

Qualification accredited

Sample assessment material

A Level

Business

Cambridge OCR Level 3 Advanced GCE in Business

H436/01

Version 1.0 | January 2026

ocr.org.uk/business

Introduction

This sample assessment material (SAM) is an example exam paper published alongside the specification. It's designed to show the style and structure you can expect from our question papers.

As the qualification develops, we may update the question paper template. To make sure you're working with the most up-to-date information, we recommend using the latest set of past papers where possible.

To help you get the most from this SAM, we also provide two supporting resources:

- **Assessment story** – this explains the research behind the qualification and how feedback from teachers, students and schools has shaped our assessment approach.
- **Annotated SAMs** – these guide you through the key features of the assessment and highlight the different types of questions students will encounter in the exam.

Summary of updates

Section	Change	Version	Date
-	Creation of sample assessment material.	1.0	January 2026



Sample Question Paper

Cambridge OCR Level 3 Advanced GCE in Business

H436/01 Business activity, marketing and people

Time allowed: 2 hours

You must have:

- the Formulae Booklet

You can use:

- a scientific or graphical calculator



Please write clearly in black ink. **Do not write in the barcodes.**

Centre number

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Candidate number

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First name(s)

Last name

INSTRUCTIONS

- Use black ink.
- Write your answer to each question in the space provided. You can use extra paper if you need to, but you must clearly show your candidate number, the centre number and the question numbers.
- Answer **all** the questions.

INFORMATION

- The total mark for this paper is **90**.
- The marks for each question are shown in brackets [].
- Quality of extended response will be assessed in questions marked with an asterisk (*).
- This document has **20** pages.

ADVICE

- Read each question carefully before you start your answer.

Section A

Put a tick (✓) in the box next to the **one** correct answer for each question.

1 Coaching is:

- (a) a physical channel of distribution
- (b) an employee development technique
- (c) an extension strategy
- (d) an induction training method

[1]

2 What is a works council?

- (a) A meeting to discuss unfair dismissal
- (b) A method used to increase employee participation
- (c) A primary market research method
- (d) A type of industrial action

[1]

3 The rail fare for a journey rises from £4.00 to £5.00. Demand falls from 200,000 journeys to 180,000 journeys.

The price elasticity of demand for this journey is:

- (a) -0.4
- (b) -0.5
- (c) -2.0
- (d) -2.5

[1]

- 4 A shop is open from 7a.m. to 8p.m., six days a week, throughout the year. The shop currently employs seven sales assistants. At least three sales assistants need to be on duty at any given time.

Which way of working is most suitable for the role of sales assistant at this shop?

- (a) Hybrid working
- (b) Part-time working
- (c) Remote working
- (d) Temporary working

[1]

- 5 Which is **not** an advantage of a laissez-faire leadership style?

- (a) It encourages creativity and innovation
- (b) It fosters trust and high morale
- (c) It gives workers freedom and control
- (d) It treats workers like valued family members

[1]

- 6 Market research data for 4 of a company's 6-week advertising campaigns aimed at maximising sales are shown below.

Advertising campaign	Weekly cost of campaign	Average weekly sales	
		During the 6-week campaign	For 12-weeks after the campaign
A	£400,000	£4 million	£2 million
B	£300,000	£4 million	£4 million
C	£800,000	£6 million	£4 million
D	£400,000	£8 million	£2 million

According to the data, which advertising campaign was most effective at meeting the company's aim?

- (a) Advertising campaign A
- (b) Advertising campaign B
- (c) Advertising campaign C
- (d) Advertising campaign D

[1]

7 A matrix structure:

- (a) creates an inclusive work environment
- (b) focuses on an organisation's core values
- (c) permits responsibility to be delegated
- (d) requires subordinates to report to multiple managers

[1]

8 A partnership is owned by two sisters. The partnership ceases trading with debts of £80,000.

What is the legal liability of the sisters?

- (a) Each sister is jointly responsible for repaying the full £80,000 of debt
- (b) Each sister must pay back £40,000 of the debt
- (c) The sisters do **not** have to repay the debts
- (d) The sisters must repay the full £80,000 plus bankruptcy charges

[1]

9 A clothing manufacturer selling aprons to a hospital is an example of:

- (a) a brand awareness exercise
- (b) a business-to-business transaction
- (c) multi-channel distribution
- (d) product differentiation

[1]

10 Which are measurements of business size?

- (a) Capital employed, number of customers, profit
- (b) Diseconomies of scale, diversification, mergers
- (c) Market capitalisation, number of outlets, revenue
- (d) Market power, number of employees, output

[1]

Question 11 starts on page 6

Section B

Read the case study and answer the questions.

Wm Morrison Supermarkets Limited (Morrison's)

Founded in 1899, Morrison's currently operates a chain of 497 supermarkets selling groceries across the UK. Together with its various online home delivery channels, Morrison's covers 97% of UK postcodes.

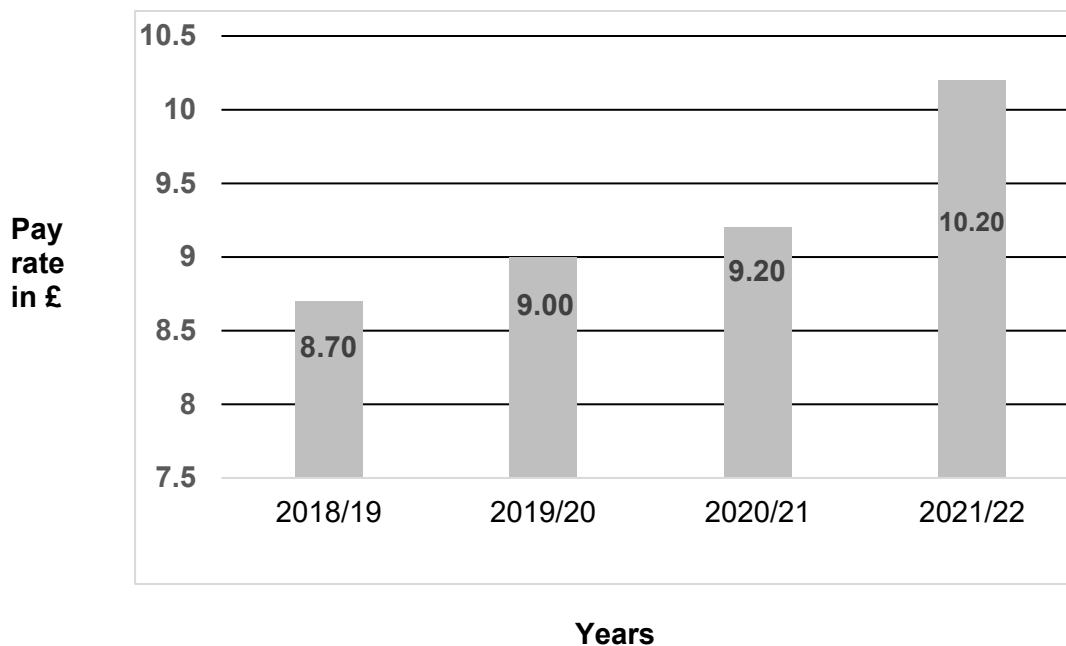
The company focuses on:

- having friendly employees in its store
- providing a wide choice of fresh, high-quality produce
- setting the right prices for its customers.

In 2022 the company reported revenue of £18,479m and profit after taxation of £153m. Every week around 9 million customers pass through its doors, serviced by over 118,000 employees.

To recognise the contribution of employees, Morrison's regularly increases its base rate pay for hourly paid frontline shopworkers (see **Fig. 1**, below). Its base rate of £10.20 per hour came into effect in October 2022. The National Minimum Wage rate at that time was £9.50. Morrison's is committed to paying a fair day's wage for a fair day's work.

Fig. 1 Morrison's' base rate pay for hourly paid frontline shop workers from 2018 to 2022



In 2022, Morrison's also launched fringe benefits to support employees' health and mental wellbeing. These included giving employees access to a digital GP. This service allows employees to obtain doctor's appointments for themselves or a family member from the comfort of their own home, or even in their lunch break, often within 24 hours of the initial enquiry.

Morrison's' business model includes being a food manufacturer as well as a retailer. Uniquely among UK supermarkets, Morrison's makes half of the fresh food that it sells in its own manufacturing facilities. Morrison's' unique way of operating has been primarily achieved through backwards vertical integration. Recent takeovers include: Rathbones bakery (2005), Flowerworld nursery (2011), Winford meat processing plant (2012), Carnoustie potato packing plant (2017), Chippingdale Foods free range eggs (2018) and Falfish fish and seafood (2021).

