

GCSE (9–1)
Candidate style answers

BUSINESS

J204
For first teaching in 2017

Business 2: operations, finance and influences on business

Version 3



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DISCLAIMER

This resource was designed using the most up to date information from the specification at the time it was published. Specifications are updated over time, which means there may be contradictions between the resource and the specification, therefore please use the information on the latest specification at all times. If you do notice a discrepancy please contact us on the following email address: resources.feedback@ocr.org.uk

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INTRODUCTION

This resource has been produced by a senior member of the AS Business examining team to offer teachers an insight into how the assessment objectives are applied. It illustrates how the sample assessment questions might be answered and provides some commentary on what factors contribute to overall levels.

As these responses have not been through full standardisation, they have not been graded and are instead, banded to give an indication of the level of each response.

Please note that this resource is provided for advice and guidance only and does not in any way constitute an indication of grade boundaries or endorsed answers.

QUESTION 16a

Explain **two** reasons why quality is important to JLR.

[4]

ANSWER ACHIEVING 3 MARKS OUT OF 4

The better the quality of its cars the less likely it will lose customers to the German competition.

Quality is important to JLR because quality affects reputation.

EXAMINER COMMENTARY

Two valid reasons are given. The first is explained and applied in context. The second, albeit correct, is a mere statement with no development or application to context. The first response would be awarded two marks and the second response one mark, giving a total of three marks.

ANSWER ACHIEVING 4 MARKS OUT OF 4

If the cars are not of high quality they make break down. This is likely to lead to potential customers buying a BMW or Mercedes instead.

Production errors are expensive. JLR will make more profit if its production line is reliable and produces perfect cars every time.

EXAMINER COMMENTARY

This response provides two different reasons why quality is important to JLR. Both are explained and both are applied to JLR. Full marks would be awarded.

QUESTION 16b

Analyse **two** advantages to JLR of using automation to produce its cars.

[6]

ANSWER ACHIEVING 4 MARKS OUT OF 6

Machines can work faster than people, so JLR can produce more cars.

Employees may go on strike if they do not like the working conditions. The machines allow the business to make its cars whilst being less dependent on the employees.

EXAMINER COMMENTARY

Two clear advantages given and explained in context. Unfortunately the candidate has not provided any analysis. This may be due to a failure on behalf of the candidate to understand the command word of the question. The specification has significantly streamlined the number of command words which will be used by OCR in questions. Candidates would benefit greatly from having a good understanding of what each of these terms requires.

In this case the candidate would be awarded four of the available six marks. Adding an analytical comment to each response would gain full marks. Candidates should be encouraged to think of analysis as 'consequences'. So in response one – what is a possible consequence of making more cars? The candidate could have said many things including more sales, more revenue, better cash flow, more profit, increased market share etc. In response two – what is the consequence of being less reliant on labour? Suitable analysis would include less susceptible to industrial action, can operate continuously, employee fatigue is not a factor or production levels are more dependable.

ANSWER ACHIEVING 6 MARKS OUT OF 6

Automation will mean JLR needs to employ fewer workers to produce the same number of cars. This means that labour costs will be lower, leading to better cash flow.

Automation should produce the same quality of car every time. This means that JLR should be able to maintain its high quality luxury reputation with its customers, maximising sales.

EXAMINER COMMENTARY

Two good answers. In each case, the candidate states and then explains an advantage in context. This is followed by a consideration of the consequence to the business i.e. analysis. In the first response the advantage leads to improved cash flow and in the second higher sales. As both responses present an explanation in context and then analyse this benefit, full marks would be awarded.

QUESTION 16c

If JLR buys 500 000 tyres and 80% of these are bought from overseas suppliers, calculate the number of tyres JLR buys from overseas. [1]

ANSWER ACHIEVING 0 MARK OUT OF 1

$500,000/80 \times 100 = 625,000$.

EXAMINER COMMENTARY

Answer incorrect. No marks can be awarded.

The candidate failed to calculate 80% correctly. However, if candidates had been given an understanding of what a percentage means they should have been able to use estimation to know that the answer they suggested must be incorrect. 80% of something must be less than the total something – so the answer must be a figure less than 500,000 and 625,000 cannot be correct.

ANSWER ACHIEVING 1 MARK OUT OF 1

400 000

EXAMINER COMMENTARY

The answer is correct. One mark. The candidate should, however, be encouraged to show their working. They can then recheck their working at the end of the examination if they have time to do so.

