

CAMBRIDGE NATIONALS

Exemplar Candidate Work



ENTERPRISE AND MARKETING

J819

R064 Summer 2019 series

Version 1

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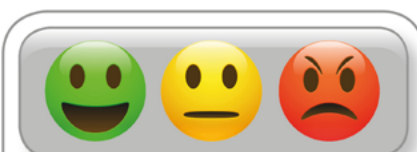
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Introduction

These exemplar answers have been chosen from the summer 2019 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/338513-specification.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 2019 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 2020. 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 17 (c)

Many of your friends and family have pet dogs and cats. Each summer you enjoy looking after the pets, for example, taking dogs for walks and feeding them. As you care for the animals so well, one of your friends has suggested that you should start a 'pet-care' business for pet owners within a three-mile radius of your home. You plan to look after their pet while they are on holiday.

17 You decide first to carry out some market research.

- (c) Analyse **two** benefits for your business of carrying out primary market research rather than secondary market research.

Benefit 1

.....

Benefit 2

.....

[6]

Exemplar 1

6 marks

Benefit 1 ..data is up-to-date.....

~~this~~ This is good because it allows the business to know about the current trends. This leads to the enterprise being able to ~~decide on~~ ^{know about} what to provide to satisfy the customers' needs and wants, increasing the chances of gaining more customers, resulting in an increase in sales.

Benefit 2 ..competitors will not know about it.....

This is good because it allows you to ~~have~~ be different from your rivals. This ~~is good because~~ leads to customers being attracted to your enterprise, as you are providing ~~them~~ them with products they have not seen before in the market. ~~this will also allow you to~~

Examiner commentary

Any question which asks the candidate to 'analyse' can be best answered using the three-step approach. For each answer, the examiners are looking for 'knowledge', 'understanding' and 'analysis/impact'. This approach is clearly shown in this exemplar.

For the first benefit, the knowledge is that primary research will be "up-to-date". Understanding is shown by the phrase, "it allows the business to know about the current trends". The impact on the business is the chance of gaining more customers/increased sales.

Exemplar 2

3 marks

Benefit 1 Primary research is more beneficial for the specific business since it's based around their product/service. The primary research this business conducts will only help them since it's catered for their specific needs.

Benefit 2 Competitors have limited/no access for to the researched you conducted. Since it is your research, competitors aren't able to see it or use it in anyway way.

Examiner commentary

Candidates often miss out on marks for one of two reasons.

- They do not give an impact on the business (or owner, in the case of a sole trader). The first part of this exemplar has the knowledge (primary research is more specific for the business) and understanding (because it is based around your product). But, where is the impact on the business – 'helps them' is too vague?
- They repeat themselves. "Competitors have limited/no access" is knowledge but the attempt at explanation (competitors cannot see it) is just repetition of the knowledge. The candidate needs to add to the knowledge, for example, by saying that as it your private research you can decide on who sees it.

Question 18

- 18 After carrying out the market research, you start to think about what price to charge for the services offered by your pet-care business.

Explain why you need to consider the income levels of target customers when setting your prices.

.....

.....

.....

..... [2]

Exemplar 1

1 mark

Explain why you need to consider the income levels of target customers when setting your prices.

Customers may have different levels of income and you need to make sure your business can be accessed by many people so your profits are maximised. [2]

Examiner commentary

This question required a clear link to be made by candidates between the income of consumers and the price being set. This is an example of a significant number of candidates' answers which recognised that consumer income was relevant, without making an explicit link with the price being set.

Exemplar 2

2 marks

Explain why you need to consider the income levels of target customers when setting your prices.

You need to consider the income levels of target customers when setting your prices because if the price of your product(s) is too high, customers may not be willing to buy it. This ^{could lead} leads to the business not making sales. [2]

Examiner commentary

Compare this very good exemplar with the first one. Notice how this answer is very clear that if price is too high then some consumers would not be willing to buy the product.

Question 19

- 19** In addition to price, you understand that good customer service is important to attract and retain customers.

State and explain **two** ways customer service could be used to attract and retain customers for your business.

Way 1

.....

Explanation

.....

Way 2

.....

Explanation

.....

[4]

Exemplar 1

4 marks

State and explain **two** ways customer service could be used to attract and retain customers for your business.

Way 1 Product Knowledge.