Section C

Read the case study and answer the questions.

AVQ Photography

Alex Quinn is a sole trader. Alex owns AVQ Photography, a wedding photography business based in an affluent town in the Midlands. The town has a population of approximately 50,000, with an average age of 34.

AVQ Photography's wedding package, as advertised on its website, is shown below.

WEDDING PACKAGE – ONLY £2500	
<ul style="list-style-type: none"> • Full day coverage (including pre-wedding, wedding ceremony, wedding reception) • Experienced, award-winning photographer • High quality images, expertly edited • Online gallery, with unlimited downloads 	<ul style="list-style-type: none"> • 30cm x 30cm 40-page luxury wedding album with bespoke album cover • Unlimited revisions to album cover • Unlimited changes to contents of album • Album delivered by hand or by post

Alex started her business nine months ago when her youngest child began infant school. Having experienced redundancy when working as a fashion designer, she is determined to take control of her own career. Using her passion for photography seems the ideal way to provide financially for her family and provide a channel for her creativity.

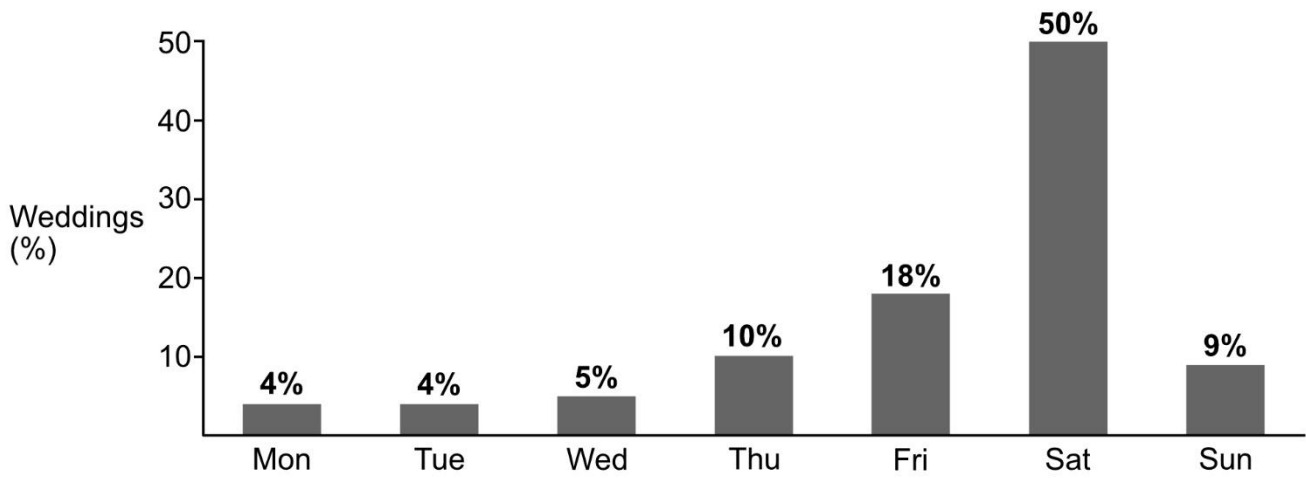
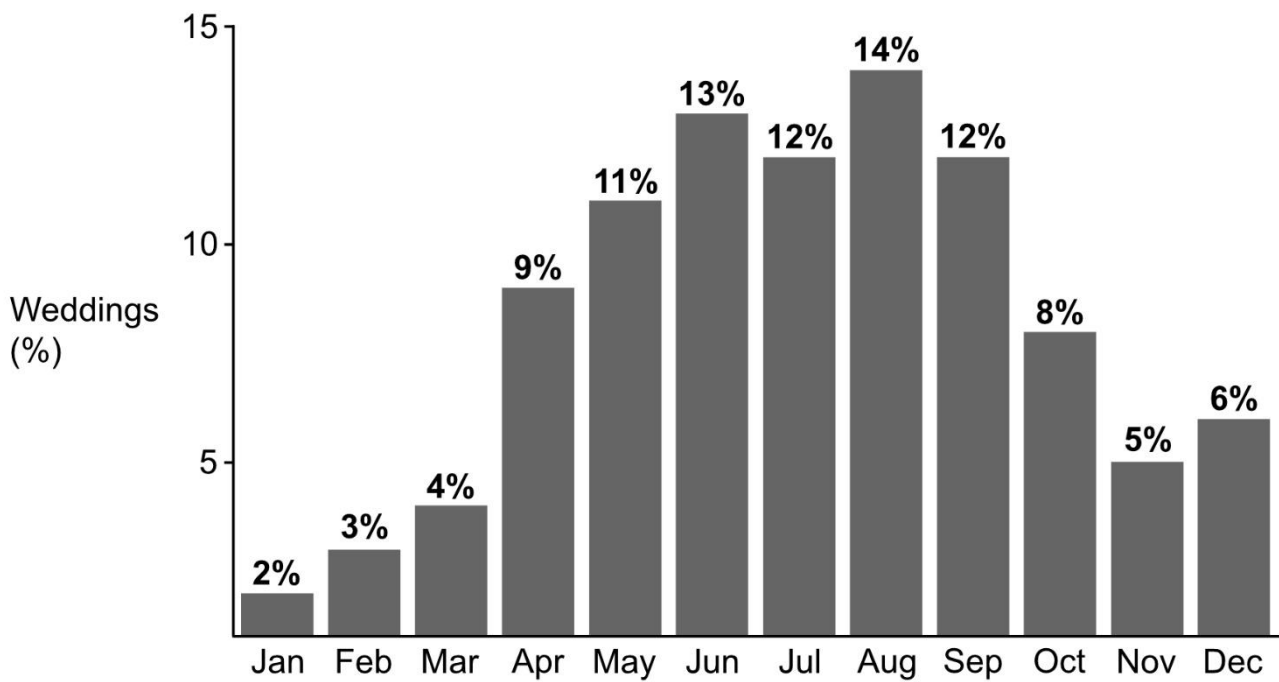
Taking a measured risk, Alex took out a 5-year bank loan for £30,000 to buy a second-hand car, a computer and the necessary photographic and printing equipment. Alex takes all of the photographs herself, edits them and creates the albums. The business cannot afford to employ staff. Nevertheless, Alex is confident that the business will be a success.

Certain days and months are more common for weddings than others (see **Figs. 3** and **4**, below). Consequently, AVQ Photography has several bookings for Saturdays next summer but is less well booked at other times.

Alex is looking at how she could raise awareness of AVQ Photography to increase her bookings over quieter months. She has considered several options, including sponsoring the local women's amateur football team for a season. They regularly average 320 attendees every home match. She is also considering using social media. She has investigated employing a marketing company to create weekly posts for her business. The cost of this would be £400 a month.

During peak periods, finding time to update the website, order supplies and track payments is challenging. Lacking experience, Alex finds the financial management very time consuming.

Alex is considering asking a friend to become a business partner. Zac, who sometimes helps her with childcare, is a retired accountant. He has already suggested that sales forecasting might help the business.

Fig. 3 UK Weddings, by day of week**Fig. 4 UK Weddings, by month of year**

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CAMBRIDGE
OCR

Sample Mark Scheme

A Level Business H436/01 Business activity, marketing and people

MARK SCHEME

Duration: 2 hours

MAXIMUM MARK 90

Version: **Sample**

This document has 34 pages

MARKING INSTRUCTIONS

PREPARATION FOR MARKING

RM ASSESSOR

1. Make sure that you have accessed and completed the relevant training packages for on-screen marking: *RM Assessor Assessor Online Training*; *OCR Essential Guide to Marking*.
2. Make sure that you have read and understood the mark scheme and the question paper for this unit. These are posted on the RM Cambridge Assessment Support Portal <http://www.rm.com/support/ca>
3. Log-in to RM Assessor and mark the **required number** of practice responses (“scripts”) and the **number of required** standardisation responses.

YOU MUST MARK 10 PRACTICE AND 10 STANDARDISATION RESPONSES BEFORE YOU CAN BE APPROVED TO MARK LIVE SCRIPTS.

MARKING

1. Mark strictly to the mark scheme.
2. Marks awarded must relate directly to the marking criteria.
3. The schedule of dates is very important. It is essential that you meet the RM Assessor 50% and 100% (traditional 40% Batch 1 and 100% Batch 2) deadlines. If you experience problems, you must contact your Team Leader (Supervisor) without delay.
4. If you are in any doubt about applying the mark scheme, consult your Team Leader by telephone or the RM Assessor messaging system, or by email.
5. **Crossed Out Responses**
Where a candidate has crossed out a response and provided a clear alternative then the crossed out response is not marked. Where no alternative response has been provided, examiners may give candidates the benefit of the doubt and mark the crossed out response where legible.

