

Cambridge National

ENTERPRISE AND MARKETING

LEVEL 1/2 CAMBRIDGE NATIONAL CERTIFICATE IN ENTERPRISE AND
MARKETING

Unit R064/01: Enterprise and marketing concepts

Mark Scheme for Jan 2020

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

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9. Annotations

Annotation	Meaning
	Correct.
	Incorrect.
	Not sure what the candidate is trying to say, or it does not make sense.
BOD	Benefit of doubt given (counts as a mark).
L1 L2 L3 L4	Levels of response awarded at this point (only to be used in Q27).
CONT	Context (Q27 only).
NE	Not Evaluation (Q27 only – to show that a seemingly evaluative answer has not been awarded due to it being generic).
OFR	Own figure rule (counts as a mark).
TV	Too vague.
NAQ	Not answered the question (what has been written is not relevant).
NUT	Not used the context (generic).
REP	Repetition. The candidate has merely restated what has already been said and so no further credit given.
SEEN	The paragraph or answer has been seen but no reward given.

EVERY QUESTION AND/OR PAGE, INCLUDING BLANK PAGES (use the BP annotation on Q27), MUST HAVE SOME ANNOTATION

Please ensure that, wherever possible, annotations are placed in the margins and not over the candidate's answer. This makes it very difficult to read when the paper is printed out in black & white.



Questions 1 to 26 must be marked so that the number of ticks equals the mark awarded. However, if **BOD** or **OFR** is used they replace the tick. In other words, a tick and a BOD is 2 marks.

Question 27 must **NOT** use ticks. The level indicators, L1, L2, L3, L4 **MUST** be used to signify the mark.

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

Question	Answer	Marks	Guidance
SECTION B			
17	<p>a</p> <p>State and explain one advantage and one disadvantage of using government publications and statistics as part of your market research.</p> <p><u>Indicative Content</u></p> <p>Advantages:</p> <ul style="list-style-type: none"> • Reliable data source/unbiased • Generally free to access • Quick to access/saves time • May be very detailed <p>Disadvantages</p> <ul style="list-style-type: none"> • May be out of date/incorrect • May not relate directly to your business idea • May have to pay to obtain specific data <p><u>Example responses</u></p> <p>The data obtained will be reliable (1) as it is from an official source (1).</p> <p>It is out of date (1) so may not be very helpful in providing useful data (1).</p> <p style="text-align: right;">ARA</p>	4	<p>Award one mark for an identified advantage of using government publications and statistics and one mark for a development of this advantage.</p> <p>Award one mark for an identified disadvantage of using government publications and statistics and one mark for a development of this disadvantage.</p> <p>The development needs to add something to the advantage/disadvantage rather than a repetition of it</p> <p>Do not reward answers which suggest that the data could be made up</p>

Question		Answer	Marks	Guidance
17	b	<p>Identify two other secondary market research sources which you could use.</p> <p><u>Indicative Content</u></p> <ul style="list-style-type: none"> • Internal data • Books • Newspapers • (Trade) magazines/journals • Competitors' data/other business' research • Purchased research material, e.g. Mintel • A specific website (e.g. YouTube/Wikipedia) • Social media <p style="text-align: right;">ARA</p>	2	<p>Award one mark for each source identified, up to a maximum of two marks.</p> <p>Do NOT reward answers which only state 'internet'. The internet can be used to conduct secondary research but is not classed as a stand-alone source in itself. Make sure there is a specific reference to a source and not just a method (e.g. 'online research' is TV)</p> <p>Do NOT accept any reference to government data/statistics.</p> <p>'Published literature' is too vague</p>
18	a	<p>Explain the need for customer segmentation.</p> <p><u>Indicative Content</u></p> <p>Customers are <u>different</u> because of the:</p> <ul style="list-style-type: none"> • Benefits they require • Amount of money they are able/willing to pay • Quantity of goods they require • Quality of goods they require • Time or location they wish to purchase the goods <p><u>Example response</u></p> <p>Customers have different wants/needs (1). Some customers will have higher incomes than others (1).</p> <p>Not all customers want the same quality of goods (1) as not everyone has the same income (1).</p> <p style="text-align: right;">ARA</p>	2	<p>Award one mark for identifying the need (e.g. customers are different) and one mark for further development (e.g. why are they different)</p> <p>NB: Identifying that customers are different may be implied within any example given and should be rewarded accordingly.</p> <p>Ensure the answer is not answering the benefits of using segmentation (that is Q18b)</p>

