



GCE AS MARKING SCHEME

AUTUMN 2020

**AS
BUSINESS - COMPONENT 2
B510U20-1**

INTRODUCTION

This marking scheme was used by WJEC for the 2020 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 learners are writing under examination conditions and credit should be given for what the learner 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 learners' answers. This is not intended to be exhaustive and learners 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. Learner'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 AS BUSINESS - COMPONENT 2

AUTUMN 2020 MARK SCHEME

1. (a)	Identify the difference between a <i>product orientation</i> and <i>market orientation</i> approach.	Total
	<p>Award 1 mark for each difference identified AO1:2 marks</p> <p>Indicative content:</p> <p>Product orientation is when a business bases its marketing mix on the businesses strengths.</p> <p>Market orientation is when a business bases its marketing mix on the perception of what the market wants using market research and customer opinions.</p>	2

1. (b)	With reference to the data, and using the Boston matrix, describe Apple's product portfolio.		[5]
Band	AO1	AO2	
	2 marks	3 marks	
3		<p align="center">3 marks</p> <p>Excellent, clear application to Apple.</p> <p>Three or more of Apple's products are applied correctly to the Boston matrix</p>	
2	<p align="center">2 marks</p> <p>Demonstrates good knowledge of the Boston matrix.</p> <p>At least two categories of products are described.</p> <p>Or</p> <p>A fully correct labelled diagram.</p>	<p align="center">2 marks</p> <p>Good application to Apple.</p> <p>Two or more of Apple's products are applied correctly to the Boston matrix.</p>	
1	<p align="center">1 mark</p> <p>Demonstrates limited knowledge of the Boston matrix.</p> <p>At least two categories of products are identified.</p> <p>Or</p> <p>A partially correct diagram.</p>	<p align="center">1 mark</p> <p>Limited application to Apple</p> <p>One of Apple's products are applied correctly to the Boston matrix</p>	
0	<p align="center">0 marks</p> <p>Little or no knowledge</p>	<p align="center">0 marks</p> <p>Little or no application</p>	

Indicative content:

The Boston matrix categorises products according to their current market share and market growth rates.

- Star – A product with high market share and fast market growth. Apple’s new iPhones continue to dominate the market, shown with the iPhone x in 2018, suggesting a star product.
- Cash Cow – A product with high market share and slow market growth rates. Extract 2 shows that iPhone and iPad sales are remaining strong over the two years with small increases in sales suggesting that these products are doing well in a fairly stable market. This can include slightly older more mature iPhone models.
- Question Mark (Problem Child) – A product with low market share but fast market growth rates. Apple TV could be considered a question mark as although growing, market share is low compared to rivals and traditional TV still dominates viewing figures. This form of television is still in its infancy. New releases such as the Apple Watch in 2015, and updated versions of each of the products will be question marks when first released.
- Dog – A product with low market share and slow market growth rates. The iMac sales have declined in extract 2. iPod sales have also fallen significantly since 2008 as more customers switch to the iPhone. Apple do not report iPod sales anymore therefore could assume that they do not focus their marketing on this product suggesting it being a dog product.

1. (c)	Evaluate the appropriateness of an <i>autocratic</i> leadership style to businesses. [8]	
Band	AO3	AO4
	4 marks	4 marks
3	4 marks Excellent and well-balanced two-sided analysis of the appropriateness of an autocratic leadership style. Analysis considers situations where autocratic leadership may and may not be appropriate. The key issues are discussed. Analysis shows a clear line of argument and includes an excellent understanding of the importance of an autocratic leadership style.	4 marks An excellent and well-balanced evaluation of the appropriateness of an autocratic leadership style. The focus is on the key issues. Both sides of the argument are evaluated. Clear judgements are made with supporting statements. Key depends on factors are explained.
	2-3 marks Good analysis of the appropriateness of an autocratic leadership style. A number of key issues are discussed. Analysis is uneven, with some well-developed points and some where the development is more limited. A good one-sided analysis of the appropriate of an autocratic leadership style to businesses.	2-3 marks A good evaluation of the appropriateness of an autocratic leadership style. The evaluation includes most of the key issues. The evaluation is reasonably well balanced with some development on both sides of the argument. Valid judgements are made with some supporting statements. Key depends on factors may be stated.
	1 mark Limited analysis of the appropriateness of an autocratic leadership style. A limited number of issues are discussed. The analysis will focus on one-side of the argument. The learner will list or describe the reasons why autocratic leadership may or may not be appropriate.	1 mark Limited evaluation of the appropriateness of an autocratic leadership style. The evaluation is one-sided. An awareness of the key issues but little development. Judgements are superficial and unsupported.
	0 marks No analysis attempted.	0 marks No evaluation attempted.

Markers note: One-sided answers: Band 2 AO3 and band 1 AO4, a maximum of 4 marks.

Indicative content:

When an autocratic leadership style is appropriate

- When quick decisions need to be made for example in times of emergencies or tight deadlines.
- The manager is a theory X manager and assumes employees need to be tightly controlled and have no desire to make decisions. Having a Laissez-faire approach in this instance may cause productivity to be low.
- Employees are motivated in line with Taylor's theory and so only work for money rather than wanting to be involved in decision making.
- When difficult decisions are to be made for example organisational restructuring.
- Employees are not skilled and so delegation may not be suitable.
- A small business owner may not have many employees who may not be in clearly defined job roles and so all decisions can be made by the business owner.
- When the leader is highly skilled and his / her personality wants to keep full control of the business.

When an autocratic leadership style may not be appropriate:

- The workforce is highly skilled and is able to make better decisions based on their own work compared to the leader. So democratic / Laissez-faire approach might be more appropriate.
- When the leader lacks the experience to make certain decisions, for example a leader that has previously had a career in marketing may not be the best person to solely make a decision regarding operational issues.
- When the organisation is too large for all decisions to be made by one / few leaders. In this case it may be more suitable for the organisation to adapt a bureaucratic leadership when there are clearly defined departments and specialist manager roles across the organisation.
- When the manager is a theory Y manager and assumes that workers want responsibility, seek more than financial satisfaction, and want to contribute to improving business performance. In this case a democratic approach may be more appropriate.
- When employees are motivated in line with Maslow's / Herzberg's theory. A lack of responsibility could limit motivational and productivity levels.
- A paternalistic approach could be a better way to promote autocratic decision making so that employees feel that decisions made consider their best interests and welfare, so employee resistance may be reduced.