Multiple Choice Question Responses

When a multiple choice question has only a single, correct response and a candidate provides two responses (even if one of these responses is correct), then no mark should be awarded (as it is not possible to determine which was the first response selected by the candidate).

Contradictory Responses

When a candidate provides contradictory responses, then no mark should be awarded, even if one of the answers is correct.

Short Answer Questions (requiring only a list by way of a response, usually worth only **one mark per response**)

Where candidates are required to provide a set number of short answer responses then only the set number of responses should be marked. The response space should be marked from left to right on each line and then line by line until the required number of responses have been considered. The remaining responses should not then be marked. Examiners will have to apply judgement as to whether a 'second response' on a line is a development of the 'first response', rather than a separate, discrete response. *(The underlying assumption is that the candidate is attempting to hedge their bets and therefore getting undue benefit rather than engaging with the question and giving the most relevant/correct responses.)*

Short Answer Questions (requiring a more developed response, worth **two or more marks**)

If the candidates are required to provide a description of, say, three items or factors and four items or factors are provided, then mark on a similar basis – that is downwards (as it is unlikely in this situation that a candidate will provide more than one response in each section of the response space.)

Longer Answer Questions (requiring a developed response)

Where candidates have provided two (or more) responses to a medium or high tariff question which only required a single (developed) response and not crossed out the first response, then only the first response should be marked. Examiners will need to apply professional judgement as to whether the second (or a subsequent) response is a 'new start' or simply a poorly expressed continuation of the first response.

6. Always check the pages (and additional objects if present) at the end of the response in case any answers have been continued there. If the candidate has continued an answer there, then add a tick to confirm that the work has been seen.
7. Award No Response (NR) if:
 - there is nothing written in the answer space

Award Zero '0' if:

- anything is written in the answer space and is not worthy of credit (this includes text and symbols).

Team Leaders must confirm the correct use of the NR button with their markers before live marking commences and should check this when reviewing scripts.

8. The RM Assessor **comments box** is used by your team leader to explain the marking of the practice responses. Please refer to these comments when checking your practice responses. **Do not use the comments box for any other reason.**
If you have any questions or comments for your team leader, use the phone, the RM Assessor messaging system, or e-mail.
9. Assistant Examiners will send a brief report on the performance of candidates to their Team Leader (Supervisor) via email by the end of the marking period. The report should contain notes on particular strengths displayed as well as common errors or weaknesses. Constructive criticism of the question paper/mark scheme is also appreciated.
10. For answers marked by levels of response:
- To determine the level** – start at the highest level and work down until you reach the level that matches the answer
 - To determine the mark within the level**, consider the following

Descriptor	Award mark
On the borderline of this level and the one below	At bottom of level
Just enough achievement on balance for this level	Above bottom and either below middle or at middle of level (depending on number of marks available)
Meets the criteria but with some slight inconsistency	Above middle and either below top of level or at middle of level (depending on number of marks available)
Consistently meets the criteria for this level	At top of level

11. Annotations

Annotation	Meaning
KU	Knowledge and understanding
APP	Application
AN	Analysis
DEV	Developed analysis
EVAL	Evaluation
EE	Extended Evaluation
ARA	Any reasonable answer
Q	Quantitative skills


12. Marking exemplars:

Marking exemplars in A Level Business are benchmark responses used to guide examiners, ensuring consistency and fairness by illustrating the expected level of depth, application, analysis, and evaluation to reward each skill. They also help identify the features of strong responses—such as well-structured arguments, accurate use of business terminology, and relevant real-world examples (without always being full-mark answers in terms of the level of detail gone into).

13. Subject Specific Marking Instructions**Section A: Multiple Choice**

SECTION A			
Question	Answer	Marks	Assessment Objective
1	B	1	1 1a
2	B	1	1 1a
3	A	1	2 1aQ
4	B	1	2 1b
5	D	1	1 1a
6	C	1	2 1bQ
7	D	1	1 1a
8	A	1	2 1a
9	B	1	2 1a
10	C	1	1 1a

Section B

Question	Answer	Mark	Guidance
11	<p>Calculate the size of the UK grocery market in <u>2022</u>. Show your working.</p> <p>Indicative content:</p> <p>Morrisons' market share (by value) in 2022 = 9.1% (1)</p> <p>Morrisons' revenue in 2022 = £18,479m (1)</p> <p>Size of market in 2022 = £18,479m x 100/9.1 (1)</p> <p>= £203,065.93m = £203,066m (1)</p>	<p>4Q</p> <p>(AO2 1a 4)</p>	<p>Credit four marks for correct answer (with or without working) £203,066m </p> <p>Rounding as above is not required. Answers will be fully rewarded if accurate at whatever level. Examples of correct rounded/unrounded answers:</p> <ul style="list-style-type: none"> • £203,065.93m • £203.066bn • £203.07bn <p>Credit three marks for a correct numerical answer but with incorrect units/no pound sign or a power of ten/decimal point error.</p> <p>Else award one mark for use of each of the following if seen:</p> <ul style="list-style-type: none"> • 9.1 (identification of correct market share) (% sign not required). • 18479 (identification of correct sales figure) (£ sign/m not required).

Question	Answer	Mark	Guidance
12	<p>Analyse <u>two</u> measures Morrisons could use to assess the performance of its shopworkers.</p> <p>Relevant K&U includes:</p> <ul style="list-style-type: none"> • Employee turnover • Absenteeism • Employee productivity <p>Application includes: Application of workforce performance measures to Morrisons.</p> <p>Analysis includes:</p> <ul style="list-style-type: none"> • Advantages to the organisation of specific workforce performance measures. • Disadvantages to the organisation of specific workforce performance measures. <p style="text-align: right;">ARA</p>	<p style="text-align: center;">8</p> <p>(AO1 1c 2) (AO2 1c 2) (AO3 4)</p>	<p>Candidate performance should be assessed for each skill (i.e. knowledge, application, analysis, evaluation) by selecting the mark which most closely resembles their performance for each specific skill. A candidate's level of performance is likely to vary from skill to skill.</p> <p>Use level of response marking grid to assess skill levels.</p> <p>Annotate as: Up to two marks for knowledge and understanding [KU] Up to two marks for application [APP] Up to four marks for analysis [AN]/[DEV]</p> <p>This question provides opportunity for candidates to demonstrate their understanding of how organisations respond to the need to measure workforce performance and apply this to the information given in the case study about Morrisons.</p> <p>Analysis should investigate the impact on Morrisons of the chosen workforce performance measures including the benefits and limitations of using these measures to solve business problems. Basic analysis should demonstrate an understanding of the impact on the organisation of chosen workforce performance measures using straightforward logic and business concepts. Developed analysis should demonstrate more complex reasoning using a logical chain of argument to explore the implications on the organisation of the chosen workforce performance methods.</p>

Q12 Analyse two measures Morrisons could use to assess the performance of its shopworkers.

[8]

	Knowledge & Understanding (2 marks)	Application (2 marks)	Analysis (4 marks)
Strong	2 marks Knowledge of two measures of HR performance. [KU]	2 marks Application to Morrisons of two measures of HR performance. [APP]	4 marks Developed analysis of the impacts of two measures of HR performance. [DEV]
Good			3 marks One developed AND one basic analysis of the impacts of two measures of HR performance [DEV] + [AN]
Reasonable	1 mark Knowledge of one measure of HR performance. [KU]	1 mark Application to Morrisons of one measure of HR performance. [APP]	2 marks Developed analysis of the impacts of one measure of HR performance. [DEV] OR Basic analysis of the impacts of two measures of HR performance. [AN] [AN]
Limited			1 mark Basic analysis of the impact of one measure of HR performance. [AN]

