AO1). A farmer's liability is limited to their investment into the cooperative and so their own assets are protected if the cooperative goes into administration (AO2) • equal voting rights (AO1). As each member has just a single vote, everyone has an equal say in the business no matter how many shares they own / no matter how much they have invested into the business (AO2) • receive dividends (AO1). The dividends are determined by how much members spend on the products of the cooperative, so the more a farmer spends the bigger the dividend they receive (AO2) • may get advice from fellow members (AO1). As all members are farmers then a member may be able to tap into the expertise of other members when dealing with problems on their own farm (AO2) • economies of scale (AO1). This will save a member money as the cooperative can use its buying power to obtain discounts which can be passed onto cooperative members (AO2). Economies of scale are not mentioned in the specification, but learners can be credited if they use this argument. • Convenience / availability of supplies (AO1) as have direct access to a wide range of supplies nearby / in one location (AO2) • Exclusive access to a range of products (AO1) which will be available at a lower price than non-members have to pay (AO2) | <p>4</p> <p>AO1 – 2 AO2 – 2</p> |
|----|--|-------------------------------------|

| | | |
|--------------|---|-------------------------|
| <p>16</p> | <p>Last week, CFC opened Cerwen Farm Shop. The shop sells CFC members' produce, such as meat and vegetables, to the public.</p> <p>Explain two operational issues the shop manager may have to deal with in the new farm shop.</p> <p>Award one AO2 mark for each relevant operational issue identified, to a maximum of two marks.</p> <p>Eg: The shop manager will need to:</p> <ul style="list-style-type: none"> • manage the stock (efficiently) / manage unpredictable supply • deal with access issues for public • be responsible for health and safety • organise staffing / staff absence / staff rotas. <p>Award one AO2 mark for each explanation of an identified issue, to a maximum of two marks.</p> <p>Eg:</p> <ul style="list-style-type: none"> • the shop manager will need to manage the stock efficiently (AO2). They will need to ensure there is sufficient stock to meet consumer needs (AO2) / need to ensure that does not under stock / over stock items / ensure stock not wasted due to no longer being fresh (AO2) • the shop manager will need to deal with access issues for public. (AO2). They must make sure that aisles are not blocked by stock / ensure the shop is wheelchair friendly (AO2) • the shop manager will be responsible for health and safety (AO2). They must make sure that the shop is a safe place for consumers (and workers), to avoid prosecution (AO2) • the shop manager will organise staffing / recruit employees (AO2). to make sure that they have sufficient workers in place each day • shop manager will need to organise staff rotas (AO2) / to ensure the shop works efficiently (AO2) / do not have too many / too few staff (AO2) | <p>4</p> <p>AO2 – 4</p> |
| <p>17(a)</p> | <p>Place Cerwen Farm Shop in the correct section of its product lifecycle.</p> <p>Answer: Introduction</p> | <p>1</p> <p>AO1 – 1</p> |

| | | |
|--------------|--|------------------|
| 17(b) | Explain the impact that opening Cerwen Farm Shop may have had on CFC's spending on advertising. Award up to two AO2 marks for a valid explanation of the impact that opening Cerwen Farm Shop may have had on CFC's spending on advertising. Eg: <ul style="list-style-type: none">• CFC's advertising expenditure will have increased (be high or higher) (AO2), as CFC needed to raise awareness of this shop / as is a new shop/ as is in introductory stage of life cycle (AO2)• CFC's advertising expenditure would not have changed (AO2) if CFC relied on word of mouth or made use of social media to raise awareness amongst the community (AO2). | 2 AO2 – 2 |
|--------------|--|------------------|