Possible key themes for evaluation:

- Depends on the leader's personality and willingness to delegate. Fiedler argued that leaders cannot easily change their leadership style and therefore should be placed appropriately within the business. Autocratic leaders should be placed with workers who need more direction.
- Depends on the type and skill of workers employed.
- Depends on the situation in hand, there is not one correct leadership style that is used in all instances.
- Depends on the size of the organisation and number of management roles and whether all decisions can be made at the top.
- Wright and Taylor believed that the most suitable leadership style should be used for different situations.
- Any other relevant suggestion.

1. (d) (i)	Using Extract 2, calculate Apple’s net profit margin for 2018. Present your answer to two decimal places.	Total
	<p>Award 1 mark for a correct formula of Net Profit Margin AO1:1 mark</p> $\frac{\text{Net Profit}}{\text{Sales}} \times 100$ <p>Award 1 mark for a correct calculation of Net profit AO2: 1 mark 265 595 – 163 756 – 30 941 = \$70 898m (accept without \$ sign)</p> <p>Award 1 mark for a correct calculation of Net profit margin AO2: 1 mark</p> $\frac{70\,898}{265\,595} \times 100 = 26.69\% \text{ (must be to two decimal places)}$ <ul style="list-style-type: none"> • OFR applies if net profit is calculated incorrectly. <p>If the learner shows workings out and calculates the 2017 net profit margin by mistake award 1 mark in total.</p>	3

1. (d) (ii)	Assess Apple’s net profit margin for 2018.	Total
	<p>Award 1 mark for an analysis of the change in Apple’s NPM AO3: 1 mark</p> <ul style="list-style-type: none"> • Apple has been slightly less efficient in managing its costs as these have increased as its sales revenue increased. <p>Award up to 2 marks for a suitable evaluation of the change in Apple’s NPM AO4: 2 marks</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • Overall Apple shouldn’t be too concerned as the difference is minor. • Falling profitability suggests poor financial management. • Only two years of data is shown, a better assessment could be made if more previous year’s figures were available. 2017 could have been a higher than average NPM figure and so an unfair comparison. • Apple should be happy with their financial management as sales in 2018 is higher than that in 2017, even though the profit margin has declined slightly. <ul style="list-style-type: none"> • OFR applies to AO3 and AO4. 	3

2. (a)	State what is meant by the term <i>stock control</i>	Total
	<p>Award 1 mark for a limited understanding of the term 'stock control' Award 2 marks for a good understanding of the term 'stock control' AO1: 2 marks</p> <p>Indicative content:</p> <p>Stock control is the management of raw materials in a business (1). Also includes work-in-progress (1) and finished goods (1). It ensures that there is a smooth flow of goods to the final customer (1) / able to meet customer demand (1)</p> <p>Do not accept the term 'stock' when the learner attempts to define stock control.</p>	2

2. (b)	Using the stock control diagram, identify the lead time.	Total
	2 days (do not accept 2) AO2: 1 mark	1

2. (c)	With reference to the stock control chart opposite, discuss the possible consequences of Brooke's stock control management of glass jars on her business.			[6]
Band	AO2	AO3	AO4	
	2 marks	2 marks	2 marks	
2	<p>2 marks</p> <p>Good application of the stock control chart.</p> <p>Two or more references are made to the stock control chart in order to support an argument.</p>	<p>2 marks</p> <p>Good analysis of the impact on the business of stock control management.</p> <p>Analysis shows a clear line of argument and includes a good understanding of the impact of stock control management.</p>	<p>2 marks</p> <p>Good evaluation of the impact of stock control management.</p> <p>Valid judgements are made to support arguments with some development on both sides.</p> <p>The evaluation considers both positive and negative impacts on the business.</p>	
1	<p>1 mark</p> <p>Limited application of the stock control chart.</p> <p>At least one reference is made to the stock control chart in order to support an argument.</p>	<p>1 mark</p> <p>Limited analysis of the impact on the business of stock control management.</p> <p>A limited number of issues are discussed.</p> <p>The analysis may only list or describe the impact of stock control management.</p>	<p>1 mark</p> <p>Limited evaluation of the impact of stock control management.</p> <p>Partial and unsupported judgements made.</p> <p>One-sided evaluation that only considers positive or negative impacts on the business.</p>	
0	<p>0 marks</p> <p>No application.</p>	<p>0 marks</p> <p>No analysis given.</p>	<p>0 marks</p> <p>No evaluation given.</p>	

Indicative content:

- Day 1 to 5 shows effective stock control management as there appears to be enough glass jars in stock to produce jars of honey, and stock was reordered at the right time preventing stock to fall lower than its minimum level. The impact of this is that the business is able to operate without running out of jars ensuring that the business customers are able to receive a supply of honey, keeping them satisfied improving customer service, reputation, and sales. However, keeping a buffer stock is an opportunity cost of money for Brooke Honey in comparison to just-in-time.
- Between day 5 and 8 Brooke Honey has appeared to receive higher than expected number of sales which caused stock to run out on day 7. The impact of this is that some business customers may not be able to receive their orders that day resulting in potential damages to Brooke Honeys reputation that may cause customers to go elsewhere, losing out on sales (which appeared to have happened when sales slowed between day 8 and 11). However, the business was only out of stock for one day and may not seem significant. Reduced stock holdings prevent damages (e.g. broken glass / cracks) and lowers waste of glass jars that are unused.
- Slower sales were received after day 9 when another stock order of 150 glass jars were made, as a result the business was unable to sell most of its current stock and so ended up holding more glass jars than its maximum stock level. The impact of this is that there may have not been enough storage facilities to hold the stock and may have negatively affected cash flow. As the jars are made of glass, some could have been damaged. However, holding more stock just in case prevents the business from running out of glass jars to produce honey as they did in day 9.
- Overall the business run out of stock and then held more than its maximum level over the period shown suggesting that Brooke's stock management may have caused losses of sales and then stock wastage. However, as she is new to business, it will be hard to fully plan stock levels required.
- Reordering a fixed amount of 150 glass jars each time does not appear appropriate and Brooke should order more quantities of glass jars when demand levels appear higher than usual, and fewer jars when demand appears to be lower than usual.
- The impact could have been more negative if demand levels didn't slow after day 8 as only 150 glass jars were in stock after the stock delivery was received on day 8.
- Throughout most of the period, enough stock was held by the business to carry on its operations. Only on 2 of the 14 days, did stock levels appear to be outside the maximum or minimum level.
- Running out of glass jars does not mean that no sales could be made dependent on current levels of finished stock in the business.
- Any other relevant suggestion.