.....

Explanation If the pet owners understand how the pets are going to be cared for, it will increase customer satisfaction and make the business look professional.

Way 2 Customer engagement.

.....

Explanation If the business engages with the pet care owners, they will be able to build a friendly relationship with customers leading to loyal customers for the business. [4]

Examiner commentary

The specification lists three likely ways in which customer service can be used; product knowledge, customer engagement and after sales service. This is an example of the many excellent answers which clearly identifies two of these methods and then gives an explanation of how it could be used (rather than just repeating themselves). The question asked how customer service can be used to "attract and retain customers" and this was something that many candidates did not attempt and so restricted themselves to two marks.

Exemplar 2

0 marks

State and explain two ways customer service could be used to attract and retain customers for your business.

Way 1 Good customer service will make the customers want to come back.

Explanation This means that if people know you look after the animals well, they will want to come back.

Examiner commentary

A common error on this question was for candidates to answer how customer service was 'useful' rather than how it could be 'used'. This suggests a lack of familiarity with the specification. This answer is typical of many of this type. Other common 'wrong' answers referred to how good customer service would help a business' reputation, especially via social media or 'review' websites.

Question 20 (b)

20 You plan to run your business as a sole trader.

(b) Analyse **two** benefits to you of running your business as a sole trader.

Benefit 1

.....

Benefit 2

.....

[6]

Exemplar 1

6 marks

Benefit 1 Owner keeps all profits
this is good because it allows the owner to be able
to invest the capital on improving ^{the} aspects of the
enterprise. This leads to an increase in sales as customers
will be attracted to the improvements made, encouraging
them to purchase the products.

Benefit 2 Owner has the final say
this is good as it prevents conflicts from happening.
this leads to the owner being able to run the business
as he/she chooses, ~~resulting in an increase in~~
~~profits~~ and preventing the damage of relationships.
This can also lead to the business developing a
unique selling point as your products would be different
to your rivals' products as it is your ideas.

[6]

Examiner commentary

As with Question 17c, there were some excellent answers to this question which, when answered following the three-step approach, were also very succinct.

Exemplar 2

1 mark

Benefit 2 Keep all the profit to yourself.
All the money that is made from the
business you are able to keep to
yourself and not have to pay employees.
This means that you are making more
Revenue which will make your total
costs/profit higher. This shows that
you are the one who's making all
the profit and keeping it to yourself.

[6]

Examiner commentary

Even though this is only the third examination for this unit, it is already clear that there is some confusion between sole traders and employees. Although many sole traders may have no employees, it is wrong to categorically say that a sole trader 'will not' have an employee. Hence, examiners cannot accept an answer which clearly states or assumes that a sole trader will have lower costs or higher profits because they do not have to pay any employees.

On first reading, this answer may appear to be worth more than 1 mark. However, apart from (correctly) stating that a sole trader can keep all of the profit, the answer contains material which is wrong (do not have to pay employees), confuses revenues, costs and profit, and repeats itself about you keeping all of the profit.

Question 21 (b)

21 You see a post on social media which promotes a business loan available for people aged 16 to 30 years, who want to set up a small business. You decide to apply for these funds to help set up your business.

(b) State and explain **two** benefits of obtaining capital via a business loan.

Benefit 1

.....

Explanation

.....

Benefit 2

.....

Explanation

.....

[4]

Exemplar 1

0 marks

(b) State and explain **two** benefits of obtaining capital via a business loan.

Benefit 1 It gives you money that you didn't have already.

Explanation It allows you to ~~improve~~ ~~start~~ improve your ~~apex~~ business ~~with~~ with the money you now have

Benefit 2 It gives your business opportunities it didn't once have

Explanation People will know of your business because of the small loan, this could lead it to performing better.

[4]

Examiner commentary

Another common theme already clear from the first three examinations, is that candidates find questions about sources of finance to be challenging. Often, as with this exemplar, answers are generally about the benefits of raising capital for a business. Both of these benefits would be correct, if the question was asking about raising finance, per se, but are not specific to the benefits of using a business loan.

Exemplar 2

0 marks

(b) State and explain two benefits of obtaining capital via a business loan.

Benefit 1 Don't have to pay back.....

Explanation The money given is free, no need to pay the money back.....

Benefit 2 ~~can get business~~ or There's no interest.....