Past Paper

| | | |
|-----------|---|-------------------------|
| <p>18</p> | <p>One of CFC’s objectives is corporate responsibility. CFC tries to achieve this objective by following a number of practices, including:</p> <ul style="list-style-type: none"> • recycling all shop packaging • using solar panels to generate electricity to run the shop. <p>Explain how these two practices can contribute to the success of Cerwen Farm Shop.</p> <p>Award up to two AO3 marks for each explanation of how these practices can contribute to the success of the farm shop. A maximum of four marks can be awarded.</p> <p>Eg:</p> <ul style="list-style-type: none"> • recycling all packaging shows the business cares about the environment / less harm to the planet / not wasting resources / is “greener” (AO3). This may encourage consumers to shop at the farm shop / increasing the shop’s sales revenue / improve its reputation (AO3) • using solar panels to generate electricity to run the shop will cut the cost of electricity to the shop (AO3) and by cutting costs, the shop’s profit margin will increase / has more cash to spend on other needs/ improve its reputation (AO3) • Using solar panels to generate electricity can help differentiate the business from any competitors / may act as a USP (AO3) and result in more customers / increase sales revenue (AO3) • consumers may be more interested in the quality of products sold / how CFC’s prices compare to other shops (AO3) and so recycling / using solar panels may not help the business succeed / may not lead to increased sales (AO3) <p>NB Candidates that “lump” both practices together can get a maximum of 2 marks e.g., These 2 practices will show the business cares about the environment (AO3) which will increase sales (AO3)</p> <p>NB development points can only be rewarded once e.g., improve its reputation</p> | <p>4</p> <p>AO3 – 4</p> |
|-----------|---|-------------------------|

| | | |
|-----------|--|---|
| <p>19</p> | <p>Next year, CFC plans to open a cafe next door to its farm shop. CFC's directors think the 8000 households in Cerwen will be its customer base.</p> <p>CFC's directors are considering two options to raise awareness of the cafe among Cerwen's households:</p> <p>Option 1: Sponsor the shirts of the local amateur football team for one season. The team's average home attendance is 750.</p> <p>Option 2: A leaflet drop to all of the households in Cerwen in the week before the cafe opens.</p> <p>Analyse whether CFC should use Option 1 or Option 2 to raise awareness of its new cafe.</p> <p>Justify your answer.</p> <p>Justify your answer.</p> <p>Do not award 2 AO1 marks for either option, e.g., for stating an advantage and a disadvantage of shirt sponsorship or stating an advantage and disadvantage of leaflets.</p> <p>A comparison of numbers 8000 / 750 can be rewarded only once as an AO2 mark</p> <p>Do not reward answers relating to costs – cost is unknown for both options</p> <p>AO1/AO2</p> <p>OPTION 1 Award up to 2 marks for Either a balanced argument for Option 1 (advantage + expansion / use of stimulus OR disadvantage + expansion / use of stimulus)</p> <p>OPTION 2 Award up to 2 marks for Either a balanced argument for Option 2 (advantage + expansion / use of stimulus OR disadvantage + expansion / use of stimulus)</p> <p>Option 1</p> <p>Advantage, eg:</p> <ul style="list-style-type: none"> • The café name on the shirt will be seen frequently / weekly / regularly (AO1) as so will raise awareness for the whole season / longer than a one-time leaflet drop (AO2). | <p>6</p> <p>AO1 – 2 AO2 – 2 AO3 – 2</p> |
|-----------|--|---|

