



# Mark Scheme (Results)

November 2021

Pearson Edexcel GCE

In Business (9BS0)

Paper 3: Investigating business in a competitive environment

## **Edexcel and BTEC Qualifications**

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at [www.edexcel.com](http://www.edexcel.com) or [www.btec.co.uk](http://www.btec.co.uk). Alternatively, you can get in touch with us using the details on our contact us page at [www.edexcel.com/contactus](http://www.edexcel.com/contactus).

## **Pearson: helping people progress, everywhere**

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: [www.pearson.com/uk](http://www.pearson.com/uk)

November 2021

Question Paper Log Number P66558A

Publications Code 9BS0\_03\_2111\_MS

All the material in this publication is copyright

© Pearson Education Ltd 2021

## 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	Indicative content	Mark
<b>1(a)</b>	<p><b>Knowledge 2, Application 2, Analysis 3, Evaluation 3</b></p> <p><b>Reasons to locate McDonalds restaurants in the UK:</b></p> <ul style="list-style-type: none"> <li>• Might boost revenues given that they have over 1,250 restaurants and therefore more customers</li> <li>• Might have saturated the US market which would limit the potential for any sales growth</li> <li>• Because the UK has people who have the right skills and entrepreneurial qualities to be successful franchisees which should help boost profits</li> </ul> <p><i>Possible counter-balance</i></p> <ul style="list-style-type: none"> <li>• Assumes same consumer tastes and preferences as US citizens in order to ensure sales</li> <li>• But franchisees might increase costs given the need to locally source supplies, such as bread buns and meat for burgers, thus reducing potential profits</li> </ul>	<b>(8)</b>

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 effects(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
<b>1 (b)</b>	<p data-bbox="453 286 1283 320"><b>Knowledge 2, Application 2, Analysis 3, Evaluation 3</b></p> <p data-bbox="379 398 1364 432"><b>Limitations of secondary market research to Jamie Oliver's:</b></p> <ul data-bbox="427 472 1326 857" style="list-style-type: none"> <li>• Can actually be expensive to purchase, e.g. Market intelligence reports (MINTEL reports cost in excess of £1,000)</li> <li>• Difficult to guarantee accuracy, how current it is (Wikipedia), lack of bias, etc.</li> <li>• Jamie Oliver's was a private limited company, so rivals such as Leon could have accessed information, like company accounts</li> <li>• Not specific to JO's but rather tends to be general, so for example the behaviours of loyal JO's customers may not have been represented</li> </ul> <p data-bbox="379 896 746 929"><i>Possible counter-balance</i></p> <ul data-bbox="427 969 1318 1395" style="list-style-type: none"> <li>• Available immediately and often relatively inexpensive (or free)</li> <li>• Eating out market is dynamic, so up-to-date instant information may be crucial when planning changes to business operations or menus to reflect changing consumer tastes, e.g. growth in demand for vegan food; primary research takes time to collect, process and present</li> <li>• Since rivals in the casual dining sector (e.g. Leon) are in the main private limited businesses or public limited companies, then accounts are available to enable comparison</li> </ul> <p data-bbox="379 1433 671 1467"><i>Possible judgement</i></p> <ul data-bbox="427 1507 1331 1682" style="list-style-type: none"> <li>• Depends very much on the purpose of the secondary research data collected. If it was to discover disposable incomes of potential customers, then it would have made sense for JO's to make use of free Government (National Statistics) market research.</li> </ul>	<b>(10)</b>

