GCSE
BUSINESS
8132/2

Paper 2 Influences of marketing and finance on business activity

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.

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

Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

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 descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

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 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, ie if the response is predominantly 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. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which 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 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.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

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

The own figure rule

General principle: The own figure rule is designed to ensure that students are only penalised once for a particular error at the point at which that error is made and suffer no further penalty as consequence of the error. Where the own figure rule is to be applied in a mark scheme, the symbol OFR is used.

Section A

Total for this section: 20 marks

Multiple Choice Questions

Question number	Answer	
1.1	B	Internet research
1.2	D	Segmentation
1.3	A	Government grant
1.4	C	Planned (or actual) output – break-even output
1.5	B	Private limited company
1.6	A	Access to supplies without having to pay immediately

1.1 – 1.6 = AO1 x 6 **[1 mark for each correct answer]**

1.7	Identify **two** factors a business will consider before deciding on the promotional mix for its product or service. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for identifying a factor influencing the promotional mix x 2.

Answers may include:
- finance available
- cost of promotional method
- competitors
- nature of the product or service – e.g. product life cycle stage
- nature of the market - e.g. niche or mass
- target market/audience – e.g. location

Markers Note

Do not accept elements of the marketing mix – e.g. price, place.

If using product, must refer to a specific factor of the product which is driving the decision.

1.8	Shareholders have a key objective of profit. Explain **one** reason why this might cause conflict with a different stakeholder group. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for identifying a different stakeholder group.
1 mark for explaining the conflict between stakeholders.

Possible answers may include:
- employees – pay, job security
- suppliers – prices
- local community – jobs, impact on community
- customers – price increases
- pressure groups – high cost of ethics.

Examples of developed answers
Conflict with suppliers (1) because shareholders will try to pay them as little as possible for goods (1).

A local community (1) will conflict with shareholders if they expand the business and this increases traffic congestion in the area (1).

1.9	Explain **one** problem a business might face when producing an effective business plan. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for identifying a problem when producing a business plan.
1 mark for explaining why the problem may limit the effectiveness of the business plan.

Possible answers may include:

Reason
- market conditions may change
- based on predictions
- time consuming
- lack of experience

Explanation
- trends, competition and legislation will impact proposed plans
- sales may be lower than predicted which will impact on costs
- collecting and analysing information is difficult.

Examples of developed answers
A business plan will need to be reviewed and changed (1). If there is a new competitor a business must review the plan so it can react (1).

A plan uses forecasts for sales (1). If these are too high a business might overspend on materials (1).

Writing a business plan is time consuming (1). Customers tastes have changed during this time (1).

Lack of experience (1) leading to inability to predict sales (1).

1.10	Explain **one** benefit to a business of being more environmentally friendly. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for identifying a benefit of a business being more environmentally friendly.
1 mark for explaining how this benefits a business.

Possible answers may include:
Benefits
- positive publicity
- reputation
- competitive advantage
- reducing resources – e.g. energy, packaging
- USP/differentiation

Explanation
- attracts new customers
- customers may be willing to pay more for environmentally friendly products.

Examples of a developed answer
Promoting environmentally friendly policies can attract new customers (1) because the business is differentiated from the competition (1).

Removal of packaging for a product (1) which means profit margins will increase (1).

Markers Note
A generic response, such as sales increasing or higher number of customers, would gain one mark.

1.11	Using **Table 1**, calculate the gross profit margin. **[2 marks]**

Marks for this question: AO2 – 2 marks

Answer = 75% or 75 (2)

<u>Method</u>

1080 – 270 = 810 (1)
(810/1080) x 100 = 75% (1) OFR

1.12	State and explain **two** pricing methods that a business can use. **[4 marks]**

Marks for this question: AO1 – 4 marks

1 mark for identifying a pricing method and 1 mark for an explanation of the method x 2.

Answers may include:
- price skimming
- price penetration
- competitive pricing
- loss leader
- cost-plus
- psychological pricing

Examples of developed answers
Price skimming (1). This is setting a high price when a product is launched (1).

Loss leader (1). Selling below cost price to attract more custom (1).

Competitive pricing (1). Setting the price of a product so that it is in line with competitors' prices (1).

