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# **GCSE MARKING SCHEME**

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**SUMMER 2024**

**GCSE  
BUSINESS - UNIT 1  
3510U10-1**

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## About this marking scheme

The purpose of this marking scheme is to provide teachers, learners, and other interested parties, with an understanding of the assessment criteria used to assess this specific assessment.

This marking scheme reflects the criteria by which this assessment was marked in a live series and was finalised following detailed discussion at an examiners' conference. A team of qualified examiners were trained specifically in the application of this marking scheme. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners. It may not be possible, or appropriate, to capture every variation that a candidate may present in their responses within this marking scheme. However, during the training conference, examiners were guided in using their professional judgement to credit alternative valid responses as instructed by the document, and through reviewing exemplar responses.

Without the benefit of participation in the examiners' conference, teachers, learners and other users, may have different views on certain matters of detail or interpretation. Therefore, it is strongly recommended that this marking scheme is used alongside other guidance, such as published exemplar materials or Guidance for Teaching. This marking scheme is final and will not be changed, unless in the event that a clear error is identified, as it reflects the criteria used to assess candidate responses during the live series.

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Question		Marks
1.	<p><b>Identify which two of the following are features of cooperatives.</b></p> <p>AO1: 2 marks</p> <p>Award <b>1</b> mark for each correct answer.</p> <p>Owned by members Decisions are made by voting</p>	2
2.	<p><b>Identify which two of the following might reduce the environmental impact of a business.</b></p> <p>AO1: 2 marks</p> <p>Award <b>1</b> mark for each correct answer.</p> <p>Less packaging Using local suppliers</p>	2
3.	<p><b>Identify which of the terms above, best describes each of the following:</b></p> <p>AO1: 4 marks</p> <p>Award <b>1</b> mark for each correct answer.</p> <p><b>(a) Meeting the needs of customers, once they have bought a product or service.</b></p> <p>After sales</p> <p><b>(b) When total revenue equals total costs.</b></p> <p>Break-even</p> <p><b>(c) The increased movement of goods and services around the world.</b></p> <p>Globalisation</p> <p><b>(d) Organisations or businesses run by a government.</b></p> <p>Public sector</p>	4

Question		Marks
4. (a)	<p><b>Calculate the percentage change in the number of Purrfect Petz franchises from 2017 to 2022.</b></p> <p>AO2: 2 marks</p> <p>Award 1 mark for calculating the increase / selecting the correct data</p> <p><math>79 - 11 = 68</math></p> <p>Award 1 mark for correct answer.</p> <p><math>\frac{68}{11} \times 100 = 618</math> or 618.2 or 618.18</p> <p>Accept answers with no % sign</p> <p>Apply OFR if the incorrect value for the increase is used correctly.</p>	2
(b)	<p><b>Describe the trend in the number of franchises of Purrfect Petz from 2017 to 2022.</b></p> <p>AO2: 2 marks</p> <p>Award 1 mark for a limited description of the trend.</p> <p><b>Indicative content:</b></p> <p>The number of franchises has increased.</p> <p>Award 2 marks for a detailed description of the trend.</p> <p><b>Indicative content:</b></p> <p>The number of franchises is increasing at a faster rate. The number of franchises opening each year is increasing.</p>	2

Question		Marks
(c)	<p><b>Suggest and explain one benefit to a business of becoming a franchisor.</b></p> <p>AO1: 1 mark AO3: 1 mark</p> <p>Award <b>1</b> mark for suggesting a benefit to a business of franchising. Award <b>1</b> mark for accurate explanation.</p> <p><b>Indicative content:</b></p> <p>The franchisee takes on the financial risk – if the franchisee business fails the business does not lose their money The franchise will be run better than a managed outlet – the business will be run better as the franchisee takes on more responsibility for the success of the business The franchisee supplies the start-up capital – franchising is a low cost / low risk method of growth Royalty payments are made – businesses still earn a percentage of revenue - despite not being directly involved in the running of the business Growth without day-to-day involvement in the business – franchisee sets up and runs the business</p> <p>Credit any other valid answers.</p> <p><b>NOT GENERAL BENEFITS OF GROWTH</b></p>	2

Question		Marks
5. (a)	<p><b>Using the information above, describe two ways that Gareth Rees displays the characteristics of an entrepreneur.</b></p> <p>AO1: 2 marks AO2: 2 marks</p> <p>Award <b>2</b> marks for correctly identifying a characteristic of an entrepreneur (1 mark for each suggestion, maximum of 2 marks).</p> <p><b>Indicative content:</b></p> <p>Show initiative Risk taker Organise resources Determined / Hard-working Making decisions Innovative / Creative Passion / enthusiasm</p> <p><b>Indicative content:</b></p> <p>Award <b>2</b> marks for applying this to Gareth (1 mark for each application, maximum of 2 marks).</p> <p>Show initiative / gap in the market – used to repair the laptops, tablets and smartphones of friends and teachers to earn money.</p> <p>Risk taker – quit university / set up a business.</p> <p>Organise resources – set up a workshop in his parents’ shed.</p> <p>Determined / Hard working – he had already developed several apps which he sold through Apple’s Appstore and Google Play / repairing laptops etc.</p> <p>Making decisions – Gareth has made bold decisions in the aim of creating a business / quit university.</p> <p>Innovative / Creative – developing new products / businesses.</p> <p>Credit any other valid application.</p>	4
(b)	<p><b>State what is meant by the term USP.</b></p> <p>AO1: 1 mark</p> <p>Award <b>1</b> mark for a valid definition / name in full or understanding.</p> <p>Unique Selling Point / something (a factor) that makes a product or service different from competitors.</p>	1

