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# **GCE AS MARKING SCHEME**

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**SUMMER 2022**

**AS  
BUSINESS - COMPONENT 1  
B510U10-1**

## **INTRODUCTION**

This marking scheme was used by WJEC for the 2022 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 1

### SUMMER 2022 MARK SCHEME

1 (a) (i)	Outline the difference between a niche market and mass market. [2]	Total
	<p>Award 1 mark for each valid point. <span style="float: right;">AO1: 2 marks</span></p> <p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• <b>Niche marketing</b> involves meeting the needs of a small market or marketing products at a small segment of the market (1); This approach is used to establish a strong position in the market (1); Niche markets are usually too small to attract the interest of larger businesses (1); It is possible to charge premium prices because of the lack of competition (1); Because of the lack of competition it is easy to gain market share (1); It is easier to focus on the needs of customers and respond quickly to changes in these needs (1); Specialisation can make businesses vulnerable to market conditions (1); Can be affected more by sudden changes in costs (1).</li> <li>• <b>Mass marketing</b> is the marketing and selling of a product to all possible customers in the same way (1); Products are usually sold to a large number of customers (1); When selling to a mass market a business can take advantage of global marketing (1); Can benefit from economies of scale (1); Competition can be high as high profits will attract competitors to the market (1); Can be expensive to set up production facilities (1); It is difficult to spot changes in customer needs because the market is so large (1).</li> </ul> <p><b>Do not credit mention of profits.</b></p>	<b>2</b>

1 (a) (ii)	State what is meant by the term quantitative data. [2]	Total
	<p>Award 1 mark for correct definition <span style="float: right;">AO1: 2 marks</span> Award 1 mark for development</p> <p><b>Indicative content:</b></p> <p>Data or facts that can be tested (1); Information in the form of numerical/mathematical data (1); Information that can be measured (1); Information that is statistically valid (1); Information that can be interpreted using figures (1); Asking closed questions which allow the collection of data (1).</p> <p>Answer does not have to relate to market research.</p>	<b>2</b>

1 (b)	Suggest how bias might have occurred when Steve and Chris carried out their primary market research. [2]	Total
	<p>Award 1 mark for demonstrating understanding of the need to avoid bias AO1: 1 mark</p> <p>Award 1 mark for application to Steve and Chris's situation. AO2: 1 mark</p> <p><b>Indicative content:</b></p> <p><b>Bias</b> is something that may cause data in a sample to be weighed to one side (1); Data collected may not, therefore, be valid or reliable (1); Data may be misleading and negatively affect the success of the business (1).</p> <p><b>Application:</b> Because they only used their own customers and the sample may not be a true representation of people's views (1); They could have used people passing by as part of their sample (footfall) (1); This would have made it more valid and reliable (1); The sample was small and therefore not representative of the whole population (1).</p>	2

1 (c)	With reference to the data, discuss which idea is the most likely to improve the performance of Steve and Chris' business. [7]			
Band	AO1	AO2	AO3	AO4
	1 mark	2 marks	2 marks	2 marks
2		<p><b>2 marks</b></p> <p>Good application to Steve and Chris's situation.</p> <p>Clear references to the data and ideas to improve performance.</p> <p>Key factors are applied in context of the data.</p> <p>Ideas clearly discussed.</p>	<p><b>2 marks</b></p> <p>A good analysis of the ideas from Figure 1 and Table 1.</p> <p>The key issues have been developed with a clear line of argument.</p> <p>Clear reference to the impact on the business and profits.</p> <p>Link between success and the choice of idea has been included.</p>	<p><b>2 marks</b></p> <p>A good evaluation of the ideas available to Steve and Chris.</p> <p>The evaluation is detailed and focuses on the key issues.</p> <p>Clear judgements are made and arguments are well developed.</p> <p>Recommendation as to which would be the best idea with clear lines of argument.</p>
1	<p><b>1 mark</b></p> <p>Demonstrates knowledge and understanding of the factors that may improve business performance.</p>	<p><b>1 mark</b></p> <p>Limited application to Steve and Chris's situation</p> <p>Only some reference to the context and ideas to improve performance.</p>	<p><b>1 mark</b></p> <p>Limited analysis of the different ideas available to Steve and Chris.</p> <p>Superficial comments with limited development.</p>	<p><b>1 mark</b></p> <p>A limited evaluation of the different ideas available to Steve and Chris.</p> <p>Candidate shows awareness of only some of the key issues.</p> <p>Judgements are superficial and arguments are unsupported.</p> <p>No recommendation has been made.</p>
0	<p><b>0 marks</b></p> <p>No knowledge.</p>	<p><b>0 marks</b></p> <p>No application.</p>	<p><b>0 marks</b></p> <p>No analysis.</p>	<p><b>0 marks</b></p> <p>No evaluation.</p>

