



GCE AS MARKING SCHEME

SUMMER 2017

**AS (NEW)
BUSINESS - COMPONENT 2
B510U20-1**

INTRODUCTION

This marking scheme was used by WJEC for the 2017 examination. It was finalised after detailed discussion at examiners' conferences by all the examiners involved in the assessment. The conference was held shortly after the paper was taken so that reference could be made to the full range of candidates' responses, with photocopied scripts forming the basis of discussion. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners.

It is hoped that this information will be of assistance to centres but it is recognised at the same time that, without the benefit of participation in the examiners' conference, teachers may have different views on certain matters of detail or interpretation.

WJEC regrets that it cannot enter into any discussion or correspondence about this marking scheme.

GENERAL MARKING GUIDANCE

Positive Marking

It should be remembered that candidates are writing under examination conditions and credit should be given for what the candidate writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good response to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for a less than perfect answer if it satisfies the criteria of the mark scheme, nor should marks be added as a consolation where they are not merited.

For each question there is a list of indicative content which suggest the range of business concepts, theory, issues and arguments which might be included in candidates' answers. This is not intended to be exhaustive and candidates do not have to include all the indicative content to reach the highest level of the mark scheme.

The level based mark schemes sub-divide the total mark to allocate to individual assessment objectives. These are shown in bands in the mark scheme. For each assessment objective a descriptor will indicate the different skills and qualities at the appropriate level. Candidate's responses to questions are assessed against the relevant individual assessment objectives and they may achieve different bands within a single question. A mark will be awarded for each assessment objective targeted in the question and then totalled to give an overall mark for the question.

GCE Business

SUMMER 2017 MARK SCHEME

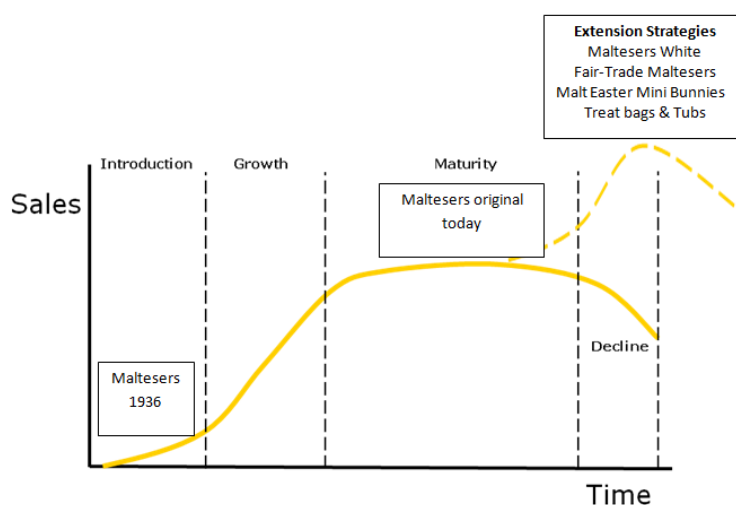
Q		Total
1 (a)	<p>What is meant by the term ‘extension strategy’?</p> <p>Award 1 mark limited understanding of an extension strategy</p> <p>Award 2 marks for detailed understanding of an extension strategy</p> <p style="text-align: right;">AO1: 2</p> <p>Indicative content:</p> <p>An extension strategy is a way of prolonging / lengthening the life of a product (1 mark) that stops the product from reaching the decline stage (becoming a dog) (1 mark). This can be done through ways such as promotions, new flavours, new packaging (1 mark).</p> <p>Maximum: 2 marks (AO1)</p> <p>Do not accept the word “Extend” as its too close to “Extension Strategy”</p>	2

1(b)	With reference to the data and with the aid of a clearly labelled diagram, illustrate the product life cycle for the Maltesers brand. [4]	
Band	AO1	AO2
	2 marks	2 marks
2	2 marks Clear and correctly labelled product life cycle diagram.	2 marks Good clear application to Maltesers.
1	1 mark Diagram only partially labelled / partially correct.	1 mark Limited application to Maltesers. The product life cycle makes some reference to Maltesers.
0	0 marks No diagram or diagram is incorrect.	0 marks No application to Maltesers.

Indicative content:

- Maltesers “still one of the best loved chocolate varieties with 2 bags sold per second” – suggesting being in the maturity or growth stage.
- Maltesers White, Fair-Trade Maltesers, ‘Malt Easter’ mini bunnies, treat bags and tubs – suggesting extension strategies being used to prolong the maturity stage / life of the brand.

Possible diagram with application to Maltesers:



1 (c)	Evaluate the usefulness of a product life cycle to Mars Inc.			[6]
Band	AO2	AO3	AO4	
	2 marks	2 marks	2 marks	
2	2 marks Good application of the product life cycle to Mars.	2 marks Good analysis of why the product life cycle is useful to Mars. Analysis shows a clear understanding of the usefulness of the product life cycle.	2 marks Good well-balanced evaluation of the usefulness of the product life cycle to Mars. Valid judgements are made to support arguments with some development on both sides.	
1	1 mark Limited application of the product life cycle to Mars.	1 mark Limited analysis of why the product life cycle is useful to Mars. A superficial analysis of the usefulness of the product life cycle.	1 mark Limited evaluation of the usefulness of the product life cycle to Mars. Partial and unsupported judgements made.	
0	0 marks No application of the product life cycle to Mars.	0 marks No analysis given.	0 marks No evaluation given.	

