

A LEVEL

Exemplar Candidate Work

BUSINESS

H431

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Version 1

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Introduction

These exemplar answers have been chosen from the summer 2018 examination series.

OCR is open to a wide variety of approaches and all answers are considered on their merits. These exemplars, therefore, should not be seen as the only way to answer questions but do illustrate how the mark scheme has been applied.

Please always refer to the specification <https://www.ocr.org.uk/Images/170837-specification-accredited-a-level-gce-business-h431.pdf> for full details of the assessment for this qualification. These exemplar answers should also be read in conjunction with the sample assessment materials and the June 2018 Examiners' report or Report to Centres available from Interchange <https://interchange.ocr.org.uk/Home.mvc/Index>

The question paper, mark scheme and any resource booklet(s) will be available on the OCR website from summer 2019. Until then, they are available on OCR Interchange (school exams officers will have a login for this and are able to set up teachers with specific logins – see the following link for further information <http://www.ocr.org.uk/administration/support-and-tools/interchange/managing-user-accounts/>).

It is important to note that approaches to question setting and marking will remain consistent. At the same time OCR reviews all its qualifications annually and may make small adjustments to improve the performance of its assessments. We will let you know of any substantive changes.

Question 5

5 Explain **two** advantages for an individual of setting up a business as a sole trader.

Exemplar 1

4 marks

- 1 There is no complicated legal procedure to set a sole trader up making it easy and relatively cheap to start one up.
- 2 An individual will have complete control over how profits are used. Meaning they are able to direct how the business grows and in which direction.

[4]

Examiner commentary

This is a typical exemplar for this well-answered question. There are two clear advantages of being a sole trader (easy legal process and full control) and each of these are well explained from the individual's point of view.

Exemplar 2

2 marks

- 1 Don't have to consult anyone about charges being made.
- 2 ~~Communication can be easier~~
Profit doesn't have to be shared.

[4]

Examiner commentary

This is a less typical answer where the candidate has only given two correct advantages without any attempt to explain them. These explanations could be as simple as '...so decisions can be made quickly' and '...so the owner can decide what to do with it'.

Question 6

6 The dismissal of an employee must be 'fair' for it to be legal.

Explain **two** possible reasons for 'fair dismissal'.

Exemplar 1

4 marks

-One reason for fair dismissal would be redundancy, if a firm is going through rough times they may choose to pay the staff out in a form of a redundancy package. This cuts labour costs and can help the business to survive in times of economic hardship.

-Another reason for fair dismissal would be gross misconduct, this would include things such as theft or assault. These actions result in a fair dismissal and no previous warnings need to be issued before the dismissal.

Examiner commentary

According to official UK government guidance, there are four broad reasons for fair dismissal. This candidate correctly selects two of them, redundancy and gross (repeated) misconduct. The answer then goes on to explain what redundancy means and a correct example of gross misconduct is given. This answer is an excellent example of the two different ways of gaining the 'second mark' in this sort of question.

Exemplar 2

3 marks

1. If the employee has been caught stealing from the business

2. If the employee has continually been producing work below the standard expected and has proven they is not capable of meeting the requirements on their job description. [4]

Examiner commentary

In this exemplar, the candidate has selected two of the reasons for dismissal although without actually naming them (gross misconduct and capability). In the answer for capability, both marks were awarded as the concept has been stated ('producing work below the standard expected') and then an explanation is given. However, in the first answer, only an example of gross misconduct is given. If the candidate had referred to this as 'gross misconduct' they would have been awarded full marks.

Exemplar 3

2 marks

1. Correct procedure has been followed. Verbal warning, written warning then disciplinary.

2. If an employee has shown gross misconduct eg stolen.

[4]

Examiner commentary

The second answer provided in this exemplar is just enough for both marks to be awarded. The candidate has named a reason for fair dismissal and given a correct example. However, the first answer is about the correct procedure for dismissal, rather than why an employee may be dismissed fairly (it would be relevant for a question about wrongful dismissal).

Question 8

8 Virgin Trains “is a joint venture between Virgin Group Ltd and Stagecoach plc.” (Lines 1–2)

Analyse **one** benefit for Virgin Trains of operating as a joint venture.

Exemplar 1

4 marks

8) One benefit is that Virgin Trains will have more finance as a joint venture. This is because Virgin Group and Stagecoach will both invest finance into Virgin Trains. This will be beneficial for Virgin Trains in achieving economies of scale. Even though they operate through government contracts and do not own the actual rail infrastructure, they will still be able to benefit from many economies of scale. For example, they will be able to buy more supplies for their trains, for example food, which will mean they may be able to negotiate a better deal from their suppliers. Therefore this will decrease their cost per customer, meaning that they will be able to reduce their prices without reducing their profits, meaning they will be able to attract more customers who may not have travelled by rail previously due to the higher cost, meaning they will be able to increase their market share and market power.