Explanation This means ~~this~~ I have to pay it back I don't have to pay extra.....

[4]

Examiner commentary

Another common issue with this question was the confusion shown by candidates between a loan and a grant. The two answers in this exemplar would be correct for a grant but are wrong for a loan.

Question 22

22 The economy is predicted to enter a 'recession' in the next six months.

State and explain **two** impacts of a recession in the economy on demand for your new pet-care services.

Impact 1

Explanation

Impact 2

Explanation

[4]

Exemplar 1

1 mark

Impact 1 lose profit

Explanation no I could stop earning profit or receive less profit then usual.

Impact 2 losing sales

Explanation sales could drop and I could lose customers.

[4]

Examiner commentary

The specification is clear that any questions about the three external factors can ONLY be about their impact on product development. Hence, questions (and therefore answers) need to always be phrased in such a way. The first answer in this exemplar shows this situation well, with the answer being written with regards to the overall well-being of the business (profit), rather than the sales or even price of the new pet-care services.

The second answer does gain a mark for the impact on sales, but the explanation is only a repetition of this statement, rather than an explanation of it such as, "more individuals are now unemployed so can look after their pets themselves."

Exemplar 2

4 marks

Impact 1 People will be spending less

Explanation Because of the slow growth, people will be spending less meaning ~~the~~ my business won't make as many sales, ^{decreasing} ~~small~~ profit.

Impact 2 less money spent on product development

Explanation More money may be spent on advertising to keep ~~the~~ my business alive, however a lot less money will be spent on product development meaning my business is not at its full ¹⁴ potential yet.

Examiner commentary

This exemplar is a rare full mark answer for this question. Not only are both points clearly about the impact on the product, they are also well explained, with clear links to the predicted recession.

Question 24 (b)

24 To save money, you plan to carry out all of the new business functional activities yourself.

(b) Analyse **one** limitation for your business of carrying out all of the functional activities yourself.

.....
..... [3]

Exemplar 1

2 marks

(b) Analyse **one** limitation for your business of carrying out all of the functional activities yourself.

~~you~~ I may not be good at all aspects, and ~~if~~ because I'm carrying out all of the functional activities myself, I may become very stressed and it may be time consuming. Due to being stressed my level of efficiency ~~will~~ would be very low meaning I won't have time to develop my business further. [3]

Examiner commentary

Although only a three-mark question, this answer should be approached in the same way as for Question 17c and Question 20b, as the command word is 'analyse'.

As with this exemplar, many answers scored two marks. Although it identifies and explains a limitation (in this case, the inability for one person to carry out all functions) there is no impact on the business which was specifically required from the question.

Exemplar 2

3 marks

(b) Analyse **one** limitation for your business of carrying out all of the functional activities yourself.

You won't be able to be in all four functional areas at the same time, you also may not have enough knowledge to do it yourself. This leads to you being too busy and not getting things done. Therefore your business [3] will fail, also due to lack of knowledge.

Examiner commentary

In contrast, this second exemplar considers the same problem but ends up with a clear impact on your business – it may fail!

Question 25

- 25 The organisation offering the business loan asks you a question about how you plan to keep your business successful in the future.

State and explain **three** extension strategies which you could use for your pet-care business in the future.

Strategy 1

.....

Explanation

.....

Strategy 2

.....

Explanation

.....

Strategy 3

.....

Explanation

.....

[6]

Exemplar 1

6 marks

State and explain **three** extension strategies which you could use for your pet-care business in the future.

Strategy 1 Sales / discounts

.....

Explanation Cheaper prices will attract customers

.....

Strategy 2 Introducing new features

.....

Explanation If I add features, it would add

..... value and more people may want that new feature

Strategy 3 Sales promotion / advertise product

.....

Explanation If more people know about it, more

..... people may come and pay for the service

[6]

Examiner commentary

There were some excellent answers to this question about extension strategies. Some answers did not score as well as they could have as the explanations were either a repetition of the named strategy or were unclear about HOW they would work for your business.

This answer is a good example of how to write succinctly and without repetition.

Exemplar 2

4 marks

State and explain three extension strategies which you could use for your pet-care business in the future.

Strategy 1 Rebranding

Explanation creating a mascot, logo or slogan that would draw in new customers.