Indicative content:

Product life cycle will be useful to Mars because:

- It is a large company, with many products and it will help Mars manage the product portfolio.
- It helps Mars identify when they need to launch new products as older ones go into decline.
- It helps identify when extension strategies may be needed e.g. those used for Maltesers.
- It may help identify other marketing strategies that could be used to support each stage of the life cycle, e.g. lots of promotion during growth, less promotion during decline, prices to be lowered during decline.
- It may help identify financial requirements e.g. at the R & D stage or to develop new flavours or packaging.

However:

- It will not help in predicting future sales of a product; it just shows the current situation.
- The use of it will not actually make decisions for Mars – it is only a management tool.
- The position of the product on the life cycle is not the only determinant of sales – there are many other factors which affect sales.
- The product life cycle is a useful management tool, but it should be used with other information for making decisions about products.
- Any other relevant suggestion.

Q		Total
1 (d)	<p>Describe the meaning of the term workforce planning.</p> <p>Award 1 mark for each valid point AO1: 2</p> <p>Indicative content: Workforce planning is the process of determining the labour needs of the company, now and in the future (1), including the number of workers required (recruitment / redundancies) and their skills. (1)</p> <p>Do not accept the word “Planning or plan” within the definition.</p>	2

1(e)	Evaluate the importance of workforce planning to a business.		[8]
Band	AO3	AO4	
	4 marks	4 marks	
3	<p style="text-align: center;">4 marks</p> <p>Excellent detailed and well-balanced analysis of the importance of workforce planning.</p> <p>The key issues are discussed. Analysis shows a clear line of argument and includes an excellent understanding of the importance of workforce planning.</p>	<p style="text-align: center;">4 marks</p> <p>An excellent and well balanced evaluation of the importance of workforce planning.</p> <p>The focus is on the key issues.</p> <p>Both sides of the argument are evaluated.</p> <p>Clear judgements are made with supporting statements.</p>	
2	<p style="text-align: center;">2-3 marks</p> <p>Good analysis of the importance of workforce planning.</p> <p>A number of key issues are discussed.</p> <p>The analysis is uneven, with some well-developed points and some where the development is more limited.</p> <p>The analysis will mainly focus on one-side of the argument.</p>	<p style="text-align: center;">2-3 marks</p> <p>A good evaluation of the importance of workforce planning.</p> <p>The evaluation includes most of the key issues.</p> <p>The evaluation is reasonably well balanced with some development on both sides of the argument.</p> <p>Valid judgements are made with some supporting comments.</p>	
1	<p style="text-align: center;">1 mark</p> <p>Limited analysis of the importance of workforce planning.</p> <p>A limited number of issues are analysed.</p> <p>The analysis will focus on one side of the argument.</p> <p>Superficial discussion with undeveloped points.</p>	<p style="text-align: center;">1 mark</p> <p>Limited evaluation of the importance of workforce planning.</p> <p>The evaluation is one-sided.</p> <p>An awareness of the issues but little development.</p> <p>Judgements are superficial and unsupported.</p>	
0	<p style="text-align: center;">0 marks</p> <p>No analysis attempted.</p>	<p style="text-align: center;">0 marks</p> <p>No evaluation attempted.</p>	

Indicative content:

Why workforce planning is important to businesses:

- Ensure a business has the correct amount of workers in each production facility, office or department.
- Ensure that if necessary workers are redeployed or made redundant.
- Ensures that a business doesn't recruit too little workers which could negatively affect workload and motivation of current employees.
- Having the right employees with the right skills will ensure that all employees can work well together to complete tasks effectively.
- Ensure that if necessary new workers are recruited and trained.
- Ensure a business has workers with the essential skills needed.
- Ensure that workers are trained to achieve objectives of the business such as increased output or the manufacture of new products or the provision of new services.
- Labour productivity will be higher and labour turnover will be lower when the business has the right amount of employees with the right skills.
- All of the above ensure that the business can cope with variations in demand and does not waste money on unnecessary redundancies, recruitment and training.

However:

- Workforce planning takes time and costs money. Do the benefits outweigh this?
- Workforce planning is based on forecasts and estimates. These may prove unreliable.
- External factors may mean that the plan has to be changed. E.g. a recession changing the level of demand.
- Effective workforce planning depends on effective recruitment / selection / training / redeployment strategies. Any one of these parts of the planning process that's incorrectly done could negatively affect its success.
- Workforce planning could be seen as more important in labour-intensive businesses compared to capital-intensive businesses.

The value to a business may depend on the quality of the information used; the stability of the market in which it operates; the amount of employees a business has; and the ways in which the business recruits, selects, trains and redeploys. However, some level of workforce planning is better than no planning at all.

Markers note: 1 sided argument – maximum of 4 marks altogether (AO3 3 marks, AO4 1 mark).

Q		Total
2 (a)	<p>Calculate Deskfurn Ltd's capacity utilisation for 2016.</p> <p>Award 1 mark for correct formula AO1: 1 mark</p> <p style="padding-left: 40px;">Formula for capacity utilisation:</p> $\frac{\text{Current Output}}{\text{Maximum Possible Output}} \times 100$ <p>Award 1 mark for correct calculation AO2: 1 mark</p> <p style="padding-left: 40px;">$\frac{48000}{80000} \times 100 = 60\%$ If not given as a percentage, but correct figure, 1 mark.</p>	2