Examiner commentary

This is a very good answer. It contains a correct benefit for operating a joint venture (increased buying power from suppliers - we can argue whether this is really economies of scale) and there is clear context with reference to 'rail infrastructure'. There then needs to be a clear impact on the business (as the command word is 'analyse'). This is present in the answer with the discussion about how costs per customer can fall, so that prices can be decreased without any fall in profit. The answer could stop at this point and still gain full marks.

Exemplar 2

3 marks

one benefit could be that the cost of running all the trains and maintaining the tracks could be split between the two companies. This could mean more profit as there won't be as much cost going out the business on maintaining ~~the~~ everything.

[4]

Examiner commentary

This is a much shorter answer than the first exemplar, but still scores 3 marks. It contains a benefit (splitting costs), context ('running all the trains') and an impact on Virgin Trains (lower costs so more profit). With a little more detail in the impact, or clearer context, this would have been full marks.

The message to candidates is that as long as the answer contains a benefit, some context and an impact on the business in question, full marks can be gained with a short answer.

Exemplar 3

1 mark

A joint venture allows two company ~~companies~~ companies to work together. An advantage of a joint venture is that more capital can be raised at the start of the venture. This means start up time should be reduced for the joint venture. It should be operational and start ~~area~~ creating profit.

[4]

Examiner commentary

Context is certainly the issue for many candidates with this question (and Question 9). There were many answers, such as this one. Although it contains a correct benefit (more capital can be raised) and a weak impact (more profit) it cannot gain more than 1 mark, as there is no context at all (there is not even reference to 'trains'). The mark scheme is very clear, on ALL of the non-numerate questions in Section B, a non-contextualised answer can only score the AO1 marks and no more.

Question 9

9 "... more than £2 billion has been invested in new trains." (Lines 22–23)

Analyse **one** source of finance which Virgin Trains may have used for this investment.

Exemplar 1

4 marks

A possible source is a long-term loan from the bank. This is achievable because even though the loan of £2 billion is extremely large for a firm of Virgin's size not only in the transport industry but also across the world through all of the businesses under the Virgin name. This loan could be ~~paid~~ paid back over decades and can be maintained due to the return on investment the firm is sure to receive due to their customer satisfaction along with many other factors. [4]

Examiner commentary

Following the same principle as Question 8, this answer was awarded full marks, as it contains a source of finance (loan), some context (it is a lot of money) and an impact for Virgin Trains (it can be paid back gradually and the high level of customer satisfaction should mean this will not be a problem).

Exemplar 2

3 marks

Virgin trains may have used the retained profit from Virgin Group Ltd. The size and success would allow Virgin Group Ltd to pay this without too much difficulty, the usage of retained profit avoids complications such as ^{the} significant interest payments associated with a loan. This allows Virgin trains to have a [4] steadier cash flow.

Examiner commentary

This is almost as good an answer, although the context is more implied ('the size and success' was just enough). If the answer had contained more explicit context, such as the size of the Virgin brand, the customer satisfaction rating or the sales growth in Extract D, then full marks would have been awarded.

Exemplar 3**1 mark**

One source of finance which Virgin Trains may have used is a loan from the retained profit of Virgin Group & Stagecoach. This is a good source of finance as they will likely not have to pay any interest and the financial risk will have been split between the two parties. Retained profit is the profit leftover the two companies will have that they can use to invest.

Examiner commentary

This is another case where there is no context at all (mentioning the company name by itself is not enough) so no more than 1 mark can be given. If this answer had contained some context it would have been awarded full marks.

Question 10

10 Virgin Trains' passenger charter (**Extract B**) is a form of mission statement.

Evaluate the advantages for Virgin Trains of having a mission statement.

[9]

Exemplar 1

9 marks

10) Virgin Trains have a mission statement in the form of a passenger charter. A mission statement is a document that tells stakeholders of a business what its ideas, beliefs and aims are. There are multiple advantages of this document.

One advantage is that it is good for the branding and image of the business. This is because the mission statement is very positive about the business and its business activity. It describes how they offer 'a reliable and punctual journey' and 'clean and safe trains'. This will be very reassuring for customers as they will know that they are going to receive a high quality of service. This is likely to improve the media image of the business if they report on these positive aspects of the business. The mission statement will act as a form of marketing by promoting the business and its qualities. This will be beneficial to Virgin Trains because it may make them stand out from other train operators, which could help them to attract customers who may have chosen to use a different operator. This will allow them to increase their market share and their customer base and achieve higher profits as a result of the increased custom.

Another advantage is that it will help employees in understanding their role. This is because their mission statement, or passenger charter, details how the staff must act, behave and dress. Staff members will be able to follow this statement in order to decide how they must act in their job. As workers will have a much clearer idea of what they are required to do in their job, it will be more likely that they will be able to complete their job to a higher standard, therefore this is likely to improve productivity and customer service, which will help to reduce their costs and increase their custom, both of which will help them to earn higher profits in the future. Additionally, by describing their staff as 'our most important asset', Virgin Trains are emphasising their importance to the business which will help them to feel more valued and therefore increase their motivation, which again could improve productivity and customer service.

