

OCR Report to Centres

June 2012

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This report on the examination provides information on the performance of candidates which it is hoped will be useful to teachers in their preparation of candidates for future examinations. It is intended to be constructive and informative and to promote better understanding of the specification content, of the operation of the scheme of assessment and of the application of assessment criteria.

Reports should be read in conjunction with the published question papers and mark schemes for the examination.

OCR will not enter into any discussion or correspondence in connection with this report.

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General Certificate of Secondary Education

Business Studies (J253)

OCR REPORT TO CENTRES

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Overview

The overall performance of the candidates this series was very pleasing and it was clear that centres are becoming more familiar with the three assessments.

For the controlled assessment unit A291, focussing on the application of knowledge, was completed well, with most candidates choosing to investigate the possible opening of a pizza takeaway business. Where weaknesses occurred in candidates' work it was often due to a lack of application beyond the generic features which might apply to any business. Further advice on how to improve this aspect is contained within the unit specific report.

Centres can access further guidance and support from OCR on such matters as the interpretation of the assessment criteria, levels of control and the general management of delivery. Given the nature of controlled assessment it is not possible to give direct advice on how 'live' material has been marked.

It should be noted that the controlled assessment scenario *for assessment in 2014* (June series only) will be available from September 2012. For assessment in January or June 2013, centres should make sure that they prepare their candidates using the correct materials. The materials for 2013 and 2014 are only available through OCR Interchange.

Performance on unit A292 was rather mixed, possibly reflecting the differences in age and experience of the Year 10 and Year 11 candidates. This assessment concentrates on knowledge, and candidates should have a clear understanding of all the necessary subject material as a basis for sitting the examination. It was noticeable that candidate performance on analysis and evaluation on this unit was rather weaker than on unit A293. Candidates looking to achieve a higher level grade should ensure that they have undertaken the preparation necessary in order to deal with the more demanding analytical questions.

On unit A293, where the concentration is on analysis and evaluation, it was pleasing to see the very good use of the case study material in candidates' responses. This was especially evident in the higher tariff questions where many candidates were able to build a sophisticated answer based around the case study which analysed the evidence available before coming to a well argued recommendation. Centres looking to improve their candidate performance at the higher levels should consider giving them greater experience of analysing data in all its forms. This should then be used to build a balanced answer which considers the variety of potential outcomes applicable to the scenario which they have been given.

A range of support materials is available on the specification's page of the OCR website (via <http://www.ocr.org.uk/qualifications/type/>) as is more general information about support for the specification at www.ocr.org.uk/training

A291 Marketing and Enterprise

Introduction

The two scenarios for assessment in the January and June 2012 series centred on the fictional Laura and Renu. Both were young people, who had some experience in the world of work, but who lacked crucial experience in operating their own business. The two businesses were each in a potentially competitive market; Renu, with her home cleaning business, and Laura with a pizza takeaway operation. The majority of centres and candidates opted to investigate Laura's attempt at establishing her pizza business.

Both centres and candidates are reminded that it is vital, even with pre-release case material, to read the instructions carefully and answer the question set. In Investigation 1 for Laura there was a clear instruction to examine whether or not a franchise would benefit the *marketing* of Laura's business. Whilst many candidates rightly looked at the marketing aspects (often using the market mix as a framework), a significant proportion of the candidates looked at the general benefits of franchises, including the provision of training, which was not linked to marketing. Given the six hour timescale for writing up the report, it is vital that no time is wasted looking at irrelevant aspects of the work. In the final part of Investigation 3 for Laura there was an instruction to comment on how the recommended pricing strategy might change over time. This was ignored by a number of candidates.

The 'local area' element of this specification should be fully developed within the Investigations, looking at marketing the chosen scenario in a local context. This involves collecting both primary and secondary data relevant to the investigation. For Renu this meant collecting data on local consumer opinion through market research techniques, and the importance of customer service versus the provision of a wide product mix. In Laura's case it meant collecting local data on consumer opinion on different pricing and promotional strategies. Secondary data should also be collected, often based around competitor activity, as well as data on the local area which may impact on the decisions to be made. Local maps are useful in this context, especially in Laura's case where the mapping of competitors was often well linked to the choices of which pricing and sales promotion strategy to use.

