

INCLUDED ON THE
KS4 PERFORMANCE TABLES

Candidate Style Answers

OCR Level 1/Level 2

Cambridge National in
Enterprise and Marketing

J837

For first teaching in 2022 | Version 1

R067 - Enterprise and marketing concepts

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About this resource

We have produced this resource using the [sample question paper and mark scheme](#) for Cambridge National in Enterprise and Marketing J837.

The aim of the resource is to show you how marks or levels could be given and why. Our senior assessors have provided possible candidate responses and then applied the sample mark scheme, adding commentary.

Please note this resource does not constitute an indication of grade boundaries or endorsed answers. In a live series the mark a response gets depends on the process of standardisation, which considers the big picture of the year's scripts. The levels or marks we show in our resource is an estimation of what could be awarded. How levels and marks correspond to grade boundaries is then determined during the Awarding process. This process happens after the marking of scripts and depends on a number of factors including candidate performance across the board.

You can read more about this process in our [guide](#).

Question 1

1 Which of these is a risk that an entrepreneur could experience when they start a new business?

- (a) Limited liability
- (b) Opportunity to make a profit
- (c) Personal relationship issues
- (d) Self-satisfaction

[1]

Exemplar 1

1 mark

1 Which of these is a risk that an entrepreneur could experience when they start a new business?

- (a) Limited liability
- (b) Opportunity to make a profit
- (c) Personal relationship issues
- (d) Self-satisfaction

[1]

Candidates often confuse limited and unlimited liability which may lead to some giving (a) as the answer.

Question 2

2 The prices of all products in Li's shop end in 99p. This is an example of:

- (a) Competitive pricing
- (b) Price penetration
- (c) Price skimming
- (d) Psychological pricing

[1]

Exemplar 1

1 mark

2 The prices of all products in Li's shop end in 99p. This is an example of:

- (a) Competitive pricing
- (b) Price penetration
- (c) Price skimming
- (d) Psychological pricing

[1]

Question 3

- 3 Ben's market research shows that customers would like to buy his products 24 hours per day, 7 days per week.

Which of the following is the **best** method for Ben to sell his products?

- (a) Face to face
- (b) Factory shop
- (c) Market stall
- (d) Website

[1]

Exemplar 1

1 mark

- 3 Ben's market research shows that customers would like to buy his products 24 hours per day, 7 days per week.

Which of the following is the **best** method for Ben to sell his products?

- (a) Face to face
- (b) Factory shop
- (c) Market stall
- (d) Website

[1]

The word 'best' is important in this question. Ben could use all four methods but, given the need for 24/7 selling, a website would be the best option.

Question 4

4 In September, Taylor pays the following costs.

Cost	£
Advertising	2 000
Packaging	1 500
Salaries	6 000
Components	5 000

How much were Taylor's total variable costs in September?

- (a) £5 000
- (b) £6 500
- (c) £8 500
- (d) £14 500

[1]

Exemplar 1

1 mark

4 In September, Taylor pays the following costs.

Cost	£
Advertising	2 000
Packaging	1 500
Salaries	6 000
Components	5 000

How much were Taylor's total variable costs in September?

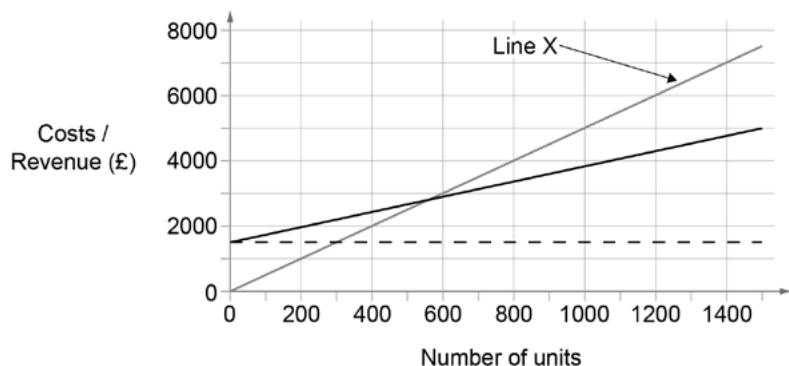
- (a) £5 000
- (b) £6 500
- (c) £8 500
- (d) £14 500

[1]

The specification clearly sets out which costs are recognised as variable or fixed for this qualification. Both advertising and salaries are fixed costs, as they do not vary with output.

Question 5

5 A break-even graph for Kofi's enterprise is shown below.



What does line X represent?

- (a) Fixed costs
- (b) Profit
- (c) Total costs
- (d) Total revenue

[1]

Exemplar 1

What does line X represent?

- (a) Fixed costs
- (b) Profit
- (c) Total costs
- (d) Total revenue

[1]

1 mark

Familiarity with using a break-even graph is important for candidates. The total revenue line will always start at the origin, as revenue must be 0 if no output is sold.