2. (d)	Using the cash flow forecast above complete the missing figures for:	Total
	(i) Total revenue for August 2020 £5 000 (accept 5 000)	AO2: 1 mark 2
	(ii) Total expenses for October 2020 £4 100 (accept 4 100)	AO2: 1 mark

2. (e)	Explain two reasons why businesses experience cash flow problems.		[4]
Band	AO1	AO3	
	2 marks	2 marks	
2	2 marks Demonstrates good knowledge of causes of cash flow problems. At least two causes of cash flow problems are described.	2 marks Good analysis of causes of cash flow problems. At least two causes are analysed, with explanations of why each particular cause, creates cash flow problems for businesses.	
1	1 mark Demonstrates limited knowledge of causes of cash flow problems. At least one cause of cash flow problems is identified or described.	1 mark Limited analysis of causes of cash flow problems. At least one cause is analysed, with explanations of why it creates cash flow problems for businesses.	
0	0 marks Little or no knowledge	0 marks Little or no analysis	

Indicative content:

- Sales are lower than expected. This could come as a result of a new competitor, downturn in the market, changing spending patterns or government influences such as changes to taxes. This causes cash flow problems as fewer inflows makes it harder to cover outflows of expenses such as bills, and stock payments (if bought in expectation of higher sales), resulting in a negative net cash flow and possible closing balance.
- Expenses are higher than expected. For example if suppliers increase stock prices, landlords increases rent, interest rates rise etc. Higher costs makes it more important to increase sales to cover these costs, failure to do so will result in more outflows than inflows resulting in a negative net cash flow and possible closing balance.
- Poor internal financial management. Such as a lack of control of spending (budgeting), poor predictions, and payment of debtors. This can cause cash flow problems as the business may not receive inflows when expected and may spend more than what they should based on poor internal management. If costs are greater than spending, cash flow problems exist with negative net cash flow and possible closing balance.
- Lack of finance. Not obtaining enough sources of finance from internal or external sources can make it difficult to cover all expenses, especially for start-up businesses.
- Trade credit. Allowing too much trade credit to customers and not enough from suppliers will make outflows occur before inflows arrive. This might be necessary to create a USP with customers in the long run, but will cause negative net cash flows.
- Seasonal demand. Inflows that do not arrive consistently throughout the year will make it harder for businesses to cover fixed costs at certain times of the year such as rent and other bills, leading to negative net cash flows and closing balances.
- Any other relevant suggestion.

3. (a)	Identify the difference between <i>quality control</i> and <i>quality assurance</i>.	Total
	<p>Award 1 mark for each difference identified AO1: 2 marks</p> <p>Indicative content: Quality control is a system that tests samples of the output against expected standards, usually at the end of the production line by quality inspectors.</p> <p>Quality assurance is a system where quality is built in the process of production, where inspections are carried out throughout the process by all 'self checking', ensuring the product is 'right first time'.</p>	2

3. (b)	Analyse why it is important for supermarkets and their suppliers to maintain expected levels of quality.		[4]
Band	AO2	AO3	
	2 marks	2 marks	
2	<p>2 marks</p> <p>Good application of the importance of maintaining quality to supermarkets and its suppliers.</p> <p>Clear reference to the case study / supermarket industry.</p> <p>At least two references to supermarkets.</p>	<p>2 marks</p> <p>Good analysis of the importance of maintaining expected levels of quality to both supermarkets and its suppliers.</p> <p>Analysis shows a clear line of argument.</p> <p>A number of key issues are developed.</p>	
1	<p>1 mark</p> <p>Limited application of the importance of maintaining quality to supermarkets or its suppliers.</p> <p>There is some reference to the case study / supermarket industry.</p> <p>At least one reference is made to supermarkets.</p>	<p>1 mark</p> <p>Limited analysis of the importance of maintaining expected levels of quality to supermarkets or its suppliers.</p> <p>A limited number of issues are discussed.</p> <p>The analysis may only list or describe the importance of maintaining expected levels of quality.</p>	
0	<p>0 marks</p> <p>No application.</p>	<p>0 marks</p> <p>Little or no analysis</p>	

Indicative content:

- The supermarket industry is a very competitive market especially in recent years with the rise of Aldi and Lidl. This makes it more important than ever to maintain high levels of quality given the growing number of larger alternatives customers have.
- Harmful bacteria, metal and plastic found in packaging of different products can affect the reputation of the business, losing repeat customers, sales and profits. Supermarkets may choose alternative suppliers and publicly blame suppliers for the mistakes. The public may choose alternative supermarkets.
- Harmful bacteria, metal and plastic found in packaging of different products could result in fines / compensation having to be paid as a result of not abiding by food safety regulations through making customer unwell or affecting the brand of supermarkets supplied to.
- The product recalls increases businesses costs as the stock goes to waste. In a highly competitive market with the rise of discount retailers, wasting money on unsalable stock will not only reduce sales and profits but also increase costs of production, making some supermarkets less price competitive.
- Suppliers may lose contracts with big supermarkets and the rapidly growing discount stores when looking for branded product suppliers for their growth.
- Any other relevant suggestion.