The content of questionnaires needs consideration in some instances, with some centres' candidates clearly linking their questions to potential outcomes. Other questions were rather vague and the results did little to help justify any ideas being put forward. Centres are reminded that joint research, using a commonly agreed questionnaire, is acceptable. Any subsequent analysis and evaluation of gathered data must, of course, be on an individual basis.

Centres are again reminded to consider using the cost effective and efficient entry option A for the OCR Repository where the sample requested is uploaded electronically for the moderator to view on screen. Entry option B is for postal moderation where the sample requested is posted to the allocated moderator.

Application of the Assessment Objectives (AO)

AO1

The knowledge seen this series was generally rather better than in previous series, though understanding remains a difficult aspect for some candidates. Knowledge should be that which is contained within the specification, not simply the elements which a candidate wishes to develop within the Investigations.

The most common approach in candidates' work was to establish the knowledge base at the start of the Investigation, especially in Investigations 2 and 3. In Laura's case there was good

knowledge of pricing and promotion methods, though some candidates only covered sales promotion or advertising when both were required. For Renu there was some good knowledge of market research, the product mix and customer service. Understanding was at times weak, with candidates simply producing a bullet point list of, say, pricing strategies, without using examples to show their comprehension of each feature.

In Investigation 1 many candidates scored well on the business plan in Renu's business, though the knowledge of franchises was at times rather confused with candidates drifting into the generic features of a franchise rather than those which would help Laura market her business.

AO2

Carrying 24 out of the 60 marks available, *application* is the key assessment objective in this controlled assessment. It is vital, therefore, that the candidates understand their knowledge and understanding of the specification which must be clearly applied *to the detailed context of the scenario*. Weaker candidates would often apply their knowledge in a very generic way; for example, stating that penetration pricing would attract customers as the price of a pizza would be cheaper than competitors. This is clearly correct, but it fails to explain why, in particular, it would apply to Laura. Explaining that for a new business in a very competitive market (evidence from a map showing the competition), penetration pricing may indeed be a short term necessity to become established would have completed the application.

Candidates must ensure that throughout each investigation they apply all their knowledge. Application may well be negative in that certain aspects of market research, promotion pricing, etc would *not* apply to the scenario. This should always be explained.

Candidates should look to apply their knowledge to three potential aspects. These are:

- individual/business concerned in the scenario
- local area
- type of business.

Taking Laura as an example – she was young, setting up a new, small business with no previous experience of running a business. These features would clearly influence how she could approach pricing, promotion and whether or not to operate as a franchise.

The local area would clearly be different for each centre, but the level of direct and indirect competition would again have an impact on the decisions to be made.

The type of business also has an influence on choices. Pizza takeaway businesses price their products and services in a particular way, and seem to promote their businesses using similar strategies. There is almost an expectation that leaflets will be available, with pricing following a similar pattern between businesses.

In Renu's case there was evidence of good application of the product mix, with better candidates looking to a variety of products and services which may be offered. Customer service was not dealt with in the same depth, with candidates often failing to appreciate the different aspects of good customer service which Renu should seek to offer.

AO3

Analysis and evaluation are dependent on the data which has been collected by a candidate. Where there was good primary and secondary research, with well targeted questions in any questionnaire, the analysis and evaluation were generally strong. From this sound base, recommendations could be clearly justified, quoting figures from the analysed data in order to support the ideas being put forward.

The collection of primary data is to support the *local* theme emphasised within the controlled assessment. In some cases there was no local primary research collected which influenced the potential marks within AO3. Some questions were well targeted, others such as 'How much do you pay for a pizza' have little use. Good questions will often be targeted at a potential outcome. If differential pricing was being considered, a question such as 'Would you buy pizza at a lower price on a quiet day for the business?' would help provide evidence (or not) for any later recommendation.

A number of candidates based their analysis (for Laura's pizza business) for Investigations 2 and 3 on the data provided for Investigation 1. This should have been used to help develop the local research necessary for the assessment.

When considering the data, the candidates should look to analyse and interpret the results, explaining the significance of the data in the context of the investigation. In the worst cases, candidates simply stated what a graph had already shown.

Those candidates investigating Renu's cleaning business collected some good local consumer data on the relative importance of customer service and a wide product mix, but often failed to investigate local opinion on the different research methods which Renu might use. This meant that in one instance the recommendations would be clearly backed by data analysis, and in the other recommendations would be more thinly based on knowledge of market research methods. The analysis of the data on business plans in Investigation 1 was generally very good.

