

CAMBRIDGE NATIONALS

Examiners' report

ENTERPRISE AND MARKETING

J819

R064 Summer 2022 series

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Introduction

Our examiners' reports are produced to offer constructive feedback on candidates' performance in the examinations. They provide useful guidance for future candidates.

The reports will include a general commentary on candidates' performance, identify technical aspects examined in the questions and highlight good performance and where performance could be improved. A selection of candidate answers is also provided. The reports will also explain aspects which caused difficulty and why the difficulties arose, whether through a lack of knowledge, poor examination technique, or any other identifiable and explainable reason.

Where overall performance on a question/question part was considered good, with no particular areas to highlight, these questions have not been included in the report.

A full copy of the question paper and the mark scheme can be downloaded from OCR.

Advance Information for Summer 2022 assessments

To support student revision, advance information was published about the focus of exams for Summer 2022 assessments. Advance information was available for most GCSE, AS and A Level subjects, Core Maths, FSMQ, and Cambridge Nationals Information Technologies. You can find more information on our [website](#).

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R064 series overview

This series saw a record number of candidates take the examination. The large examining team felt it was a good, well-rounded paper which tested a variety of elements from the specification. There was clear differentiation between questions, and candidate responses showed a range of knowledge and understanding. It was once again noted the number of candidates who only attempted the multiple-choice questions.

Some candidates still find it challenging to develop their responses which limits the marks awarded. Often, when asked for two advantages, purposes etc. only one was of a good standard. Also, explanations were sometimes repetitive. Revision of key knowledge, such as marketing mix, design mix, and sources of finance would have benefited many candidates, as many were not clear or confident on these topics.

The full mark range was used on this paper, with a few candidates scoring 79 out of 80 and a number gaining no marks at all.

Candidates who did well on this paper generally did the following:	Candidates who did less well on this paper generally did the following:
<ul style="list-style-type: none"> • had a thorough knowledge of the whole specification • did not omit questions • answered the numeric questions well • made sure their explanation added something to the response (rather than repeating basic knowledge) • were able to provide more than one point when required, without any repetition. 	<ul style="list-style-type: none"> • had significant gaps in their knowledge • did not know the meaning of point of sale advertising • were unclear about the role of each functional area • confused customer needs with segmentation methods • were unfamiliar with the concepts of USP and loyalty schemes.

Section A overview

This section acts as a very good discriminator, with many candidates scoring full marks and, at the other end of the spectrum, some only scoring 4 or 5 marks. A few candidates continue to miss out the occasional question. There is no negative marking and so candidates should always be encouraged to attempt every question.

Questions 1, 6, 12 and 15 proved to be the least well answered in this section.

Question 1

1 Small business grants are **not** awarded by

(a) Banks

(b) Business angels

(c) Charities

(d) Government

[1]

There was considerable uncertainty shown about who provides business grants – something seen on previous papers. Charities and the government were common incorrect responses as not providing grants.

Question 6

6 Which of the functional activities is responsible for meeting customer needs?

(a) Finance

(b) Human Resources

(c) Marketing

(d) Operations

[1]

The continuing issue about what activities each business function carries out was evident here. Many incorrect responses chose Human Resources.

OCR support



Remember that the specification (Sections 6.1 and 6.2 of the teaching content) clearly lists the purpose and activities of each function.

Question 12

12 A discount supermarket sells low-priced products. During which stage of the business cycle is it likely to experience the **most** growth in demand?

- (a) Boom
- (b) Growth
- (c) Maturity
- (d) Recession

[1]

This question was designed to be the most challenging and proved to be the least well answered, with less than a quarter of candidates getting the correct answer. The key word in the question is 'most' which is why it was emboldened. 'Maturity' was a very common wrong response, even though it is not a stage of the business cycle.

Question 15

15 An entrepreneur may have to return all of the funds pledged, if the funding target is not met.

Which source of finance does this refer to?