2 (b)	How might this level of capacity utilisation impact on the company and its workforce?			[6]
Band	AO1	AO2	AO3	
	2 marks	2 marks	2 marks	
2	<p>2 marks</p> <p>Demonstrates good knowledge and understanding of the impact of low capacity utilisation on the company and its workforce.</p>	<p>2 marks</p> <p>Good application of the impact of low capacity utilisation on the company and its workforce.</p> <p>Clear application to Deskfurn Ltd and the low capacity utilisation.</p>	<p>2 marks</p> <p>A good analysis of the impact of low capacity utilisation on the company and its workforce.</p> <p>The analysis shows a clear understanding of the impacts of low capacity utilisation.</p>	
1	<p>1 mark</p> <p>Demonstrates limited knowledge and understanding of the impact of low capacity utilisation on the company or its workforce.</p>	<p>1 mark</p> <p>Limited application of the impact of low capacity utilisation on the company or its workforce.</p> <p>Mainly theoretical response with limited reference to Deskfurn Ltd.</p> <p>Answer may consider the impact on the company or the workforce.</p>	<p>1 mark</p> <p>A limited analysis of the impact of low capacity utilisation on the company or its workforce.</p> <p>A superficial understanding of the impacts of low capacity utilisation.</p> <p>Answers may consider the impact on the company or the workforce.</p>	
0	<p>0 marks</p> <p>No knowledge demonstrated.</p>	<p>0 marks</p> <p>No application to Deskfurn Ltd</p>	<p>0 marks</p> <p>No analysis given.</p>	

Indicative content:

- Machines may stand idle and workers may have spare time – waste of resources.
- Unit costs will increase as fewer tables are produced with the capital available.
- Workers become demotivated especially as they will be able to see that sales are poor.
- Workers may fear redundancy as they will see that they are not fully utilised, if desks are the only good produced by the company.
- A culture of 'taking it easy' may develop.
- Reduced profits will mean limited capital for R & D or other new projects.
- Management may decide to use the spare capacity to make other products e.g. tables for the domestic market, or sell to other areas of the UK.

2 (c)	Explain the ways in which Officequip plc could have benefited from internal economies of scale as a result of increasing its output. [6]		
Band	AO1	AO2	AO3
	2 marks	2 marks	2 marks
2	2 marks Demonstrates good knowledge and understanding of two or more types of internal economies of scale.	2 marks Good application of internal economies of scale to Officequip plc. Two or more internal economies of scale are applied.	2 marks A good analysis of how Officequip plc could benefit from internal economies of scale. The analysis shows a clear understanding of the impact of internal economies of scale. At least two internal economies of scale are analysed.
1	1 mark Demonstrates limited knowledge and understanding of internal economies of scale. Only one type given.	1 mark Limited application of internal economies of scale to Officequip plc. Mainly theoretical response with limited reference to Officequip plc.	1 mark A limited analysis of how Officequip plc could benefit from internal economies of scale. A superficial understanding of the impact of internal economies of scale. May only include one internal economy of scale.
0	0 marks No knowledge demonstrated.	0 marks No application to Officequip plc.	0 marks No analysis given. No internal economies of scale are analysed.

Indicative content:

Economies of scale are the reduction in average costs of production that occur as a business increases its scale of production.

- **Purchasing Economies** – Officequip plc may be offered discounts for bulk buying of raw materials such as wood, glue, screws. This would reduce the average cost of production and enable Officequip plc to reduce prices or make a higher profit on each desk.
- **Technical Economies** – Officequip plc may be able to purchase new equipment to help in manufacturing desks or they may introduce new methods of production in the factory. This will increase efficiency and productivity.
- **Financial Economies** – Officequip plc may have access to a wider range of sources of finance, enabling them to grow even further. They may be able to negotiate more favourable rates of interest on borrowed money, especially as they are a plc.
- **Managerial Economies** – Officequip plc may be able to employ more specialist managers who may increase efficiency and increase sales further.
- **Marketing Economies**- Officequip plc may be able to advertise more widely and reach more potential buyers for their products. For example, printing out more catalogues in bulk will lower the average costs of each one produced.

3 (b)	The cash flow forecast shows a negative closing balance for October. Suggest and evaluate two ways in which John Baker could solve this problem. [6]		
Band	AO2	AO3	AO4
	2 marks	2 marks	2 marks
2	<p>2 marks</p> <p>Candidate suggests 2 relevant ways of solving John Baker's negative closing balance.</p> <p>Both ways are linked to John Baker.</p>	<p>2 marks</p> <p>Good analysis of at least 2 suggestions.</p> <p>The analysis is supported by some reference to the data in at least one solution.</p>	<p>2 marks</p> <p>A good evaluation of both suggestions.</p> <p>Problems of both suggestions are considered.</p> <p>Both suggestions are evaluated.</p> <p>Valid judgements are made with some supporting comments.</p>
1	<p>1 mark</p> <p>Candidate suggests 1 relevant way of solving John Baker's negative closing balance.</p> <p>One way is linked to John Baker (either the cash flow forecast or case study)</p>	<p>1 mark</p> <p>Limited analysis of at least 1 suggestion.</p> <p>A limited number of detail is included.</p> <p>The analysis is superficial, undeveloped and unsupported by the data.</p>	<p>1 mark</p> <p>A limited evaluation of how the suggestions.</p> <p>Considering problems of one suggestion.</p> <p>At least 1 suggestion is evaluated.</p> <p>Judgements are superficial and unsupported.</p>
0	<p>0 marks</p> <p>No solutions applied</p>	<p>0 marks</p> <p>No valid analysis.</p>	<p>0 marks</p> <p>No valid evaluation.</p>

Indicative content:

- Increase receipts by trying to increase sales BUT if prices are reduced during the quiet months to increase sales, revenue may fall depending on elasticity. If marketing has to increase, sales may increase but expenses will also increase.
- Reduce the cost of purchases during September and October BUT lower cost may mean lower quality and therefore dissatisfied customers.
- Cut salaries and /or hours worked during September and October BUT this may demotivate staff or affect customer service.
- Reduce marketing costs BUT this may result in reduced sales.
- Negotiate lower charges for other expenses, e.g. rent, electricity, insurance BUT this may be difficult and time consuming.
- Arrange an overdraft to cover the months in which negative cash flow is expected BUT this has high interest charges.

