



Mark Scheme (Results)

Summer 2018

Pearson Edexcel GCE AS Level
In Business (8BS0/01)

Paper 1 Marketing and people

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question Number	Answer	Mark
1(a)	Knowledge 2 Knowledge/understanding: of market growth e.g. • An increase in demand/sales (1) for a particular product/service (1)	(2)

Question Number	Answer	Mark
1(b)	Knowledge 2 Knowledge/understanding: of on-the-job training, e.g. • Learning/gaining/developing skills (1) whilst at work doing the job (1)	(2)

Question Number	Answer	Mark
1 (c)	Knowledge 1, Application 2 , Analysis 1 Knowledge/understanding: 1 mark for understanding competitive advantage. • Using differentiation/USP to have an edge over the competition Application: up to 2 marks for suggesting how PureGym has achieved this e.g. • PureGym is open 24/7 • Has over 250 gyms. • Offers a low-cost membership option. • No contract membership option. Analysis: 1 mark is available for explaining the consequences, e.g. • This might better suit the needs of the customers so that they choose PureGym over other gyms.	(4)

Question Number	Answer	Mark
1 (d)	Knowledge 1, Application 2, Analysis 1 Knowledge/understanding: 1 mark for understanding an effect. • More people may be interested in joining a gym/more competition may enter the market Application: up to 2 marks for contextualised examples e.g. • market growth of 3.2% • 1 in 7 people in the UK is a gym member • PureGym has added 60 gyms in the last 12 months • Competition offer more luxury/benefits e.g. Virgin Active. Analysis: 1 mark for explaining the consequences e.g. • PureGym may have more potential customers to target therefore increasing sales revenue • PureGym may face more competition and may lose market share.	(4)

Question Number	Indicative content	Mark
1 (e)	Knowledge 2, Application 2, Analysis 2, Evaluation 2 - Paternalistic leaders are in control, but take the welfare of employees into account when making decisions. - Employees may love working for the company where they feel the managers care about them. Staff turnover and absenteeism of gym instructors could be lower therefore reducing the costs of the business. - Employees may feel more confident with a leader that makes the best decision for them. If employees feel looked after, they may in turn provide a better service to gym users, which could lead to repeat custom and a good reputation. <i>Potential Counterbalance</i> - Some employees, such as assistant gym managers, may want to make more decisions for themselves and therefore may be demotivated by paternalistic leadership/prefer a democratic leader. - Some gym staff, such as personal trainers, may work by themselves most of the time, so may not feel so influenced by the manager.	(8)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–5	Accurate knowledge and understanding. Applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. An attempt at an assessment is presented that is unbalanced, and unlikely to show the significance of competing arguments.
Level 3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments.

Question Number	Indicative content	Mark
1 (f)	Knowledge 2, Application 2, Analysis 3, Evaluation 3 • Offering on-the-job training for assistant gym managers may increase motivation, as they have something to work towards. • Training their own managers means PureGym can ensure they know all of the company's procedures. • Assistant managers will already know the company and how it works, so less training may be needed than if external recruitment was used. • The Shining Stars scheme could make recruiting staff for the 60 new gyms easier, because new employees see the chance for progression/promotion. <i>Potential counterbalance</i> • Only selected assistant gym managers are given on-the-job training to become managers, which could demotivate others/cause resentment. • If PureGym used external recruitment to find new gym managers they may get more qualified/experienced people/new ideas. • Once the assistant gym managers are trained they may leave to work for a competitor, such as Fitness First, who may offer higher wages. <i>Potential Judgement</i> • The benefits depend on the quality of the training and whether the assistant managers who are chosen for the Shining Stars scheme remain with PureGym. • It depends on the capability of assistant managers to become a manager and the progression opportunities made available, through such things as the 1.9% increase in the number of fitness facilities.	(10)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–6	Accurate and thorough knowledge and understanding, supported by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and qualitative information, though unlikely to show the significance of competing arguments.
Level 4	7–10	Accurate and thorough knowledge and understanding, supported by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced and well contextualised, using quantitative and qualitative information, and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Answer	Mark
2(a)	Knowledge 2 Knowledge/understanding: of niche market, e.g. A small section of a market (1) with distinctive specialised requirements (1)	(2)