| | | |
|--|--|--|
| | <ul style="list-style-type: none"> The café name may be seen photographs on social media / in local newspapers (AO1) so raising awareness amongst a much wider audience (than 750 spectators) AO2) <p>Disadvantage, eg:</p> <ul style="list-style-type: none"> it will only be seen by a small number of people / small % of town's population (AO1) as the attendance at matches is only 750 (AO2) Only the café's name is in the shirt (AO1), so it does not inform / tell customers anything about the cafe (AO2) <p>Option 2</p> <p>Advantage, eg:</p> <ul style="list-style-type: none"> the leaflet will be seen by / inform more people / more than the shirt sponsorship (AO1) as will go to every house / all the 8000 households in Cerwen (AO2) the leaflet will include more information about the café (than sponsoring a shirt) (AO1), as it can include opening times and contact details (AO2). The leaflet can be kept for future reference (AO1) and so acts as a permanent / long lasting source of information (AO2) <p>Disadvantage, eg:</p> <ul style="list-style-type: none"> leaflets are often thrown away / ignored by people (AO1) and so many people will be unaware about the café opening (AO2). <p>AO3</p> <p>Award up to two AO3 marks for a justified choice of option.</p> <p>Eg:</p> <p>I would choose Option 2 as the café will want as many people as possible to be aware of it opening (AO3). By doing it just before the café opens then potential customers are more likely to note the details if they plan to visit the café (AO3).</p> <p>Eg I would not choose Option 1 as the shirts do not tell spectators that it is opening / or where it is (AO3). As it will only be seen by 750 local people most of the town's population will not be aware of the café's existence.</p> | |
|--|--|--|

| | | |
|----|--|-------------------------------------|
| 20 | <p>Explain one advantage and one disadvantage of Kipzek Ltd operating as a product-oriented business.</p> <p>AO1</p> <p>Award one AO1 mark for identifying one advantage of Kipzek Ltd operating as a product-oriented business.</p> <p>Eg:</p> <ul style="list-style-type: none"> enables the business to concentrate on what it does best / prioritize the products it makes reduces costs can provide competitive edge. <p>Award one AO1 mark for identifying one disadvantage of Kipzek Ltd operating as a product-oriented business.</p> <p>Eg:</p> <ul style="list-style-type: none"> the customers may not see a need for what you're selling the research and development costs may be high. <p>AO2</p> <p>Award one AO2 mark for explaining the identified advantage.</p> <p>Eg:</p> <ul style="list-style-type: none"> enables the business to concentrate on what it does best (AO1) which can result in the development of better / innovative / higher / high quality products (AO2) reduces costs (AO1) as less is spent on market research to find out what consumers want (AO2) can provide a competitive edge (AO1), as they may have a product on the market that has a unique selling point (USP) (AO2). <p>Award one AO2 mark for explaining the identified disadvantage.</p> <p>Eg:</p> <ul style="list-style-type: none"> the customers may not see a need for what you're selling / don't want it (AO1) and as a result sales are / revenue is less than expected / the business makes a loss (AO2) the R&D costs may be high (AO1) and therefore it takes a long time to break-even / to make profit / profits are less than expected (AO2). <p>NB Learners may make use of examples when explaining the disadvantage (and possibly the advantage) and AO2 marks can be awarded if the examples exemplify the stated disadvantage / advantage.</p> | <p>4</p> <p>AO1 – 2 AO2 – 2</p> |
|----|--|-------------------------------------|

| | | |
|----|--|--------------|
| 21 | <p>Kipzek Ltd has two competitors that dominate the home security lights market. The competitors have a combined market share of 75%.</p> <p>Next year, Kipzek Ltd plans to launch a new security light with unique features.</p> <p>Kipzek Ltd’s directors are considering the following pricing strategies for the launch of their new security light:</p> <ul style="list-style-type: none"> • promotional pricing • price skimming. <p>Explain how useful both promotional pricing and price skimming could be for Kipzek Ltd when they first sell their new security light.</p> <p>Award up to four AO3 marks for valid explanations of how useful each of the two pricing strategies could be for Kipzek Ltd when they first sell their new security light. To achieve full marks, learners must address both pricing methods.</p> <p>Eg:</p> <p>Promotional pricing</p> <ul style="list-style-type: none"> • As Kipzek is in a competitive market with two established / businesses that dominate the market (AO3) promotional pricing would give Kipzek Ltd a price advantage / cheaper than competitor products (AO3,) • promotional pricing would give Kipzek Ltd a short-term advantage (AO3) as this pricing strategy is time limited • promotional pricing may mean more sales (AO3), but the lower price may mean less revenue (per sale) / lower profit margins (AO3) • promotional pricing might attract more customers / increase sales (AO3) as the price will be lower than the usual price / lower than competitor products (AO3) • promotional pricing could result in a price war (AO3) as the large businesses already in the market may cut their prices and this may reduce Kipzek Ltd’s sales (AO3). <p>Price skimming</p> <ul style="list-style-type: none"> • Price skimming would increase their profit margin (AO3). as it will involve charging a higher price (AO3) • price skimming may also suggest high / higher quality AO3) which could help increase sales / give higher revenue from each sale / increase profit margins (AO3) • price skimming may increase profit margins (AO3), but sales may be lower (AO3) | 4 AO3 – 4 |
|----|--|--------------|