3 (c)	To what extent do the benefits of cash flow forecasting to businesses outweigh its limitations. [9]		
Band	AO1	AO3	AO4
	3 marks	3 marks	3 marks
3	<p>3 marks</p> <p>Demonstrates excellent knowledge and understanding of the importance of a cash flow forecast to a business. Includes key arguments that have a mixture of benefits and limitations.</p> <p>3 relevant arguments are required for this which considers advantages and limitations.</p>	<p>3 marks</p> <p>Excellent analysis of the importance of cash flow forecasting. A clear and well-developed explanation of the key arguments (mixture of benefits and limitations). A logical chain of reasoning is evident.</p>	<p>3 marks</p> <p>The candidate gives an excellent evaluation of the use of cash flow forecasting to a business.</p> <p>The focus is on the key issues.</p> <p>Both sides of the argument are evaluated.</p> <p>Clear judgements are made with supporting statements.</p>
2	<p>2 marks</p> <p>Demonstrates good knowledge and understanding of the importance of a cash flow forecast to a business.</p> <p>Includes at least 1 benefit and 1 limitation.</p> <p>OR 2 one-sided arguments</p>	<p>2 marks</p> <p>Good analysis of the importance of cash flow forecasting. A developed explanation of at least 1 advantage and 1 limitation.</p> <p>OR A developed explanation of 2 advantages OR 2 limitations.</p>	<p>2 marks</p> <p>The candidate gives a good evaluation of the use of cash flow forecasting to a business.</p> <p>Evaluation includes most of the key issues.</p> <p>Evaluation is reasonably well balanced with some development on both sides of the argument.</p> <p>Valid judgements are made with some supporting statements.</p>
1	<p>1 mark</p> <p>Demonstrates limited knowledge and understanding of the importance of a cash flow forecast to a business. May only identify 1 benefit or limitation.</p>	<p>1 mark</p> <p>Limited analysis of the importance of cash flow forecasting. A limited explanation that may focus on either 1 benefit or 1 limitation. Undeveloped points and lacks detail and depth.</p>	<p>1 mark</p> <p>Limited evaluation of the use of cash flow forecasting to a business.</p> <p>Evaluation is one sided.</p> <p>An awareness of the issues but little development.</p> <p>Judgements are superficial and unsupported.</p>
0	<p>0 marks</p> <p>No understanding.</p>	<p>0 marks</p> <p>No analysis demonstrated.</p>	<p>0 marks</p> <p>No evaluation attempted.</p>

Indicative content:

Benefits:

The cash flow forecast will:

- Identify the timing of cash flow shortages or surpluses.
- Identify times when the business might need to put into place short-term financing (overdraft).
- Support any application for an overdraft or a loan.
- Help improve the planning process for the business.
- Enable the business to monitor cash flow and perhaps control cash flow more effectively in future.

Limitations:

- The forecast will only be as accurate as the data used.
- Predictions of future sales and costs may be inaccurate.
- Drawing up the forecast may take up management time that might be more productively used completing other business tasks.
- The longer the timescale the less accurate the forecast is likely to be.
- External factors such as changes in the economic situation of the country may make the forecast inaccurate.

Possible themes for evaluation:

- Planning future finances by completing a cash flow forecast will help the business in controlling its finances and will enable the business to foresee potential future problems but the reliability of cash flow forecasting depends on several factors:
 - How accurate the figures are and the research undertaken to come up with the figures.
 - The pace of change in the industry and its predictability.
 - Whether management make use of the forecasts in their decision making.
 - Time: It's easier to predict the short-term rather than long-term.
- Any other relevant suggestion.

4 (a)	Describe the types of new technology that might be used in marketing a chain of hotels such as Travelodge, Premier Inn or Holiday Inn. [10]	
Band	AO1	AO2
	6 marks	4 marks
3	<p>5-6 marks</p> <p>Excellent understanding of the new technology used in marketing.</p> <p>At least two types of technology will be included.</p> <p>Clear understanding of at least two key features of new technology used in marketing.</p>	
2	<p>3-4 marks</p> <p>Good understanding of the new technology used in marketing.</p> <p>At least two types of technology will be included.</p> <p>The candidate outlines key features of at least one new type of technology.</p>	<p>3-4 marks</p> <p>The candidate applies key methods of marketing using new technology to the context of a chain of hotels.</p> <p>Good understanding of how and why a chain of hotels might use new technology for their marketing.</p> <p>There is direct and clear reference to hotels to support points.</p>
1	<p>1-2 marks</p> <p>Limited understanding of one or two types of new technology used in marketing.</p> <p>A basic identification or description is offered.</p>	<p>1-2 marks</p> <p>The candidate attempts limited application of marketing using new technology to the context of a chain of hotels.</p> <p>Suggestions of methods of using new technology for marketing are generic and may not be applicable to a chain of hotels.</p>
0	<p>0 marks</p> <p>No knowledge or understanding of new technology in marketing.</p>	<p>0 marks</p> <p>No application of marketing using new technology to the context of a chain of hotels.</p>

Indicative content:

New technology used in marketing includes digital media, social media, e-tailing and m-commerce. A chain of hotels would make great use of this.