Question		Marks
(c)	<p><b>Suggest one reason why cash is important for a business.</b></p> <p>AO1: 1 mark</p> <p>Award <b>1</b> mark for a correct suggestion.</p> <p><b>Indicative content:</b></p> <p>To survive  To pay bills / wages / stock / rent / suppliers / equipment / expenses etc.  To borrow money and show lenders that the business can pay them back  To stop lenders taking personal / business possessions  To be a good borrower and get access to further funds  To avoid getting into debt / avoid borrowing money</p> <p>Credit other valid suggestions</p> <p>Not for growth</p>	1
6. (a)	<p><b>Identify one way Sumptuous Scents segments the market.</b></p> <p>AO2: 1 mark</p> <p>Award <b>1</b> mark for one of the following:  Gender  Lifestyle  Income  Location</p> <p><b>NB: Not age</b></p>	1
(b)	<p><b>Calculate the average market value of beauty and personal care in the UK from 2017 to 2022.</b></p> <p>AO2: 2 marks</p> <p>Award <b>1</b> mark for adding up the total for each year.</p> $13691.5 + 14061.6 + 14481.5 + 14718.5 + 15232.3 + 15726.4 = 87911.8$ <p>Award <b>1</b> mark for correct answer.</p> $87911.8 \div 6 = 14651.97 \text{ million euros}$ <p>Accept 14651.967 or 14652 or 14652.0</p> <p>14.651967, 14.652 and 14.6520 (if in billions)</p> <p>Apply OFR if the incorrect total is divided by 6.</p> <p><b>NB: Euros not needed for 2 marks</b></p>	2

Question		Marks
(c)	<p><b>Describe one impact that lowering the rate of Value Added Tax (VAT) might have on Sumptuous Scents.</b></p> <p>AO1: 1 mark AO2: 1 mark</p> <p>Award 1 mark for identification of impact.</p> <p>Award 1 mark for applying the impact to Sumptuous Scents.</p> <p><b>Indicative content:</b></p> <p>Lowering VAT makes products cheaper for the consumer – this may increase sales. Lowering VAT could make the perfumes cheaper - if Sumptuous Scents passed the decrease on to the consumer. Lowering VAT means a lower percentage of company revenue goes to the Government – this could increase profits.</p>	2
(d) (i)	<p><b>With reference to the profit and loss account (income statement) above, describe the financial performance of Sumptuous Scents between 2021 and 2022.</b></p> <p>AO2: 2 marks</p> <p>Award 1 mark for each valid description.</p> <p><b>Indicative content:</b></p> <p>Revenue increased – by £103 000 - suggesting increased sales - increased prices Costs of sales increased – £142 200 more was spent from 2021 to 2022 – increase in cost of materials / ingredients Gross profit fell – by £39 200 - due to increase in cost of sales Expenses increased – by £10 000 Net profit fell – by £49 200 – as expenses increased</p> <p>Credit other valid suggestion</p> <p>Note: Not accepting the terms profit or money.</p>	2

Question		Marks
(ii)	<p><b>Suggest one way that Sumptuous Scents could improve its profitability.</b></p> <p>AO1: 1 mark</p> <p>Award <b>1</b> mark for a valid suggestion.</p> <p><b>Indicative content:</b></p> <p>Increase prices / reduce prices  Promote the business / Sales promotion  Change the product / introduce new products  Increase the number of stores  Spend less on ingredients / raw materials / stock / cost of sales  Reduce salaries / rents / rates / expenses</p> <p>Credit any other valid suggestions and explanation.</p>	1
(e) (i)	<p><b>Apart from checking references, state two stages of the recruitment process.</b></p> <p>AO1: 2 marks</p> <p>Award <b>1</b> mark for each stage identified.</p> <p><b>Indicative content:</b></p> <p>Identify vacancy / Job analysis  Job description  Person specification  Advertise job / promoting the job  Applications / CV  Shortlisting  Interview  Tests / Testing  Offer and appointment / Selection</p>	2

Question		Marks
(ii)	<p><b>Suggest and explain one reason why businesses check references as part of the recruitment process.</b></p> <p>AO1: 1 mark AO3: 1 mark</p> <p>Award <b>1</b> mark for a valid suggestion (maximum 1 mark).</p> <p><b>Indicative content:</b></p> <p>Get information from an employer / school / teacher / Employers comment on workers</p> <p>Award <b>1</b> mark for an explanation of the suggestion.</p> <p><b>Indicative content:</b></p> <p>can check details of the application form / CV can check claims made in the interview used for shortlisting candidates how performed in last job / any issues with previous job check suitability for the job / compare to person specification (might mention aspects of PS e.g. skills, experience, qualifications, personal qualities (not reliable and trustworthy)</p> <p>Credit any other valid suggestion.</p>	2

