



GCSE MARKING SCHEME

SUMMER 2019

**GCSE (NEW)
BUSINESS - UNIT 2
3510U20-1**

INTRODUCTION

This marking scheme was used by WJEC for the 2019 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.

WJEC GCSE BUSINESS (NEW)

SUMMER 2019 MARK SCHEME

Question		Mark
1 (a)	<p>Calculate the total sales value of women’s jeans in the UK in 2017.</p> <p>AO2: 2 marks</p> <p>Award 1 mark for method</p> <p>Award 2 marks for correct answer</p> <p>Either:</p> $\frac{38}{100} \times 129\,000\,000 = \pounds 49\,020\,000$ $129\,000\,000 + 49\,020\,000 = \pounds 178\,020\,000$ <p>OR</p> $1.38 \times 129\,000\,000 = \pounds 178\,020\,000$ <p>Award 2 marks if 178 020 000 is visible or 178.02 million</p> <p>NB: Award marks for answers without “£”</p> <p>Apply OFR for a correct answer if wrong data is selected</p>	2
1 (b)	<p>State what is meant by the term USP.</p> <p>AO1: 1 mark</p> <p>Award 1 mark for a valid definition or understanding</p> <p>Indicative content:</p> <p>Unique Selling Point/something (a factor) that makes a product or service <u>different from competitors</u></p>	1

Question		Mark
1 (c)	<p>Describe how Hiut can make sure it produces high quality jeans.</p> <p>AO1: 3 marks AO2: 3 marks</p> <p>Award 1 mark for each method of achieving quality products (Max of 3 marks)</p> <p>Award 1 mark for development of each method of achieving quality products, relevant to Hiut</p> <p>Indicative content:</p> <p>Well-designed products - Use of CAD – qualified designers Quality of workers - Qualification/training/skills/experience – less likely to make errors during production High quality raw materials - product will be more durable Quality control - workers will look for defects – any sub-standard products will be removed and not sold to customers Packaging - product not damaged when transported/when on retailers' shelves Quality of equipment/machinery - product made more accurately Quality assurance – quality built in at each stage – all workers responsible for checking and maintaining quality production Customer feedback – they act/respond and make changes/improvements</p>	6

1 (d)	Evaluate how Hiut has benefitted from selling its jeans using multi-channel distribution.		[6]
Band	AO1	AO3	
	2	4	
3	<p>3 marks</p> <p>There are no Band 3 marks for this assessment objective 2 marks are awarded as for Band 2</p>	<p>4 marks</p> <p>An excellent analysis and evaluation of the benefits of selling through multi-channel distribution</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling</p> <p>Well-reasoned and balanced discussion with a clear line of argument</p>	
2	<p>2 marks</p> <p>Good knowledge and understanding of the benefits of selling through multi-channel distribution</p> <p>Will refer to online and physical channel</p> <p>Some attempt to use specialist vocabulary</p>	<p>2-3 marks</p> <p>Good analysis and evaluation of the benefits of selling through multi-channel distribution</p> <p>May focus on either online or physical channel</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling</p>	
1	<p>1 mark</p> <p>Limited knowledge and/or understanding of the benefits of selling through multi-channel distribution</p> <p>Limited or no use of specialist vocabulary</p> <p>Will refer to either online or physical channel</p>	<p>1 mark</p> <p>Limited analysis and evaluation of the benefits of selling through multi-channel distribution</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>The analysis lacks detail and superficial comments/judgements are made with little development</p>	
0	<p>0 marks</p> <p>No knowledge or understanding of the benefits of selling through multi-channel distribution</p>	<p>0 marks</p> <p>No valid analysis or evaluation is given</p>	

Indicative content:

Advantages:

The retailer will be open 24 hours a day, 7 days a week, all year round and there are many ways a customer can buy a product – so more opportunities for people to shop, resulting in higher sales revenue.

There is more choice for the consumer, they can choose the channel that suits them best.

Hiut could offer different prices through different channels, for example the internet price could be cheaper than the instore price, this is possible as the stock sold online does not have to be sent to stores and can be distributed centrally from the factory, this will reduce storage and transport costs.

