

ENTERPRISE AND MARKETING

Examiners' report

INCLUDED ON THE
KS4 PERFORMANCE TABLES

OCR Level 1/Level 2

Cambridge National in

Enterprise and Marketing

J837

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R067 Summer 2024 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 responses 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.

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R067 series overview

This first full session of the examination saw a return to the standard seen on its predecessor (R064). The comments made following the January 2024 paper, with regards to poor use of application and gaps in candidates' knowledge, were improved this session.

As a whole, better responses were seen than in January 2024, with more use of the context in responses. The examining team felt that the paper provided a fair test for candidates, with a wide range of topics from the specification.

It is still the case that many candidates omit one or more questions which is a significant limitation on the total mark these candidates gain.

Candidates who did well on this paper generally:	Candidates who did less well on this paper generally:
<ul style="list-style-type: none"> • had a thorough knowledge of most of the specification • did not miss out any questions • answered the question set • made use of the context in their responses • considered a tangible impact on the business when asked to analyse • followed the structure provided when answering Question 19. 	<ul style="list-style-type: none"> • rarely used the context, answering in a general manner • ignored the focus of the question • had significant gaps in their knowledge which limited their ability to gain marks in the short response questions • had very limited numeracy skills. • missed out one or more questions.

Section A overview

Overall, a good attempt was made at the multiple-choice questions this session. Questions 2, 5, 6 and 7 were answered correctly by many candidates. On the other hand, Questions 3, 4 and 8 were correctly answered by about half of all candidates – two of these are quantitative questions. It is surprising to still see a handful of candidates omitting responses.

Question 3

- 3 Darcie sells 200 sandwiches during a week. The selling price is £2.50 per sandwich. Darcie's total costs are £1.00 per sandwich.

How much sales revenue does Darcie generate in a week?

- (a) £200
- (b) £300
- (c) £500
- (d) £700

☐
☐
☐
☐

[1]

This should have been a simple process of knowing that revenue was price multiplied by quantity to give an answer of £500. However, there was a lack of understanding shown by many candidates, as they included the costs in the calculation of revenue. The difference between revenue and costs is a fundamental concept which candidates should be familiar with.

Question 4

- 4 Which of these is a method of public relations?

- (a) Buy one get one free (BOGOF)
- (b) Celebrity endorsement
- (c) Loyalty schemes
- (d) Podcasts

☐
☐
☐
☐

[1]

This was the least well answered question in Section A. The specification clearly sets out relevant examples of advertising (e.g. podcasts), sales promotion (e.g. BOGOF and loyalty schemes) and public relations (e.g. celebrity endorsement). Centres should make sure that candidates are familiar with these differences.

Question 8

8 The table shows some of the monthly operating costs for a business.

Type of cost	Cost per month (£)
Employees' wages	10 000
Managers' salaries	8 000
Raw materials	5 300
Rent	4 000

The monthly fixed costs for the business are

(a) £10 000

(b) £12 000

(c) £18 300

(d) £27 300

☐☐☐☐

[1]

Of the half of candidates who did not get this question correct, most chose the answer D. This suggests that they did not read the question carefully enough or did not know the difference between fixed and variable costs.

Section B overview

The examining team reported that candidates engaged well with an interesting scenario about the setting up of a small music tuition business. Compared with January 2024, more candidates made use of the context to apply their responses to those questions which required it.

A significant reason for poor performance in Section B was an absence of analysis marks in Questions 12, 15 (d), and 18. This was either due to no attempt being made to analyse, or general responses without a tangible impact.

Questions 11, 15 (a), and 16 (b) were the best answered. At the other extreme, Questions 13 (b), 15 (d), 16, and 18 were not well answered. It is still the case that many less successful candidates miss out on marks due to not having a wide enough knowledge of the specification. This led here to an omit rate above 10% on Questions 15 (b) and 15 (d).

Question 12

12 Analyse **two** advantages of setting up your music tuition business as a partnership.

Advantage 1

.....

.....

Advantage 2

.....

.....

[6]

This sort of question about the advantages and/or disadvantages of the chosen form of ownership was regularly seen on the previous specification. It was therefore surprising that better responses were not seen more often this time.