**Indicative content:**

- **Vinyl** is the second highest number on Figure 1 and shows an increase in market growth of 45% which is the second highest in Table 1. This may indicate that if they sold these items in their shop this would attract more customers and improve profitability.

**However:**

- These may take up space in the shop and would increase costs as they would have to buy stock that they may not be able to sell.
- There are many competitors who sell these items both in stores and online and they may not be able to sell at competitive prices.
- May be a fad. Interest in vinyl maybe only temporary.

- **CDs** were the second lowest in Figure 1 and had a market share decrease of 30% in Table1.

**However:**

- **CDs** will take up less space.
- **Music lessons** scored one of the lowest numbers in Figure 1 and seemed the least popular choice.

**However:**

- If they offered this service, there would be no capital outlay.
- If they had surveyed a larger sample and included passers-by then this may have scored higher. Parents of school children may require these services.
- **Sale of electric guitars** scored the highest in Figure 1 and shows an increase of 29% in market growth in Table 1.
- Because of the high selling price per item the potential for increased profits would be high. This may attract more customers who play electric guitar and not just acoustic guitars.

**However:**

- The initial capital outlay involved in purchasing stock would be considerable.
- Space would be taken up in the shop.
- There may be considerable security costs also.
- **Books for Sale** scored a high score in Figure 1 and may attract customers into the shop who would then buy other items.

**However:**

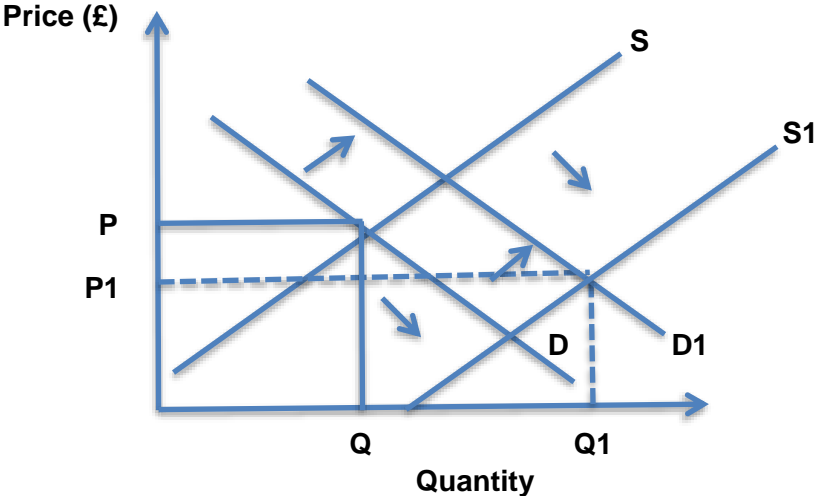
- The books would take up space.
- Books can be bought cheaply online and competition would be high.
- In Table 1 books shows a decrease of 25% in market growth.
- **Coffee Shop** scored the second lowest in Figure 1 but shows the highest market growth of 60% in Table 1.
- With the success of many coffee shops in high streets today, this may prove to be quite profitable. It may attract all sorts of customers into the shop who may buy items.

