

Enterprise and Marketing (J819)

6 & 8 Marks Practice Questions

Miss Barratt

Please note that you may see slight differences between this paper and the original.

Candidates answer on the Question paper.

OCR supplied materials:

Additional resources may be supplied with this paper.

Other materials required:

- Pencil
- Ruler (cm/mm)

Duration: Not set

INSTRUCTIONS TO CANDIDATES

- Write your name, centre number and candidate number in the boxes above. Please write clearly and in capital letters.
- Use black ink. HB pencil may be used for graphs and diagrams only.
- Answer **all** the questions, unless your teacher tells you otherwise.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- Where space is provided below the question, please write your answer there.
- You may use additional paper, or a specific Answer sheet if one is provided, but you must clearly show your candidate number, centre number and question number(s).

INFORMATION FOR CANDIDATES

- The quality of written communication is assessed in questions marked with either a pencil or an asterisk. In History and Geography a *Quality of extended response* question is marked with an asterisk, while a pencil is used for questions in which *Spelling, punctuation and grammar and the use of specialist terminology* is assessed.
- The number of marks is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is **88**.
- The total number of marks may take into account some 'either/or' question choices.

1. You are planning to set up a small business selling cases for mobile phones. The business will be run as a partnership with your friend Raj.

Analyse **two** benefits of starting your business as a partnership rather than as a sole trader.

Benefit 1 -----

Benefit 2 -----

[6]

2. You have set up a small business selling cases for mobile phones. The business is run as a partnership with your friend Raj.

Your mobile phone cases have been very successful and you are now planning to introduce a new range of computer tablet cases.

The laws surrounding product safety standards of mobile phone and computer tablet cases are set to change over the coming year.

Analyse **two** ways development of the new computer tablet cases may be affected by changes to laws such as product safety standards.

1 -----

2 -----

[6]

4. You are planning to take over the franchise of a local grocery store called 'Proctor's Supplies' and you are drafting a business plan.

Analyse **two** benefits of starting your grocery store business as a franchisee.

Benefit 1: -----

Benefit 2: -----

[6]

5. You are planning to take over the franchise of a local grocery store called 'Proctor's Supplies' and you are drafting a business plan.

You want Proctor's Supplies to be more competitive with other local stores. You are considering either delivering leaflets or placing a local newspaper advert to achieve this.

Recommend which method you think should be used. Justify your answer.

[8]

6. You are planning to take over the franchise of a local grocery store called 'Proctor's Supplies' and you are drafting a business plan.

Several large businesses have agreed to produce and supply grocery products for you to sell in Proctor's Supplies.

Experts predict that the economy may go into recession over the coming six months.

Analyse **two** ways in which the proposed economic recession might impact on **product development** for your suppliers.

Impact 1: -----

Impact 2: -----

[6]

7. Analyse **two** benefits of carrying out primary market research rather than secondary market research.

[6]

Benefit 1

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Benefit 2

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8. You are thinking of opening an ice cream café in a local tourist resort.

You plan to run your ice cream café as a sole trader.

Analyse **two** benefits of running a business as a sole trader.

Benefit 1

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Benefit 2

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[6]

12. Photography has always been one of your hobbies. You recently used some money that you inherited to buy a new digital camera and set up a photography services business. You have decided to specialise in wedding photography and have produced a website to promote your photography services.

Even though you know that there are some potential disadvantages, you will start your business as a sole trader. Analyse **two** disadvantages of starting your business as a sole trader. [6]

Disadvantage 1

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Disadvantage 2

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13. Photography has always been one of your hobbies. You recently used some money that you inherited to buy a new digital camera and set up a photography services business. You have decided to specialise in wedding photography and have produced a website to promote your photography services.

You plan to differentiate your photography services.

Analyse **two** benefits of differentiating your photography services from competitors.