Question Number	Answer	Mark
2(b)	Knowledge 2 Knowledge/understanding: of brand, e.g. A unique design/sign/symbol/words/logo (1) which makes it recognisable/distinguishes/differentiates it from its competitors (1)	(2)

Question Number	Answer	Mark
2(c)	Knowledge 1, Application 3 Quantitative skills assessed: QS2 Calculate, use and understand percentages and percentage changes Knowledge: 1 mark for the formula $\text{Sales of X} / \text{Total sales of the market} \times 100 = \text{Market Share}$ Application: up to 3 marks - Calculate the market sales for 2015 $= £22\text{m} - £8.2\text{m}$ $= £13.8\text{m}$ (1) - Calculate the market share $= (13.8\text{m} / 310\text{m}) \times 100$ (1) $= 4.45\%$ (1) N.B. If the only answer given is: 4.45% award 4 marks 4.45 award 3 marks 4.5% award 3 marks 4.5 award 2 marks	(4)

Question Number	Answer	Mark
2 (d)	Knowledge 1, Application 2, Analysis 1 Knowledge: 1 mark for suggesting how the business can research the market/ definition of market research e.g. • By conducting primary or secondary market research • Gathering, presenting and analysing information about products/customers Application: up to 2 marks for contextualised examples e.g. • Mars could conduct primary market research by asking sports people, such as those in the cycling industry, what type of snacks they like. • Mars could carry out secondary market research, using the internet to find out how many/what type of protein bars are currently being sold. Analysis: 1 mark for explaining the above e.g. • This could help Mars to produce protein bars that fit the needs and wants of their target market, which may result in more sales/increasing market share.	(4)

Question Number	Indicative content	Mark
2(e)	Knowledge 2, Application 2, Analysis 2, Evaluation 2 • Promotion is the way a business creates demand/awareness for their product/service. • Mars could create a new TV advert using a sports celebrity e.g. Mo Farah, to encourage people to buy the protein bars. • Mars could provide point of sale material, such as counter displays to sports shops, so people buy the protein bars when paying for sports equipment/clothing. • Mars could carry out a sales promotion with an introductory offer, such as BOGOF, to encourage people to try their new protein bars. <i>Potential Counterbalance</i> • A TV advert would be very expensive and may not be seen by people who have an active lifestyle as they may be out riding their bike. • Sports shops may not be a good place to promote the new bars because 17% of UK customers eat protein snacks between meals so supermarkets might be a better place to promote them. • Mars may not need to discount their products as it is a recognised trusted brand name and people will be willing to try their new products at full price.	(8)

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Level 2	3–5	Accurate knowledge and understanding. Applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. An attempt at an assessment is presented that is unbalanced, and unlikely to show the significance of competing arguments.
Level 3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Indicative content	Mark
2(f)	Knowledge 2, Application 2, Analysis 3, Evaluation 3 • Change is important to a business in a dynamic market such as the snack market, so it can keep up with the competition like Cadbury's. • If Mars did not change by producing new products such as protein bars, they may lose market share as customers look for healthier snacks; 17% of the UK consumers buy protein snacks. • Customers might get bored of the same chocolate bars. Mars and Snickers have been around for a long time and other snack companies such as Cadbury's are always bringing out new chocolate varieties, so Mars may lose sales. • The protein market is worth £310m and is growing, if Mars did not adapt to this market change, they might miss out on sales they could otherwise gain from this niche market. • When Mars use the strength of their brand name to bring out new products such as Mars drinks and Mars ice cream, they are able to gain a competitive advantage in new markets and so increase their overall sales/profits. <i>Potential Counterbalance</i> • The market change may be short-term, so the cost involved in developing new products, such as protein bars may not be recovered from sales, especially in niche markets. • Mars is a popular, established brand which customers will continue to buy because they like the traditional Mars bar. Consumers may not like the new version because it tastes different, e.g. Kraft changed the recipe for the Cadbury Creme Egg which customers complained about. • There may be established competitors in the new market which may prevent Mars from being successful, which may mean they are unable to gain market share. <i>Potential Judgement</i> • Mars need to keep up to date with changes in the snack market, such as healthy eating, so that they can create products that people want to make up for the loss of sales of their unhealthy products. • Mars should focus on its cash cows such as Snickers, as these will generate significant cash flows/revenue and cover their costs. This could be better than risking large amounts of investment in R&D on problem child/question mark products.	(10)

