

INTERNATIONAL AS BUSINESS

BU01

Unit 1 Business and Markets

Mark scheme

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Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

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How to mark

Aims

When you are marking your allocation of scripts your main aims should be to:

- recognise and identify the achievements of students
- place students in the appropriate mark band and in the appropriate part of that mark band (high, low, middle)
- record your judgements with brief notes, annotations and comments that are relevant to the mark scheme and make it clear to other examiners how you have arrived at the numerical mark awarded
- put into a rank order the achievements of students (not to grade them – that is done later using the rank order that your marking has produced)
- ensure comparability of assessment for all students, regardless of question or examiner.

Approach

It is important to be **open-minded** and **positive** when marking scripts.

The specification recognises the variety of experiences and knowledge that students will have. It encourages them to study business in a way that is relevant to them. The questions have been designed to give them opportunities to discuss what they have found out about business. It is important to assess the quality of **what the student offers**.

Assessment Objectives

This component requires students to:

AO1	Demonstrate knowledge of terms, concepts, theories, methods and models to show an understanding of how individuals and organisations are affected by and respond to business issues.
AO2	Apply knowledge and understanding to various business contexts to show how individuals and organisations are affected by and respond to issues.
AO3	Analyse issues within business, showing an understanding of the impact on individuals and organisations of external and internal influences.
AO4	Evaluate quantitative and qualitative information to make informed judgements and propose evidence-based solutions to business issues.

The marking grids

The specification has generic marking grids for each Assessment Objective that is customised with indicative content for individual tasks. These have been designed to allow assessment of the range of knowledge, understanding and skills that the specification demands.

Within each Assessment Objective there are three or four broad levels representing different levels of achievement. Do not think of levels as equivalent to grade boundaries.

The indicative content gives examples of the kind of things students might do that would exemplify the level. They are neither exhaustive nor required – they are simply indicative of what would appear at this level. You will find that they sometimes indicate areas of content that can be handled with increasing sophistication and subtlety. You will also find statements which only characterise work at the bottom or top of the range.

Depending on the part of the examination, the levels will have different mark ranges assigned to them. This will reflect the different weighting of Assessment Objectives in particular tasks and across the examination as a whole. You may be required to give different marks to bands for different Assessment Objectives.

Using the grids

These levels of response mark schemes are broken down into levels, each of which has descriptors. The descriptors for the level show the performance characteristics of the level. There is the same number of marks in each level for an individual Assessment Objective. The number of marks per level will vary depending upon the number of marks allocated to the various Assessment Objectives covered by a particular question.

Having familiarised yourself with the descriptors and indicative content, read through the answer and annotate it (as instructed below) to identify the qualities that are being looked for and that it shows. You can now check the levels and award a mark.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptors for that level. The descriptors for the level indicate the different qualities that might be seen in the student's answer for that level.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as in the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level; eg if the response fulfils most but not all of level 3 with a small amount of level 4 material, it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark.

It is often best to start in the middle of the level's mark range and then check and adjust. If there is a lot of indicative content fully identifiable in the work you need to give the highest mark in the level. If only some is identifiable or it is only partially fulfilled, then give the lower mark.

The exemplar materials used during standardisation will also help. There will be an answer in the standardising materials that will correspond with each level of the mark scheme. This answer will have been awarded a mark by the lead examiner. You can compare the student's answer with the example to determine if it is of the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the lead examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

In addition to the generic descriptors (presented in bold text), paper-specific indicative descriptors (presented in plain text) are provided as a guide for examiners. These are not intended to be exhaustive and you must credit other valid points.

An answer that contains nothing of relevance to the question must be awarded no marks.

Examiners are required to assign each of the students' responses to the most appropriate level according to its overall quality, then allocate a single mark within the level. When deciding upon a mark in a level examiners should bear in mind the relative weightings of the Assessment Objectives and be careful not to over/under credit a particular skill. For example, in question 12, 13 and 14 more weight should be given to AO4 than to AO1, AO2 and AO3. This will be exemplified and reinforced as part of examiner training.

Annotating scripts

You should write a summative comment at the end for each Assessment Objective and indicate the marks for each Assessment Objective being tested at the end of the answer in the margin in sequence. It is vital that the way you arrive at a mark should be recorded on the script. This will help you with making accurate judgements and it will help any subsequent markers to identify how you are thinking. Please do not write negative comments about students' work; this is unprofessional and it impedes a positive marking approach.