Price penetration (1). Fixing a low price when a new product is first introduced (1).

Section B

Total for this section: 33 marks

2.1	Describe what is meant by the term 'entrepreneur'. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for a basic description an entrepreneur
1 mark for some development of what an entrepreneur does within the business

Answers may include:
- person who sets up a business
- person who starts a business
- person who opens a business
- owns/has shares in a business
- takes risks
- shows innovation/new ideas/gap in the market

Examples of developed answers

Takes risks (1) setting up a business (1).

Someone who starts a business (1) because they have seen a gap in the market (1).

Markers Note
There is no requirement to apply knowledge to ODP. If students use the business as an example this can be awarded.

2.2	Debbie previously worked full time from 10am to 6pm in a supermarket. Analyse **one** benefit to Debbie of operating ODP as a sole trader. **[6 marks]**

Marks for this question: AO1 – 3 marks AO2 – 3 marks

Level	Marks	Description
3	5–6	**Detailed analysis of topics based on the context** • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	3–4	**Sound analysis of topics based on the context** • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	1–2	**Basic analysis of topics based on the context** • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context.
0	0	Nothing written worthy of credit.

Possible answers include:
Application:
- **previously worked set hours, difficult to spend time with her family** – sole traders can build flexibility into working hours to fit around other commitments
- **Debbie earned minimum wage working in the supermarket, bought a car with profit from photography business** – sole traders keep any profit made
- **Debbie already owned camera equipment and runs the business from home** – start-up costs are low so sole traders can be quick to set up.

Example of Level 3 developed answer:
As a sole trader Debbie is in control of her photography business and has some flexibility over the hours she works. In her previous supermarket job Debbie worked set hours. This made it difficult for Debbie to spend time with her family. More flexibility is an advantage for Debbie as she can now plan her work to fit in with family time. For example, she might choose to work during the day when her children are at school so she can pick them up and have family time when they get home.

2.3	Debbie is spending many hours a week updating the ODP social media account and responding to messages. Recommend whether Debbie should continue to use social media to promote ODP. Give reasons for your answer. **[9 marks]**

Marks for this question: AO2 – 3 marks AO3 – 6 marks

Level	Marks	Description
3	7–9	**Detailed analysis and evaluation of topics based on the context** • Sustained line of reasoning, which is coherent, relevant, substantiated with a focused conclusion that is fully justified. • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	4–6	**Sound analysis and evaluation of topics based on the context** • A line of reasoning, with a conclusion that has some justification. • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	1–3	**Basic analysis and evaluation of topics based on the context** • Basic line of reasoning with a conclusion. • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context.
0	0	Nothing written worthy of credit.

Indicative content:

Application	Analysis
Can show potential customers photographs. Messenger function to answer customer questions. Lots of people liking Debbie's posts and photographs. Reviews from previous customers.	Social media will allow Debbie to showcase the best photographs from her photoshoots. This means that people looking for a photographer can check out the quality and style of her work online. Potential clients can use the messenger function to ask Debbie any questions they may have. This is a convenient method of communication for most people and is helpful for Debbie as she can respond quickly. She will also have a way to contact the customer in future if she saves the message. This would be useful if she wants to run a promotion and send the details to people who have previously expressed an interest in her photography services. The social media account can be viewed by anyone anywhere, so she could grow her business if she is willing to travel.
Unsure how many people have gone on to make a booking.	Although lots of people are viewing the ODP social media account and liking Debbie's posts and photographs, they are not booking a photoshoot. Debbie is spending a lot of time

Spending a lot of time updating social media and responding to messages. Debbie prefers not to travel more than an hour from her home for work.	and effort updating the social media account for very little return. One of the benefits for Debbie becoming a photographer was to spend more time with her family. If she is constantly dealing with her social media account this may impact the time she has with her children if she feels pressured to respond to messages quickly. As Debbie is not willing to travel more than an hour from her home for work, this means that many of the people viewing her social media account will be unable to book her services.

Evaluation/Conclusion
- Debbie wants to pick her children up from school. Debbie could travel more than an hour for work on a Saturday and Sunday. Social media would allow her to attract clients from across the UK.
- Debbie should measure how effective the social media account is in attracting bookings to ensure this is a good use of her time. Debbie could add a discount code or ask new customers how they found out about ODP.