QUESTION 16di

Analyse **two** impacts of globalisation on JLR.

[6]

ANSWER ACHIEVING 3 MARKS OUT OF 6

Globalisation increases competition. JLR's home market of the UK may choose to buy cars from overseas manufacturers such as BMW. JLR may need to spend more on marketing to combat the competition.

Increased competition from overseas manufacturers may also mean that JLR has to lower its prices to be competitive and maintain sales. This would lead to a reduction in profit.

EXAMINER COMMENTARY

At first glance this response appears to be worth the full six marks. The first response is certainly accurate, applied in context and analysed. However, further consideration shows that the candidate has only given one impact – increased competition. The second response gives another impact of increased competition (rather than another impact of globalisation). Had the question been a six mark question which asked the candidate to analyse one impact of globalisation on JLR the candidate would have scored all six marks. However, the question asks for an analysis of two impacts of globalisation, as the second response is a development of the first only three of the available six marks can be awarded.

ANSWER ACHIEVING 6 MARKS OUT OF 6

Globalisation is likely to be responsible for JLR being able to sell its cars abroad. Instead of just being able to sell to the UK market they can increase sales and profits by selling to the rest of Europe, China and Russia.

Globalisation also allows JLR to get its car parts from all over the world. Communication and transport links allow for orders to be made and delivered quickly and reliably. This will allow JLR to keep costs down as they can choose the cheapest supplier, irrespective of their location.

EXAMINER COMMENTARY

Two excellent explanations both applied to the context of JLR. In addition, both responses contain analysis. In response one the consequence of being able to sell cars to beyond the UK is increased sales and profits. In response two the consequence of being able to order parts from anywhere in the world is lower costs. Since both explanations are in context and contain analysis, full marks would be awarded.

QUESTION 16dii

Recommend which impact of globalisation is most likely to affect JLR? Give reasons for your answer. [3]

ANSWER ACHIEVING 1 MARK OUT OF 3

Increased competition is likely to affect JLR because it is trying to sell as many cars as possible at the highest price.

EXAMINER COMMENTARY

This answer makes a judgement but with limited justification. It does not consider any specific circumstances of JLR, for example its German competition, slowdown of consumer spending in China and Russia or the increase in consumer spending in Europe. One mark would be awarded.

To improve the answer the candidate needs to explain why increased competition is a problem to JLR, perhaps considering the increased costs of stronger marketing or the impacts of lowering its prices.

ANSWER ACHIEVING 3 MARKS OUT OF 3

Being able to sell its cars to a larger number of customers is most likely to affect JLR. This is because obtaining cheaper car parts may not be priority for them since they operate in a luxury market. In a luxury market the quality of the parts will be more important than the price.

EXAMINER COMMENTARY

This candidate answers the question by ruling out one of the impacts. This is an acceptable way to answer the question. The justification is specific to JLR and is just enough for full marks.

QUESTION 17a

Identify **one** factor that a new business like Martina's should consider when choosing a location for its business.

[1]

ANSWER ACHIEVING 1 MARK OUT OF 1

The location should include adequate parking space for customers.

EXAMINER COMMENTARY

This question does not refer to MD Sports Clinic, instead it uses the phrase 'a new business'. The answer to the question can be given in context, but it is not a requirement to get the mark. This candidate's answer is, therefore, perfectly acceptable. In fact it is a very pleasing answer as it shows the candidate is thinking of the practicalities in the real world rather than just regurgitating a text book. The one available mark would be awarded.

ANSWER ACHIEVING 1 MARK OUT OF 1

Near to the owner's house.

EXAMINER COMMENTARY

This is a weak response. However it does contain a grain of truth and would be awarded as the third bullet on the mark scheme i.e. 'where the owner lives'. One mark.

QUESTION 17b

Explain, giving an example, what is meant by 'fixed costs'.

[2]

ANSWER ACHIEVING 1 MARK OUT OF 2

Rent because it does not change throughout the year.

EXAMINER COMMENTARY

The candidate uses the example of 'rent' which OCR has included in the text, this is perfectly acceptable. The remainder of the response however would not be given a mark. Fixed costs can change over time – the rent can increase. This is a common misconception amongst candidates. Fixed costs are costs that are not affected by how busy the business is i.e. they are paid irrespective of output, service or sales level (and are therefore paid even at output level of zero), they are not costs whose prices are always constant and never increase.

One of the available two marks would be awarded.

ANSWER ACHIEVING 2 MARKS OUT OF 2

Fixed costs stay the same whether Martina has lots of customers or none. An example of a fixed cost to Martina would be her salary.