6. (f)	<b>Evaluate suitable advertising media that Sumptuous Scents could use to advertise its perfumes and fragrances.</b> [8]		
<b>Band</b>	<b>AO1</b>	<b>AO2</b>	<b>AO3</b>
	<b>2</b>	<b>2</b>	<b>4</b>
<b>3</b>	There are no Band 3 marks for this assessment objective 2 marks are awarded as for Band 2	There are no Band 3 marks for this assessment objective 2 marks are awarded as for Band 2	<b>4 marks</b> Excellent well-reasoned and balanced evaluation on the advantages and disadvantages of different advertising media.  Writing is very well structured using accurate grammar, punctuation and spelling  The advantages and disadvantages of different advertising media are fully evaluated.
<b>2</b>	<b>2 marks</b> Good knowledge and understanding of the main forms of advertising media.  Some attempt to use specialist vocabulary	<b>2 marks</b> Good application to Sumptuous Scents / perfume / UK wide retail market.  Information from the data is used in development	<b>2-3 marks</b> Good evaluation of the advantages and / or disadvantages of different advertising media.  Writing is generally well structured using reasonably accurate grammar, punctuation and spelling  The evaluation may be unbalanced and focus on either the advantages or disadvantages of different advertising media.
<b>1</b>	<b>1 mark</b> Limited knowledge and / or understanding of the main forms of advertising media.  Limited or no use of specialist vocabulary	<b>1 mark</b> Limited application to Sumptuous Scents / perfume / UK wide retail market.  The response is mostly generic with brief application to Sumptuous Scents	<b>1 mark</b> Limited evaluation on the advantages and disadvantages of different advertising media.  Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling  The evaluation lacks detail and superficial comments are made with little development
<b>0</b>	<b>0 marks</b> No knowledge or understanding of the main advertising media	<b>0 marks</b> No reference is made to Sumptuous Scents / perfume / UK wide retail market	<b>0 marks</b> No valid evaluation

**Indicative content:**

The data suggests that Sumptuous Scents is a business that is not that well established and that the scale is relatively small. £64 000 profit last year could be used for advertising but possibly not enough for TV advert although it is a national business. Therefore, it unlikely to afford the costs of some of the mass media e.g. television and newspapers.

SS targeting wealthier people so the media chosen should appeal to this target market, although the brand may be aspirational so those buying it may not have that much disposable income.

Possible appropriate media may include:

**Online**

Internet / digital advertising is appropriate to the target market. Social media is also a new effective way of advertising, hitting the right market with little or no costs. Targeting influencers / instagrammers / bloggers could also attract new customers.

Internet advertising can be cheaper than other advertising media, such as television and newspapers, which might be helpful for a smaller business like SS. They also need national advertising which is usually expensive. Social Media can overcome this. Technology allows internet users to block out the advertisements so message may not get through, wasting money. Ads can target those looking at personal care and related videos, blogs and search history.

**Local and national press**

National press can reach all parts of the UK, some have a wide coverage beyond the market which may attract those not usually interested. Or by using local press SS could target certain geographical areas, this would also be more affordable. Local press is much cheaper and may be appropriate to SS if it has little money for advertising or if it wants to target a specific geographical area. Newspaper sales have fallen as more people read the news through apps such as Twitter/X on their tablets and smartphones or watch it on television.

Television reaches a very large market, almost everyone watches television. Most of the new channels are funded by advertisements and some of the satellite channels may not be too expensive, which will allow smaller businesses to use them. Perfume and fragrance ads are common on mainstream TV. Television advertising is expensive and may be beyond the ability of SS to pay. It is more suitable for bigger companies. SS can advertise on channels that cater for its target market such as those showing people interested in market trends and willing to spend a lot of money to do this e.g. TOWIE, Love Island. TV technology means those that recorded programmes can skip the adverts or catch up TV may watch different ads than were originally shown.

Learners could suggest that a multi-media approach may work, using online, magazines and TV adverts at the same time for greater effect and to create a stronger brand.

Direct advertising – e-mails

Credit other valid points.

