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# **GCE AS MARKING SCHEME**

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**SUMMER 2022**

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

## **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 2**

**SUMMER 2022 MARK SCHEME**

<b>1 (a)</b>	<b>State what is meant by the term <i>absenteeism</i>.</b>	<b>Total</b>
	<p>Award <b>1</b> mark for limited understanding of the term <i>absenteeism</i> Award <b>2</b> marks for good understanding of the term <i>absenteeism</i> AO1:2 marks</p> <p><b>Indicative content:</b></p> <p>Absenteeism is the number of working days lost (1) due to employee(s) not attending work, for example calling in sick (1). (Do not accept “absence” “absent” – as it is too similar to the key term).</p> <p>Absenteeism is the percentage of employees not at work (1) on a given day / in a given time period (1).</p> <p>Absenteeism is the total number of staff absence days (1) / total days worked x 100 (1)</p>	<b>2</b>

<b>1 (b)</b>	<b>Using calculations of <i>labour productivity</i> and <i>labour turnover</i>, assess the workforce performance of Tuff Plate Ltd between 2020 and 2021.</b>				<b>[10]</b>
<b>Band</b>	AO1 2 marks	AO2 4 marks	AO3 2 marks	AO4 2 marks	
<b>2</b>	<p><b>2 marks</b></p> <p>Demonstrates good understanding of both labour productivity and labour turnover.</p>	<p><b>3-4 marks</b></p> <p>Good application.</p> <p>Three or four correct calculations.</p> <p>Correct calculations for both labour productivity and labour turnover for both years.</p>	<p><b>2 marks</b></p> <p>Good analysis of the impact of changes in labour turnover and labour productivity since 2020.</p> <p>Analysis shows clear line of arguments.</p>	<p><b>2 marks</b></p> <p>Good and well-balanced evaluation of the workforce performance at Tuff Plate Ltd.</p> <p>Valid judgements are made to support arguments with development on both sides.</p> <p>May contain a brief conclusion.</p>	
<b>1</b>	<p><b>1 mark</b></p> <p>Demonstrates limited understanding of labour productivity and/or labour turnover.</p>	<p><b>1-2 marks</b></p> <p>Limited application One or two correct calculations.</p> <p>Correct calculations for 2020 or 2021</p> <p>Correct calculations for either labour productivity or labour turnover for both years.</p>	<p><b>1 mark</b></p> <p>Limited analysis of the impact of changes in labour turnover and/or labour productivity since 2020.</p> <p>A superficial analysis.</p>	<p><b>1 mark</b></p> <p>Limited evaluation of the workforce performance at Tuff Plate Ltd.</p> <p>Partial, unsupported judgements made.</p> <p>One-sided evaluation.</p>	
<b>0</b>	<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 given.</p>	<p><b>0 marks</b></p> <p>No evaluation given.</p>	

## Indicative content:

### AO1:

- Labour productivity: is a measurement of the efficiency of the worker, it is the output per worker. It is calculated using the following formula:

$$\frac{\text{Total output per period of time}}{\text{Average number of employees per period of time}}$$

- Labour turnover: is a measurement of the rate at which employees are leaving an organisation. It is calculated using the following formula:

$$\frac{\text{Number of staff leaving}}{\text{Average number of staff employed}} \times 100$$

### AO2:

Labour productivity

- In 2020:  $3\,120 / 60 = 52$  hardened steel parts per worker
- In 2021:  $3\,422 / 58 = 59$  hardened steel parts per worker

Labour turnover

- In 2020:  $3 / 60 \times 100 = 5\%$
- In 2021:  $2 / 58 \times 100 = 3.45\%$  (accept 3.4% and 3.44%)

### AO3:

- Increased labour productivity rates will result in lower unit costs of production, enabling the company to become more price competitive. In 2021, this is true as Tuff Plates Ltd figures are above industry average.
- Lower labour turnover rates will result in lower costs for the recruitment, selection and training of new employees, again helping price competitiveness. Similar to labour productivity this can be seen as true in 2021 as figures are better than the industry average.
- OFR applies

### AO4:

- Overall, the workforce has improved dramatically over the period, especially in 2021 when figures are better than industry average. The company will be disappointed by 2020 figures.
- However, labour productivity could have been improved due to other factors such as the investment in technology. The figures could be miss-leading especially when fewer workers in 2021 produced more output suggesting that other factors may have improved productivity.
- OFR applies
- Any other relevant suggestion.

<b>1 (c)</b>	<b>Explain two financial methods of motivation that could be used by the human resource manager of Tuff Plate Ltd to motivate the workforce. [6]</b>		
<b>Band</b>	AO1	AO2	AO3
	2 marks	2 marks	2 marks
<b>2</b>	<p><b>2 marks</b></p> <p>Demonstrates good knowledge of financial methods of motivation.</p> <p>At least two financial methods of motivation are described.</p>	<p><b>2 marks</b></p> <p>Good application of two financial methods of motivation to Tuff Plate Ltd.</p>	<p><b>2 marks</b></p> <p>Good analysis of the reasons for the suitability of both financial methods of motivation.</p> <p>Analysis shows a clear line of argument.</p>
<b>1</b>	<p><b>1 mark</b></p> <p>Demonstrates limited knowledge of financial methods of motivation.</p> <p>At least one financial method of motivation is identified / described.</p>	<p><b>1 mark</b></p> <p>Limited application of one financial method of motivation to Tuff Plate Ltd.</p>	<p><b>1 mark</b></p> <p>Limited analysis of the reasons for the suitability of one financial method of motivation.</p> <p>Superficial analysis of financial methods of motivation.</p>
<b>0</b>	<p><b>0 marks</b></p> <p>Little or no knowledge.</p>	<p><b>0 marks</b></p> <p>No application.</p>	<p><b>0 marks</b></p> <p>No analysis given.</p>

**Indicative content:**

- Share Ownership: Tuff Plate is a private limited company and can motivate its staff by making them part-owners of the business. This is suitable as employees will feel more inclined to work harder knowing that they could be in receipt of a larger dividend pay-out if the company makes more profit.
- Piece rate: Delivery drivers could get paid depending on miles travelled / delivered, workers operating the machinery could get paid based upon the number of steel parts cut / drilled / produced. This will encourage employees to work harder as they can see a clear link between pay and effort, becoming more productive.
- Bonus/performance related pay (PRP): E.g. (Christmas bonus, performance bonus, sales bonus). As the company has produced more harden steel parts in 2021, workers could get given a bonus/PRP for improved productivity rates. This is suitable as the business would likely have made more profits due to increased total output.
- Profit sharing: As the company has produced more harden steel parts in 2021, workers could get given a share of the extra profits made in 2021 compared to 2020. This is suitable as the business can still maintain their level of profit whilst improving employee motivation.
- Fringe benefits: For example, private healthcare, as some job roles could be seen as dangerous for example burns from welding. This is suitable as it makes it harder for the employees to leave their job due to the loss of these extra security benefits whilst working at Tuff Plate Ltd.
- Any other relevant suggestion.