However, the mission statement will only be beneficial if the information in it is true in reality. This is because the mission statement expresses the values that the business operates by. If customers find out that these values aren't represented in their actual business activity, this could damage their customer experience. While the mission statement should create positive publicity, if it turns out that what is in it is not true in practice, then the publicity could become negative. This would lead to negative word of mouth being spread and potentially the opposite effect to what they hope to gain from the mission statement, with their customer base actually decreasing as a result of it rather than increasing. Therefore creating a mission statement that is truthful is vitally important.

It also depends on if it is a good quality mission statement. Even if the information in the statement is truthful, if the document itself is low quality then it will have minimal impact on helping the business gain customers. In order to see whether they have created a quality mission statement, Virgin Trains may want to compare their mission statement to other train operators such as London Midland. Virgin will want their mission statement to be better than those of their competitors, otherwise they will fail to gain custom and market share from them.

Overall, I believe it would be advantageous for Virgin Trains to use a mission statement. This is because it could improve the business' image, bring in new customers and show staff how they should be performing. However, a mission statement will only be beneficial if it is truthful and accurate and if it is of a good standard compared to the mission statement of their competitors, as otherwise the benefit of their mission statement would be mitigated by the benefits enjoyed by their competitors' statement.

Examiner commentary

This is an excellent answer (although far too long). The first paragraph is unnecessary, as it does not begin to answer the question. The second paragraph starts with a clear advantage (branding and image) which is very much in context (reference to the journey and clean/safe trains) and there is an impact on Virgin Trains (helps them to attract customers from competitors). This paragraph could easily be condensed to a couple of sentences without any impact on the mark.

There is then another advantage (the question asks for 'advantages' so two are needed for any chance of full marks) in the third paragraph. Once again, this is far too long with only the first four sentences of the paragraph being necessary.

What distinguishes this answer from many other answers seen, which usually failed to score more than 6 marks, is that the candidate then produces some very good evaluation in the final two paragraphs. Questioning whether the mission statement is truthful and, if it is not followed, could jeopardise the customer experience, is a very good piece of contextual evaluation. On top of this, the final paragraph shows 'effective evaluation' by questioning whether the mission statement is any good and really puts this argument into context by suggesting that Virgin Trains should compare what it has produced with competitors, such as London Midland.

Exemplar 2

6 marks

A mission statement is an aim/commitment the business gives to its stakeholders to ensure internals of what they need to do and externals of what they should expect.

~~the business~~ Firstly, they "commit" to give a "safe high quality service" which shows the customer what to expect from the service provided which in turn if a good service was provided past customers could spread the word which is a form of promoting and advertising, bringing in new customers in turn increasing profits allowing more investment into the company/ joint adventure.

Secondly, setting out what is expected ~~eth~~ of Virgin Trains' employees tells them how they need to dress, behave and act meaning when hiring people for jobs it will shorten the selection process because people won't apply if they know the job isn't for them which will save time for more efforts to be put into training to make sure the most suitable

people attend to the customers ~~keep~~ to ensure good reviews to keep the reputation of Virgin Trains to a high standard to which they say they serve.

In conclusion, Mission statements allows for all stakeholders in the business ^{to know} the aim and objective of the company and what to expect which if bad reports of the company come out ~~the~~ ~~expensive they can say~~ they can show what they give.

Examiner commentary

This is a very typical answer for this question. It begins with a superfluous first paragraph. The second paragraph has an advantage, in context, with an implication for Virgin Trains (essentially more customers and profit). There is then another contextual advantage in the next paragraph, referring to how employees can learn from the mission statement, leading to better reviews and reputation. At this stage, this answer has gained all of the AO1, AO2 and AO3 marks and much more efficiently than the previous exemplar.

However, the conclusion is very disappointing. There is no context and it is purely descriptive, repeating what has gone before. The paragraph could apply to any business and there is no attempt to use any of the analysis which the candidate has discussed within the rest of the answer.

To reward evaluation and give any of the AO4 marks, examiners need to see more than a statement or short paragraph which just says, 'In conclusion...' or 'I think this is the most important advantage because...'

Exemplar 3

2 marks

A mission statement allows the company to set daily goals of how they want to operate. An advantage of this is that employees know what they should do in their job and how as this is how they are expected to work. ~~This may help motivation as~~ employees. This can save time because employees have a mission statement. Therefore time saved can help maximise profits.

Another advantage of a mission statement is to ensure that all services are the same. ~~to one train~~ This is to create a brand image for Virgin Trains that would

be recognised and respected by customers. This can create a well known brand that customers trust to purchase a service from.