Question 6

6 A profitable business has a lack of cash. This means the business:

- (a) May not break even
- (b) May not survive
- (c) Will not employ any staff
- (d) Will not generate any revenue

[1]

Exemplar 1

6 A profitable business has a lack of cash. This means the business:

- (a) May not break even
- (b) May not survive
- (c) Will not employ any staff
- (d) Will not generate any revenue

[1]

1 mark

This is a more challenging question which requires candidates to read the stem carefully; a lot of information is contained in a short sentence.

We are told the business is profitable, so it must be breaking even and generating revenue. Whether a business does or does not employ staff is not connected with its cash or profit levels.

This leaves (b) as the only possible answer. It is also a well-known fact that many profitable businesses ultimately fail due to a lack of cash. The importance of cash is covered in Section 3.5 of the specification.

Question 7

7 Which factor does **not** influence the price that Charlie sets for a new product?

- (a) Income levels of target customers
- (b) Limited liability
- (c) Price of competitor products
- (d) Stage of the product life cycle

[1]

Exemplar 1

1 mark

7 Which factor does **not** influence the price that Charlie sets for a new product?

- (a) Income levels of target customers
- (b) Limited liability
- (c) Price of competitor products
- (d) Stage of the product life cycle

[1]

Question 8

8 Jamal wants to calculate the total costs for his business. Which calculation should Jamal use?

(a) Fixed costs – variable costs

(b) Fixed costs + variable costs

(c) Revenue + fixed costs

(d) Revenue – variable costs

[1]

Exemplar 1

1 mark

8 Jamal wants to calculate the total costs for his business. Which calculation should Jamal use?

(a) Fixed costs – variable costs

(b) Fixed costs + variable costs

(c) Revenue + fixed costs

(d) Revenue – variable costs

[1]

Question 9

9 Who can **best** help an entrepreneur calculate the profit made during the past year?

- (a) A solicitor
- (b) An accountant
- (c) The government
- (d) The local council

[1]

Exemplar 1

1 mark

9 Who can **best** help an entrepreneur calculate the profit made during the past year?

- (a) A solicitor
- (b) An accountant
- (c) The government
- (d) The local council

[1]

Section 5.3 (Support for enterprise) is a new area on the specification. Many entrepreneurs will pay an accountant to help keep financial data up-to-date and to produce end of year accounts.

Question 10

10 Eve's business sponsors a local football team. This is an example of:

- (a) Market research
- (b) Product placement
- (c) Public relations
- (d) Sales promotion

[1]

Exemplar 1

10 Eve's business sponsors a local football team. This is an example of:

- (a) Market research
- (b) Product placement
- (c) Public relations
- (d) Sales promotion

[1]

1 mark

The specification is prescriptive about classifying sponsorship as a sales promotion technique (Section 4.4) rather than, say, public relations.

When this sort of uncertainty arises, you should always first check the specification.

Question 11 (a)

You have just finished a photography qualification and live near a number of famous tourist attractions which you enjoy photographing. During the final months of your qualification, you started selling framed copies of your photos through an online marketplace. Using specialist software, you give your photos a hand-painted effect. You use a local supplier who then prints and frames the pictures ready for you to sell.

Demand for your pictures is growing from people who visit the area. You have set up as a sole trader business to sell your pictures.

- 11 (a) Other than operating as a sole trader, identify two types of business ownership that you could have considered.

1

2

[2]

Exemplar 1

2 marks

- 11 (a) Other than operating as a sole trader, identify two types of business ownership that you could have considered.

1 *Franchise.*

2 *Private limited company.*

[2]

Exemplar 2

1 mark

- 11 (a) Other than operating as a sole trader, identify two types of business ownership that you could have considered.

1 *Partnership.*

2 *Public company.*

[2]

Although it may be argued that a franchise is not strictly a type of business ownership (most franchisees are sole traders or private limited companies) it is acceptable as an answer to this type of question.

The answer of 'public company' would not be accepted. If it is referring to a public limited company (as opposed to a public sector organisation which would clearly be incorrect) then it would be an inappropriate choice for an individual setting up a new business.

Question 11 (b)

(b) Analyse **two** disadvantages of running your photography business as a sole trader.

Disadvantage 1

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Disadvantage 2

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[6]

Exemplar 1

High level

(b) Analyse **two** disadvantages of running your photography business as a sole trader.

Disadvantage 1 *I may not have enough skills to manage the business.*

Although I am well qualified to use the specialist software to produce the prints that does not mean I know how to price or promote my products successfully. This may mean that my business is not as profitable as it could be.

Disadvantage 2 *I may be unhappy about my work-life balance.*

This may be because I do not have time for a personal life or holidays. Taking the photos and then making them suitable for selling can be very time-consuming.

[6]

Both disadvantages contain the three components of a good answer as set out in the mark scheme (the disadvantage, a contextual explanation, and an impact on the owner/ business). They do not have to be this order, as shown by the second disadvantage which refers to the impact (lack of personal life/ holidays) before the contextual explanation.

Exemplar 2

Mid level

(b) Analyse **two** disadvantages of running your photography business as a sole trader.