- (a) Bank loan
- (b) Business angel
- (c) Crowdfunding
- (d) Government grant

[1]

The generally low knowledge of finance was shown by responses to this question. 'Crowdfunding' is the only option where funds are 'pledged' **and** may have to be returned.

Section B overview

A significant number of candidates attempted to link their responses back to the case study which suggests that the context was fully accessible for those taking this examination. There was evidence of some excellent responses which were clearly written and focused on the question. Less successful responses lacked clarity, repeated the same point across two answers or did not add any extra detail to explanations.

Questions 18 (a), 21 (b) and 25 (a) were the most successfully answered in this section.

Questions 18 (c), 20, 22, 23, 24 and 26 were less well answered. Four of these, Questions 18 (c), 20, 22 and 24 also had relatively high omit rates.

Question 17

A well-established clothing company in your local town is about to close down. One of the products the company sells is personalised hoodies, which are popular with students. These are bought by groups of students to celebrate leaving school or college. Sometimes, the school or college will buy a large batch of personalised hoodies for a whole year group, selling them on to individual students.

No other local business sells personalised hoodies and so you have set up a business specialising in printing and selling personalised hoodies.

17 The four functional areas of a business are:

- Human Resources
- Marketing
- Operations
- Finance

From this list, state the name of the functional area that is responsible for each of the following activities.

– Deciding the price of a personalised hoodie

.....

– Ensuring the production area is safe to work in

.....

– Checking the quality of a finished hoodie

.....

– Organising a focus group

.....

– Monitoring the stock of raw materials

.....

[5]

Most candidates scored 3 or 4 marks. Most answered the first option incorrectly (usually giving an answer of 'Finance') and many gave 'Human Resources' as the response for a focus group. There were also some gaps, and a few candidates wrote functional areas that do not exist (such as 'market research') even though the instruction was to only use the list provided.

Question 18 (a)

18 Before starting production of personalised hoodies, you carry out some market research.

(a) State and explain **two** purposes of carrying out market research.

Purpose 1

.....

Explanation

.....

Purpose 2

.....

Explanation

.....

[4]

This question was generally well answered. Better responses gave two clearly different purposes for carrying out market research, with 'decision-making' and 'finding out customer wants and needs' being the most popular.

Less successful responses often did not provide any extra information in the explanation or provided the same purpose twice. For example, responses of 'finding out what price customers are willing to pay' and 'know what styles the customer wants to buy' are fundamentally the same answer about understanding the market.

Question 18 (b)

- (b) While browsing the Internet, you find a report about the sales and profit data of a business in a different part of the UK which also sells personalised clothing.

Analyse **one** advantage and **one** disadvantage of looking at competitors' data as part of your market research.

Advantage

.....

.....

Disadvantage

.....

.....

[6]

There were some very good responses to this question, often focusing on the ability to do some cheap and quick research which would help a start-up business, the problems caused by out-of-date information, or the competitor being in a different part of the UK.

The advantage was generally covered better than the disadvantage. Some of the disadvantages were generic comments about competitive behaviour or candidates misunderstood the question by writing about issues linked to copyright.

As is always the case with the 6-mark 'analyse' questions, the third mark in each response is for showing a tangible impact on the business/owner. Many responses providing this clear impact, in terms of more sales or profit, the way in which money saved could be used to develop the product, or market share. However, many responses did not attempt to provide this impact or gave ones which were too vague, such as 'the business will be more successful'. This is an abstract term which needs to be more specific as to what is meant by 'more successful'.

Question 18 (c)

(c) Identify **two** ways that the needs of your customers might differ from those of other businesses.


1

2

[2]

Once again, a question about the needs of customers was not well answered. Almost half of candidates scored no marks and there was a high omit rate. There continues to be confusion with market segmentation methods, which was seen in many responses. Equally, there was often reference to 'price' as a response. This is not a need. The need is the amount of money/income a customer may have or their willingness to pay.

