

# ENTERPRISE AND MARKETING

*Examiners' report*

INCLUDED ON THE  
KS4 PERFORMANCE TABLES

OCR Level 1/Level 2

Cambridge National in  
**Enterprise and Marketing**

**J837**

For first teaching in 2022 | Version 1

**R067 January 2025 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.

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## R067 series overview

Performance this session was slightly improved compared to January 2024. This was primarily due to better answers, both on the numerate questions in Sections A and B and on the final 8-mark question. Most candidates were able to construct their response to this final question appropriately. Candidates were generally able to put application examples into these answers and could therefore access the higher marks.

Lower performing candidates continued to limit their ability to score well in this examination by omitting many questions and writing answers which were not applied.

Candidates who did well on this paper generally:	Candidates who did less well on this paper generally:
<ul style="list-style-type: none"> <li>• answered most questions in Section A correctly</li> <li>• consistently applied their answers to the context provided</li> <li>• showed good numerate skills</li> <li>• had a solid understanding of the theoretical concepts in the specification.</li> </ul>	<ul style="list-style-type: none"> <li>• showed no application to the context in their answers</li> <li>• did not attempt many of the questions</li> <li>• had significant gaps in their basic knowledge of the subject</li> <li>• provided answers which were not well explained.</li> </ul>

## Section A overview

This section continues to differentiate well. Many candidates scored full marks, with many others correctly choosing 8 or more answers. At the other extreme, some candidates scored less than 4 marks, with a few not getting one answer correct.

Questions 2, 3, 7 and 10 were answered correctly by many candidates. Questions 5 and 9 were answered correctly by less than half of candidates; both questions examined 'new' topics on R067.

There was some evidence of random answering, with limited instances where candidates did not even try; this was particularly the case for question 10.

### Question 5

5 What is an **advantage** for an owner of a private limited company?

(a) Financial accounts are private

(b) Personal assets are not used to pay company debts

(c) Profits do not have to be shared

(d) Unlimited liability

[1]

This was the least well answered question in Section A, with less than half of candidates answering it correctly. Many misunderstood the meaning of 'private' and selected option A. Option C was also a common wrong answer. Option B is the correct answer as an owner will have limited liability.

### Question 9

9 Who would **most** likely provide finance for a business enterprise to encourage economic growth?

(a) Accountant

(b) Chamber of Commerce

(c) Local council enterprise department

(d) Solicitor

[1]

This was another question answered correctly by less than half of candidates. All three wrong options, A, B and D, were popular.

## Section B overview

There are two fundamental reasons for difference in performance by candidates in this section. First, knowledge of the specification content being examined. Second, whether an answer was applied, where necessary, to the context provided.

Questions 11 (b), 16 (b) and 16 (c) were answered most effectively. On the other hand, Questions 13 (a), 14 (b), 17 (b) and 19 were least well answered.

Questions 14 (a), 14 (b) and 19 each had an omit rate above 10%. Significantly, the first two of these are new topics on R067, compared to its predecessor, R064.

### Question 11 (a)

You have always liked to make cakes for your family and friends to enjoy. At the start of 2024, you decided to set up a small business making celebration cakes. You sell them through a social media marketplace site. Your cakes include a range based on characters found in popular movies.

You rent a kitchen in your village hall to bake the cakes and personally deliver the cakes by car to customers' homes within a 20-mile radius. All cakes are presented in a box which includes your business logo.

11 All entrepreneurs take a risk when setting up a new business.

(a) State **two** potential drawbacks of taking the risk to set up a new business.

1 .....

2 .....

[2]

This question was well answered with most candidates scoring at least 1 mark. The specification lists four drawbacks, although an example of each was also acceptable.

Most wrong answers came from misunderstanding the focus on the 'taking of the risk' with responses ranging from basic tasks of setting up a business (such as carrying out market research or raising finance) or issues facing any business (for example, not having enough customers or potential business failure).

### Question 11 (b)

(b) Different characteristics can help an entrepreneur to be successful.

Identify **one** characteristic that would help you to be successful in each situation:

- thinking of new cake designs  
.....
- explaining the different cake designs to your customers  
.....
- not giving up when a new competitor takes some of your loyal customers.  
.....

[3]

This question was very well answered, with most candidates scoring all 3 marks. Wrong answers tended to come from not understanding the question and the need to simply name a characteristic.

### Question 12

12 Analyse **one** benefit to your cake business of using market segmentation.

.....  
.....  
.....  
.....  
.....  
.....

[3]

It was obvious that in many cases the concept of market segmentation was clearly understood, but many answers lacked application. Better answers often recognised that segmentation would allow targeted marketing to take place which, given the limited delivery radius of 20 miles, would allow the business to be more profitable.

More than a quarter of candidates did not gain any marks which was often due to simply stating (or giving examples of) what segmentation involves. The question asked for a benefit and without this being clear no marks could be gained.

### Question 13 (a)

13 To help start-up the business you received some capital from a business angel.

(a) Explain **two** advantages of receiving capital from a business angel for your cake business.