<b>2 (a)</b>	<b>Describe the meaning of the term <i>brand</i>.</b>	<b>Total</b>
	<p>Award <b>1</b> mark for limited understanding of the term <i>brand</i> Award <b>2</b> marks for good understanding of the term <i>brand</i> AO1:2 marks</p> <p><b>Indicative content:</b></p> <p>A brand encompasses the name, sign, slogan, symbol, design) (1) that identifies a product/service/business to customers (1). It helps differentiate the product/service/business from competitors (1). It helps promote the business/product/service in a particular way (1).</p>	<b>2</b>

<b>2 (b)</b>	<b>Consider whether the benefits of innovation outweigh the costs to businesses.</b>		<b>[6]</b>
<b>Band</b>	AO3	AO4	
	3 marks	3 marks	
<b>3</b>	<b>3 marks</b>	<b>3 marks</b>	
	Excellent detail and well-balanced analysis of the benefits and costs of innovation.	An excellent and well-balanced evaluation of the benefits and costs of innovation.	
	The key issues are discussed.	The focus is on the key issues.	
	Analysis shows a clear line of argument and includes an excellent understanding of the importance of innovation.	Both sides of the argument are evaluated.	
		Clear judgements are made with supporting statements.	
<b>2</b>	<b>2 marks</b>	<b>2 marks</b>	
	Good analysis of the benefits and costs of innovation.	A good evaluation of the benefits and costs of innovation.	
	A number of key issues are discussed.	The evaluation includes most of the key issues.	
	Analysis is uneven, with some well-developed points and some where the development is more limited.	The evaluation is reasonably well balanced with some development on both sides of the argument.	
	The analysis will mainly focus on one-side of the argument.	Valid judgements are made with some supporting statements.	
<b>1</b>	<b>1 mark</b>	<b>1 mark</b>	
	Limited analysis of the benefits and costs of innovation.	Limited evaluation of the benefits and costs of innovation.	
	A limited number of issues are discussed.	The evaluation is one-sided.	
	A one-sided analysis.	Judgements are superficial and unsupported.	
	Benefits and/or costs will be identified but with no/superficial development.	There is no conclusion.	
<b>0</b>	<b>0 marks</b>	<b>0 marks</b>	
	No analysis attempted.	No evaluation attempted.	

## Indicative content:

Innovation is bringing a new idea to the marketplace.

### AO3: *Benefits of Innovation:*

- Meet the needs of consumers No application is necessary here, however learners should be awarded if using Ikea as an example to build an argument for the benefits of marketing innovation. For example, opening more stores to meet the changing needs of customers in order to maintain/increase sales, especially given that 70% of consumers will be living in cities by 2050.
- Unique selling point - creation of star products to gain a competitive edge.
- Businesses can meet the changing needs of the market.
- Allows price skimming so the company can earn greater profits.
- Consumers gain a greater variety of goods.
- Improves the company image.
- Reduction in the long-term costs of production due to the introduction of new innovative technology.
- Government grants/subsidies – Can be gained due to innovation, as governments support innovation as it can grow the economy, create jobs and wealth.
- Any other relevant suggestion.

### AO3: *Costs of innovation:*

- No guarantee of success.
- Amount of money required to fund the development of new products.
- Likelihood of negative cash flow in the short-run to fund “problem child” products.
- New ideas potentially open for competition to copy.
- Any other relevant suggestion.

### AO4: *Possible key themes for evaluation:*

- Depends on the nature of the industry, some industries require more innovation compared to others. E.g., electronics industry compared to more stable industries.
- Depends on competitors’ reactions.
- Depends on whether firms can protect their inventions in some way (e.g., patent).
- Depends on money and time available.
- Depends on the skills of the workforce and resources available to come up with successful innovative products.
- Short-term costs with potential long-term rewards.
- Any other relevant suggestion.



2 (c)	Explain two reasons why Ikea may have experienced diseconomies of scale. [6]		
Band	AO1	AO2	AO3
	2 marks	2 marks	2 marks
2	<p><b>2 marks</b></p> <p>Demonstrates good knowledge of diseconomies of scale or two types of diseconomies of scale.</p> <p>There is understanding that average costs rise as businesses grow as it becomes more difficult to control average costs.</p>	<p><b>2 marks</b></p> <p>Good application to Ikea.</p> <p>At least two reasons are applied to Ikea.</p>	<p><b>2 marks</b></p> <p>Good analysis of the reasons why Ikea may experience higher average costs as the business grows.</p> <p>Analysis shows a clear line of argument and there is clear reference to different types of diseconomies of scale.</p>
1	<p><b>1 mark</b></p> <p>Demonstrates limited knowledge of diseconomies of scale or one type of diseconomies of scale.</p> <p>Some understanding of the term 'diseconomies of scale'.</p> <p>The learner identifies that average costs rise or that problems occurs due to the growth in the size of the business.</p>	<p><b>1 mark</b></p> <p>Limited application to Ikea.</p> <p>At least one reason is applied to Ikea.</p>	<p><b>1 mark</b></p> <p>Limited analysis of the reasons why Ikea may experience higher average costs as the business grows.</p> <p>Superficial analysis of diseconomies of scale.</p> <p>At least one type of diseconomies of scale is analysed.</p>
0	<p><b>0 marks</b></p> <p>Little or no knowledge.</p>	<p><b>0 marks</b></p> <p>No application.</p>	<p><b>0 marks</b></p> <p>No analysis given.</p>

## Indicative content:

### AO1

- Diseconomies of scale is where the business faces higher costs per unit (1) as the business grows in size (1).
- Types of diseconomies of scale: communication, coordination, cooperation, external.

### AO2

- Founded in Sweden and operates in a number of different countries (different languages).
- Has over 400 stores worldwide.
- Has grown over 20 times since their introduction in the UK in 1987.
- Further growth is planned with more mini-Ikea stores.