Disadvantage 1 *I may not be able to raise enough finance which may limit the quality of the product I produce.*

Disadvantage 2 *I will have nobody to share the decision making with. A partner may have better ideas about the types of pictures that would sell.*

[6]

Each of the two disadvantages is missing a vital element.

The first disadvantage is correct and has a clear impact (the quality of output). However, this is a generic answer and could apply to any business. What might this business need to raise finance for?

The second disadvantage is also correct and is contextual (with reference to the selling of pictures). However, there is no impact on the business; for example, how this may lead to more sales or a higher price.

Exemplar 3

Low level

(b) Analyse **two** disadvantages of running your photography business as a sole trader.

Disadvantage 1 *I will have unlimited liability. This means that I am responsible for any debts and may have to sell my own possessions to pay them.*

Disadvantage 2 *I may lose my savings if the business goes bankrupt. I may not be able to pay my rent.*

[6]

The first disadvantage is correct but purely generic. The answer needs to contain some reference to the context provided about the photography business; for example, the debts having come from buying photographic equipment.

The second disadvantage is basically the same as the first one, adding nothing extra which can be rewarded. This is quite common in candidates' answers, and you need to make sure that they choose two clearly different answers in this type of question.

Question 12 (a)

12 Setting up a new business involves taking risks, but you feel that the potential rewards outweigh these risks.

(a) Identify **three** rewards that an entrepreneur may gain from taking risks.

- 1.....
- 2.....
- 3.....

[3]

Exemplar 1

3 marks

12 Setting up a new business involves taking risks, but you feel that the potential rewards outweigh these risks.

(a) Identify **three** rewards that an entrepreneur may gain from taking risks.

- 1 *Make money.*.....
- 2 *They do not have to take other opinions into account.*.....
- 3 *They can choose when to work.*.....

[3]

Although these answers do not completely match those in the mark scheme, they do correspond to three of the bullet points (financial, independence and flexibility with working hours).

Exemplar 2

1 mark

12 Setting up a new business involves taking risks, but you feel that the potential rewards outweigh these risks.

(a) Identify **three** rewards that an entrepreneur may gain from taking risks.

- 1 *I can choose when to take my holidays.*.....
- 2 *I can choose what hours to work.*.....
- 3 *Limited liability.*.....

[3]

The first two answers are fundamentally about the flexibility of being an entrepreneur, so only one of them can be rewarded. [As a general rule, only one answer relevant to each bullet point on the mark scheme will be rewarded.]

Limited liability is not a reward for taking a risk.

Question 12 (b)

(b) Explain **two** entrepreneurial characteristics that you need to operate your new photography business successfully.

Characteristic 1

Explanation

Characteristic 2

Explanation

[4]

Exemplar 1

4 marks

(b) Explain **two** entrepreneurial characteristics that you need to operate your new photography business successfully.

Characteristic 1 *Innovation*

Explanation *This will help me to come up with ideas for new products or pictures which may make my photography business more successful.*

Characteristic 2 *Determination*

Explanation *Being an entrepreneur is a challenge and I will need to show determination when faced with challenges in setting up a new business.*

[4]

Both answers provide a clear explanation of how the characteristics will be useful for an entrepreneur setting up a new photography business.

Exemplar 2

2 marks

(b) Explain **two** entrepreneurial characteristics that you need to operate your new photography business successfully.

Characteristic 1 *Creative*

Explanation *This creativity will help to make my products more successful.*

Characteristic 2 *Risk-taking*

Explanation *If I do not take risks I will not be successful.*

[4]

Although both answers provide a correct characteristic, neither of the explanations add anything to the answer. How does being creative help an entrepreneur to make successful products? What is the link between risk-taking and success?

It is important that candidates do more than repeat the characteristic/advantage/disadvantage etc. or just rephrase what has been written in the question stem.

Question 13 (a)

13 Before deciding to start your business, you carried out some secondary market research to collect **quantitative** data.

(a) Identify **two** secondary market research sources that you could have used.

1.....

2.....

[2]

Exemplar 1

2 marks

13 Before deciding to start your business, you carried out some secondary market research to collect **quantitative** data.

(a) Identify **two** secondary market research sources that you could have used.

1. *Specialist trade publications.*

2. *Kantar.*

[2]

'Kantar' is a legitimate answer as it is one of the world's largest market research companies. Both the specification and mark scheme refer to 'Mintel or similar' as a possible source.

Exemplar 2

1 mark

13 Before deciding to start your business, you carried out some secondary market research to collect **quantitative** data.

(a) Identify **two** secondary market research sources that you could have used.

1. *Internal sales data.*

2. *The Internet.*

[2]

As explained in the specification, the Internet is not classed as a source, in itself. To be rewarded, a specific example would need to be listed; for example, a competitor's social media site.

Question 13 (b)

(b) Analyse **one** benefit of using quantitative data when carrying out market research for your photography business.

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[3]

Exemplar 1

3 marks

(b) Analyse **one** benefit of using quantitative data when carrying out market research for your photography business.

It is easier to obtain the views of large numbers of individuals.