Question	Answer	Marks	Guidance
18 b	<p>Identify three benefits of using market segmentation for your business.</p> <p><u>Indicative Content</u></p> <ul style="list-style-type: none"> • Ensures customer needs/wants are <u>matched and met</u> • Increased sales/customer satisfaction • Increased cost efficiencies/less money spent • Can make better informed decisions (e.g. price) • Potential for increased profits/profitability • Increased customer retention • Allows for targeted marketing/selling • Reduce the risk of failure • Potential for an increase in market share <p style="text-align: right;">ARA</p>	3	<p>Award one mark for each benefit identified up to a maximum of three marks.</p> <p>Do NOT reward answers which only refer to the methods of market segmentation (e.g. age, income etc.)</p> <p>‘Customer needs being identified’ is NOT a benefit (they need to be matched/satisfied/met)</p> <p>Only accept one answer from each bullet point</p>
19	<p>State and explain two variables from the design mix model that will contribute to the successful design of the furniture that you sell.</p> <p><u>Indicative Content</u></p> <p>The variables are:</p> <ul style="list-style-type: none"> • Function • Cost/Economic manufacture (do NOT accept price) • Appearance/Aesthetics <p><u>Example responses</u></p> <p>Appearance (1) the fabric colour of a chair or the type of wood used for a table (1).</p> <p>Different colours of material (1)</p>	4	<p>Award one mark for each identified variable from the design mix model and one mark for each development of how this variable will contribute to the successful design of the furniture sold, up to a maximum of two variables.</p> <p>The two answers MUST come from different variables of the design mix model</p> <p>The development mark(s) may be rewarded for either an example or explanation of the variable and can be rewarded even if the variable is not stated or is incorrect.</p> <p>Do NOT accept references to quality without any mention of cost</p>

Question	Answer	Marks	Guidance
20	<p>Identify two advertising methods which you could use to attract customers to your new business.</p> <p><u>Indicative Content</u></p> <ul style="list-style-type: none"> • Leaflets/Flyers • Social media/Pop-up advertising online • Websites • Newspapers • Magazines • Radio • Television • Billboards/Posters <p style="text-align: right;">ARA</p>	2	<p>Award one mark for each method identified up to a maximum of two marks.</p> <p>The two methods need to be from different bullet points</p> <p>Do NOT accept 'the Internet' or 'adverts'</p>
21	<p>Analyse one advantage and one disadvantage of using 'Buy One Get One Free' (BOGOF) to attract customers.</p> <p><u>Indicative Content</u></p> <p>Advantages may include:</p> <ul style="list-style-type: none"> • The sales promotion will encourage customers to purchase more than one item • Makes product appear to be less expensive • May be used to help the business sell stock quickly and/or get rid of obsolete stock <p>Disadvantages may include:</p> <ul style="list-style-type: none"> • Many customers may not want to purchase more than one item, especially furniture products • The sales promotion will result in the business only making half of the normal revenue/profit • The business aims to reduce the amount of waste going to landfill. Encouraging unnecessary purchases may encourage the waste going to landfill 	6	<p>Award one mark for one identified advantage and one disadvantage, up to a maximum of two marks</p> <p>AND</p> <p>Award one further mark for each explanation of each advantage/disadvantage, up to a maximum of two marks</p> <p>AND</p> <p>Award one further mark for each analysis of an advantage/disadvantage (<u>by showing the impact on the business/you</u>), up to a maximum of two marks.</p> <p>The third mark in each case may be awarded independently from the second mark for explanation.</p>

Question		Answer	Marks	Guidance
		<ul style="list-style-type: none"> • Need more customers to reach break-even point • Customers may begin to expect this in the future • May lead to you running out of stock <p><u>Example responses</u></p> <p>I will be able to sell stock more quickly (1) as I will sell two items instead of one (1). This will help to get rid of obsolete stock (1).</p> <p>I will only make half of the revenue that I normally do (1) as I will need to give away one product free (1), which will reduce profit (1).</p> <p style="text-align: right;">ARA</p>		
22	a	<p>Explain, using an example, what is meant by fixed costs.</p> <p>Fixed costs do not vary <u>with output</u> – e.g. insurance, advertising and utilities.</p> <p><u>Example response</u></p> <p>Fixed costs are costs that do not change as output changes (1), such as insurance (1).</p> <p style="text-align: right;">ARA</p>	2	<p>Award one mark for an identified correct example and one mark for an explanation of the term.</p> <p>Costs that stay the same is TV. There must be a reference to output/quantity/production etc.</p> <p>Any example given must be a cost which does not change with output. As per the specification guidance, accept ‘salaries’ but not ‘wages’.</p> <p>Do NOT accept ‘pay’ as this is too vague.</p>