### AO3

- Communication problems – Due to different languages, time zones across the globe, and a larger organisational structure. Costs rise due to the delay in messages and the confusion in messages passed around the globe.
- Coordination problems – Due to increased complexity in being able to manage so many different stores around the UK/globe. More managers need to be employed, more meetings held (which adds costs), more delegation to ensure that all stores are working in the same direction. It is more likely that resources are passed onto the incorrect stores e.g., deliveries.
- Cooperation (motivation) problem – It becomes harder to meet the needs of all employees, and workers may feel alienated due the amount of them that are employed. Can result in lower productivity levels.
- External diseconomies of scale – Such as road congestion (late deliveries, staff arriving late) and increase demand for labour and other resources such as land and capital can drive average costs up. This point is not in the specification but should be credited.
- Any other relevant suggestion.

<b>2(d)</b>	<b>“Selecting the right distribution channel is the most important part of the marketing mix for Ikea”, to what extent do you agree with this view? [8]</b>			
<b>Band</b>	AO1	AO2	AO3	AO4
	2 marks	2 marks	2 marks	2 marks
<b>2</b>	<b>2 marks</b> Demonstrates good understanding of at least two elements of the marketing mix, including understanding of distribution channels.	<b>2 marks</b> Good application of distribution channels and at least one other element of the marketing mix to Ikea.  Clear reference to Ikea.	<b>2 marks</b> Good analysis of the impact of selecting the right distribution channel compared to at least one other component of the marketing mix.  Analysis shows clear line of arguments.	<b>2 marks</b> Good and well-balanced evaluation that focuses on the most important part of the marketing mix.  Valid judgements are made based on at least two parts of the marketing mix (including distribution channels) to support arguments with development on both sides.
	<b>1</b>	<b>1 mark</b> Demonstrates limited understanding of at least one element of the marketing mix or limited understanding of distribution channels.	<b>1 mark</b> Limited application of distribution channels or at least one other element of the marketing mix to Ikea.	<b>1 mark</b> Limited analysis of the impact of selecting the right distribution channel or at least one other component of the marketing mix.  A superficial understanding.
<b>0</b>	<b>0 marks</b> No knowledge.	<b>0 marks</b> No application.	<b>0 marks</b> No analysis given.	<b>0 marks</b> No evaluation given.

**Indicative content:**

- Distribution channels refer to the ways in which products/services get to the consumer. These could include using a wholesaler, retailer or direct selling.

**Arguments for selecting the right distribution channel being the most important part:**

- Using smaller 'mini-Ikea' stores compared to large out of town stores can reduce the costs of a physical store and be more accessible to consumers (70% will live in city centres). This can attract more customers due to greater footfall and lower prices.
- Investing in a 24-hour online and delivery service allows them to gain a USP and compete with very successful rival e-commerce stores such as Amazon. 24-hour direct selling can improve customer convenience as they get their product sooner, improving brand reputation and customer loyalty. Focusing online and using smaller stores can reduce the need for the core expensive out of town Ikea stores, improving price competitiveness.

**Arguments for the importance of other part of the marketing mix:**

- Product: Ikea focus on quality innovations "new capsule collection" to be able to compete with other furniture retailers and online stores. This suggests that Ikea are also introducing new products within their new stores. This allows the company to meet the changing needs of consumers and their living spaces. If they do not do this they could be seen as outdated, making the choice of distribution irrelevant if they cannot attract customers.
- Promotion: Ikea are a well-known brand. Suggesting that the use of above and below the line promotions keep the business differentiated to rival furniture stores attracting customers.
- Price: Ikea focus on low-price, high-quality furniture. Ikea has also grown substantially, benefitting from economies of scale which can allow them to become more price competitive. They have to compete with online rivals such as Amazon, suggesting that a focus on price is key to keep customers coming back to Ikea.

**Possible themes for evaluation:**

- All elements of the marketing mix must work together to help Ikea keep attracting customers.
- Place (distribution channel selection) could be argued to be more important in recent times due to changes in technology and demographics. Ikea may not see the need to bring out new product developments as often as businesses such as Apple who are affected more by technological developments.
- Any other relevant suggestion.

<b>3 (a)</b>	<b>State what is meant by the term <i>budget</i>.</b>	<b>Total</b>
	<p>Award <b>1</b> mark for limited understanding of the term <i>budget</i>  Award <b>2</b> marks for good understanding of the term <i>budget</i>      AO1:2 marks</p> <p><b>Indicative content:</b></p> <p>A budget is a financial plan (1) aimed at controlling expenditure and/or revenues (1)</p> <p>1 mark for understanding that a budget is a future plan  1 mark for understanding the purpose of a budget (control of sales/costs)</p>	<b>2</b>

<b>3 (b)</b>	<b>Describe two external sources of finance that Neve could use for the expansion of her business.</b>		<b>[4]</b>
<b>Band</b>	AO1	AO2	
	2 marks	2 marks	
<b>2</b>	<p><b>2 marks</b></p> <p>Demonstrates good knowledge of external sources of finance.</p> <p>Two external sources of finance are described.</p>	<p><b>2 marks</b></p> <p>Good application to Neve's business.</p> <p>Two or more external sources of finance are applied specifically to Neve's business.</p>	
<b>1</b>	<p><b>1 mark</b></p> <p>Demonstrates limited knowledge of external source(s) of finance.</p> <p>One external source of finance is described.</p> <p>One or two external sources of finance are identified but not described.</p>	<p><b>1 mark</b></p> <p>Limited application to Neve's business.</p> <p>One external source of finance is applied specifically to Neve's business.</p>	
<b>0</b>	<p><b>0 marks</b></p> <p>Little or no knowledge.</p>	<p><b>0 marks</b></p> <p>Little or no application.</p>	

### Indicative content:

- Overdraft – Allows more money to be taken out of a bank than the current balance. Neve has a closing balance of £1 000 and will be renting. The initial outlay of finance therefore may not be very high so only a small overdraft may be required. It may not take long to make sales based on customer feedback, so it may not take long to pay back the overdraft.
- Bank Loan – Is an agreed sum borrowed from the bank paid back with additional interest. Neve has undertaken market research and produced financial forecasts and a break-even graph which could be used as part of a business plan that can be taken to the bank as evidence for the loan and likelihood of paying the money back.
- Share issue / new partner / venture capitalist – Neve is currently a sole trader business. If she were to find another investor to form a partnership or change to a private limited company, the additional investor may put a sum of money into the business. As Neve's business is growing, she may need to take on another partner to share the workload. A venture capitalist may not want to invest in a business with relatively low profits, however, could be suitable as she has only been an entrepreneur for six months and may require additional expertise.
- Trade Credit – In order to delay outflows until inflows come into the business, Neve could arrange with the landlord to pay rent in advance. Neve could also arrange to pay back the pet grooming equipment over a number of months in the future so little up-front finance is needed, which could be covered by her £1 000 current balance.
- Any other relevant external source of finance should be accepted for AO1 but must be applied specifically to Neve's situation to gain AO2 marks.