12	<p>Marking exemplar:</p> <p>One measure Morrisons could use is employee turnover (KU). Measuring labour turnover gives an indication of the proportion of Morrisons employees who leave the supermarket each year, despite being paid at least £0.70 above the minimum wage (APP). High labour turnover increases the need for recruitment and increases recruitment costs (AN). Advertising vacancies, shortlisting and interviewing staff are activities that consume a lot of Morrison’s human resources function’s time. It also uses valuable time that might be better spent introducing and developing training courses that focus on the company’s focus on having friendly employees in its stores (DEV).</p> <p>Another measure Morrisons could use is employee productivity (KU). Being a supermarket, this would measure the average revenue from grocery sales gained by each of its 118 000 employees (APP). High employee productivity leads to higher profitability and greater returns for Morrison’s shareholders (AN). However, unlike a manufacturing business where the employee can work faster or harder to increase output, those working in the retail sector cannot directly control the amount of sales output created. This can lead to employees feeling unfairly judged when external influences beyond their control affect sales. Consequently, measuring employee productivity may reduce Morrisons’ shopworker’s job satisfaction, motivation and levels of engagement (DEV).</p>
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Question	Answer	Mark	Guidance
13	<p>Using the case study, analyse <u>two</u> ways Morrisons motivates its shopworkers. Recommend which of the <u>two</u> ways is most beneficial for Morrisons. Justify your answer.</p> <p>Relevant K&U includes:</p> <ul style="list-style-type: none"> Regularly increasing base rate pay e.g. high financial cost, regular increases in cost, repeated incentives, improves employee standard of living, etc. Paying a fair day's wage e.g. direct comparison with competition is easy, likely to aid retention, all workers can benefit, etc. Fringe benefits e.g. workers feel valued, promotes goodwill, one-off financial cost, may be taken for granted, etc. Digital GP service e.g. charge for package, one off financial cost, convenient for workers, minimises absence due to sickness, minimises absence due to family commitments, reduces stress, only benefits those who are ill, etc. <p>Application includes: Application of workforce motivation methods to Morrisons. This may include use of qualitative and quantitative information provided in the case study. Context that may be USED includes:</p> <ul style="list-style-type: none"> Cost will reduce profit levels, £153m in 2022 118,000 employees 2022 paid 70p per hour above the minimum Increased by £1.50 ph/17% over 5 years Some annual increases were only for 20p 	<p>14</p> <p>(AO1 1b 1) (AO1 1c 1) (AO2 1b 1) AO2 1c 1) (AO3 4) (AO4 1a 2) (AO4 1c 4)</p>	<p>Candidate performance should be assessed for each skill (i.e. knowledge, application, analysis, evaluation) by selecting the mark which most closely resembles their performance for each specific skill. A candidate's level of performance is likely to vary from skill to skill.</p> <p>Use level of response marking grid to assess skill levels.</p> <p>Annotate as:</p> <p>Up to two marks for knowledge and understanding [KU] Up to two marks for application [APP] Up to four marks for analysis [AN]/[DEV] Up to six marks for evaluation [EVAL]/[EE]</p> <p>This question requires candidates to make informed judgements using qualitative and quantitative information.</p> <p>In particular, this question assesses candidates' decision-making skills and their ability to make informed judgements about methods of motivation. It provides opportunity for candidates to demonstrate their understanding of how organisations can motivate their workforce and apply this to the information given in the case study about Morrisons.</p> <p>Analysis should investigate how employees are affected by the specific methods used to motivate the workforce and the benefits and limitations for Morrisons of using these methods to enhance workforce motivation. Basic analysis should demonstrate an understanding of the impacts of specific motivation methods using straightforward logic and draw on basic business concepts. Developed analysis should demonstrate more complex reasoning using a logical chain of argument to explore the implications on the organisation of specific methods of motivation.</p>

Question	Answer	Mark	Guidance
	<p>Analysis includes:</p> <ul style="list-style-type: none"> • Advantages to the organisation of specific workforce motivation methods. • Disadvantages to the organisation of specific workforce motivation methods. <p>Evaluation could include: A decision as to which method Morrison's should use supported by:</p> <ul style="list-style-type: none"> • Weighing up of the efficacy of motivation methods with or without the use of motivational theories and models. • Critical analysis to judge the magnitude and importance of advantages/disadvantages of each method. • Consideration of the qualitative and quantitative information provided and Morrison's unique circumstances in terms of financial position, position in the market and strategic direction. • Challenge of traditional assumptions relating to motivation methods. • Cost-benefit arguments relating to trade-offs in terms of time, money and opportunity cost. • Comparison with other valid methods. <p style="text-align: right;">ARA</p>		<p>Evaluation requires candidates to make a decision supported by justification as to which workforce motivation method is most beneficial for Morrisons. A basic assertion would comprise a decision with some reasoning as to why the method has been chosen, but without detailed reasoning or evidence to support it. A justified evaluative comment would include a rationale for the decision backed. Justified evaluation is likely to be backed with qualitative or quantitative argument which weighs up the effectiveness of methods for increasing motivation or judges the appropriateness for Morrisons. Justified evaluation might include critique which challenges traditional assumptions about motivation methods, theories or models, or considers alternative perspectives or trade-offs using cost-benefit arguments. This could include comparison with other methods of motivation not mentioned in the case study. Strong evaluation will weigh up the advantages and disadvantages of both methods to rank the options.</p> <p>Do not credit general advantages of motivation. The question requires consideration of specific methods of motivation.</p> <p>NB do not credit quotes from the case study unless used as part of the argument. Application is required, not just context.</p>

Q13 Using the case study, analyse two ways Morrisons motivates its shopworkers. Recommend which of the two ways is most beneficial for Morrisons. Justify your answer. [14]

	Knowledge & Understanding (2 marks)	Application (2 marks)	Analysis (4 marks)	Evaluation (6 marks)
Strong	2 marks Knowledge of two appropriate motivational methods. [KU]	2 marks Application to Morrisons of two motivational methods. [APP]	4 marks Developed analysis of the impacts of two motivational methods. [DEV]	5-6 marks A justified evaluation as to which motivational method is the most beneficial for Morrisons, including why the alternative is less beneficial (with explicit use of the context). [EE][EE]
Good			3 marks One developed AND one basic analysis of the impacts of two motivational methods. [DEV] + [AN]	4 marks A justified evaluation as to which motivational method is most beneficial for Morrisons (with explicit use of the context). [EE]
Reasonable	1 mark Knowledge of one appropriate motivational method. [KU]	1 mark Application to Morrisons of one motivational method. [APP]	2 marks Developed analysis of the impact of one motivational method. [DEV] OR Basic analysis of the impacts of two motivational methods. [AN] [AN]	2-3 marks A justified evaluative comment as to which motivational method is the most beneficial for a business. [EVAL] [EVAL]
Limited			1 mark Basic analysis of the impact of one motivational method. [AN]	1 mark A basic assertion as to which motivational method is the most beneficial for a business. [EVAL]

13	<p>Marking exemplar:</p> <p>One motivational method used by Morrisons is regularly increasing rates of pay (KU). From 2018 to 2022 the rate paid to frontline shopworkers has increased by £1.50 per hour (APP). Financial rewards are a strong motivator for employees but also significantly increase the company's labour costs (AN). These additional costs, paid month on month to every frontline shop worker, will significantly increase cash outflows. This may lead to Morrisons deciding to increase its prices to recoup these costs, causing a fall in custom from price conscious shoppers (DEV).</p> <p>Another motivation method used by Morrisons is fringe benefits (KU). Access to the digital GP service is likely to make Morrisons' employees' feel valued and cared for even in times of sickness (APP). The service should lead to many of the employees' minor ailments being dealt with quickly, reducing absenteeism from taking days off sick (AN). This increased attendance will improve productivity. It may also improve Morrisons' reputation as a caring employer, increasing its brand image (DEV).</p> <p>The most beneficial method to Morrisons is providing the digital GP service because it helps to keep the workforce healthy (EVAL) reducing absenteeism (EVAL). In addition, it will provide cover for family members so that parents will not need to take as much time off to take children to medical appointments or look after them while they are sick. Given the company has 118 000 employees operating across 497 supermarkets, a lot of sick time can be reclaimed. For example, if each employee takes an average of 5 sick days per year, that results in 590,000 lost workdays annually. If the digital GP service reduces absenteeism by just 10%, that would recover 59,000 workdays. This should improve the service Morrisons offers to the 9 million customers who pass through its doors each week, leading to increased customer loyalty and increased customer satisfaction (EE). Offering the digital GP service is more beneficial to Morrisons than frequent pay rises because these are expensive. For example, in October 2022, Morrisons raised its base rate to £10.20 per hour — £0.70 above the National Minimum Wage of £9.50. For an average full-time employee working 37.5 hours per week, this pay rise costs Morrisons an extra £26.25 per week per employee. Across 118,000 employees, that's an additional £3.1 million per week — or £161 million per year. Considering Morrisons' £153 million profit after tax in 2022, this means the pay rise alone exceeds annual profits, putting strain on financial performance. In addition, despite the traditional theory that finance is the only motivator, today's workers are often more highly motivated by a sense of caring, belonging and an improved sense of wellbeing (EE).</p>
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Question	Answer	Mark	Guidance
14*	<p>Evaluate drawbacks to Morrisons of using backwards vertical integration and suggest an alternative growth strategy it could use in the future.</p> <p>Relevant K&U includes:</p> <ul style="list-style-type: none"> • Reliance on suppliers • Diseconomies of scale • Initial cost • Additional capital employed • Additional organisational complexity <p>Application includes: Application showing how Morrisons is negatively affected by its business model which prioritises growth via vertical backwards integration.</p> <p>Context that may be USED include:</p> <ul style="list-style-type: none"> • Food manufacturer as well as retailer • Morrisons makes half of fresh food it sells • Rathbones bakery, supply of bread/cakes • Flowerworld nursery, supply of cut flowers • Winford meat, supply of beef/lamb/chicken • Carnoustie potato, supply of chips/crisps • Chippingdale Foods, supply of eggs • Falfish, supply of fish and seafood <p>Analysis includes:</p> <ul style="list-style-type: none"> • Negative impacts to the organisation of disadvantages to the organisation of backwards vertical integration. <p>Evaluation could include: A judgement about growth strategies, supported by:</p>	<p>14</p> <p>(AO1 1a 1) (AO1 1c 1) (AO2 1a 1) AO2 1c 1) (AO3 4) (AO4 1c 2) (AO4 1d 4)</p>	<p>Candidate performance should be assessed for each skill (i.e. knowledge, application, analysis, evaluation) by selecting the mark which most closely resembles their performance for each specific skill. A candidate's level of performance is likely to vary from skill to skill.</p> <p>Use level of response marking grid to assess skill levels.</p> <p>Annotate as:</p> <p>Up to two marks for knowledge and understanding [KU] Up to two marks for application [APP] Up to four marks for analysis [AN]/[DEV] Up to six marks for evaluation [EVAL]/[EE]</p> <p>Correct answers only need to come from component 1, additional answers from other components are provided for examples of acceptable 'other' content</p> <p><i>Quality of Extended Response is assessed in this question. Please see marking grid statements below. QoER Statements should be taken into account when marking AO4.</i></p> <p>This question requires candidates to use informed judgements about qualitative information in order to propose an evidence-based solution.</p> <p>In particular, this question assesses candidates' ability to critique the drawbacks of the growth strategy of backwards vertical integration and use their decision-making skills to propose a suitable alternative growth strategy. The question requires an holistic consideration of the dynamic market Morrison's operates in to decide the drawbacks to Morrisons of the strategy of using backwards vertical integration for growth and the benefits of an alternative strategy</p>