| | | |
|--|--|--|
| | <ul style="list-style-type: none">• if Kipzek Ltd's lights have features that other products do not have then price skimming can be used for a long time (AO3), allowing Kipzek Ltd to make higher sales revenue / profits (AO3) | |
|--|--|--|

Past Paper

| | | |
|----|---|------------------|
| 22 | <p>Two years ago, sales of Kipzek Ltd's home security lights fell.</p> <p>Explain two external influences, other than price cuts by competitors, which may have caused this fall in sales.</p> <p>Award one AO2 mark for each relevant external influence, other than price cuts by competitors, which may have caused this sudden fall in sales. Maximum two marks.</p> <p>Eg:</p> <ul style="list-style-type: none"> • a fall in GDP • an increase in unemployment • an increase in interest rates • an increase in VAT • an increase in income tax. <ul style="list-style-type: none"> • competitors bring out better products / new technology becomes available • competitors may have increased their advertising • competitors may have used better sales promotions • a shortage of components from Kipzek's suppliers • less crime / house" break ins" • change in consumer spending patterns / tastes <p>Award one AO2 mark for each explanation of how each influence may have caused the sudden fall in sales. Maximum two marks.</p> <p>Eg:</p> <ul style="list-style-type: none"> • a fall in GDP / an increase in unemployment (AO2) will mean some people will have lost their jobs and so are less able to afford security lights (AO2) • an increase in interest rates (AO2) may make saving more attractive, so some consumers decide to save more, spending less on Kipzek Ltd's lights (AO2) • an increase in VAT (AO2) will cause the price of Kipzek Ltd's lights to rise (AO2) • an increase in income tax (AO2) will reduce all workers take-home pay and so some people are less likely to buy Kipzek Ltd's lights (AO2). • An increase in living costs e.g., gas and electricity bills (AO2) so consumers could not afford security lights • competitors bring out new products (AO2) which outperform Kipzek's / make Kipzek's products obsolete (AO2) • competitors may have increased their advertising (AO2), so Kipzek's customers switch to them (AO2) • competitors may have used better sales promotions (AO2), so Kipzek's customers switch to them (AO2) | 4 AO2 – 4 |
|----|---|------------------|

| | | |
|--|--|--|
| | <ul style="list-style-type: none">• a shortage of components from Kipzek’s suppliers (AO2) so Kipzek produces less to sell (AO2)• less crime / house” break ins” (AO2) so consumers no longer need the product / which reduces size of Kipzek’s target market (AO2) (AO2)• change in consumer spending patterns / tastes <p>NB do not award answers that are essentially internal influences.</p> <p>Eg:</p> <ul style="list-style-type: none">• quality control problems lead to a bad reputation / late delivery of supplies• Kipzek Ltd decided to raise its prices• production problems led to stock shortages, so sales fell. | |
|--|--|--|