Finally another advantage is motivation for employees. For example if an employee was told to do something vaguely, they would do it how they want/would. However this may not be the same way as the employer. The employee may not be happy that they have done it 'wrong' and become demotivated.

On the other hand if the employee is told how to do it, it would be complete the way the employer wants it to be done. This can result in employees being rewarded and motivated to keep working. Making profit for the business.

Examiner commentary

On the surface, this may appear to be a solid answer. However, read it again. Although three advantages of using a mission statement are given, and very well explained, apart from mentioning the company name once, there is no context at all. Change 'Virgin Trains' to any other company name and this answer is still equally valid. There has been no attempt to engage with the context (or possibly to even read it) in Extract B or anywhere else and the answer could have been copied from a textbook.

This is a perfect example of a generic answer which can do no more than gain the AO1 marks available.

Question 11

11* Recommend suitable training methods which could be used to improve the skills of Virgin Trains' employees. Justify your answer. [15]

Exemplar 1

15 marks

Currently, Virgin believe in on-going training to constantly aid staff's developments. A method to achieve this could be off-the-job training as they employees will receive a high level of training away from the trains, possibly in a classroom. This could be particularly useful for 'train manager training' course because the employees will have to not only take an exam (so may help if they were back in a classroom/exam environment). But also their job position has a high risk factor of something going wrong and if so could be extremely detrimental to the reputation of a market leader such as Virgin. With such a high customer satisfaction this would reduce

instantly and may struggle to rise depending on the severity of the incident. Therefore, off-the-job training is a useful ~~the~~ method for training the train managers for instance, compared to on-the-job training for example.

Another method of training would be ~~on-the-job training~~ as ~~it shadowing~~ on-the-job training as it'll allow employees to gain an understanding of what their role is whilst interacting on the trains with customers. This method could be particularly useful for 'onboard training' course as it'll allow the employees to really experience "train life" and delivering great service whilst at 125mph can only be achievable if its done on a train, not in a classroom away from the trains (off-the-job training) as ~~it~~ ^{this} is ~~the~~ unrealistic for the employee because no customer or incident is the same and thus must all be treated differently. Therefore the best method for onboard

training is on-the-job as it'll provide these employees with that realism of what the job of a customer service assistant has to offer.

The final method of training is induction training where the employee will be introduced to the company, the quality of service they aspire to provide, along with a range of factors such as health and safety for instance. This method of training could be particularly targeted for those undertaking the 'stations training' course as this

course is to only provide the employee with basics of what the job entails and thus induction training is perfect as it'll allow the firm to achieve the objective of informing employees and improving their skills of the job, whilst also being as cost effective as possible due to this method being cheaper than off-the-job training for example. It's also beneficial as it'll gradually aid the employees of the transition into the company and induction training is the best method for this as it'll ease them in rather than on-the-job where they may feel stressed for just being "chucked into the deep end" instantly.

Overall, there are a variety of training methods that Virgin should use and they can't personally ~~just~~ just choose to do one as each course they offer is for a different type of employee and in very different circumstances so must all be treated accordingly. Therefore, this approach will not only provide the best training available for the employees respective course but also ~~reduce~~ maximise the costs needed to provide the adequate training needed, because if they choose to do off-the-job for all 3 courses not only is this not relevant to each course but also ~~course~~ highly costly. Whilst having an induction training for all 3 will not provide enough detailed knowledge for the

train ~~any~~ managers to pass the exam, even if the costs would then be at their lowest. Therefore a balance must be achieved between ~~costs~~ and the quality of training provided and I believe my 3 training methods for their respective courses are the best options for Virgin to undertake.

Examiner commentary

This is one of the best answers seen to this question. It wastes no time by immediately discussing the first chosen training method, off-the-job training. This first paragraph is contextual throughout, considers how the classroom training will improve the employee's skill and further develops this analysis by recognising the high-risk factor of this job. It shows clear evaluation as well, by recognising the specific importance of this job and why off-the-job training is ideal. [It was commonly seen in the better answers that candidates recognised that much of the work carried out by train managers or drivers could not safely be done on-the-job.]

The discussion in the second paragraph about on-the-job training is equally well written with context and impact (working at 125mph is difficult to replicate off-the-job) which is further developed by recognising this method provides better realism.

A third method of training is not necessary, but this answer produces another good paragraph about using induction training which again shows contextual analysis.

The final paragraph is an excellent piece of developed and concerted evaluation which does more than just repeat what has already been written or generically suggests which is the 'best' method. References to the variety of training for different circumstances, recognition of the high costs involved and, ultimately, the need for the correct balance of training, gives rise to a sophisticated and complete answer which not only answers the question but is fully imbedded in the context of Virgin Trains.

Exemplar 2

11 marks

11.

Due to Virgin operating as a service industry it is vital that the staff are trained well and have a good understanding of their job as the customers will often judge the experience based on interactions with staff.