Question		Marks
7 (a)	<p><b>Outline one reason why writing a business plan is important before starting up a new business.</b></p> <p>AO1: 2 marks</p> <p>Award 1 mark for limited knowledge of why writing a business plan is a good idea. Award 2 marks for developed knowledge of why writing a business plan is a good idea.</p> <p><b>Indicative content:</b></p> <p>It helps making decisions – the owners can decide if they want to start up the business – the owners can decide the important factors before they set up.</p> <p>It helps when looking for finance / investment / capital / loans – lenders / banks will often need a business plan before lending money - to prove payback</p> <p>Owners can use it to manage the business – workers can be shown the plans for the business</p> <p>To set out goals / aims of the business – to outline steps to achieve the business objectives.</p> <p>Credit any other valid suggestion and explanation</p> <p>NOT LISTING SECTIONS OF A BUSINESS PLAN</p>	2
(b)	<p><b>State the formula for calculating break even. Using the formula, calculate how many meal kits Yum Yum Meals needs to sell per year to break even.</b></p> <p>AO1: 1 mark</p> <p>Award 1 mark for correct formula.</p> <p><math display="block">\frac{\text{fixed costs}}{\text{contribution}} \quad \text{or} \quad \frac{\text{fixed costs}}{\text{selling price} - \text{variable cost}}</math></p> <p>AO2: 2 marks</p> <p>Award 1 mark for correct selection of data.</p> <p><math display="block">\frac{\pounds 156\,000}{(\pounds 12.50 - \pounds 5.00)} \quad \text{or} \quad \frac{\pounds 156\,000}{\pounds 7.50}</math></p> <p>Award 1 mark for correct answer.</p> <p>20 800 (boxes)</p> <p>If only 20 800 is written award 2 marks</p>	3

Question		Marks
(c)	<p><b>To what extent can UK legislation impact one stakeholder of Yum Yum Meals?</b></p> <p>AO1: 1 mark AO3: 2 marks</p> <p>Award <b>1</b> mark for <b>one</b> suitable stakeholder. (Maximum 1 mark).</p> <p><b>Indicative content:</b></p> <p>Workers / employee / staff Customers Owners (NOT SHAREHOLDERS) Government Suppliers Managers Local Community</p> <p>AO3: 2 marks</p> <p>Award <b>1</b> mark for a valid impact on how UK legislation can affect the chosen stakeholder.</p> <p>Award <b>1</b> mark for development of the impact on how UK legislation can affect the chosen stakeholder.</p> <p><b>Indicative content:</b></p> <p>(Workers) minimum wage laws – workers receive higher wages – support better lifestyle (Workers) work in a safe environment / health and safety – less likely to be injured in the workplace – less risk of injury (Workers) limits on working hours – less likely to work very long hours – will get breaks – entitled to holidays. (Workers) cannot be discriminated against – e.g. age, gender, disability (Customers) protection from faulty products – will only receive quality products – products less likely to break / need returning (Customers) may face increased prices – due to business costs increasing (Customers) fit for purpose / suitability of product - product must be described accurately / information cannot be misleading (Owners) may have to charge high prices – as costs are high – reducing profits (Owners) may face increased taxation – increase prices (Owners) may face decreased taxation – lower prices (Government) will have to monitor businesses to check they comply with laws – this can be costly - must employ staff to do this (Managers / Owners) prosecuted – if they break the laws / can give an example</p> <p>Credit any other valid explanation.</p>	3

Question		Marks
(d)	<p><b>Explain why Yum Yum Meals is structured in this way.</b></p> <p>AO2: 1 mark AO3: 1 mark</p> <p>Award <b>1</b> mark for valid reference to the organisational chart. Award <b>1</b> mark for valid explanation.</p> <p><b>Indicative content:</b></p> <p>Yum Yum meals has one owner – who is involved in the running of the business Yum Yum meals is a new business – costs can be controlled better – does not have enough income to pay more workers – keeping costs low. Yum Yum has few employees / workers / is a small business – each worker is expected to carry out more tasks Yum Yum meals has a flat structure – tasks are delegated to the other staff – reduces the chain of command - greater control Greater communication - managers can support workers – reduce risk of problems / solve problems Separated into departments – greater specialisation of skills / knowledge / expertise Suitable span of control – the managers can support workers – reduce risk of problems / solve problems</p> <p>Credit any valid explanation</p>	2

7 (e)	<b>Evaluate the effectiveness of the three motivational methods shown above in improving the performance of the workers and managers of Yum Yum Meals. [10]</b>		
<b>Band</b>	<b>AO1</b>	<b>AO2</b>	<b>AO3</b>
	<b>2</b>	<b>4</b>	<b>4</b>
<b>3</b>	<p>There are no Band 3 marks for this assessment objective 2 marks are awarded as for Band 2</p>	<p><b>4 marks</b> Excellent application of the chosen methods of motivating workers to Yum Yum Meals (small manufacturer with management roles and factory workers)</p>	<p><b>4 marks</b> An excellent evaluation of the advantages and disadvantages of the chosen motivation methods.  The evaluation will consider all of the motivational methods suggested.  Writing is very well structured using accurate grammar, punctuation and spelling  Well-reasoned and balanced evaluation with a clear line of argument</p>
<b>2</b>	<p><b>2 marks</b> Good knowledge and understanding of the methods of motivating workers  At least two of the motivational methods are clearly understood.</p>	<p><b>2-3 marks</b> Good application of the chosen methods of motivating workers to Yum Yum Meals (small manufacturer with management roles and factory workers)</p>	<p><b>2-3 marks</b> Good evaluation on how Yum Yum meals can motivate workers  Writing is generally well structured using reasonably accurate grammar, punctuation and spelling  The evaluation may be unbalanced and focus on either the advantages or disadvantages of motivating methods</p>
<b>1</b>	<p><b>1 mark</b> Limited knowledge and / or understanding of how business can motivate workers  Characteristics are identified rather than understood  Limited or no use of specialist vocabulary</p>	<p><b>1 mark</b> Limited application of the chosen motivation methods to Yum Yum Meals.  The response is mostly generic with brief application to Yum Yum Meals</p>	<p><b>1 mark</b> Limited analysis on how Yum Yum meals can motivate workers, which may be one-sided  Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling  The analysis lacks detail and superficial comments are made with little development</p>
<b>0</b>	<p><b>0 marks</b> No knowledge or understanding of how to motivate workers</p>	<p><b>0 marks</b> No reference is made to Yum Yum Meals</p>	<p><b>0 marks</b> No valid analysis or evaluation is given</p>