3 (c)	Using the quantitative and qualitative data available, assess whether Neve should go ahead with her pet grooming service idea. [9]		
Band	AO2	AO3	AO4
	3 marks	3 marks	3 marks
3	<p><b>3 marks</b></p> <p>Excellent application of quantitative and qualitative data.</p> <p>Three or more references are made to the data.</p> <p>The learner uses both quantitative and qualitative data.</p>	<p><b>3 marks</b></p> <p>Excellent well-balanced analysis of the reasons for and against going ahead with the business decision.</p> <p>The analysis is balanced and detailed.</p> <p>The analysis considers quantitative and qualitative data.</p> <p>Key issues have been well-developed with a clear line of argument.</p>	<p><b>3 marks</b></p> <p>Excellent well-balanced evaluation of the decision to go ahead with the pet grooming service idea.</p> <p>The evaluation is balanced and detailed and will focus on the key issues.</p> <p>The evaluation considers both quantitative and qualitative data.</p> <p>The learner makes judgements on the relative accuracies of the data provided in aiding the decision.</p>
2	<p><b>2 marks</b></p> <p>Good application of quantitative and/or qualitative data.</p> <p>Two or more references are made to the data.</p> <p>The learner uses quantitative or qualitative data.</p>	<p><b>2 marks</b></p> <p>Good analysis of the reasons for and against going ahead with the business decision.</p> <p>The analysis is uneven and will focus on one-side of the argument.</p>	<p><b>2 marks</b></p> <p>Good evaluation of the decision to go ahead with the pet grooming service idea.</p> <p>Valid judgements are made to support arguments with some development on both sides.</p> <p>The evaluation considers both quantitative and qualitative data.</p> <p>A conclusion may be offered.</p>
1	<p><b>1 mark</b></p> <p>Limited application of quantitative and/or qualitative data.</p> <p>One or more references are made to the data.</p> <p>The learner considers quantitative or qualitative data.</p>	<p><b>1 mark</b></p> <p>Limited analysis of the reasons for and against going ahead with the business decision.</p> <p>A limited number of issues are discussed.</p> <p>One-sided analysis.</p> <p>A superficial analysis that describes the reasons for or against going ahead with the decision.</p>	<p><b>1 mark</b></p> <p>Limited evaluation of the decision to go ahead with the pet grooming service idea.</p> <p>Partial and unsupported judgements made.</p> <p>One-sided evaluation.</p> <p>Evaluation focuses on quantitative or qualitative data.</p> <p>There is no conclusion.</p>
0	<p><b>0 marks</b></p> <p>No application.</p>	<p><b>0 marks</b></p> <p>No analysis given.</p>	<p><b>0 marks</b></p> <p>No evaluation given.</p>

**AO2:**

## Quantitative data:

- Expected total contribution (gross profit) of £24 x 121 = £2 904 per month (£34,848 per year)
- Expected total net profit of £ 2 904 - £2 400 = £504 per month (£6 048 per year)
- Margin of safety of 121 customers per month (121 customers - 100 break-even point)
- Closing balance of £1 000 – external sources of finance will be required to fund the expansion, possibly incurring debt.
- Good application can be gained from using data available and not necessary having to make calculations from the data provided.

## Qualitative data:

- Her current customers want Neve to offer this additional service.
- Primary market research was collected recently.
- The primary research is based on a small sample of customers only.
- She has been running the business for six months and will have to manage an employee with the pet grooming service idea.

**AO3 & AO4:**

## Quantitative data:

- Based on current quantitative data the pet grooming service will increase overall gross and net profit and should break even.
- However, if costs rise or customer numbers fall then the margin of safety will be significantly lower and the pet grooming service may struggle to break even. For example, if fixed costs rise by 15% to £2 760, then the break-even number of customers per month becomes 115. This means that if customer numbers fall by just 7, then the pet grooming service will not break even.
- It appears that external source(s) of finance have not been included within the financial forecasts as no decision has been made on which one(s) to use. Monthly costs could be higher due to possible finance repayments making it harder to break even.
- It depends on how accurate the financial forecasts are and the likelihood of costs changing over the next year.

## Qualitative data:

- The new service may encourage customer loyalty as it was existing customers that were seeking Neve to offer this new service. This could result in more repeat customers, a greater brand loyalty, an improved reputation and a customer focused market-orientated business.
- However, it is based on a small sample making the data less reliable, meaning that customer number expectations could be inaccurate.
- Neve may not have the skills or experiences to manage an employee or be able to cope running more dog walking services on her own as a sole trader. This could cause her to become overworked and stressed affecting the quality of the services provided.
- It depends on how small the sample size is and whether Neve can cope with the extra workload. It may be worthwhile to gain feedback from a larger sample of customers.
- Any other relevant suggestion.



<b>4 (a)</b>	<b>Describe the different types of production methods which might be used by a business manufacturing budget products compared to one that produces premium products. [10]</b>	
<b>Band</b>	AO1	AO2
	6 marks	4 marks
<b>3</b>	<b>5-6 marks</b> Excellent understanding of at least two production methods.  Clear understanding of the features of at least two production methods.	
	<b>3-4 marks</b> Good understanding of one or two production methods.  The learner identifies the key features of at least one production method.  At least two types of production methods are identified.	<b>3-4 marks</b> The learner applies at least two production methods to manufacturers of budget and premium products.  Good application of how different production methods might be used in context.  There is direct and clear reference to budget and premium manufacturers of goods.
<b>1</b>	<b>1-2 marks</b> Limited understanding of one or two production methods.  Superficial understanding of the features of each production method.  At least one correct production method is identified.	<b>1-2 marks</b> The learner applies at least one production method to a manufacturer of budget/premium products.  Limited application of one or two types of production methods in context.  Suggestions of the use of production methods are generic and limited attempt is made to link these to different types of manufacturers.
	<b>0 marks</b> No understanding of production methods.	<b>0 marks</b> No specific application of methods of production to different manufacturers.