A292 Business and People

General comments

Candidate entry for this series consisted of 63% Year 10 students and 34% Year 11 students.

Although candidates displayed a good understanding of business principles and terminology, it was apparent that whilst some candidates were very well prepared, others were not. Some candidates seemed to have not been taught certain topics, whilst others displayed only a vague understanding. This implied that there might have been an element of the specification content being 'rushed' in some centres. Aspects which caused difficulty included the meaning of insolvency, ACAS and job enrichment.

As expected, only the more able candidates could fully analyse and evaluate. These candidates provided good responses to questions 1(c)(ii) and 2 (d)(iv). These questions were targeted at the higher end and differentiated well.

Question 1

- (a) (i) This part of the question was well answered. The vast majority of candidates could select and correctly explain one feature of a plc using the options provided, namely 'the public' and 'stock exchange'. The most incorrect selection was 'newspapers'.
- (ii) This part of the question was generally well answered. The majority of candidates understood the term 'limited liability' and obtained at least two of the three marks available. A common correct response included *'If Leightons plc were to go insolvent the owners will only lose the money invested in the company. Their personal possessions cannot be taken to repay the debts of the company'*.
- (iii) This part of the question targeted the more able candidates and as such it worked successfully. Many candidates found difficulty in explaining the meaning of the 'separation of ownership and control' in relation to a shareholder. Most candidates misunderstood what the question required. However, the more able candidates produced many excellent responses and included those outlined in the mark scheme, namely *'A shareholder owns a certain percentage of the business but does not deal with the **day to day** running of the business'*. One mark was allocated for shareholders *'owning part of the business'*.
- (b) This part of the question was well answered. The majority of candidates were able to obtain both marks available by demonstrating knowledge of how businesses in one sector are dependent on other sectors. A common correct response included *'Leightons plc needs materials from the primary sector to make its sportswear. It then needs shops, which are in the tertiary sector, to sell its sportswear'*.
- (c) (i) This part of the question was generally well answered. The vast majority of the candidates could accurately select the correct answer namely *'Multinational'*.
- (ii) This part of the question was satisfactorily answered. Nearly all of the candidates could obtain at least Level 1 by making basic statements using the information in Fig 1. However, many of them did not analyse the information provided and, therefore, could not access Level 2. The more able candidates provided a wide range of answers including reference to the quality of the products made, cost of living differences and the impact of customs duties.

An example of a good response included *'Both locations have advantages and disadvantages. If Leightons plc chooses to locate in Poland then its wage costs will be higher. This means it might get less profit per item sold, than if it made them in Sri Lanka. However, higher wages may mean workers work harder in Poland, albeit we know nothing about the cost of living in either Poland or Sri Lanka – that is 50 pence per hour may be a high wage for that country. Transporting the goods from Sri Lanka will cost twice as much as it would to locate in Europe. This means that Leightons plc's costs will be a lot higher which may have to be passed on to customers which again may lower demand. Also, if the business locates in the EU it does not have to pay tariffs when selling its sportswear in EU countries and this could be a significant saving, albeit we do not know how much will be imported. The rent is also very high in Poland compared to Sri Lanka, hence higher total costs, but again this may be offset by better quality clothing. Overall I think Leightons plc should locate in Poland as the cost benefits of Sri Lanka may be offset against better quality products and this is important if Leightons plc is to receive repeat orders'*.

- (d) (i) This part of the question was well answered. The vast majority of candidates could understand the meaning of the phrase 'strike action'. Correct responses included *'strike action is when workers do not go to work in protest'* and *'strike action is when workers refuse to work in order to make a point to the management'*.
- (ii) This part of the question was generally well answered. About three quarters of the candidates could explain possible disadvantages of strike action to the stated business and to the employees. Correct responses included for the business – *'If the employees go on strike, Leightons plc cannot produce or sell its sportswear thus making less profit'*, and for the employees – *'employees will not get paid whilst they are on strike. This might mean that they will struggle to pay their bills and go into debt'*.
- (iii) This part of the question was poorly answered. Approximately three quarters of the candidates could obtain at least one of the three marks on offer, although few obtained full marks. It seemed evident that few centres had covered ACAS and the mark obtained tended to be the result of the lead in the question. A rare but correct three mark answer included the points outlined in the mark scheme namely, *'ACAS attempts to improve employment relations. ACAS **mediates** between management and unions. ACAS helps each side to reach an agreement on any disagreements which they have, eg, over pay'*.
- (e) (i) This was well answered. Nearly all of the candidates could select the correct method of communication which is forecasted to be the least popular in 2015, namely *'letters'*.
- (ii) This part of the question was well answered. The vast majority of candidates could select the correct method of communication which is forecasted to be the most popular in 2015 namely *'social networking sites'*.
- (iii) This part of the question was generally well answered. Over 90% of the candidates achieved two marks. A correct two mark response included *'If Leightons plc does not keep up to date with communication methods it may lose customers as customers are not regularly informed about the business compared to its competitors, therefore, it loses sales'*.