2.4	Identify **one** current asset of a business. **[1 mark]**

Marks for this question: AO1 – 1 mark

1 mark for a correct current asset identified.

Answers may include:
- cash
- inventories/stock
- trade receivables/debtors.

2.5	Explain why a unique selling point (USP) is important to a business. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for identifying why a USP is important to a business.
1 mark for explaining why a USP is important to a business.

Answers may include:
- to differentiate a product or service
- to make a product stand out
- to add value for money
- to highlight in promotion.

Examples of a developed answer
A USP makes a product stand out from the competition (1) and helps to attract customers (1).

A USP adds value for customers (1) so a business can charge more (1).

2.6	Debbie charges £180 for a family photography session. The cost to ODP for each session is £60. Using the information in **Table 2**, calculate how many sessions Debbie would need each week to equal the profit from two weddings. Show all workings. **[4 marks]**

Marks for this question: AO2 – 4 marks

Answer = 24 (4)

Working

Profit per wedding	£1800 - £360 = £1440 (1)
Profit per week	£1440 OFR x 2 = £2880 (1)
Profit per session	£180 - £60 = £120 (1)
Number of sessions	£2880 OFR / £120 OFR = 24 (1)

Alternative method to calculate profit for weddings per week

£1800 x 2 = £3600 (1)
£3600 OFR – (360 x 2) = £2880 (1)

2.7	Debbie is considering a bank loan to open a studio and upgrade her camera equipment, but she would have to use her home as security. This means that if she struggled to repay the loan the bank could force her to sell the house. Recommend whether Debbie should use a bank loan. Give reasons for your answer. **[9 marks]**

Marks for this question: AO2 – 3 marks AO3 – 6 marks

Level	Marks	Description
3	7–9	**Detailed analysis and evaluation of topics based on the context** • Sustained line of reasoning, which is coherent, relevant, substantiated with a focused conclusion that is fully justified. • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	4–6	**Sound analysis and evaluation of topics based on the context** • A line of reasoning, with a conclusion that has some justification. • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	1–3	**Basic analysis and evaluation of topics based on the context** • Basic line of reasoning with a conclusion. • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context.
0	0	Nothing written worthy of credit.

Indicative content:

Application	Analysis
Interest rates are currently low. Could borrow the full amount. Pay loan back in fixed instalments over five years.	A bank loan will allow Debbie to go ahead with her investment plans quickly. She will be able to borrow the full amount she needs from the bank and repay in fixed instalments. This will help her to plan her budget every month. If Debbie borrows from her friend this will put pressure on her cash availability as she will need to repay the full amount in six months. This could put more pressure on the liquidity of the business in the short-term. Interest rates are currently low. This means it would be a good time for Debbie to take out a bank loan as the amount added to the repayment would be more affordable.
Revenue can be unpredictable. Home would be used as security for the bank loan.	As a photographer Debbie's revenue can be unpredictable because it depends on how many photoshoots she has booked. She has very few bookings for next year. This could make it difficult for Debbie to get a bank loan because the bank will need her to prove she can repay the loan before they agree to lend her the money. The bank would also need Debbie to provide them with some security against the loan, such as her home. If Debbie was unable to repay the bank loan she would risk losing her home.

Evaluation/Conclusion

- Interest rates are low, but interest would still be added to the amount borrowed.
- Debbie's friend might be offering to lend the money interest free which would save Debbie money.

Section C

Total for this section: 37 marks

3.1	Explain **one** way a business might measure its success, other than profit. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for an example of an objective used to measure success.
1 mark for explaining how the objective is used to measure success.

Answers may include:

examples:
- sales
- market share
- growth
- customer satisfaction
- repeat customers
- shareholder value.

Examples of developed answers
A business could use customer satisfaction (1) to see if the number of complaints has reduced (1).

A business could use sales (1) to see if the sales have increased over time (1).

A business could use growth (1) to see if new products sold have increased (1).