3. (c)	Promotional strategies can impact stakeholders such as shareholders, competitors, suppliers and customers.		
	Evaluate the impact of promotional strategies on two of these stakeholder groups. [7]		
Band	AO1	AO3	AO4
	2 marks	2 marks	3 marks
3			<p>3 marks</p> <p>Excellent well-balanced evaluation of the impact of promotional strategies on stakeholders.</p> <p>At least two stakeholders are considered.</p> <p>The focus is on the key issues.</p> <p>Clear judgements are made with supporting statements.</p> <p>The candidate may offer an overall conclusion.</p> <p>Key depend on factors are used to support the evaluation.</p>
2	<p>2 marks</p> <p>Demonstrates good knowledge of the impact of promotional strategies.</p> <p>The needs of at least two stakeholders are understood.</p>	<p>2 marks</p> <p>Good analysis of the positive or negative impact of promotional strategies on stakeholders.</p> <p>Analysis shows a clear line of argument.</p> <p>The analysis considers the impact on at least two stakeholders.</p>	<p>2 marks</p> <p>Good balanced evaluation of the impact of promotional strategies on stakeholders.</p> <p>At least two stakeholders are considered.</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 statements.</p> <p>Depend on factors may be identified.</p>
1	<p>1 mark</p> <p>Demonstrates limited knowledge of the impact of promotional strategies.</p> <p>The needs of at least one stakeholder group is understood.</p>	<p>1 mark</p> <p>Limited analysis of the positive or negative impact of promotional strategies on stakeholders.</p> <p>A superficial analysis of the impact on stakeholders.</p> <p>The analysis considers the impact on at least one stakeholder.</p>	<p>1 mark</p> <p>Limited evaluation of the impact of promotional strategies on stakeholders.</p> <p>The evaluation is one-sided.</p> <p>An awareness of the key issues but little development.</p> <p>Judgements are superficial and unsupported</p>
0	<p>0 marks</p> <p>Little or no knowledge</p>	<p>0 marks</p> <p>No analysis given.</p>	<p>0 marks</p> <p>No evaluation given.</p>

Indicative content:

- Shareholders. Effective promotional strategies that capture the interest of consumers may result in increased awareness, brand loyalty, USP, demand and customer purchases. This may result in more profits and higher dividends and a higher share price for shareholders. However, the initial cost of the promotional campaign may not be paid back, and profits may not be seen immediately, especially the more expensive above the line methods.
- Competitors. May lose customers to the business with an effective promotional strategy. However, if they have loyal customers or a USP they may not be affected. It also depends on competitor's actions as they could respond with their own promotional strategies which could be costly but ensure that customers are retained.
- Customers. May receive greater product knowledge that allows them to make better purchasing decisions. However, promotions are persuasive and may confuse the customer into purchasing something they don't need.
- Suppliers. May receive more stock orders. However, may not be able to meet the demands of the increased stock order.

Possible themes for evaluations

- It depends on the short term versus long term, as the costs may outweigh sales in the short term so stakeholders may only benefit when profit rises.
- It depends on how well the promotions are received and how much they persuade customers to purchase as they are not guaranteed to bring in more customers.
- It depends on competitor actions whether more customers will be attracted to the business to allow the other stakeholders to benefit from increased sales and profits.
- It depends on where the increased revenue / profits are invested e.g. dividends.
- It depends on other areas of the marketing mix, for example a great promotional strategy advertising a below average product at the wrong price may not entice customers to the business and so stakeholders may not receive all benefits.
- Any other relevant suggestion.

3. (d)	Explain the reasons why Asda and Sainsbury's workers may choose to be members of the Usdaw trade union. [6]		
Band	AO1	AO2	AO3
	2 marks	2 marks	2 marks
2	<p>2 marks</p> <p>Demonstrates good knowledge of the reasons for workers to become a member of a trade union.</p> <p>At least two reasons are described.</p>	<p>2 marks</p> <p>Good application of the reasons for Asda / Sainsbury's workers to become a member of the Usdaw union.</p> <p>Two or more references are made to supermarket workers.</p>	<p>2 marks</p> <p>Good analysis of the reasons for workers to become a member of a trade union.</p> <p>Analysis shows a clear line of argument.</p> <p>A number of key issues are developed.</p>
1	<p>1 mark</p> <p>Demonstrates limited knowledge of the reasons for workers to become a member of a trade union.</p> <p>At least one reason is identified / described.</p>	<p>1 mark</p> <p>Limited application of the reasons for Asda / Sainsbury's workers to become a member of the Usdaw union.</p> <p>At least one reference is made to supermarket workers.</p>	<p>1 mark</p> <p>Limited analysis of the reasons for workers to become a member of a trade union.</p> <p>A limited number of issues are discussed.</p> <p>Superficial analysis of the reasons to become a member of a trade union.</p>
0	<p>0 marks</p> <p>Little or no knowledge</p>	<p>0 marks</p> <p>No application.</p>	<p>0 marks</p> <p>No analysis given.</p>

Indicative content:

- Collective bargaining and representation. Given the potential for store closures, Asda and Sainsbury's workers collectively together are more powerful. As a result their views are more likely to be listened to and fewer job losses may occur or greater benefits will be awarded to workers affected by any future attempts to merge.
- Negotiate pay and conditions. The merger would have created another monopoly (monopsony), which could reduce financial benefits to its employees given that there could be fewer alternative employers in the area. Usdaw are more likely to maintain / improve pay and conditions than individual workers acting alone in the stores affected.
- Provide legal cover. This benefits the workers from having to pay their own legal cover on matters that could arise in the workplace e.g. discrimination claims against employers. As many workers in supermarkets are low paid, they may not be able to afford to pay for their own legal cover. Due to the merger, selected groups of people could be targeted with redundancies and so the union will provide legal cover if this occurs.
- Provide other services such as cheaper car insurance, discounts for e.g. restaurants and cinema tickets. As many shop workers are often paid close to minimum wage, these discounts may allow them to enjoy more luxuries within their budget.
- Any other relevant suggestion.

4. (a)	Describe the different methods of selection which might be used by a hotel when recruiting a hotel manager and a cleaner. [10]	
Band	AO1	AO2
	6 marks	4 marks
3	5-6 marks Excellent understanding of at least two methods of selection. Clear understanding of the features of at least two types of selection methods.	
	3-4 marks Good understanding of one or two methods of selection. The learner identifies the key features of at least one type of method of selection. At least two types of selection methods are identified.	3-4 marks The learner applies at least two methods of selection to a hotel, considering both a hotel manager and a cleaner. Good application of how different selection methods might be used in context. There is direct and clear reference to a hotel.
1	1-2 marks Limited understanding of one or two types of methods of selection. Superficial understanding of the features of each method of selection. At least one correct method of selection is identified.	1-2 marks The learner applies at least one method of selection to a hotel, considering either a hotel manager or a cleaner. Limited application of one or two methods of selection to the context of a hotel Suggestions of the use of selection methods are generic and limited attempt is made to link these to a hotel.
	0 marks No understanding of selection methods.	0 marks No specific application of selection methods to a hotel.