[6]

Benefit 1

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Benefit 2

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END OF QUESTION PAPER

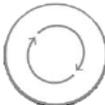
Mark Scheme

Question	Answer/Indicative content	Marks	Guidance
1	<p>Analyse two benefits of starting your business as a partnership than as a sole trader.</p> <p><u>Indicative Content</u></p> <p>Benefits may include:</p> <ul style="list-style-type: none"> • You can share the workload/ideas • Capital can be invested from both partners/external sources of finance more likely to lend • You will not be responsible for all of the firm's debts • Responsibilities can be shared according to each person's skills/specialism • Business can function if one partner is way, e.g. sickness and holiday <p><u>Example responses</u></p> <p>Responsibilities in the business can be shared amongst the partners (1). For example, I may be responsible for marketing and the other for finance (1). This is likely to reduce my stress levels (1).</p> <p>Capital can be contributed from each partner (1) which means that there is potentially more capital (1) which may allow the business to grow more quickly (1).</p> <p style="text-align: right;">ARA</p>	(6)	<p>Award one mark for each identified benefit, up to a maximum of two marks.</p> <p>AND</p> <p>Award one further mark for each explanation of a benefit, up to a maximum of two marks.</p> <p>AND</p> <p>Award one further mark for each analysis of a benefit (<u>by showing the impact on the business or you</u>), up to a maximum of two marks.</p> <p>Ensure that the two benefits are different</p> <p>Do not accept an impact of “make life easier” (TV)</p> <p>Only accept references to the benefits from limited liability if the answer is clearly about a limited liability partnership (LLP)</p> <p><u>Examiner's Comments</u></p> <p>This 6 mark question, coming first in Section B, did not overawe candidates and was answered quite well, with most gaining 4 or more marks. There was some confusion about limited liability, which does not apply to a normal partnership, and occasionally answers were too formulaic by referring to “up to 20 partners” when this was just about you and Raj.</p> <p>The command word on the 6 mark questions is ‘Analyse’ and it was clear that some candidates did not appreciate what this required them to do.</p> <div style="text-align: center;">  </div>

Mark Scheme

Question			Answer/Indicative content	Marks	Guidance
					 <p>Anal 'Analyse' requires the candidate to show an impact on, or reaction by, the business (or you and Raj in this case). For example, there will be more capital to set up the business as Raj will contribute as a partner. Therefore, <i>the business may be able to grow more quickly.</i></p>
			Total	6	

Mark Scheme

Question	Answer/Indicative content	Marks	Guidance
2	<p>Analyse two ways development of the new computer tablet cases may be affected by changes to laws such as product safety standards.</p> <p>Indicative Content</p> <p>The impact of changes to laws may affect the development of the new computer tablet cases:</p> <ul style="list-style-type: none"> • Cost of producing the cases may increase/decrease necessitating a change to the price charged • New production techniques need to be introduced • New production technology/equipment needs to be purchased • Different raw materials may need to be sourced • New skills required by production staff necessitating staff training/recruitment • New case designs may need to be introduced thereby increasing the workload of specific functions, e.g. marketing, research and development <p>Example responses</p> <p>The changes in product safety standards may mean that the materials used to produce the cases may need to change (1). This will result in a possible change of supplier (1) and possible increase/decrease in the cost of producing the cases (1).</p> <p>Copyright/patent rules may change which may make it harder to 'copy' certain styles of tablet case (1). This may require extra work such as design and marketing (1) which will increase business costs (1).</p> <p style="text-align: right;">ARA</p>	(6)	<p>Award one mark for each impact on product development, up to a maximum of two marks.</p> <p>AND</p> <p>Award one further mark for each explanation of an impact on product development, up to a maximum of two marks.</p> <p>AND</p> <p>Award one further mark for each analysis of an impact on product development, up to a maximum of two marks.</p> <p>Make sure that any answer is at least implicitly linked to a <u>change in the law</u> which is realistic</p> <p>Make sure the answer is referring to the impact on <u>product development</u> (as opposed to price or channels of distribution)</p> <p>Ensure that the two impacts are different</p> <p>Examiner's Comments</p> <p>Unlike the other 6 mark question (Question 17), a lot of candidates struggled with this question and many did not attempt to answer it.</p> <p>Many answers focused on quality issues or, if they did recognise a legal factor, it was not clear how this had changed. There was generally very little understanding of how the law could affect the development of a product or the legal change was linked to another area of business such as HR or Marketing.</p> 