Question	Answer	Mark	Guidance
	<ul style="list-style-type: none"> • Weighing up of the drawbacks of backwards vertical integration. • Consideration of competitor behaviour and how changing market dynamics might affect Morrisons' business model in future. • Critical analysis to judge the magnitude and importance of the drawbacks of using backwards vertical integration both historically and in the future. • Consideration of alternative methods of growth (including forwards vertical integration, horizontal integration, diversification, and internal growth) and the benefits or drawbacks of these. • Cost-benefit arguments relating to trade-offs in terms of time, money and opportunity cost. <p style="text-align: right;">ARA</p>		<p>The question provides opportunity for candidates to demonstrate their knowledge and understanding of the concept of backwards vertical integrations as a means of growth and apply this to the information given in the case study about Morrisons' business model.</p> <p>Breadth of knowledge refers to the range of relevant business concepts, theories, and terminology used in a response. A strong answer will draw on ideas from multiple topic areas and demonstrate an understanding of different approaches or perspectives. Limited knowledge may be shown by relying on just one concept or a narrow part of the specification.</p> <p>Breadth of application is about how well knowledge is applied across the full business context provided. Strong responses apply concepts to different aspects of the scenario — such as various stakeholders, business functions, or external influences — and use contextual details to support their reasoning. Narrow application might only consider one stakeholder or ignore important features of the case study.</p> <p>Analysis should investigate how Morrisons is affected by its pursuance of backwards vertical integration. Basic analysis should demonstrate an understanding of the impacts on Morrisons of using backwards vertical integration as a means of growth using straightforward logic and drawing on basic business concepts. Developed analysis should demonstrate more complex reasoning using a logical chain of argument to explore the implications on the organisation of using backwards vertical integration historically, now or in the future.</p> <p>Evaluation requires candidates to make judgements about the disadvantages of using backwards vertical integration as a method growth strategy and propose an alternative growth strategy for Morrisons.</p>

Question	Answer	Mark	Guidance
			<p>Justified, proposed solutions could include discussion of alternative growth strategies such as horizontal integration or diversification, which could allow Morrisons to expand its market presence, access new customer segments, or share resources with other firms. Internal growth strategies could be proposed such as increasing output or developing new products.</p> <p>A basic solution would comprise a proposal with a lack of reasoning or support. A solution with justified evaluative comment would include a rationale for the decision backed by logical reasoning. An evidence-based solution with justification is likely to be supported by quantitative or qualitative contextual reasoning. Strong evaluation would be supported by quantitative and qualitative reasoning that supports how the proposed growth strategy is most beneficial to Morrisons.</p>

Q14* Evaluate drawbacks to Morrisons of using backwards vertical integration and suggest an alternative growth strategy it could use in the future. **[14]**

	Knowledge & Understanding (2 marks)	Application (2 marks)	Analysis (4 marks)	Evaluation (6 marks)
Strong	2 marks Breadth of knowledge of drawbacks of backwards vertical integration. [KU]	2 marks Breadth of application to Morrisons of drawbacks of backwards vertical integration. [APP]	4 marks Developed analysis of impacts on business of drawbacks of using backwards vertical integration. [DEV]+[DEV]	5-6 marks A justified evaluation with evidence-based solution is proposed, with a sustained line of reasoning that is clear, coherent and logically structured. The evaluation presents information that is relevant and substantiated (including explicit use of the context) that weighs up the drawbacks to Morrisons of using backwards vertical integration and how the proposed alternative growth strategy would be of most benefit to Morrisons [EE][EE]
Good			3 marks One developed AND one basic analysis of impacts on business of drawbacks of using backwards vertical integration. [DEV]+[AN]	4 marks A justified evaluation with evidence-based solution is proposed, which is reasonably coherent and that has some structure. The evaluation presents information that is mostly relevant and supported by some evidence (including explicit use of the context) that weighs up the drawbacks to Morrisons of using backwards vertical integration and how the proposed alternative growth strategy would be beneficial to Morrisons. [EE]
Reasonable	1 mark Limited knowledge of drawbacks of backwards vertical integration. [KU]	1 mark Application to Morrisons of drawbacks of backwards vertical integration. [APP]	2 marks Developed analysis of impacts on business of a drawback of using backwards vertical integration. [DEV] OR Basic analysis of impacts on business of drawbacks of using backwards vertical integration [AN] [AN]	2-3 marks A justified evaluative comment with a solution for an alternative external growth strategy is proposed. The reasoning for the proposal has limited structure and some relevance for determining the value of the growth strategy proposed. [EVAL] [EVAL]
Limited			1 mark Basic analysis of impacts on business of a drawback of using backwards vertical integration. [AN]	1 mark An assertion for a basic solution for an alternative external growth strategy. However the reasoning for the proposal lacks structure and the information presented has little relevance for determining the value of the growth strategy proposed. [EVAL]

14	<p>Marking exemplar:</p> <p>One of the biggest disadvantages of using backwards vertical integration as a growth strategy is the complexity of managing so many aspects of operations (KU). One example would be that once Morrisons had acquired Flowerworld nursery in 2011 it then had to deal with the complexities of the weather on the supply of flowers (APP). This is specialist expertise would have been provided by a separate organisation who themselves would have borne the additional risks and expenses of dealing with the weather. So, by using backwards vertical integration Morrisons have increased their operational risks (AN), and whilst potentially increasing the size of its financial rewards has also increased the likelihood of failure in the flower market (DEV).</p> <p>Backwards vertical integration is also very expensive (KU), buying out the Winford meat processing plant in 2012 is likely to have cost millions of pounds because Morrisons has to buy the existing business (APP). Spending capital on a buyout increases business costs and reduces the money available for other aspects of the business, for example the TV advertising budget (AN). This may lead to lower brand awareness and a loss of market share to the competition (DEV).</p> <p>I don't think Morrisons should use backwards vertical integration because it is too expensive. Instead, Morrisons should pursue internal growth (EVAL) and aim to increase its sales using lower cost advertising campaigns on social media (EVAL). Internal growth is organic and much cheaper than any form of external growth. Morrisons has already taken control of the supply of a wide range of food products including bread, potatoes, egg, meat and fish so the additional utility of gaining more is unlikely to outweigh the expense (EE). Market dynamics in the food retail industry are constantly evolving and pursuing internal growth, rather than external growth, will make Morrisons more flexible and able to respond to changes as they occur. It is important to Morrisons' long-term success to build strategies for resilience in response to changes in competitor behaviour and consumer trends (EE).</p>
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Section C			
Question	Answer	Mark	Guidance
15a	<p>Explain what is meant by the term ‘sole trader’.</p> <p>Relevant K&U includes:</p> <ul style="list-style-type: none"> • Business owned by one person • Business controlled by one person • Unlimited liability • Unincorporated <p style="text-align: right;">ARA</p>	<p>2</p> <p>(AO1 1a 2)</p>	<p>One mark for each of two explanatory points. </p> <p>Answers do not need to relate to AVQ Photography.</p> <p>Example response:</p> <p>An unincorporated business (1) with only one owner (1).</p>
15b	<p>Explain <u>one</u> advantage to an entrepreneur of operating as a partnership rather than as a sole trader.</p> <p>Relevant K&U includes:</p> <ul style="list-style-type: none"> • Share workload • Share decision-making • Capital injection • Additional skills and expertise • More ideas <p style="text-align: right;">ARA</p>	<p>2</p> <p>(AO1 1b 2)</p>	<p>One mark for identification of an advantage plus one further mark for explanation. </p> <p>Answers do not need to relate to AVQ Photography.</p> <p>Example response:</p> <p>The partner is likely to bring more capital into the business (1), which can be spent on growing the business internally (1).</p>