This may mean I can get a good idea about what pictures from

the tourist attractions located near where I live would sell best.

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[3]

This brief answer contains all three elements of a successful 'analyse' answer:

- the benefit – information from many individuals
- contextual explanation – the local tourist attractions
- analysis – which pictures would sell best (implying success for the business).

Exemplar 2

1 mark

- (b) Analyse **one** benefit of using quantitative data when carrying out market research for your photography business.

.....
There will be less bias in the data so the information will be
more useful.
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.....

[3]

There is a clear benefit in this answer (less bias) but there is no impact on the business – how would the lack of bias be more useful? Also, there is no attempt to explain how quantitative data may be less biased by using the available context.

Question 14

14 To support the start of your business you have planned some marketing activities.

Draw a line to link **each** marketing category to **one** example of a relevant marketing activity. You should draw **four** lines in total.

Marketing Category

Marketing Activity

Sales promotion

10% discount off all pictures during December

Reduce the variable costs to produce your pictures

Public relations

SMS texts

Advertising method (non-digital)

Send a press release to a photography magazine

Advertising method (digital)

Target a new geographic market

Design a leaflet for local hotels

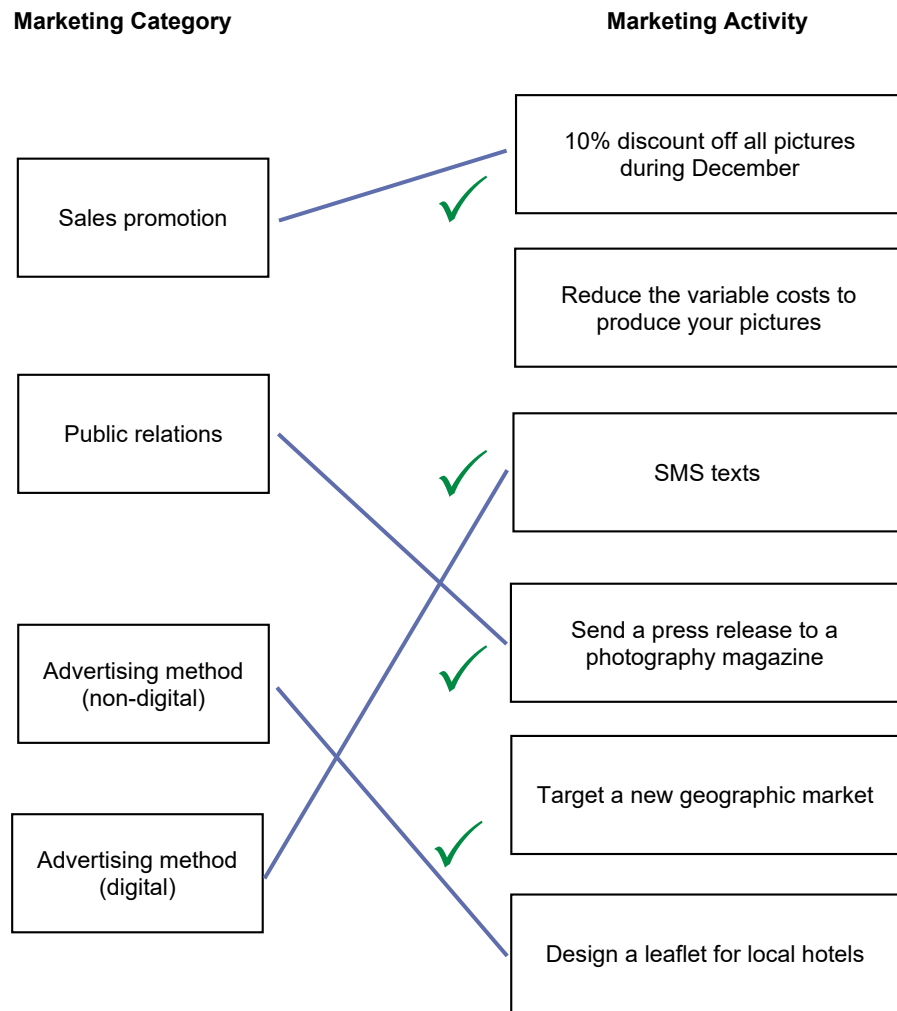
[4]

Exemplar 1

4 marks

14 To support the start of your business you have planned some marketing activities.

Draw a line to link **each** marketing category to **one** example of a relevant marketing activity. You should draw **four** lines in total.



All connections given are correct and the candidate has linked each category with one activity as requested in the instructions.