EXAMINER COMMENTARY

The question does not require a contextual response, however it is good to see.

The candidate gives a correct definition and a correct example. The two available marks would be awarded.

QUESTION 17c

Calculate the number of sessions MD Sports Clinic would need to break even in its first month of trading. [4]

ANSWER ACHIEVING 1 MARK OUT OF 4

$$\frac{\pounds 6000}{\pounds 35} = 171.43 = 172$$

EXAMINER COMMENTARY

At first glance this looks impressive – the candidate clearly knows that a breakeven figure should be rounded up rather than down – because the business cannot have broken even until that whole unit has been sold. However, close inspection shows that they have used an incorrect formula. They have, erroneously, added SP and VC.

The candidate would, however, be awarded a mark for the top line of the formula i.e. Fixed costs are £6000. One of the available four marks would be awarded.

ANSWER ACHIEVING 3 MARKS OUT OF 4

$$\frac{\pounds 6000}{\pounds 25} = 2400$$

EXAMINER COMMENTARY

The candidate answer is incorrect by a factor of 10. Thankfully however the candidate has shown their workings. This allows us to give credit for the correct method i.e. £6000/£25 and the implied knowledge of the formula. Despite getting the answer wrong the candidate would gain three of the available four marks.

It is worth noting that had the candidate only written down their answer '2400' they would have scored zero marks for this question.

QUESTION 17d

Calculate the profit that MD Sports Clinic would make in its first month of trading if Martina sold all 320 sessions. [4]

ANSWER ACHIEVING 3 MARK OUT OF 4

$$\text{Profit} = \text{TR} - \text{TC}$$

$$\text{TR} = 320 \times \text{£}30 = \text{£}9600$$

$$\text{TC} = 320 \times 5 = \text{£}1600$$

$$\text{Profit} = \text{£}9600 - \text{£}1600 = \text{£}8000$$

EXAMINER COMMENTARY

The candidate's answer is incorrect. However the only error is the miscalculation of total costs (where fixed costs have been ignored). Due to the mark scheme allowing 'own figure rule' to be credited the candidate will still be awarded three of the available four marks.

ANSWER ACHIEVING 4 MARKS OUT OF 4

$$320 - 240 = 80. \quad 80 \times 25 = \text{£}2000.$$

EXAMINER COMMENTARY

The candidate has used the margin of safety method of calculating profit. Although this method is not required by the specification it can be an easier method for some candidates to grasp. A candidate would be awarded full marks for the correct answer irrespective of the method used.

Answer correct, full marks awarded.

QUESTION 17ei

State **one** disadvantage to a business owner of using:

- their own capital to buy equipment
- a bank loan to buy equipment

[2]

ANSWER ACHIEVING 1 MARK OUT OF 2

Using their own capital is cheaper.

A bank loan can be difficult to obtain.

EXAMINER COMMENTARY

At first glance both answers are correct. However the first response about using owner capital to buy equipment is actually an advantage. The question requires disadvantages. Only the second response, relating to a bank loan, can be credited.

One of the available two marks would be awarded.

ANSWER ACHIEVING 2 MARKS OUT OF 2

Using their own capital may mean they lose out on interest at the bank.

Using a bank loan would mean that they have to pay interest to the bank.

EXAMINER COMMENTARY

Despite both answers being about 'interest', both are correct. Both would be awarded. Full marks.

QUESTION 17eii

Evaluate whether Martina should use her own savings or a bank loan to buy the equipment for MD Sports Clinic. [7]

LEVEL 1 ANSWER (1-2 MARKS)

Using a bank loan would be good because it would stop Martina from having to use her own savings. However a bank loan is also bad because it is expensive. I think Martina should use her own savings.

EXAMINER COMMENTARY

This response is extremely weak. The candidate clearly has knowledge of the two funding methods, but this was credited in the previous question. The application to MD Sports Ltd is extremely limited. The arguments put forward would apply to any business. Simply dropping in Martina's name does not make for robust application. The analysis is also severely limited – a bank loan is expensive – and this is bad. A decision is made at the end of the response, but absolutely no reasoning is given so could not be awarded.

The response would gain a **Level 1 mark**.

Some simple changes would significantly improve this response. For example, adding the word 'all' to the first sentence to read 'having to use all her own savings' would give the answer true application. Analytical comments could be added to both points – why is using all of savings bad? Why is the loan being expensive bad? Finally the candidate's decision to choose 'own savings' as the recommended method of finance needs some sort of justification. Even a very basic justification, for example 'because it is cheaper' would push this answer into Level 2.