Advantage 1 .....

.....

Explanation .....

.....

Advantage 2 .....

.....

Explanation .....

.....

[4]

This question was not well answered, with many answers being about what the capital would allow the business to do or could have applied to any source of capital. This led to more than a third of answers gaining no marks.

Answers that did gain credit, typically that the money did not have to be paid back, and the business angel would be able to provide advice, rarely contained any application. These answers were limited to a maximum of 2 marks.

### Question 13 (b)

(b) Other than a business angel, state **two** sources of capital for a business start-up.

1 .....

2 .....

[2]

This was very well answered with a many candidates gaining both marks.

### Question 14 (a)

14 To launch the business you made decisions about each element of the marketing mix.

(a) State **two** elements of the marketing mix.

1 .....

2 .....

[2]

Candidates' answers were fairly evenly split between gaining both marks and no marks. Many wrong answers were often about the design mix, methods of segmentation, or market research methods.

### Question 14 (b)

(b) Explain **one** example of how the elements of the marketing mix could work together for your cake business.

.....

.....

.....

..... [2]

This question was not answered well, with less than a quarter of candidates scoring any marks. Understanding how the marketing mix works as a whole is an important part of the specification and requires a consideration of how two or more elements of the mix work to complement each other.

## Exemplar 1

~~The p~~ For my business the product and price will work together. This is because if the cake is designed with high quality ingredients and toppings, the price of the cake will be priced higher and more complex and detailed design. the price <sup>it is</sup> may also be priced higher to ensure profit for the business is made. [2]

This is a full mark answer. It does more than just mention two elements of the marketing mix: price and product. There is a clear link between them, by explaining that a product which is of a high quality can be 'priced higher'. The answer is also applied to the cake business, as there is reference to 'ingredients [sic] and toppings'.

### Assessment for learning



Along with Questions 5 and 9 in Section A, this question highlighted the lack of knowledge many candidates had about some of the new areas of the specification (which were not on R064). It is vital that centres recognise these new areas of the specification which need to be covered.

### Question 15

15 Analyse **two** disadvantages of selling your cakes through a social media marketplace site.

Disadvantage 1 .....

.....

.....

.....

.....

.....

Disadvantage 2 .....

.....

.....

.....

.....

.....

[6]

There were a limited number of very good answers to this question, with the most popular ones focusing on the fact that social media may appeal to the wrong audience (exceeding the current 20-mile delivery zone) and the lack of direct customer interaction which may be particularly relevant for a cake business. There were also plenty of stereotypical answers about 'older' customers not using social media.

However, there were many less successful answers to this question. Often these answers lacked any application or focused on issues which are not specific to selling via a social media marketplace. For example, some candidates considered the difficulties of delivery of a perishable product. However, this is an issue for this business per se, regardless of the selling medium used.

A small number of candidates did not appear to know about social media marketplaces and wrote about the use of social media for advertising.

### Question 16 (a)

16

(a) Identify **two** variable costs of operating your cake business.

1 .....

2 .....

[2]

Less than half of candidates scored 2 marks on this question. Common wrong answers included rent and utilities (which are fixed costs).

### Question 16 (b) and (c)

(b) In August, your total costs were £8000 and variable costs were £3250.

Calculate the fixed costs in August.

Show your workings.

Answer £ .....

[2]

(c) You sell three sizes of cake – small, medium and large.

	Price
Small	£12.00
Medium	£20.00
Large	£26.00

In September, you sold five small cakes, ten medium cakes and eight large cakes.

Calculate the total revenue earned in September.

Show your workings.

Answer £ .....

[5]

The two calculation questions were very well answered, with more than four in five candidates gaining full marks in each question. The most common errors were adding the two costs in Question 16 (b) and carrying out an extra step in the calculation for Question 16 (c) once the correct answer had been achieved. The latter could still gain 4 marks.

### Question 17 (a)

17 You regularly carry out market research.

(a) Explain **two** purposes of market research for your cake business.

Purpose 1 .....

.....

Explanation .....

.....

Purpose 2 .....

.....

Explanation .....

.....

[4]

Although most candidates gained 1 or 2 marks this was another question where many answers were generic, with no attempt to apply an answer to the context about the cake business.

Less than a quarter of answers were applied. This application was most often shown in being able to find out what flavour or movie characters are likely to be popular.

### Question 17 (b)

(b) Each customer is sent a link to an online questionnaire two days after receiving their cake.

Analyse **two** advantages of using an online questionnaire for your cake business.

Advantage 1 .....

.....

.....

.....

.....

.....

Advantage 2 .....

.....

.....

.....

.....

.....

[6]

This was the least well answered of the two 6-mark questions, with the most common mark being zero. This was due to the answer being about the use of questionnaires, or primary market research, in general. Very few candidates wrote answers which focused on the use of online questionnaires. This led to many answers about the benefits of the data collected being specific or not being available to competitors which would apply to any primary research method.

Better answers focused on how the use of an online questionnaire meant that costs could be reduced (no printing or distribution costs) or how data could be automatically analysed and/or presented by the online software.