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 is 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 throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	7–10	Accurate and thorough knowledge and understanding, supported throughout 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, wide ranging and 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
1(c)	<p><b>Knowledge 2, Application 2, Analysis 4, Evaluation 4</b>  <b>Marks for application and analysis include up to 2 marks for quantitative skills</b></p> <p>Quantitative skills assessed:</p> <p><b>QS8:</b> use and interpret quantitative and non-quantitative information in order to make decisions</p> <p><b>QS9:</b> interpret, apply and analyse information in written, graphical and numerical form.</p> <ul style="list-style-type: none"> <li>Corporation tax is the imposition of compulsory levies/charges on business' profits by governments</li> </ul> <p><b>Benefits of decreases in corporation tax rates:</b></p> <ul style="list-style-type: none"> <li>If corporation tax rates fall from 19% (2019) this might allow more profits to be retained, thereby enabling café's and restaurants the funds to invest (e.g. surviving competitors to Jamie's Italian)</li> <li>Extra revenues could be used to support staff development and training for enhancing the skills of those in the industry to help recover from any loss of trade caused by the pandemic</li> </ul> <p><i>Potential counter-balance</i></p> <ul style="list-style-type: none"> <li>Unless businesses are making a profit, then the reduction in corporation tax will have no direct positive effects on the restaurant businesses, especially if they have already closed down like Jamie Oliver's</li> <li>What matters to businesses most is having the customers and therefore sales to give them the revenue in order to cover costs.</li> </ul> <p><i>Possible judgement</i></p> <ul style="list-style-type: none"> <li>Clearly a recent trend by UK Government is to support the hospitality sector to help reduce unemployment and social tensions, improve mental health and well-being so in the longer term the economy does not decline</li> <li>Depends on the amount of tax cut, in this case very little. So the level of investment in the hospitality industry is less likely to be boosted</li> </ul>	(12)



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 is 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	5–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	9–12	Accurate and thorough knowledge and understanding, supported throughout 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, wide-ranging and 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
<b>1(d)</b>	<p><b>Knowledge 4, Application 4, Analysis 6, Evaluation 6</b></p> <p><b>Marks for application and analysis include up to 4 marks for quantitative skills</b></p> <p>Quantitative skills assessed:</p> <p><b>QS8:</b> use and interpret quantitative and non-quantitative information in order to make decisions  <b>QS9:</b> interpret, apply and analyse information in written, graphical and numerical form.</p> <ul style="list-style-type: none"> <li>• In 2019 Mindful Chef saw an increase in sales of 178%</li> <li>• Mindful Chef sales were £10m in 2019, created by delivering nearly two million meals to UK consumers</li> <li>• Joint ventures involve businesses in a collaborative relationship with a local producer in order to reduce risks associated with knowing the market</li> <li>• Global mergers occur when two businesses from different countries join together; they are a form of inorganic growth</li> </ul> <p><b>Joint venture</b></p> <ul style="list-style-type: none"> <li>• Enables Mindful Chef to know and understand better the local (French) culture and consumer preferences so as to get the marketing mix 'right'</li> <li>• A global merger may lead to job losses for both Mindful Chef and Blue Apron given duplication of roles and the subsequent layering which may result</li> <li>• Assuming that both Apron and Mindful Chef have the same reputation for healthy food recipe boxes, the demand would be there already</li> <li>• Strategically it might not be effective to merge with other food recipe firms because of different corporate cultures or working practices and therefore diminishing returns/diseconomies.</li> </ul> <p><b>Global merger</b></p> <ul style="list-style-type: none"> <li>• US culture and consumer preferences similar to UK's; usually a joint venture is a way to overcome unfamiliar culture and consumer tastes/preferences and language barriers</li> <li>• Merger might confer some economies of scale, helping to reduce average costs and so enable Apron and Mindful Chef when combined to invest further with any increase in profits gained</li> <li>• Global merger may mean the pooling of resources, technology and knowhow which can be quite critical in</li> </ul>	

