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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		A business used a sampling method where all members of the population had an equal chance of being selected. Which method of sampling is this? Answer: B (Random)	1 AO1 = 1

Question	Part	Marking guidance	Total marks
2		Which element of the marketing mix focuses on the layout of a store? Answer: B (Physical environment)	1 AO1 = 1

Question	Part	Marking guidance	Total marks
3		Which of the following is a characteristic of ordinary share capital (equity)? Answer: B (Dividends may vary from year to year)	1 AO1 = 1

Question	Part	Marking guidance	Total marks						
4		<p>The following data refers to LMH plc and the market in which it operates.</p> <table border="1" data-bbox="453 443 1200 584"> <tbody> <tr> <td data-bbox="453 443 826 490">Dividend paid per share</td> <td data-bbox="826 443 1200 490">\$1.80</td> </tr> <tr> <td data-bbox="453 490 826 537">Revenue</td> <td data-bbox="826 490 1200 537">\$3 600 000</td> </tr> <tr> <td data-bbox="453 537 826 584">Market price per share</td> <td data-bbox="826 537 1200 584">\$25</td> </tr> </tbody> </table> <p>Use the data in Table 1 to calculate the dividend yield.</p> <p>Dividend yield = Dividend paid per share/Market price per share x 100</p> <ul style="list-style-type: none"> • 7.2% (2 marks with or without working) • 1 mark for 7.2 (no percentage sign) • 1 mark for correct method ($\\$1.80 / \\25×100) but calculation error or 1 mark for stating formula alone <p>0 marks for incorrect calculation eg $\\$1.80 \times \\25</p>	Dividend paid per share	\$1.80	Revenue	\$3 600 000	Market price per share	\$25	<p>2</p> <p>AO1 = 1 AO2 = 1</p>
Dividend paid per share	\$1.80								
Revenue	\$3 600 000								
Market price per share	\$25								

Question	Part	Marking guidance	Total marks
5		<p>Explain one advantage to a retail store of remaining as a family business.</p> <p>Indicative content</p> <ul style="list-style-type: none"> • Customer service is a crucial element in a retail store to ensure repeat business. • It may give a positive impression to customers as many customers prefer to shop in smaller, more independent businesses. • Family businesses tend to provide good customer service as they are personally invested in the business, which could improve customer loyalty. • Operating as a family business could mean fewer external influences on objectives, therefore the focus can remain on ethics/customer service, etc rather than profit. • More trust between family members of management may lead to less conflict in decision-making. <p>Credit valid alternative content.</p> <p>Good response – 3 marks A good response will clearly explain one advantage to a retail store of remaining as a family business.</p> <p>Reasonable response – 2 marks A reasonable response is likely to recognise an advantage of remaining as a family business but will fail to explain this advantage in the context of a retail business.</p> <p>Limited response – 1 mark A limited response will demonstrate knowledge, for example it is likely to provide a definition of a family business.</p>	<p>3</p> <p>AO1 = 1 AO2 = 2</p>

Question	Part	Marking guidance	Total marks
6		<p>Explain how key performance indicators (KPIs) may be used to improve the competitiveness of a business.</p> <p>Indicative content</p> <ul style="list-style-type: none"> • Key performance indicators (KPIs) are a type of performance measurement. • Competitiveness is the ability of a firm to remain attractive to customers over its rivals (eg lower prices or better quality). • KPIs could allow businesses to measure their current performance and set targets for improvement (benchmarking). • If clearly communicated to staff, everyone will be aware of what they need to focus on to improve the business. <p>Credit valid alternative content.</p> <p>Good response – 3 marks A good response will demonstrate clear understanding that key performance indicators can benefit a business, linked to competitiveness.</p> <p>Reasonable response – 2 marks A reasonable response is likely to recognise an advantage of using performance indicators, without a clear link to competitiveness.</p> <p>Limited response – 1 mark A limited response will demonstrate knowledge of key performance indicators and/or competitiveness, for example a definition.</p>	<p>3</p> <p>AO1 = 1 AO2 = 2</p>

Question	Part	Marking guidance	Total marks
7		<p>Explain one way that a small business may benefit from operating as a co-operative.</p> <p>Indicative content</p> <ul style="list-style-type: none"> • A co-operative is a business which is owned by its members which often aims to support the local community. • There are many different types of co-operatives, eg producer, worker, customer, community etc. • Being owned by members of the community may make them keen to support the business. As a small business, repeat business will be extremely important as it may struggle to compete against bigger businesses which benefit from economies of scale. • The members of the co-operative are often the workers, meaning their involvement in the ownership encourages them to work harder, as they feel an affinity to the business. This could provide higher levels of customer service and therefore increase the market share of the business due to customer loyalty. • This is important for a small business as they often struggle to compete based on low prices – customer service could provide them with a USP. • Operating as a co-operative could also lower labour turnover as staff will feel more loyal to the business as they are part owners. Small businesses often struggle with cash flow which could be helped if they do not need to recruit as often. • Supporting the local community often encourages support from local residents, which can mean higher customer numbers and therefore market share, important for a small business as this again could provide them with a USP. <p>Credit valid alternative content.</p> <p>Good response – 3 marks A good response will demonstrate clear understanding of an advantage of running as a co-operative which is linked to a small business.</p> <p>Reasonable response – 2 marks A reasonable response is likely to recognise an advantage of operating as a co-operative, but fail to link this to a small business.</p> <p>Limited response – 1 mark A limited response is likely to identify what is meant by a co-operative, such as a definition.</p>	<p>3</p> <p>AO1 = 1 AO2 = 2</p>

