

Cambridge National

Enterprise and Marketing

R064/01: Enterprise and marketing concepts

Level 1/2 Cambridge National Certificate/Award

Mark Scheme for June 2022

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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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PREPARATION FOR MARKING ON-SCREEN

- 1. Make sure that you have accessed and completed the relevant training packages for on-screen marking: RM assessor Online Training and the OCR Essential Guide to Marking.
- 2. Make sure that you have read and understood the Instructions for On-Screen Marking and the mark scheme and the question paper for this unit. These are posted on the RM Cambridge Assessment Support Portal http://www.rm.com/support/ca
- 3. Log-in to RM Assessor³ and mark the **required number** of standardisation responses.

MARKING INSTRUCTIONS - FOR MARKING ON-SCREEN

- 1. Mark strictly to the mark scheme.
- 2. Marks awarded must relate directly to the marking criteria.
- 3. The schedule of dates is very important. It is essential that you meet the 50% and 100% deadlines. If you experience problems, you must contact your Team Leader (Supervisor) without delay.
- 4. If you are in any doubt about applying the mark scheme, consult your Team Leader by telephone or the RM Assessor³ messaging system, or by email.

5. Crossed Out Responses

Where a candidate has crossed out a response and provided a clear alternative then the crossed out response is not marked. Where no alternative response has been provided, examiners may give candidates the benefit of the doubt and mark the crossed out response where legible.

Multiple Choice Question Responses

When a multiple choice question has only a single, correct response and a candidate provides two responses (even if one of these responses is correct), then no mark should be awarded (as it is not possible to determine which was the first response selected by the candidate).

Contradictory Responses

When a candidate provides contradictory responses, then no mark should be awarded, even if one of the answers is correct.

Short Answer Questions (requiring only a list by way of a response, usually worth only **one mark per response**)

Where candidates are required to provide a set number of short answer responses then only the set number of responses should be marked. The response space should be marked from left to right on each line and then line by line until the required number of responses have been considered. The remaining responses should not then be marked. Examiners will have to apply judgement as to whether a 'second response' on a line is a development of the 'first response', rather than a separate, discrete response. (The underlying assumption is that the candidate is attempting to hedge their bets and therefore getting undue benefit rather than engaging with the question and giving the most relevant/correct responses.)

Short Answer Questions (requiring a more developed response, worth two or more marks)

If the candidates are required to provide a description of, say, three items or factors and four items or factors are provided, then mark on a similar basis – that is downwards (as it is unlikely in this situation that a candidate will provide more than one response in each section of the response space.)

Longer Answer Questions (requiring a developed response)

Where candidates have provided two (or more) responses to a medium or high tariff question which only required a single (developed) response and not crossed out the first response, then only the first response should be marked. Examiners will need to apply professional judgement as to whether the second (or a subsequent) response is a 'new start' or simply a poorly expressed continuation of the first response.

- 6. Always check the pages (and additional objects if present) at the end of the response in case any answers have been continued there. If the candidate has continued an answer there then add a 'SEEN' annotation to confirm that the work has been seen.
- 7. Award No Response (NR) if:
 - there is nothing written in the answer space.

Award Zero '0' if:

• anything is written in the answer space and is not worthy of credit (this includes text and symbols).

Team Leaders must confirm the correct use of the NR button with their markers before live marking commences and should check this when reviewing scripts.

8. The RM Assessor³ **comments box** is used by your Team Leader to explain the marking of the practice responses. Please refer to these comments when checking your practice responses. **Do not use the comments box for any other reason.**If you have any questions or comments for your team leader, use the phone, the RM Assessor³ messaging system, or e-mail.

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)
LI	
L2	Levels of response awarded at this point (only to be used in Q26)
L3	Levels of response awarded at this point (only to be used in Q26)
L4	
CONT	Context (Q26 only)
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 Q26), 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 25 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 26 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: B	1			
2	Indicative content: A	1			
3	Indicative content: B	1			
4	Indicative content: B	1			
5	Indicative content: D	1			
6	Indicative content: C	1			
7	Indicative content: D	1			
8	Indicative content: A	1			
9	Indicative content: C	1			
10	Indicative content: C	1			
11	Indicative content: B	1			
12	Indicative content: D	1			
13	Indicative content: B	1			
14	Indicative content: B	1			
15	Indicative content: C	1			
16	Indicative content: B	1			