LEVEL 2 ANSWER (3-4 MARKS)

The £5000 savings Martina has in the bank will be getting interest. If Martina spends her savings she will lose out on future potential interest. However this may not be too significant if interest rates are low.

Taking out a bank loan will add to the business' monthly repayments. This will have a negative impact on cash flow and could be particularly difficult during the first few months when Martina is trying to build up a client base.

EXAMINER COMMENTARY

This is a **Level 2 response**. There is some application to context and some analysis. Whilst there is no overall decision there is an evaluative comment at the end of the first paragraph – if interest rates are low then spending the savings is not too much of a problem (and by inference if they were high it would be).

The candidate clearly understands the influencing factors involved in making this funding decision. The response would have been helped by filling in the missing links in the analytical chains – for example why do monthly bank loan repayments impact negatively on cash flow (increased outgoings) and why is this a big deal for a new business (low incomings)? In addition this response needs a decision. Candidates need to understand that the command word 'evaluate' in the question does not just mean discuss the pros and the cons, it requires an actual decision to be made with justified reasoning. So, in the case of this response the candidate may conclude that since interest rates are at a historical low, it would be best if Martina were to use her own savings because the interest earning potential foregone would be negligible.

QUESTION 17eii

LEVEL 3 ANSWER (5-7 MARKS)

Buying the equipment with her own savings will use up all of the money Martina has saved up. She would not have any spare funds to use. If the clinic did not do as well as she thought and she was unable to pay herself a decent income, Martina could be struggling to buy food to live on.

In addition, businesses can take some time to build an established clientele. It is likely that Martina will not achieve the 320 sessions which she has budgeted for in her first month of trading. This is primarily because many people will be unaware that the business exists or unwilling to trust a business which has yet to establish a good reputation. Martina may need to spend more than what she has budgeted on promotional materials to raise awareness of the existence of the business and the treatment it offers. If Martina has spent all of her savings to buy the equipment, spending more on marketing would be extremely difficult. Having said that, Martina may be able to bring some of her NHS patients over to her private clinic and give the business the needed boost in reputation. In this way it might not take Martina long to gain enough clients to break even.

A bank loan would probably be safer because it will allow her to keep her savings as a contingency for living expenses if she cannot pay herself a decent income or for additional marketing if needed. The bank loan, however may be difficult to obtain, especially for a new business like MD Sports Clinic. If Martina can obtain a loan the interest rate is likely to be quite high to compensate for the risk the bank is taking on. Nevertheless I think that this would be the best course of action because Martina has never run any sort of business of her own before. Being a new entrepreneur means that Martina's financial calculations could be a long way out and taking out a bank loan will allow her a much needed buffer. If all goes well and she does not need to use her savings then she will be able to buy herself a holiday to take a much earned rest, as running a business is no easy option.

EXAMINER COMMENTARY

According to the mark scheme this question will be assessed for application, analysis and evaluation.

This response is littered with application to context. It also contains detailed analysis of both methods of financing the equipment, all of which are presented as logical links in the chain. There is a clear decision made with contextual reasoning which supports the previous analysis. This response would be awarded a top **Level 3 mark**.

QUESTION 18a

State **one** example of good customer service that retailers may provide for their customers.

[1]

ANSWER ACHIEVING 0 MARKS OUT OF 1

Making a profit.

EXAMINER COMMENTARY

This would be a benefit to shareholders, but is not an example of good customer service. No marks would be awarded.

ANSWER ACHIEVING 1 MARK OUT OF 1

Helping customers with queries.

EXAMINER COMMENTARY

The question does not refer to NEXT plc, therefore a generic answer is acceptable.

One mark would be awarded.

QUESTION 18bi

Analyse **one** way in which being environmentally friendly could impact on NEXT plc's marketing function. [3]

ANSWER ACHIEVING 2 MARKS OUT OF 3

Being environmentally friendly could mean that NEXT plc needs to change its marketing strategy. To do this it would need to do additional market research on the wants and needs of its new target market, i.e. customers who prefer to purchase clothing from an environmentally friendly organisation.

EXAMINER COMMENTARY

A clear answer, explained in context. Sadly there is no analysis, so two of the available three marks would be awarded.

In order to gain full marks the candidate needs to consider a consequence to the business of doing additional market research. For example they could suggest that additional market research will incur additional costs, or that it will allow them to produce advertisements which are more effective in encouraging the new target market to purchase from the store.