Many candidates wrote about the advantages of working with other people which were not specifically about the advantages of being in a partnership. In some cases, candidates did not read the question correctly and gave one advantage and one disadvantage. There were also many responses which used the concept of limited liability incorrectly. A significant number of candidates suggested that a partnership would have limited liability (this would only be true if it was an LLP). Others realised the partners would have unlimited liability, but suggested this was an advantage.

Better responses focused on the benefits of a shared workload and the potential for a range of skills. This led to responses which made good use of the context about the brother being able to offer piano and singing lessons, and the background of a family of talented musicians. However, some responses did not gain application marks as they used evidence which could not be recognised as context (see below).

Assessment for learning



Centres need to be reminded of what is considered as application. Anything contained in the question and/or what the business is fundamentally about cannot be rewarded (this would be the equivalent of rewarding a response for copying out the question). Looking at each of the questions where application is required, reference is made to 'your music tuition business'. This means that this cannot be rewarded as application. However, reference to, for example, 'music lessons' was accepted as application, as this requires candidates to recognise that this is a fundamental part of the business which is also mentioned in the context on page 6 of the question paper.

Question 13 (a)

13 You use secondary market research to assess demand for music tuition in the local area.

(a) State **two** sources of secondary market research.

1

2 [2]

Most candidates gained at least one of the two marks. Incorrect responses tended to list 'the internet' or 'websites' which were too vague. Other wrong responses included examples of primary research, or stated what secondary research means.

OCR support



The specification is very clear as to what is or is not acceptable when providing examples. In this case, the specification guidance is clear that general responses, such as 'the internet' are too vague. However, specific names of suitable websites would be acceptable.

Question 13 (b)

- (b) Explain **two** advantages of using secondary market research to help plan your music tuition business.

Advantage 1

.....

Explanation

.....

Advantage 2

.....

Explanation

.....

[4]

This was not a well answered question, with few candidates gaining more than two marks. This was due to a variety of issues; general responses suggesting it was 'easy' without saying why, (e.g., it has already been analysed or there is a wide range of information available), responses which focused on the use of research rather than the advantages, irrelevant responses about the general benefits of market research (see Exemplar 1).

Exemplar 1

Advantage 1 You can see all your competitor's

.....

Explanation you can differentiate p from competitors and

offer more

Advantage 2 You can base your price of your

research

Explanation you can have a look and set your price

lower/higher to attract customers in your area.

[4]

This response is an example of the many general answers seen about market research, rather than secondary market research. The ability to find out about your competitors and set your price based on the market would be good responses for a question about the benefits of doing market research. However, this could apply to any form of market research, primary or secondary. Answers needed to be specifically about secondary market research, such as it being a cheap option or the potential amount of information already available.

Question 14

- 14** Your research shows there is still high demand for music tuition. You decide to offer a free one-hour music lesson to five local children as a consumer trial.

Explain **one** advantage and **one** disadvantage of using a consumer trial for your music tuition business.

Advantage

.....

Explanation

.....

Disadvantage

.....

Explanation

.....

[4]

This question about the use of consumer trials was generally well answered. Better responses focused on the ability to get feedback from those involved in the trial and the cost of this option (especially for a new business). Application was quite easy to achieve by reference to lessons and/or the free nature of the trial.

Less successful responses often considered implications without linking them to consumer trials or considered the impact on the consumer rather than the business. Some responses confused consumer trials (a primary market research method) with product trials (a sales promotion technique.)

Question 15 (a)

15 You have collected some financial data for your business.

	Guitar lessons	Piano lessons
Fixed costs per month	£550	£675
Price for a one-hour lesson	£25	£37
Variable cost	£5	£7

The formula for break-even quantity is:
$$\frac{\text{Fixed costs}}{\text{Selling price per unit} - \text{Variable cost per unit}}$$

- (a) Using the break-even formula, calculate the difference in the break-even quantity per month for guitar lessons and piano lessons.

Show your workings.

Answer

[5]

This was very well answered for a numerate question, with most candidates gaining four or five marks. The main reason for scoring four marks was a response with the wrong units (£ instead of lessons or no units).

The most common errors came from getting the order of the operations in the formula incorrect or not reading the question (either by only calculating break-even for one of the instruments or not calculating the difference.)

