

OXFORD

INTERNATIONAL
AQA EXAMINATIONS

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 Assessment Writer.

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.

Further copies of this mark scheme are available from oxfordaqaexams.org.uk

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		When making an economic choice, the cost of the next best alternative foregone is called: Answer: C (Opportunity cost)	1 AO1=1
2		The chart shows the correlation between advertising expenditure and sales for a business. What type of correlation does it show? Answer: B (Strong negative correlation)	1 AO1=1
3		The exchange rate of US dollars (\$) to EU euros (€) moves from \$1 = €0.82 to \$1 = €0.85. Assuming there are no other changes, choose which of the following effects would happen. Answer: A (The price of US exports to the EU will rise)	1 AO1=1
4		Dewdrop brand bottled water has sales of \$120 million in its own country. In that country, the total domestic market value for bottled water is \$500 million. Calculate Dewdrop's market share. Show your working. Calculation (Business' share/total market value x 100) (120/500 x100 = 24%) Must include percentage for 2 marks.	2 AO1=1 AO2=1
5		The managers of a manufacturing business are considering introducing Key Performance Indicators (KPIs). Explain one reason why they might wish to do so. Indicative content <ul style="list-style-type: none"> • KPIs help managers to measure progress towards the objectives of the business. • KPIs can be applied to overall performance or to specific processes, departments or outcomes. • Managers could use them, for example, to spot problems and reallocate resources. • KPIs are measurable, specific and show progress Credit valid alternative response Good response. 3 marks Links KPIs to the measurement of the performance of specific areas of a business and explains how they can be used as management tools to indicate specific problem (or success) areas. Reasonable response. 2 marks Explains relevant points but does not fully develop explanation eg how KPIs may be linked to the measurement of the performance of specific areas of a business nor explain how they can be used as management tools to indicate specific problem (or success) areas. For example, describes what a KPI is, but does not link it to management actions.	3 AO1=1 AO2=2

	<p>Limited response. 1 mark</p> <p>Identifies KPIs with no further explanation or development. For example, states that they are specific or measurable but does not recognise their role as tools.</p>	
<p>6</p>	<p>Explain one reason why a person may want to start a business.</p> <p>Indicative content</p> <ul style="list-style-type: none"> • S/he may want to be independent, to be own boss and make decisions. • S/he may want more flexible working hours. • S/he may have particular skills or expertise to sell. • S/he may want to generate income and profit. • S/he may have a particular product or idea to sell. • S/he may have social targets and want to set up a service to help community/society <p>NB. The question asks for one reason only, so a list of reasons without explanation is a limited response.</p> <p>Good response. 3 marks</p> <p>Clear link between the benefits and possible rewards of setting up a business and therefore why a person might wish to do so. For example, the person may want the freedom to make their own decisions or work hours to suit themselves, options not necessarily available if they are employed. Reasons why this may be the case (child care, home working, environmental considerations linked to commuting) may be explored (specifically linked to the chosen reason).</p> <p>Reasonable response. 2 marks</p> <p>Identifies relevant points but with limited explanation of how setting up a business could bring about particular benefits. For example, mentions independence, but does not fully explain why this might be desirable.</p> <p>Limited response. 1 mark</p> <p>Either a list of reasons without supporting explanation, or a weak explanation for a reason.</p>	<p>3</p> <p>AO1=1</p> <p>AO2=2</p>