Question 2

- (a) This part of the question was well answered. Nearly half of the candidates could obtain each of the four marks on offer for explaining one advantage and one disadvantage of operating a business as a sole proprietor. The main reason for any loss of marks centred on the candidates' ability to explain their 'correct' stated point. Nearly all of the candidates obtained at least two of the four marks available. Full mark answers included *'An advantage of being a sole trader is that he/she can make their own decisions quickly as they do not have to discuss with a partner' / 'A disadvantage is that a sole proprietor has unlimited liability which means that James runs the risk of losing his personal possessions if the business goes bankrupt'.*
- (b) This part of the question was satisfactorily answered. Whilst many candidates could explain the objectives of a sole trader, explaining the objectives of a social enterprise proved more difficult. It was clear some candidates had not been taught 'social enterprises'. Nearly a third of the candidates did not obtain any marks. Correct responses included *'James will want to maximise profits whereas a social enterprise will aim to provide the best service for the cause, eg helping old people'.*
- (c) (i) This was poorly answered. Just over a third of the candidates did not obtain any marks, whilst a slightly higher proportion obtained three/four of the marks available. The main issue centred on the candidates understanding of the word 'conflict'. This proved difficult for many. However, good Level 2 responses were seen and they included *'suppliers to Viva will want the best price for their goods, whilst customers will want the best quality at the cheapest prices'.*
- (ii) This part of the question was poorly answered. It was clear that some candidates did not understand the meaning of 'insolvency' and nearly a half did not obtain any marks. Some correct responses, however, were provided and these included *'The business is being shut down as it does not have enough money to carry on trading'.*
- (d) (i) This part of the question was well answered with over 65% of the candidates able to accurately select, from the list provided, two features of a job description (*'Who their line manager will be' and 'Hours of work'*) and two features of a person specification (*'Qualifications needed' and 'Poor experience'*). The feature which caused the most problems was 'Qualifications needed'; some candidates believed that this was part of a job description.
- (ii) This part of the question was generally well answered. About three quarters of the candidates obtained at least two of the four marks available by suggesting two ways in which a stated business could advertise the recruitment of a 'new trainee'. The main reason for any loss of marks tended to be the candidates referencing 'internal and external recruitment' without stating an actual method. In addition some candidates gave 'national TV/radio' without taking into account the 'new trainee' aspect. Correct responses included *'A local newspaper as the business is looking for a trainee so it will not want a worker with high skills and these should be easy to find in the local area as many of these people are likely to exist'.*
- (iii) This part of the question was well answered. Virtually all of the candidates obtained at least two of the four marks available. The main 'problem' centered on how a 'letter of application' could be used to shortlist candidates. A correct four mark response included *'A CV will list the qualifications and experience, therefore allowing the business to see if they are qualified to do the job. A letter of application will explain why the candidate wants the job and what skills/experience which they will bring to the business'.*

- (iv) This part of the question was satisfactorily answered. Over three quarters of the candidates obtained at least two marks of the four marks available by explaining whether an applicant with a disability should be shortlisted for stated vacancy. *Many candidates incorrectly stated that 'Chris should be given a chance because he is disabled', and 'Chris should be shortlisted because he is disabled and this would break the law'. Very few candidates correctly stated that if he had the right skills/qualifications then he should be shortlisted regardless of disability.*

A correct four marks answer included 'If Chris has the right skills/qualifications for the job then he should be shortlisted. If he does not have the right skills/qualifications then he should not be shortlisted regardless of his disability as this would be breaking the Equality Act. It also depends on what his disability is and if it would stop him being able to do the job'.

