

Cambridge National

Enterprise and Marketing

R064/01: Enterprise and marketing concepts

Level 1/2 Cambridge National Certificate/Award

Mark Scheme for January 2023

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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. **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 Q20)
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: B	1			
3	Indicative content: C	1			
4	Indicative content: B	1			
5	Indicative content: D	1			
6	Indicative content: D	1			
7	Indicative content: B	1			
8	Indicative content: C	1			
9	Indicative content: B	1			
10	Indicative content: D	1			
11	Indicative content: B	1			
12	Indicative content: C	1			
13	Indicative content: D	1			
14	Indicative content: D	1			
15	Indicative content: D	1			
16	Indicative content: C	1			

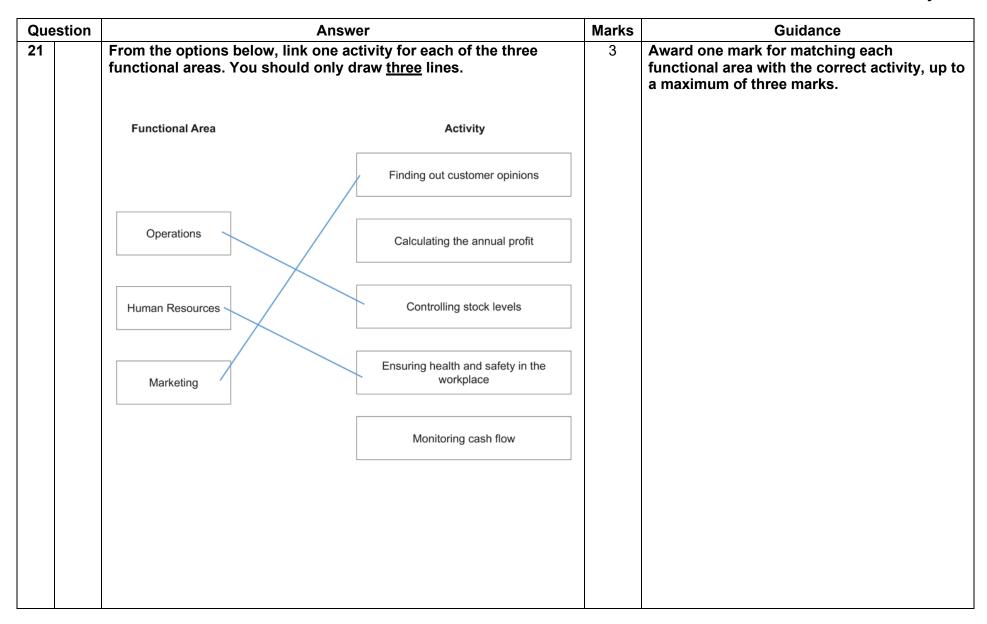
Question	Answer	Marks	Guidance
	SECTION B	-	,
17 a	 State one purpose of carrying out market research. Indicative Content To reduce risk To understand the market (including competitors) To promote the organisation To aid decision-making To gain customers' views and/or understand their needs To inform product development 	1	Award one mark for identifying a purpose of market research. Answers do not have to be in context but reward answers which are.
	ARA		
b	State and explain two advantages of using an online survey to carry out your market research. Indicative Content Can be quickly completed (quick/time efficient) Low-cost method (cheap/cost efficient) Can be completed by a large number of respondents Results can be automatically counted using software/apps Can be accessed in different ways Can be carried out anonymously. Example responses An online survey can be completed by many respondents (1) as it is easy to provide a link which can be accessed at anytime and anywhere (1).	4	Award one mark for each advantage of using an online survey and one mark for a development of this advantage, up to a maximum of two advantages. Ensure that each advantage is clearly different. The explanation must provide development. For example, "Online survey can reach a widespread audience — you can reach many people meaning you can get more information" is only 1 mark. Answers should be about the advantage of the survey being done online as opposed to advantages of surveys or (primary) research in general.
	ARA		'It is easy' is TV

I one mark for each primary market rch method, up to a maximum of two i. It reward 'survey' as question specifically es this answer.
I full marks for a correct answer of 25 or without workings) 2 marks for each correct break-even or 1 mark for each correct application of mula, if there is a calculation error. 1 mark for the correct difference between eak-even points, as long as there is ce that an attempt has been made to ate break-even. (OFR) aximum of 4 marks if final units are ect (e.g., £25 is 4 marks)
ea co ate