Question	Answer	Marks	Guidance
22 b	<p>Calculate the total variable costs that you need to pay each year.</p> <p>The variable costs are:</p> <ul style="list-style-type: none"> • Raw materials £300 • Components £50 <p>Total variable costs per month = £350 (1)</p> <p>Total variable costs per year = £4200 (1) OFR</p>	2	<p>Award two marks for the correct answer</p> <p>Correct answer of £4200 must be awarded full marks (with or without workings)</p> <p>Award 1 mark for evidence of £350</p> <p>Award 1 mark if the answer per month is wrong but is then <u>explicitly multiplied by 12</u> (OFR)</p> <p>Accept an answer with no units</p>
22 c	<p>Name the level of output where total revenue is equal to the value of total costs.</p> <p>Break-even (point/level)</p>	1	<p>Award one mark for correct answer only</p> <p>The word 'break-even' MUST appear in the answer</p>
22 d	<p>You forecast that you will make a profit of £10 200 during your first year of business. Assuming that sales are the same each month, calculate the average revenue per month.</p> <p>The profit made per month = $£10,200 \div 12 \text{ months}$ = £850 (1)</p> <p>Total costs per month = $£150 + £300 + £100 + £100 + £50$ Total costs per month = £700 (1)</p> <p>Average revenue per month = Profit + Total costs = £850 + £700 = £1550 (1)</p> <p><u>Alternative Method</u> Costs = £700 per month (1) $\times 12 = £8400$ per year Revenue = $£10,200 + £8,400 = £18,600$ (1) Revenue per month = $£18,600/12 = \text{£1550 (1)}$</p> <p style="text-align: right;">OFR</p>	3	<p>Award ONE mark for correctly calculating the average profit per month</p> <p>Award ONE mark for correctly calculating the total costs</p> <p>Award ONE mark for correct calculation of £1550 (OFR)</p> <p>Correct answer of £1550 should be awarded full marks with or without workings.</p> <p>Accept an answer with no units</p>

Question	Answer	Marks	Guidance
23	<p data-bbox="344 218 1258 245">a Identify three items that are typically included in a business plan.</p> <p data-bbox="344 284 604 311"><u>Indicative Content</u></p> <ul data-bbox="344 352 1258 810" style="list-style-type: none"> • Information about you/the owner/the business • Legal structure of business • The business idea/products • Workforce plan • Business aims • Business objectives • Business strategies • Key targets/marketing/sales plan (e.g. prices, target audience) • Financial forecasts (e.g. break-even) • Market research (e.g. supplier information, competitor information, market information) • Risk assessment • Contingency plan <p data-bbox="1218 815 1285 842">ARA</p>	3	<p data-bbox="1420 218 2056 277">Award one mark for each item identified up to a maximum of three marks.</p> <p data-bbox="1420 352 1939 379">Accept an example of any specific item.</p> <p data-bbox="1420 454 2047 513">Individual words like ‘profit’, ‘loss’, ‘revenue’ are too vague</p>
23	<p data-bbox="344 857 1223 916">b Analyse two disadvantages of financing your business using a bank loan.</p> <p data-bbox="344 954 604 981"><u>Indicative Content</u></p> <p data-bbox="344 1023 712 1050">Disadvantages may include:</p> <ul data-bbox="344 1059 1240 1369" style="list-style-type: none"> • Has to be paid back (in full)/ need to make regular repayments • Must pay interest on the amount borrowed • May have to pay fees / bank charges • Bank may ask for an asset as security • A detailed application form may be required, including a business plan, which may be time-consuming • A new business may struggle to obtain the sum that they wish to borrow/funds may be limited • Business may be forced to close if unable to pay back the loan 	6	<p data-bbox="1420 857 2056 916">Award one mark for each disadvantage, up to a maximum of two marks.</p> <p data-bbox="1420 920 1487 948">AND</p> <p data-bbox="1420 952 2047 1050">Award one further mark for each explanation of a disadvantage, up to a maximum of two marks.</p> <p data-bbox="1420 1054 1487 1082">AND</p> <p data-bbox="1420 1086 2047 1219">Award one further mark for each analysis of a disadvantage (<u>by showing the impact on the business/you</u>), up to a maximum of two marks.</p> <p data-bbox="1420 1294 2047 1321">Ensure that the two disadvantages are different.</p>