Mark Scheme

Question			Answer/Indicative content	Marks	Guidance
					 <p>Afl There are only two legal issues (copyright and patent and product safety standards) listed in Section 3.4 of the specification. They need linking to the impact on product development.</p>
			Total	6	

Mark Scheme

Question	Answer/Indicative content	Marks	Guidance
3	<p>Recommend which method you think should be used. Justify your answer.</p> <p><u>Indicative Content</u></p> <p>Advertising in social media:</p> <ul style="list-style-type: none"> • Low cost • Linked to target market – people who use social media are likely to own a tablet or smart phone and therefore need a case • Can be changed and updated easily • Can use visuals, link to websites/apps • International coverage <p>Local radio:</p> <ul style="list-style-type: none"> • Higher cost than social media • Targeted to local area • Can only use sound to generate attention/impact • Short and instantaneous <p><u>Example responses</u></p> <p>Advertising using social media will be low cost (L1). I will be able to afford this and it would appeal to my target market as most people who use social media will use a tablet or smart phone and therefore need a case to store it (L2). However, I need to be aware that the advertising will reach an international market and I may not be able to fulfil orders from some parts of the world as I am only a small business (L3).</p> <p>Radio advertising will target only people in the local area (L1) so they can all access my business easily (L2). The advert can attract attention via sound and a jingle could be included to make the advert memorable (L3).</p> <p>I would choose to advertise in social media as it is more aligned to the needs of my target market. Many people who listen to the radio advert will not be in my target market and therefore I will be paying for a more expensive advert with a lot of</p>	(8)	<p>Levels of response</p> <p>L1 (1-2 marks) Identifies advantage/disadvantage(s) of one/both methods of advertisement</p> <p>L2 (3-4 marks) Explains one/both methods of advertisement</p> <p>L3 (5-6 marks) Analyses at least one method of advertisement <u>in context</u></p> <p>L4 (7-8 marks) Evaluates at least one method A justified recommendation based on analysis of each method and/or a comparison must be made for full marks.</p> <p>Award the bottom level of each mark if only one of the methods is considered</p> <p><u>Examiner's Comments</u></p> <p>It was good to see that more than one in five candidates scored 7 or 8 marks on this question and very few scored less than 4 marks.</p> <p>This is the one question in the examination which requires some use of the context which candidates have been provided throughout the questions, to access the top half of the marks. It is necessary to briefly consider the pros and cons of each option and to link it with what they know about the business (e.g. in this case, it is a small start-up, technology-based and introducing a new product). Please note that this final question will always be 8 marks and assessed on the LO4 part of the specification.</p> <p>Better answers recognised that the sort of people buying cases for their mobile devices might be young or tech-minded and more likely to use social media. On the other hand, many of these same people do</p>

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
		wastage (L4).		<p>not listen to radio, as they stream playlists or subscribe to companies such as Spotify.</p> <p>There were equally good answers which decided that radio was better, as it was only aimed at the local market which was appropriate at this stage of the business development.</p> <p>The actual decision made by the candidate is unimportant – what matters is how that decision is made and how it is justified.</p>
		Total	8	
4		<p><u>Indicative Content</u></p> <p>Benefits may include:</p> <ul style="list-style-type: none"> • Trade under an established brand name which customers will immediately recognise • Receive operational advice from the franchisor, e.g. business and marketing support • May have opportunity to ‘network’ and share ideas with other franchisees • Franchisor may offer training on how to set-up/run the business • Benefit from any national brand advertising and promotional campaigns that the franchisor may pay for • Business concept is proven to be successful <p><u>Example response</u></p> <p>Proctor’s Supplies is already tried and tested as a successful grocery franchise (1). This will reduce the risk of my business failing which means that it should be easier to obtain finance from a bank or other lender (1). I may pay a lower interest rate or be able to borrow more money than if I were to set up an independent grocery store from scratch (1).</p>	(6)	<p>Award one mark for each identified benefit, up to a maximum of two marks.</p> <p>AND</p> <p>Award one further mark for each explanation of a benefit, up to a maximum of two marks.</p> <p>AND</p> <p>Award one further mark for each analysis of a benefit, up to a maximum of two marks.</p>
		Total	6	