Question	Answer	Marks	Guidance
b	Indicative Content Raw materials/ingredients (e.g., food) Stock (includes what may be considered as single use, e.g., plates, knives etc.) Components Packaging Wages (NOT salaries) ARA	2	Award one mark for each correct variable cost, up to a maximum of two marks. Answers do not have to be in context but reward answers which suggest variable costs specific to a restaurant. Accept two specific examples of each category if specific to this business (e.g., types of food) Accept an answer of 'distribution' or 'deliveries' as BOD.
C	Calculate the forecast profit or loss for the children's set meal option during an average week. Profit = Sales revenue - Total costs Sales revenue = 115 x £15 = £1,725 (1) Variable costs = 115 x £5 = £575 (1) Fixed costs = £1,000 Profit = £1,725 - (£575 + £1,000) = £1,725 - £1,575 = £150 (1) (OFR) Profit (1) OR Break-even = 100 (OFR) Profit = 15 (Margin of safety) (1) x £10 (1) Profit = £150 (1) Profit (1)	4	Correct answer of £150 profit should be awarded full marks (with or without workings) Award 1 mark for a correct calculation of sales revenue Award 1 mark for correct calculation of variable costs Award 1 mark for correct calculation of profit (OFR) Award 1 mark for indicating that a profit will be made (this mark is independent of the calculation but must agree with the numerical answer provided). Maximum of 2 marks reward for an answer which calculates the profit/loss of the adult meal (1 for OFR at end and 1 for profit/loss)

		Marks	Guidance
19 a	 Indicative Content Business objectives/targets Business strategies (e.g., expansion, location, legal structure) Marketing plan (e.g., market research, market segments, competitors, customer profile) Sales plan (e.g., price of product) Financial forecasts / Profit and loss projections / Cashflow forecast / Break-even Human resources plan Details of franchisee's experience 	3	Award one mark for each item within a business plan, up to a maximum of three marks. Ensure that each item is clearly different. No reward for reference to the product sold.
b	State and explain two possible reasons why the franchisor has asked you for a business plan. Indicative Content To see the financial projections to ensure that the business is likely to be financially viable To understand details about the proposed franchise/ clarify the business idea To help identify any potential problems To set goals to measure progress/performance To understand how the business proposal will be funded To identify whether I am suitable candidate to be a franchisee. Example responses The franchisor can see my financial forecasts (1), as they will only accept profitable franchise proposals (1). To identify any potential problems (1) and encourage me to think of ways of overcoming such problems (1).	4	Award one mark for each possible reason why the franchisor would like to see a business plan and one mark for a development of this reason, up to a maximum of two reasons. Ensure the two reasons are clearly different. No reward for answers about using the business plan to raise money from a bank/lender, as the question asks why the franchisor wants the business plan.

Question	Answer	Marks	Guidance
20	 Analyse two advantages for you of operating your business as a franchisee. Indicative Content Vegan Delights has a well-known/established brand name Franchisees will have the support of the franchisor to set up, e.g., menus, provision of ingredients, staff manual Franchisor will offer business advice and/or training The franchise business model is known to be successful I will benefit from marketing carried out by other franchises of Vegan Delights Able to raise finance more easily. 	6	Award one mark for each advantage, up to a maximum of two marks PLUS Award one further mark for each explanation of an advantage, up to a maximum of two marks AND Award one further mark for each analysis of an advantage (by showing the impact on the business/you), up to a maximum of two marks.
	Example responses The franchise will have a well-known brand name (1) which means that I should be able to raise additional finance more easily (1) since lenders such as a bank will view my business as less risky (1). I will be supported by the functional areas at Vegan Delights head office (1) and therefore I benefit from the specialist expertise (1), which could lead to me making better decisions (1). ARA		The third mark in each case may be awarded independently from the second mark for explanation. Ensure that the two advantages are different. Ensure the third (analysis) mark is for a tangible impact on the owner/business (e.g., 'so I will be more successful' is TV) Ensure answers are clearly about operating as a franchisee rather than general advantages of operating a business (e.g., limited liability). Answers must be about you as the franchisee and not the franchisor.



Questio	Answer	Marks	Guidance
22 a	State and explain one advantage and one disadvantage of using competitive pricing. Indicative Content Advantages: The price charged is in line with competitors so easier to attract customers: it is affordable for customers no competitor will have a price advantage It is quick/easy to set prices. Disadvantages: The price may not cover the operating costs resulting in a loss Profit (margins) may be low The product will not have a price advantage over competitors May lose out to a competitor with more brand loyalty The business will need to find another way to compete. Example responses The price charged will be in line with competitors (1), so my product will be affordable to customers (1). The price may not cover my operating costs (1) so I may sell the product at a loss (1).	4	Award one mark for an advantage of competitive pricing and one mark for a development of this advantage. Award one mark for a disadvantage of competitive pricing and one mark for a development of this disadvantage. The development needs to add something to the advantage/disadvantage rather than a repetition of it. NB: Competitive pricing means that you will be charging the same price as your competition. No reward for an answer which implies the price will be less or more than competitors.
b	Identify two other pricing strategies which a business could use. Indicative Content Psychological pricing Price skimming Price property tion	2	Award one mark for each pricing strategy, up to a maximum of two marks. Do not award 'competitive pricing' Accept other pricing strategies, e.g., loss leader,
	Price penetration ARA		cost plus. NO reward for examples of promotional methods of pricing (e.g., special offers or BOGOF)