An unusual error was seen from a significant number of candidates (about 10%) who added both sets of figures together before putting them into the break-even formula to get an answer of 24.5.

Question 15 (b)

(b) Identify **one** way you may use this break-even information.

.....
..... [1]

Close to a half of candidates were able to correctly identify how break-even information is used. Those who did not gain this mark either omitted it or explained what break-even is, rather than what it is used for.

Question 15 (c)

(c) Your market research forecasts that you will deliver 360 one-hour guitar lessons during your first year.

Calculate the forecast profit for guitar lessons for your first year.

Show your workings.

Answer £

[4]

This was significantly less well answered than Question 15 (a), with few gaining full marks.

Many incorrect responses showed that these candidates could calculate revenue but could not calculate total costs. If the workings were clear, these candidates were still able to gain up to three marks, thanks to the own figure rule.

Question 15 (d)

(d) You decide to use a price penetration strategy.

Analyse **one** advantage of using price penetration for your music tuition business.

.....

.....

.....

.....

.....

..... [3]

As is often the case with questions about pricing strategies, many candidates did not know what was meant by price penetration, with half of all candidates scoring no marks (including the highest omit rate on the paper).

Many candidates confused this strategy with price skimming or even psychological pricing at times. Others did not make it clear that price would initially be set at a lower rate than the market (some suggested it would be higher) or explained what price penetration is, rather than an advantage of using it.

The small number of candidates who did know the term still rarely scored full marks, as their response lacked any application. For example, how would the strategy work for a new business which may not be able to afford it, or how might it help them to gain a foothold in the local market.

Question 16 (a)

16 You do not have a lot of money, but you need to buy and run a car to travel to customers. A friend has offered to give you some money as a gift.

(a) Explain **one** advantage and **one** disadvantage of gifts from friends as a source of capital for your music tuition business.

Advantage

.....

Explanation

.....

Disadvantage

.....

Explanation

.....

[4]

Surprisingly, this was the least well answered question on the whole paper. Although most candidates gained one or two marks, very few gained more. It was common for these candidates to get the advantage correct but not the disadvantage. This was due to candidates not understanding that a gift is something that you do not have to return. Too many responses for the disadvantage scored no marks as they considered the difficulties of returning the money to the friend if they changed their mind.

Other responses did not gain marks as they focused on what the money could be used for, (e.g. how having a car would now allow the business to operate) or general advantages/disadvantages of acquiring capital which could have applied to any source.

The small number of better responses tended to focus on the advantage of not having to repay the gift or there being no cost involved, and the disadvantage of the friend interfering in the business or not having enough money to give.

Question 16 (b)

(b) Other than a gift from friends and family, state **three** sources of capital for business start-ups.

- 1
- 2
- 3

[3]

This question was well answered with most candidates gaining two or three marks. Common errors came from not reading the question (giving a response of a gift) or providing partial responses which were too vague, (e.g., bank, government, or investment).

Question 17 (a)

17 A local competitor is also offering music tuition. You plan to offer 'buy one get one free' (BOGOF) on music lessons for the first month.

(a) Explain **one** advantage and **one** disadvantage of using BOGOF to help launch your music tuition business.

Advantage

.....

Explanation

.....

Disadvantage

.....

Explanation

.....

[4]

Most candidates gained two or more marks, although many were unable to get the detail across in their responses. Many simply wrote about 'more customers' or 'attracts customers' without making it clear how this occurred from using BOGOF. For example, the reason why customers are attracted to BOGOF deals may be due to the better value available, or that it is a more appealing option than the one offered by a competitor.

Disadvantages tended to gain more marks as most candidates opted to consider the lost revenue for the business (although these responses were not always applied to the business).

Question 17 (b)

(b) Other than BOGOF, state **two** sales promotion techniques used to attract customers.

1

2 [2]

It was a little surprising that most candidates could not name two examples of sales promotion techniques. Common wrong responses included examples of pricing strategies, advertising methods, or public relations. As already mentioned in Question 4, centres need to make sure that candidates are familiar with the differences between the categories of marketing methods.

Another common error was that of two responses which were fundamentally the same. For example, a 'sale' and a 'discount' are the same thing.

Question 18

- 18** Your mother runs a successful childcare business. She has been advising you on how to start up and run your business.