**Indicative content:**

Yum Yum Meals could use performance related pay;

Bonus schemes will reward managers when they meet their targets. This will encourage the managers to work harder as they get an increase in pay, if they meet their targets and improve the performance of the business. This will improve their lifestyle. Staff will work hard to keep their job and therefore keep increasing their earnings. By offering bonuses, the managers will have to maintain their efforts as poor performance will mean that bonuses are not paid. However, offering bonuses will increase the wage costs, reducing profits. In addition, managers that do not meet their targets may be unhappy and demotivated, especially if they don't feel that they have been supported enough by the business. Performance related pay can cause animosity among workers.

Factory workers could be offered piece rate. This means they are paid more when they produce more meal kits. This encourages workers to increase their productivity and work rate as they will get paid more. However, staff may be working quickly to earn extra money but this may lead to a fall in quality if preparation is rushed to complete the tasks. This could result in more complaints from customers and a fall in reputation and sales. The piece rate method is usually applied when workers create a product from start to finish. This may slow down production if workers are not completing a specific role continuously.

Yum Yum Meals can improve training for staff so all staff improve the standard of the work they produce. Factory staff would become more efficient at tasks increasing productivity. All staff would also feel valued as the business has invested in them. This will improve self-esteem and loyalty to the business, improving the relationship between the owner, management and the factory staff. However, training costs money increasing business costs. Small business also struggle to train staff as if they go 'off-the job' then some jobs may not be completed or those that are not training have to cover the work causing envy or the risk of overworking staff. Some tasks may go unfinished, which could negatively affect customers. Temporary staff could cover the roles but if they are not of suitable standard then mistakes may be made. Staff that have been trained are also more attractive to other businesses and could be tempted to join another business offering them increased pay, reflecting the fact that the new business will have saved on training costs.

Job enrichment means that staff are given more complicated, responsible tasks in addition to their current roles. Staff work harder to show that they are capable of taking in the new tasks and hope that it might earn them a new position in the future. The workers may also show that they are entitled to extra pay given the extra work that they are carrying out. Workers may feel that the business is taking advantage of them and asking them to do more work without financial benefit. This may mean that some staff leave or do not give their best. If staff leave then there is increased costs due to recruiting and training new staff.

Credit other valid points.

Question		Marks
8 (a)	<p><b>Describe why people invest in businesses.</b></p> <p>AO1: 2 marks</p> <p>Award <b>1</b> mark for each valid suggestion of why people invest in businesses. Or Award <b>2</b> marks for a suggestion and development of why people invest in businesses.</p> <p><b>Indicative content:</b></p> <p>To earn profit / income (accept dividends) – owners / investors are entitled to a share of the profits - sell shares once the business has grown Personal reasons – the investor may have an interest in the type of business / support a family member</p> <p>Credit any other valid suggestion and explanation</p> <p>NB: Not money</p>	2
(b)	<p><b>Compose a possible SMART objective for Kickflip.</b></p> <p>AO2: 2 marks</p> <p>Award <b>1</b> mark for being specific and measurable, for example, Kickflip will increase profits to £25 000 or open one more (another) skatepark</p> <p>Award <b>1</b> mark for being timed, for example, in 2025 / end of the year.</p>	2

8. (c)	<b>Discuss how the primary market research results shown in Graphs 1 and 2 might influence Hayley and Gwen in the running of Kickflip. [6]</b>	
<b>Band</b>	<b>AO2</b>	<b>AO3</b>
	<b>4</b>	<b>2</b>
<b>3</b>	<p><b>4 marks</b></p> <p>Excellent use of the data in the graphs with direct reference to the information in both graphs.</p>	There are no Band 3 marks for this assessment objective 2 marks are awarded as for Band 2
<b>2</b>	<p><b>2 - 3 marks</b></p> <p>Good use of the data in the graphs.</p> <p>There may be reference to only one of the graphs.</p>	<p><b>2 marks</b></p> <p>Good discussion about how Hayley and Gwen may make changes to Kickflip based on the data.</p> <p>The discussion will discuss the impact of these changes</p>
<b>1</b>	<p><b>1 mark</b></p> <p>Limited use of the data in the graphs</p> <p>There may be some reference to the graphs but this may be superficial</p>	<p><b>1 mark</b></p> <p>Limited discussion about how Hayley and Gwen may make changes to Kickflip based on the data.</p> <p>The discussion may discuss the impact of these changes in a superficial way</p>
<b>0</b>	<p><b>0 marks</b></p> <p>There is no reference to the data in the graphs.</p>	<p><b>0 marks</b></p> <p>There is no discussion about how Hayley and Gwen may make changes to Kickflip based on the data.</p>