### Indicative content:

- Job production: Single items, usually to the buyer's specification, are made using job production. Unique products that are made one at a time, usually labour intensive produced by skilled labour. Premium products are more commonly made using job production such as made to order wedding dresses, cakes and super cars that require lots of customer personal touches. However, small/micro businesses with limited resources may produce premium or budget goods using job production. For example, a small bakery making baguettes/sandwiches to order based on customers filling preferences.
- Batch production: Manufacturing a limited number of identical products. At each stage of the production process work will be completed for the whole batch before the next stage is begun. Usually, lower unit costs of production compared to job production. Batch produced products could be seen as more premium than flow/mass produced products such as different flavours of ice cream that could include more complex parts to the batch production such as adding different types of ingredients in each batch such as cookies and marshmallows rather than a more simple mass produced ice cream with no added complexities.
- Flow/Mass production: Continuous production on production lines, allowing a large quantity of identical products to be made. The production process is broken down into a number of small simple tasks. It is much faster than batch production and therefore lower unit costs of production. Many premium cars are made to order however technology allows them to still be produced using flow production. However, it is common that budget products are made frequently using flow/mass production such as a soft drink producer, which sells for a lower price than freshly mixed smoothies to order that were produced in a batch or job. However, the soft drink may still be premium, but sells for a lower price due to the production method used. Due to technology, many products regarded as premium can now be produced using flow/mass production.
- Any other relevant suggestion.

<b>4 (b)</b>	<b>'Lean production techniques should be implemented in all businesses' Discuss this statement. [15]</b>		
<b>Band</b>	AO1	AO3	AO4
	3 marks	6 marks	6 marks
<b>3</b>	<p><b>3 marks</b></p> <p>The learner demonstrates excellent understanding of the benefits and drawbacks of lean production techniques.</p> <p>There is clear understanding of at least two lean production techniques.</p> <p>The key effects and impact of lean production techniques are identified.</p>	<p><b>5-6 marks</b></p> <p>The learner gives an excellent analysis of the benefits and drawbacks of lean production techniques.</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 at least two lean production techniques.</p> <p>In-depth analysis required for this band.</p>	<p><b>5-6 marks</b></p> <p>The learner gives an excellent evaluation of the use of lean production techniques.</p> <p>The evaluation is balanced and detailed and will focus on the key issues. The evaluation fully focuses on the question whether "all businesses" should use lean production.</p> <p>The evaluation clearly relates to the importance of each type of lean production technique.</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>The evaluation will consider depend on factors that determine whether 'all businesses' should use lean production.</p> <p>A holistic evaluation may be offered with an overall conclusion.</p>

<p style="text-align: center;"><b>2</b></p>	<p style="text-align: center;"><b>2 marks</b></p> <p>The learner demonstrates good understanding of the benefits and/or drawbacks of lean production techniques.</p> <p>The learner makes an attempt to identify some of the key effects of implementing lean production techniques.</p> <p>There is clean understanding of at least one lean production technique.</p>	<p style="text-align: center;"><b>3-4 marks</b></p> <p>The learner gives a good analysis of the benefits and drawbacks of lean production techniques.</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 analysis will mainly focus on one side of the argument. A good-one sided analysis.</p> <p>There is an attempt to analyse the impact of one to two lean production techniques.</p>	<p style="text-align: center;"><b>3-4 marks</b></p> <p>The learner gives a good evaluation of the use of lean production techniques to 'all businesses'.</p> <p>The evaluation will include some of the key issues.</p> <p>The evaluation may consider the factors that determine whether 'all businesses' should implement lean production.</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>
<p style="text-align: center;"><b>1</b></p>	<p style="text-align: center;"><b>1 mark</b></p> <p>The learner demonstrates limited understanding of the benefits and/or drawbacks of lean production techniques.</p> <p>Understanding is superficial.</p> <p>The learner identifies the impact of lean production techniques with no development.</p> <p>Reference to lean production techniques is general.</p>	<p style="text-align: center;"><b>1-2 marks</b></p> <p>The learner gives a limited analysis of the benefits and/or drawbacks of lean production techniques.</p> <p>Superficial discussion.</p> <p>A limited number of key issues are developed.</p> <p>The analysis will focus on one side of the argument.</p>	<p style="text-align: center;"><b>1-2 marks</b></p> <p>The learner gives a limited evaluation of the use of lean production techniques to 'all businesses'.</p> <p>The learner shows an awareness of some of the key issues but with limited development.</p> <p>The evaluation will not focus their judgement on whether 'all businesses' should implement lean production techniques.</p> <p>Judgements are superficial and unsupported.</p> <p>Evaluation is not explained. There is no conclusion.</p>
<p style="text-align: center;"><b>0</b></p>	<p style="text-align: center;"><b>0 marks</b></p> <p>The learner demonstrates no understanding.</p>	<p style="text-align: center;"><b>0 marks</b></p> <p>The learner gives little or no meaningful analysis.</p>	<p style="text-align: center;"><b>0 marks</b></p> <p>The learner makes no meaningful evaluation.</p>

### Indicative content:

- **Just in time:** Raw materials, components, and parts being received ready for when they are required/to order has many benefits:
  - Reduces costs of stock holdings and the need to have larger warehouses that can be expensive to run.
  - Reduced chances of stock becoming perishable/damaged/out of date through stock storage.
  - Helps cash flow and reduces the financial cost of ordering and holding unnecessary levels of stock.
  - Lower unit costs can result in reduced prices and increased competitiveness.
  - Customer orders can be customised with parts arriving to personalised orders.
- However:
  - Requires strong supplier relationships with good communication.
  - Requires predictability with demand levels/the ability to manufacture to customer orders.
  - Requires quality systems that ensures limited/no damages to stock due to a lack of buffer stock.
- **Kaizen:** Small incremental changes with continuous improvements due to greater involvement of employees in decision making can have many benefits:
  - Can increase motivation (Maslow/May/ Herzberg) due to greater employee involvement in decision making and contributions. This can reduce labour turnover and increase productivity levels.
  - Unit costs can fall due to the involvement of all internal stakeholders suggesting productivity improvements.
  - Can result in greater price competitiveness.
  - Quality can be increased with better ways of working enhancing business reputation.
- However:
  - Requires employee commitment/motivation/rewards and job security so that employees are happy to engage themselves into Kaizen groups.
  - Requires knowledgeable employees who can offer improvements to the production process.
  - Requires effective communication systems.
  - Requires a management system/leadership style that involves the contribution of employees.
- **Cell production:** Sub dividing production into a number of self-contained sections/teams (cells) can have many benefits:
  - Employees in cells become empowered and multi-skilled, and engage in job-rotation and job enrichment, increasing motivation (Herzberg) improving quality, productivity and reducing waste.
  - Improves teamwork and communication as cells can be self-managed, reducing whole company HR issues such as shift arrangements, breaks and holidays.
- However:
  - Requires a management system/leadership styles that encourage employee participation and empowerment.
  - Small scale 'cells' may not be as cost-effective if machines/equipment within each cell is used less intensely compared to flow production techniques.
  - The allocation of work between and within each cell must be fair and manageable for the employees.
  - Short-term costs of changing production into cells.
  - Rivalry between cells could result in conflicts if cells depend on each other for parts of the production process.