Digital media

- The chain could advertise on the internet e.g. pop up advertisements on web pages for complementary services e.g. travel, car hire.
- The chain could pay to advertise on search engines such as Google and Bing.
- They may email offers to prospective/past customers.

Social media

- The chain may have social media pages e.g. Facebook.
- They may put adverts on YouTube.
- They may advertise around the blogs of celebrities or people relevant to the segment of the market they are targeting e.g. families during school holiday times, couples on Valentine's Day.
- They may create adverts which they hope will go viral on YouTube.

E-tailing

- The chain may make it easy to book on-line.
- They may have a website showing pictures of the hotels and lots of information prospective guests might need.
- They may take bookings through websites such as booking.com, Trip Advisor etc.

M-commerce

- The chain may make it possible to book rooms from wireless handheld devices (tablets or mobile phones).
- They may have specific websites for this or apps.
- They may provide information about rooms, the hotels, prices, restaurants etc.
- They may make it easy to contact the individual hotels by having email links or telephone links.
- They can contact prospective or past customers with details of special offers.

Database

Hotel chains could keep a database of prospective or past customers so that they can be targeted with promotions, etc.

- Any other relevant suggestion.

4 (b)	No matter what the product or service new technology will never be able to replace more traditional methods of marketing.’ Discuss this statement. [15]		
Band	AO1	AO3	AO4
	3 marks	6 marks	6 marks
3	<p>3 marks</p> <p>The candidate demonstrates excellent understanding of traditional marketing methods and methods using new technology. A clear understanding of the differences between traditional marketing and methods using new technology is included.</p>	<p>5-6 marks</p> <p>The candidate gives an excellent analysis of the effects of both traditional marketing methods and methods using new technology. The analysis is balanced and detailed. The relative importance of each method is discussed. Key issues have been well-developed with a clear line of argument. In-depth analysis required for this band.</p>	<p>5-6 marks</p> <p>The candidate gives an excellent evaluation of whether the use of new technology in marketing will ever replace more traditional methods. The evaluation is balanced and detailed. The evaluation provides a balanced argument as to whether the use of new technology in marketing will ever replace more traditional methods, taking into account different circumstances. Clear judgements are made with supporting statements to build an argument. A holistic evaluation may be offered with an overall conclusion.</p>
	2	<p>2 marks</p> <p>The candidate demonstrates good understanding of traditional marketing methods and methods using new technology. A good understanding of the differences between traditional marketing and methods using new technology is included.</p>	<p>3-4 marks</p> <p>The candidate gives a good analysis of the effects of traditional marketing methods and methods using new technology. The analysis is uneven with some well-developed points and others which are more limited in their development. The relative importance of each method is identified. A number of key issues are developed. A good one-sided analysis can qualify for this band</p>

1	<p>1 mark</p> <p>The candidate demonstrates a limited understanding of traditional marketing methods and methods using new technology. A superficial understanding of the differences between of traditional marketing methods and methods using new technology is included.</p>	<p>1-2 marks</p> <p>The candidate gives a limited analysis of the effects of traditional marketing methods and methods using new technology. Superficial discussion on the relative importance of each method. A limited number of key issues are analysed.</p>	<p>1-2 marks</p> <p>The candidate gives a limited evaluation of whether the use of new technology in marketing will ever replace more traditional methods. The candidate shows an awareness of some of the key issues but with limited development. Judgements are superficial and unsupported. The evaluation is uneven and focuses more on one method than the other. Evaluation is not explained. There is no conclusion.</p>
0	<p>0 marks</p> <p>The candidate demonstrates no understanding of traditional marketing methods and methods using new technology.</p>	<p>0 marks</p> <p>The candidate makes little or no analysis of the relative importance of traditional marketing methods and methods using new technology.</p>	<p>0 marks</p> <p>The candidate makes no meaningful evaluation of whether the use of new technology in marketing will ever replace more traditional methods.</p>

Indicative content:

New technology used in marketing includes the use of digital and social media and e-tailing and m-commerce. Traditional marketing relies on customers visiting shops, the use of brochures and mailshots, junk-mail, personal selling, promotion on television, radio and other well established media.

New technology will be successful because:

- It is convenient for customers.
- It is cheap for new companies to set up as they do not need a High Street presence.
- Online shops can be open 24/7.
- Social media can be used to target certain market segments very effectively.
- It grabs customers attention very effectively by having a presence ('popping up') whilst they are using a mobile phone, tablet or laptop for reasons other than planning to shop.
- Digital natives (those under 35 years old) are very internet literate and so businesses that predominantly target this segment will find it more useful to use new technology.

However traditional methods of marketing will be used for many products and services because:

- It can be used for market segments which prefer to shop on the High Street (over 35s).
- It can be used for market segments which do not have access to social media or even the internet.
- It is not reliant on good internet access.
- Many countries across the world do not have the same broadband capabilities or internet access at home compared to the UK.
- It is less affected when there are technical problems.
- It may give them a USP e.g. Direct Line is not represented on comparison websites.
- If they have a physical shop, there will not be the delivery problems which e-commerce may encounter.
- Traditional promotional methods such as product placement, merchandising are still highly successful.
- Certain services can only be purchased physically e.g. haircut, so traditional methods may appeal more as customers will need to go out of their home to access this service.
- Having a more physical presence may reach a wider audience of customers who are not the direct target market. For example a large number of people who pass billboards may not be the direct target market but may defy consumption patterns and be attracted to the business, these people may have not thought about visiting websites, or didn't fit the criteria for adverts to appear to them on-screen.
- High profile TV advertising campaigns still have great impact e.g. John Lewis at Christmas.