<p>7</p>	<p>The decision tree diagram shows the choice between two contracts for which a business can bid. The cost of Contract 1 is \$10 million. The cost of Contract 2 is \$18 million. The expected value (EV) of Contract 1 is \$4 million. Calculate the EV of Contract 2. Show your working. Working: $(25 \times 0.8 + 4 \times 0.2) - 18 = 20.8 - 18 = \\2.8 million Formula: (outcome success x probability + outcome failure x probability) - cost 1 mark: Calculation method (AO1) 1 mark: Calculation accuracy (AO1) 1 mark: Correct final answer including \$ and million (AO2)</p>	<p>3 AO1=1 AO2=2</p>
<p>8</p>	<p>Rosewood Hotels is a luxury hotel brand. Recently its managers have considered targeting a new market segment. Explain one benefit to Rosewood Hotels of targeting a new market segment.</p> <p>Indicative content</p> <ul style="list-style-type: none"> • Targeting a new segment may allow Rosewood to protect its luxury brand image whilst expanding its customer base. • It may allow more targeted marketing which can lead to better returns on marketing spending. • For example, Rosewood could identify different groups such as age groups; income groups; reasons for buying hotel accommodation; price points. <p>Good response. 3 marks</p> <p>Clear link between segmentation and the benefits to a premium brand e.g. can protect the brand but still expand its market and sales by targeting different groups. Explanation will include examples of possible segments.</p> <p>Reasonable response. 2 marks</p> <p>Explains relevant points but with limited understanding of segmentation and its benefits, in particular to a luxury hotel brand.</p> <p>Limited response. 1 mark</p> <p>Shows an understanding of segmentation but not of its benefits, or of generic benefits not linked to a luxury hotel brand,</p>	<p>3 AO1=1 AO2=2</p>

Section B

Total for this section: 27 marks

Question	Part	Marking guidance	Total marks
9		Bonbon's is a chocolate manufacturer that produces three different chocolate bars. Management has recognised that, in Boston Matrix terms, one is a problem child (question mark), one is a star and one is a cash cow. Analyse how the business can use the Boston Matrix to improve its product portfolio.	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 may 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 creditworthy material

The focus of this question is on the use of the Boston Matrix as a tool to aid marketing decision making.

Indicative content:

- The Boston Matrix is designed to help with product portfolio analysis.
- There are four ‘types’ of product according to the Boston Matrix based on market growth and market share.
- Problem children have a small share of a growth market, are likely to grow, are cash hungry and have low profit margins but have the potential to become future cash cows. Stars have a high market share and growth and could become future cash cows.
- An ‘unbalanced’ product portfolio can be improved by using marketing tools to shift products from one quadrant to another.

A good response will show a clear understanding of the Boston Matrix and its component parts, especially problem children, and how it can be used to help determine marketing strategies. It will suggest possible courses of action to balance this product portfolio e.g. dropping or divesting a product to concentrate support elsewhere and/or increasing marketing support in order to turn problem children into stars or cash cows.

A reasonable response may explain how the Boston Matrix may be used but may not make explicit the links between the Boston Matrix and marketing strategies, or suggest other than simple courses of action.

Problem children (question marks) have a small share of a growth market, are likely to grow, are cash hungry and have low profit margins but have the potential to become future cash cows.

- Stars are products with a high share of the market in a high growth market. They are not likely to be bringing cash into the business but are not using up cash either. These products need sustained marketing effort to maintain growth and market share, and eventually become cash cows.
- Cash cows are products with a high market share in a mature market where there is now no growth or little growth. They are profitable. Marketing efforts should be focused on helping them to survive and maintain their market share.
- Dogs are products with a low market share in a low-growth market. They may be earning enough cash to cover the expenditure on them, but they are usually disposed of.
- An ‘unbalanced’ product portfolio can be improved by using marketing tools to move products from one quadrant to another.

A limited response may show some understanding of how the Boston Matrix is constructed, and what is meant by a ‘problem child’ product but fail to link it to Bonbon’s products.

OR it may show some understanding of marketing strategies but fail to link these to the Boston Matrix.

Question	Part	Marking guidance	Total marks
10		<p>A particular market has been dominated by a few businesses for a number of years. Recently the barriers to entry for their market have reduced.</p> <p>Analyse how the existing dominant businesses might respond to this change.</p> <p style="text-align: right;">[9 marks]</p>	<p>9 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. More weight should therefore be given to AO4 than AO1, AO2 and AO3.

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 may 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 creditworthy material

The focus of this question is on how a business already in a market that has barriers to entry will a) be affected by and b) respond to new entrants when those barriers begin to reduce.