Possible themes for evaluation:

- It depends on supplier relationships and predictability with demand forecasts.
- It depends on the quality and commitment of employees.
- It depends on the size and type of business.
- It depends on the level of investment required to become lean.
- It depends on the leadership style/management approach within the business to allow the business to become lean.
- Any other relevant suggestion.

<b>5 (a)</b>	<b>Describe the possible conflicts between employers and employees that could occur within public sectors organisations such as the NHS, police and schools.</b> <b>[10]</b>	
<b>Band</b>	AO1	AO2
	6 marks	4 marks
<b>3</b>	<b>5-6 marks</b> Excellent understanding of at least two possible conflicts that could occur between employers and employees.  Clear understanding of at least two possible conflicts.	
	<b>3-4 marks</b> Good understanding of at least two possible conflicts between employers and employees.  The learner identifies the key features of at least one possible conflict between employers and employees.  At least two possible conflicts are identified.	<b>3-4 marks</b> The learner applies at least two possible conflicts to both employers and employees of a public sector organisation.  Good application of how different duties/rights might be used in context.  There is direct and clear reference to a public sector organisation.
<b>1</b>	<b>1-2 marks</b> Limited understanding of one or two possible conflicts that could occur between employers and employees.  Superficial understanding of the reasons for the possible conflicts between employers and employees.  At least one possible conflict identified.	<b>1-2 marks</b> The learner applies at least one possible conflict to both employers and/or employees of a public sector organisation.  Limited application of one or two conflicts to the context of a public sector organisation.  Suggestions of the use of duties/rights are generic and limited attempt is made to link these to a public sector organisation.
	<b>0 marks</b> No understanding of possible conflicts between employers and employees.	<b>0 marks</b> No specific application of duties/rights to a public sector organisation.

**Indicative content:**

- Conflict could occur between employers and employees over a number of matters including:
  - Budget cuts.
  - Contract arrangements/changes such as pay and conditions.
  - Legislation changes such as health and safety and equal opportunities.
  - Unfair dismissal.
  - Conflict could cause trade disputes and industrial action, which can be common in the public sector as trade unions exist.
  
- For example, within the police, budget cuts could reduce the numbers of police tackling crime, which could increase the risk to police officers and their safety causing conflict between unions, local communities and the government.
- Teachers having to teach more lessons, or larger class sizes within their contract, and expectations to complete the additional tasks associated with the extra workload could cause trade unions to act on behalf of teachers, potentially causing conflict, disputes and industrial action.
- In the NHS changes to the expected number of unsociable hours worked and pay has caused industrial disputes between trade unions and the health service to prevent contract changes.
- Government budget cuts in recent years have reduced support available for many public service professionals due to redundancies for example, fewer support teachers, care and office staff. This potentially putting a greater burden on police officers, teachers, doctors and nurses when carrying out their roles, without as many support staff. Causing conflict over workload pressures, and the effectiveness in being able to meet government targets (health and crime response rates, exam results, etc.) with increased pressures.
  
- Any other relevant suggestion.



<b>5 (b)</b>	<b>Evaluate the impact of equal opportunity legislation on businesses and its employees. [15]</b>		
<b>Band</b>	AO1	AO3	AO4
	3 marks	6 marks	6 marks
<b>3</b>	<p><b>3 marks</b></p> <p>The learner demonstrates excellent understanding of the impact of equal opportunities on businesses and its employees.</p> <p>There is clear understanding of the impact on both employees and employers.</p> <p>The key effects and impact of equal opportunity legislation are identified.</p>	<p><b>5-6 marks</b></p> <p>The learner gives an excellent analysis of the impact of equal opportunities on businesses and its employees.</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 both employers and employees.</p> <p>In-depth analysis required for this band.</p>	<p><b>5-6 marks</b></p> <p>The learner gives an excellent evaluation of the impact of equal opportunities on businesses and its employees.</p> <p>The evaluation is balanced and detailed and will focus on the key issues.</p> <p>The evaluation clearly relates to the impact on both employees and employers.</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>The evaluation will consider factors that determine whether different businesses and employees will be affected to the same extent due to equal opportunities.</p> <p>A holistic evaluation may be offered with an overall conclusion.</p>

<p style="text-align: center;"><b>2</b></p>	<p style="text-align: center;"><b>2 marks</b></p> <p>The learner demonstrates good understanding of the impact of equal opportunities on businesses and its employees.</p> <p>The learner makes an attempt to identify some of the key effects of equal opportunities on both employees and employers.</p> <p>There is clear understanding of the impact of equal opportunities to either employees or employers.</p>	<p style="text-align: center;"><b>3-4 marks</b></p> <p>The learner gives a good analysis of the impact of equal opportunities on businesses and its employees.</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 analysis will mainly focus on one side of the argument. A good one-sided analysis.</p> <p>There is an attempt to analyse the impact of employers and employees.</p>	<p style="text-align: center;"><b>3-4 marks</b></p> <p>The learner gives a good evaluation of the impact of equal opportunities on businesses and its employees.</p> <p>The evaluation will include some of the key issues.</p> <p>The evaluation may consider the factors that determine whether all businesses and employees will be affected to the same extent.</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>
<p style="text-align: center;"><b>1</b></p>	<p style="text-align: center;"><b>1 mark</b></p> <p>The learner demonstrates limited understanding of the impact of equal opportunities on businesses and its employees.</p> <p>Understanding is superficial.</p> <p>The learner identifies the impact of equal opportunity legislation with no development.</p> <p>Little reference is made to employees and/or employers.</p>	<p style="text-align: center;"><b>1-2 marks</b></p> <p>The learner gives a limited analysis of the impact of equal opportunities on businesses and its employees.</p> <p>Superficial discussion.</p> <p>A limited number of key issues are developed.</p> <p>The analysis will focus on one side of the argument.</p>	<p style="text-align: center;"><b>1-2 marks</b></p> <p>The learner gives a limited evaluation of the impact of equal opportunities on businesses and its employees.</p> <p>The learner shows an awareness of some of the key issues but with limited development.</p> <p>Judgements are superficial and unsupported.</p> <p>Evaluation is not explained.</p> <p>There is no conclusion.</p>
<p style="text-align: center;"><b>0</b></p>	<p style="text-align: center;"><b>0 marks</b></p> <p>The learner demonstrates no understanding.</p>	<p style="text-align: center;"><b>0 marks</b></p> <p>The learner gives little or no meaningful analysis.</p>	<p style="text-align: center;"><b>0 marks</b></p> <p>The learner makes no meaningful evaluation.</p>

### **Indicative content:**

Equal opportunity legislation refers to different types of discrimination such as gender, ethnicity, age and disability.