**Indicative content:**

The price for membership should be £20 or less. Membership so may be too expensive (currently charge £25). Customers may be attracted to rival businesses that are cheaper. The business is profitable suggesting that prices can remain the same. If there is no local competition then Kickflip can make extra profit by charging higher prices.

Kickflip may need to reduce membership prices, customers may be unwilling to pay £25 per month and stop going.

The skatepark should offer café facilities as this has been identified as a key feature for the skate park. This will encourage customers to use the business. Extra revenue can be made from café sales.

The skatepark should have coaching facilities as this will encourage new people to try skating. They can make revenue from offering this service and those that enjoy may take out membership, increasing future revenues too.

The skatepark should have ramps / rails as these are essential for the skaters to achieve their tricks. Not having these may put off potential customers and they will try other skateparks

The skatepark does not need mini ramps / boxes / banks. The business could save money by not having these installed and include more facilities and features that customers want, increasing customer satisfaction.

The improvements to the skatepark would need to be paid for, increasing business costs. This could lead to lower profits.

Kickflip has 140 members each paying £25 per month, this earns £3500 per month without extra income from day guests. Kickflip could increase the day visitor price, this will encourage more people to pay for membership, increasing revenue.

Credit other valid points.

Question		Marks
(d)	<p><b>Suggest and describe one advantage of a business carrying out secondary (desk) research instead of primary (field) research.</b></p> <p>AO1: 2 marks</p> <p>Award <b>1</b> mark for suggesting a valid advantage. (Maximum 1 mark).</p> <p>Award <b>1</b> mark for describing the advantage.</p> <p><b>Indicative content:</b></p> <p>Quicker than primary research -the data is available immediately – allows business decisions to be made sooner – as not carrying out surveys / questionnaires / focus groups</p> <p>Secondary research cheaper than primary research -the data may be found free of charge - not carrying out surveys / questionnaires / focus groups</p> <p>Many different sources of information – some are reliable such as competitor reports / Government statistics – this will increase the accuracy of the data.</p> <p>Credit any other valid suggestion or description.</p>	2

8. (e)	<b>Advise Hayley and Gwen on whether they should form a private limited company (Ltd).</b> [8]		
<b>Band</b>	<b>AO1</b>	<b>AO2</b>	<b>AO3</b>
	<b>2</b>	<b>2</b>	<b>4</b>
<b>3</b>	There are no Band 3 marks for this assessment objective 2 marks are awarded as for Band 2	There are no Band 3 marks for this assessment objective 2 marks are awarded as for Band 2	<p><b>4 marks</b></p> <p>Excellent well-reasoned and balanced evaluation on whether Hayley and Gwen should become a Ltd</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling</p> <p>The advantages and disadvantages of becoming a Ltd are fully evaluated.</p> <p>Clear advice is given with supporting statements</p>
<b>2</b>	<p><b>2 marks</b></p> <p>Good knowledge and understanding of the key characteristics of Ltds are demonstrated</p> <p>Some attempt to use specialist vocabulary</p>	<p><b>2 marks</b></p> <p>Good application to Kickflip / skate parks / data</p> <p>Information from the data is used in development</p>	<p><b>2-3 marks</b></p> <p>Good evaluation on whether Hayley and Gwen should become a Ltd.</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling</p> <p>The evaluation may be unbalanced and focus on either the advantages or disadvantages of becoming an Ltd.</p> <p>Appropriate advice is given in conclusion</p>
<b>1</b>	<p><b>1 mark</b></p> <p>Limited knowledge and / or understanding of the key characteristics of Ltds are demonstrated</p> <p>May only focus on either partnerships or Ltds</p> <p>Characteristics are identified rather than understood.</p> <p>Limited or no use of specialist vocabulary</p>	<p><b>1 mark</b></p> <p>Limited application to Kickflip / skate parks</p> <p>The response is mostly generic with brief application to Kickflip / skate park / data</p>	<p><b>1 mark</b></p> <p>Limited evaluation on whether Hayley and Gwen should become a Ltd</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>The evaluation lacks detail and superficial comments are made with little development</p> <p>Advice may be given but it is not soundly justified</p> <p>Unsupported conclusions are made</p>
<b>0</b>	<p><b>0 marks</b></p> <p>No knowledge or understanding of the characteristics of partnerships or Ltds</p>	<p><b>0 marks</b></p> <p>No reference is made to Kickflip / skate parks / data</p>	<p><b>0 marks</b></p> <p>No valid analysis and advice is given</p>

## **Indicative content**

Answers could include:

### **Possible arguments for Hayley and Gwen forming a Ltd**

More capital can be brought into the business by selling shares to friends and family. This could improve the business by increasing the facilities that were identified in the market research e.g. café, reduce prices, ramps / rails. More capital to invest so there is greater scope to maintain and / or expand the business / open new skate parks as the data says. More skate parks are likely to lead to greater profits than the £21 000 this year.