Hiut can offer an even wider choice of goods and provide more information to the customer – this should increase customer satisfaction and customer loyalty whilst also appealing to a wider range of customers.

Access to more and new customers who don't live near physical stores, they can shop online and then get their products delivered.

Online sales are an important revenue stream (examples of internet only companies e.g. Amazon) suggesting that an online presence is essential to keep up with or ahead of the competition such as Levi's.

Customers can try on instore then buy online – this is very popular. A mix of distribution channels could support and complement each other - increasing sales/profits.

Growth can be achieved with lower costs - for example no extra rental costs as low amounts of jeans are made - stock kept in factory – no need for additional staffing either.

Credit any other valid answers and arguments.

Question		Mark
1 (e)	<p>Describe one possible reason why Hiut can charge high prices for its jeans.</p> <p>AO2: 2 marks</p> <p>Award 1 mark for identification of a reason which must be relevant to Hiut Award 1 mark for a valid description of why the reason is relevant to Hiut</p> <p>Indicative content:</p> <p>Higher costs/expensive (better) materials/higher rent/customised products/more costly production method - cost plus – in order to make a profit</p> <p>May use “skimming”/define – may reduce price in future Wants more exclusive market/celebrity endorsed– premium pricing/ quality – people willing to pay higher prices</p> <p>Credit any other valid suggestion and description</p> <p>Not high marketing costs</p>	2
1 (f)	<p>Explain why branding is important to businesses like Hiut, Levi's and Diesel.</p> <p>AO3: 3 marks</p> <p>Award 1 mark for each suggestion/development</p> <p>Indicative content:</p> <p>The products are trusted by consumers Products usually have a high price/premium price – increased profit margin – more sales revenue Products are unique/differentiated/stand out/recognised - leading to customer's easily identifying them – increasing the likelihood to buy Customers are loyal to the brand – and repeat purchase – increasing sales Brand can be used in promotion</p> <p>Credit any other valid development point</p>	3

1 (g)	Discuss the opportunities and threats to Hiut of selling its jeans abroad. [10]		
Band	AO1	AO2	AO3
	3	3	4
3	<p>3 marks</p> <p>Excellent knowledge and understanding of selling abroad</p> <p>Specialist vocabulary is used with accuracy</p>	<p>3 marks</p> <p>Excellent application of the opportunities and threats of selling abroad to Hiut and the clothing/fashion market</p> <p>There is clear and direct reference to Hiut and the clothing/fashion market throughout the discussion</p>	<p>4 marks</p> <p>An excellent analysis and evaluation of the opportunities and threats of selling abroad</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling</p> <p>Well-reasoned and balanced discussion with a clear line of argument</p> <p>Clear judgements are made with supporting statements</p>
2	<p>2 marks</p> <p>Good knowledge and understanding of selling abroad</p> <p>Some attempt to use specialist vocabulary</p>	<p>2 marks</p> <p>Good application of the opportunities and threats of selling abroad to Hiut and clothing/fashion market</p> <p>There is some reference to Hiut and the clothing fashion market</p>	<p>2-3 marks</p> <p>Good analysis and evaluation of the opportunities and threats of selling abroad</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling.</p> <p>The discussion may be unbalanced and focus on either the opportunities or threats of selling abroad.</p> <p>Judgements are made</p>

<p style="text-align: center;">1</p>	<p style="text-align: center;">1 mark</p> <p>Limited knowledge and/or understanding of selling abroad</p> <p>Limited or no use of specialist vocabulary</p>	<p style="text-align: center;">1 mark</p> <p>Limited application of the opportunities and threats of selling abroad to Hiut and the clothing/fashion market</p> <p>The response is mostly generic with brief application to Hiut</p>	<p style="text-align: center;">1 mark</p> <p>Limited analysis and evaluation of the opportunities and threats of selling abroad</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>The discussion lacks detail and superficial comments are made with little development</p> <p>Unsupported judgements are made</p>
<p style="text-align: center;">0</p>	<p style="text-align: center;">0 marks</p> <p>No knowledge or understanding of the opportunities and threats of selling abroad demonstrated</p>	<p style="text-align: center;">0 marks</p> <p>No reference is made to Hiut clothing/fashion market</p>	<p style="text-align: center;">0 marks</p> <p>No valid analysis and evaluation is given</p>

Indicative content:

Opportunities

Whilst there is potential for more sales of jeans in the UK, this is limited to a certain amount. Therefore, Hiut selling their products in more countries offers better prospects with more customers and a wide market available that is purchasing vast amounts of jeans, particularly North America. For Hiut they have the opportunity to earn increased turnover which may lead to increased profits.