Indicative content

- Businesses currently in the market will lose market share if new businesses enter the market.
- They will also lose some of their power - such as buying power or brand loyalty.
- They need to react to increased competition if there are new entrants.
- They may do this through increasing promotion; through price reductions; through control of distribution channels; through control of retail contracts and 'shelf space'.
- By using spare capacity to increase supply.
- They are more likely to retaliate if they are well established; have illiquid assets; are unable to diversify.

New entrants may bring different products to market but will have to spend money on marketing and establishing brand. Existing businesses can counter this with changes in marketing spending.

Answers could give examples that focus on one or more barriers and how **existing businesses** could strengthen them, for example, by increasing market spending on branding and brand promotion.

Credit valid alternative content.

A good response will show a clear understanding of how a reduction in the barriers that existing businesses have in a market may allow new businesses to enter. They will be able to explain detailed specific examples of strategies that businesses in the market may use to strengthen those barriers in response to competition.

A reasonable response may describe how some barriers might reduce and how this will allow competitor firms to enter. Examples of how existing businesses respond are generic, not specific, or poorly explained.

A limited response may show some understanding of barriers to entry but not link them to the responses of businesses in the market when they fall. Answers may focus on businesses entering the market, rather than those existing.

Question	Part	Marking guidance	Total marks
11		Analyse how a decrease in interest rates might impact on the decisions of a manufacturing business.	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. More weight should therefore be given to AO4 than AO1, AO2 and AO3.

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 may 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 creditworthy material
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The focus of the question is on the decisions of the manufacturing business.

Indicative content

- A fall in interest rates may make a business more likely to borrow money.
- It may also make a business less inclined to save or postpone expenditure.
- In either case, increased investment spending is more likely.

Decisions will be about, for example:

- The amount of stock bought and held
- Expansion or growth
- Purchase of assets, such as plant and machinery
- Reducing debt
- Other relevant business expenditure that might involve borrowing money.

As a manufacturing business it is fair to assume that there are costs for capital such as buildings, plant and machinery and for raw material stock. Credit valid alternative content.

A good response will show a clear understanding of how a reduction in interest rates will benefit a business, such as a manufacturing business, that has a need to borrow money for plant, equipment and stock. It will recognise that costs of borrowing will be cheaper so decisions on areas such as growth will be easier to make.

A reasonable response may be able to describe how a reduction in interest rates could benefit a business in general, but not realise the significance of it being a manufacturing business.

A limited response may show some understanding of how interest rates will affect borrowing and saving decisions but not link this to the business. An answer that focuses on the decisions of the business' **customers** will be limited.

Section C

Question	Part	Marking guidance	Total marks
12		<p>Marco has enjoyed learning new woodwork skills at college and wants to set up a business making children’s toys to take advantage of these skills. He has decided to set up as a private limited company.</p> <p>Assess the arguments for and against the decision, and make a judgement.</p>	<p>12 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 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 • showing sound knowledge and understanding of business terminology and with few, if any, errors • is well structured and well-focused. <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> <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 may not be fully developed or may lack some accuracy in places • includes reasonable application to the given context

		<ul style="list-style-type: none"> • 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 creditworthy material

The demands of this question are to develop arguments and make a judgement on whether it would be a good decision for Marco to start up (new business) as a sole trader or as a private limited company.

Indicative content

Possible arguments for start-up as a private limited company are:

- The protection of limited liability - a limit on the owner's responsibility for the debts of the business
- The existence of the company as a separate legal entity from its owners
- Likely to have better access to capital
- Most financial details are kept private, so there is a level of confidentiality.

Candidates may also refer to disadvantages of other forms of ownership eg being a sole trader or in partnership, such as:

- Limited capital for investment or in response to competition
- Limited collateral for business loans
- Unlimited liability (owner's responsibility for the debts of the business is only limited by personal wealth)
- Sharing ownership and control

Possible arguments against start-up as a private limited company are:

- Legal and administrative formalities
- Decision making, and thus responses to market change, may be slow
- Only partial financial confidentiality
- Shares cannot be bought or sold without agreement of all shareholders.