Section A

Total for this section: 17 marks

Question	Part	Marking guidance	Total marks
1		<p>Figure 1 shows an extract from a decision tree for launching a new product.</p> <p>Which of the following is the expected value of the new product launch?</p> <p>$(\\$10 \text{ m} \times 0.6) + (\\$2 \text{ m} \times 0.4) = \\6.8 million</p> <p>Answer: B – \$6.8 million.</p>	<p>1</p> <p>AO1 = 1</p>

Question	Part	Marking guidance	Total marks
2		<p>Figure 2 contains marketing data showing a link between the incomes of consumers and the sales of Product Z.</p> <p>What type of correlation does Figure 2 show?</p> <p>Answer: B – Strong positive.</p>	<p>1</p> <p>AO1 = 1</p>

Question	Part	Marking guidance	Total marks
3		<p>The price elasticity of demand for a product is -1.5. The price of the product is increased.</p> <p>Which of the following statements is true?</p> <p>Answer: A – Quantity sold will decrease and sales revenue will fall.</p>	<p>1</p> <p>AO1 = 1</p>

Question	Part	Marking guidance	Total marks
4		<p>In 2022, the market size in which Product X sells was \$750 000.</p> <p>The market growth between 2022 and 2023 was 5%.</p> <p>Sales of Product X in 2023 were \$42 000.</p> <p>Calculate Product X's market share in 2023. Give your answer to one decimal place.</p> <p>Market share is $\text{Sales} / \text{Market size} \times 100$ Market size in 2023 = $\\$750\,000 \times 105\% = \\$787\,500$ (1) Market share in 2023 = $\\$42\,000 / \\$787\,500 \times 100 = 5.3\%$ (1) 1 mark for either knowledge of market share or calculation of new market size, or calculation of market share based on 2022 market size. 1 mark if not to 1 decimal place – eg 5.333% or 5% 2 marks for correct answer (5.3 or 5.3%) – no need for workings OFR (own figure rule applies).</p>	<p>2</p> <p>AO1 = 1 AO2 = 1</p>

Question	Part	Marking guidance	Total marks
5		<p>Explain one difficulty for a small business targeting an international market.</p> <p>Indicative content</p> <ul style="list-style-type: none"> • Entering international markets can be more expensive than entering a domestic market which is made more difficult for a small business with fewer resources/less easy access to external finance. • Small businesses find it harder to keep prices low due to lack of economies of scale which may make it harder to enter a new market – more likely to face cheaper competition in international markets. • International markets may require larger amounts of market research due to unknown nature of market which can be expensive and beyond the budgets of smaller businesses. • Small businesses are more likely to have less experience in targeting new markets and an international market will normally be a completely new market. • Small businesses are less likely to have staff with the relevant expertise or experience of dealing with international markets making it more difficult to enter this market successfully. <p>Credit valid alternative content.</p> <p>Good response – 3 marks Explains a difficulty of targeting an international market from the perspective of a smaller business.</p> <p>Reasonable response – 2 marks Explains a difficulty of targeting an international market but does not link this to a smaller business.</p> <p>Limited response – 1 mark Identifies relevant knowledge of the difficulties of targeting an international market with little or explanation.</p>	<p>3</p> <p>AO1 = 1 AO2 = 2</p>

Question	Part	Marking guidance	Total marks
6		<p>Explain one benefit to an investor of buying shares in a growing public limited company.</p> <p>Indicative content</p> <ul style="list-style-type: none"> • Dividends are paid out of profits as a reward for shareholders. • Capital gains are the increase in the value of shares over time/profit on the sale of shares for a higher price than the original purchase price. • Investors can receive dividends each year in proportion to their shareholdings. In a growing company, profits may be expected to rise and this means potentially higher dividend payments to investors/shareholders. • A growing plc is likely to be seeing rising sales or profits and this could lead to a rise in the share price and a potential capital gain made on the investment. • A growing plc is more likely to have higher sales or higher profits in the future. This may mean higher dividends or capital gains in the future. <p>Credit valid alternative content.</p> <p>Good response – 3 marks Explains a benefit of buying shares in a growing public limited company.</p> <p>Reasonable response – 2 marks Explains a benefit of buying shares but not linked to a growing public limited company.</p> <p>Limited response – 1 mark Identifies relevant knowledge of benefits of buying shares with little or no explanation.</p>	<p>3</p> <p>AO1 = 1 AO2 = 2</p>