Misconception

 The specification is very clear about the difference between segmentation methods (LO 1.2) and the need for this segmentation, based on customer needs or requirements (LO 1.1). Centres would benefit from focusing on this distinction to a greater extent.

Question 19 (a)

19 You need to prepare a business plan.

- (a) State and explain **two** reasons why an entrepreneur starting a new business should prepare a business plan.

Reason 1

.....

Explanation

.....

Reason 2

.....

Explanation

.....

[4]

There were some very insightful responses to this question, often focusing on the need to raise finance, helping to monitor financial targets, and as a tool for target setting.

Lower ability responses were often far too general. For example, "so they know what to do" gained no credit. In addition, many responses were more akin to a market research response.

This question shows how responses do not always gain the explanation mark by not providing any extra information to what has been given in the reason. This is shown in Exemplar 1.

Exemplar 1

Reason 1 ~~To spot risks~~ prevent risks
before they come.

Explanation If a business makes a business plan they can prevent risks, saving time and money

Reason 2 To apply for loans

Explanation as a new business you dont have alot of capital so a business plan will help get bank loans

The first response is clearly set out with the reason (preventing risks) and the explanation developing this by saying it will save time and money. Very succinct, but clearly explained.

However, the second reason, although correct with regards to helping when seeking a loan, adds nothing material in the explanation. How will it help to get a bank loan? A clear explanation may have suggested why the business plan would assist. For example, it would show the bank your ability to repay the loan or it would give confidence to the bank about them lending you money.

Question 19 (b)

(b) Identify **two** organisations or individuals who may wish to see your business plan.

1

2

[2]

Most candidates were able to name one organisation, usually the bank, but the second response was often wrong, with the government, employees or HRMC being common choices.

Question 20

20 You decide to run your business as a limited partnership.

Analyse **two** advantages of running your business as a limited partnership.

Advantage 1

.....

.....

Advantage 2

.....

.....

[6]

There were some excellent, concise, and contextualised responses to this question. Limited liability and sharing workload were the most common correct responses. Some candidates confused limited liability with unlimited liability or provided a disadvantage instead of a second advantage.

Around half of the responses scored less than 3 marks. This was often because the candidates only gave a correct advantage or disadvantage. Alternatively, there was no attempt to explain the correct advantage or disadvantage given. As mentioned previously for Question 18 (b), a tangible benefit is required for the third mark in each case. This distinction is clearly shown in Exemplar 2 below.

Exemplar 2

Advantage 1 If the partnership ends up in debts and is unable to pay back all the money, the partners will only have to pay back the money they invested eg if I invested £5000 and my business was in debt I would only have to pay £5000 back. This helps as you are not losing personal belongings.

Advantage 2 If one partner is off sick, the business can still remain open as there are more than one person in a partnership. This also goes for holidays - eg if my partner went on holiday our business could still run as I would be working.

The first advantage follows the standard method to score all 3 marks; state (only need to pay back the money invested), explain (a simple example), impact (not lose personal belongings). However, in the second advantage the impact is missing. What is the impact on the business of being able to operate while a partner is on holiday? Ability to sell more products, not disappoint customers, etc.

Question 21 (a)

21 Before you can open your business, you need to decide on the price and range of personalised hoodies you are going to sell.

(a) State and explain **two** factors to consider when deciding an appropriate price to charge for personalised hoodies.

Factor 1

.....

Explanation

.....

Factor 2

.....

Explanation

.....

[4]

This question was generally well answered. Customer incomes and competitor prices were the most common responses which were often well written. Some responses focused on the cost of production or the need to set an achievable break-even point.

On the other hand, many responses were quite vague, or referred generally to the popularity of hoodies. Other responses were fundamentally the same, for example, considering the age of customers and their location. Both of these ultimately come down to the income of the customer or their willingness to pay.

Some candidates misread the question and gave a response about pricing strategies which the business could use, rather than what factors to consider when choosing a price.