Both Hayley and Gwen would have limited liability reducing their personal risk. If debts involved other investors / shareholders they would be protected from any reckless financial behaviour. If Hayley and Gwen wanted to set up a new skate park then they would have reduced risk than being a partnership. Banks may also be more likely to invest.

### **Possible arguments against Hayley and Gwen forming a Ltd**

The shareholders / owners may disagree about running the business and about future developments. Hayley and Gwen may have a vision of the business that they must now compromise on if new owners get involved.

Profits will be shared. This may not be an issue if profits are increased as a result of any additional income generated from being an Ltd. Dividends will be paid to all shareholders even if they are not involved in the running of the business.

Sleeping partners could also provide more capital. Can be tricky to set up a private limited company and may need the help of a solicitor – comes at a cost.

Tax position differs and they may need to investigate which business form would offer them the best tax position.

Credit any other valid response.

Question		Marks
9. (a)	<p><b>Identify which of the following types of good gives the best description of the Smart-Band.</b></p> <p>AO1: 1 mark</p> <p>Award 1 mark for</p> <p>Durable good</p>	1
(b)	<p><b>With reference to the product life cycle above, discuss what action Gwlad Gadgets could take in response to the sales of the Smart-Band.</b></p> <p>AO1: 1 mark AO2: 1 mark AO3: 1 mark</p> <p>Award 1 mark for a suitable suggestion. Award 1 mark for linking the suggestion to the Smart-Band. Award 1 mark for explaining how it will impact sales / Gwlad Gadgets.</p> <p><b>Indicative content:</b></p> <p>The price could be made cheaper – the chart suggests that sales are low (saturation / decline / extension strategy) – this would encourage more people who can afford / cheaper than competitors to buy the Smart-Band.</p> <p>Gwlad Gadgets could increase advertising – the chart suggests sales are falling (saturation / decline / extension strategy) – more people will be made aware of the product.</p> <p>Gwlad Gadgets could change the product slightly – sales have started to fall (saturation / decline / extension strategy) – the new features could attract a wider target market.</p> <p>Gwlad Gadgets could sell the product through more retailers / shops – the sales are falling (saturation / decline / extension strategy) - so this increases in the size of the target market.</p> <p>Gwlad Gadgets could use sales promotion (relevant example) – the chart suggests sales are falling (saturation / decline / extension strategy) – more people will be tempted to buy the product as better value for money</p> <p>NOT SELL ONLINE OR SHOPS AS ALREADY MULTI-CHANNEL</p> <p>Credit and other valid discussion</p>	3

Question		Marks
(c)	<p><b>Describe two factors that Gwlad Gadgets would have considered when choosing the location of its factory.</b></p> <p>AO1: 2 marks AO2: 2 marks</p> <p>Award 1 mark for a suitable suggestion (max 2 marks). Award 1 mark for linking the suggestion to Gwlad Gadgets (max 2 marks).</p> <p><b>Indicative content:</b></p> <p>Attracted by (Welsh) Government Grants – to attract new technology business – those employing a large number of workers (Gwlad Gadgets has over 400).</p> <p>Land prices - large area of land was needed / start-up costs are reduced.</p> <p>Property prices / rent – large factory needed / start-up costs are reduced / cheaper in Wales compared to rest of UK</p> <p>Lower average wages – reduce the business costs as Gwlad Gadgets have over 400 workers.</p> <p>Good infrastructure - transport links – motorways to transport products – can access all of UK so good for transporting goods all over the UK – rail links to rest of the UK – can get parts from overseas via ports - accessible for imports / exports</p> <p>Good link with universities – research and development into new technologies – graduates can provide a skilled workforce.</p> <p>Closeness to workers – situated in a populated area / near towns and cities – suitable transport links</p> <p>Owners may have wanted to be located in Wales – Gwlad Gadgets is a Welsh name which suggests this is true.</p> <p>Near to raw materials / suppliers – reduce transport costs / reduce risk of delays</p> <p>Near to retailers – reduce transport costs / reduce risk of delays</p> <p>Near to competitors – near skilled labour – close to suppliers – suitable infrastructure</p> <p>Credit any other valid answers.</p>	4

Question		Marks
(d)	<p><b>Identify <u>one</u> characteristic of an operative job role and <u>one</u> characteristic of a supervisor job role.</b></p> <p><b>Indicative content:</b></p> <p>AO1: 2 marks</p> <p>Award 1 mark for each correct characteristic.</p> <p><b>Operative:</b>  They have no authority in the business.  They carry out tasks set for them.  Trained to carry out specific tasks.  Skilled / Unskilled jobs.  Usually paid hourly wages.  Lowest paid in the business.  Make products / use machinery</p> <p><b>Supervisor:</b>  Have control over the operatives.  Make decisions about production issues as they arise.  They may have been promoted from operatives.  Higher pay than operatives / might have a salary rather than hourly wages.  May delegate tasks to operatives</p>	2