Question	Part	Marking guidance	Total marks
7		<p>Explain one benefit for a sole trader of using sampling when undertaking market research.</p> <p>Indicative content</p> <ul style="list-style-type: none"> • Sampling means market research is focused on a smaller group than total market size. • Sole traders are less likely to have high levels of finance/cash flow which means using sampling would be beneficial as it will not cost as much as researching the full market. • Sole traders have to perform all the major aspects of running a business which means that sampling would be appropriate as it will take a reduced amount of time. • Sole traders have less time available as no one else can co-run the business without the sole trader's involvement which means sampling is beneficial when undertaking market research due to the lower time commitment. • Sole traders are more likely to focus on smaller markets they know well, and sampling may be appropriate given their expertise of their current market, ie the whole market does not need to be researched. <p>Credit valid alternative content.</p> <p>Good response – 3 marks A good response will clearly explain one benefit of using sampling for a sole trader.</p> <p>Reasonable response – 2 marks A reasonable response is likely to understand the benefits of using sampling but will not explain this in the context of a sole trader.</p> <p>Limited response – 1 mark A limited response may recognise a benefit of using sampling but will not explain this benefit.</p>	<p>3</p> <p>AO1 = 1 AO2 = 2</p>

Question	Part	Marking guidance	Total marks
8		<p>A business is about to enter a highly competitive market.</p> <p>Explain one benefit of using a niche strategy.</p> <p>Indicative content</p> <ul style="list-style-type: none"> • A niche market is a smaller part of a larger market, often with specialised tastes/demands. • A niche approach will mean the business can differentiate the product from others by focusing on a smaller segment of the market. This niche segment may not be targeted by the other businesses in the market which makes it easier to succeed given there are lots of businesses in this market. • A niche approach will mean the business, by offering a specialised product, can charge a premium price as the product is (slightly) different from all others in the market. This means a price war is avoided with businesses adopting a mass market approach. • Businesses adopting a mass market approach often have to compete on price. As the market is very competitive this may put significant downward pressure on selling prices making it harder to survive in the market. A niche approach avoids this. • Businesses adopting a niche approach are more likely to focus on consumer service and form good links with its (smaller) customer base. This will give a business an advantage in the market against the other business. <p>Credit valid alternative content.</p> <p>Good response – 3 marks Explains benefit of using a niche strategy in a highly competitive market.</p> <p>Reasonable response – 2 marks Explains benefit of using a niche strategy but will not be applied to a highly competitive market and may be generic in its development.</p> <p>Limited response – 1 mark Identifies knowledge of benefits of using a niche approach with little or no explanation.</p>	<p>3</p> <p>AO1 = 1 AO2 = 2</p>

Section B

Total for this section: 27 marks

Question	Part	Marking guidance	Total marks
9		Analyse two benefits to a car manufacturer of using market segmentation.	9 AO1 = 3 AO2 = 3 AO3 = 3

Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question.

Level	Marks	Descriptor
3	7 – 9	A good response that focuses on many of the demands of the question <ul style="list-style-type: none"> includes well-focused analysis with logical chains of reasoning includes well-focused application to the given context shows sound knowledge and understanding of business terminology and concepts with few, if any, errors is well-structured.
2	4 – 6	A reasonable response which focuses on some of the demands of the question <ul style="list-style-type: none"> includes reasonable analysis but the analysis might not be fully developed or may lack some accuracy in places includes reasonable application to the given context focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.
1	1 – 3	A limited response that has little focus on the demands of the question A limited response with some understanding that may: <ul style="list-style-type: none"> include some limited analysis but lacks focus and development include some limited application to the given context include some limited knowledge and understanding of business terminology and concepts but some errors are likely.
	0	No credit worthy material.

The demands of the question are:

- to analyse two benefits
- of using market segmentation
- for a car manufacturer.

