

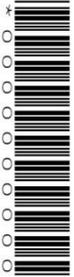
SAMPLE ASSESSMENT MATERIAL

Level 1/2 Cambridge National in Enterprise and Marketing

R064/01: Enterprise and marketing concepts

Date – Morning/Afternoon

Time Allowed: 1 hour 30 minutes



You may use:

- A calculator



First Name										
Last Name										
Centre number						Candidate number				

INSTRUCTIONS

- Use black ink.
- Complete the boxes above with your name, centre number and candidate number.
- Answer **all** the questions.
- Write your answer to each question in the space provided. If additional space is required, use the lined page(s) at the end of this booklet. The question number(s) must be clearly shown.
- Do **not** write in the bar codes.

INFORMATION

- The total mark for this paper is **80**.
- The marks for each question are shown in brackets [].
- This document consists of **15** pages.

Section A

Answer **all** the questions.

Put a tick (✓) in the box next to the **one** correct answer for each question.

1. A sole trader business has unlimited liability. One key feature of unlimited liability is that:

- (a) they are responsible for all of their debts
- (b) they are working with a number of other people
- (c) they cannot get finance from a bank
- (d) they work on their own

[1]

2. Which **ONE** of the following is an external factor that could impact on product development?

- (a) Departmental communication
- (b) New legislation
- (c) Staffing costs
- (d) Store layout

[1]

3. A restaurant has created a new pizza dough recipe for their pizzas. Which **ONE** of the following is a legal issue they need to consider to protect their new pizza dough recipe?

- (a) Business plan
- (b) Discrimination
- (c) Inflation
- (d) Patent

[1]

4. Which of the following may be a reason for a small business to complete market research?

(a) To advertise for a new sales manager

(b) To aid decision-making about their product

(c) To help track stock levels

(d) To inform staff of changes to their product

[1]

5. Which of the following is an aspect of the design mix model that contributes to the successful design of a new handbag?

(a) A design which has an appealing appearance

(b) A design which is cheaply priced

(c) A design which is produced by a computer program

(d) A design which is widely advertised

[1]

6. Which of the following is an economic external factor that could affect product development?

(a) Change in pricing

(b) Change in taxation

(c) Copyright challenge

(d) Digital development

[1]

7. Which of the following correctly represents the stages of the product lifecycle?

(a) Development, Introduction, Growth, Maturity, Decline

(b) Development, Introduction, Maturity, Growth, Decline

(c) Introduction, Development, Growth, Maturity, Decline

(d) Maturity, Development, Introduction, Growth, Decline

[1]

8. A shoe shop is on a retail park that has two other shoe shops. It is moving to a retail park with only clothes and household goods shops.

This will help the business to achieve:

- (a) cheaper advertising
- (b) lower production costs
- (c) product differentiation
- (d) reduced variable costs

[1]

9. A variable cost can be best defined as:

- (a) a cost that cannot be measured
- (b) a cost that changes with demand
- (c) a cost that changes with output
- (d) a cost that increases and decreases

[1]

10. Which of the following is a typical benefit to the business of the growth stage of the product lifecycle?

- (a) Competition increases
- (b) Profit margins improve
- (c) Sales volumes peak
- (d) Highest price is set

[1]

11. Which of the following would be effective in attracting and retaining customers in a mobile phone sales franchise?

- (a) A delivery fee is charged on all new phones
- (b) A single brand of phone is sold
- (c) An extended warranty is offered on all phones
- (d) Phone sales are by appointment only

[1]

12. If you advertised your intended new business on different social media platforms and asked a large number of people to invest money into the business, you would be looking for which source of capital?

- (a) A group loan
- (b) Business angel financing
- (c) Crowdfunding
- (d) Social media funding

[1]

13. Which of the following is an example of price skimming?

- (a) Keeping the price of a fashion trainer high to make it exclusive
- (b) Keeping the price of a fashion trainer low so that more customers can afford it
- (c) Pricing a new fashion trainer in line with other fashion trainers
- (d) Setting a high price for a new fashion trainer at first and lowering it over time

[1]

14. Which of the following would be considered an 'extension strategy'?

- (a) Advertising a weekend sale deal on an existing range of tablet cases
- (b) Applying competitive pricing to a new range of smart watches
- (c) Creating new packaging for an existing range of video games
- (d) Developing a customer service strategy to be used by all staff

[1]

15. As a new business owner you may use 'desk research' to research competitors' products. Which of the following is a benefit of using 'desk research'?