Hiut can spread the risks of the business. If jean sales in the UK fall then having sales revenue from other countries will be reduce the impact of falling sales domestically.

It may benefit from some economies of scale, e.g. purchasing/buying in bulk. In order for Hiut to cope with the increased demand of selling abroad they may need to expand their production in Cardigan. The more materials they buy, the lower the price per material they may pay. This could lead to larger profit margins and profitability.

Exchange rate fluctuations might mean that Hiut could earn additional revenue when customers in foreign countries, buy their products. This would lead to more revenue.

Threats

Hiut would have higher transport costs as products may be sent over greater distance/longer time. This increase in costs may be reflected in prices, reducing their appeal to some customers.

Hiut would have to invest in translation of 'care instructions' and language options may be needed on their website. This costs money to produce. There may be language problems with some retailers and the negotiations for stocking Hiut products may take time.

Exchange rate fluctuations might mean that Hiut could earn less revenue when customers in foreign countries, buy their products. This would lead to lower revenue.

Hiut products may not appeal to consumers in foreign markets. Some countries may not be interested in jeans and therefore, trying to sell those products in those markets would not result in extra revenue, just increased costs.

Hiut could have their reputation diminished if there are errors by the retailer that are selling Hiut products, then this could damage customer relations and trust. Retailers must be chosen carefully to reduce the risk of this happening. Returns and exchanges are common in the clothing industry and retailers must be prepared to follow Hiut's guidance on this.

Hiut may find it difficult to collect income from retailers in foreign countries. Tracking sales and getting customer feedback can be difficult too.

Question		Mark
2 (a)	<p>Using the data in the graph, calculate Bros Carpentry's market share of carpentry businesses in Bala.</p> <p>AO2: 1 mark</p> <p>Award 1 mark for correct answer</p> <p>$100 - 72 = 28\%$ or 28</p>	1
2 (b)	<p>Explain one advantage and one disadvantage to Bros Carpentry's customers of having products made using job production.</p> <p>AO1: 2 marks AO3: 2 marks</p> <p>Award 1 mark for a correct advantage/disadvantage of Job Production, for a customer</p> <p>Award 1 mark for each correct explanation that could affect customers buying products made using job production</p> <p>Indicative content:</p> <p>Advantages:</p> <p>Products are specific to the customer's requirements - product is able to meet the needs of the customer/offer the customer the best solution</p> <p>Products are of a high quality - product is likely to be more durable/long lasting - because it is made using skilled labour</p> <p>Disadvantages:</p> <p>Products are usually expensive/more expensive than mass - produced alternatives - highly skilled labour means that wage costs are higher</p> <p>Products are not available immediately - the product is made specifically to order, production will not start until the customer has placed an order/one at a time – customers will have to wait</p> <p>Credit any other valid suggestion and development</p>	4

Question		Mark
2 (c)	<p>Explain why Bros Carpentry may prefer using JIT (just-in-time) as its stock control method</p> <p>AO3: 4 marks</p> <p>Award 1 mark for each valid explained point</p> <p>Indicative content:</p> <p>Job production/make one product at a time – will order small amounts – save on storage costs</p> <p>Order specific raw materials – stock comes straight from suppliers – less likely to be damaged/unused – reduces waste – stock costs</p> <p>Lower costs when stock is ordered – less cash tied up in stock – help with small business cash flow/money can be spent elsewhere</p> <p>Raw materials might be needed at short-notice if there was an unforeseen problem - businesses using job production would need suppliers who could meet this need.</p> <p>Credit any other valid suggestion & explanation</p>	4