Possible themes for evaluation:

- Both methods have their advantages, but which is chosen may depend on the market segment being targeted, and also the type of product or service being marketed. Products which customers will wish to try on or see before they buy may benefit from being sold in physical shops. Products or services aimed at the older generation who may have limited use of technology may still have to rely on traditional marketing methods. However for products or services which appeal especially to younger market segments which use new technology every day, traditional methods may well not be used.
- Any other relevant suggestion.

5(a)	Describe the methods of lean production which might be used in a large electronics manufacturing business such as Sony, Samsung or Apple [10]	
Band	AO1	AO2
	6 marks	4 marks
3	<p>5-6 marks</p> <p>Excellent understanding of the key methods of lean production.</p> <p>At least two methods are provided</p> <p>Clear understanding of at least two features of the key methods of lean production.</p>	
2	<p>3-4 marks</p> <p>Good understanding of the key methods of lean production.</p> <p>At least two methods are provided.</p> <p>The candidate outlines the features of at least one key method of lean production.</p>	<p>3-4 marks</p> <p>The candidate applies key methods of lean production to the context of a large electronics manufacturer.</p> <p>Good understanding of how and why a large electronics manufacturer might use key methods of lean production.</p> <p>There is direct and clear reference to the large scale manufacture of electronics to support points.</p>
1	<p>1-2 marks</p> <p>Limited understanding of one or two methods of lean production.</p> <p>Basic description of methods of lean production.</p>	<p>1-2 marks</p> <p>The candidate applies limited methods of lean production to the context of a large electronics manufacturer.</p> <p>Suggestions of methods of lean production are generic and may not be applicable to the context of a large electronics manufacturer.</p>
0	<p>0 marks</p> <p>Little or no understanding of the key methods of lean production.</p>	<p>0 marks</p> <p>No specific application of key methods of lean production to the context of large electronics manufacturer.</p>

Indicative content:

Lean production is an approach to operations management aimed at reducing the quantity of resources used up in production to minimise waste within business. Waste could be physical waste or wasted time. Many large car manufacturers use lean production.

Methods include

- **Kaizen or Continuous Improvement.** The electronics manufacturer would be always looking for small improvements e.g. a more efficient method of fitting together components in a TV. Can be done in team meetings where employees offer opinions on improvements to managers in the production facility one step at a time.
- **Just In Time.** The electronics manufacturer may have a JIT stock system, ordering parts and components to be delivered just as needed and a JIT production system, producing products virtually to order. Types of stock Sony, Apple and Samsung will need would be suitable application.
- **Cell Production.** The electronics manufacturer may organise production into cells to improve efficiency and motivate workers. eg the production of laptops may be organised into cells dependant on the model produced. Workers will be trained to do a number of tasks within each cell to allow for job-rotation and job-enrichment to create flexibility and so employees can offer improvements in the production process in their cells. Cells can be self-managing, decide on each employees hours and job roles.
- **Time Based Management.** The electronics manufacturer may use techniques such as simultaneous engineering to speed up the design and production systems. If all functional areas carry out the design, production and marketing simultaneously time will be reduced between idea to launch. This would enable the manufacturer to be first (or one of the first) in the market (first mover advantage). This would be a great advantage in fast moving high tech markets such as mobile phones. Reducing wasting time can be linked to using Just-in-time and the use of CAD and CAM to speed up production.
- Any other relevant suggestion.

5 (b)	Discuss the view that all stakeholders of a business will benefit from its use of lean production.			[15]
Band	AO1	AO3	AO4	
	3 marks	6 marks	6 marks	
3	<p>3 marks</p> <p>The candidate demonstrates excellent understanding of stakeholders and their interests.</p> <p>There is a clear understanding of the contrasting objectives of key stakeholders.</p> <p>The key effects and impact of lean production on different stakeholders are identified, including benefits and disadvantages.</p>	<p>5-6 marks</p> <p>The candidate gives an excellent analysis of the impact of adopting lean production methods on key stakeholders.</p> <p>The analysis is balanced and detailed.</p> <p>Key issues have been well-developed with a clear line of argument.</p> <p>Analysis will be supported by specific reference to how lean production will affect the business and how this will benefit or disadvantage key stakeholders.</p> <p>In-depth analysis required for this band.</p>	<p>5-6 marks</p> <p>The candidate gives an excellent evaluation of the impact of lean production on key stakeholders.</p> <p>The evaluation is balanced and detailed and will focus on the key issues.</p> <p>The evaluation provides a balanced argument as to whether key stakeholders all benefit from the use of lean production.</p> <p>Clear judgements are made with supporting statements to build an argument.</p> <p>A holistic evaluation may be offered with an overall conclusion.</p>	
	2	<p>2 marks</p> <p>The candidate demonstrates a good understanding of stakeholders and their interests.</p> <p>The candidate identifies some contrasting objectives of key stakeholders.</p> <p>The candidate makes an attempt to identify some of the key effects and impact of lean production on stakeholders, including benefits and disadvantages.</p>	<p>3-4 marks</p> <p>The candidate gives a good analysis of the impact of lean production on key stakeholders.</p> <p>The analysis is uneven with some well-developed points and others which are more limited in their development.</p> <p>A number of key issues have been developed.</p> <p>Analysis will be supported by some reference to how lean production will affect the business and how this will benefit or disadvantage key stakeholders.</p> <p>A good one-sided analysis can qualify for this band</p>	<p>3-4 marks</p> <p>The candidate gives a good evaluation of the impact of lean production on key stakeholders.</p> <p>The evaluation is reasonably well balanced as to whether key stakeholders all benefit from the use of lean production.</p> <p>The evaluation will include some of the key issues.</p> <p>The answer may contain a brief conclusion.</p>