Indicative content:

- Interviews: Are carried out by a panel consisting of a personal manager, and other managers within the business. This would allow an all-round picture of the candidate applying. The purpose of an interview is for the candidate to explain their suitability and for the interviewers to gather as much information about the candidate as possible. For a hotel manager, the applicant can be asked to explain their experiences in leadership, and situations within a hotel that will test the applicant's leadership ability. For example, if cleaners are not cleaning rooms correctly or if the receptionist is rude. Questions could be asked on how the hotel manager can deal with that situation. A cleaner on the other hand will carry out basic roles and so questioning will focus on topics such as time keeping, how to make a bed etc. Interviews can be biased and generally does not show the candidates skill in action.
- Work trials: This is where the candidate is given a period of time to demonstrate their capabilities e.g. a week or up to 30 days. Cleaners could be reviewed by managers checking the rooms when completed to investigate if all areas of the rooms were cleaned to expectations. A hotel manager trail could be evaluated with feedback from customers and staff on the ability of the manager in being able to run the different areas of the hotel for that period of time, such as the kitchen, cleaning and front of house.
- Selection exercises / tests: Aptitude / ability tests: This is where the candidate is asked to complete an activity to which they will be assessed on. For example, what if situations for a hotel manager to test the applicant's ability on different scenarios that he / she may have to deal with in a hotel, such as a customer complaint regarding the room / food / customer service providing from staff. Cleaners could be asked to clean and make up a room within a time limit and the one who does it best will get the job.
- Selection exercises / tests: Personality tests (psychometric testing) can test a person's personality and whether it will be right for different situations. This would be more suitable for a hotel manager as he / she will have to deal with a variety of people in different areas of the hotel (kitchen / cleaning / front of house), and so leadership qualities can be assessed.
- Telephone Interviews: Are held over the phone rather than in person and are carried out with candidates that have passed the first stage e.g. online application / the right skills / qualifications needed. This would be suitable for a cleaner due to the level of skill that would be required to do the job. This is not something that would be suitable for a higher skilled job such as that of a hotel manager.
- Accept other relevant selection with application to a hotel manager / cleaner.

Note: Do not accept methods of recruitment.

4. (b)	Evaluate the importance to a business of having the correct number of employees with appropriate skills and experiences. [15]		
Band	AO1	AO3	AO4
	3 marks	6 marks	6 marks
3	<p>3 marks</p> <p>The learner demonstrates excellent understanding of the importance of having the correct number of employees with appropriate skills and experiences.</p> <p>There is clear reference to the importance to businesses.</p> <p>The learner considers, number of workers, skills of workers and experience of workers.</p>	<p>5-6 marks</p> <p>The learner gives an excellent analysis of the importance of having the correct number of employees with appropriate skills and experiences.</p> <p>The analysis is balanced and detailed.</p> <p>The importance to businesses is routed within the answer.</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 learner gives an excellent evaluation of the importance of having the correct number of employees with appropriate skills and experiences.</p> <p>The evaluation is balanced and detailed and will focus on the key issues.</p> <p>The evaluation focuses on the factors that determine situations when having the correct number, skills and experience of workers is more important in certain instances.</p> <p>The evaluation provides a broad range of arguments on both sides of the debate.</p> <p>Clear judgements are made with supporting statements to build an argument.</p> <p>An holistic evaluation may be offered with an overall conclusion.</p>

2	<p>2 marks</p> <p>The learner demonstrates good understanding of having the correct number of employees with appropriate skills and experiences</p> <p>The learner makes an attempt to identify the importance of the correct number and skills of employees.</p> <p>The learner may only consider one or two elements of having the correct number, skills or experience of workers.</p>	<p>3-4 marks</p> <p>The learner gives a good analysis of the importance of having the correct number of employees with appropriate skills and experiences.</p> <p>The analysis is uneven with some well-developed points and others which are more limited in their development.</p> <p>The importance to businesses may not be always considered within the analysis.</p> <p>A number of key issues are developed.</p> <p>The analysis will mainly focus on one side of the argument.</p>	<p>3-4 marks</p> <p>The learner gives a good evaluation of the importance of having the correct number of employees with appropriate skills and experiences.</p> <p>The evaluation will include some of the key issues.</p> <p>The evaluation may identify situations where employee's numbers and skills are more important.</p> <p>The evaluation is reasonably well-balanced with some development on both sides of the debate.</p> <p>The learner makes judgements with some attempt to support their evaluation.</p> <p>The answer may include a brief conclusion.</p>
1	<p>1 mark</p> <p>The learner demonstrates limited understanding of having the correct number of employees with appropriate skills and experiences</p> <p>Understanding is superficial.</p> <p>The learner identifies the value and limitations of having the correct number of employees with appropriate skills or experiences.</p> <p>Little or no reference is made to the importance to businesses of the correct number, skills or experiences of workers.</p>	<p>1-2 marks</p> <p>The learner gives a limited analysis of the importance of having the correct number of employees with appropriate skills and experiences.</p> <p>Superficial discussion on the importance of having the correct number, skills or experiences of workers. The learner does not consider the importance to businesses.</p> <p>A limited number of key issues are developed.</p> <p>The analysis will focus on one side of the argument.</p>	<p>1-2 marks</p> <p>The learner gives a limited evaluation of the importance of having the correct number of employees with appropriate skills and experiences.</p> <p>The learner shows an awareness of some of the key issues but with limited development.</p> <p>The evaluation does not consider the importance to businesses.</p> <p>Judgements are superficial and unsupported.</p> <p>The evaluation is uneven and focuses on one side of the debate.</p> <p>The evaluation is not explained.</p> <p>There is no conclusion.</p>
0	<p>0 marks</p> <p>The learner demonstrates no understanding.</p>	<p>0 marks</p> <p>The learner gives little or no meaningful analysis.</p>	<p>0 marks</p> <p>The learner makes no meaningful evaluation.</p>

Indicative content:

Why it is important:

- If not enough workers are employed: Staff may feel over worked and unable to cope with levels of demand if there is not enough workers employed, resulting in poor levels of customer service, more potential for rushed work and mistakes, as well as implications on staff motivation. Poor working conditions could come as a result of being over worked which could lead to de-motivation (Herzberg). This can impact labour productivity, labour turnover and added costs for recruitment and selection. Therefore for businesses to keep staff happy, keep labour turnover low, productivity and customer service levels high it must make sure staff do not feel overworked if there is not enough of them. Failure to do so could see sales and reputation fall and costs rise for recruitment. It could also lead to negative employer / employee relations and the impact on brand reputation and customer loyalty and loss of sales if employees and employers engage in industrial disputes.
- If too many workers are employed: Unit costs rise due to unnecessary wage costs, leading to higher prices making the business less competitive. The business may also have to lay off workers therefore affecting job security in Maslow's hierarchy of needs. If workers are bored through a lack of work some of Herzberg's motivators will not be met reducing staff motivation further. As stated in the point above, staff motivational levels are very important for businesses to maintain quality, customer service, productivity, and low levels of labour turnover which all can affect sales and further costs for the business.
- If staff do not possess the correct skills: Mistakes are more likely to happen, leading to higher waste, customer refunds, poorer levels of customer service and poor working relationships affecting motivation, unit costs, demand levels, profits and business reputation.
- If workers lack experience: Jobs may take longer to complete reducing productivity levels. Tasks maybe completed inconsistently between employees affecting customer service and brand reputation. New employees may not be able to be trained internally if the more experienced workers lack the experience needed to train adequately, adding further costs to the business affecting competitiveness.

Why it may not be important:

The importance of having the correct number of employees, with the correct skills and experiences depends on:

- How many workers are employed and the type of business. May seem less important for sole trader businesses or capital intensive businesses with fewer employees.
- The type of workers, skills and experiences required. Having enough e.g. chefs that can cook and have experiences of working in an intense fast-paced environment could be deemed as more important than having enough glass collectors due to the nature and skill of the work required. It could be seen that it is more important for the business's full time permanent employees having the correct skills and experiences compared to part-time or temporary workers that may be employed.
- Time. It is impossible that any business will have enough staff, skills and experiences 100% of the time. Employees are likely to understand issues regarding the short term due to unforeseen staff absences and are likely to step up and help. However, in the longer term, continuous poor workforce planning will have a greater effect on staff motivation, stress, and workforce performance and will have a greater profound effect on the businesses costs, sales and reputation.
- How effective the business's recruitment and selection process is. Having enough employees on its own may not be enough if incorrect applicants are selected.
- It also depends on how employees are treated, their pay and working conditions. There might be enough employees with the correct skills and experiences but other things can affect workforce performance such as management and leadership styles, working conditions and incentives to work. Having effective workforce planning therefore doesn't guarantee that businesses will see benefits in the form of lower costs, higher sales, increased reputation and customer services levels.
- Any other relevant suggestion.

5. (a)	Describe the ways in which a clothing manufacturer can use technology in its operations. [10]	
Band	AO1	AO2
	6 marks	4 marks
3	5-6 marks Excellent understanding of at least two types of technology used in operations. Clear understanding of the features of at least two types of technology used in operations.	
	3-4 marks Good understanding of one or two types of technology used in operations. The learner identifies the key features of at least one type technology used in operations. At least two types of technology used in operations are identified.	3-4 marks The learner applies at least two types of technology used by a clothing manufacturer. Good application of how different types of technology might be used in context. There is direct and clear reference to a clothing manufacturer.
1	1-2 marks Limited understanding of one or two types of technology used in operations. Superficial understanding of the features of each type of technology. At least one correct type of technology used in operations is identified.	1-2 marks The learner applies at least one type of technology used by a clothing manufacturer. Limited application of one or two types of technology to the context of a clothing manufacturer. Suggestions of the use of technology is generic and limited attempt is made to link these to a clothing manufacturer.
	0 marks No understanding of types of technology used in operations.	0 marks No specific application of technology to the context of a clothing manufacturer.

Indicative content:

- Robotics: This is the use of automation to complete tasks in the production process rather than using humans, they are more accurate and more productive. Lots of clothing manufacturers around the world are labour-intensive, however robots could be used to take on the role of humans. For example, robots to sew t-shirts / shirts replacing the need for labour.
- CAD: Is an interactive computer system (software) which is capable of generating, storing, and using computer graphics as well as on-screen testing. It speeds the process up from original idea to getting the product on the market. Software can be used to design different types of clothing and can also communicate to computer aided machines to make the product. Mass customisation is now widely popular for people wanting personalised T-shirts for example for parties. The online design software can then be communicated to CAM to help produce the design quickly.
- CAM: Are forms of programmable technology used to assist the manufacturing process which also include robotics that can link to CAD software designs. For example, printing personalised designs that customers have ordered through customisation software on websites. CAM machines such as stitching machines, fabric rolling machines that can assist workers when producing clothes.
- ICT: The recording and use of information by electronic means. For example, computerised stock IT systems automatically checking the number of rolls of different types of fabrics, will re-order when stock levels reach a certain level. Databases and spreadsheets of customer orders (e.g. online personalised t-shirts or large orders from large clothing store retailers). Communication technology such as websites, online chat, telephones can allow the business to contact customers all over the world on queries regarding customers' orders, increasing customer service levels.
- Accept other relevant type of technology with application to a clothing manufacturer.

5. (b) Evaluate the importance of technology used in the operations of a business. [15]			
Band	AO1	AO3	AO4
	3 marks	6 marks	6 marks
3	<p>3 marks</p> <p>The learner demonstrates excellent understanding of the importance of technology.</p> <p>There is clear understanding of the importance of other roles of the operational department.</p>	<p>5-6 marks</p> <p>The learner gives an excellent analysis of the importance of technology used in operations.</p> <p>The analysis is balanced and detailed.</p> <p>The relative importance of the roles of the operational department is discussed.</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 learner gives an excellent evaluation of the importance of technology versus other operational roles.</p> <p>The evaluation is balanced and detailed and will focus on the key issues.</p> <p>The evaluation clearly relates to the importance of technology, considering situations where it may be more important.</p> <p>The evaluation provides a broad range of arguments on both sides of the debate.</p> <p>Clear judgements are made with supporting statements to build an argument.</p> <p>An holistic evaluation may be offered with an overall conclusion.</p>
2	<p>2 marks</p> <p>The learner demonstrates good understanding of the importance of technology.</p>	<p>3-4 marks</p> <p>The learner gives a good analysis of the importance of technology used in operations.</p> <p>The analysis is uneven with some well-developed points and others which are more limited in their development.</p> <p>The relative importance of different areas of the operational department may not always be considered.</p> <p>A number of key issues are developed.</p> <p>The analysis will mainly focus on one side of the argument.</p>	<p>3-4 marks</p> <p>The learner gives a good evaluation of the importance of technology.</p> <p>The evaluation will include some of the key issues.</p> <p>The evaluation may consider the factors that determine when technology may be more important (or not) compared to other operational roles.</p> <p>The evaluation is reasonably well-balanced with some development on both sides of the debate.</p> <p>The learner makes judgements with some attempt to support their evaluation.</p> <p>The answer may include a brief conclusion.</p>