(a) It allows you to gain information about your specific product

(b) It allows you to gain the views of a large number of potential customers

(c) The cost of accessing information is usually low

(d) The information available is always accurate

[1]

16. Which of the following would help to achieve product differentiation for a new business selling school trainers?

(a) A marketing campaign aimed at school children

(b) Offering a range of sizes and colours

(c) Producing personalised trainers with the name printed on them

(d) Setting up an online-only business to reduce fixed costs

[1]

Section B

Answer **all** questions in this Section.

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

17. Identify **two** items that may be detailed in your business plan.

Item 1:

Item 2:

[2]

18. State and explain **two** reasons for having a business plan for Proctor's Supplies:

Reason 1:

Explanation:

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Reason 2:

Explanation:

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[4]

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

Benefit 1:

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Benefit 2:

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[6]

20. You want to investigate your customers' views on opening hours using an online method of market research. What market research method would you use? Explain why you would use this method.

Online market research method:

..... [1]

Explanation:

.....
.....
.....
..... [2]

21. You intend to employ new staff to work in your store when you take over the franchise.

a) i) Identify the functional area of a business that would usually complete the activity of recruitment and selection:

..... [1]

ii) Identify one further activity of this functional area for which you will have responsibility in Proctor's Supplies:

..... [1]

b) In order to attract and retain customers to your new grocery store, you will train your staff to offer high levels of customer service.

State and explain **one** topic that you will cover in their customer service training:

Topic covered:

.....

Explanation:

..... [2]

22. You are also considering offering product discounts to attract and retain customers to Proctor's Supplies.

State and explain **one** advantage and **one** disadvantage of offering discounts to Proctor's Supplies customers.

Advantage:

Explanation:

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.....

Disadvantage:

Explanation:

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[4]

23. State and explain **two** factors that you need to consider when setting the price for your products in Proctor's Supplies to attract and retain customers.

Factor 1:

Explanation:

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Factor 2:

Explanation:

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.....

[4]

24. You intend to segment your market based on the income of your customers.

State and explain **two** benefits of using market segmentation.

Benefit 1:

Explanation:

.....

Benefit 2:

Explanation:

.....

[4]

25. You are considering using competitive pricing to compete with other local stores.

Explain what is meant by 'competitive pricing'.

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[2]

26. You intend to sell fresh pastries in Proctor's Supplies. Your selling price for each pastry will be £1.15 and you estimate that you will sell an average of 30 pastries each day. Proctor's Supplies is closed on a Sunday.

Calculate the total revenue you will generate from the sales of pastries in a week, assuming your sales estimate is correct. Show your workings.

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[3]

27. You will have to pay fixed costs in the operation of Proctor's Supplies.

a) Explain what is meant by the term 'fixed costs':

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[1]

b) Identify **TWO** fixed costs that Proctor's Supplies may have:

1.

2.

[2]

Turn over for the next question

28. You are thinking of selling food hampers and are using the following break-even formula as a budgeting tool:

Fixed Costs

Selling price per unit – Variable cost per unit

a) Using this formula, calculate the break-even point for food hamper sales at Proctor’s Supplies if:

Fixed Costs	£5 000
Selling price per unit	£10
Variable cost per unit	£5

Show your workings

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[2]

b) Explain **one** way you could use your break-even point calculation to help make a business decision for Proctor’s Supplies.

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[2]

c) After analysing your market research you forecast that you will sell 1,750 food hampers.

Calculate the amount of profit or loss that you will make based on this forecast. Show your workings and state whether you will make a profit or loss.

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[4]

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

a) Identify three Operations activities that these suppliers may need to manage.

- 1.
- 2.
- 3.