Question		Mark
2 (d)	<p>Analyse the potential impact on two key stakeholders of Bros Carpentry’s decision to rent a second workshop.</p> <p>AO1: 2 marks AO2: 2 marks AO3: 2 marks</p> <p>For each key stakeholder:</p> <p>Award 1 mark for identifying relevant stakeholder (Max of 2 marks) Award 1 mark for understanding potential impact on the stakeholder Award 1 mark for analysis of potential impact on the stakeholder</p> <p>Indicative content:</p> <p><u>Owners</u> increased costs of renting – other costs involved e.g. electricity - reduced profits closer to new customers – increased size of market – increased revenue/profit difficulty in managing two workshops – negative affect on quality of work - negative affect on lifestyle - time spent travelling – less jobs completed – reduced revenue If they split workers – products take longer – customers delay in getting the product</p> <p><u>Customers</u> increased prices - to cover the cost of renting – may have to choose unknown tradesperson for future projects work carried out in surrounding areas - completed quicker due to less transportation of products – customers can more easily see the work in progress Need to establish business in Dolgellau – competitive/penetration pricing may reduce price for customers.</p> <p><u>Competitors</u> may reduce sales for businesses in Dolgellau - good reviews/reputation of Bros Carpentry - may gain immediate sales at competitors expense may increase promotion costs – to make local people more aware of the business - increasing costs - lowering revenue may have to target surrounding areas – if local market is more competitive – impact on lifestyle – increased costs of transportation</p> <p><u>Local Community</u> may provide job opportunities in Bala or Dolgellau– through expansion – increased workload – training opportunities for low cost staff – e.g. apprentices</p> <p><u>(Local) Government</u> provide employment opportunities in Dolgellau/Bala – reducing benefit claimants increased income due to business rates/tax payments so pay more tax – increasing revenue to spend on local services</p>	6

Question		Mark
	<p><u>Suppliers</u> may require more raw materials due to expansion – increasing orders and revenue for suppliers – increasing profits may change suppliers – to cope with increased demand – to reduce costs as more spent on rent suppliers increased/decreased transport costs – change of location – may absorb costs as loyal customer (Bros Carpentry)</p> <p>Credit any other valid suggestion & explanation</p>	
<p>2 (e)</p>	<p>Using the cash-flow forecast data, calculate the missing figures for:</p> <p>AO2:3 marks</p> <p>Award 1 mark for each correct answer.</p> <p>July Net cash flow = £-1 000</p> <p>September opening bank balance = £100</p> <p>December turnover = £4 100</p> <p>NB: Award marks for answers without “£”</p>	<p>3</p>

2 (f)	With reference to both qualitative and quantitative data, evaluate how Bros Carpentry could improve its predicted cash-flow. [12]		
Band	AO1	AO2	AO3
	3	4	5
3	<p>3 marks</p> <p>Excellent knowledge and understanding of the key indicators that Bros Carpentry needs to consider</p> <p>Clear reference is made to qualitative and quantitative data</p> <p>Specialist vocabulary is used with accuracy</p>	<p>4 marks</p> <p>Excellent application of the data</p> <p>There is clear and direct reference to the qualitative and quantitative data on Bros Carpentry</p> <p>Relevant data is used to develop and support the argument</p>	<p>4-5 marks</p> <p>An excellent analysis and evaluation of the key points Bros Carpentry should consider to improve their predicted cash flow with reference to qualitative and quantitative data</p> <p>Advantages and disadvantages of each suggestion is considered</p> <p>Writing is very well structured using accurate grammar, punctuation and spelling</p> <p>Well-reasoned and balanced discussion with a clear line of argument</p> <p>Information from the data is clearly used to support the discussion</p> <p>Clear advice is given with supporting statements</p>
2	<p>2 marks</p> <p>Good knowledge and understanding of how to improve cash flow with reference to qualitative and/or quantitative data</p> <p>Some attempt to use specialist vocabulary</p>	<p>2-3 marks</p> <p>Good application of the data</p> <p>Reference is made to the qualitative or quantitative data on Bros Carpentry but there may be some omissions</p>	<p>2-3 marks</p> <p>A good analysis and evaluation of the key points Bros Carpentry should consider for improving cash flow</p> <p>Writing is generally well structured using reasonably accurate grammar, punctuation and spelling</p> <p>The discussion may be unbalanced focussing on either qualitative or quantitative data with advantages or disadvantages of how cash flow can be improved and only focussing on increasing revenue or decreasing costs</p> <p>Appropriate advice is given in the conclusion</p>