Question	Answer	Mark	Guidance
16	<p>Analyse <u>two</u> entrepreneurial characteristics which Alex shows.</p> <p>Relevant K&U includes:</p> <ul style="list-style-type: none"> • Determined • Passionate • Creative • Risk-taker • Confident <p>Application includes: Application of understanding of entrepreneurial characteristics to AVQ Photography, including use of qualitative information in the case study.</p> <p>Analysis includes:</p> <ul style="list-style-type: none"> • Impacts on business operations of specific entrepreneurial characteristic. • Impacts on business behaviour of specific entrepreneurial characteristic. • Impacts on business performance of specific entrepreneurial characteristic. <p style="text-align: right;">ARA</p>	<p style="text-align: center;">8</p> <p>(AO1 1a 2) (AO2 1a 2) (AO3 4)</p>	<p>Candidate performance should be assessed for each skill (i.e. knowledge, application, analysis, evaluation) by selecting the mark which most closely resembles their performance for each specific skill. A candidate's level of performance is likely to vary from skill to skill.</p> <p>Use level of response marking grid to assess skill levels.</p> <p>Annotate as: Up to two marks for knowledge and understanding [KU] Up to two marks for application [APP] Up to four marks for analysis [AN]/[DEV]</p> <p>This question provides opportunity for candidates to demonstrate their understanding of how internal influences affect a business. In this case the internal influences are the personal characteristics of the owner. Candidates should consider how these characteristics can affect an organisation using the qualitative information given in the case study about AVQ Photography.</p> <p>Analysis should investigate the impact on AVQ Photography's operations, behaviour or performance of the identified entrepreneurial characteristics that Alex appears to have. Basic analysis should demonstrate an understanding of the impact on the organisation of specific entrepreneurial characteristics using straightforward logic and business concepts. Developed analysis should demonstrate more complex reasoning using a logical chain of argument to explore the implications for the organisation of specific entrepreneurial characteristics.</p>

Q16 Analyse two entrepreneurial characteristics which Alex shows.

[8]

	Knowledge & Understanding (2 marks)	Application (2 marks)	Analysis (4 marks)
Strong	2 marks Knowledge of two entrepreneurial characteristics. [KU]	2 marks Application to Alex of two entrepreneurial characteristics. [APP]	4 marks Developed analysis of the impact on a business of two entrepreneurial characteristics. [DEV]
Good			3 marks One developed AND one basic analysis of the impact on a business of two entrepreneurial characteristics [DEV]+[AN]
Reasonable	1 mark Knowledge of one entrepreneurial characteristic. [KU]	1 mark Application to Alex of one entrepreneurial characteristic. [APP]	2 marks Developed analysis of the impact on a business of one entrepreneurial characteristic. [DEV] OR Basic analysis of two entrepreneurial characteristics. [AN][AN]
Limited			1 mark Basic analysis of the impact on a business of one entrepreneurial characteristic. [AN]

16	<p>Marking exemplar:</p> <p>One entrepreneurial characteristic that Alex demonstrates is being determined (KU). Alex wishes to take control of her own career so that she is not at the mercy of employers, like she was when working as a fashion designer (APP). Determination is likely to cause Alex to keep trying despite setbacks, increasing the likelihood of her solving business problems (AN). Finding a promotional campaign that is right for her business will improve the promotional behaviour of the business, and in addition also improve the business' performance by increasing cash-flow during the winter months so that she can afford to make her bank loan repayments (DEV).</p> <p>Alex is also a risk taker (KU), by taking out a 5-year bank loan for £30 000 she has put herself at financial risk for non-payment (APP). Taking on debt to start her own business means that Alex can benefit from any profit that the business makes, rather than just receiving wages for doing a job (AN). However, risks need to be carefully considered and well-managed, otherwise Alex could lose the home she shares with her children and possibly her mental wellbeing. If either of these were to happen it would be very difficult to continue the business, leading to possible bankruptcy or voluntary closure (DEV).</p>
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Question	Answer	Mark	Guidance
17	<p>Using the case study, analyse the <u>two</u> promotional options Alex is considering. Recommend which of the two options Alex should use to promote AVQ Photography. Justify your answer.</p> <p>Relevant K&U includes:</p> <ul style="list-style-type: none"> • Option A: Sponsor shirts of local women’s football team e.g. low cost, one-off cost, targets local area, targets female market segment, small audience, etc • Option B: Use a marketing company to advertise on social media e.g. high cost, repeated cost, professional standard, multiple channel, multiple stories, intrusive channel, algorithms, market segmentation, niche, etc <p>Application includes: Application of understanding of promotional methods to AVQ Photography. This is likely to include use of qualitative and quantitative information provided in the case study.</p> <p>Context that may be USED includes:</p> <ul style="list-style-type: none"> • Image of business - luxury, high quality • Award winning photographer • Town has average age of 34 • Sole trader, unlimited liability • Business funds are tight, needs to budget carefully 	<p>14</p> <p>(AO1 1b 1) (AO1 1c 1) (AO2 1b 1) (AO2 1c 1) (AO3 4) (AO4 1a 2) (AO4 1c 4)</p>	<p>Candidate performance should be assessed for each skill (i.e. knowledge, application, analysis, evaluation) by selecting the mark which most closely resembles their performance for each specific skill. A candidate’s level of performance is likely to vary from skill to skill.</p> <p>Use level of response marking grid to assess skill levels.</p> <p>Annotate as:</p> <p>Up to two marks for knowledge and understanding [KU] Up to two marks for application [APP] Up to four marks for analysis [AN]/[DEV] Up to six marks for evaluation [EVAL]/[EE]</p> <p>This question requires candidates to make informed judgements using qualitative and quantitative information.</p> <p>In particular, this question assesses candidates’ decision-making skills and their ability to make informed judgements about how organisations can promote their businesses. The judgement should use the qualitative and quantitative information provided about AVQ Photography, including numerical data about promotional coverage and costings.</p> <p>Analysis should investigate the benefits and drawbacks for AVQ Photography of the specific promotional options given. Basic analysis should demonstrate an understanding of the advantages or disadvantages of the promotional options using straightforward logic and drawing on basic business concepts. Developed analysis should demonstrate more complex reasoning using a logical chain of argument to explore the implications on the organisation of the promotional options under consideration.</p>

	<ul style="list-style-type: none"> • May not be able to afford to pay a marketing companies as has a £30,000 bank loan to repay • Football team only has a home attendance of 320 out of town's population of 50,000, 0.64% • Away fans may also live in the Midlands • Agency cost £4800 for the year • Limited time due to child care <p>Analysis includes:</p> <ul style="list-style-type: none"> • Advantages/disadvantages for the organisation of Option A. • Advantages/disadvantages for the organisation of Option B. <p>Evaluation could include: A decision as to which method AVQ Photography should use supported by:</p> <ul style="list-style-type: none"> • Weighing up of the efficacy/reach/cost of promotional methods. • Critical analysis to judge the magnitude and importance of advantages/disadvantages of each method. • Consideration of the qualitative and quantitative information provided and AVQ Photography's unique circumstances in terms of financial position, size and position in the market, • Cost-benefit arguments relating to trade-offs in terms of time, money and opportunity cost. <p style="text-align: right;">ARA</p>		<p>Evaluation requires candidates to make a decision supported by justification as to which promotional option AVQ Photography should use. A basic assertion would comprise a decision with some reasoning as to why the option has been chosen, but without detailed reasoning or evidence to support it. A justified evaluative comment would include a rationale for the decision backed by quantitative or qualitative evidence and analytical reasoning. Justified evaluation is likely to weigh up the effectiveness, cost and market reach of the promotional options using cost-benefit arguments. It might include critical analysis ranking the advantages and disadvantages of each method and/or a consideration of the trade-offs of each method using cost-benefit arguments to argue how AVQ Photography can successfully operate in a competitive market. Strong evaluation will include argument as to why the rejected promotional method is less suitable for AVQ Photography at this present time.</p>
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Q17 Using the case study, analyse the two promotional options Alex is considering. Recommend which of the two options Alex should use to promote AVQ Photography. Justify your answer. [14]