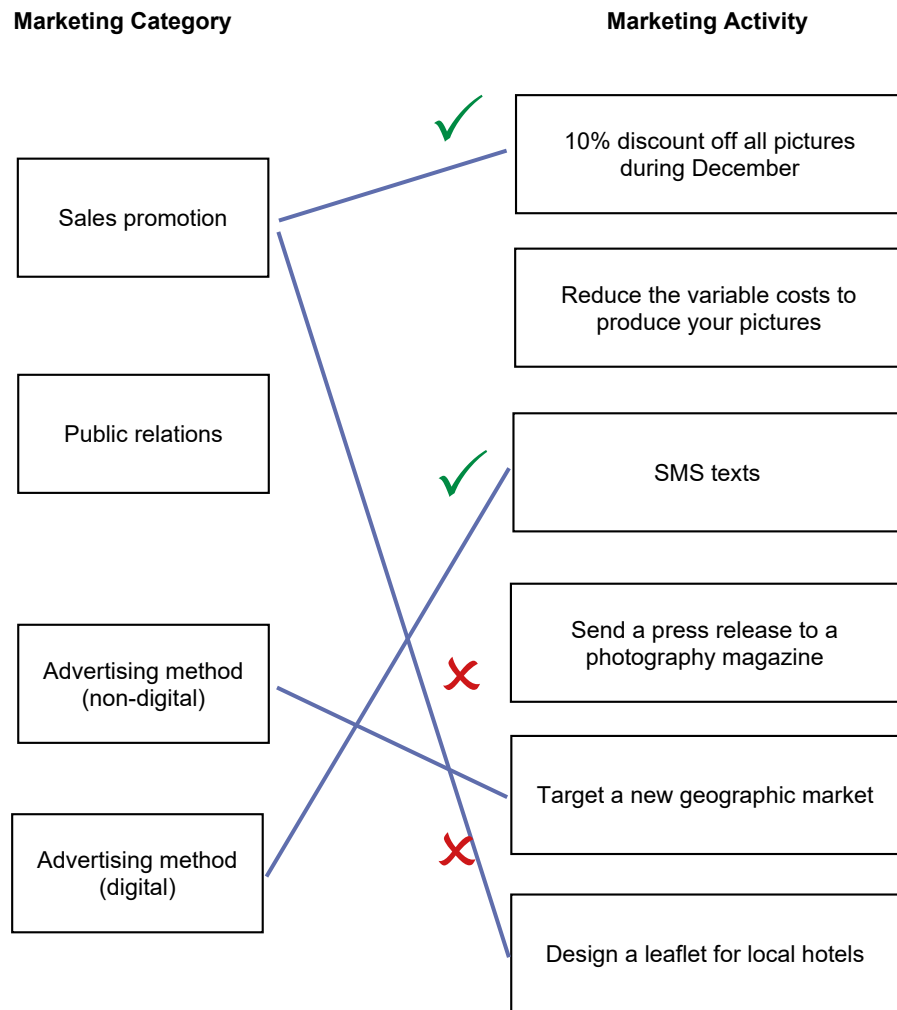
[4]

Exemplar 2

2 marks

14 To support the start of your business you have planned some marketing activities.

Draw a line to link **each** marketing category to **one** example of a relevant marketing activity. You should draw **four** lines in total.



[4]

There are two correct connections: sales promotion with a 10% discount and digital advertising with SMS texts. The candidate has ignored the instruction to link each category with only ONE activity. However, as there is no negative marking, this does not prevent the correct sales promotion activity from being rewarded.

The candidate has also confused sales promotion with advertising. As mentioned in Q10, the specification makes these types of distinction clear.

Question 15 (a)

15 Ensuring that the product is financially viable is important.

(a) Identify **two** fixed costs involved with producing your pictures.

1.....

2.....

[2]

Exemplar 1

2 marks

15 Ensuring that the product is financially viable is important.

(a) Identify **two** fixed costs involved with producing your pictures.

1 *A software licence*.....

2 *Rent*.....

[2]

Although there is no requirement to provide a contextual answer any that are relevant will be rewarded.

Exemplar 2

1 mark

15 Ensuring that the product is financially viable is important.

(a) Identify **two** fixed costs involved with producing your pictures.

1 *Electricity*.....

2 *Water bills*.....

[2]

Both answers are examples of utilities and so only one of them can be rewarded.

Question 15 (b) (i)

(b) In March, you sell 64 pictures. You have collected some financial information.

Fixed costs per year	£15 000
Variable costs per picture	£20.50
Selling price per picture	£45.50

(i) Calculate your profit for March.

Show your working.

Answer £.....

[4]

Exemplar 1

4 marks

Show your working.

$$\begin{aligned}
 TR &= 64 \times \pounds 45.50 \\
 &= \pounds 2912 \quad \checkmark
 \end{aligned}
 \quad
 \left.
 \begin{aligned}
 VC &= 64 \times \pounds 20.50 \\
 &= \pounds 1312 \quad \checkmark \\
 TC &= \pounds 1312 + (\pounds 15000 \div 12) \\
 &= \pounds 1312 + \pounds 1250 \\
 &= \pounds 2562
 \end{aligned}
 \right\}$$

$$\begin{aligned}
 \text{Profit} &= TR - TC \quad \checkmark \\
 &= 2912 - 2562
 \end{aligned}
 \quad
 \text{Answer } \pounds \underline{\quad 350 \quad} \quad \checkmark$$

[4] 4

You should encourage candidates to set out their working clearly, showing each stage of a calculation. This will allow examiners to reward stages of the process, even if any mistakes are made.