## Exemplar 2

- (b) Each customer is sent a link to an online questionnaire two days after receiving their cake.

+ 2 -

Analyse **two** advantages of using an online questionnaire for your cake business.

Advantage 1 Cheaper & saves resources. This is as no paper is used. Not only are resources saved in the physical creation and filling out of my questionnaire, resources are also saved when collating the data as little to no time is spent on receiving and visually displaying the collected data as it is an automated process. This reduces resources spent on this aspect of my market research as it is automated. By saving this capital, it can be applied elsewhere, such as in marketing material design's development.

Advantage 2 Data can automatically be displayed for visual interpretation as the questioner can be filled out electronically. This reduces the time and resources spent on this aspect of my market research as it is an automated process. By saving this capital, it can be applied elsewhere such as marketing material. ~~Therefore~~ These graphs can help inform future business decisions by providing <sup>customer expectation</sup> benchmarks or predicting future trends in customer wants and needs.

[6]

This answer is clearly about the use of online questionnaires (rather than questionnaires in general). The first advantage explains how this option reduces the use of resources (such as paper) and how the money that has been saved can be used on other marketing materials.

The second advantage is about the automatic interpretation of the data (as opposed to answers which simply referred to the ability to organise the data which would apply to any paper or verbal survey). There is then a clear impact on the ability of this business to better predict future trends. There is reference to 'designs' which is sufficient to link the answer to the context of different designs of cakes.

This answer gained 5 marks – the only mark missing is a lack of application in the first advantage.

### Question 18 (b)

(b) Other than the prices charged by other firms, explain **two** factors to consider when setting a price for your cakes.

Factor 1 .....

.....

Explanation .....

.....

Factor 2 .....

.....

Explanation .....

.....

**[4]**

This was another question where answers were restricted by a lack of application. This meant that very few candidates scored more than 2 marks. The most common correct answers referred to costs of production and the income of customers (or affordability of the product).

Many candidates misread the question and still wrote about the price of competitors being a factor or gave answers about different pricing strategies.

Exemplar 3

(b) Other than the prices charged by other firms, explain **two** factors to consider when setting a price for your cakes.

Factor 1 One factor would be the income levels of target customers.....

Explanation As, I think customers will be more likely to purchase my cakes when it suits their disposal income & so they can afford to have something they enjoy more regularly without worrying about the price, increasing my number of sales and profit

Factor 2 Another factor would be the cost of production. By taking into account my cost of production it would help me to determine what my selling

Explanation price needs to be in order to gain a good profit that will help me break-even. This will include the kitchen ingredients, and other variable costs required to make the cakes. [4]

This answer clearly shows the difference between a generic answer and an applied answer. The first factor (income levels) is very well explained. However, the answer could apply to any business, as there is no reference to the context other than 'cake' (the name of the product is never application). The second factor (costs of production) is equally well explained but is applied, as within the explanation mention is made of the kitchen which we know this business uses.

### Question 19

**19** Now that you have been running your business for a year you have access to a lot of cost and revenue information.

Explain **two** uses of break-even information to help you run your cake business.

Use 1 .....

Explanation .....

Use 2 .....

Explanation .....

**[4]**

The use of break-even is a challenging concept. However, more than half of candidates did achieve 1 or 2 marks. Answers most commonly referred to how break-even could be used to make pricing decisions or help with budgeting. Less successful answers did not focus on the use of break-even and tended to be a statement of what break-even is.

As with all the other 4- and 6-mark questions in this examination, the primary reason for low marks was a lack of application in most answers.

#### OCR support



The published mark scheme for this and previous examinations is a rich source of material to see how to write applied answers. Every answer contains one or two exemplars to show how to identify an applied answer. These exemplars can be a very useful learning tool with students.

## Question 20

- 20** Sales of birthday cakes have recently declined. A friend recommends that you use an extension strategy to increase sales. You are considering advertising in the local newspaper or adding value by changing the recipe of the cake.

Discuss whether you should advertise in the local newspaper **or** change the recipe of the cakes. Your recommendation should include:

- an advantage and a disadvantage of advertising in the local newspaper
- an advantage and a disadvantage of changing the recipe of the cake
- a justification for your decision.

[8]

There is clear evidence that centres and candidates are coming to terms with the standard demand of this final question. Most candidates followed the structure provided by the bullet points in the question with some answers gaining 7 or 8 marks. A reminder that to achieve this level an answer must contain application somewhere. Most commonly this was found when the candidate wrote about how the use of local newspaper advertising would help the business to focus its extension strategy on its target market covering a 20-mile radius. It was surprising that more candidates did not decide to choose the local newspaper option, given how it fit so well with the evidence. However, many candidates were swayed by the fact that only 'older people' read newspapers nowadays, so most people would not see the advertising.

Less successful answers tended to lack sufficient explanation to make clear how any stated advantage or disadvantage would affect the business. For example, statements such as, 'an advantage of newspaper advertising is that people will find out about the business' or 'changing the recipe will make the cake better' lack sufficient clarity.

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