**However:**

- Space may be an issue.
- This idea would require initial capital to buy equipment.
- Business will be subject to different legislation relating to providing food and drink to customers.
- There are many established and well-known coffee shops around.

Award for reference to the fact that their primary research findings may be biased. A combination of these may be appropriate. Sensible references to Steve and Chris's situation should be accepted. A sound recommendation should be included for top marks, taking costs and risk level into consideration.

Credit any other valid point.

2 (a) (i)	<b>Adapt and label the demand and supply diagram below to illustrate a change in demand and supply in the vegan market.</b> [2]	<b>Total</b>
	<p>Award 1 mark for shift to the right in demand, from D to D1 (must be labelled correctly).</p> <p>Award 1 mark for shift to the right in supply, from S to S1 (must be labelled correctly). AO2: 2 marks</p> <p style="text-align: center;"><b>Demand and Supply in the Vegan Market</b></p>  <p>Prices may stay the same or rise depending on how much S &amp; D are shifted right.</p>	<b>2</b>



2 (a) (ii)	Explain how the changes you made in the demand and supply diagram above impact on vegan food prices and quantity. [3]	Total
	<p>Award up to 2 marks for application Award 1 mark for impact on prices and quantity</p> <p style="text-align: right;">AO2: 2 marks AO3: 1 mark</p> <p><b>Indicative content:</b></p> <p><b>AO2 marks:</b></p> <ul style="list-style-type: none"> <li>• Price of vegan foods decreases as quantity increases – new equilibrium price where D1 cuts S1 curve (1);</li> <li>• Makes reference to the decrease (or increase) in price at P1. Prices might increase if D shifts more than S (1);</li> <li>• Upward trend in the popularity of veganism explained as reason for shift to the right in demand from D to D1 (1) and shift to the right in supply from S to S1 (1).</li> </ul> <p><b>AO3 mark:</b></p> <ul style="list-style-type: none"> <li>• Candidate explains how the changes in demand and supply will impact upon the price and quantity of vegan foods (1);</li> <li>• Candidate explains reasons for the shift in the demand and supply curve to the right and the impact on the new equilibrium price at P1 (1);</li> <li>• The increased popularity of vegan foods will encourage the suppliers to produce these foods more efficiently (1);</li> <li>• As more of these foods are supplied, costs will reduce (1);</li> <li>• The upward trend in vegan foods will cause suppliers to switch because of increased sales and profits (1);</li> </ul> <p>Award marks even if the diagram is not correct providing sound arguments have been given.</p>	<b>3</b>

<b>2 (b)</b>	<b>Evaluate the different factors that affect the demand for vegan foods. [8]</b>			
	AO1	AO2	AO3	AO4
<b>Band</b>	2 marks	2 marks	2 marks	2 marks
<b>2</b>	<p><b>2 marks</b> Demonstrates good understanding of the key factors that affect demand.</p> <p>Clear understanding of the reasons how demand in the market can be affected.</p>	<p><b>2 marks</b> Good application of the key factors that may affect the demand for vegan foods.</p> <p>The key factors are applied in context of the data.</p> <p>Clear reference to the case study.</p>	<p><b>2 marks</b> A good analysis of the factors that may affect the demand for vegan foods.</p> <p>The key issues have been developed with a clear line of argument.</p> <p>Clear reference to the impact on the demand for vegan foods.</p>	<p><b>2 marks</b> Well-reasoned and balanced evaluation that considers the key factors that affect demand for vegan foods.</p> <p>Lines of evaluation are developed, and informed judgements are made.</p> <p>Attaches weight and value to points in the evaluation.</p> <p>May offer an overall judgement on the most significant factor/s.</p>
<b>1</b>	<p><b>1 mark</b> Demonstrates limited knowledge of the key factors that affect demand.</p> <p>Superficial understanding of the reasons how demand in the market can be affected.</p>	<p><b>1 mark</b> Limited application of the key factors that may affect the demand for vegan foods.</p> <p>The learner response is mainly theoretical with limited reference to the data.</p>	<p><b>1 mark</b> Limited analysis of the factors that may affect the demand for vegan foods.</p> <p>Superficial comments with limited development.</p>	<p><b>1 mark</b> Limited evaluation of the key factors that affect demand. The evaluation may be one sided and include general comments. Judgements are superficial and unsupported.</p>
<b>0</b>	<p><b>0 marks</b> No knowledge or understanding of what affects demand.</p>	<p><b>0 marks</b> No application to the data.</p>	<p><b>0 marks</b> No analysis included.</p>	<p><b>0 marks</b> No evaluation of the factors that affect demand.</p>