Mark Scheme

Question	Answer/Indicative content	Marks	Guidance
5	<p><u>Indicative Content</u></p> <p>Advertising in local papers:</p> <ul style="list-style-type: none"> • Low cost • Not everyone reads newspapers • Repeat adverts can be expensive <p>Leaflets:</p> <ul style="list-style-type: none"> • Easy to distribute to lots of people • Can be kept for reference • Can be colourful • People might see them as junk mail <p><u>Example response</u></p> <p>Advertising in local papers will be low cost. (L1) I will be able to afford this and it would widen my target audience as many people read newspapers. (L2) However, I need to be aware that not everyone in my local area will read a newspaper so my target customers might not be aware of my business. (L3)</p> <p>Repeat adverts in local papers can be expensive, this would reduce my profits. (L3)</p> <p>Leaflets are easy to distribute to lots of people (L1) so this could widen my possible audience. (L2) The leaflet can be kept for reference and are usually very colourful to attract people's attention. There is a danger though that people may see leaflets as junk mail and throw them away without reading them. (L3)</p> <p>I would choose to advertise in the local paper as this should provide more of the local community with information about Proctor's Supplies and allow me to compete effectively with other local stores. Producing colour leaflets may be expensive, and there is no guarantee that people who are handed them will read or keep them. (L4)</p>	(8)	<p>Levels of response:</p> <p>L1 1-2 marks identifies benefits of one / both methods of advertisement</p> <p>L2 3-4 marks explains one / both methods of advertisement</p> <p>L3 5-6 marks analyses at least one method of advertisement</p> <p>L4 7-8 marks evaluates more than one method, with justified recommendation based on analysis of each</p>
	Total	8	

Mark Scheme

Question	Answer/Indicative content	Marks	Guidance
6	<p><u>Indicative Content</u></p> <p>The impact of the economic recession on product development may include:</p> <ul style="list-style-type: none"> • Customer demand for cheaper products may increase so the type/range of products developed by may change due to the recession • Sales of grocery products may reduce leaving less money for product development • Impact of government intervention, e.g. reduced interest rates, may leave grocery product producers/suppliers with <u>more</u> money for product development <p><u>Example response</u></p> <p>An economic recession may result in customers' incomes reducing and therefore demand for basic grocery products may increase at the expense of premium brands (1). The types of products that suppliers develop during a recession will differ in line with changing customer demand (1), e.g. if they were to develop a new range of frozen pizza they might develop a lower-cost product range rather than a more luxurious selection which may be more popular in a boom (1).</p>	(6)	<p>Award one mark for understanding of an impact, up to a maximum of two marks. AND Award one further mark for the explanation of an impact, up to a maximum of two marks. AND Award one further mark for analysis of an impact, up to a maximum of two marks. Answers should be in the context of Proctor's Supplies/grocery product development</p>
	Total	6	

Mark Scheme

Question		Answer/Indicative content	Marks	Guidance
7		<p><u>Indicative Content</u></p> <p>Benefits may include:</p> <ul style="list-style-type: none"> • Research will be tailored to the needs of the business and answer its specific requirements • The results are more likely to be up to date • The results are not available for competitors to view <p><u>Example response</u></p> <p>Primary research can be designed by the business to answer its specific needs (1). This means that it is more relevant and provide better quality data for me to make decisions (1). It means that any decisions that I make are more likely to be successful and reduce risks (1).</p>	6	<p>Award one mark for each benefit, up to a maximum of two marks.</p> <p>AND</p> <p>Award one further mark for each explanation of a benefit, up to a maximum of two marks.</p> <p>AND</p> <p>Award one further mark for each analysis of a benefit, up to a maximum of two marks.</p>
		Total	6	
8		<p><u>Indicative Content</u></p> <p>Benefits may include:</p> <ul style="list-style-type: none"> • Do not have to share profits / can keep all profits made • Can make all decisions without consultation • Easy to set up / has few legal requirements • Not much capital is required <p><u>Example response</u></p> <p>A sole trader is responsible for all decisions made (1). This means that they do not have to consult or seek approval from anyone else (1). It means that I will enjoy full freedom and able to make whatever decisions I wish (1).</p>	6	<p>Award one mark for each identified benefit, up to a maximum of two marks.</p> <p>AND</p> <p>Award one further mark for each explanation of a benefit, up to a maximum of two marks.</p> <p>AND</p> <p>Award one further mark for each analysis of a benefit, up to a maximum of two marks.</p>
		Total	6	