<p>1</p>	<p>1 mark</p> <p>The candidate demonstrates a limited understanding of stakeholders and their interests.</p> <p>Understanding is superficial.</p> <p>The candidate may list the key stakeholders in a business.</p>	<p>1-2 marks</p> <p>The candidate gives a limited analysis of the impact of lean production on key stakeholders.</p> <p>Analysis may not include some key stakeholders.</p> <p>A limited number of issues are analysed.</p> <p>Superficial discussion of the effect of lean production and how this will impact on key stakeholders.</p>	<p>1-2 marks</p> <p>The candidate gives a limited evaluation of the impact of lean production on key stakeholders.</p> <p>The candidate shows an awareness of some of the key issues but with limited development.</p> <p>Judgements are superficial and unsupported.</p> <p>The evaluation is uneven and focuses more on some stakeholders than others or does not identify benefits and disadvantages.</p> <p>Evaluation is not explained.</p> <p>There is no conclusion.</p>
<p>0</p>	<p>0 marks</p> <p>The candidate demonstrates no understanding of stakeholders.</p>	<p>0 marks</p> <p>The candidate makes little or no meaningful analysis of the effect of lean production and how this will impact on key stakeholders.</p>	<p>0 marks</p> <p>The candidate makes no meaningful evaluation of the effect of lean production and how this will impact on key stakeholders.</p>

Indicative content:

- **A stakeholder** is anyone who has a direct or indirect interest in the activities of a business.
- **Shareholders** – may benefit because lean production methods lead to greater efficiency and therefore to higher profits and maybe higher dividends. However, there may be an initial cost to implementing lean production methods and this may affect dividends in the short term. If lean production techniques fail, e.g. suppliers do not deliver just-in-time, productivity will fall, costs will rise, and the business will not make effective use of time-based-management.
- **Employees** – may feel more motivated if they are involved in lean production methods. Being part of an efficient system may be more rewarding. However, new techniques or training may be stressful for employees. If lean techniques work e.g. Kaizen and ideas to improve productivity, employees could be rewarded with bonuses / wage rises.
- **Customers** – will benefit from shorter lead times. However, if there are delays / problems due to the JIT system encountering problems, they may be let down. As lean production techniques can result in cost-savings and productivity gains, this could be passed onto customers in terms of lower prices, or better quality goods through extra profits invested in R&D.
- **Competitors** – may benefit if the business has problems with lean production e.g. late deliveries. They may have to respond to the business introducing lean production methods by implementing their own lean production methods. However, they may already have done this, or may be successful with more traditional methods of production.
- **Management** – may be motivated by bringing in new lean production methods. However, the drive to implement the new lean production methods may be stressful, especially if there is employee resistance to change. If lean production techniques don't work, e.g. unreliable supplier not delivering stock just-in-time, this can adversely affect productivity and motivation of workers and the management of profits.
- **Suppliers** – may be able to charge higher prices for a greater number of JIT deliveries. They should also benefit from the good relationship with a supplier which is needed for successful lean production methods. However, there may be great pressure to meet requirements which need capital expenditure and new systems or ways of working. Suppliers may feel too pressurised in having to deliver stock just-in-time, and their contracts could be taken away if deliveries are late.
- **Local communities** – may be adversely affected by greater frequency of deliveries for JIT for example. They may however, benefit from less waste. If the business makes more profit through waste and cost savings there could be job opportunities in the future, or the business could invest within the local community.

Possible themes for evaluation:

- Implementing lean production methods benefits most stakeholders to some extent. However, it also has a negative impact for some stakeholders. It may depend on how big the necessary changes are (are they a complete change from the old way of working?) and how stakeholders react to the changes.
- Any other relevant suggestion.

6(a)	Describe the methods which a national parcel delivery business such as Parcelforce, FedEx or UPS could use to train its staff. [10]	
Band	AO1	AO2
	6 marks	4 marks
3	<p>5-6 marks</p> <p>Excellent understanding of the key methods of training.</p> <p>Clear understanding of the features of the key methods of training.</p> <p>At least two methods are provided.</p>	
2	<p>3-4 marks</p> <p>Good understanding of the key methods of training.</p> <p>The candidate outlines the features of at least one key method of training.</p> <p>At least two methods are provided.</p>	<p>3-4 marks</p> <p>The candidate applies key methods of training to the context of a national parcel delivery business.</p> <p>Good understanding of how and why a national parcel delivery business might use key methods of training.</p> <p>There is direct and clear reference to the large scale delivery of parcels to support points.</p>
1	<p>1-2 marks</p> <p>Limited understanding of one or two methods of training.</p> <p>Basic description of methods of training.</p>	<p>1-2 marks</p> <p>The candidate applies limited methods of training to the context of a national parcel delivery business.</p> <p>Suggestions of methods of training are generic and may not be applicable to the context of a national parcel delivery business.</p>
0	<p>0 marks</p> <p>Little or no understanding of the key methods of training.</p>	<p>0 marks</p> <p>No specific application of key methods of training to the context of a national parcel delivery business.</p>

Indicative content:

Training provides workers with knowledge and skills which enable them to perform their jobs more effectively.

Methods might include induction, on-the-job, off-the-job, or apprenticeships.