1	<p>1 mark</p> <p>The learner demonstrates limited understanding of the importance of technology.</p> <p>The learner does not consider other roles of the operational department.</p> <p>Understanding is superficial.</p> <p>The learner identifies the value of technology with no development.</p>	<p>1-2 marks</p> <p>The learner gives a limited analysis of the importance of technology in the operations of a business.</p> <p>Superficial discussion.</p> <p>A limited number of key issues are developed.</p> <p>The learner does not consider other operational roles.</p> <p>The analysis will focus on one side of the argument.</p>	<p>1-2 marks</p> <p>The learner gives a limited evaluation of the importance of technology.</p> <p>The learner shows an awareness of some of the key issues but with limited development.</p> <p>The evaluation will not consider other operational roles or the importance of each operational role.</p> <p>Judgements are superficial and unsupported.</p> <p>Evaluation is not explained.</p> <p>There is no conclusion.</p>
0	<p>0 marks</p> <p>The learner demonstrates no understanding.</p>	<p>0 marks</p> <p>The learner gives little or no meaningful analysis.</p>	<p>0 marks</p> <p>The learner makes no meaningful evaluation.</p>

Indicative content:

The importance of technology:

- Improved quality: Technology has a greater ability to produce top-quality products more accurately than humans when performing repetitive tasks. This can generate a USP for businesses, increase brand loyalty, and reduce wastage costs of faulty products.
- Less waste: As robotics and the use of CAM eliminates human error. This can impact price competitiveness.
- Faster innovation: It is much easier and less expensive, to model and test new products using CAD and computer modeling. This can allow businesses to get products to market quicker benefiting from first-mover advantage.
- More effective marketing and sales: Marketing new products encourages consumers to dump old products and buy new ones on a regular basis (e.g. new Apple products, new games consoles / games).
- Lower dependency on labour: This can reduce long term costs after the initial installation of technology (e.g. robotics). Especially if workers belong to a strong trade union, or labour turnover rates are high requiring constant recruitment, selection and training.
- Increased productivity: Technology such as robotics don't need breaks, can work 24/7, and complete jobs much quicker, resulting in reduced unit costs (in the long run), and potentially lower prices.
- Improved communications: Especially for large businesses with lots of employees or located in multiple sites.

The problems of technology:

- Costs: Small businesses may not be able to afford, or break even given lower level of sales to cover the technology. Technology can also become out of date very quickly adding further costs.
- Type of business: Investment in technology could be more suited to mass produced products.
- Employee relations: Technology can affect redundancies, staff motivation and high levels of training for workers that are retained and must use the technology in the operations.
- Improved communications: Especially for large businesses with lots of employees or located in multiple sites.

Other important roles of operations:

- Working with suppliers and stock control
- Economies / diseconomies of scale
- Research and development and innovations
- Adding value
- Quality management
- Production methods
- Lean production
- All of these roles can be assisted by the use of technology, however a case for each can be given to illustrate why they may be more important than the investment into technology and the impact of not completing these above operational tasks effectively.

Possible themes for evaluation:

The importance of technology can depend on:

- Type of business
- Type of production method used
- Whether the initial investment can be repaid
- How competitive the industry is
- Whether technology can replace or assist the roles of workers in the business (For example technology may not be able to replace a surgeon but certainly assists them).
- Nowadays the use of some form of technology appears vital for most businesses to enhance their operations even if it's just the use of communication technology.

6. (a)	Describe how a business that sells a variety of products can use the concept of price elasticity of demand when setting prices for its different products. [10]	
Band	AO1	AO2
	6 marks	4 marks
3	5-6 marks Excellent understanding of the concept of price elasticity of demand. Clear understanding of the features of both price elastic and price inelastic and the implications of changing prices on demand levels.	
	3-4 marks Good understanding of the concept of price elasticity of demand. The learner identifies the key features of price elastic or price inelastic. Both price inelastic and price elastic demand are identified.	3-4 marks The learner applies the concept of price elastic and price inelastic to a business that sells a variety of products. Good application of how price elasticity of demand might be used in context when making price decisions. There is direct and clear reference to a variety of products sold by a business.
1	1-2 marks Limited understanding of the concept of price elasticity of demand. Superficial understanding of the price elastic and / or price inelastic.	1-2 marks The learner applies the concept of price elastic or price inelastic to a business that sells a variety of products. Limited application of how price elasticity of demand might be used in context when making price decisions. Suggestions of price elasticity of demand are generic and limited attempt is made to link these to a variety of products sold by businesses.
	0 marks No understanding of the concept of price elasticity of demand.	0 marks No specific application to a business that sells a variety of products.

Indicative content:

Price elasticity of demand measures how much quantity demand levels will change following a price change. It enables businesses to determine the most appropriate price to maximise levels of demand for its good / service.

- Price inelastic / Price insensitive: This is where the quantity demand rises or falls by a smaller percentage than the price change. Usually inelastic products are unique, have few substitutes, are necessities, or are addictive. The impact of this is that businesses that sell a variety of inelastic goods can increase prices for these goods as the change to levels of demand will be insignificant. Petrol stations that sell inelastic goods such as petrol, milk, bread (necessities), alcohol and cigarettes (addictive) could increase prices for these goods. Electronic manufactures such as Apple when releasing a new iPhone could charge higher prices as it will be unique with few substitutes offering the same technology within the new product. A DIY store such as B&Q could increase the prices of nails and screws as they could be seen as inelastic given that they are needed to put together furniture with fewer alternatives.
- Price elastic / Price sensitive: This is where the quantity demand rises or falls by a larger percentage than the price change. Usually elastic products are luxury goods, or goods that have lots of substitutes. The impact of this is that businesses could decrease prices as demand will rise by a greater amount as customers are more price sensitive and are more likely to buy these products or services with a price reduction. Petrol stations that sell elastic goods such as chocolate bars placed near the till can encourage impulse buys if there is a price discount or special offer that makes the product cheaper for the customer. An electronics manufacturer such as Apple can reduce the prices of its older iPhone models as they reach maturity and decline to extend its life cycle. DIY stores such as B&Q that sell a large variety of paint can reduce the price of its own branded products to encourage more sales due to the amount of substitutes.
- Accept any other relevant application of price elasticity of demand.