Question 21 (b)

- (b) You decide to sell three different sizes of personalised hoodie. The table below shows the price for each size and the quantities sold during April.

Size	Price	Quantity sold
Small	£17.50	160
Medium	£20.00	470
Large	£22.00	220

Calculate the total sales revenue generated during April.

Show your workings.

Answer £

[4]

A very well answered question with most candidates scoring full marks. There was a pleasing amount of working clearly shown which allowed many candidates to gain some marks even if their response was wrong.

Question 22

22 State **two** parts of the marketing mix.

1

2

[2]

This appeared to be another case of candidates not knowing the activities carried out by different business functions. Over half of candidates did not score any marks on this question, often providing responses which would have been correct for the design mix question.

Assessment for learning



The activities of the business functions are a vital part of this qualification and a cursory glance across past papers will see that they are always tested. The specification (LO 6.2) sets out the minimum knowledge expected from candidates.

Question 23

23 You plan to offer a loyalty scheme for schools and colleges, so they can earn loyalty points each time they order personalised hoodies. Once the school or college earns 100 points or more, they will get a 5% discount off their next order.

State and explain **two** advantages for your business of operating a loyalty scheme.

Advantage 1

.....

Explanation

.....

Advantage 2

.....

Explanation

.....

[4]

Most candidates gained 1 or 2 marks on this question, with very few scoring 3 or 4 marks. This was either because they were unable to provide a second advantage or their explanations were too vague, often falling back on the idea of 'gaining more customers'. Many responses were general advantages of promotion. Another common error was writing from the perspective of the customer, rather than the business.

Ultimately, the question differentiated well. With some candidates writing in very general terms about 'loyalty' and making sales, whereas better ones clearly referred to customer retention or customers switching from rivals. Candidates are advised to make sure that when writing about a concept they choose words that are not contained in the question. Hence, an advantage of 'improving loyalty' did not gain any reward for this question.

Question 24 (a)

24 As your business becomes established, you decide to launch a new product range, school blazers, in a range of sizes.

(a) State and explain **one** advantage and **one** disadvantage of developing a clear Unique Selling Point (USP) for the school blazers.

Advantage

.....

Explanation

.....

Disadvantage

.....

Explanation

.....

[4]

The concept of a USP is clearly on the specification, as part of product differentiation, however nearly half of candidates scoring no marks on this question.

Some candidates wrote about uniqueness, without saying much. Others repeated their responses about loyalty schemes or produced a very generic reference to boosting sales and profit. There was also some confusion when candidates assumed the USP was the 'range of sizes' which led to responses specifically about offering a range. Other responses got very specific about uniform policy and blazers.

Better responses wrote well about differentiating, or standing out, from competitors and the ability to raise the price. These often then wrote about the costs of developing a USP.

Question 24 (b)

(b) State two variables from the design mix model.

1

2

[2]

The last time this topic was examined in January 2020 it was done quite well. However, on this occasion, many candidates did not appear to know the concept or, ironically, had used the possible correct variables as part of their response to Question 22. Other common wrong responses included segmentation methods. Only a quarter of all candidates were able to correctly name two of the variables.

Question 25 (a)

25 (a) You forecast these figures for selling medium-sized school blazers:

- Fixed costs £6300 per month
- Variable cost per blazer £10
- Selling price per blazer £45

The formula to calculate the break-even point is:

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

Using the formula, calculate the break-even point per month for the medium-sized school blazers.

Show your workings.

Answer blazers

[2]

Question 25 (b) (i)

- (b) You intend to sell large-sized school blazers for £50. You have identified that the variable costs per large school blazer will be £12. Fixed costs will be £6900 per month.

The table below shows the number of large school blazers you will sell each month.

Month	Number of sales
September	250
October	80
November	100
December	120

- (i) Calculate the total costs for December.

Show your workings.

Answer £

[2]

Question 25 (b) (ii)

(ii) Calculate the profit that you will make on **each** large school blazer sold in September.