Analyse **one** advantage and **one** disadvantage of getting support and advice from a family member for your music tuition business.

Advantage

.....

.....

Disadvantage

.....

.....

[6]

The topic of 'Support for enterprise' is new on R067 and it was clear that some candidates had been better prepared than others. This led to a wide range of responses.

Less successful responses often confused support for an enterprise (TA 5.3) and sources of capital (TA 5.2). This led to many responses which were more focused on the financial support available or the conflict this might create within the family. These responses usually gained no credit.

Better responses recognised that the support would be free or would be based on real experience. These responses tended to make good use of the fact that the mother, although very experienced in business, was involved in a different one to music tuition (although it was still involved with children).

Few candidates gained more than four marks. This was usually because, although responses started off with clear knowledge and application, they did not provide a tangible impact of the advantage and/or disadvantage (see Exemplar 2).

Exemplar 2

Advantage One advantage of getting support and advice from a family member is that it is free and doesn't cost any money, so the advice I receive would be quite beneficial as she already has experience of starting and running a successful business in childcare.

Disadvantage One disadvantage would be that the advice she gives to me, may not effect or help my business start/grow as we both specialise in different things this then means that I ~~to~~ may have to turn to someone in the music career for advice as a suitable method of starting /running my business.

This is typical of many better, well written, responses which did not show the skill of analysis by showing any impact on the music tuition business or its owners. The advantage identifies the fact that the advice will be free and is applied, as reference is made to the mother's experience. But what is the impact? There is mention of it being 'quite beneficial' but not how. For example, the money saved could be spent on something else, such as advertising or more instruments.

The same comment applies to the disadvantage. It was common for candidates to consider the fact the mother operates in a completely different business, so how relevant would any advice be. Although this response nearly achieves analysis, by stating that, 'I may have to turn to someone in the music career [sic]' it is not clear how this has any impact. For example, the extra time it would take and what may have been 'lost' during this time (e.g., unable to give lessons).

Question 19

- 19** To attract new customers to your music tuition business you plan to advertise the business using SMS texts or weekly social media posts.

Discuss whether you should advertise using SMS texts **or** weekly social media posts. Your recommendation should include:

- an advantage and a disadvantage of using SMS texts
- an advantage and a disadvantage of using weekly social media posts
- a justification for your decision.

[8]

Compared to the final eight mark question on this paper's predecessor (R064) performance was slightly improved. Most candidates followed the structure provided which really helped to keep responses focused and not overly long (as was often the case).

Half of all candidates gained four or five marks, as they produced responses which were either lacking in application or missing one of the advantages or disadvantages. This was typically because many candidates were unable to identify an advantage or disadvantage of SMS texts. A common error was to state that SMS texts were expensive or that they could reach a wide audience, ignoring the need to have the phone numbers before an SMS can be sent. Candidates clearly had a better level of understanding of social media, although it was surprising to still find mistakes being made. It was also disappointing to still be constantly reading that 'social media is not for old people'.

More very good responses were seen (many gained seven or eight marks) than on R064. To achieve this mark, a response must complete all three bullet points in the question, with some application. Exemplar 3 is typical of the many well written (and brief) full mark responses.

Exemplar 3

An advantage for using SMS Texts is that the majority of people have a mobile phone and will see them. A disadvantage of SMS texts is people could either see them as Junk or a spam message.

An advantage of weekly social media posts is that many people will see it depending if the target market is on social media. A disadvantage of weekly social media posts is that people may not view them or find them too repetitive.

The way that I would use to attract new customers would be SMS texts. This is because more local people will see this as it is local to the area. As well as this, quite a lot of the target market I may be trying to target may not have social media and may not hear or see about the business. The majority of the target market have a phone, meaning that they will see the advertisement.

This exemplar shows how it is possible to gain full marks without writing excessively.

The first two paragraphs contain basic advantages and disadvantages of the two options. Neither of these paragraphs contain any application and if nothing else was written would have gained 5 marks (6 if there had been any application).

The final paragraph does contain application and a clear decision. This candidate decides that SMS texts is the best option, 'because more local people will see this'. As this business is clearly focused on the local market this is excellent use of the context to justify the response.

It is important to note that without the application in the final paragraph this response would have gained five marks (the maximum for a generic response).

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