Question	Answer	Marks	Guidance
23	Analyse one way you could use customer service to attract and retain customers. Indicative Content Product knowledge Customer engagement After-sales service (e.g., warranty, repairs, complaints resolution, post-visit communication.) NB: the above is a finite list which may be named or implied. Example responses Product knowledge (1) will help me to offer customers appropriate advice before they buy (1). This will likely encourage customers to keep coming back to buy more (1). After-sales service (1) ensures that any complaints after purchase are sorted quickly (1), which could lead to a better reputation (1).	3	Award one mark for a way customer service could be used PLUS Award one further mark for an explanation of the way AND Award one further mark for analysis of the way (by showing the impact on the business/you). The third mark may be awarded independently from the second mark for explanation. The analysis mark MUST clearly show how the method leads to improved attraction and/or retention of customers, rather than just repeating this phrase from the question.
24	 Analyse two disadvantages of using crowdfunding to raise this capital. Indicative Content May not reach target / difficult to find enough investors who trust your new business Can be time-consuming - to set up a website presence and encourage people to pledge funds May need to give a proportion of business to investors Profits may need to be shared Investors may expect benefits or special offers from the business once it is up and running. Example responses May not meet the fundraising target (1) so all funds pledged will have to be returned to the investors (1) which will result in me having to look for another source of capital (1). 	6	Award one mark for each disadvantage, up to a maximum of two marks PLUS Award one further mark for each explanation of a disadvantage, up to a maximum of two marks. AND Award one further mark for each analysis of a disadvantage (by showing the impact on the business/you), up to a maximum of two marks. Ensure that the two disadvantages are different Ensure the third (analysis) mark is for a tangible impact on the owner/business (e.g., 'so I will be more successful' is TV)

Que	stion	Answer	Marks	Guidance
		Can be time-consuming (1) which will reduce the time that I have available for other business tasks (1), which could lead to customer dissatisfaction (1).		The third mark in each case may be awarded independently from the second mark for explanation. No reward for an answer which implies that money must always be repaid.
25	а	State three stages of the product lifecycle. Indicative Content Development Introduction Growth Maturity/Saturation (Do NOT reward both) Decline	3	Award one mark for each stage of the product lifecycle, up to a maximum of three marks.
	b	State and explain two extension strategies which you could use in the future. Indicative Content Advertising Price change (as opposed to a discount) Adding value (or examples of it, e.g., improving the recipe, change menu, offer a delivery service, USP, brand image) Exploration of new markets (geographic or target) New packaging	4	Award one mark for each extension strategy and one mark for a development of this strategy, up to a maximum of two strategies. Ensure the two strategies are clearly different.
		Example responses The specification of the product could be upgraded (1), so that the improved product better meets customer needs (1). The packaging could change (1) so that it appeals to additional customer groups (1).		Do not accept general promotional methods such as BOGOF, special offers, discounts.

Question	Answer	Marks	Guidance
26	Recommend whether it would be better for you to use a loyalty scheme or a 5% discount to launch your new vegan restaurant. Justify your answer. Indicative Content Loyalty scheme: Encourages customers to regularly purchase from my restaurant Rewards the customers who buy from my restaurant the most Could involve a lot of administration to operate Could be expensive to introduce, e.g., it may need a software package to run Mew customers may be attracted to try my food as the discount makes it more affordable Easy to calculate the discount Discount will make my products cheaper than competitors due to competitive pricing Since I alarge discount and therefore not enough to change customer behaviour	8	Levels of response L1 (1-2 marks) Identifies knowledge of one/both methods of sales promotion L2 (3-4 marks) Explains one/both methods of sales promotion L3 (5-6 marks) Analyses consequence of one/both methods of sales promotion in context L4 (7-8 marks) Evaluates at least one method (once L3 has been achieved) A justified recommendation based on analysis of each method and/or a comparison must be made for full marks.
	Example response Loyalty schemes reward customers for their repeat custom (L1) and will encourage them to buy more often (L2). As I will be part of a well-known nationwide brand (CONT) this type of scheme is quite common and may be expected by my customers (L3). A discount will reduce the price of the food (L1) by 5% so the meal will be more affordable which should tempt more customers (L2). As Vegan		Award the bottom mark of each level if only one of the methods is considered. It must be clear that the candidate knows what is meant by a loyalty scheme and/or a price discount before any reward at L2 or above.
	Delights uses competitive pricing (CONT) , the discount will result in my prices being lower than competitors (L3) . I would choose a 5% discount as many customers will be loyal to established restaurants and may be hesitant to try a new one (L4) . The		Available context to reward at L3/L4

R064/01 Mark Scheme January 2023

Question	Answer	Marks	Guidance
	discount will reduce the risk, especially as the discount will result in my prices being less than rivals (L4). ARA		 Nationwide chain already with a familiar brand Carried out local online survey Predicted to make a small profit (OFR) Produced a business plan Visited Vegan Delights head office for a meeting Competitive pricing used Raised capital via crowdfunding Reference to typical products which may be sold in the restaurant.
			NB : The fact you are a vegan restaurant, and a franchise are <u>not</u> rewardable as context. This context must be used to aid analysis or evaluation rather than just stated.

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