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Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–6	Accurate and thorough knowledge and understanding, supported by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and qualitative information, though unlikely to show the significance of competing arguments.
Level 4	7–10	Accurate and thorough knowledge and understanding, supported by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced and well contextualised, using quantitative and qualitative information, and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Indicative content	Mark
3	Knowledge 4, Application 4, Analysis 6, Evaluation 6 Venture Capital • MT have already been successful by using venture capital from Piers Linney, he may therefore be willing to invest additional venture capital. • A venture capitalist like Piers Linney may be willing to invest as well as giving advice. MT chose him for his technology credentials and that helped them to provide the most innovative technology in the travel industry. • MT has only been established for 4 years, yet has achieved a turnover of £4.5m, making it an attractive investment opportunity. • A bank may not approve MT a loan because it thinks it is too risky as MT is a small business in a dynamic market, compared to other travel technology businesses such as Booking.com. Bank Loan • MT could use a bank loan because they have a turnover of £4.5m, therefore they represent a lower risk and the bank may offer a lower interest rate. • MT have already developed new technology such as Hotel2020, so may already have the appropriate staff and equipment required to develop more innovative technology, therefore the amount of finance required could be small and easily gained from a bank. • If MT use a bank loan, they may not have to sacrifice a further share of the company, preventing a further dilution of ownership/control. • Piers Linney may not want to invest any more money into the business as he may have other interests he wants to pursue as the Dragons' invest in several other companies, therefore would need to apply for a bank loan. <i>Potential Recommendation</i> • Venture capital would be the best option because Piers Linney is likely to have already seen a good return on his 15% investment, because of MT's successful innovative approach in a dynamic market. So Piers or other venture capitalists are likely to provide further investment to gain a higher return. • A bank loan would be the best option since the company is now established having made use of Piers expertise.	

	Now the owners of MT can use the knowledge and understanding of technology needed in this dynamic travel application market, without having to sacrifice profits and/or control.	(20)
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Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–4	Isolated elements of knowledge and understanding. Weak or no relevant application of business examples. An argument may be attempted, but will be generic and fail to connect cause(s) and/or
Level 2	5–8	Elements of knowledge and understanding, which are applied to the business example. Arguments and chains of reasoning are presented, but connections between cause(s) and/or consequence(s)/effect(s) are incomplete. Attempts to address the question. A comparison or judgement may be attempted, but it will not successfully show an awareness of the key
Level 3	9–14	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses developed chains of reasoning, so that cause(s) and/or consequence(s)/effect(s) are complete, showing an understanding of the question. Arguments are well developed. Quantitative or qualitative information is introduced in an attempt to support judgements, a partial awareness of the validity and/or significance of competing arguments and may lead to a conclusion.
Level 4	15–20	Accurate and thorough knowledge and understanding, supported throughout by use of relevant and effective use of the business behaviour/context. Uses well-developed and logical, coherent chains of reasoning, showing a range of cause(s) and/or effect(s). Arguments are fully developed. Quantitative and/or qualitative information is/are used well to support judgements. A full awareness of the validity and significance of competing arguments/factors, leading to balanced comparisons, judgements and an effective conclusion that proposes a solution and/or recommendation(s).