3.2	Explain **one** reason why Cornets Ltd decided to sell its ice cream cones through a wholesaler. **[4 marks]**

Marks for this question: AO1 – 2 marks AO2 – 2 marks

Level	Marks	Description
2	3–4	**Sound understanding and application of the topics.** • Applies knowledge and understanding to the context sufficiently. • A sound understanding of one or more business concepts and issues.
1	1–2	**Basic understanding and application of the topics.** • Applies basic knowledge and understanding to the context. • A basic understanding of one or more business concepts.
0	0	Nothing written worthy of credit.

Answers may include:
Knowledge and application
- **sells large quantities to a wholesaler** – bulk buying
- **used to deliver to 50 different ice cream shops** – retailers buy directly from the wholesaler, reducing transport costs
- **large wholesaler with hundreds of customers –** wholesaler breaks bulk to sell to smaller retailers

Example of a L2 developed answer
The wholesaler buys cones from Cornets Ltd in large quantities. It will then break the bulk order into smaller amounts to sell to lots of smaller ice cream shops. This will save time and money for Cornets Ltd as it no longer must deliver 1000 cones per week to 50 different shops. Cornets Ltd are also no longer limited to only supplying to as many shops as they can find time to deliver to, as the wholesaler will manage this.

3.3	Emilios gives away free samples of its 'flavour of the day' to boost sales. Analyse **one** drawback of Emilios offering free samples. **[6 marks]**

Marks for this question: AO2 – 3 marks AO3 – 3 marks

Level	Marks	Description
3	5–6	**Detailed analysis of topics based on the context** • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	3–4	**Sound analysis of topics based on the context** • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	1–2	**Basic analysis of topics based on the context** • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context.
0	0	Nothing written worthy of credit.

Application:
- **one employee must stand outside the shop** – cost effectiveness of promotion
- **Emilios only gives away free samples of flavour of the day** – limited product range could limit customer numbers
- **ice cream samples are free/need replacing regularly** – increases business costs/promotion must lead to increased profit
- **customers have complained about waiting times** – impact on customer service for paying customers.

Example of a L3 developed answer
One of the disadvantages of Emilios offering free ice cream samples is that they need an employee to stand outside the shop to do this. This means that Emilios is paying someone to give out free samples, which is a cost, but may not lead to a sale. Reducing the number of employees available to serve paying customers inside Emilios has increased waiting times. This has led to customer complaints which could prevent people from returning in future.

3.4	The UK population is forecasted to be 68.26m in 2023. Using **Figure 1**, calculate the predicted number of vegans in the UK in 2023. Show all workings. Give your answer to **two** decimal places **[2 marks]**

Marks for this question: AO2 – 2 marks

Answer = 5.46m (2)

Method

68.26 x 0.08 (1) = 5.46m (1)

Alternative methods

(68.26 / 100) x 8 (1) = 5.46m (1)

0.6826 x 8 (1) = 5.46m (1)

Markers Note
Full marks can only be awarded if answer is to 2 decimal places with an indication of millions.

3.5	Using **Item D**, calculate the average rate of return for the new equipment if Emilios purchases it. State the formula for the average rate of return and show your workings. **[5 marks]**

Marks for this question: AO1 – 1 mark AO1 – 4 marks

1 mark for correct identification of ARR formula.
4 marks for calculation.

Formula = Average return per annum/initial investment x 100 (1) or Average profit/investment x 100 (1)

Answer = 30% (4)

Method

Average return per annum = £28 800 / 8 (1 mark for dividing by 8) = £3 600 (1)
Average rate of return = (£3 600 OFR / £12 000) x 100 (1) = 30% (1)

Alternative method

£28 800 / £12 000 = 2.4 (1)
(2.4 OFR / 8) (1 mark for dividing by 8) * 100 (1) = 30% (1)

3.6	Emilios is looking to maintain standards at the ice cream shop while reducing costs. Analyse **one** action Emilios could take to reduce its costs. **[6 marks]**

Marks for this question: AO2 – 3 marks AO3 – 3 marks

Level	Marks	Description
3	5–6	**Detailed analysis of topics based on the context** • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	3–4	**Sound analysis of topics based on the context** • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	1–2	**Basic analysis of topics based on the context** • Basic analysis of business areas. • Basic knowledge and understanding is applied to the context.
0	0	Nothing written worthy of credit.