Indicative content includes:

- Market segmentation involves dividing up markets into groups of potential consumers who share similar characteristics demographic, income/socio-economic, geographic and behavioural.
- Cars can be produced that focus on the needs of different groups rather than focusing on the mass market.
- Those who buy cars are likely to have specialist tastes and preferences and will buy cars that cater for these tastes, so it beneficial to produce cars for particular segments.
- Price of the car can be adjusted too based on the segment it is aimed at – if the income of the segment is high then price can be set a higher level. Luxury cars can be targeted at those with higher income, smaller cars at those with a reduced budget.
- Cars can be launched in different countries depending on geographical differences in habits and preferences. For example, certain cars may be popular in different countries depending on average income, price of petrol, culture, etc.
- It would be easier to promote a car to its target audience by identifying the behaviour, the location, the income and the lifestyle of the likely target market. Cars may be aimed at those who use them mainly for shopping, commuting, for status symbols, for those with larger families, those without families, etc.
- It is easier to promote cars by focusing on how it is different from other cars thus providing a selling point for the car. For example launching a new model is easier if clear differences exist with existing models.
- Advertising revenue within the magazines is easier to generate if the business looking to advertise have a clear idea who the readers of the magazine are.
- It will be easier to target those interested in electric/hybrid cars if they have similar behavioural patterns/lifestyles

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
10		<p>The British Pound depreciates against the Japanese Yen.</p> <p>Analyse two effects of this depreciation on the profits of a British business importing from and exporting to Japan.</p>	<p>9</p> <p>AO1 = 3 AO2 = 3 AO3 = 3</p>

Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question.

Level	Marks	Descriptor
3	7 – 9	<p>A good response that focuses on many of the demands of the question</p> <ul style="list-style-type: none"> • includes well-focused analysis with logical chains of reasoning • includes well-focused application to the given context • shows sound knowledge and understanding of business terminology and concepts with few, if any, errors • is well-structured.
2	4 – 6	<p>A reasonable response which focuses on some of the demands of the question</p> <ul style="list-style-type: none"> • includes reasonable analysis but the analysis might not be fully developed or may lack some accuracy in places • includes reasonable application to the given context • focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.
1	1 – 3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding that may:</p> <ul style="list-style-type: none"> • include some limited analysis but lacks focus and development • include some limited application to the given context • include some limited knowledge and understanding of business terminology and concepts but some errors are likely.
	0	No credit worthy material.

The demands of the question are:

- to analyse two impacts on profits
- of a fall in the British Pound against the Japanese Yen
- for a business importing from and exporting to Japan.

Indicative content includes:

- The fall in the exchange rate will make UK goods appear cheaper in Japanese (Yen) prices. This should lead to an increase in the volume of goods exported from the UK to Japan which should boost profits.
- The fall in the exchange rate will make Japanese goods and services more expensive in terms of UK Pound prices. This may lead to increased costs for the business relying on goods from Japan and lead to lower profits.
- If exporting to Japan then the business may need to expand capacity in order to meet higher demand and this will have implications for finance, staffing, etc due to anticipated rise in export volumes due to fall in Yen price of exports.
- If importing from Japan then the business may need to switch suppliers to avoid higher input prices which will allow profit margins to be maintained if a switch to cheaper suppliers is made.
- By importing from Japan the business may find it harder to compete in its domestic market with similar businesses that do not import from Japan due to rise in import prices and increase in costs and this may affect profits.
- Rise in profits that may result from rise in export volumes (but do not accept rise in profits due to change in price of exports).

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
11		Analyse two benefits to a new business of operating as a social enterprise.	9 AO1 = 3 AO2 = 3 AO3 = 3

Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question.

Level	Marks	Descriptor
3	7 – 9	A good response that focuses on many of the demands of the question <ul style="list-style-type: none"> includes well-focused analysis with logical chains of reasoning includes well-focused application to the given context shows sound knowledge and understanding of business terminology and concepts with few, if any, errors is well-structured.
2	4 – 6	A reasonable response which focuses on some of the demands of the question <ul style="list-style-type: none"> includes reasonable analysis but the analysis might not be fully developed or may lack some accuracy in places includes reasonable application to the given context focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present.
1	1 – 3	A limited response that has little focus on the demands of the question A limited response with some understanding that may: <ul style="list-style-type: none"> include some limited analysis but lacks focus and development include some limited application to the given context include some limited knowledge and understanding of business terminology and concepts but some errors are likely.
	0	No credit worthy material.

The demands of the question are:

- to analyse two benefits
- of operating as a social enterprise
- for a new business.