ANSWER ACHIEVING 3 MARKS OUT OF 3

Emphasising in its advertisements that NEXT plc is an environmentally friendly company is likely to encourage ethical consumers to use the store. This may increase the number of customers at NEXT. It may also allow it to charge higher prices for its clothing and footwear. More sales and higher prices will almost certainly lead to more sales revenue and profit.

EXAMINER COMMENTARY

This response is clearly explained and applied to NEXT plc. It also considers the consequence to NEXT of encouraging ethical consumers to shop at its stores i.e. more sales and profit. This is analytical. The response would be awarded three marks.

QUESTION 18bii

Analyse **one** way in which being environmentally friendly could impact on NEXT plc's human resources function. [3]

ANSWER ACHIEVING 0 MARKS OUT OF 3

The company could buy clothing from environmentally friendly suppliers. This would further enhance NEXT plc's reputation and is likely to lead to an increased market share.

EXAMINER COMMENTARY

A plausible response, but sadly the purchasing of merchandise would not be done by the human resources function. No marks can be awarded.

ANSWER ACHIEVING 3 MARKS OUT OF 3

The human resource function could change from using hard copy application forms to electronic ones. This would mean that people who wish to apply to work on NEXT plc's sales floor email in their application forms. These can be viewed by HR personnel on screen, saving paper.

EXAMINER COMMENTARY

Full marks here. An explanation which is applied in context which concludes with an analytical point – save paper.

QUESTION 18biii

Analyse **one** way in which being environmentally friendly could impact on NEXT plc's finance function.

[3]

ANSWER ACHIEVING 3 MARKS OUT OF 3

Being environmentally friendly is likely to increase operating costs. This will increase the breakeven level of sales and will mean that NEXT plc needs to sell more clothing before it starts making a profit.

EXAMINER COMMENTARY

This response is succinct but complete. There is explanation of the impact on the finance function, application to context and analysis (need to sell more clothing before making a profit).

Full marks would be awarded.

ANSWER ACHIEVING 3 MARKS OUT OF 3

Using energy efficient lighting, computers and cash registers will lower the amount of electricity NEXT plc uses. This will lower the cost of its electricity bill and help improve cashflow.

EXAMINER COMMENTARY

By concentrating on one specific aspect of being environmentally friendly i.e. energy consumption, this candidate concludes that money can be saved on electricity bills. This is in contrast to the usual argument that being environmentally friendly increases business costs, however the argument is justified by the candidate and perfectly acceptable. There is explanation applied in context and analysis (lower bills improves cashflow). Full marks would be awarded.

QUESTION 18biv

Recommend which function would be most affected by NEXT plc being environmentally friendly. Give reasons for your answer. [3]

ANSWER ACHIEVING 2 MARKS OUT OF 3

The marketing function is likely to be most affected by NEXT plc being environmentally friendly because it will affect the corporate image of the business, the message it is trying to convey and all of the promotional material it produces. This may mean creating new advertising campaigns which are extremely costly in terms of time and money.

EXAMINER COMMENTARY

This answer would be awarded two of the available three marks. The justification is good but not strong. One of the easiest ways (but by no means the only way) to gain the full three marks would be explain why other functions are less affected. Alternatively the candidate could have gone into more detail to describe the implications of having to produce a new advertising campaign.

ANSWER ACHIEVING 3 MARKS OUT OF 3

The finance function would be most affected because new supplies would need to be found for the clothing and footwear, paper, machinery etc. This would totally change the business' costings and may require the finance function to seek an overdraft to cover any short term increase in outgoings.

EXAMINER COMMENTARY

There is no right or wrong answer here, the candidate can choose any function so long as their argument is justified. This candidate has chosen the finance function, and despite the concise nature of the response it contains all of the necessary components for full marks.

QUESTION 18c

Analyse how NEXT plc could ethically source the clothes that it sells.

[3]

ANSWER ACHIEVING 1 MARK OUT OF 3

NEXT could demand that suppliers use recycled packaging.

EXAMINER COMMENTARY

The answer is correct but is only a statement, so can only be awarded one mark.

To gain more marks the candidate needs to explain why requiring suppliers to use recycled packaging materials would be seen as ethical. Since this question is an 'analyse' question, the answer also needs to consider a consequence to NEXT plc of insisting on this recycled packaging policy.