Question	Part	Marking guidance	Total marks
8		<p>Explain one way that a retailer of product A may benefit from using the data in Figure 1.</p> <p>Indicative content</p> <ul style="list-style-type: none"> • Figure 1 shows strong, positive correlation between the temperature and sales revenue for product A. • The correlation indicates that when the temperature increases, sales are higher. • This indicates that the retailer could monitor the temperature and increase inventory/availability when the temperature is higher, to benefit from higher sales revenue through the increased demand. • It can also infer from this that lower temperatures would mean lower sales. It may decide to reduce inventory levels to reflect this, to avoid tying up cash in inventory. <p>Credit valid alternative content.</p> <p>Good response – 3 marks A good response will demonstrate a clear understanding of the benefit the retailer will experience as a result of the data in Figure 1.</p> <p>Reasonable response – 2 marks A reasonable response is likely to recognise a potential impact of the data but may lack an explanation as to how its use may benefit a retailer.</p> <p>Limited response – 1 mark A limited response will demonstrate knowledge of marketing data or sales revenue.</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		The average level of income in a country is increasing. Analyse the possible impact of this on a luxury hair salon in this country.	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.

Indicative content

The demands of the question are:

- to analyse the possible impact
- of increasing average incomes
- on a luxury hair salon

Indicative content includes:

- Luxury services such as a hair salon will most likely see an increase in demand if incomes are increasing.
- Customers are likely to have more disposable income and may choose to spend this on luxury services such as a haircut at this salon.
- If the rate of inflation is at the same level/above the increase in income, it may not increase demand or could even reduce demand.
- Demand may not increase if there is a lack of consumer confidence in the economy – people may choose to save the money instead, so demand may be unaffected.
- Costs of the business may increase if they need to pay employees more. This could reduce its profit margins or force it to increase prices, which could cause a fall in demand in a competitive industry such as this.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
10		<p>A business operates in a market where barriers to entry have increased.</p> <p>Analyse the possible impact of this on its profits.</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.

Indicative content

The demands of the question are:

- analyse the impact on profit
- of an existing business
- as barriers to entry have increased

Indicative content includes:

- Higher barriers to entry mean it is more difficult for new businesses to enter the market, offering more protection to existing ones. They usually take the form of more regulations, higher initial costs etc.
- Without the threat of new firms, the firm could increase its prices, knowing that new firms would find it difficult to enter, which could therefore increase its overall profits (as it is more likely they are price inelastic due to the high barriers to entry).
- Due to the increased barriers to entry, incentive to innovate may be reduced. By lowering spending on innovation/new product development, it could lower costs and increase profits for the business.
- It may have no impact to profit if the market is currently saturated anyway, meaning profits may remain the same.
- It may have little impact to profit if the 'barrier' is only slightly increased, meaning profits would increase a little or not at all.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
11		<p>A café is facing increasing competition from new cafés in the area. It is losing market share.</p> <p>Analyse the marketing decisions it could make to recover its market share.</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.

Indicative content

The demands of the question are:

- which marketing decisions should be made
- for café facing increasing competition
- to recover its market share

Indicative content includes:

- More advertising could be used to attract people away from the new cafés, which could maintain its market share.
- Loyalty cards could be introduced as a form of promotion which would encourage repeat customers. This could help differentiate the café, as usually the product offering is often very similar between cafés.
- Market research could be conducted to allow the café to better understand their target market, which could help them tailor their product range accordingly. For example, it may discover demand for a product which could give it a USP, such as healthy products or vegan items.
- New pricing strategies could be implemented, such as price discrimination, to encourage particular groups to visit the café eg elderly people/students.

Credit valid alternative content.