Application:
- **pays a cleaning company a fixed amount –** reduce fixed costs
- **cost of ice cream ingredients has increased by 25%** – reduce variable costs.

Example of a Level 3 developed answer
Emilios employs a cleaning company to clean the ice cream shop every evening. The manager could cancel the contract with this company and this would reduce fixed costs. Currently staff are being paid on a morning when there is not much to do. Instead Emilios could get staff to complete the cleaning jobs when the shop is quiet and the staff are not busy. This would allow Emilios to maximise the productivity of the staff whilst reducing costs. There may be an initial cost to train the staff to ensure cleaning standards are met, however this would be a one off cost and would still allow Emilios to reduce costs in the long term.

<table>
<tr><td>3.7</td><td>Emilios wants to increase sales revenue during the winter months. It is considering two options to achieve this. Both options will cost the same to set up. The options are:

• develop a new product range of ice cream desserts to sell to the restaurant chain
• expand by opening an ice cream shop in the town centre.

Analyse the effect of each of these two options on Emilios.

Evaluate which of these two options will have the biggest impact on sales revenue for Emilios.
[12 marks]</td></tr>
</table>

Marks for this question: AO1 – 3 marks AO2 – 3 marks AO3 – 6 marks

Level	Marks	Description
4	**10–12**	**Developed, integrated analysis and evaluation of topics with sustained judgement based on context** • An integrated line of reasoning, which is coherent, relevant, with a conclusion where the area which has been impacted on the most has been fully justified. • Interdependent nature of business areas is fully analysed. • Applies knowledge and understanding to the context and successfully draws together several functional areas of business.
3	**7–9**	**Detailed analysis and evaluation of topics based on the context** • A line of reasoning, which is coherent, relevant, with a conclusion that is justified. • Different business areas are analysed independently, or the interdependent nature of business areas is partially analysed. • Applies knowledge and understanding to the context and starts to draw together several functional areas of business.
2	**4–6**	**Sound analysis and evaluation of topics in isolation of their interdependence based on the context** • A line of reasoning, with a conclusion that has some justification. • One business area is analysed independently. • Applies some knowledge and understanding to the context.
1	**1–3**	**Basic generic discussion of topics** • A basic understanding of business concepts in isolation. • A basic understanding of one or more business concepts. • Partial relevance to the question.
0	**0**	Nothing written worthy of credit.

Indicative content:

Understanding	**Application**	**Analysis/Evaluation**
New product development is an opportunity to diversify and take advantage of opportunities to sell products.	The restaurant chain has eight large restaurants. Emilios logo would be added to the menu. Restaurant is offering a two-week trial period. Emilios will receive half of the price.	Developing a new range of desserts to sell to the restaurant chain would allow Emilios to reach a larger market across Cornwall and increase sales revenue. The restaurant is also adding Emilios logo to the menu so customers will know where the ice cream was made and brand awareness of Emilios will increase. This could encourage people to visit Emilios ice cream shop and increase revenue. However, Emilios will only receive half of the amount the restaurant is charging for the desserts. This could mean that Emilios have to sell a high quantity to see a significant increase in revenue.
Expanding by opening a store in a different location allows a business to reach new customers.	Selling current range of ice cream. Town centre is very busy at Christmas. Very quiet in January and February. There are already two successful ice cream shops on the high street.	Emilios can continue to sell its current range of ice cream if it sets up a new shop. Emilios already knows that people like its ice cream, whereas there is a lot of risk involved with developing new desserts. People in Cornwall already associate Emilios with ice cream so they are more likely to attract customers with this product. There are already two ice cream shops in the town centre. As both businesses are already successful, this could have a negative impact on the amount of potential sales revenue for Emilios. If customers are loyal to the existing ice cream shops, then Emilios could struggle to attract customers.

What does it depend on? Evaluation and integration

- Does Emilios have the capacity to produce enough desserts to supply eight large restaurants and maximise sales revenue?
- If the desserts are unpopular and do not sell well in the two-week trial period, the restaurant could decide to remove all or some of them from the menu.
- The high street is quiet in January and February, this means that Emilios will only have three months to maximise sales revenue.
- Will Emilios adopt a different pricing strategy in the town to compete? A competitive pricing strategy or penetration pricing will have an impact on sales revenue.