For Station training I would recommend a combination of off the job and on the job training. I would start the staff with an off the job training session in which everything they need to know is taught to them step by step this allows the staff to take in the normal procedure of how to deal with things so they can use this as a guideline when it comes to real life situations. After the step by step explanation had been completed I would then pair new staff with existing members of the Virgin station staff so they can get some hands on on the job training which will involve real life situations as well as giving the new staff an opportunity to ask any questions to existing staff which may help them with their work. I would argue the combination of both is important as it gives the employees the theory backed up by real life experience which will help them when they have to work in the station themselves. I would say however that the on the job training is more important than the off the job as this allows the staff to gain experience with real people and not just the theory, this is important as each customer is different and experience with a variety of customers in different situations will be helpful in broadening their knowledge of their job and how to deal with different situations.

For Onboard training I would recommend that on the job training was used, this is due to it being difficult to recreate the 125MPH train while interacting with customers. Being able to work in these conditions needs real practice and without such experience staff may get nervous or flustered when dealing with customers in such speeds. I would again pair new staff with existing staff so that the new staff can learn what to do by shadowing the existing staff and hopefully picking up how to do the work as they go. Not only is this cheaper than sending the staff on an external course it would also be beneficial to the new staff as they would have trained in a real working environment. The only downside to this would be the potential for new staff to pick up existing staff's bad habits. This could be avoided by ensuring new staff have been told how they are expected to do their jobs before they partake in any on the job training.

The Train manager training would be for existing member of staff who have progressed through the company and have a good understanding of how to do the jobs they are supposed to do. I would therefore recommend off the job training for the train managers as the work is more theory based with individuals having to learn about the tracks, train signals and track safety in which they will be examined on at the end of the training course. On the job training could be risky as if the employee makes an error with train signals or incorrectly checks safety features the consequences could be devastating. By learning off the job it allows the employees to make mistakes in an environment in which mistakes are not costly this can reduce stress on the individuals as they may feel stressed when deciding which train signals to show if they haven't done it before.

Examiner commentary

This second exemplar is not far behind the previous one. The difference is the quality of the evaluation. It still contains two pieces of excellent developed analysis about each of two training methods (on-the-job and off-the-job) in the second and third paragraphs. The end result of this analysis is very similar to the previous exemplar, namely that Virgin Trains needs to use a balance of methods.

However, the only real evaluation occurs briefly in the final paragraph where this answer identifies that, due to the risks involved, the training needs to be appropriate and thorough. However, it fails to recognise that different methods are appropriate in different cases. It suggests that off-the-job training is always used which fails to recognise that for many of the roles, such as station manager or on-board customer service, some on-the-job training is necessary.

Exemplar 3

6 marks

Training ensures employees are fully prepared to fulfil their role being at the station, onboard or selling tickets each role has a skill that needs to be developed to inspire and motivate

On the job training is when employees are taught by other employees whilst doing the job which is helpful for certain people and certain jobs such as having basic training on selling tickets whilst fulfilling the job with someone standing by to help if a problem occurs this gives them the hands on experience they need to develop the skills and understanding. However, using on the job training for either stations or onboard would be dangerous as they will need to know railway safety, food hygiene, emergency procedures, railway geography which can't be taught whilst completing customers needs.

Courses for each sector of training could give the employees the chance to know all there is to know before trying to complete a task on it this would keep the reputation of virgin being high quality as they will be taught how to deal with all situations before having to do it.

Hierarchy meaning ~~that~~ all employees start at the bottom such as selling tickets and work themselves up by completing training courses and ^{which} allows them to learn everything instead of just one area so they understand the way of the business more and how it is run day to day.

In conclusion I believe the ~~best~~ most suitable training would be hierarchy by working the way through the ranks as it will give the employees something to work towards which will motivate them to work hard and move on. With a wide range of courses it allows employees to find something they'll enjoy to get the best out of them.

Examiner commentary

After the first paragraph, this answer starts well with some developed contextual analysis of on-the-job training. There is good recognition of what sorts of relevant issues (safety, food hygiene and emergency procedures) may be less suited to this method. However, there is not really any discussion of off-the-job training so, ultimately, only one method has been considered.

The next paragraph about the hierarchical structure is not a training method and then the final paragraph suggests this is the best method to use!

Therefore, the 6 marks are effectively awarded for just the second paragraph of the answer. If a second training method had been as well discussed as on-the-job, the answer could have gained up to 8 marks.

Question 12

12 Evaluate the possible impact of changes in political factors on Virgin Trains.

[9]

Exemplar 1

8 marks

12.