Candidates may also refer to advantages of other forms of ownership eg sole trader or partnership:

- Owner/partners receives all the profits (if the business is profitable)
- Owner has control over decision making or shares control
- Sole trader can respond quickly to market changes
- Financial details are kept private, so confidentiality is assured.

The key elements of choice are likely to be linked to:

- Business size and requirement for capital
- The amount of risk the owner is prepared to bear
- The amount of control and profit the owner is prepared to share
- The business objectives of the owner.

Arguments are thus going to be: if Marco's business needs capital, then...; if he is prepared to share control, then...; if he is willing to take the risks on himself then...

No decision is right or wrong, but should be assessed on the quality of argument.

Credit valid alternative content

Question	Part	Marking guidance	Total marks
13		<p>Qing has an established electrical goods business and wants it to grow. Before the expansion she decided to carry out primary market research rather than secondary market research.</p> <p>Assess the arguments for and against the decision, and make a judgement.</p> <p style="text-align: right;">[12 marks]</p>	<p>12 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 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 • showing sound knowledge and understanding of business terminology and with few, if any, errors • is well structured and well-focused. <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> <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 may not be fully developed or may lack some accuracy in places • includes reasonable application to the given context

		<ul style="list-style-type: none"> • 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 creditworthy material

The demands of the question are to decide whether Qing should focus on primary research (decision) as an established (not a startup) business.

Indicative content

Arguments for primary research include:

- Can target specific market segments, questions or areas of the business
- Is up to date
- Can be done inexpensively.

Arguments against secondary research include:

- Can be inaccurate, incomplete or insufficiently targeted or specific
- Can be out of date
- Can be in a format that does not suit the needs of the business.

Qing will need to consider costs and the possible returns in terms of useful information. Primary market research is likely to be expensive but can target specific market segments. Secondary market research could be less expensive and already exist. Secondary research may also be available from specialist sources, in which case it is likely to be accurate, targeted, but expensive. As an established business, Qing may have access to her own secondary research in business and industry records. Judgements should be based on cost, time required, reliability, availability, currency; specific to needs.

No decision is right or wrong, but should be assessed on the quality of argument.

Question	Part	Marking guidance	Total marks
14		<p>Hair Today is a high street retailer of hair products such as shampoos, gels and conditioners. Management is considering closing down all of its physical shops and moving the sales operation online.</p> <p>Assess the arguments for and against the change and make a judgement.</p> <p style="text-align: right;">[12 marks]</p>	<p>12 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 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 • showing sound knowledge and understanding of business terminology and with few, if any, errors • is well structured and well-focused. <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> <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 may 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 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 creditworthy material

The demands of the question are to decide whether moving to an online offer i.e. a business-to-consumer (B2C) e-commerce and/or m-commerce operation is a good idea for a seller of personal grooming products.

Indicative content

Possible arguments for... include benefits to consumers and the business:

The benefits to consumers include

- access to more products;
- lower prices;
- possibly access to better information on products.

The benefits to a business include

- Selling 24/7;
- Reaching a much larger, potentially global, consumer base;
- Possible cost reductions (no need for shops or shop staff); reductions in stock costs.

Possible arguments against... include drawbacks for consumers and the business:

Drawbacks to consumers include

- Being dependent on efficient and secure systems;
- Being unable to examine, test or try out products;
- Delivery and logistics issues;
- They will not be able to benefit from individual/tailored advice.

Drawbacks to a business include

- not being able to offer additional services or up-selling;
- not having a high street presence (which supports the brand and brand image);
- not being able to develop customer loyalty through personal interactions.

Overall it depends on a range of factors, including the market position and brand strength of the business. Hair Today will need to weigh up the possible benefits and drawbacks to both the business and its customers. Judgements may be based on the identification of a key factor. For example, a key factor may be the strength of the brand and the ability to sell additional products, services or advice, and how much this might be diluted by moving online.

No decision is right or wrong, but should be assessed on the quality of argument.

	AO1	AO2	AO3	AO4	Total
Section A					
01	1				1
02	1				1
03	1				1
04	1	1			2
05	1	2			3
06	1	2			3
07	1	2			3
08	1	2			3
Section B					
09	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