- (e) This part of the question was poorly answered and it was clear that some candidates had not learnt about 'job enrichment'; over half did not obtain any marks. A correct response included *'Job enrichment involves trying to improve challenge and giving more independence to the worker through increased training, thus allowing more responsibility. This then allows an increase in status and worker interest'.*

A293 Production, Finance and the External Business Environment

General comments

The examination was based on a pre-release case study. The context of the case study was a retail organisation, A&W plc. It is a national chain selling mid-market clothing. The case study focused on issues which affected the national chain and also on issues which affected its branch in the town of Bowton. The case study appeared to be accessible to the majority of candidates.

The examination was aimed at the full range of candidates from A* to G. Some questions were specifically designed to give an opportunity for the lower grade candidates to show what they could achieve, including some of the tick box and missing words questions. Those designed to provide an opportunity for the higher grade candidates to display their abilities were open ended questions on which it was expected that the lower grade questions might gain some credit. These questions were marked using a levels of response mark scheme. Level 1 was reserved for knowledge and application and most candidates were able to access these marks. Level 2 required analysis, whilst Level 3 required evaluation.

The level of performance overall was very good. It was apparent that many centres had prepared their candidates well by reflecting on the information contained in the case study. It was pleasing to see that a high proportion of the candidates were able to apply their often good business studies knowledge to produce detailed and sophisticated analyses in response to some challenging questions for which they could not have been specifically prepared. The highest level skill which the candidates are challenged to demonstrate is evaluation. Again, it was evident that a significant number of the candidates were able to make mature judgements based on the evidence in the case study or on issues which they had become aware of in their studies or from their understanding of the real world. It is clear that many centres are teaching candidates to focus on the wording of the questions. This was particularly important in those questions which asked the candidates to discuss the 'extent' of an effect – questions 2(d)(i) and 3(b). It is recommended that this practice is continued and is adopted by more centres so that their candidates can use their good knowledge to access the Level 3 marks on these types of question. There was good evidence of evaluation skills in this examination and, over time, candidates are showing greater ability and confidence in dealing with such questions. Most candidates expressed themselves reasonably clearly. The use and spelling of specialist terms was generally very good.

The ability of candidates to apply numeracy skills was very good. This may have been helped by centres preparing candidates specifically for the types of questions which could be based on the case study data. Even so, it was pleasing to see.

Question 1

- (a) (i) This part of the question was designed as a straight forward introduction to the paper which was targeted at grades F/G in order to test knowledge of methods of production, to help with the following question and to encourage the weaker candidates to feel that there was something in the paper for them. Largely, it achieved these objectives, though there were still some candidates who confused the different methods of production.

- (ii) Candidates were able to apply their knowledge of batch production to explain why the clothing manufacturers which supply A&W plc would use this method in order to produce the clothes needed for the different mini-systems. They were able to explain the key points that the producers could change the designs reasonably quickly and produce the appropriate volume.
 - (iii) Candidates answered this part of the question well. The main issues which they discussed were the risk to new jobs resulting from the introduction of new technology and the need for some workers to be retrained in order to deal with it.
- (b)
 - (i) Many candidates had a good understanding of ethical issues and were able to illustrate these with examples from the case study. Commonly they discussed the long working hours, the poor rates of pay and that overtime rates were not paid, health and safety risks, the use of child labour and the threat of violence and to continued employment as examples of unethical issues.
 - (ii) This part of the question was well-answered. Candidates wrote about the creation of jobs which would result from the purchase of clothes by A&W plc and how this would put money into the Indian economy, thus raising living standards.
- (c)
 - (i) Most candidates were able to calculate accurately the average cost of each of the polo shirts.
 - (ii) Again most candidates, though not all, were able to answer this part of the question which, like part (a)(i), was targeted at grades F/G.
 - (iii) This part of the question proved, as have previous questions on economies of scale, to be a good discriminator. There was, however, some improvement on previous years. More candidates were able to get beyond the staple example of bulk buying economies than previously and it was pleasing to see accurate discussions of technical, financial and risk-bearing economies in particular.
- (d)
 - (i) Giving the formula for gross profit clearly helped many candidates; applying numeracy skills in the context of business issues is a challenge.
 - (ii) This part of the question required more complex mathematical skills and it clearly challenged a lot of the candidates. Marks were awarded for an appropriate method when the candidate got the answer incorrect. It is worth reminding candidates to show their method of calculating answers to numerical questions, even when they are confident about the answer.