One political factor that could affect Virgin would be the renationalisation of the rail industry, this would leave Virgin Trains without anywhere to run its services as the government would have regained control over the rail service and therefore could introduce a state ran train operator with complete monopoly over the market. If this were to happen Virgin Trains would have no where for its trains to

operate which would mean that there was no sales revenue from tickets meaning they won't be able to pay its staff which could lead to Virgin Trains being forced to close down. However, the government may take on any staff that previously worked in this industry to avoid structural unemployment which could lead to an onset of a recession. Also, due to Virgin being a conglomerate they may be able to cross subsidise any continuation of train operating due to them having so many other businesses that can cross subsidise the losses that the renationalisation of the rail services after Thatcher privatised National rail during her time in power.

Due to increased growth rates to the industry the government may choose to nationalise the rail industry in the hope that the profits can be used to pay off national debt. However, nationalised firms are often less efficient than private firms as there are people in the private firm who stand to gain from the business succeeding this differs from nationalised industry as they are simply run in the hope of a profit while many don't make a profit at all.

Another political change that could impact Virgin Trains would be the increased threat of terrorism which may have put some people off using the trains. If this threat continues to rise it could lead to a fall in demand in Virgin Trains as people opt to travel using alternative methods of transport such as car. If demand falls it could lead to Virgin having to reduce prices in order to ensure that overheads are covered for each train journey. As if they trains are empty then this could lead to Virgin trains making a loss which could result in the long term in people losing jobs and even the complete closure of Virgin Trains. However, many people aren't bothered about the increased threat of terrorism so it is unlikely that trains would become so empty that Virgin would be forced to close.

Examiner commentary

The two most common political changes which candidates mentioned were the possibility of nationalisation of the railways and the terrorist threat. This answer does just that and considers the impact on Virgin Trains of each; the possible closure of Virgin Trains and customers switching to car travel.

Evaluative answers were less commonly seen in this question. However, this answer does evaluate towards the end of the first paragraph. It questions the likely impact on the 'conglomerate' Virgin empire as a whole as it may be able to 'cross subsidise'. We cannot expect candidates to know the intricate workings of the Virgin brand (they are generally all separate companies) so this was acceptable as an evaluation point.

There is a very superficial attempt at evaluation at the very end of the answer and if the candidate had concluded by suggesting that terrorism was currently the greater threat, given the state of the political landscape, full marks would have been awarded. This is still a very good answer.

Exemplar 2

6 marks

Political factors are considered in the PESTLE model of external influences to a business. External influences are factors that can't be controlled

by a business that will have an impact on the business.

The impact of changes in political factors on Virgin Trains ~~could lead them to be~~ could be a change in how staff are treated. With new political ideologies comes new forms of legislation such as changes to the minimum wage or maximum working hours of employees.

A change to the minimum wage could increase the total cost of production per unit, thus requiring the business to produce more in order to breakeven. This increased cost may also reduce profitability which limits investment and the ~~improvements~~ improvements to railways mentioned by a spokesman of the conservative party. However, the adverse situation may arise where the minimum wage is lowered, and costs decrease as a result.

Extract
D.

Another possible impact is the return of the rail network to the public sector. This would completely negate the possibility of Virgin Trains ~~existing~~ ^{existing} and a survey in 2014 shows this is certainly possible given 68% of the UK is in favour of the public sector reclaiming the ~~railway~~ rail network. This would lead to a lot of wasted investment and payments for Virgin Trains and would be devastating to employees made redundant. However the party in power at the present day oppose making the rail network public owned due to reduced improvement to the service.

Examiner commentary

This is an example of a commonly seen 6-mark answer which contains no evaluation.

It starts with a paragraph that gains no marks at all. The second paragraph considers a political factor (minimum wage legislation) which may limit investment in the railways (just enough for context) ultimately affecting profitability. The final paragraph then considers the nationalisation argument with the potential impact on wasted investment and possible redundancy of employees.

If the final sentence had been developed it could have led to evaluation. Although it makes reference to the party in power being opposed to nationalisation it does not go on to consider how that may affect the potential impact on Virgin Trains.

Exemplar 3

3 marks

one impact could be if interest rates went up then virgin trains will have to start paying even more on the loan that they took out to buy the new trains. This would mean that they will have even more costs. But the advantage of interest rates going up could be that people might have more money to spend on going to different places, therefore having more sales and capital.

If the Government decide to increase tax then this would impact the amount of customers they would be getting, which means they need to think about maybe lowering the ticket prices but then if the Government start to tax them more too then they would have a massive decline in profit being made.

If the Government decided to higher the minimum wage then this means that they will have to start paying their employees more, meaning that even more cost will be going out the business, therefore leaving less money to put back into the business to improve it. But if they don't ~~improve~~ higher the employees then they might be less motivated and they could stop going to

work and go on strikes. Therefore this would cause even more cost to the business, this means that an increase in wages would massively impact the business.

Examiner commentary

There was some confusion by a minority of candidates between political factors and economic factors. Centres need to ensure that candidates are clear about which 'economic' decisions are made by politicians, such as taxation and minimum wage changes, and so can be classed as political factors and which are purely economic factors (e.g. interest rates, exchange rates and economic growth).