ANSWER ACHIEVING 3 MARKS OUT OF 3

NEXT should avoid buying clothing from suppliers that use child labour. In other countries child labour may be legal, but it is not deemed ethical by people in the UK. To ensure that NEXT is purchasing from suppliers that do not use child labour NEXT needs to put in place a programme of random inspections to the factories overseas.

EXAMINER COMMENTARY

A good answer which is applied in context. The response is also analytical (the consequence of needing to ensure that no child labour is used requires a random inspection programme). Full marks would be awarded.

QUESTION 18d*

Evaluate how a fall in consumer income levels might impact on the marketing activities of NEXT plc. [9]

LEVEL 1 ANSWER (1-3 MARKS)

A fall in consumer income levels is likely to mean that customers will spend less when in the shop. This will mean that NEXT plc's profit will fall. This may lead to a reduction in the amount of dividends it can afford to pay to its shareholders and a fall in the price of its shares on the stock exchange.

EXAMINER COMMENTARY

This response shows some knowledge of how a fall in consumer income levels may affect NEXT plc. Unfortunately none of the answer relates to the impact of this fall in consumer income levels on the marketing activities of NEXT. The candidate has failed to grasp the meaning of the question. This may be caused by rushing the reading of the last question, either caused by poor concentration or because they are running out of time. If it is the latter then time management skills in an examination situation need to be improved. The exam is 90 minutes long and carries 80 marks. Students should be encouraged to use the '1 minute per mark' rule to monitor their time. Using this rule gives ample time for reading the texts and completing the paper on time and may save errors like the one made by this candidate.

There is some knowledge of the impact of falling consumer income levels on NEXT but none which specifically relates to the company's marketing activities. The answer can, therefore, only be awarded a **Level 1 mark**.

LEVEL 2 ANSWER (4-6 MARKS)

A fall in consumer income levels may require the marketing function to do more market research. It needs to find out what is important to the type of customers who buy clothing in their store or online. This information could then be used to change the marketing mix in the most effective way.

The workload of the marketing department is likely to be greatly increased, as they cannot continue doing the same old same old. This may lead to increase stress in the department, with more workers taking time off work or arriving late through lack of motivation.

EXAMINER COMMENTARY

This response shows some good knowledge and understanding and application. The analysis contains a logical chain of reasoning, albeit some links in the chain are missing. The evaluation is limited, there is some recognition of influencing factors but no attempt at a conclusion.

The response would be awarded a **Level 2 mark**.

To improve this response the candidate needs to make a judgement about the overall effect of a fall in consumer income levels on NEXT plc's marketing activities. There are many ways to do this - they could explain how detrimental a fall in motivational levels could be, or they could suggest two different impacts and weigh up which is the more serious or which impact has the greatest impact.

QUESTION 18d*

LEVEL 3 ANSWER (7-9 MARKS)

A fall in consumer incomes may lead customers to favour NEXT plc's competitors who offer lower priced clothing and accessories. In order to counteract this potential fall in demand the marketing department will need to change its marketing mix.

The company could consider charging lower prices. This may stop any potential loss of sales. However, this change in pricing strategy would mean that less profit was made on each item of clothing sold.

Alternatively NEXT plc could change its promotional strategy. Emphasising the unique quality of its accessories or its ethical sourcing of its clothes. This should help maintain sales.

These strategies are not compatible with one another as they would target different markets. NEXT plc needs to choose to either maintain prices and market accordingly, or lower prices to match the competition. If the fall in consumer spending is likely to continue over the long term then I would recommend NEXT plc to lower its prices, however if the fall in consumer income levels is temporary then I would recommend using a change in marketing policy to bolster sales during this short period.

EXAMINER COMMENTARY

According to the mark scheme this question is to be marked on four criteria: knowledge and understanding, application, analysis and evaluation.

This response shows good knowledge and understanding. The candidate clearly understands that a fall in consumer income levels will impact sales. They understand at least two of the four Ps in the marketing mix (price and promotion) and the need for the elements of the marketing mix to work together. The answer is clearly contextual.

Two strategies are suggested both of which contain some analysis. The suggestion to lower prices has the better analysis with several links in the chain – lower price – stop potential loss of customers – less profit per item. The suggestion to change the promotional strategy has more basic analysis – change promotional strategy – help maintain sales.

The final paragraph of the response weighs up both suggestions using a conditional argument depending on whether the fall in consumer income levels is believed to be temporary or permanent. This would be considered strong evaluation.

The answer would be awarded a top **Level 3 mark**.



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