[3]

b) 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:

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Impact 2:

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[6]



SPECIMEN

Sample Assessment Material

LEVEL 1/2 CAMBRIDGE NATIONAL CERTIFICATE IN ENTERPRISE AND MARKETING

0000/01 Unit R064: Enterprise and marketing concepts

MARK SCHEME

Duration: 1 hour 30 minutes

MAXIMUM MARK 80

SPECIMEN

Version: 2 Last updated: **24/01/2017**

This document consists of 14 pages

PREPARATION FOR MARKING ON-SCREEN

1. Make sure that you have accessed and completed the relevant training packages for on-screen marking: *scoris assessor Online Training* and the *OCR Essential Guide to Marking*.
2. Make sure that you have read and understood the Instructions for On-Screen Marking and the mark scheme and the question paper for this unit. These are posted on the RM Cambridge Assessment Support Portal <http://www.rm.com/support/ca>
3. Log-in to scoris and mark the **required number** of practice responses and the **required number** of standardisation responses.

MARKING INSTRUCTIONS – FOR MARKING ON-SCREEN AND FOR PAPER BASED MARKING

1. Mark strictly to the mark scheme.
2. Marks awarded must relate directly to the marking criteria.
3. The schedule of dates is very important. It is essential that you meet the scoris 50% and 100% (traditional 40% Batch 1 and 100% Batch 2) deadlines. If you experience problems, you must contact your Team Leader (Supervisor) without delay.
4. If you are in any doubt about applying the mark scheme, consult your Team Leader by telephone or the scoris messaging system, or by email.
5. Work crossed out:
 - a. where a candidate crosses out an answer and provides an alternative response, the crossed out response is not marked and gains no marks
 - b. if a candidate crosses out an answer to a whole question and makes no second attempt, and if the inclusion of the answer does not cause a rubric infringement, the assessor should attempt to mark the crossed out answer and award marks appropriately.
6. Always check the pages (and additional objects if present) at the end of the response in case any answers have been continued there. If the candidate has continued an answer there then add a tick to confirm that the work has been seen.
7. There is a NR (No Response) option. Award NR (No Response)
 - if there is nothing written at all in the answer space
 - OR if there is a comment that does not in anyway relate to the question (e.g. 'can't do', 'don't know')
 - OR if there is a mark (e.g. a dash, a question mark) that isn't an attempt at the questionNote: Award 0 marks - for an attempt that earns no credit (including copying out the question)
8. The scoris **comments box** is used by your team leader to explain the marking of the practice responses. Please refer to these comments when checking your practice responses. **Do not use the comments box for any other reason.**
If you have any questions or comments for your team leader, use the phone, the scoris messaging system, or e-mail.

Question	Answer	Marks	Guidance
SECTION A			
1	Indicative content: A	1	For one mark.
2	Indicative content: B	1	For one mark.
3	Indicative content: D	1	For one mark.
4	Indicative content: B	1	For one mark.
5	Indicative content: A	1	For one mark.
6	Indicative content: B	1	For one mark.
7	Indicative content: A	1	For one mark.
8	Indicative content: C	1	For one mark.
9	Indicative content: C	1	For one mark.
10	Indicative content: B	1	For one mark.
11	Indicative content: C	1	For one mark.
12	Indicative content: C	1	For one mark.
13	Indicative content: D	1	For one mark.
14	Indicative content: C	1	For one mark.
15	Indicative content: C	1	For one mark.
16	Indicative content: C	1	For one mark.

Question	Answer	Marks	Guidance
SECTION B			
17	<p><u>Indicative Content</u></p> <ul style="list-style-type: none"> • the business objectives • business strategies • sales plan • marketing plan • financial forecasts 	(2)	Award one mark for an identified item to a maximum of TWO marks
18	<p><u>Indicative Content</u></p> <ul style="list-style-type: none"> • to clarify a business idea to others • to measure progress towards goals • to help manage cash flow • to help identify potential problems <p><u>Example responses</u></p> <ul style="list-style-type: none"> • A business plan can help to identify in advance problems for Proctor's Supplies (1), such as costs being higher than were expected on the plan, leading to less profit than originally expected. (1) 	(4)	Award one mark for each identified reason and one mark for an explanation of each reason to a maximum of TWO reasons. Explanations must be in context.