Hence, the first paragraph of this answer is an economic factor and can gain no reward. The second paragraph about changes to taxation can be accepted as a political factor, although this candidate does not consider what the impact of this may be on Virgin Trains.

The final paragraph makes a correct reference to minimum wage changes but there is no attempt to put this into the context of Virgin Trains – it is a generic argument.

Question 14

14* The marketing mix for a **service** includes an extra three 'P's, in addition to the usual four 'P's for a **good**.

Evaluate the importance of 'process', 'people' and 'physical evidence' in the marketing of Virgin Trains' service as it attempts to increase market share on the London to Edinburgh route (**Extract E**). [15]

Exemplar 1

13 marks

14.

Due to Virgin trains being a service they have to consider three extra factors to the marketing mix when attempting to increase market share, if they do not focus on these three extra sections as well as the previous four it could limit their success in gaining market share.

Perhaps the most important P in the marketing mix for a service would be people, people are what make a service a service and without ensuring that the employees interact with customers correctly it could limit the increase in market share that they experience. For instance, if Virgin do not have well trained staff who fail to give high quality customer care then this can lead to the customer having a bad experience. This bad experience will be remembered and told to other potential customers who may be put off travelling with Virgin, instead they may choose to travel with a competitor or even take a different mode of transport. If this is happening regularly Virgin will be losing customers to competitors in the rail industry as well as in the transport industry as people may opt to travel by air rather than by train. By ensuring the staff interact with the customers correctly will mean that Virgin Trains will retain these customers and won't lose out to other rail providers and airlines for the same route. By retaining customers it allows Virgin to increase its market share which will be vital in the future success of this transport route. I would argue that this is the most vital part of the marketing mix for Virgin as if the customers have a bad experience with staff they will remember this and will not use Virgin again which will reduce its ability to increase its market share on this route as well as giving customers a reason to go to competitors.

The whole process of the buying the ticket to the arrival is also a key point for them to consider, they will have to compete in this area as they lose out on the time it takes to fly compared to the longer journey by train. By making the booking experience quick and simple it may help to increase their market share as some people may prefer a quick booking process rather than the complicated booking process often on airlines websites. If they are able to do this then they could have a chance of increasing market share on this route. Furthermore, if they make the arrival and waiting for trains a quick, easy and enjoyable process this will again give them an upper hand on airlines which can take hours to even get onto the plane after arrival at the airport. By being able to get customers seated and comfortable quickly unlike an airline it may give them a chance to increase its market share on the route as people may not enjoy the waiting around aspect of air travel and may prefer to take the train as there is less waiting around waiting for the train. However, if the waiting time in the airport is less than the extra time it takes to travel by air then people who need to arrive in the cities urgently may opt to fly as it is quicker than taking the train. Overall, Virgin need to focus on the whole process of the route from booking to arrival as if they can make this a quick process then people may swap from airlines to Virgin rail which will help increase its market share.

The physical evidence has to be focused on and I would argue it was vital that this part of the marketing mix was correctly done, due to flying being faster in order to compete they need to ensure they are cheaper while still offering the extras such as onboard entertainment that many flights offer. If they are more expensive than the flights people will opt to fly as it is also quicker. However, if the customers are price sensitive and Virgin can bring down the cost of travel then they may be able to increase market share by taking customers away from British Airways. Furthermore, extras such as comfy seats, wifi, and entertainment such as movies will be important in increasing market share as people will not want to travel for a longer time in a less comfy seat with no entertainment. Overall the physical evidence is important as if people do not enjoy the travel they won't fly again and therefore Virgin will not be able to increase market share.

Examiner commentary

There were few answers as good as this one, with many candidates not appearing to know about the 3Ps of service marketing. The answer begins by recognising the importance of the employees of the business in providing customer service (the 'people' part of the 3Ps). There is very strong analysis which considers how the staff interaction with customers is vital in a highly competitive service industry. This paragraph ends with some evaluation, by justifying the view that 'people' is the most important part when trying to retain and gain customers.

The answer then moves on to the 'process' part of the marketing mix, correctly identifying how rail travel can gain, in terms of the relative ease of the online booking experience and the lower potential for delays and time taken to board a train, compared to an aeroplane. A good evaluative point is then made, that it all depends on the length of the journey. It may well be quicker to board a train, but an aeroplane can still get you there quicker once the journey is underway. The candidate makes an excellent judgement by saying it needs Virgin to emphasise the whole process rather than just a part of it.

The final paragraph about 'physical evidence' is the weakest part of the answer, as it is only tangentially about physical evidence. Some credit was given to the mention of on-board entertainment and the comfort of the seats, but no mention is made of the image or brand which is the key aspect of physical evidence.

Ultimately, this was still one of the better answers to this question and it is only missing an effective evaluation of the overall importance of the 3Ps relative to other parts of the marketing mix or other factors in general.