### Indicative content:

- **Availability of stock** for such foods is growing. Places like The Body Shop now stock vegan make-up. Aldi, Waitrose and other supermarkets now stock vegan foods. As these become more and more available people may choose these products over meat-based products. If there is a demand for vegan products businesses will respond to take advantage of profits.
- **Advertising/News:** The news about Chris Smalling becoming vegan may encourage some people to switch to plant-based products. The use of sports celebrities like Chris Smalling in advertising could raise awareness of such products and increase the demand for vegan foods.
- **Increasing trend in demand for these foods as shown in Figure 2:** As more people turn to plant-based foods or even cosmetics, the more businesses will want to jump onto the band wagon and stock such products in order to maintain their competitiveness and increase profits.
- **Lifestyles:** As Chris Smalling mentions in the case study, there seem to be many health benefits to eating plant-based foods. Other sports people are becoming vegan. Veganism seems to be becoming a lifestyle choice and a healthier option. This may help to encourage people to change to healthier vegan foods.
- **Brand image and reputation** are important to many businesses and may be crucial to their overall success. Businesses that want to portray an environmentally and cruelty free image can use the growth in the interest in veganism to attract new customers. Waitrose and Aldi stock a number of vegan products. Celebrities such as Smalling and others could endorse such products.
- As people's **tastes** are changing, Figure 2 shows that the interest in being vegan is becoming more and more **fashionable**.
- As **demand** for vegan foods continues to increase as shown in Figure 2, the **price** should decrease.
- **Government policy** and consumer legislation may affect the availability and price of cruelty-free products.

### However:

- **Income:** It is likely that only customers with higher incomes will be able to afford prices of some vegan foods as they tend to be more expensive. The sport persons mentioned in the case study may all be able to afford the high prices associated with some vegan foods, but those on lower incomes with large families may not.
- **Availability:** Vegan foods are still hard to find in most shops. This may put people off buying them.
- Though the trend in figure 2 shows a rise in demand that was greater than even vegetarian foods, expensive price tags may slow down demand and growth for vegan products.
- **Price of substitutes** will affect demand. Meat and dairy products are cheaper than vegan foods as they are mass-produced and can benefit from economies of scale.
- **New technological** advances associated with the production of milk products are always becoming more efficient and this may cut cost.
- **Economic and political** stability affects the demand and supply for certain products.
- **Government policy** and consumer legislation may affect the availability and price of cruelty-free products.

Credit any valid point.

3 (a)	<b>Explain two motives that encourage individuals to become entrepreneurs.</b>	<b>Total</b>
	<p data-bbox="300 248 927 282">Award 1 mark for each motive identified (max 2)</p> <p data-bbox="300 284 884 318">Award 1 mark for each development (max 2)</p> <p data-bbox="300 349 560 383"><b>Indicative content:</b></p> <p data-bbox="300 418 1209 452">Financial reward – opportunity to earn more when owning a business.</p> <p data-bbox="300 486 1310 553">Prefer to make their own decisions – in control of what they do as opposed to being employed.</p> <p data-bbox="300 586 1219 687">Greater job satisfaction – creating and building a business can be very enjoyable and allow individuals to attain certain goals they have set themselves.</p> <p data-bbox="300 721 1267 788">Passion/interest in what they produce – may enjoy producing a top-quality product or inventing a new process.</p> <p data-bbox="300 822 1294 889">To create employment – this may be as a result of being made redundant or desiring to create work for others.</p> <p data-bbox="300 922 823 956">Any other appropriate motive explained.</p>	<p data-bbox="1275 199 1315 232"><b>[4]</b></p> <p data-bbox="1378 248 1402 282"><b>4</b></p>