6. (b)	Apart from changing prices, evaluate other ways in which a business might improve its profits. [15]		
Band	AO1	AO3	AO4
	3 marks	6 marks	6 marks
3	<p>3 marks</p> <p>The learner demonstrates excellent understanding of the ways in which a business might improve its profits (apart from changing prices).</p> <p>There is a clear understanding of multiple ways business can achieve greater profits that focus on costs and sales revenue.</p>	<p>5-6 marks</p> <p>The learner gives an excellent analysis of the ways in which a business might improve its profits (apart from changing prices).</p> <p>The analysis is balanced and detailed.</p> <p>The analysis considers the issues regarding each method of improving profits.</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 learner gives an excellent evaluation of the ways in which a business might improve its profits (apart from changing prices).</p> <p>The evaluation is balanced and detailed and will focus on whether all methods of improving profits are equally beneficial to one another.</p> <p>The evaluation focuses on the impact of improving profits.</p> <p>The evaluation provides a broad range of arguments on both sides of the debate for key stakeholders.</p> <p>Clear judgements are made with supporting statements to build an argument.</p> <p>The evaluation will consider the factors that determine how successful profits can be achieved by each method, for example considering the short versus long term.</p> <p>An holistic evaluation may be offered with an overall conclusion.</p>

2	<p>2 marks</p> <p>The learner demonstrates good understanding of the ways in which a business might improve its profits (apart from changing prices).</p> <p>The learner may consider only ways that reduce costs or increase sales revenue.</p>	<p>3-4 marks</p> <p>The learner gives a good analysis of the ways in which a business might improve its profits (apart from changing prices).</p> <p>The analysis is uneven with some well-developed points and others which are more limited in their development.</p> <p>The analysis may not always consider the issues regarding each method of improving profits.</p> <p>A number of key issues are developed.</p> <p>The analysis will mainly focus on one side of the argument.</p>	<p>3-4 marks</p> <p>The learner gives a good evaluation of the ways in which a business might improve its profits (apart from changing prices).</p> <p>The evaluation will include some of the key issues.</p> <p>The evaluation considers the impact of ways of improving profits.</p> <p>The evaluation is reasonably well-balanced with some development on both sides of the debate.</p> <p>The learner makes judgements with some attempt to support their evaluation.</p> <p>The evaluation may consider the factors that determine the success of each way of improving profits.</p> <p>The answer may include a brief conclusion.</p>
1	<p>1 mark</p> <p>The learner demonstrates a limited understanding of the ways in which a business might improve its profits (apart from changing prices).</p> <p>Understanding is superficial.</p> <p>The learner may list the different ways of improving profits.</p> <p>The learner considers only ways that reduce costs or increase revenue.</p> <p>Little or no reference is made to improving profits.</p>	<p>1-2 marks</p> <p>The learner gives a limited analysis of the ways in which a business might improve its profits (apart from changing prices).</p> <p>Superficial discussion on the impact of improving profits.</p> <p>The learner does not consider the issues surrounding the ways of improving profits.</p> <p>A limited number of key issues are developed.</p> <p>The analysis will focus on one side of the argument.</p>	<p>1-2 marks</p> <p>The learner gives a limited evaluation of the ways in which a business might improve its profits (apart from changing prices).</p> <p>The learner shows an awareness of some of the key issues but with limited development.</p> <p>The evaluation does not consider the impact of each method of improving profits.</p> <p>Judgements are superficial and unsupported.</p> <p>The evaluation is not explained.</p> <p>The evaluation is uneven and focuses on one side of the debate.</p> <p>There is no conclusion.</p>
0	<p>0 marks</p> <p>The learner demonstrates no understanding.</p>	<p>0 marks</p> <p>The learner gives little or no meaningful analysis.</p>	<p>0 marks</p> <p>The learner makes no meaningful evaluation.</p>

Indicative content:

Increasing profits by reducing costs:

- Changing or working with suppliers: To lower raw material costs, or negotiate lower prices if a future contract can be made. However, the quality may result in reduced customer satisfaction and repeat sales, so lower costs may also lower sales so profits are not increased.
- Investing in technology: To increase productivity and lower unit costs, however it may not improve profits in the short run due to the investment costs.
- Workforce changes: To reduce wages and costs, job descriptions could be re-designed to make employees more productive, resulting in fewer employees needing to be employed. However, this can affect job security (Maslow) and the impact on lower levels of motivation may cause the better staff to seek employment elsewhere so productivity levels are lost. Redundancy payments will also have to be paid in the short run, so costs may not fall increasing profits.
- Reducing other fixed / variable / semi variable costs: E.g. arrange lower rent, move locations, change energy suppliers, lower department budgets, lower marketing costs. However, most of these can have an adverse effect on footfall, staff motivation, and quality of provision, so sales may fall and profits not improve.

Increasing profits by increasing revenue:

- Marketing: The development of new products or promotions to increase brand awareness, USP and sales. However, not all new products or promotions are successful and the initial costs may not be covered by the amount of sales needed to improve profits.
- Expand: To reach a larger target market to increase sales, and economies of scale. However, the costs of investment and potential lack of brand identity in the new areas will outweigh sales and therefore profits in the short run. Diseconomies of scale could also cause unit costs to rise, reducing potential profits.
- Changing locations: To increase footfall. However, the cost of the new location may outweigh gains in sales and so greater profits may not be achieved.
- Strategies to encourage brand loyalty: E.g. customer membership cards, loyalty awards to encourage faster repeat sales to increase sales, recommend a friend for a prize. However, it depends on the frequency that customers use the business (e.g. It could be seen as less effective for businesses that sell items once every few years to customers e.g. Car sales, but more profits for these type of businesses may still be received by these methods, it will just take longer).

Possible themes for evaluation:

It depends on:

- Short term versus long term profit expectations: Some strategies will be more suited to long term gains in profits due to the initial outlay of costs.
- How the strategies are carried out: Poor marketing, poor product development or poor sales strategies would add more costs than sales.
- Relationship with suppliers and alternative suppliers: To be able to negotiate / reduce costs.
- Any other relevant suggestion