Strategy 2 Promotions

Explanation new customers get a 25% discount for example

Strategy 3 Loyalty schemes

Explanation Every 4th small growth use of the business the customer gets a bottle of pet shampoo or something similar

[6]

Examiner commentary

The specification identifies five possible extension strategies to choose from (although one of them, new packaging, was not appropriate for this business.) When a candidate is asked for two (or more) answers in a question they must ensure the two they choose are clearly different. The easiest way to achieve this is to choose answers from different bullet points in the specification.

In this exemplar, the first answer is an example of 'adding value'. However, the other two answers are both examples of advertising (or promotional mix). In this situation, only one of these can be rewarded and examiners will always reward the 'better' answer of the two.

Question 26

- 26 To support the launch of your pet-care service, you are considering **either** advertising via leaflets through the doors of local homes **or** setting up a website.

Recommend which of these two advertising methods you think should be used. Justify your answer. [8]

Exemplar 1

7 marks

Recommend which of these two advertising methods you think should be used. Justify your answer. [8]

I think that posting leaflets through doors of the local people would be more beneficial because, reason one being that the service is meant for people in a 3 mile radius and by posting leaflets you are targeting to the people of their area. By word of mouth people will ~~talk~~ talk about the service and they will most likely know other people who live near by. The disadvantage of this may be that it is very time consuming, and it would be a lot faster making a website, many people may not look for these services online and not come across it.

Finally as a conclusion to my statement, I will further add that by posting leaflets you are giving the information to the people you want to give it too, which in this case is the local people as you are a local service meaning that it is fast, efficient and, beneficial to the customer which is what a customer wants and needs in a service.

Examiner commentary

As previously mentioned in Principal Examiner's reports and last year's exemplar materials, the main differentiator in this last question is the use of context. In some cases, this context may be quite limited. For example, this answer only contains context in the first few lines, when referring to the fact that leaflets could only be posted in the "3-mile radius", which is specifically mentioned in the context at the start of Section B. This allows Level 3 to be rewarded for this paragraph, to recognise analysis which is in context.

The part of the answer about the website (not reproduced above) was completely generic, so only reached Level 2. However, the concluding paragraph makes a justified (and context-based judgement) about using leaflets, as this is a local service. This qualifies for a mark at the bottom of Level 4, as a judgement based only on contextual discussion of one method. If the discussion about the website had been also contextual (for example, why use a method which may attract customers from all over the world when you are aiming at a local market) then 8 marks could have been awarded.

Exemplar 2

4 marks

Recommend which of these two advertising methods you think should be used. Justify your answer. [8]

one advertising method ~~they can~~^{to} use would be advertising via leaflets through the doors of local homes. An advantage of this is that the fonts and colours may attract the customer~~image~~. This is good because it will inform the customer about your product^{/service}. This leads to an increase in ^{sales} ~~profits~~ because if the customer ~~sees the~~ finds your enterprise interesting, it ~~will~~ will allow them to ~~visit~~ purchase your products. However, a disadvantage of leaflets is that people often throw them away. This is bad because it will ^{potential} refrain customers from knowing about your business. This could lead to a loss as people may not buy your products, decreasing the revenue and profit levels.

Another method ~~they can use~~ to use would be setting up a website. An advantage of this is that it can reach a wider audience. This is good as it ~~also~~ encourages more customers to know about your product/service. This ~~may~~ leads to an increase in customers as they may like your product, increasing your chances of having an ^{established} ~~improved~~ brand image. However, a disadvantage would be that ~~website~~ ~~an~~ can crash. This is bad as it could prevent

sales from being made this leads to the business ~~not making~~
~~profits~~ losing out on potential profits, decreasing the chances
of them having an established brand image ~~and~~.

Overall, I would recommend using websites as they
can reach a wider audience; and leaflets are often
thrown away, therefore decreasing the chances of reaching
a wider audience.

Examiner commentary

About half of all answers gained 4 marks as, although they included very good discussions of the pros and cons of both leaflets and websites as advertising methods, they contained no context at all.

This exemplar is one of the longest 4-mark answers which fully covers the advantages and disadvantages of leaflets and websites but with no hint of any relevance to the business they have spent the last hour or so writing about. This is truly emphasised by the conclusion – why would a start-up business with a 3-mile target market want to attract a wider audience using a website?

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