<b>3 (b)</b>	<b>Consider the view that the creation of a business plan is a waste of time and resources for entrepreneurs.</b>		<b>[8]</b>
<b>Band</b>	AO3	AO4	
	4 marks	4 marks	
<b>3</b>	<p><b>4 marks</b></p> <p>Excellent analysis of how a business plan impacts on a new business enterprise.</p> <p>The analysis is well balanced and very detailed.</p> <p>The impacts of producing a business plan are clearly identified and explained.</p> <p>Most of the other factors affecting success are identified and discussed.</p> <p>Well-reasoned developments.</p> <p>The learner develops a logical chain of reasoning.</p>	<p><b>4 marks</b></p> <p>Excellent and well-balanced evaluation of why a business plan will enhance the chance of success.</p> <p>The evaluation is balanced and will focus on most of the key issues.</p> <p>Most of the other key aspects for business success are evaluated.</p> <p>Judgments made with supporting comments.</p> <p>Attaches weight and value to points in the evaluation.</p>	
<b>2</b>	<p><b>2-3 marks</b></p> <p>Good analysis of how a business plan impacts on a new business enterprise.</p> <p>The analysis is balanced and detailed.</p> <p>The impacts of producing a business plan are identified.</p> <p>Other factors affecting success are identified and discussed.</p> <p>Reasoned developments.</p> <p>The learner develops a logical chain of reasoning.</p>	<p><b>2-3 marks</b></p> <p>Reasoned evaluation of why a business plan will enhance the chance of success.</p> <p>The evaluation is balanced and will focus on the key issues.</p> <p>Some other key aspects for business success are evaluated.</p> <p>Judgments made with supporting comments.</p> <p>Attaches weight and value to points in the evaluation.</p>	
<b>1</b>	<p><b>1 mark</b></p> <p>Limited analysis of how a business plan will impact on a new business enterprise.</p> <p>Undeveloped points are made.</p> <p>Other factors affecting success may be identified.</p> <p>Superficial discussion of the impact of a business plan on business success.</p>	<p><b>1 mark</b></p> <p>Limited evaluation of why a business plan will enhance the chance of success.</p> <p>Other important issues are identified but not developed.</p> <p>The evaluation will be uneven and focus on one-side of the argument.</p> <p>Unsupported judgments are made.</p>	
<b>0</b>	<p><b>0 marks</b></p> <p>No analysis of the impact of a business plan on a new business enterprise.</p>	<p><b>0 marks</b></p> <p>No evaluation of the importance of a business plan on a new business enterprise.</p>	

**Indicative content:**

Features of a business plan – objectives, the market, personnel, buying and production, location, forecasts (sales, cash-flow, P&L), break-even, finance.

Why might a business plan enhance the chance of success?

- A well-constructed business plan will force the entrepreneurs to examine all aspects of the business and not just focus upon a narrow aspect, such as the unique features of the product or service.
- Banks and other investors will expect to see a business plan to judge creditworthiness. Obtaining start-up finance is crucial.
- When trading, a business plan can be a useful monitoring tool – comparing forecasts with reality. Any problems that emerge can then be tackled.

Other elements to consider:

- Has the plan been properly researched – have all aspects for achieving success been covered?
- Is it realistic? Are the assumptions made in relation to sales and profits sensible? Are costs realistic?
- Is the person who produces the plan qualified and experienced enough?
- New, unanticipated competition could hit a business unexpectedly and make the business plan much less meaningful.
- Sharp economic downturns, such as a recession or BREXIT, make even the best business plans seem inadequate.