	<p>markets that are dynamic and costly to operate within, given the rate of change of consumer tastes.</p> <p><i>Possible recommendation</i></p> <ul style="list-style-type: none"> <li>• Joint venture may be a better way to spread risks as both Mindful Chef and Auchan may retain the distinctive capabilities in each of their respective markets whilst being able to share product or consumer knowledge</li> <li>• Global merger might give the capacity and finance required to fund growth and developments in an increasingly competitive industry dominated by market leader Gousto</li> </ul> <p>Examples of possible 'MOPS' recommendations</p> <p><b>Market</b> – The market may provide more opportunities for smaller businesses to collaborate on smaller scale/niche productions in order to avoid direct competition from companies like Gousto</p> <p><b>Objectives</b> – Maximising revenues and minimising costs determine profit, which may be more important to businesses in highly competitive markets, like the one for recipe boxes. Therefore by merging, the ability to keep production costs down and revenues up from such things as advertising should give Mindful Chef combined with Apron the opportunities to increase profits and provide investment funds</p> <p><b>Product</b> – The demand for recipe boxes is quite specific and needs to take into account local tastes and preferences; a merger could sacrifice this</p> <p><b>Situation</b> – sales of recipe boxes predicted to grow at the expense of home cooking so future revenues may be sufficient to cover costs and enable survival in a dynamic market; a global merger may not be necessary in the longer term.</p>	(20)
--	--	------

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–4	<p>Isolated elements of knowledge and understanding – recall based.</p> <p>Weak or no relevant application to business examples.</p> <p>An argument may be attempted, but will be generic and fail to connect cause(s) and/or consequence(s)/effect(s).</p>
Level 2	5–8	<p>Elements of knowledge and understanding, which are applied to the business example.</p> <p>Arguments and chains of reasoning are presented, but connections between cause(s) and/or consequence(s)/effect(s) are incomplete.</p> <p>Attempts to address the question.</p> <p>A comparison or judgement may be attempted, but it will not successfully show an awareness of the key features of business behaviour or business situation.</p>
Level 3	9–14	<p>Accurate knowledge and understanding, supported by relevant and effective use of the business behaviour/context.</p> <p>Uses developed chains of reasoning, so that cause(s) and/or consequence(s)/effect(s) are complete, showing an understanding of the question.</p> <p>Arguments are developed.</p> <p>Quantitative and/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.</p>
Level 4	15–20	<p>Accurate and thorough knowledge and understanding, supported throughout by use of relevant and effective use of the business behaviour/context.</p> <p>Uses well-developed and logical, coherent chains of reasoning, showing a range of cause(s) and/or effect(s).</p> <p>Arguments are fully developed.</p> <p>Quantitative and qualitative information is/are used well to support judgements.</p> <p>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).</p>

Question Number	Indicative content	Mark
<b>2(a)</b>	<p><b>Knowledge 2, Application 2, Analysis 2, Evaluation 2</b></p> <ul style="list-style-type: none"> <li>Start-up capital is the initial funds required to open a new business, usually to cover advance rent, legal costs, initial staff wages, etc.</li> </ul> <p><b>Methods:</b></p> <ul style="list-style-type: none"> <li>Holly and Andy could have gained investment from family and friends which, usually will not cost anything extra or low rates of interest because family members may have wished the restaurant to succeed</li> <li>Seeking investment from business angels or venture capitalists who may have also provided advice / expertise which may have been useful to new business owners Holly and Andy</li> <li>Applying for a bank loan does not confer ownership or control to the lender which may allow Holly and Andy more independence in their decision making, such as where to get food supplies from</li> </ul> <p><i>Possible counter-balance</i></p> <ul style="list-style-type: none"> <li>Borrowing from family and friends may not be able to provide the £75 000 needed as it is quite a significant sum to find / risk for a new restaurant</li> <li>Venture capitalists will expect to receive a share of the profits given their investment and expert advice. This may also involve loss of control of operations for Holly and Andy</li> <li>The choice of a bank loan depends on the level of interest charged; if high because the bank considers the loan too risky, then this could reduce profitability given higher loan repayments</li> </ul>	<b>(8)</b>

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 effects(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 supported judgement.