Exemplar 2

2 marks

Show your working.

$$\begin{aligned}
 \text{Total revenue} &= \pounds 2912 \quad \checkmark \\
 \text{Variable cost} &= \pounds 16312 \quad \times \\
 \text{Total} &
 \end{aligned}$$

$$\begin{aligned}
 \text{Profit} &= \text{Revenue} - \text{Cost} \\
 &= \pounds 2912 - \pounds 16312 \quad \text{SEEN}
 \end{aligned}$$

$$\text{Answer } \pounds \underline{\quad -13,400 \quad} \quad \text{OFR}$$

[4] 2

The lack of evidence may have cost this candidate a mark. The total cost is wrong, and it is likely that they have forgotten to divide fixed costs by 12. However, examiners cannot make this assumption for wrong answers when the working is not present. The candidate would score a second mark (Own Figure Rule) for the final answer, as they have clearly shown they have deducted their total cost figure from the revenue figure.

Question 15 (b) (ii)

The break-even quantity is calculated using this formula:

$$\frac{\text{Fixed costs}}{\text{Selling price per unit} - \text{variable cost per unit}}$$

(ii) Calculate the number of pictures that you need to sell to break even in March.

Show your workings.

Answer.....

[3]

Exemplar 1

3 marks

The break-even quantity is calculated using this formula:

$$\frac{\text{Fixed costs}}{\text{Selling price per unit} - \text{variable cost per unit}}$$

(ii) Calculate the number of pictures that you need to sell to break even in March.

Show your workings.

Fixed costs for March = $\pounds 15,000 \div 12 = \pounds 1250$ ✓

Break-even = $\frac{\pounds 1250}{\pounds 45.50 - \pounds 20.50}$ ✓

Answer..... 50 ✓

Another clearly set out answer which makes it easy for the examiner to mark.

[3] 3

Exemplar 2

1 mark

The break-even quantity is calculated using this formula:

$$\frac{\text{Fixed costs}}{\text{Selling price per unit} - \text{variable cost per unit}}$$

(ii) Calculate the number of pictures that you need to sell to break even in March.

Show your workings.

BE = $\frac{15000}{25}$

Answer... £600

[3] |

Although this answer is clearly wrong, the workings allow a mark to be given, as the student has correctly calculated the value for unit contribution. By placing it in the formula this is enough to gain the mark. However, they have not calculated the monthly fixed cost. A mark for OFR at the end cannot be given as the units are also wrong. It is a very common mistake to give break-even answers in monetary units.

Question 16 (a)

- 16** Your business has traded very successfully for six months. You are now planning to increase your product range by offering three picture sizes. You will need to raise additional capital to support this expansion and have chosen to use crowdfunding.

(a) Identify **two** other sources of capital that you could have used for this expansion.

1.....

2.....

[2]

Exemplar 1

2 marks

- 16** Your business has traded very successfully for six months. You are now planning to increase your product range by offering three picture sizes. You will need to raise additional capital to support this expansion and have chosen to use crowdfunding.

(a) Identify **two** other sources of capital that you could have used for this expansion.

1... *Borrow from family.*.....

2... *Bank loan.*.....

[2]

It is important to emphasise to your candidates to keep these answers as brief as possible.

Exemplar 2

1 mark

- 16** Your business has traded very successfully for six months. You are now planning to increase your product range by offering three picture sizes. You will need to raise additional capital to support this expansion and have chosen to use crowdfunding.

(a) Identify **two** other sources of capital that you could have used for this expansion.

1... *A business angel.*.....

2... *Crowdfunding.*.....

[2]

More context has been provided about the business before this question. It often appears that candidates rush to answer the question without reading this extra information. Otherwise, they would not have offered an answer ruled out by this context.

Question 16 (b)

(b) Analyse **two** advantages of using crowdfunding to raise additional capital for your photography business.

Advantage 1.....

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Advantage 2.....

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[6]

Exemplar 1

High level

(b) Analyse **two** advantages of using crowdfunding to raise additional capital for your photography business.

Advantage 1... *No interest is charged. As a small business I may not be able to afford this, and it will leave me with more of the capital to pay for the expansion to offer three picture sizes.*

Advantage 2... *I am still a sole trader so will be unlikely to have any security available, other than my photography equipment. I am more likely to obtain crowdfunding quickly which will allow my business to expand.*

[6]

Both advantages contain all three elements highlighted in the mark scheme, although not always in the same order.

Exemplar 2

Mid level

(b) Analyse **two** advantages of using crowdfunding to raise additional capital for your photography business.

Advantage 1... *I can use crowdfunding to gain access to lots of possible investors. This would normally be unlikely as I am only a sole trader. This would allow me to grow my business more quickly than relying on other methods.*

Advantage 2... *It is a good marketing tool to advertise my business. Lots of people will see my crowdfunding advert and may then want to buy my photos.*

[6]

The first advantage contains all three elements: the advantage (market reaction), context (proposal to increase range of picture sizes) and the explanation/impact (better to come up with a different expansion idea).