Mark Scheme

Question	Answer/Indicative content	Marks	Guidance
9	<p><u>Indicative Content</u></p> <p>Price skimming:</p> <ul style="list-style-type: none"> • The higher price indicates that the product is superior to those offered by competitors • Can allow the business to maximise revenue and profits when the product is first launched • The high price may discourage customers from trying the product • Price skimming can only be used for a short period of time <p>Price penetration:</p> <ul style="list-style-type: none"> • The lower price may encourage customers to try the product and switch from competitor products • Can help a new business to 'break' into a market • After a period of time the business should be able to increase its price so that it is more in line with those of competitors • The business's revenue and profitability will be reduced whilst the price is low • The low price could stimulate a price war, especially if the competitors are dominant • Price penetration can only be used for a short period of time • Customers may return to their former product/brand when the price increases to be in line with those offered by competitors <p><u>Example response</u> Price skimming will involve me charging a higher price compared with similar products offered by competitors (L1). It will signal that my ice creams are a luxury product which are superior to those offered by competitors (L2). However, there is a risk that customers may not want my ice creams enough to pay the additional price</p>	8	<p><u>Levels of response</u></p> <p>L1 (1-2 marks) Identifies information about one / both pricing strategies</p> <p>L2 (3-4 marks) Explains one / both pricing strategies</p> <p>L3 (5-6 marks) Analyses at least one pricing strategy</p> <p>L4 (7-8 marks) Evaluates more than one pricing strategy, with justified recommendation based on analysis of each.</p>

Mark Scheme

Question	Answer/Indicative content	Marks	Guidance
	<p>charged, which will reduce my profitability and/or market share (L3).</p> <p>Price penetration will involve me charging a lower price compared with similar products offered by competitors (L1). The lower price should encourage customers to try my ice cream rather than those sold by competitors (L2). However, the lower price can only be offered for a short period of time as it will reduce my profitability which I cannot afford to do for long as a new business (L3).</p> <p>I would choose price penetration for my business. It is a new business and is unknown to customers. The lower price will encourage customers to try my ice creams and afterwards I am confident that they will become loyal to my product as the taste is better than others offered by competitors. The short-term reduction in the profits that I earn will be made up over time by customer loyalty (L4).</p>		
	Total	8	

Mark Scheme

Question			Answer/Indicative content	Marks	Guidance
10		i	<p>Indicative Content</p> <p>Total costs = Fixed costs + Variable costs (1)</p> <p>Daily variable costs = $\text{£}0.80 \times 150 = \text{£}120$ (1)</p> <p>Total costs = $\text{£}300 + \text{£}120 = \text{£}420$ (1)</p> <p>Correct figures without the written justifications are acceptable for each mark OFR</p>	3	<p>Award one mark for using or implying the use of the correct formula</p> <p>Award one mark for a correct daily total for variable costs</p> <p>Award one mark for adding daily variable costs to $\text{£}300$ (OFR)</p> <p>Award full marks for correct answer irrespective of working</p>
		ii	<p>Indicative Content</p> <p>Profit = Revenue - Total costs (1)</p> <p>Revenue per day = $\text{£}3.40 \times 150 = \text{£}510$ (1)</p> <p>Revenue per week = $\text{£}510 \times 7 \text{ days} = \text{£}3,570$ (1) (OFR)</p> <p>Daily total costs = $\text{£}420$ (OFR)</p> <p>Total costs for the week = $\text{£}420 \times 7 = \text{£}2,940$ (1) (OFR)</p> <p>Profit for the week = $\text{£}3,570 - \text{£}2,940 = \text{£}630$ (1) (OFR)</p> <p>Correct figures without the written justifications are acceptable for each mark OFR</p>	5	<p>Award one mark for using the correct formula (implicit or explicit)</p> <p>Award one mark for a correct daily total for revenue</p> <p>Award one mark for correct conversion to revenue per week</p> <p>Award one mark for total costs for the week</p> <p>Award one mark for correct profit for the week</p>
			Total	8	