	Knowledge & Understanding (2 marks)	Application (2 marks)	Analysis (4 marks)	Evaluation (6 marks)
Strong	2 marks Knowledge of advantages/disadvantages for both of the promotional methods. [KU]	2 marks Application to AVQ Photography of advantages/disadvantages for both of the promotional methods. [APP]	4 marks Developed analysis of advantages/disadvantages for both of the promotional methods. [DEV]	5-6 marks A justified evaluation as to which promotional method AVQ Photography should use, including why the alternative is less suitable (with explicit use of the context). [EE][EE]
Good			3 marks One developed AND one basic analysis of advantages/disadvantages for both of the promotional methods. [DEV] +[AN]	4 marks A justified evaluation as to which promotional method AVQ Photography should use (with explicit use of the context). [EE]
Reasonable	1 mark Knowledge of advantages/disadvantages for one of the promotional methods. [KU]	1 mark Application to AVQ Photography of advantages/disadvantages for one of the promotional methods. [APP]	2 marks Developed analysis of advantages/disadvantages of one of the promotional methods [DEV] OR Basic analysis of advantages/disadvantages for both of the promotional methods. [AN]	2-3 marks A justified evaluative comment as to which promotional method a business should use. [EVAL] [EVAL]
Limited			1 mark Basic analysis of advantages/disadvantages for one of the promotional methods [AN]	1 mark A basic assertion as to which promotional method a business should use. [EVAL]

17	<p>Marking exemplar:</p> <p>Option A would target a local audience (KU). Alex needs to travel to the weddings in order to provide the service, so reaching an audience within her town is most appropriate (APP). However, only 320 football supporters out of the 50 000 population are likely to see the advertisement, so the advertisement might not gain many bookings (AN). This is especially likely given only a very small proportion of the supporters are likely to be considering marriage at any given time or know someone who is. Nevertheless, supporting local sport is likely to improve brand awareness and create positive publicity that may reap rewards in the long-term (DEV).</p> <p>Option B would use social media algorithms to target people in the correct market segment (KU), in this case who have shown interested in weddings and therefore might be interested in booking a wedding package (APP). However the campaign would increase monthly costs and cash outflows by £400 (AN). This £400 would be in addition to the repayments on the £30 000 bank loan, so is a significant risk. However, achieving just one additional booking per month would bring in additional revenue of £2500, so the risk may be worth it (DEV).</p> <p>For now, Alex should choose Option A because its costs are one-off, not monthly (EVAL). Even if only two additional bookings are achieved in the whole year, the option is likely to have paid for itself (EVAL) because it would raise an additional £5000 of revenue. Also, in the long-term when others choose to get married they may remember the sponsorship and contact Alex for a booking or recommend the service to family and friends. In addition, Alex is new to running a business and too much interest too soon may lead to administrative inefficiencies and poor customer service. This could permanently damage the reputation of the business, which operates in a market where quality of service is paramount (EE). Option B seems too expensive at present. The business cannot yet afford to employ staff and is already paying back a bank loan, so affording an additional 12 month payments at £400 costing a total of £4800, seems unlikely (EE).</p>
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Question	Answer	Mark	Guidance
18	<p>Evaluate the usefulness of sales forecasting to AVQ Photography and suggest ways AVQ Photography could use data to review the effectiveness of its sales forecasting.</p> <p>Relevant K&U includes:</p> <ul style="list-style-type: none"> • Can identify trends • Can predict future sales/seasonality • Make data-driven decisions • Improved allocation of resources • Improved objective setting • Can help schedule advertising • Can increase/reduce prices in peak/low season • Time consuming • Complex • Degree of accuracy/market unpredictability <p>Application includes: Application of understanding of advantages and disadvantages of sales forecasting to AVQ Photography.</p> <p>Context that may be USED includes:</p> <ul style="list-style-type: none"> • Sole trader, unlimited liability • 50% weddings on Saturday • 71% weddings April to September • Peak times Friday/Saturday, April to September • Low times Monday to Wednesday, November to March • Difficulty finding time to update website, order supplies, track payments • Finds financial management time consuming 	<p>14</p> <p>(AO1 1b 1) (AO1 1c 1) (AO2 1b 1) (AO2 1c 1) (AO3 4) (AO4 1a 1) (AO4 1b 2) (AO4 1c 1) (AO4 1d 2)</p>	<p>Candidate performance should be assessed for each skill (i.e. knowledge, application, analysis, evaluation) by selecting the mark which most closely resembles their performance for each specific skill. A candidate's level of performance is likely to vary from skill to skill.</p> <p>Use level of response marking grid to assess skill levels.</p> <p>Annotate as:</p> <p>Up to two marks for knowledge and understanding [KU] Up to two marks for application [APP] Up to four marks for analysis [AN]/[DEV] Up to six marks for evaluation [EVAL]/[EE]</p> <p><i>Quality of Extended Response is assessed on this question. Please see marking grid statements below. QoER Statements should be taken into account when marking AO4.</i></p> <p>This question requires candidates to make informed judgements using qualitative and quantitative information and propose evidence-based solutions.</p> <p>In particular, this question assesses candidates' ability to judge the usefulness of sales forecasting to a business and propose ways to use data to review its effectiveness. Candidates should consider the advantages and disadvantages of sales forecasting and propose ways to review the effectiveness of this forecasting using contextually appropriate argument.</p> <p>Breadth of knowledge refers to the range of relevant business concepts, theories, and terminology used in a response. A strong answer will draw on ideas from multiple topic areas and demonstrate an understanding of different approaches or perspectives. Limited</p>

	<p>Analysis includes:</p> <ul style="list-style-type: none"> • Positive impacts on business operations of sales forecasting. • Positive impacts on business behaviour of sales forecasting. • Positive impacts on business performance of sales forecasting. • Negative impacts on business operations of sales forecasting. • Negative impacts on business behaviour of sales forecasting. • Negative impacts on business performance of sales forecasting. <p>Evaluation could include: A judgement about the business use of sales forecasting, supported by:</p> <ul style="list-style-type: none"> • Weighing up of the benefits and drawbacks of sales forecasting. • Consideration of how sales forecasting could help deal with the particular problems faced by AVQ Photography (e.g. seasonality, cyclical trends, cancellations, only one wedding per day, importance of reputation, customer satisfaction, advocacy and client recommendations for future bookings, etc). • Consideration of market behaviour and how this might affect the accuracy of forecasts. • Consideration of Alex's personal circumstances/Zac's professional abilities. • Critical analysis to judge the magnitude and importance of the advantages/disadvantages of using sales forecasting. 		<p>knowledge may be shown by relying on just one concept or a narrow part of the specification.</p> <p>Breadth of application is about how well knowledge is applied across the full business context provided. Strong responses apply concepts to different aspects of the scenario — such as various stakeholders, business functions, or external influences — and use contextual details to support their reasoning. Narrow application might only consider one stakeholder or ignore important features of the case study.</p> <p>Analysis should investigate the advantages/disadvantages for AVQ Photography of using sales forecasting. Basic analysis should demonstrate an understanding of the impacts on AVQ Photography of sales forecasting using straightforward logic and drawing on basic business concepts. Developed analysis should demonstrate more complex reasoning using a logical chain of argument to explore the implications for the organisation of using sales forecasting in the future.</p> <p>Evaluation requires candidates to make a judgement, supported by justification, as to the usefulness of sales forecasting to AVQ Photography and propose solutions on how they could use data to review the effectiveness of the sales forecasting.</p> <p>Justified, proposed solutions on how to use data to review the effectiveness of a business' sales forecasting could include the use of primary market research, data from secondary market research sources, quantitative data and qualitative data. Regular use of net promoter score could help AVQ monitor customer satisfaction. Customer complaints data could be analysed to highlight weaknesses in the service, such as communication, flexibility or time taken to deliver the wedding album. communication, Customer reviews and feedback could be used to shape the brand image; positive reviews can be promoted on social media and the website.</p>
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	<ul style="list-style-type: none"> • Consideration of alternative priorities (including marketing, updating the website, ordering supplies and tracking payments). • Consideration of types of data that can be used to review the effectiveness of the sales forecasting (including quantitative and qualitative data, data from primary market research, data from secondary market research sources). • Suggested ways to use data to review the effectiveness of the sales forecasting (including analysing customer feedback and reviews, calculating net promoter scores, reviewing complaints data and using market research data to inform future marketing decisions). • Cost-benefit arguments relating to trade-offs in terms of time, money and opportunity cost. <p style="text-align: right;">ARA</p>		<p>Information gained could be used to adjust the 4Ps of the marketing mix, to increase or smooth bookings to avoid peaks, including increasing prices for the wedding package at peak times, as well as reducing prices during low season. Extension strategies to extend the product life cycle could be considered, as well as changes to promotions and the service itself.</p> <p>A basic solution would comprise a proposal as to how to review the effectiveness of sales forecasting, with limited reasoning that lacks detail or evidence to support it. A justified evaluative comment would include a proposal, with rationale, that links to bolstering the advantages of sales forecasting or reducing the disadvantages. A justified evaluation with evidence-based solutions is likely to weigh up the usefulness of sales forecasting to AVQ Photography and how it can judge the effectiveness of its sales forecasting. It might include consideration of the limited business experience and time of Alex and the greater expertise of Zac. It may also include consideration of the quality-sensitive nature of the market it operates in and the seasonal nature of the demand. Strong evaluation will justify why this solution is the best way to judge the effectiveness of forecasting for AVQ Photography. It might consider the variability and unpredictability in the market and the subsequent impact on the accuracy of the forecast. The risks posed by inaccurate or ineffective sales forecasting might also be considered. These could be more dangerous than not having a sales forecast, as they may lead to misguided business decisions being made. In addition, trade-offs, particularly in terms of opportunity cost might be considered.</p>
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Q18 Evaluate the usefulness of sales forecasting to AVQ Photography and suggest ways AVQ Photography could use data to review the effectiveness of its sales forecasting. [14]