Question	Answer	Marks	Guidance
19	<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>
20	<p><u>Indicative Content</u></p> <p>Online survey/questionnaire</p> <p><u>Example responses</u></p> <p>Using an online survey would allow me to reach a large number of customers (1) and is easy to set up (1).</p>	(3)	<p>Award one mark for an identified research method and up to TWO marks for an explanation.</p>
21	ai Human Resources	(1)	Award one mark for correct answer
	aii <u>Indicative content</u> Performance management of employees	(1)	Award one mark for a correct answer

Question	Answer	Marks	Guidance
	Responsibility for health and safety in the workplace Ensuring compliance with employment legislation		If an incorrect functional area is identified in ai) OFR for aii).
21	b <u>Indicative content</u> Areas may include: To have/maintain good product knowledge To engage with customers (or a version of this e.g. to communicate well with customers, to dress appropriately, smartly etc) As this is a local grocery store, do not accept 'after sales service' unless a clearly valid explanation is provided which justifies. Example responses for explanations: If my staff maintain good product knowledge, they will always be able to answer customer queries regarding Proctor's Supplies products.	(2)	Award one mark for a valid topic Plus A further one mark for a valid explanation of that area in context
22	<u>Indicative Content</u> <u>Advantages of offering a discount include:</u> <ul style="list-style-type: none"> • Allowing Proctor's Supplies achieve a quick boost to sales • Encouraging a customer to trial a new product • Encouraging a customer to purchase in bulk • Encouraging a customer to switch brands • Potential sales of other grocery products once the customer is in the store <u>Disadvantages of offering a discount include:</u> <ul style="list-style-type: none"> • Damaging effect on profit levels • Offering a short-term only boost to sales of grocery products • Customers expecting further promotions and deals • Damaging the brand image of Proctor's Supplies 	(4)	Award one mark for an identified advantage and one mark for an explanation of the advantage. AND Award one mark for an identified disadvantage and one mark for an explanation of the disadvantage. Explanations should be in context

Question	Answer	Marks	Guidance
	<p><u>Example responses</u></p> <ul style="list-style-type: none"> • A discount may encourage a new customer to enter Proctor’s Supplies and try a new product (1), if the customer likes the product they may return in the future to purchase the same item or other items from the store (1). • However, by offering a discount I will be reducing the amount of money that I am bringing into the business (1) this means that I will make less profit at the end of the year (1). 		
23	<p><u>Indicative Content</u></p> <p>Factors to consider when pricing products for Proctor’s Supplies may include:</p> <ul style="list-style-type: none"> • Income levels of target customers • Price of competitor products • Local market factors, e.g. unemployment etc • Convenience of a local grocery store • Franchisor’s rules on pricing products <p><u>Example response</u></p> <p>One factor may be the price of competitor products (1). The grocery market is competitive with a number of supermarkets and shops selling the same/similar grocery brands. If Proctor’s Supplies products are not different to those sold by rivals it would be unwise to price my products a lot higher because customers will be unwilling to pay my high prices (1).</p>	(4)	<p>Award one mark for identifying a factor to consider, up to a maximum of two marks.</p> <p>AND</p> <p>Award one further mark for explanation of a factor to consider, up to a maximum of two marks.</p> <p>Explanations should be in context</p>
24	<p><u>Indicative Content</u></p> <ul style="list-style-type: none"> • Ensuring customer needs are matched and met • Potential for increased profits / profitability • Increased customer retention • Allows for targeted marketing • Potential for an increase in market share 	(4)	<p>Award one mark for a stated benefit and one mark for an explanation of the benefit to a maximum of TWO marks for each benefit.</p>