Question Number	Indicative content	Mark
<b>2(b)</b>	<p><b>Knowledge 2, Application 2, Analysis 3, Evaluation 3</b></p> <ul style="list-style-type: none"> <li>• A mission statement is a set of guiding principles which is often used to steer stakeholders in order to achieve a business's aims and objectives</li> </ul> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• The Wonky Table is a business which has 14 staff; a mission statement can help support the shared vision of quality with staff and so help to increase the level of customer satisfaction</li> <li>• The Wonky Table's 12 less skilled 'assistants' may require a collective approach to working together. This helps to create a shared culture, which enables high levels of customer service across its 24 covers in anyone sitting</li> <li>• A common understanding of aims and objectives may help to motivate staff and support the induction of new and temporary staff. This tends to be common practice in the restaurant industry, known for high rates of staff turnover / seasonal or casual staff</li> </ul> <p><i>Possible counter-balance</i></p> <ul style="list-style-type: none"> <li>• Mission statements are often criticised as little more than window dressing to make the business look good and have the 'right image'. This might not fool customers of the restaurant especially if the food is poor quality</li> <li>• An unrealistic mission statement can actually be demotivating for employees who may not be able to meet its demands. For example, full-time managers (Front of House, Head Chef) may seek to do things that are too ambitious which cannot be achieved, such as weddings.</li> </ul> <p><i>Potential judgement</i></p> <ul style="list-style-type: none"> <li>• Given that The Wonky Table is a small business with only 14 members of staff, the mission statement could be quite effective if the writing of it was shared and agreed with staff. This democratic approach might create a shared sense of purpose and shared culture</li> <li>• Mission statements may be regarded as a waste of time and money and no more than a PR exercise. However, in a business which deals directly with paying customers for meals out, this is less likely, especially given the charming and unique reputation of The Wonky Table.</li> </ul>	<b>(10)</b>

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 is 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 throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	7–10	Accurate and thorough knowledge and understanding, supported throughout 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, wide ranging and 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 (c)	<p><b>Knowledge 2, Application 2, Analysis 4, Evaluation 4</b></p> <ul style="list-style-type: none"> <li>Flexible working entails movements from fixed tasks, normal working hours and locations, e.g. zero hours contracts, homeworking, part-time</li> </ul> <p><b>Value of flexible working:</b></p> <ul style="list-style-type: none"> <li>The Wonky Table has a greater ability to vary their way of working enabling the controlling of costs. For example, part-time contracts for staff who work as waiting staff so that they are less likely to be paid when not employed during quiet periods (days/times which are less popular)</li> <li>Flexible working can prove motivational to staff as they find it more interesting to change duties (implied by job rotation) which might improve labour productivity/reduce labour turnover or increase levels of customer service at The Wonky Table</li> <li>The Wonky Table might not suffer as much from staff absences because job rotation would enable the multi-skilling of assistants which will allow staff to cover each other, e.g. waiting staff are also able to work out in the kitchen</li> </ul> <p><i>Possible counter-balance:</i></p> <ul style="list-style-type: none"> <li>Some work does not lend itself to flexible working, e.g. Front of House Manager duties, or Head Chef who have more specialist and highly skilled roles. To allow assistants to do these jobs may prevent The Wonky Table offering its quality food.</li> <li>Job rotation may be simply a matter of changing one low-skilled and boring job for another which in the longer term may not increase motivation as staff may prefer something more challenging.</li> </ul> <p><i>Potential judgement</i></p> <ul style="list-style-type: none"> <li>In the restaurant industry businesses tend to suffer from high levels of labour turnover. Through job rotation staff at The Wonky Table may be more motivated and therefore less likely to leave adding to extra recruitment and training costs</li> <li>Staff having to work part-time may mean that they will not develop the skills and abilities to gain promotion which may act as a disincentive and therefore to encourage them leave and work for another restaurant in Derby</li> </ul>	(12)