	Knowledge & Understanding (2 marks)	Application (2 marks)	Analysis (4 marks)	Evaluation (6 marks)
Strong	2 marks Breadth of knowledge of advantages AND disadvantages of sales forecasting. [KU]	2 marks Breadth of application to AVQ Photography of advantages AND disadvantages of sales forecasting. [APP]	4 marks Developed analysis of impact on business of advantages AND disadvantages of sales forecasting. [DEV]	5-6 marks A justified evaluation with evidence-based solutions is proposed, which is well-developed with a sustained line of reasoning that is clear, coherent and logically structured. The evaluation presents information that is relevant and substantiated (including explicit use of the context) that weighs up the usefulness of sales forecasting to AVQ Photography and how best to use data to review its effectiveness. [EE][EE]
Good			3 marks One developed AND one basic analysis of impact on business of advantages AND disadvantages of sales forecasting. [DEV]+[AN]	4 marks A justified evaluation with evidence-based solutions is proposed, with a line of reasoning which is reasonably coherent that has some structure. The evaluation presents information that is mostly relevant and supported by some evidence (including explicit use of the context) that weighs up usefulness of sales forecasting to AVQ Photography and how to use data to review its effectiveness. [EE]

Reasonable	1 mark Limited knowledge of advantages OR disadvantages of sales forecasting. [KU]	1 mark Application to AVQ Photography of advantages OR disadvantage of sales forecasting. [APP]	2 marks Developed analysis of impact on business of advantages OR disadvantages of sales forecasting. [DEV] OR Basic analysis of impact on business of advantages AND disadvantages of sales forecasting [AN] [AN]	2-3 marks A justified evaluative comment with a solution about the use of sales forecasting is proposed. The reasoning for the proposal has limited structure and some relevance for determining the value to a business of sales forecasting and how to review its effectiveness. [EVAL] [EVAL]
Limited			1 mark Basic analysis of impact on business of advantages OR disadvantages of sales forecasting. [AN]	1 mark An assertion for a basic solution about the use of sales forecasting is proposed. The reasoning for the proposal lacks structure and the information presented has little relevance for determining the value to a business of sales forecasting or how to review its effectiveness. [EVAL]

NB:

- Advantages **or** disadvantages – minimum at least one but may present more than one, in a one-sided statement/application/analysis.
- Advantages **and** disadvantages – minimum one of each.

18	<p>Marking exemplar:</p> <p>Sales forecasting is a time consuming, complex process (KU). Alex is already struggling to find the time to update the website and order photographic supplies, so without experience may find it very difficult to fit in time to produce a sales forecast (APP). Nevertheless, Alex could pay Zac, a retired accountant, to produce a forecast so that Alex can make data-driven decisions in future (AN), leading to more careful time management in peak periods and more marketing in low periods (DEV).</p> <p>Alex could use sales forecasting to set her prices (KU). When the sales forecasts expect booking to be low Alex could reduce her wedding package say by £300 to £2200 (APP), this should help to attract customers at times of low demand (AN). However, the market Alex operates in is unlikely to be price sensitive, possibly even having a positive price elasticity of demand because a higher price is taken to be an indicator of a higher quality. So, reducing price may actually have a negative effect on the volume of sales of wedding packages and, therefore, reduce revenue (DEV).</p> <p>Despite the negatives, sales forecasting will be very useful to Alex because it will allow her to predict her more difficult months and help her prepare suitable promotional or pricing campaigns to increase booking (EVAL).</p> <p>Since nationally 50% of weddings are on Saturdays and 62% are in the five months from May to September, it seems that Alex needs to increase her marketing activity to boost bookings for weekdays from October to March. One way Alex could review the effectiveness of the sales forecasting is by logging all customer complaints. Keeping a record of all complaints, whether received verbally or in writing, will allow Alex to look for any common themes to help further improve customers' experience and increase bookings. (EVAL).</p> <p>Another way that Alex could review the effectiveness of the sales forecasting would be to calculate net promoter scores. Asking clients whether they would recommend the business to other couples, and why, could yield a wealth of information on how customers perceive her business. This would be particularly important to AVQ Photography because of the quality-sensitive nature of its market. Couples are unlikely to want to take risks with such an important, one-off, event as a wedding, so are likely to ask for personal recommendations from family and friends where possible. So, customers will choose photographers who have provided a good service to those they know. Tracking net promoter scores will allow Alex to consider whether to take actions to improve customer service which should increase the number of recommendations. (EE).</p> <p>Net promoter scores are likely to be a better way for Alex to review the effectiveness of AVQ Photography's sales forecasting than logging complaints, because it allows Alex to secure more bookings via recommendations. Nationally the number of weddings drops from 12% of weddings in September to only 8% of weddings in October; this is a 33.3% drop in weddings. If Alex could gain more bookings and incentivise some customers to have their wedding in October it would extend the peak season and significantly increase sales for AVQ photography. In addition, calculating net promoter scores is particularly appropriate for Alex because she is very busy, sometimes struggling to find time to update the website or order stock, and this method takes up very little time. AVQ Photography's wedding</p>
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	<p>packages include the option to have the wedding album delivered by hand or by post. Alex could ask customers, either in person, if delivering by hand, or in writing, if delivering by post without using much additional time. Collating this information would also take up much less of Alex's time than dealing with the complexities of customer complaints. Since at present Alex does not know how to create a sales forecast or review their effectiveness, I recommend she sets aside time during January and March to learn. Nationally only 9% of weddings take place between January and March, so she is more likely to be able to spare the time during these winter months (EE).</p>
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Assessment Objective Grid

Question	AO1 Knowledge Skills Understanding			AO2 Application of KSU			AO3 Research & Analysis	AO4 Evaluation				Quant Skill
	1a	1b	1c	1a	1b	1c	n/a	1a	1b	1c	1d	
1	1											
2	1											
3				1								Calculate, use and understand percentages and percentage changes
4					1							
5	1											
6					1							Use and interpret quantitative and non-quantitative information in order to make decisions
7	1											
8				1								
9				1								
10	1											
11				4								Interpret, apply and analyse information in written, graphical and numerical forms. Calculate, use and understand percentages and percentage changes
12			2			2	4					
13		1	1		1	1	4	2		4		
14	1		1	1		1	4			2	4	
15a	2											
15b		2										
16	2			2			4					
17		1	1		1	1	4	2		4		
18		1	1		1	1	4	1	2	1	2	
Auto totals	10	5	6	10	5	6	24	5	2	11	6	
Targets →	21			21			24	24				

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