Section C

Total for this section: 36 marks

Question	Part	Marking guidance	Total marks
12		<p>Zach Sheng owns a gym as a sole trader. He is looking to expand by opening another gym. He is considering changing the business to become a private limited company. Is this a good idea?</p> <p>Assess the arguments for and against the business becoming a private limited company 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	<p>No credit worthy material.</p>

The demands of the question are:

- to analyse the case for and against
- the business becoming a private limited company
- in the given context
- and to make a judgement on whether this is a good idea

Indicative content

Possible arguments for:

- Becoming a private limited company will offer Zach limited liability, which could be useful if a member was to injure themselves at the gym and sue him, only the assets of the business could be removed. This is particularly more of a concern as another site may need to be managed by someone other than Zach – increasing the risk of issues or injury.
- It could make it easier for Zach to raise finance from a bank as a private limited company, leading to more capital to purchase better gym equipment – this could set him apart from other gyms in the area.
- His plans for expansion will also be expensive – this access to greater levels of finance could also help with the new equipment needed for the new gym/rent payments whilst customer numbers are lower etc.
- Ltd status may improve image of the business to suppliers enabling Zach to improve credit terms for suppliers.

Possible arguments against:

- There is more paperwork involved in becoming a private limited company, as well as a need to publish accounts. If Zach's experience is mostly in running a gym, he may lack the experience needed to do this.
- He may need to pay an accountant, which could increase costs for the business, at a time when costs will already be increasing due to the cost of opening a new site.

Overall it depends on a range of factors including Zach's level of confidence with handling the accounts. If he is capable of doing so, this might be a much easier option. Whether or not Zach has access to the finance without a bank loan etc may also be a factor. Finally, if Zach has someone to run the other site he can trust, the limited liability may be less of an advantage.

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>An online retailer sells a wide range of clothes, gifts and accessories. The finance director believes that price is the most important element of its marketing mix when selling online. Do you agree with the finance director?</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>

<p>2</p>	<p>4 – 6</p>	<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>
<p>1</p>	<p>1 – 3</p>	<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.
	<p>0</p>	<p>No credit worthy material.</p>

The demands of the question are:

- to analyse the case for and against
- price being the important element of its marketing mix
- in the given context
- and make a supported judgement

Indicative content

Possible arguments for:

- The retailer sells a range of products and competition online therefore will be higher. Price needs to be low to attract customers to their site.
- Without a physical product to hold, customers often make decisions when purchasing online based on the price.
- The online market is very competitive and saturated with experienced businesses – having a lower price could encourage customers who may be loyal to other businesses to try this one.
- Price comparison websites are often used when shopping online. This could mean that price is the most important element of the marketing mix as customers will be able to easily compare.

Possible arguments against:

- Product may be more important. As these items may be gifts, people may be more concerned with quality than a low price.
- Promotion may be more important. Standing out online is mostly to do with driving traffic to the website, which can be done with direct mailing, targeted advertisements, social media advertisements etc. Even with low prices, if there are no visitors to the website it cannot be successful.
- Physical environment, ie the layout and functionality of the website may be more important than price. If people cannot easily navigate the website, they may become frustrated and switch to one of the many competitors websites.

Overall, it may depend on how well established the brand is – if it has a strong following, they may be able to attract people without lower prices. It may also depend on the income of the target market and how price sensitive they are (the PED of the products). Candidates may argue that a blended mix of all elements are equally important, no single one can be considered in isolation.

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>A business is experiencing decreasing customer numbers. Currently, its main promotion is through leaflet advertising. It is considering switching to using only social media. Is this a good idea?</p> <p>Assess the arguments for and against switching to using only social media to promote the business 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	<p>No credit worthy material.</p>

The demands of the question are:

- to develop arguments for and against
- a business using only social media for promotion
- in the given context
- and make a judgement

Indicative content

Possible arguments for:

- Social media is becoming increasingly more widely used, so it could attract a larger customer base if it is used to advertise.
- It could allow them to gather information about customers, for example which products are most popular, and create a database which they could use for direct marketing.
- Social media can be used as a communication tool. As the business is facing decreasing customer numbers, it may be that they are dissatisfied. Social media may help it to quickly respond and improve the customer service.
- Traditional marketing methods, such as print advertising, can be more expensive, which they may not be able to afford given the decreasing customer numbers.
- Social media, rather than traditional methods, can reach a global audience. This could help the business broaden its customer base or possibly reach new segments.
- Its current strategy of traditional advertising is not working – a change towards social media could be beneficial.
- Leaflets traditionally have a low response rate and don't allow for a dialogue with customers.

Possible arguments against:

- The target market may not use social media, therefore to only advertise in this way could ignore the needs of their customers.
- If they lack the technology required/technical skills within the business, this could be more expensive than traditional advertising.
- Social media marketing requires constant attention as customers expect the business to respond in a timely manner/produce regular posts etc. The business may not have time to do this.

Overall, it depends on the level of technical ability within the business currently. If they have the capability to do this, it might be a good idea. Candidates may recommend they test it alongside traditional marketing and monitor the results, prior to making the move to advertising only on social media. It may also depend on why current customer numbers are falling – perhaps they should alter the product/distribution rather than the advertising – market research would help them to discover this.

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