Indicative content includes:

- Social enterprises are businesses that have social or environmental objectives as their focus rather than maximisation of profit.
- Social enterprises may find it easier to market themselves due to their social/ethical positioning. They can use this aspect to distinguish themselves from other businesses in the same market but not operating as social enterprises. This is useful for a new business that wants to enter a market for the first time and may need some way to distinguish itself.
- It is easier to use public relations to market the business as media is more likely to feature stories on the social enterprise if they have a social or environmental objective/focus. A new business will not have the same level of customer loyalty as existing businesses so positive PR from the social objectives of the business can help.
- May be easier to recruit staff given a more human-focused social objective. This will help reduce recruitment costs and possibly also reduce labour turnover. Keeping costs low will be very useful for a new business where costs are normally higher than for an existing business.
- Consumers may be willing to pay a premium price for a business that has social objectives which can also make demand more price inelastic ensuring a higher revenue/contribution per unit sold. A new business may otherwise need to use lower price strategies – such as penetration pricing – which means less contribution, therefore using premium pricing will help the enterprise to break-even more quickly.

Credit valid alternative content.

Section C

Total for this section: 36 marks

Question	Part	Marking guidance	Total marks
12		<p>A business sells ethically produced products. The marketing manager believes public relations is the most effective way of promoting the business. Do you agree?</p> <p>Assess the arguments for and against and make a judgement.</p>	<p>12</p> <p>AO1 = 2 AO2 = 2 AO3 = 3 AO4 = 5</p>

Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question. More weight should therefore be given to AO4 than AO1, AO2 and AO3.

Level	Marks	Descriptor
4	10 – 12	<p>An excellent response that focuses fully on the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and well-supported evaluation:</p> <ul style="list-style-type: none"> includes supported evaluation in a final conclusion and within response includes well-focused analysis with clear, logical chains of reasoning includes well-focused application to the given context shows sound knowledge and understanding of business terminology and with few, if any, errors is well-structured and well-focused on the question. <p>A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.</p>
3	7 – 9	<p>A good response that focuses on many of the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> includes some reasonable, supported evaluation includes analysis with some logical chains of reasoning includes some good application to the given context shows sound knowledge and understanding of business terminology and concepts with relatively few errors is relatively well-structured and generally focused on the question. <p>A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.</p>

2	4 – 6	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none"> • there is likely to be some attempt to make relevant evaluation but this has little support from arguments or does not address the question as a whole • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes reasonable application to the given context • shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. <p>There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.</p>
1	1 – 3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding:</p> <ul style="list-style-type: none"> • includes no evaluation or attempts evaluation but this is unsupported • includes some limited analysis but it may lack focus and/or become confused • includes some limited application to the given context • includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	No credit worthy material.

The demands of the question are:

- to analyse whether public relations is effective at promoting this business
- in the context of a business using ethical production
- making a supported judgment on whether PR is the most effective method of promotion.

Indicative content

Arguments for:

- PR might appear cheaper than other forms of promotion as it involves using various media outlets to promote the business which may be useful if the business has increased costs due to using ethical production.
- An ethical producer is more likely to rely on communication with the public about the aims of the business and its ethical stance on production – which may be easier to achieve through PR than through other forms of promotion as more focus can be placed on explanations of the ethical nature of production rather than shorter/simpler statements often used in other forms of promotion.
- Sponsorship – which can be seen as a form of PR – will help build brand awareness and by being an ethical business, the business can choose who to sponsor and to associate with. Choosing an organisation that also shares ethical values may help the business build links with a customer base that shares the ethical views of the business.
- Other parts of the promotional mix – trade fairs/exhibitions and direct selling – may not be as effective as PR. These other forms of promotion are not necessarily effective at targeting consumers and explain the ethical nature of the product which is easier through statements issued as part of PR.

Arguments against:

- Sales promotions may be more important as an ethical business might need some form of 'offer' to attract consumers initially. Costs may be higher for a business that uses ethical methods of production (eg paying fairer wages, using Fairtrade suppliers, etc) which means sales promotions may be needed to initially attract customers who may otherwise purchase from a cheaper, non-ethical alternative.
- Advertising can be used to not only persuade consumers to purchase from the ethical producer but also to inform them about the ethical nature of the business – this form of direct communication may be viewed as more effective as it reaches a larger audience and provides a shorter, easier to remember message about the business.
- PR may be more of a longer-term method. It will take time to build up the image of the ethical producer. Other methods of promotion, such as advertising and special offers are probably quicker to implement and may have more of an impact in the short-term. For example, a customer shopping in a retail outlet may be more likely to see a special offer or a customer reading a magazine may spot an advert more easily than having to take time to read a PR statement.