Question		Answer	Marks	Guidance
		<p><u>Example responses</u></p> <p>I will need to pay interest (1) which will increase the cost of borrowing (1) and reduce my profit (1).</p> <p>Time consuming (1) as I will need to fill in an application form (1) which will reduce the time I have available to run my business (1).</p> <p style="text-align: right;">ARA</p>		The third mark in each case may be awarded independently from the second mark for explanation.
24	a	<p>Analyse why an economic boom may have a negative impact on the development of your product.</p> <p><u>Indicative Content</u></p> <p>An economic boom will result in:</p> <ul style="list-style-type: none"> • increased spending by individuals • more jobs/lower unemployment • individuals will be better able to purchase more expensive products • increased prices (of supplies/components) <p><u>Example response</u></p> <p>The economic boom will mean that individuals will be better off (1) so they may choose to buy new furniture (1) which will reduce demand for my repaired furniture (1).</p> <p style="text-align: right;">ARA</p>	3	<p>Award one mark for an impact of a boom AND</p> <p>Award one further mark for an explanation of the impact AND</p> <p>Award one mark for an analysis of the <u>negative impact (by showing the impact on the development of your product)</u>.</p> <p>The knowledge and explanation marks may focus on a 'positive' consequence of a boom. However, the analysis mark MUST show a clear <u>negative impact</u> on product development linked to the previous explanation.</p>

Question		Answer	Marks	Guidance
24	b	<p>Apart from economic issues, identify two other external factors which may affect the development of your product.</p> <p><u>Indicative Content</u></p> <ul style="list-style-type: none"> • Technological developments • Legal issues • Competitors in the market <p style="text-align: right;">ARA</p>	2	<p>Award one mark for identifying each factor which may <u>affect product development</u>, up to a maximum of two marks.</p> <p>Accept specific examples of issues, such as product safety standards and consumer preferences.</p> <p>Ensure the two answers are clearly different</p> <p>Although not on the specification, accept any reference to political (e.g. BREXIT), environmental, ethical or social factors</p> <p>Do NOT accept reference to any economic factors</p>
25	a	<p>State and explain two Human Resource activities which Tan may help you with.</p> <p><u>Indicative Content</u></p> <p>Activities carried out by the Human Resources function include:</p> <ul style="list-style-type: none"> • Recruitment and selection of employees • Training and development of employees • Performance management of employees • Responsibility for health and safety in the workplace • Ensuring compliance with employment legislation <p><u>Example response</u></p> <p>Tan will help me to recruit new staff for the business (1) by carrying out job interviews (1).</p> <p>Training (1) – to ensure any workers I employ have the necessary skills (1).</p> <p style="text-align: right;">ARA</p>	4	<p>Award one mark for an identified activity and one mark for an explanation of the activity, up to a maximum of two activities.</p> <p>Ensure that the two activities are different</p> <p>Allow the activity to be rewarded if it is found within the explanation.</p> <p>Accept answers referring to worker pay/fair pay</p> <p>Make sure that the explanation is adding something to the knowledge and is not just a repeat of it.</p>