However, the second advantage, although it sounds convincing, is not answering the question. This answer is focused on the marketing benefits, rather than the raising of additional capital which is the focus of the question.

Exemplar 3

Low level

(b) Analyse **two** advantages of using crowdfunding to raise additional capital for your photography business.

Advantage 1... *It will be easier to raise finance than taking out a loan from a bank. I will not have the security which the bank will want from me so I can expand my business.*

Advantage 2... *Crowdfunding will give me access to lots of people all over the world. This may mean I can raise lots of money so that my business can grow quickly and compete more efficiently.*

[6]

The first answer tells us nothing about an advantage of raising finance via crowdfunding. What is written is correct but is answering a question about the disadvantages of taking out a bank loan. How will using crowdfunding be easier? **NB:** The contextual reference in this answer cannot be rewarded without a clear advantage of crowdfunding. Note how the mark scheme says, 'Award one further mark for each explanation...'

The second answer is a good answer but is lacking in context. The mark scheme explains that the analysis mark can be rewarded (after the mark for the advantage) independently of any contextual explanation.

Question 17

17 You need advice about the new product range and so you contact a local solicitor.

Explain **one** advantage and **one** limitation of seeking advice from a solicitor about the new product range.

Advantage.....

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Limitation

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[4]

Exemplar 1

4 marks

17 You need advice about the new product range and so you contact a local solicitor.

Explain **one** advantage and **one** limitation of seeking advice from a solicitor about the new product range.

Advantage..... *Advice is likely to be up-to-date so that I can make a better decision about what my new product range should contain.*

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Limitation *The solicitor may not have detailed knowledge of the photography industry as it is quite specialised.*

.....

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[4]

Both answers are correct and contain some reference to the situation the business is in.

Exemplar 2

2 marks

17 You need advice about the new product range and so you contact a local solicitor.

Explain **one** advantage and **one** limitation of seeking advice from a solicitor about the new product range.

Advantage... *Any advice provided will be unbiased.*

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Limitation ... *It may be expensive which I will not be able to afford.*

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[4]

Both answers are correct but contain no explanation linked to the business. Why will the advice be unbiased? Why may you not be able to afford it?

Question 18 (a)

18 The market is competitive and you decide to use market segmentation.

(a) Identify **three** types of market segmentation that you could use.

- 1.....
- 2.....
- 3.....

[3]

Exemplar 1

3 marks

18 The market is competitive and you decide to use market segmentation.

(a) Identify **three** types of market segmentation that you could use.

- 1 *Age of customers.*.....
- 2 *Are customers male or female?*.....
- 3 *Where people live.*.....

[3]

Answers may be examples of the segmentation methods listed in the specification.

Exemplar 2

1 mark

18 The market is competitive and you decide to use market segmentation.

(a) Identify **three** types of market segmentation that you could use.

- 1 *How much money customers have.*.....
- 2 *Customer income.*.....
- 3 *What they can pay.*.....

[3]

Each of these answers is ultimately based on how much money/income customers have.

Question 18 (b)

(b) Explain **two** benefits of using market segmentation for your photography business.

Benefit 1.....
.....
Explanation.....
.....
Benefit 2.....
.....
Explanation.....
.....

[4]

Exemplar 1

4 marks

(b) Explain **two** benefits of using market segmentation for your photography business.

Benefit 1... *Increased customer retention*.....
.....
Explanation... *I can make sure I satisfy the exact needs of my customers
which is vital in a competitive market.*.....
Benefit 2... *May increase my market share*.....
.....
Explanation... *As a small business I will not be able to compete in all
markets so it would be best to focus on one or two segments.*.....

[4]

Both answers provide clear explanations with some context. There is reference to 'competitive market' in the first answer and 'small business' in the second answer.

Exemplar 2

2 marks

(b) Explain **two** benefits of using market segmentation for your photography business.

Benefit 1 *Increased profitability*

Explanation *I will be able to make more profits by using market segmentation.*

Benefit 2 *Marketing can be targeted*

Explanation *When I produce any marketing it can be targeted at the right people*

[4]

Questions about the benefits of market segmentation are often not well answered. As in the case of these two answers, the explanation adds nothing to the initial answer. You need to make sure that candidates avoid repeating the benefit in the explanation.

Question 19

- 19 You are thinking about advertising your new product range to attract new customers to your photography business. You are considering using **either** social media **or** a local newspaper campaign.

Discuss whether you should use social media **or** local newspapers to advertise your new product range. Your recommendation should include:

- An advantage and a disadvantage of using social media
- An advantage and a disadvantage of using a local newspaper campaign
- A justification for your decision.