Mark Scheme

Question	Answer/Indicative content	Marks	Guidance
11	<p>Recommend which of these two sales promotion techniques should be used. Justify your answer.</p> <p>Indicative Content</p> <p>Discount of 15%:</p> <ul style="list-style-type: none"> • All customers benefit from the discount off the price • Easy to calculate • Price promotions are often effective and may 'draw' customers to purchase from the business • May help the business' reputation – weddings are expensive so lowering the prices proves that the business is supporting limited customer budgets <p>Buy One, Get One Free (BOGOF):</p> <ul style="list-style-type: none"> • Customers get something extra • The business may benefit from economies of scale from the extra prints, therefore limiting the cost of this sales promotion • Can help the business to move slow-moving stock, e.g. less popular frames • Customers may end up having extra prints that they do not need – wasting environmental resources. The extra print may not be 'valued' by the customer which may limit the benefit arising from this sales promotion <p>Example response A 15% discount is easy to implement (L1) and customers may feel that they are getting a better deal (L2). This may increase demand by helping to encourage people to have their wedding at a less popular time of the year (L3). However, there is a risk that customers may not be too interested in price when choosing my wedding photography services in the winter, as it is a 'special' event, and they are more interested in the quality of my service rather than price (L4).</p>	8	<p>Levels of response</p> <p>L1 (1-2 marks) Identifies advantage/disadvantage about one/both sales promotion techniques</p> <p>L2 (3-4 marks) Explains one/both sales promotion techniques</p> <p>L3 (5-6 marks) Analyses at least one sales promotion technique <u>in context</u></p> <p>L4 (7-8 marks) Evaluates at least one method</p> <p>A justified recommendation based on <u>analysis of each technique and/or a comparison must</u> be made for full marks.</p> <p>Award the bottom mark of each level if only one of the techniques is considered</p> <p><u>Available context to reward at L3/L4</u></p> <ul style="list-style-type: none"> • You are a new business • You are a sole trader • Specific examples related to knowledge of the wedding/photography market • Wedding photography may have a premium image or expectation of service/price level • Correct examples of segmentation • The economy may be entering a 'boom' • Any reference to data in Q22a/b • Funding from a small business grant • Use of psychological pricing • Sadie as the HR specialist • Winter as the quietest time of the year <p>This context must be <u>used</u> to aid analysis or evaluation rather than just stated.</p>

Mark Scheme

Question	Answer/Indicative content	Marks	Guidance
	<p>BOGOF will involve me giving customers a second photograph for every one sold (L1). This will result in customers obtaining more for their money than normal (L2). As a new business, this is a costly technique which may affect my profits (L3).</p> <p>I would choose the 15% discount for my business. I am a new business and am unknown to customers. The lower price will encourage customers to try my photography services and compensate for the chance of less good weather (L4).</p> <p style="text-align: right;">ARA</p>		<p><u>Examiner's Comments</u></p> <p>As already mentioned, performance on this question wasn't good, especially when compared to last summer. As stated in that session's Examiners' Report, this is the one question which requires use of the context provided, both in the stem of the question and from previous questions.</p> <p>The most popular mark, by some margin, was 4. This was because many answers showed understanding of a 15% discount and BOGOF, but without any reference at all to the context (other than an occasional passing mention of 'photograph' or 'wedding'.)</p> <p>Some answers which tried to use the context became confused with how BOGOF may work, thinking it could be used for a second marriage for that customer, or could be passed onto a friend!</p> <p>Higher ability responses, of which there were many, did make some use of the context. For example, by questioning how BOGOF may fit in with the image of wedding photography or whether a new business (this is enough for context) would be able to afford two sets of costs for only one payment. A longer list of possible contextual issues which candidates could use can be found in the mark scheme.</p> <p>To gain a mark of 7 or 8, a decision (for either option) must be made which is based on, and justified by, the preceding analysis. Exemplar 6 contains context and a discussion of <u>both</u> options. It then comes to a fully justified decision. This is probably one of the best answers seen to this question.</p> <p>On the other hand, Exemplar 7 is a perfect example of the completely generic answer. There is very good understanding shown of both promotion techniques, but without any reference to the photography services</p>