Question	Answer	Marks	Guidance
	<p><u>Example responses</u> The benefits of market segmentation include:</p> <ul style="list-style-type: none"> • Ensuring customer needs are matched and met (1) in order to increase sales and business profits (1) • Potential for increased profits / profitability (1) as the business will ensure the correct products are available for the customers visiting the store (1) • Increased customer retention (1) thereby increasing the number of repeat sales (1) • Allows for targeted marketing (1) and increasing the number of customers coming to the business (1) • Potential for an increase in market share (1) thereby increasing the image of the customer (1) 		
25	<p><u>Indicative Content</u></p> <p>Competitive pricing is the setting of a product price or service based on what the competition are charging.</p> <p><u>Example response</u> Competitive pricing occurs when a business sets the price of its products based on what the local competition are charging (1). It is often used by businesses that sell similar products in the same area (1).</p>	(2)	<p>Award one mark for an identified point and one mark for further development of the point made.</p>
26	<p><u>Indicative Content</u></p> <ul style="list-style-type: none"> • Selling price (£1.15) x number of sales (30) (1) • Daily total = £34.50 (1) • Weekly total = £34.50 x 6 (no sales on Sunday) = £207 (1) (OFR) <p>Correct figures without the written justifications are acceptable for each mark</p>	(3)	<p>Award one mark for using the correct figures/formula</p> <p>Award one mark for a correct daily total</p> <p>Award one mark for a weekly total</p> <p>OFR applies</p>

27	(a)	<p><u>Indicative Content</u></p> <p>Fixed costs are those costs that do not vary with output.</p>	(1)	Award one mark for an appropriate explanation.
	(b)	<p><u>Indicative Content</u></p> <p>Fixed costs include:</p> <ul style="list-style-type: none"> • Rent • Loan repayments • Insurance • Advertising • Salaries • Utilities 	(2)	Award one mark for any identified fixed cost to a maximum of TWO
28	(a)	<p><u>Indicative Content</u></p> <p><u>Fixed Costs</u> Selling price per unit – Variable cost per unit</p> <p><u>5 000</u> 10 – 5</p> <p><u>Correct answer - 1 000 units</u></p>	(2)	Award TWO marks for the correct figure or ONE mark for a correct application of the formula, if final answer is incorrect (OFR)

	<p>(b) <u>Indicative Content</u></p> <p>Break-even information can be used to:</p> <ul style="list-style-type: none"> • Inform me how long it will take before a new product or start up reaches profitability • Help me to understand the viability of a business proposition or idea • Calculate the margin of safety • Assess the level of risk of introducing a new product <p><u>Example response</u></p> <p>The break-even information will help me understand the level of risk (1) involved in selling the food hampers (1).</p>	(2)	<p>Award one mark for an identified use of break-even information and one mark for a development of this use.</p>
	<p>(c) <u>Indicative Content</u></p> <p>Profit = Sales revenue – Total costs Sales revenue = 1,750 x £10 = £17,500 (1) Variable costs = 1,750 x £5 = £8,750 (1) Fixed costs = £5,000</p> <p>Profit = £17,500 – (£5,000 + £8,750) = £17,500 - £13,750 = £3,750 (1) (OFR)</p> <p>Statement: Profit (1)</p>	(4)	<p>Award ONE mark for a correct calculation of sales revenue</p> <p>Award ONE mark for correct calculation of variable costs</p> <p>Award ONE mark for correct calculation of £3,750 (OFR for correct use of formula)</p> <p>ONE further mark can be awarded for correctly stating that a profit will be made.</p> <p>Correct answer of £3,750 profit should be awarded full marks with or without workings</p>

29	(a)	<p><u>Indicative Content</u></p> <p>Operations activities of grocery product producers/suppliers include:</p> <ul style="list-style-type: none"> • Production planning • Producing the products • Quality control • Stock control • Logistics 	(3)	<p>Award one mark for each activity to a maximum of THREE marks.</p> <p>Answers should be relevant to suppliers of grocery products</p>
	(b)	<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.</p> <p>AND</p> <p>Award one further mark for the explanation of an impact, up to a maximum of two marks.</p> <p>AND</p> <p>Award one further mark for analysis of an impact, up to a maximum of two marks.</p> <p>Answers should be in the context of Proctor's Supplies/grocery product development</p>
30		<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 	(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>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>	<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>
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