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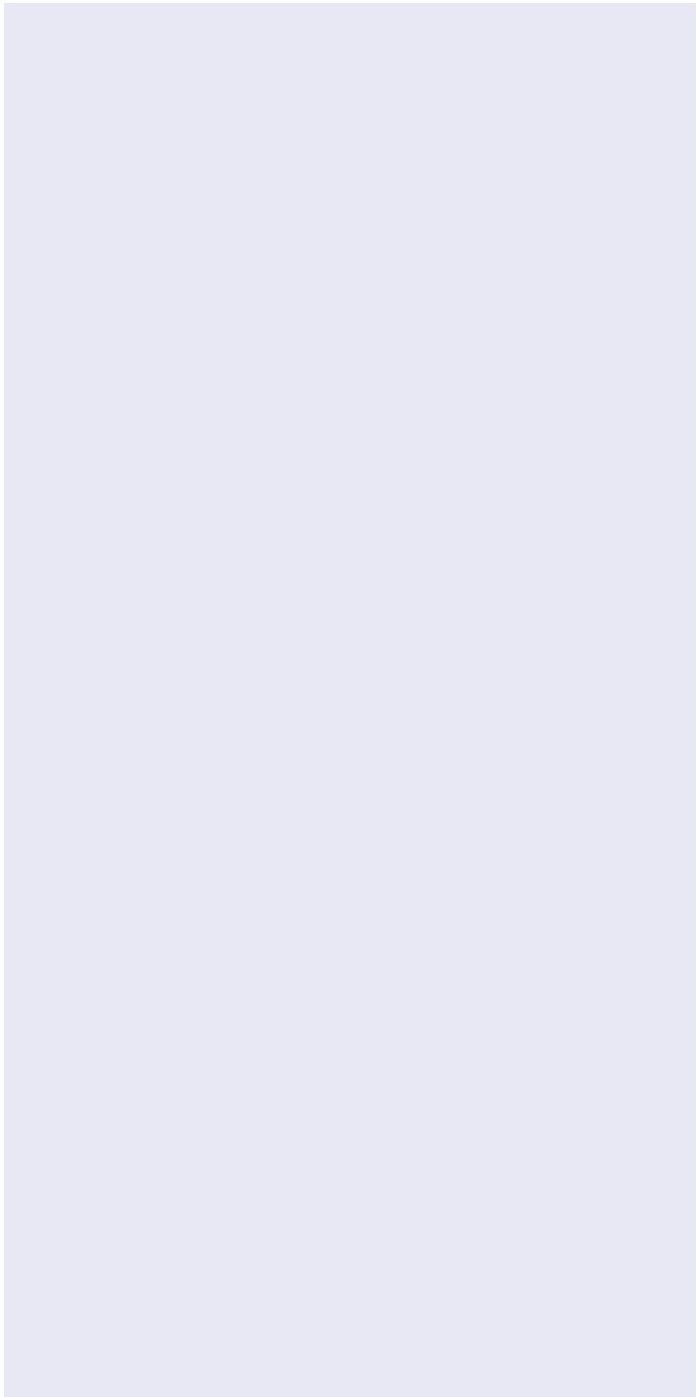
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[8]



Exemplar 1

High level

Using social media would be the best option. My business is looking to grow, and social media allows me to attract customers from all over the world. As a technology-based business, using social media will fit my image rather than outdated local newspapers. I am selling via an online marketplace which I could put a link to on my social media pages. There is always a danger that my social media pages are competing with thousands from around the world. However, given my recent photographic qualification, I will be able to include lots of modern ideas and images. I am only a small business and will not have much time and money, so using local newspapers would be a cheap option. It will help to focus my advertising on customers who know the local tourist attractions I am taking photos of. However, newspapers have smaller audiences when compared to social media.

This answer satisfies all parts of the Level 3 descriptor in the mark scheme. Looking at the answer holistically, it contains an advantage and a disadvantage of each option. These points are all clearly in context.

Although it is in the first paragraph, there is also a clear decision made between the two options which is justified using the context available.

[8]

Exemplar 2

Mid level

Using local newspapers could be a good idea. I am only a small business and will not have much time and money. Advertising in local newspapers will help to focus my advertising on customers who know the local tourist attractions I am taking photos of. One problem might be that fewer people read newspapers nowadays, when compared to social media.

On the other hand, using social media may be a better idea. I am selling via an online marketplace which I could put a link to on my social media pages.

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[8]

This answer considers both options and makes use of the context throughout which places it in the Level 2 descriptor in the mark scheme. However, it does not fully achieve the requirements of this level as the discussion about social media is one-sided. This means that the top mark in this level cannot be given.

As well as a two-sided discussion about social media, this answer would also need to make a clear decision to move into Level 3. Just writing '...using social media may be a better idea' is not a decision.

Exemplar 3

Low level

I think that using local newspapers would be best for me. I am only a small business and will not have much time and money. Advertising in local newspapers is cheap and will help to focus my advertising on customers who know the local tourist attractions I am taking photos of.

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[8]

This answer ignores the guidance provided in the question and attempts to make a decision based on a very limited discussion.

The answer does contain a good one-sided reason for using local newspapers which makes use of the context available (small business and local tourist attractions). However, it only considers the advantage of one of the options in the question. This matches the description in the mark scheme for a Level 1 answer.

This answer would need to consider the use of social media to move into Level 2.

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