Mark Scheme

Question	Answer/Indicative content	Marks	Guidance
			<p>business. The answer could apply to virtually any business. The final paragraph does make a reasoned judgement. However, without any previous context (L3) it does not constitute evaluation, hence the 'NE' (Not evaluation) annotation.</p> <p>Exemplar 6</p> <p>If you use a discount of 15% this will attract your target market as weddings in general will be expensive, so using a discount will be a way of differentiating your service to others like your competitors. However, a discount would mean you are making less profit compared to it being at full price but if it encourages sales as it's a sales promotion technique it will be positive.</p> <p>If you were to use "buy one get one free" this will also attract customers as the word free suggests they are getting something additional to what they paid for, this will help raise sales for the quiet periods of time but only for a short period of time. However, using such sales promotion techniques could be damaging to your photography service as customers may think it has become cheap damaging your</p> <p>Exemplar 7</p> <p>The advantages for 15% of discount is first I will gain more customers leading to more sales and maybe profit. Also another advantage is that the people that I sell to may promote me to more people.</p> <p>A disadvantage is that I will have to pay a bit more to gain the same amount of revenue. I'm not selling the product at my normal selling price. Also people will only buy my product when it's on sale.</p> <p>The advantages for BOGOF is that I will gain a lot of customers leading to more sales - ^{revenue} profit. Another advantage is that my product and business will go into maturity.</p> <p>The disadvantages for BOGOF are that my business will have to produce more which will lead to make a loss for ^{product} as I give one for free. Later on my business will go into decline when the ^{sale} is over.</p>

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					In my opinion I would choose 15% of Discount because I'm not giving away one for free for every purchase. I'm selling it for a bit cheaper but I'll be receiving more revenue and more profit from 15% of their BOGOF.
			Total	8	

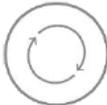
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12	<p>Analyse two disadvantages of starting your business as a sole trader.</p> <p>Indicative Content</p> <p>Disadvantages may include:</p> <ul style="list-style-type: none"> • Responsible for all decisions made • Cannot share workload • Unlimited liability • May have to work long hours • Harder to take time off/holidays • Cannot benefit from the skills/experience of another owner • Limited capital raising opportunities <p>Example responses</p> <p>A sole trader is responsible for all decisions made (1). This means that they cannot consult or benefit from the skills of anyone else (1). Therefore, running the business as a sole trader may be quite stressful for me (1).</p> <p>Unlimited liability (1). This is very risky for you (1) as you could lose your personal possessions (1).</p> <p style="text-align: right;">ARA</p>	6	<p>Award one mark for each disadvantage, up to a maximum of two marks.</p> <p>AND</p> <p>Award one further mark for each explanation of a disadvantage, up to a maximum of two marks.</p> <p>AND</p> <p>Award one further mark for each analysis of a disadvantage (by showing the impact on the business/you), up to a maximum of two marks.</p> <p>Ensure that the two disadvantages are different</p> <p>The third mark in each case may be awarded independently from the second mark for explanation</p> <p>Accept answers which assume that you are the only person working in the business</p> <p>Examiner's Comments</p> <p>This was better answered than the other six-mark question, with most candidates achieving at least 3 marks and over 30% scoring 5 or 6 marks. Unlimited liability and the issues of running a business on your own were the most popular answers, as shown in Exemplar 4. This shows good structure to get the 3 marks for each disadvantage. First, name the disadvantage ('unlimited liability'), second, explain what this means ('you personally have to repay the debts') and finally, what is the impact on you or the business ('loss of possessions and even your house').</p> <p>Exemplar 5 shows how many answers missed the third mark in each case, as there is no impact on you or the business. For example, higher costs or prices in the first disadvantage and lower quality or more stress in the second.</p>