Question	Answer	Marks	Guidance
25	<p data-bbox="344 218 1281 284">b From the list below, link each functional activity to its correct purpose with a line.</p> <div data-bbox="344 316 1245 754"> <pre> graph LR Finance[Finance] --- Managing[Managing the money in a small business] Marketing[Marketing] --- Identifying[Identifying the needs and wants of customers] Operations[Operations] --- Organising[Organising the process that turns inputs into outputs] </pre> </div>	3	<p data-bbox="1420 218 2060 284">Award one mark for correctly matching the functional area with the purpose.</p>
26	<p data-bbox="344 764 1281 828">State and explain two appropriate methods of obtaining customer feedback for your business.</p> <p data-bbox="344 861 604 893"><u>Indicative Content</u></p> <ul data-bbox="344 933 1281 1181" style="list-style-type: none"> • Social media/online communities or forums/reviews/ratings • Surveys/questionnaires (online/e-mail/telephone/face-to-face/focus group) • Customer comment cards • E-mail <u>contact forms</u> • Comments made to staff members/complaints/complements • Mystery shoppers <p data-bbox="344 1212 627 1244"><u>Example responses</u></p> <p data-bbox="344 1284 1281 1348">You could use social media (1) setting up a Facebook account so that customers can leave their reviews (1).</p>	4	<p data-bbox="1420 764 2060 893">Award one mark for each appropriate method of customer feedback and one mark for each development of how this method would be used, up to a maximum of two methods.</p> <p data-bbox="1420 965 2060 1061">Make sure that the explanation is adding something to the knowledge and is not just a repeat of it.</p> <p data-bbox="1420 1133 2060 1197">The two answers MUST come from different bullet points</p>

Question	Answer	Marks	Guidance
	<p>Customers could be asked to complete a contact form (1) so that you could ring them to find out what they thought of your business (1). ARA</p>		
27	<p>Recommend which of these two customer service techniques is the most important for Second Chance. Justify your answer.</p> <p><u>Indicative Content</u></p> <p>Product knowledge:</p> <ul style="list-style-type: none"> • Customers will trust the business more if staff are knowledgeable about the products offered • Detailed product knowledge will help the employees to increase sales as they can use their knowledge to attract customers and encourage them to buy by highlighting the product benefits • Can offer advice regarding the raw materials used to repair/produce the product • Supports a professional service <p>After sales service:</p> <ul style="list-style-type: none"> • Can support customer loyalty as customers are encouraged to contact the business after purchasing the product • Ensures that any potential problems/complaints are dealt with quickly • Customers will have more confidence when they purchase the product as they know that support is always available • After sales service may help to differentiate my products/services • Can offer advice regarding how to care for the furniture in the home, e.g. furniture cleaners/polishes to use <p><u>Example response</u></p> <p>Good product knowledge will give me in-depth knowledge about the product I am selling (L1) to confidently answer customer questions (L2). This may encourage those with allergies to buy if they know that the</p>	8	<p><u>Levels of response</u></p> <p>L1 (1-2 marks) Identifies feature/characteristic of one/both methods of delivering customer service.</p> <p>L2 (3-4 marks) Explains one/both methods of delivering customer service.</p> <p>L3 (5-6 marks) Analyses at least one method of delivering customer service <u>in context</u>.</p> <p>L4 (7-8 marks) Evaluates at least one method.</p> <p><u>A justified recommendation based on analysis of each method and/or a comparison must be made for full marks.</u></p> <p>Award the bottom mark of each level if only one of the methods is considered.</p> <p><u>Available context to reward at L3/L4</u></p> <ul style="list-style-type: none"> • You are a new business. • Recycling of household waste and environmentally-friendly or reusable products in general. • Knowledge gained from Enterprise and Marketing course.

Question	Answer	Marks	Guidance
	<p>furniture will not cause an allergic reaction, e.g. feather stuffing, which will also help to develop my business's sales / brand name (L3).</p> <p>After sales service, such as a returns policy (L1), ensures that any customer complaints are answered quickly and efficiently (L2). As I am a new business, this will ensure that my business's brand name is positive and help my business to be profitable (L3).</p> <p>After sales service is most relevant when things go wrong, e.g. a customer has a complaint about a leg falling off a chair (L4). As I plan to offer quality products this will reduce the need for after sales service. I therefore feel that product knowledge is most important and the best way that Second Chance can deliver good customer service (L4).</p> <p style="text-align: right;">ARA</p>		<ul style="list-style-type: none"> • Issues surrounding restoring and repairing furniture as opposed to buying new furniture. • Employing an Administrator to help run your business. • You are segmenting your market • Use of government statistics as part of your market research. • Reference to the design mix model • Using BOGOF. • Reference to the actual cost and revenue data in Q22. • Raising finance using a bank loan. • The economy in the boom stage. • Employing Tan to help with HR. • You are using customer feedback <p>This context must be used to aid analysis or evaluation rather than just stated.</p>

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