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 is 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	5–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	9–12	Accurate and thorough knowledge and understanding, supported throughout 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, wide-ranging and 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
<b>2 (d)</b>	<p><b>Knowledge 4, Application 4, Analysis 6, Evaluation 6</b></p> <p><b>Marks for application and analysis include up to 4 marks for quantitative skills</b></p> <p>Quantitative skills assessed:</p> <p><b>QS8:</b> use and interpret quantitative and non-quantitative information in order to make decisions  <b>QS9:</b> interpret, apply and analyse information in written, graphical and numerical form.</p> <ul style="list-style-type: none"> <li>• Number of covers is doubled to 48 which suggests that sales could double, but this assumes that the restaurant always operates at full capacity</li> <li>• Renovation plan is £12,000 more expensive than external catering plan, but these additional costs may provide more revenue in the long run</li> </ul> <p><b>Upstairs renovation</b></p> <ul style="list-style-type: none"> <li>• Strength: Doing more of the same (providing meals in the same restaurant but to 24 more customers) should enable The WT to continue to offer the same product – ‘plain and simple dining with a contemporary twist’ which should help to ensure sales</li> <li>• Weakness: More expensive (£12,000) and more immediate (July and August 2021) which may cause cash-flow problems in the short term. How long might it take to recover the £20,000 costs? If it involved a bank loan then this would add to costs and could cause cash-flow problems if the extra revenue did not cover repayments and interest.</li> <li>• Opportunity: The redecoration might encourage more customers to make private party bookings with The WT and so boost sales. Private party bookings would also provide more opportunities to gain extra revenues from hire fees, increased sales of party food and alcohol for guests.</li> <li>• Threat: There may be a delay to the furniture arriving in August which means that there would be a disruption of trade in the busier winter months which may reduce turnover significantly thus reducing profits.</li> </ul> <p><b>External catering</b></p> <ul style="list-style-type: none"> <li>• Strength: Less disruptive as planned to take place during two weeks of December when the restaurant will close completely. So the loss of sales revenue may be lower when customers are otherwise busy Christmas shopping, etc.</li> <li>• Weakness: Wonky Table staff may not have the experience of providing external catering. Extra staff</li> </ul>	

	<p>training time and costs may have to be accommodated, especially if it involved providing specialist catering for conferences</p> <ul style="list-style-type: none"> <li>• Opportunity: Spreads risk this option is an example of market development which may spread risk because you have extra new customers in a new market i.e. business customers from small other small businesses in Derby.</li> <li>• Threat: Clients may want food and menus that are offered by competitors on offer which means that Holly and Andy may have to pay extra costs for additional food supplies, storage. This might mean the loss of economies of scale previously enjoyed through bulk purchases of ingredients.</li> </ul>	
	<i>Possible recommendations</i>	
	<ul style="list-style-type: none"> <li>• Renovation is a matter of market penetration since it is a strategy of The Wonky Table continuing to do what it has done in the last 10 years, but with the potential of twice as many customers. Providing external catering may involve more risk because it is at least a case of market development (new markets for existing products) if not diversification (new products like business catering to new customers)</li> <li>• External catering may provide the opportunity for The Wonky Table to build on its reputation for providing high-quality food which is locally sourced to another market. This may be the case if the owners of local businesses had already experienced the unique and quality food as a restaurant customer. According to Porter this should provide competitive advantage through differentiation.</li> </ul> <p>Examples of possible 'MOPS' recommendations</p> <ul style="list-style-type: none"> <li>• <b>Market</b> – the success of option 2 depends if there are other external catering businesses in Derby. If there are competitors who have a more experience and established a good reputation, this might make option 1 the safer option</li> <li>• <b>Objectives</b> – the cheaper, option 2 may be preferred given that there is no guarantee that the extra sales from the renovation will cover the extra £8,000 costs and still be profitable</li> <li>• <b>Product</b> – External catering may cause The Wonky Table to order more food in a given time-period which may no longer be practically sourced locally which would cause the business to lose its USP</li> <li>• <b>Situation</b> - Choice of option depends very much on the business climate and capabilities of Holly, Andy and key staff such as the Head Chef. If they feel that they can offer and have the right skills to do something different through external catering, this may prove more profitable in the longer term</li> </ul>	(20)

--	--	--

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–4	Isolated elements of knowledge and understanding – recall based. 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 consequence(s)/effect(s).
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 features of business behaviour or business situation.
Level 3	9–14	Accurate knowledge and understanding, supported 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 developed. Quantitative and/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).