Question	Answer	Marks	Guidance
	SECTION B		
17	State the name of the functional area that is responsible for each of the following activities. Deciding the price of a personalised hoodie - Marketing	5	Award one mark for correctly stating each functional area that is responsible for the activity, up to a maximum of five marks.
	Ensuring the production area is safe to work in – Human Resources Checking the quality of a finished hoodie - Operations		Only accept answers which are from the list provided in the question
	Organising a focus group - Marketing Monitoring the stock of raw materials – Operations		
	Monitoring the stock of faw materials - Operations		
18 a	 State and explain two purposes of carrying out market research. Indicative Content To understand the market/know or meet customer wants To promote the organisation To test customers' reaction (gain views) to a new idea To predict likely sales for a new product/service To aid decision-making/inform the business as to any changes that could be made to improve the product/service (e.g., set the price) To reduce risk To inform product development Example responses	4	Award one mark for each purpose of carrying out market research and one mark for a development of this purpose, up to a maximum of two purposes. Ensure the two purposes are clearly different
	I can test customer response (1) to my school leaver hoodie range, e.g., what do they think of the product/colour and would they buy it (1). Market research will help to identify what price consumers are willing to pay (1) to ensure that sales are high (1).		
	ARA		

b Analyse one advantage and one disadvantage of looking at competitors' data as part of your market research. Indicative Content	6	Award one mark for one advantage and one mark for one disadvantage
Advantages may include: Low(er) cost/free/quicker/publicly available Competitor operates in the same product line/market so faces similar challenges Enables benchmarking (e.g., pricing)/compare own performance Can help to inform future primary research May help you to identify what they did right or wrong Disadvantages may include: Not specific to your business The business operates in a different part of the country so the customers and trading conditions may be completely different so any comparison will be misleading The data was collected/analysed by another business/individual so may contain errors/bias Competitor may edit data, e.g., offer misleading data or only share specific information Could be out-of-date as the competitor had to collect/analyse the data before sharing it with me Example responses Low cost (1). Collecting the data from a competitor will save me the cost of collecting and analysing my own data (1). This will result in me having more funds to develop my business (1). The data may contain errors (1) as it was collected by someone else (1), which may lead to inaccurate decisions for my business (1).		Award one further mark for each explanation of the advantage/disadvantage AND Award one further mark for each analysis of the advantage/disadvantage (by showing the impact on the business/you). The third (analysis) mark in each case may be awarded independently from the second mark for explanation Ensure the third (analysis) mark is for a tangible impact on the owner/business (e.g., 'so I will be more successful' or 'time will be wasted' are TV)

Question	Answer	Marks	Guidance
C	Identify two ways that the needs of your customers might differ from those of other businesses. Indicative Content	2	Award one mark for each way that customers may differ, up to a maximum of two marks. Accept examples of benefits, such as 'materials', 'size' or 'design', as BOD Do NOT accept 'price' or 'pricing' – it must be about the income or willingness to pay of the customer No reward for segmentation methods (e.g., age, gender, geography)
	ARA		3 / 33 -1 //
19 a	State and explain two reasons why an entrepreneur starting a new business should prepare a business plan. Indicative Content To clarify the business idea/plan product To support an application for finance/identify sources of capital To measure/monitor business performance (e.g., identify breakeven output) To help manage cash flow To help plan business operations/set objectives/develop strategies To identify potential problems/reduce risk To see if the business/idea is viable Example responses A business plan may be used to support an application for finance (1) to show the ability to repay funds (1). An entrepreneur can use a business plan to monitor the performance of the business (1) by comparing actual and predicted sales (1).	4	Award one mark for each reason for preparing a business plan and one mark for a development of this reason, up to a maximum of two reasons. Ensure that each reason is clearly different 'To know what to do' is TV

Question	Answer	Marks	Guidance
b	Identify two organisations or individuals who may wish to see your business plan. Indicative Content Bank / lender Business angel Grant provider Potential partner / investor/ shareholder / crowdfunding group Business advisor ARA	2	Award one mark for each organisation or individual, up to a maximum of two marks. Only reward one example of each type of organisation/individual Do NOT accept government/charities unless there is reference to them being a grant provider Accept 'franchisor' but NOT 'franchise' or 'franchisee'
20	Analyse two advantages of running your business as a limited partnership. Indicative Content Advantages may include: A partner to share decision making/responsibility Limited liability A limited partnership may be able to obtain additional finance more easily than a traditional partnership — e.g., banks may consider the business as a lower risk Different partners may have experience/expertise/ideas in diverse functional areas of the business - e.g., one partner may be skilled at finance tasks whereas another may be talented at marketing Able to benefit from the financial contributions of all partners More work can be achieved or completed Example responses Limited liability (1) which means that the partners are not responsible for all business debts if the business fails (1). This will result in me not having to sell my possessions (1). I can share decision making with my partner (1) which could lead to better decision-making (1) which reduces the stress for me (1).	6	Award one mark for each advantage, up to a maximum of two marks PLUS Award one further mark for an explanation of each advantage, up to a maximum of two marks AND Award one further mark for analysis of each advantage (by showing the impact on the business/you), up to a maximum of two marks. Any advantage of running a partnership (not necessarily a limited one) should be rewarded Ensure that the two advantages are different The third (analysis) mark in each case may be awarded independently from the second mark for explanation Ensure the third (analysis) mark is for a tangible impact on the owner/business (e.g., 'so I will be more successful' or 'time will be saved' are TV)