Potential judgement:

- PR is likely to be the most effective part of the promotional mix as it will allow the business to communicate the ethical nature of production
- PR may appear less biased if it is in the form of PR rather than advertising, which fits with the likely target audience. Good media reports and supportive features and articles about the objectives of the business and its products may be very useful in building up a good brand image.

- However, PR alone may not be sufficient to promote the business and other parts of the promotional mix are needed, such as advertising to persuade people to buy. It is likely that parts of the promotional mix will be combined and therefore it may be difficult to judge which one is the most important as the different parts may service different functions within promoting the product.

Credit valid alternative content. No decision is right or wrong but should be assessed on the quality of argument.

Question	Part	Marking guidance	Total marks
13		<p>A business is about to develop a new range of clothing. When conducting market research it wants to focus on using qualitative data. Is this a good idea?</p> <p>Assess the arguments for and against and make a judgement.</p>	<p>12</p> <p>AO1 = 2 AO2 = 2 AO3 = 3 AO4 = 5</p>

Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question. More weight should therefore be given to AO4 than AO1, AO2 and AO3.

Level	Marks	Descriptor
4	10 – 12	<p>An excellent response that focuses fully on the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and well-supported evaluation:</p> <ul style="list-style-type: none"> includes supported evaluation in a final conclusion and within response includes well-focused analysis with clear, logical chains of reasoning includes well-focused application to the given context shows sound knowledge and understanding of business terminology and with few, if any, errors is well-structured and well-focused on the question. <p>A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.</p>
3	7 – 9	<p>A good response that focuses on many of the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> includes some reasonable, supported evaluation includes analysis with some logical chains of reasoning includes some good application to the given context shows sound knowledge and understanding of business terminology and concepts with relatively few errors is relatively well-structured and generally focused on the question. <p>A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.</p>

2	4 – 6	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none">• there is likely to be some attempt to make relevant evaluation but this has little support from arguments or does not address the question as a whole• includes some reasonable analysis but which might not be adequately developed or becomes confused in places• includes reasonable application to the given context• shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. <p>There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.</p>
1	1 – 3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding:</p> <ul style="list-style-type: none">• includes no evaluation or attempts evaluation but this is unsupported• includes some limited analysis but it may lack focus and/or become confused• includes some limited application to the given context• includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	No credit worthy material.

The demands of the question are:

- to analyse the uses of qualitative data
- for a business launching a new range of clothing
- and make a supported judgement as to whether using qualitative data is a good idea.

Indicative content

Arguments for:

- Qualitative data is based on questions of motives – why, would? etc. It often uses information collected from interviews and focus groups.
- Qualitative data may provide more important for new products as it will be important to gather meaningful data, covering motives and opinions on the potential market for the product. This is useful if the manager does not have prior experience of this market.
- Clothing ranges are often popular because of factors not easy to quantify – fashion, impressions, tastes, image, etc, and qualitative data may be more useful for this purpose.
- There is likely to be plenty of competitors so it may be harder to break into a market with a new range of clothing. It is important to understand the motivations of potential customers so as to make sure the range is successful

Arguments against:

- It is hard to get a representative sample given the data is based around opinions. Sample sizes may need to be much higher than with other forms of data and this will cost more.
- Opinions over what choices are made when purchasing clothing may be harder to use – it will not be easy to come up with useful information that can be built into the design of the clothing range given the individual nature of opinions and the fashion aspect of clothing.
- It is generally harder to come up with meaningful information that can be collated and analysed together and harder to interpret the motivations and opinions of those used in the research.

Potential judgement:

- For a range of clothing the opinions and motivations of potential customers provided by qualitative data will be important as it is often the factors that are harder to measure that influence purchasing decisions.
- Businesses should use a mix of data – both qualitative and quantitative data would be useful. It would be unwise to rely only on qualitative data.
- Cost of qualitative data may be high given a larger sample is likely to be needed – this also backs up why both types of data is needed.
- Clothing ranges may quickly date depending on fashion and seasons – qualitative data may be more likely to capture the ideas of what is desirable.

Credit valid alternative content. No decision is right or wrong but should be assessed on the quality of argument.

Question	Part	Marking guidance	Total marks
14		<p>FutureFun is about to launch a new video game in a market with many competitors. It has decided to enter the market using price skimming.</p> <p>Assess the arguments for and against the use of price skimming and make a judgement.</p>	<p>12</p> <p>AO1 = 2 AO2 = 2 AO3 = 3 AO4 = 5</p>

Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives for this question. More weight should therefore be given to AO4 than AO1, AO2 and AO3.