On businesses:

- Less likely to face complaints/employee disputes/investigations into anti-discrimination behaviour that could result in a negative public image and/or compensation/fines.
- More likely to attract a greater number of productive and skilled workers from a variety of backgrounds and experiences applying for jobs. These applicants would be more attracted to work for a business that has a positive reputation for equal opportunities. This could result in a positive effect on quality, customer service and price competitiveness.
- Lower labour turnover and increased productivity from more motivated employees who feel equal within the workplace, reducing unit costs, increasing profitability.
- Increased brand reputation with a reputation for equal rights in the workplace could attract customers due to positive word of mouth from its employees/positive public relations.

However:

- Increased costs such as training costs to ensure that managers promote equal opportunities across the business.
- Increased workload meaning that more managers may have to be recruited or receive higher wages to deal with the extra managerial roles such as company policy and procedures relating to equal opportunities in the workplace.
- The business may recruit workers from a variety of different characteristics (age/gender/disability/ethnicity) to promote themselves as an equal employer ahead of other factors such as the likely experience/productivity/skill level of the employee.
- Increased potential for claims against the business due to increasing equality laws since the 1970s.

On employees:

- Will be happier within the workplace as businesses are likely to have policies in place to promote equal opportunities minimising/abolishing pay differentials, victimisation, harassment, and discrimination. This can promote positive hygiene factors in the workplace (Herzberg).
- All employees have a greater chance of meeting their self-esteem and actualisation needs (Maslow) as it will be a level playing field for all employees when seeking promotions.
- Employees that feel equal and respected at work are less likely to seek alternative employment which could have forced the employee to take up other employment which requires changes to lifestyle/working hours/home address.

However:

- It depends on whether all managers/workers follow company policy in regard to equal opportunities.
- It depends on whether businesses can provide evidence of other reasons other than equality when recruiting, selecting/promoting some employees over others.
- It can be harder for career progression for some groups.

Possible themes for evaluation:

- Depends on the size of the business/number of employees.
- Depends on if the business is capital or labour intensive. A larger business with more employees may be impacted more than businesses that are capital intensive or with few employees.
- Depends on whether business concerns over promoting equal opportunities is prioritised over other attributes of the employee such as skills and experiences when it comes to recruitment, selection and promotions.
- Depends on the policies and procedures implemented within a business to ensure whether managers and employees follow the equality act in work.
- Depends on whether the costs to enforce equal opportunity legislation is lower or greater than the consequences of not being regarded as an equal opportunities employer.
- Any other relevant suggestion.

<b>6 (a)</b>	<b>Describe the different extension strategies that might be used by producers of ice cream. [10]</b>	
<b>Band</b>	AO1	AO2
	6 marks	4 marks
<b>3</b>	<b>5-6 marks</b> Excellent understanding of at least two extension strategies.  Clear understanding of the features of at least two extension strategies.	
	<b>3-4 marks</b> Good understanding of one or two extension strategies.  The learner identifies the key features of at least one extension strategy.  At least two types of extension strategies are identified.	<b>3-4 marks</b> The learner applies at least two extension strategies to an ice cream manufacturer.  Good application of how different extension strategies might be used in context.  There is direct and clear reference to an ice cream manufacturer.
<b>1</b>	<b>1-2 marks</b> Limited understanding of one or two extension strategies.  Superficial understanding of the features of extension strategies.  At least one correct extension strategy is identified.	<b>1-2 marks</b> The learner applies at least one extension strategy to an ice cream manufacturer.  Limited application of one or two types of extension strategies to the context of an ice cream manufacturer.  Suggestions of the use of extension strategies are generic and limited attempt is made to link these to an ice cream manufacturer.
	<b>0 marks</b> No understanding of extension strategies.	<b>0 marks</b> No specific application of extension strategies to an ice cream manufacturer.

### Indicative content:

- Introduce new versions of the product: Creating/altering the flavour to increase sales and stop the product reaching the decline stage of the product life cycle. E.g., Ben and Jerrys introducing a Ferrero Rocher flavour, a vegan version, or a new improved recipe for its current vanilla flavour, to entice customers to try the new flavour.
- Introducing new features used along-side the product: For example, include disposable wooden spoons within the packaging so that the ice cream can be eaten on the go for single use tub sizes. This may attract more impulse purchases when the weather is hot.
- Promotions: Haagen-Dazs could re-launch promotions of its ice cream flavours such as TV promotions or sales promotions. During the summer, the weather will start to entice people to consume more ice cream and above the line promotions will reach a large audience to increase sales. When the weather starts to get colder special offers such as price reductions could continue to attract consumers to purchase its ice cream when sales start to decline.
- Changing the packaging: Repacking ice cream tubs/containers can give consumers the image that the recipe has been improved. E.g., using better quality images of strawberries on ice cream tubs taken using more advanced cameras to attract customers to buy this flavour.
- Target the product to a different segment/market: For example, changing the ingredients of the ice cream to reduce the fat content, such as replacing full fat milk/cream with healthier versions or use less sugar. The new ice cream could then be repositioned to target more health-conscious consumers. This may prevent the product from entering decline as sales start to increase with a new customer segment.
- Any other relevant suggestion.