Question	Answer	Marks	Guidance
21 a	State and explain two factors to consider when deciding an appropriate price to charge for personalised hoodies. Indicative Content Income level of target customers/what they are willing to pay Competitor prices Costs of production (allow one example) The USP/product differentiation/quality of product To achieve an acceptable break-even point Example responses I will need to look at the prices charged by competitors (1). If my product is more expensive than competitors, everyone will purchase from the competitor (1). The costs to produce a product (1) must be covered with some extra added on for my profit (1).	4	Award one mark for each factor that may influence the price charged and one mark for a development of this factor, up to a maximum of two factors. Ensure that each factor is clearly different No reward for answers which only mention price charged (this is tautological) – there needs to be an explicit link to the factor of income levels or willingness to pay
b	Calculate the total sales revenue generated during April. Small £17.50 x 160 hoodies = £2,800 (1) Medium £20.00 x 470 hoodies = £9,400 (1) Large £22.00 x 220 hoodies = £4,840 (1) Total revenue = Total of the revenue for each of the three sizes = £2,800 + £9,400 + £4,840 = £17,040 (1)	4	Award four marks for correct answer of £17,040 (with or without workings) OFR can be awarded if there is evidence of three separate numbers for each size of hoodie being correctly added together
	OFR		

Question	Answer	Marks	Guidance
22	State two parts of the marketing mix. Indicative Content Product Price Place (NOT location) Promotion (NOT advertising)	2	Award one mark for each part of the marketing mix, up to a maximum of two marks. The additional three Ps for services are also awardable: • Physical evidence • People • Processes Do NOT accept packaging (it is part of promotion)
23	State and explain two advantages for your business of operating a loyalty scheme. Indicative Content Encourages repeat sales Encourages bulk sales (accept 'buy more') Increased customer retention May attract customers from competitors due to the benefits of the loyalty scheme Example responses A loyalty scheme rewards regular customers (1) so it encourages them to continue to buy from my business (1). A loyalty scheme encourages customers to buy more often (1) which will increase my sales revenue (1).	4	Award one mark for each advantage of operating a loyalty scheme and one mark for a development of this advantage, up to a maximum of two advantages. Ensure that each advantage is clearly different No reward for 'encourages loyalty' (tautological) Answers must be clearly about the advantages of a loyalty scheme (repeat sales/retention/tempt customers from competitors) and not general answers about promotion. For example, 'sales will increase' is TV. The same goes for more general benefits of promotion (e.g., increased word of mouth). Answers MUST be about advantages for your business rather than the advantages for customers

Question	Answer	Marks	Guidance
24 a	State and explain one advantage and one disadvantage of developing a clear Unique Selling Point (USP) for your school blazers. Indicative Content Advantages: Customers will not be able to purchase the same product from any other business A higher price can be charged - if the product is unique May support customer loyalty/retention Helps the product stand out (differentiates) from other products available Supports the development of a strong brand Disadvantages: Expense of developing the USP Customers may not value the USP Need to carry out market research to ensure customers value the USP I will be able to charge a higher price (1), as anyone wanting to purchase this product will have no option but to purchase from my business (1). It may be expensive (1) as I will need to spend money on suitable promotion or branding (1).	4	Award one mark for an advantage and one mark for a disadvantage of developing a clear Unique Selling Point (USP) and one mark for a development of each advantage/disadvantage. No reward for general answers (e.g., attract new customers, encourage sales) Any reference to the setting of higher prices as a disadvantage must be as an explanation (e.g., due to the expense of developing a USP) rather than a disadvantage itself (we cannot assume that prices will automatically increase because of a USP).
	ARA		