Question 2

- (a)
 - (i) Candidates generally displayed good knowledge about specialisation.
 - (ii) Good candidates developed answers along the lines of increased efficiency and illustrated the point with reference to the case study.
- (b)
 - (i)&(ii) These were straightforward data reading questions and it was good to see that a large proportion of candidates handled them well.

- (iii)** To answer this part of the question the candidates had to calculate the values of the different percentages of sales by A&W plc and to recognise that they were percentages of a different total sales value in each year. This skill has been tested in previous examinations over many years, most commonly through data presented in the form of pie charts. It remains a significant challenge for many candidates. The two main errors made were:
- to ignore the instruction to calculate the change in the value of sales and to refer only to the change in the percentage figures
 - to discuss the change in the value of total market sales, rather than the sales made by A&W plc.
- (iv)** This part of the question was intended to be a straightforward question which required the candidates only to recognise that there were a number of different retailers in the clothing market, thus making it a competitive market. Most candidates recognised what they were expected to do and answered appropriately. There were some convoluted answers dealing with market shares and so on, many of which missed the simple point.
- (c) (i)** Many candidates were able to calculate correctly the length of time it would take to recover the cost of the investment in solar panels.
- (ii)** Many candidates showed good knowledge of the social costs and benefits of using solar panels and were able to apply this knowledge to identify groups which would be in favour or against their installation and were able to articulate clearly the reasons for their stance. The most common groups cited which would be in favour were the government (good for its green image), the owners of A&W plc (green image and cost savings), environmental groups (concerned about the use of sustainable resources and carbon footprints). Commonly cited against the installation were heritage groups or conservationist groups (concerned about the look of the area) and tourists and tourist firms (reduced appeal of the area).
- (d) (i)** The best candidates were able to follow the instruction in the question to discuss the extent to which population growth would affect the sales of A&W plc. In doing so many picked up on the information in the case study that A&W plc targeted its sales at the mid-market in terms of income, whilst many of the immigrants were on low incomes with large families and, therefore, the sales of A&W plc would not be much affected. Candidates who did not discuss the extent of the change tended to make general points about how more people in the local area would lead to more potential customers and, therefore, there was a likelihood that sales would increase.
- (ii)** Candidates showed a significant improvement in explaining the benefits of inward investment in comparison with last year when it was asked for the first time. It was clear that most knew what inward investment was and were able to illustrate the benefits it would bring to Bowton in terms of employment, increased income and a significant number of candidates were able to develop these points using the concept of the multiplier effect.

Question 3

- (a) (i) This multiple choice question was generally answered well.
- (ii) There were many good answers to this part of the question, the best suggesting methods of finance such as shares and retained profit. The best candidates were able to identify benefits and problems with each method, though the weaker answers struggled with these. Many candidates suggested that raising shares was free or quick or that using retained profit had no cost. A significant number also suggested inappropriate methods of finance such as overdrafts and trade credit.
- (b) There were many very good answers to this part of the question. Candidates teased out the impact of the rise in interest rates on the business' costs and on demand which they were able to explain would be affected by the increased reward to saving, as well as the increased of consumer borrowing. The best candidates were able to follow the instruction in the question to discuss the extent to which A&W plc would be affected by developing from the information in the case study that A&W plc had large debts already and the implication that these were greater than those of its competitors meaning that the impact would be greater.
- (c) Many candidates correctly focussed on the reduction in costs issue on this part of the question and scored well as a result. A significant number, however, focussed on the effect of using the Internet on the marketing and sales of A&W plc. Those candidates who focussed on costs were generally able to develop more clearly expressed answers about the benefits of using the Internet in terms of wage costs and the costs of retail space. Good candidates were able to identify potential problems with using the Internet in terms of how set up and reliability would affect costs. Candidates were often less clear about how moving production to another country might lead to a reduction in costs – indeed many simply denied that it would reduce costs. Able candidates did refer to the need to look at countries with lower wage rates than India or were able to identify benefits of moving production in to Europe where protectionism would not add to costs and where higher productivity levels might lead to lower unit costs, despite higher wage costs. There were some sophisticated answers from some very able candidates which concluded that, without further information such as cost figures about the two options, it was not possible to come to a conclusion.

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