Show your workings.

Answer £ per blazer

[3]

The three parts to this calculation were designed to move through the levels of difficulty, to facilitate differentiation between those candidates who were able to carry out basic calculations and those who could do more complicated tasks. This worked exceptionally well. While most candidates scored full marks on Question 25 (a), and nearly half scored full marks on Question 25 (b) (i), only a fifth of candidates scored full marks on the final part.

The most common error when calculating break-even was an operations error, forgetting the rules of BODMAS to gain an answer of 130 (with clear working this still gained 1 mark). When calculating the total costs for December, some candidates calculated the variable costs (£1,440) but then forgot to add on the fixed costs. When calculating the profit per blazer, half of all candidates managed to score at least 1 mark. In many cases, candidates who did not score full marks either did not include variable costs or (if using the alternative method) did not divide their answer by 250.

Question 26

- 26** The school blazers will initially be sold by a specialist school uniform retailer, which has 10 shops in the UK. You want to use a sales promotion technique to support the launch of the blazers and are considering **either** point of sale advertising **or** running a prize competition for customers to win £1000.

Recommend whether it would be better for you to use point of sale advertising or a prize competition. Justify your answer.

[8]

Answers to this question, suffered from the fact that many candidates appeared not to know the specification term, 'point of sale advertising'. Common errors included ignoring the words 'point of' and just writing in general terms about advertising, confusing 'point of sale' with having a sale or general sales promotions, or simply considering what was the point of advertising.

There was occasionally confusion with regards to the prize competition, with some candidates imagining something akin to a raffle with tickets being sold, rather than customers (who, by definition, must have bought a blazer) being entered into a prize draw after buying the blazer.

Plenty of responses which did know both sales promotion techniques did not refer to the context. This has been seen in previous series and continues to limit candidates to half marks.

More candidates this session attempted to use the context. Many candidates referred to the significance of a £1,000 prize giveaway for a small company, or the limited number of specialist uniform shops being used.

Better responses also used the data to provide an analytical response, reaching a logical conclusion following a good discussion of both methods. Several responses also questioned the suitability of a prize competition, considering the type of product, market conditions and the impact this might have on a start-up business.

Due to the lack of context and knowledge of point of sale advertising, the modal mark for this question was 3. At the other extreme, the examining team did see a small number of excellent responses which achieved full marks. One example is provided in Exemplar 3.

Exemplar 3

point of sale advertising is when a business puts the product at the checkout or by the till to ensure customers can see the product. The advantage of this is that it will catch the eye's of customers which is good for a new ~~bla~~ product like my blazer as customers may ~~h~~ not have seen it before, this gives the product a better chance of selling therefore increasing my sales and profit. However the disadvantage is that it doesn't always ~~mean they~~ ^{ensure they} actually buy it and just encourages them.

Competitors are where if a customer buys a product they are entered in a give-away/competition, the advantage of this is ^{that} it encourages the customer to purchase the product as they have a chance to win something, this is good for a new business as it will increase their ^r sales and profit and can also increase retention as customers may buy multiple ^y products so they have a higher chance of winning. However a disadvantage is that a

my new ~~blazer~~ business will have to give away £1000 which is alot as I am just starting and dont have alot of money. Therefore I think point of sale advertising will be best as it encourages people to buy my product which will increase my sales and revenue, I also think ~~this is me~~ ~~an~~ point of sale is more appropriate ~~is~~ as I will not have to give away £1000 and I ~~will~~ may just pay the uniform extra to put my product at checkout.

This full mark response begins by showing explicit knowledge of point of sale advertising, quickly going on to say it would be eye-catching for a new product (which shows some context). There is then a clear impact on the business, 'a better chance of increasing sales and profit'. The second paragraph follows the same approach by showing knowledge of prize competitions, explaining how they work and why £1,000 is a lot of money for a new business. A clear decision is then reached in the final paragraph which is supported by the context and is also comparative.

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