Que	stion	Answer	Marks	Guidance
	b	State two variables from the design mix model. Indicative Content Function (what the product does) Cost/Economic manufacture (NOT price) Appearance/Aesthetics (how the product looks)	2	Award one mark for each variable/factor up to a maximum of two marks. Accept answers which imply knowledge of a correct variable (but not examples of them, e.g., colour, texture, quality, size).
25	а	Using the formula, calculate the break-even point per month for medium-sized school blazers. 6300 45 – 10 Break-even = 180	2	Award two marks for the correct break-even figure of 180 (with or without workings) Award one mark for evidence of correct workings (e.g., Contribution = £35) or correctly placing the three numbers into the formula Maximum of one mark for an answer which calculates the answer for a year (2160)
	bi	Calculate the total costs for December. Total costs = Fixed costs + Variable costs Variable costs = 120 blazers x £12 = £1,440 (1) Total costs = £6,900 + £1,440 = £8,340 (1) OFR	2	Award two marks for the correct answer of £8,340 (with or without workings) Award one mark for the correct variable cost figure (£1,440) Award one mark for the correct total cost figure (OFR)

Question	Answer	Marks	Guidance
bii	Calculate the profit that you will make on each large school blazer sold in September.	3	Award three marks for the correct answer of £10.40 (with or without workings)
	Total costs for large blazers = $(£6\ 900 \div 250) + £12$ = £27.60 (1) + £12 = £39.60 (1) OFR		Award one mark for the correct figure for average fixed cost (£27.60)
	Profit per blazer = £50 - £39.60 = £10.40 (1) OFR		Award one mark for the correct figure for total costs (£39.60) OFR
	Alternative method $TR = 250 \times £50 = £12,500 (1)$		Award one mark for the correct figure for profit per blazer OFR
	TC = 6,900 + (250 x £12) = £9,900 (1) Total Profit = £12,500 - £9,900 = £2,600 Profit per blazer = £2,600 \div 250 = £10.40 (1) OFR		No reward for answers which use the TC from Q25bi (that is for December)
			Maximum two marks for an answer for all blazers sold in September (£2600)
26	Recommend whether it would be better for you to use point of sale advertising or running a prize competition for customers to win £1000. Justify your answer.	8	Levels of response L1 (1-2 marks) Identifies knowledge of one/both methods of
	Indicative Content		sales promotion
	 Point of sale advertising: Selling the blazers in a shop so the advertising would be at the location where sales can be made Visual with high impact 		L2 (3-4 marks) Explains one/both methods of sales promotion
	 Point of sale advertising may be more effective for lower-priced impulse purchases, e.g., chocolate bars Expense of printing/designing the advertising material and 		L3 (5-6 marks) Analyses one/both methods of sales promotion in context
	 distributing it to all 10 shops Prize competition: As one entry into the competition per purchase it may encourage customers to buy more school blazers 		L4 (7-8 marks) Evaluates at least one method (once L3 has been achieved)

Question	Answer	Marks	Guidance
	 The blazer is an expensive purchase so the opportunity to win cash may tempt some customers May generate media coverage / PR when presenting the prize winner with their prize The prize funds will be an expense for the business Additional advertising may be required to make customers aware of the competition. Without customer awareness the competition is not likely to generate additional sales. Some customers may not find the prize appealing Only one lucky customer will benefit from a prize competition Administration to operate/run the competition Example response Publicity may be gained from a prize competition (L1) but is likely to be a significant cost for the business (L2) especially if I am only making £10.40 profit per blazer (L3). Point of sale advertising will be in the shop that the blazers are sold (L1) so the visual advert may attract attention and encourage customers to buy (L2). As the blazers are sold only in specialist uniform shops all customers in the shop will be interested in school uniform (L3). I would choose point of sale adverting (L4). The cost of creating the advertising is likely to be less than £1000 and it may tempt customers to buy a blazer whilst in store. More advertising is required to make people aware of the competition so the cost to my business will be more than just the prize money (L4). 		A justified recommendation based on analysis of each method and/or a comparison must be made for full marks Award the bottom mark of each level if only one of the methods is considered NB: Answers must be explicitly or implicitly about point of sale advertising (rather than advertising generally). Also, ensure that the concept of point of sale advertising is clearly understood. Available context to reward at L3/L4 • You are a (relatively) new business • Limited partnership • Another similar business has recently closed • Previously used data from a competitor for market research • Recognised need to produce a business plan • Previously used a loyalty scheme • School uniform blazers to be sold in different sizes – likely to be purchased by parents • Intending to develop a USP • Use of any break-even, cost or profit data from Q25 (OFR) • Blazers to be sold in a specialist school uniform retailer with 10 stores • Any attempt to use the £1000 prize as an aid to analysis (no reward for it merely being included in an answer)

Question	Answer	Marks	Guidance
			Any context must be used to aid analysis or evaluation rather than just stated

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