Past Paper

| | | |
|------------------|--|-------------------------------------|
| <p>23</p> | <p>Last year, Kipzek Ltd introduced a system of Total Quality Management (TQM) throughout its business.</p> <p>Explain the importance of Kipzek Ltd successfully introducing a system of TQM.</p> <p>AO1</p> <p>Award one AO1 mark for knowledge of TQM.</p> <p>Eg: TQM:</p> <ul style="list-style-type: none"> • is a continual process of detecting and reducing or eliminating errors / achieving zero faults in manufacturing • aims to improve the quality of the product or service provided • is a system which makes everybody in the business responsible for quality <p>AO3</p> <p>Award up to three AO3 marks for an explanation of the importance of Kipzek Ltd successfully introducing a system of TQM.</p> <p>Eg:</p> <ul style="list-style-type: none"> • Using TQM Kipzek Ltd is more likely to have products that have zero faults / will work perfectly / be of high or higher quality (AO1), and this should lead to customer satisfaction (AO3) which will strengthen the brand's reputation (AO3) which can result in increased sales (AO3) • Using TQM Kipzek Ltd is more likely to have products that have zero faults (AO1) and so reduces costs of re-working faulty products / will have less waste / (AO3) which increases efficiency (AO3) • is a system which makes everybody in the business responsible for quality (AO1) and this may improve employee motivation (AO3), reducing labour turnover (AO3).and thus reducing recruitment costs (AO3) | <p>4</p> <p>AO1 – 1 AO3 – 3</p> |
|------------------|--|-------------------------------------|

Section 3

Total for this section: 21 marks

| | | |
|-----------|---|--|
| 24 | <p>Kipzek Ltd has forecast net profits before tax of £100 million for this year.</p> <p>Explain how the following changes may affect Kipzek Ltd:</p> <ul style="list-style-type: none"> • a reduction in corporation tax by 1% • a small increase in the number of house burglaries in the UK. <p>Which one of these two changes could have the greatest effect on Kipzek Ltd?</p> <p>Justify your answer.</p> <p>AO1</p> <p>Award one AO1 mark for identifying how each change could affect Kipzek Ltd, up to a maximum of two marks.</p> <p>Eg:</p> <ul style="list-style-type: none"> • a reduction in corporation tax by 1% means Kipzek Ltd will pay less tax on its profits • an increase in the number of house burglaries in the UK may lead to increase in demand for security lights. <p>AO2</p> <p>Award one AO2 mark for explaining the impact of each change on Kipzek Ltd, up to a maximum of two marks.</p> <p>Eg:</p> <ul style="list-style-type: none"> • a reduction in corporation tax by 1% means Kipzek Ltd will pay less tax on its profits (AO1) reducing the tax bill by £1 million (AO2) / and so its net profits after tax will increase (AO2) • a small increase in the number of house burglaries in the UK may lead to increase in demand for security lights. (AO1) so sales of Kipzek Ltd lights may increase / may increase Kipzek's sales revenue (AO2). <p>AO3</p> <p>Award up to two AO3 marks for justifying a choice about which change is likely to have the most effect on Kipzek Ltd.</p> <p>Eg:</p> <ul style="list-style-type: none"> • the reduction in corporation tax will definitely benefit Kipzek Ltd as long as it makes a profit (AO3) as it will pay less tax. (OR will benefit Kipzek for the long term) The small increase in house burglaries may only have a minor impact on the demand for security lights, and as Kipzek Ltd has competitors there is no guarantee that Kipzek's | <p>6</p> <p>AO1 – 2 AO2 – 2 AO3 – 2</p> |
|-----------|---|--|