9. (e)	<b>Discuss the advantages and disadvantages to Gwlad Gadgets of selling its technology products through a multi-channel distribution system.</b> [10]		
<b>Band</b>	<b>AO1</b>	<b>AO2</b>	<b>AO3</b>
	<b>2</b>	<b>4</b>	<b>4</b>
<b>3</b>	There are no Band 3 marks for this assessment objective 2 marks are awarded as for Band 2	<p><b>4 marks</b></p> <p>Excellent application of the advantages and disadvantages to Gwlad Gadgets of using multi-channel distribution.</p> <p>Suggestions are suitable for Gwlad Gadgets, technology businesses that sells through other retailers but direct to customers online.</p>	<p><b>4 marks</b></p> <p>An excellent discussion of the advantages and disadvantages to Gwlad Gadgets of using multi-channel distribution.</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling.</p> <p>Well-reasoned and balanced discussion with a clear line of argument.</p>
<b>2</b>	<p><b>2 marks</b></p> <p>Good knowledge and understanding of multi-channels businesses.</p> <p>Some attempt to use specialist vocabulary</p>	<p><b>2-3 marks</b></p> <p>Good application of the advantages and disadvantages to Gwlad Gadgets of using multi-channel distribution.</p> <p>Suggestions are suitable for Gwlad Gadgets, technology business that sells through other retailers but direct to customers online.</p>	<p><b>2-3 marks</b></p> <p>A good discussion of the advantages and / or disadvantages to Gwlad Gadgets of using multi-channel distribution.</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling.</p> <p>The discussion may be unbalanced. Judgements are made with some attempt to support the evaluation</p>
<b>1</b>	<p><b>1 mark</b></p> <p>Limited knowledge and / or understanding of multi-channels businesses.</p> <p>Limited or no use of specialist vocabulary</p>	<p><b>1 mark</b></p> <p>Limited application of the advantages and disadvantages to Gwlad Gadgets of using multi-channel distribution.</p> <p>The response is mostly generic with brief application to Gwlad Gadgets.</p>	<p><b>1 mark</b></p> <p>Limited discussion of the advantages or disadvantages to Gwlad Gadgets of using multi-channel distribution</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>The discussion lacks detail and superficial comments are made with little development</p>
<b>0</b>	<p><b>0 marks</b></p> <p>No knowledge or understanding of multi-channels businesses.</p>	<p><b>0 marks</b></p> <p>No reference is made to Gwlad Gadgets</p>	<p><b>0 marks</b></p> <p>No valid discussion is given</p>

**Indicative content:**

**Advantages**

The retailer will be open 24 hours a day, 7 days a week, all year round and there are many ways a customer can buy a product – so more opportunities for people to shop, resulting in higher sales revenue. There is more choice for the consumer, they can choose the channel that suits them best.

Gwlad Gadgets could offer different prices through different channels, for example the internet price could be cheaper than the instore price, this is possible as the stock sold online does not have to be sent to stores and can be distributed centrally from a warehouse, this will reduce storage costs. Those sold through stores would be bought at wholesale price whereas direct to customers would be retail prices, increasing revenue for Gwlad Gadgets through online sales.

Gwlad Gadgets can offer an even wider choice of goods and provide more information to the customer – this should increase customer satisfaction and customer loyalty whilst also appealing to a wider range of customers.

Access to more and new customers who don't live near physical stores, they can shop online and then get their products delivered.

Customers can try on instore then buy online – this is very popular.

A mix of distribution channels could support and complement each other, increasing the size of the target market.

**Disadvantages**

Selling online and instore can be expensive due to the constant need to update and maintain the website and warehouses – may not be cost-effective because Gwlad Gadgets must generate enough sales and profit to justify the expenditure on all the channels it offers. Whilst there are no rent costs on the shops (as Gwlad Gadgets does not own them), the price received will be substantially lower than selling direct.

Customers will always look for the best bargains, if the shops are too expensive they will just buy online and the sales in the shops will fall. The retailers that stock the products may be unhappy and stop selling them, reducing the size of the market.

A poorly constructed or out of date website can project a negative image of the business and sales may be lost to competitors.

Not all customers have the internet which means that it may be better for Gwlad Gadgets to invest in physical stores and take away the need for another retailer to sell them.

Technical problems on the website can result in loss of reputation and sales.

Poor performance through one distribution channel could affect the others in a negative way.

Credit any other valid answers and arguments.

If a conclusion is offered (though this is not necessary to gain the full marks) award comments that are developed from the points above, not just repeating the points made in the analysis and earlier evaluation.

In a competitive market, where rivals have multi-channel distribution, can a business such as Gwlad Gadgets afford not to? Consumers expect this and therefore Gwlad Gadgets may in fact have little choice but to offer all these channels.

Conclusion given is reversible