Conclusion: There is likely to be a greater chance of success with a well-constructed business plan, but it does not guarantee success.

<b>4 (a)</b>	<b>Outline the difference between fixed and variable costs.</b>	<b>[2]</b>	<b>Total</b>
	Award 1 mark for definition of fixed costs Award 1 mark for definition of variable costs	AO1: 2 marks	<b>2</b>
	<b>Indicative content:</b>  Fixed cost will remain the same whatever the level of output (1); Variable costs vary in direct proportion to output (1).		

<b>4 (b)</b>	<b>Complete the information in Table 2 by calculating:</b>		<b>Total</b>
<b>(i)</b>	<b>Total contribution for Order 1</b>		<b>2</b>
	Award 1 mark for formula	AO1: 1 mark	
	Total Revenue – Total Variable costs Award 1 mark for correct answer £1000-£450= £550 550 (no £ sign) – 1 mark	AO2: 1 mark	
<b>(ii)</b>	<b>Total revenue for Order 2</b>		<b>1</b>
	Award 1 mark for correct answer £160x12= £1920	AO2: 1 mark	
<b>(iii)</b>	<b>Total variable costs for Order 3</b>	AO2: 1 mark	<b>1</b>
	Award 1 mark for correct answer £1620-£855= £765		
<b>(iv)</b>	<b>Calculate break even output for Order 2</b>		<b>2</b>
	Award 1 mark for formula	AO1: 1 mark	
	Fixed costs/contribution per unit		
	Award 1 mark for correct answer £95/(£1140/12)=95/95= 1 bench OFR Applies. Do not accept £1 must be units/benches or just 1.	AO2: 1 mark	

**4 (b)** Completed table:

Order No.	No	Price per Bench £	Total Revenue £	Total Variable Costs £	Total Contribution per Order £	Break Even Output
1	10	100	1000	450	(i) 550	1.73
2	12	160	(ii) 1920	780	1140	(iv) 1
3	9	180	1620	(iii) 765	855	1

4 (c)	Using the data, advise Kim on which order would be the best option. [4]	
Band	AO3	AO4
	2 marks	2 marks
<b>2</b>	<p><b>2 marks</b></p> <p>Good analysis of data.</p> <p>The analysis is balanced and detailed.</p> <p>Reasoned developments.</p> <p>The learner develops a logical chain of reasoning.</p>	<p><b>2 marks</b></p> <p>Reasoned evaluation of data and which option would be best.</p> <p>The evaluation is balanced and will focus on the key issues.</p> <p>Valid judgments made with supporting comments.</p> <p>Attaches weight and value to points in the evaluation.</p>
<b>1</b>	<p><b>1 mark</b></p> <p>Limited analysis of data.</p> <p>Undeveloped points are made.</p> <p>Superficial discussion.</p>	<p><b>1 mark</b></p> <p>Limited evaluation of data and which option would be best.</p> <p>The evaluation will be uneven and judgments are unsupported.</p>
<b>0</b>	<p><b>0 marks</b></p> <p>No analysis of data.</p>	<p><b>0 marks</b></p> <p>No evaluation of data.</p>

**Indicative content:**

**Order 2** is the best option because the contribution per order is the highest (1) It also generates the most revenue (1); Total contribution is twice as much as Order 1 (1) and nearly twice as much in Total Revenue for Order 1 (1); Break-even output level is lower than Option 1 and the same as Option 3.

**However:**

(1) Order 2 has the highest total variable costs (1); Order 2 would take the longest time to finish – will Kim be able to complete the order in time? (1) She has to produce 12 for Option 2, so could being late with an order damage her good reputation? (1); Total Revenue for Order 3 is quite high and only 9 need to be produced (1); Option 3 has the same break-even level of output.

OFR (part 4b)