- **Induction training** is important to make workers feel settled and safe at the company. At a parcel delivery company, workers in the depot may be shown the various systems. Delivery drivers may be shown usual routes and procedures. All employees will probably receive health and safety training especially in the areas where parcels are sorted and the use of delivery vehicles.
- **On-the-job training** might be used as a quick and easy way to show new workers what to do. E.g. a new worker in the depot may shadow an experienced worker and be shown how to schedule parcels for delivery. A new delivery driver may go out on a round with an experienced driver to understand the fastest route. A telephone advisor may be trained in dealing with the public and tracking parcels by being paired with an experienced employee to gain customer service skills.
- **Off-the-job training** might include Health and Safety training, Company background, aims and objectives, procedures. Employees may have the opportunity to develop their own skills, so these businesses may send those in line for promotion on management courses. Delivery drivers of vans may get given the opportunity to qualify to drive larger Lorries.
- **Apprenticeships** – there may be scope for Customer Service and Business Administration apprenticeships within parcel delivery businesses who could gain on-the-job experience as well as qualifications such as Administration and Customer Service.
- Any other relevant suggestion.

6 (b)	Evaluate the importance to businesses of carrying out staff training. [15]		
Band	AO1	AO3	AO4
	3 marks	6 marks	6 marks
3	<p>3 marks</p> <p>The candidate demonstrates excellent understanding of the importance to businesses of carrying out staff training.</p> <p>A clear understanding of how training can be important to businesses.</p>	<p>5-6 marks</p> <p>The candidate gives an excellent analysis of the importance to businesses of carrying out staff training.</p> <p>The analysis is balanced and detailed.</p> <p>Key issues have been well-developed with a clear line of argument.</p> <p>In-depth analysis required for this band.</p>	<p>5-6 marks</p> <p>The candidate gives an excellent evaluation of the importance to businesses of carrying out staff training.</p> <p>The evaluation is balanced and detailed.</p> <p>The evaluation provides a balanced argument as to the importance of carrying out staff training.</p> <p>Clear judgements are made with supporting statements to build an argument.</p> <p>A holistic evaluation may be offered with an overall conclusion.</p>
2	<p>2 marks</p> <p>The candidate demonstrates good understanding of the importance to businesses of carrying out staff training.</p> <p>A good understanding of how training can be important to businesses.</p>	<p>3-4 marks</p> <p>The candidate gives a good analysis of the importance to businesses of carrying out staff training.</p> <p>The analysis is uneven with some well-developed points and others which are more limited in their development.</p> <p>A number of key issues are developed.</p> <p>The candidate gives a good one-sided analysis.</p>	<p>3-4 marks</p> <p>The candidate gives a good evaluation of the importance to businesses of carrying out staff training.</p> <p>The evaluation provides a reasonably well balanced argument as to the importance of carrying out staff training.</p> <p>The candidate makes judgements with some attempt to support their evaluation.</p> <p>The answer may contain a brief conclusion.</p>

<p style="text-align: center;">1</p>	<p style="text-align: center;">1 mark</p> <p>The candidate demonstrates limited understanding of the importance to businesses of carrying out staff training.</p> <p>A limited understanding of how training can be important to businesses.</p>	<p style="text-align: center;">1-2 marks</p> <p>The candidate gives a limited analysis of the importance to businesses of carrying out staff training.</p> <p>Some elements of the importance to businesses of carrying out staff training may not be analysed.</p> <p>A limited number of key issues are analysed.</p>	<p style="text-align: center;">1-2 marks</p> <p>The candidate gives a limited evaluation of the importance to businesses of carrying out staff training.</p> <p>The candidate shows an awareness of some of the key issues but with limited development.</p> <p>Judgements are superficial and unsupported.</p> <p>The evaluation is uneven and one-sided. Evaluation is not explained.</p> <p>There is no conclusion.</p>
<p style="text-align: center;">0</p>	<p style="text-align: center;">0 marks</p> <p>The candidate demonstrates no understanding of the importance to businesses of carrying out staff training.</p>	<p style="text-align: center;">0 marks</p> <p>The candidate gives little or no analysis of the importance to businesses of carrying out staff training.</p>	<p style="text-align: center;">0 marks</p> <p>The candidate makes no meaningful evaluation of the importance to businesses of carrying out staff training.</p>

Indicative Content:

Staff training is important to businesses because:

- It helps improve the quality of products and services.
- It creates a more flexible workforce.
- It creates a workforce more willing and able to adapt to change.
- It motivates workers – Motivational theorists such as Maslow & Herzberg would agree.
- It may increase labour productivity once employees are trained.
- It may lower staff turnover.
- It may lower absenteeism.
- It may help with recruiting the best staff.
- It may be a useful part of performance appraisal.
- It may reduce the need for tall organisational structures and some layers of hierarchy and can allow empowerment / delegation to successfully take place.
- It can allow the head office to decentralise decision-making.

However, training may be less important to businesses because:

- It costs money.
- There may be a reduction in output whilst workers are being trained.
- It takes workers away from the jobs they would normally be doing (especially off-the-job training).
- It is difficult to evaluate whether it has made a difference to the work employees do.
- Well trained workers may then leave or be head hunted.
- Well trained workers with new skills may demand a pay rise.
- If the training is not implemented correctly it may de-motivate instead of motivating.
- Those carrying out the training may be inadequate.
- Recruiting and selecting the right person to begin with would mean less training is required.
- If a business is mainly capital intensive, training could be argued to be less important.

Possible themes for evaluation:

- Good, relevant training should be very important for most businesses, but if it is ineffective then the time and money spent will reduce its importance.
- The importance of training may also depend on how good the training is, how much training is available and how well it is received by the employees. Some businesses (e.g. those that employ unskilled workers) may have little use for training, but all businesses to some extent will have to carry out some form of training.
- Any other relevant suggestion.