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			<p>Exemplar 4</p> <p>Disadvantage 1 Unlimited liability A sole trader has unlimited liability meaning you personally have to repay the debts of the business if it goes bankrupt therefore bankruptcy and loss of possessions and even your house is a possibility. This makes it a risky choice as you may not be able to repay the businesses debt and will lose possessions and appliances.</p> <p>Disadvantage 2 long hours Although you can employ people some sole traders have to work long hours as there is no one to share the workload with, this means it can be exhausting and is a unattractive feature of being a sole trader. You will have to work hard for long hours almost everyday which can be stressful and strain on your mental and physical health.</p> <p>Exemplar 5</p> <p>Disadvantage 1 If you start a business as a sole trader the costs will be all up to you, as opposite for partnership, which means that if you don't have enough money you are going to need to borrow from a bank that will give an interest and if you don't want to pay an interest or firm a contract you will need another way which will give you only a small amount.</p> <p>Disadvantage 2 As a sole trader all the work will be up to you, marketing, operations, Human Resources ect. This will mean that you will lose a lot of time, pressure but as a partnership the work is halved and there is less chance to forget something important as copyrights.</p>
	Total	6	

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13	<p>Analyse two benefits of differentiating your photography services from competitors.</p> <p><u>Indicative Content</u></p> <p>Benefits may include:</p> <ul style="list-style-type: none"> • Enable a higher price to be charged • Encourage customers to choose the business over rivals/competitors • Helps the business to develop brand image/brand loyalty/brand name/helps customers to recognise the brand • USP to make you appear different from competition <p><u>Example response</u></p> <p>A strong brand image will help to prove how my photography services differ to those offered by competitors (1). This means that customers will instantly recognise my business from the brand alone (1). It means that I am likely to generate customer loyalty (1).</p> <p style="text-align: right;">ARA</p>	6	<p>Award one mark for each benefit, up to a maximum of two marks.</p> <p>AND</p> <p>Award one further mark for each explanation of a benefit, up to a maximum of two marks.</p> <p>AND</p> <p>Award one further mark for each analysis of a benefit (<u>by showing the impact on the business/you</u>), up to a maximum of two marks.</p> <p>Ensure that the two benefits are different, although the impact on the business may be the same</p> <p>The third mark in each case may be awarded independently from the second mark for explanation</p> <p>Make sure the answer is about the benefit(s) of differentiating, rather than how it may be done.</p> <p><u>Examiner's Comments</u></p> <p>This question was a classic case of candidates not carefully reading what they were asked to do. Many answers contained one or two 'benefits' which were, in fact, ways in which the business could carry out differentiation. Another reason for lower ability performance was answers where the second benefit was indistinguishable from the first.</p> <p>There were, however, some excellent answers, which tended to focus on the creation of a USP and the ability to charge a higher price, as shown in Exemplar 1. Compare this with Exemplar 2, which did not score any marks, as it gave two ways in which to differentiate.</p> <div style="text-align: center;">  <p>AfL</p> </div> <p>Centres should encourage candidates to really try and write about two very different</p>

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			<p>impacts on the business, in questions such as this one (as well as Questions 19c, 21, 24 & 26b). This makes it much easier for examiners to award the full range of marks.</p> <p>Exemplar 1</p> <p>Benefit 1 By differentiating your service for example by having a clear unique selling point means your business stands out from the competition and will attract more customers as your service offers something that your competitors do not. This will lead to a larger profit as well as more buzz around your service because it is something people have not seen before.</p> <p>Benefit 2 Differentiating your product means it stands out from other products and services in the market. This means people are more willing to buy your product even if the price is high. You could increase the price of the product resulting in more profit per unit and customers may still buy it as it is different from other services in the market and they cannot find it anywhere else.</p> <p>Exemplar 2</p> <p>Benefit 1 Have different packages. These packages may differ in how long you would require the photographer or have certain themed backdrops. This would differentiate the service by offering a wide range of options for the customer.</p> <p>Benefit 2 Offer a free gift with your service. There could be options such as if you spend over a certain amount you get a free wedding gift. This will differentiate the service by offering the customer something that no other company would offer them.</p>
	Total	6	