<p style="text-align: center;">1</p>	<p style="text-align: center;">1 mark</p> <p>Limited knowledge and/or understanding of how to improve cash flow</p> <p>Limited or no use of specialist vocabulary</p>	<p style="text-align: center;">1 mark</p> <p>Limited reference to the qualitative and quantitative data</p> <p>The response is mostly generic with brief application to Bros Carpentry</p>	<p style="text-align: center;">1 mark</p> <p>Limited analysis and evaluation of how to improve cash flow</p> <p>Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling</p> <p>The discussion lacks detail and superficial comments are made with little development</p> <p>Advice may be given but it is not soundly justified</p> <p>Unsupported conclusions are made</p>
<p style="text-align: center;">0</p>	<p style="text-align: center;">0 marks</p> <p>No knowledge of how to improve cash flow</p>	<p style="text-align: center;">0 marks</p> <p>No reference is made to the data or Bros Carpentry</p>	<p style="text-align: center;">0 marks</p> <p>No valid analysis or evaluation is given</p>

Indicative content:

Bros Carpentry could promote the business more to further improve their cash flow position. They could promote the business by posting leaflets, advertising on local radio or in local newspapers to make more people aware of the business. They could also offer sales promotion such as discounts or competitions. This may encourage people to use their business rather than competitors. However, promotion costs money and they are spending money on advertising already. Whether there are up-front costs such as through advertising or by reducing the amount of sales revenue by lowering the price, this could have a negative impact on cash flow, unless sales increased considerably.

Bros Carpentry could increase their prices to increase their turnover per job. This would mean extra income each time they completed a job. However, there are a number of local competitors and if Bros Carpentry charged too much then they would be unlikely to attract as many customers, as competitors would charge less. This would cause their cash-flow to worsen.

By not having the extra warehouse costs of £400 per month it would save Bros Carpentry £2400 over the next 6 months, improving their cash flow considerably. The disadvantage of not having the second workshop would mean more time is spent travelling to jobs and transporting products, which may increase costs elsewhere. It may also mean that some people in Dolgellau may not use the business if they cannot see examples or keep an eye on their products in a local workshop.

Bros Carpentry could look to save costs on stock. Nearly a third of all their turnover is spent on stock. Unlikely that they can buy in bulk as not suitable for a business using job production the business so could try a cheaper supplier. This could save money and improve cash flow. However, a cheaper supplier could have worse quality raw materials, reducing the quality of Bros Carpentry products. This could lead to poor customer feedback and damaged reputation. Lower quality products could lead to lower prices, which would worsen the cash flow still. A cheaper supplier may also be unreliable, if this is the case there may be delays whilst products are needed, again damaging the business reputation and reducing income.

Bros Carpentry could set-up the business in a different location to Bala and Dolgellau e.g. Bangor where there is a larger population and therefore larger target market. An area with a higher population would increase the opportunities to increase profits as there are more potential jobs to carry out. However, larger towns are likely to have more competition which could mean prices are lower than Bros Carpentry currently charge. This could reduce the revenue received per job causing cash flow to worsen. Rental prices in the towns could also be higher as landlords know that businesses have the potential to earn more revenues due to the size of the target market. This however could be fine if they didn't rent the other two workshops, allowing them to spend less than £1000 a month on one workshop in a more populated area.

The brothers also have good knowledge of the local market (Bala) which may give them a competitive advantage. This competitive advantage could lead to more trade and revenue being generated, improving cash flow. This would not be the case if they were to change locations to reduce the costs of renting. Without the local knowledge the business may struggle to attract customers or understand customer needs, resulting in less sales and potentially a worsening cash flow position.

Credit any other valid analysis.

NB Not reduce wages as only the brothers are employed. Unless suggestions about wages suggest cutting salaries to the brothers.