Level	Marks	Descriptor
4	10 – 12	<p>An excellent response that focuses fully on the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and well-supported evaluation:</p> <ul style="list-style-type: none"> includes supported evaluation in a final conclusion and within response includes well-focused analysis with clear, logical chains of reasoning includes well-focused application to the given context shows sound knowledge and understanding of business terminology and with few, if any, errors is well-structured and well-focused on the question. <p>A complete and coherent overall argument with a clear conclusion. The conclusion is arrived at through a balancing of arguments, with appropriate weight given to each argument and to the argument overall. Where there are crucial arguments, these are distinguished from less crucial ones.</p>
3	7 – 9	<p>A good response that focuses on many of the demands of the question</p> <p>Likely to demonstrate sound, focused analysis and some supported evaluation:</p> <ul style="list-style-type: none"> includes some reasonable, supported evaluation includes analysis with some logical chains of reasoning includes some good application to the given context shows sound knowledge and understanding of business terminology and concepts with relatively few errors is relatively well-structured and generally focused on the question. <p>A relatively complete and coherent argument leading to an attempt to conclude. The content is detailed and correct and most of it is integrated. There is recognition of arguments and counter-arguments, but balance is not always present and the weight to be given to each argument is not always fully clear.</p>

2	4 – 6	<p>A reasonable response which focuses on some of the demands of the question</p> <p>Some reasonable analysis but generally unsupported evaluation:</p> <ul style="list-style-type: none">• there is likely to be some attempt to make relevant evaluation but this has little support from arguments or does not address the question as a whole• includes some reasonable analysis but which might not be adequately developed or becomes confused in places• includes reasonable application to the given context• shows satisfactory knowledge and understanding of business terminology and concepts but some weaknesses may be present. <p>There is an attempt to answer the question. There is likely to be a conclusion but it has little support and response may lack balance. The content is largely correct, though there may be some gaps and lack of detail.</p>
1	1 – 3	<p>A limited response that has little focus on the demands of the question</p> <p>A limited response with some understanding:</p> <ul style="list-style-type: none">• includes no evaluation or attempts evaluation but this is unsupported• includes some limited analysis but it may lack focus and/or become confused• includes some limited application to the given context• includes some limited knowledge and understanding of business terminology and concepts but errors are likely.
	0	No credit worthy material.

The demands of the question are:

- to analyse price skimming as a pricing strategy
- for a business launching a new video game
- in a market with many competitors
- and make a supported judgement as to whether price skimming should be used.

Indicative content

Arguments for:

- Price skimming is where a high price is used initially to enter a market and the price is gradually reduced over time to reach new market segments.
- New video games are often bought by early-adopters who would have price inelastic demand – making them more willing to pay the increased price used in price skimming.
- If the game is in high demand with few alternatives that are similar then the demand from consumers will be high enough to justify a higher price on launch.
- Developing new games can be very expensive in terms of research and development costs which means price skimming is appropriate to recoup the costs incurred.

Arguments against:

- There are likely to be many businesses offering similar products and launching games frequently which means a high price may not attract consumers – penetration pricing may be more appropriate.
- If the company is new to the market and has no existing customer loyalty then penetration pricing may be necessary to gain access to the market and attract customers.
- Penetration pricing may be more appropriate for a video game as the company can also sell 'add-ons' along with the game which can be priced to encourage more purchases later.

Potential judgement:

- How much direct competition there is in the market will influence which is the best pricing strategy. If similar games are being launched regularly by the many competitors in the market then price skimming may be less appropriate.
- If FutureFun has strong consumer loyalty and game launches are keenly anticipated then price skimming will be more likely to be appropriate as the demand will be more price inelastic.
- Other pricing approaches may be taken – using factors such as the current state of the economy, consumer trends and who the game's target audience is (and the level of income of this audience).

Credit valid alternative content. No decision is right or wrong but should be assessed on the quality of argument.

Assessment Objective Grid

	AO1	AO2	AO3	AO4	Total
Section A					
1	1				1
2	1				1
3	1				1
4	1	1			2
5	1	2			3
6	1	2			3
7	1	2			3
8	1	2			3
Section B					
9	3	3	3		9
10	3	3	3		9
11	3	3	3		9
Section C					
12	2	2	3	5	12
13	2	2	3	5	12
14	2	2	3	5	12
Unit Total	23	24	18	15	80