<b>6 (b)</b>	<b>'Businesses that use new technology within its marketing will benefit all stakeholders.' Discuss this statement.</b>			<b>[15]</b>
<b>Band</b>	AO1	AO3	AO4	
	3 marks	6 marks	6 marks	
<b>3</b>	<p><b>3 marks</b></p> <p>The learner demonstrates excellent understanding of the impact of new technology used in marketing.</p> <p>There is a clear understanding of the contrasting objectives of key stakeholders.</p> <p>The key effects and impact of new technology used within marketing on different stakeholders are identified, including benefits and disadvantages.</p> <p>At least two different types of new technology are considered.</p>	<p><b>5-6 marks</b></p> <p>The learner gives an excellent analysis of the impact of new technology used in marketing 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 references to advantages or disadvantages of new marketing technology on key business stakeholders.</p> <p>In-depth analysis required for this band.</p>	<p><b>5-6 marks</b></p> <p>The learner gives an excellent evaluation of the impact of new technology used in marketing 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 and 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>The evaluation will consider factors that determine whether all key business stakeholders will be affected to the same extent.</p> <p>An holistic evaluation may be offered with an overall conclusion.</p>	

2	<p><b>2 marks</b></p> <p>The learner demonstrates good understanding of the impact of new technology used in marketing.</p> <p>The learner identifies some contrasting objectives of stakeholders.</p> <p>The candidate makes an attempt to identify some of the key effects and impact of new technology used within marketing on different stakeholders, including benefits and disadvantages.</p> <p>One or two types of marketing technology is considered.</p>	<p><b>3-4 marks</b></p> <p>The learner gives a good analysis of the impact of new technology used in marketing 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 are developed.</p> <p>The analysis will mainly focus on one side of the argument. A good one-sided analysis.</p> <p>There is an attempt to analyse the impact of new marketing technology on stakeholders.</p>	<p><b>3-4 marks</b></p> <p>The learner gives a good evaluation of the impact of new technology used in marketing on key stakeholders.</p> <p>The evaluation will include some of the key issues.</p> <p>The evaluation may consider the factors that determine whether all key business stakeholders will be affected to the same extent.</p> <p>The evaluation is reasonably well-balanced with some development on both sides of the debate as to whether all stakeholders benefit from new technology used in marketing.</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><b>1 mark</b></p> <p>The learner demonstrates limited understanding of the impact of new technology used in marketing.</p> <p>Understanding is superficial.</p> <p>The learner identifies the effects on business stakeholders with no development.</p> <p>Little reference is made to different stakeholders of a business.</p>	<p><b>1-2 marks</b></p> <p>The learner gives a limited analysis of the impact of new technology used in marketing on stakeholders.</p> <p>Superficial discussion.</p> <p>A limited number of key issues are developed.</p> <p>The analysis will focus on one side of the argument.</p> <p>The analysis may not focus on key stakeholders of a business.</p>	<p><b>1-2 marks</b></p> <p>The learner gives a limited evaluation of the impact of new technology used in marketing on key stakeholders.</p> <p>The learner shows an awareness of some of the key issues but with limited development.</p> <p>The evaluation is uneven and focuses more on some stakeholders than others or does not identify benefits and drawbacks.</p> <p>Judgements are superficial and unsupported.</p> <p>Evaluation is not explained. There is no conclusion.</p>
0	<p><b>0 marks</b></p> <p>The learner demonstrates no understanding.</p>	<p><b>0 marks</b></p> <p>The learner gives little or no meaningful analysis.</p>	<p><b>0 marks</b></p> <p>The learner makes no meaningful evaluation.</p>



## Indicative content:

- **Shareholders:** Could receive higher dividends due to the shrinking number of younger people consuming traditional media. Social media sites such as Facebook and YouTube are free to use and allow businesses to promote its products using words, pictures and videos. This is also cheaper than using other forms of advertising. Mobile apps allow quick and easy access for customer orders as well as special offers being sent directly to customer phones who receive message alerts. New marketing technology can also be directed to specific market segments with social media profiles 24 hours a day. All this can generate more demand, sales, brand awareness and profits. However, the initial cost of paying for social media/website managers, and mobile app development may take some time before profits are made. Prices may have to be lowered due to increased competition online compared to the high street so higher profits may not be received with higher customer numbers.
- **Customers:** E-tailing and mobile apps allow greater price comparison such as the Just Eat mobile app. Customers are able to find better value deals 24 hours a day. Businesses are likely to improve quality or offer price reductions as a result of increased competition. However, certain target markets such as the elderly may not be computer literate. Also, some businesses are more suited than others to using new technology. For example, customers still have to visit a hairdresser to get their hair cut and so may not see some of the benefits of new marketing technology such as e-tailing for stakeholders of certain types of businesses.
- **Employees:** The movement to a greater online presence such as websites and social media could affect job roles and cause redundancies, especially on the high street. Jobs may have to be redesigned and employees retrained within the marketing department to manage the businesses online content. For example, 24-hour online customer support compared to more sociable hours. Fewer employees such as sales staff may be required as social media content can be managed by fewer employees. However, with greater sales, greater opportunities and promotions might be available for employees within the business.
- **Suppliers:** Suppliers may receive more stock orders due to an increased online presence and marketing technology allowing 24 hour a day sales worldwide. However, it is just as easy for businesses as it is for customers to find cheaper alternatives to current suppliers. Suppliers of traditional forms of marketing will also lose out for example suppliers of billboard advertising may receive less sales from their business customers due to the growth of media being consumed online.
- **Local communities:** May experience increased noise pollution and congestion due to increased e-tailing and deliveries of goods to customer houses. Local communities may also see lots of local businesses failing if they are not competitive against rival businesses found online, causing the area to have lower job opportunities. However, successful local businesses that grow due to increased awareness, brand identity and national/global demand due to new marketing technology could provide more job opportunities or investment in the local community.
- **Government:** Could receive higher tax revenue as business profits rise with 24 hours a day, worldwide sales with specific promotions targeted directly to market segments on social media/mobile apps. New technology such as social media and m-commerce can reduce marketing costs and increase marketing success rates compared to some other traditional above-the-line promotions, increasing profits and tax revenue further. However, job losses may occur as technology may replace the need for physical resources. It is also just as easy for UK citizens to access foreign firms' goods rather than spending their income domestically.

Possible themes for evaluation:

- It depends on the target market, this form of marketing is more appropriate for younger audiences.
- It depends on the type of business. Traditional forms of marketing may be more suited to service type businesses that require customers to visit the store to receive the service. Although the growth of click and collect, and online bookings still proves new marketing technology can benefit all types of businesses as customers are still required and happy to visit the store.
- Benefits may be seen in the long run for different stakeholders due to the initial costs to businesses of investing in new marketing technology.
- It depends on competitors' actions as not all firms will be successful in attracting customers using new marketing technology so not all stakeholders will receive their potential benefits.
- Any other relevant suggestion.