Exemplar 2

7 marks

The process involved for customers is a major factor when travelling from London to Edinburgh because customers in the 21st century are looking for the cheapest, most convenient method of travel possible. Therefore if the firm's process is being made simpler in recent years due to the increase in investment into the industry then customers are going to be more attracted to travelling via train than plane. As shown by the number of rail passengers reaching 1 million for the first time on the route. Therefore if the convenience/process of travelling via trains increases whilst the airline industry stagnates then growth in the market will be achieved. Thus if the marketing can clearly show to the consumer that this process is becoming better then their market share will increase as customers are more willing to travel via Virgin Trains.

The people play a huge role in the service of the Virgin train service because as shown via their mission statement the firm's objective is to provide a high quality of service that'll satisfy customer expectations. This service can be largely independent on the people that are offer interested in this offer of high quality

train travel. Therefore if Virgin are able to market this selling point of high quality then customers will be interested in switching from budget airlines for instance to high quality train travel. Not only increasing the ~~switch~~ switch in consumer expenditure from ~~trains to planes~~ to trains but also providing a service that Virgin can be proud of - achieving their mission statement in the meantime. Perhaps below-the-line promotion may be needed in order to best market this service and reach those customers.

Finally, physical evidence is that ~~at~~ the customers will only switch to trains once the investment in the service has occurred. So if David Horne's strategy to invest in its service is true then customers will follow. However, if it's a "false hope" and a method to ~~set~~ attract customers via a marketing stunt then customers will just remain travelling via planes. Only when the 'investment' (physical evidence) is materialised will the switch in consumer expenditure truly occur. Therefore if the firm can market the service so that they give deadlines ~~Overall, the additional 3 Ps~~ to these changes then will the customers start to be attracted by train services. Overall, the additional 3 Ps are extremely important to the marketing of Virgin's train service because otherwise if not treated ~~at~~ carefully the customers will just continue to travel via plane.

Examiner commentary

This exemplar lacks thorough knowledge of the 3Ps. The candidate appears to understand what 'process' refers to and the first paragraph is the best part of the answer. It ends with a strong piece of developed analysis, by making the point about the greater convenience of rail travel (relative to air travel) and that Virgin needs to highlight this within its marketing.

The candidate then has a limited understanding of what 'people' is about with a very superficial reference to customer service, but no attempt at analysis of this point. The answer becomes rather 'bogged down' in talking about the mission statement which is of limited relevance.

The paragraph about physical evidence only refers briefly to 'investment' without any specific mention of issues relevant to Virgin Trains. The final 'conclusion' adds nothing to the answer.

To improve this answer, it needs to contain some evaluation. Why are the 3Ps so important? Which of the 3Ps is key in this particular situation facing Virgin Trains?

Exemplar 3

3 marks

Virgin Trains' passengers make up a third ($\frac{1}{3}$) of the traffic between London and Edinburgh however, they plan to gain half ($\frac{1}{2}$) of the market by 2023. This is going to be done by marketing and using the marketing mix which is price, place, promotion, product but also process, people, physical evidence.

Firstly, people is who Virgin are aiming at in the case ~~for~~ a high proportion will be business so services such as wifi, charging ports, ^{and} service to allow the customer to carry on ~~the~~ ^{their} day compared to air travel where ~~the~~ ^{their} would be uncontactable for the duration of the flight. In turn this would increase business customers.

Secondly, process is ~~to~~ ^{is} how it's executed. Virgin Trains' would need to make sure they ^{are} prompt and reliable to allow people to be where they need to be without being late or delayed as ~~they~~ that is the main purpose of public transport to by pass traffic. Also with being prompt customers will enjoy the speed to carry on their day compared to flights where luggage collection, passport check, delays all add time.

Thirdly, physical evidence is how Virgin Trains' is going to prove how they are more reliable ~~by~~ which can be done by

facts such as travel time, how many trains have been delayed, stops they take but also using ~~quantitative~~ ^{qualitative} data such as peoples opinions and what the company says.

In conclusion, these 3 extra P's process, people and physical ~~evidence~~ evidence is important as a service can't be determined by price as they differ, services aren't based in one place and they aren't selling a product meaning these 3 P's add none detailed ideas on how, who and when to market their ideas to be able to reach ~~they~~ their goal of gaining half the market by 2023.

Examiner commentary

This answer is typical of many of those seen for this question. 'People' is not about customers but customer service, employees and culture. 'Physical evidence' has been taken literally (a common error) with many answers like this one mentioning the statistical 'evidence' of the growth on the route or the level of delays etc.

The only marks awarded to this answer were in the third paragraph. There is some basic knowledge inferred about 'process' with some contextual analysis about the specifics of train travel and the benefits of customers being able to get on a train more quickly.

If a candidate did not really understand what the 3Ps stand for then it was very difficult to score more than 2 or 3 marks, at best.



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