| | | |
|-------|---|-------------------------------------|
| | <p>sales will rise that much. Therefore, of the two I think the cut in corporation tax will have the greater impact (AO3).</p> | |
| 25(a) | <p>Recently, Kipzek Ltd expanded its customer services department. New targets were set for answering phone calls and emails.</p> <p>Explain two reasons why providing good customer service is important for Kipzek Ltd.</p> <p>AO1</p> <p>Award one AO1 mark for each correctly stated reason as to why providing good customer service is important for Kipzek Ltd, up to a maximum of two marks.</p> <p>Eg:</p> <ul style="list-style-type: none"> • provides word of mouth promotion • sets the business apart from competitors • customer loyalty / encourages repeat business / increase sales • improves business reputation. <p>AO2</p> <p>Award one AO2 mark for an explanation of each stated reason as to why providing good customer service is important to Kipzek Ltd (up to a maximum of two marks).</p> <ul style="list-style-type: none"> • provides word of mouth promotion (AO1), which may result in more customers / increased sales (revenue) / more awareness of the business (AO2) • sets the business apart from competitors (AO1), which is important as Kipzek Ltd is competing against two large competitors (AO2) • customer loyalty (AO1) may mean Kipzek Ltd will find it easier to launch new products successfully (AO2) • improves business reputation (AO1), helping Kipzek Ltd to increase its market share (AO2) • encourages repeat business (AO1), which may result in increased sales (revenue) (AO2). <p>NB an explanation can only be awarded once, eg: “which may result in increased sales (revenue)” can be applied to a number of points but should only be rewarded on its first occurrence.</p> | <p>4</p> <p>AO1 – 2 AO2 – 2</p> |

| | | |
|---------------------|--|-------------------------|
| <p>25(b)</p> | <p>Analyse one impact on the financial position of Kipzek Ltd if these new customer service targets are not met.</p> <p>Award up to two AO3 marks for a valid analysis of the impact on Kipzek Ltd if its new customer service targets are not met.</p> <p>Eg:</p> <ul style="list-style-type: none"> • Kipzek Ltd may see falling sales / less repeat custom (AO3) which will reduce its profits / revenue (AO3) • if Kipzek Ltd's products are well made few customers may have cause to make use of customer services (AO3) and so there may be limited impact on Kipzek Ltd's financial position as sales may not be / are little affected (AO3). | <p>2</p> <p>AO3 – 2</p> |
|---------------------|--|-------------------------|

Past Paper

| | | |
|------------------|--|---|
| <p>26</p> | <p>Jessica and Oscar want to change elements of the marketing mix to increase the number of customers for their caravan site.</p> <p>Discuss one change they could make to the product element and one change they could make to the promotion element.</p> <p>Which one of these two changes could have the greater impact on customer numbers?</p> <p>Justify your answer.</p> <p>AO1 – 2 marks AO2 – 4 marks AO3 – 3 marks</p> <p>There is 3 marks MAX for discussion of Product (AO1-1; AO2-2)</p> <p>There is 3 marks MAX for discussion of Promotion (AO1-1; AO2-2)</p> <p>Learners were asked to discuss ONE change on both Ps – some of looked at 3 changes to product and at least two to promotion.</p> <p>Can only reward one of them – suggest we read all and award marks to the best one ONLY – e.g., cannot get one AO2 mark for discussing Wi-Fi and another AO2 for discussing showers.</p> <p>If learners only discuss product or promotion, then max of 3 marks and no AO3 marks can be awarded.</p> <p>NB If learners say improvements in product will improve word of mouth promotion, then this still counts as product answer – need a CHANGE in promotion i.e., something new – but that idea could be part of evaluation if developed.</p> <p>PRODUCT</p> <p>Award 1 AO1 mark for any identifiable change in the product element of the mix. (don't need to explicitly say this is PRODUCT – assume they know as so far all have in the one, I have marked clearly shown they know Wi-Fi, showers etc is the product element of the mix)</p> <p>Eg AO1 install Wi-Fi / open a camp shop or games room or café / offer hot water in all 10 showers</p> <p>Award up to two AO2 marks for an explanation of how / why suggested change is needed / why it will lead to increased visitor numbers / how it will benefit the business / or its disadvantage</p> <p>Eg Jessica and Oscar need to install Wi-Fi on the site (AO1) as customers won't book if no Wi-Fi / people now expect free Wi-Fi (AO2)</p> | <p>9</p> <p>AO1 – 2 AO2 – 4 AO3 – 3</p> |
|------------------|--|---|

| | | |
|--|---|--|
| | <p>as this is now available in all / most holiday places / most other caravan sites (AO2)</p> <p>Eg Jessica and Oscar need to install hot water in all 10 showers on the site (AO1), but this could be quite expensive to do (AO2) as cold showers are likely to put off many customers / may put them off coming back next year / better showers will increase repeat business / improve word of mouth (AO2)</p> <p>Eg Jessica and Oscar need to open a games room (AO1) as may attract customers with children which may broaden their customer base (AO2), and this may encourage new customers / improve customer retention loyalty (AO2)</p> <p>Eg Jessica and Oscar need to open a cafe on the site (AO1) however this may be very expensive (AO2) but will increase sales revenue (income) / will make the site more attractive (AO2)</p> <p>PROMOTION</p> <p>Award 1 AO1 mark for any identifiable change in promotion</p> <p>Eg AO1 advertise /create a website / Facebook page / use special offers</p> <p>Award up to two AO2 marks for an explanation of how / why suggested change is needed / why it will lead to increased visitor numbers / any disadvantages</p> <p>Eg Jessica and Oscar need to advertise (AO1) and should use social media as this is low cost / free (AO2) and this will raise / increase awareness / provide information about the site (AO2)</p> <p>Eg Jessica and Oscar need to advertise (AO1) as this will raise / increase awareness / provide information about the site (AO2) but only have a budget of £5000 so this will limit where they can advertise / mean they may need to use social media as its cheaper / free (AO2)</p> <p>Eg Jessica and Oscar need to create a website / Facebook page (AO1) as most holiday makers will use the internet to search for a caravan site (AO2) and this will raise / increase awareness (AO2)</p> <p>Eg Jessica and Oscar need to use special offers (AO1) as these can attract / persuade (new) customer to try out their caravan site OR may encourage previous customers to return (AO2) as this may make the site better value / cheaper than competitors (AO2)</p> <p>Evaluation AO3 3 marks</p> | |
|--|---|--|

| | | |
|--|---|--|
| | <p>Changes to both elements of the marketing mix must be discussed to get any / all 3 AO3 marks. Learners may argue that changes to product or promotion to be the more important – there is no “right” answer.</p> <p>Eg Improving the promotion element may only increase numbers for 1 year as it will create awareness and lead to more bookings (AO3) but if the product does not change then customers will not come back (AO3) as they will be disappointed with what the site offers / can get better facilities at other caravan sites (AO3)</p> <p>Eg I think it is more important to improve the product element of the marketing mix. The site now would be seen as old fashioned by many customers. (AO3). Customer retention / loyalty may increase if the product is improved (AO3) and then word of mouth promotion might work better as any new customers may be impressed and tell their friends about the site (AO3)</p> | |
|--|---|--|

Past Paper

Assessment Objective Grid

| Question | AO1 | AO2 | AO3 | Total |
|--------------|-----------|-----------|-----------|-----------|
| 1 | 1 | | | 1 |
| 2 | 1 | | | 1 |
| 3 | 2 | | | 2 |
| 4 | 1 | | | 1 |
| 5 | 1 | | | 1 |
| 6 | 1 | | | 1 |
| 7 | 1 | | | 1 |
| 8 | 1 | | | 1 |
| 9 | 1 | | | 1 |
| 10 | 2 | | | 2 |
| 11 | 2 | | | 2 |
| 12 | | 2 | | 2 |
| 13 | 2 | | | 2 |
| 14 | 2 | 2 | | 4 |
| 15 | 2 | 2 | | 4 |
| 16 | | 4 | | 4 |
| 17a | 1 | | | 1 |
| 17b | | 2 | | 2 |
| 18 | | | 4 | 4 |
| 19 | 2 | 2 | 2 | 6 |
| 20 | 2 | 2 | | 4 |
| 21 | | | 4 | 4 |
| 22 | | 4 | | 4 |
| 23 | 1 | | 3 | 4 |
| 24 | 2 | 2 | 2 | 6 |
| 25a | 2 | 2 | | 4 |
| 25b | | | 2 | 2 |
| 26 | 2 | 4 | 3 | 9 |
| Total | 32 | 28 | 20 | 80 |