



Level 3 Technical Level
Business: Marketing
K/506/6075

Unit 1 Competitive business environment

Mark scheme

January 2018

Version: 1.0 Final



1 8 1 A K 5 0 6 6 0 7 5 / M S

Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Assessment Writer.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

Further copies of this mark scheme are available from aqa.org.uk

Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level, ie if the response is predominantly level 3 with a small amount of level 4 material it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

An answer which contains nothing of relevance to the question must be awarded no marks.

MARK SCHEME – LEVEL 3 TECHNICAL LEVEL BUSINESS: MARKETING
K/506/6075 – JANUARY 2018

Question	Guidance	Mark
1	C	1
2	D	1
3	B	1
4	C	1
5	A	1
6	D	1
7	A	1
8	C	1
9	<p>A business is reviewing its products' prices. Explain one reason why calculating market share is important for the business.</p> <p>1 mark for defining market share eg (business' sales value/total market sales value) x 100 or share of total market sales made by the business.</p> <p>1 mark for importance of market share eg shows what position/power you have in the market.</p> <p>1 mark for a valid reason related to price increase eg by calculating the share you can see if you have enough market power to increase prices without losing too many sales.</p> <p>Market share measures how much of total market sales a business has (eg 20%) (1 mark). When a business has high market share (eg 70%) it is in a good position to do what it wants (1 mark). A high market share could let the business put up prices without losing too many sales (1 mark).</p>	3

10	<p>A business is reviewing its objectives. Explain one reason why analysing internal strengths and weaknesses is important for the business.</p> <p>1 mark for defining internal strengths and weaknesses eg positive and negative aspects of how a business is using resources or meeting customer needs.</p> <p>1 mark for importance of analysing strengths and weaknesses eg it needs to know if customers are satisfied with prices/products and if its employees are working efficiently.</p> <p>1 mark for a valid reason related to objectives eg after analysing strengths/weaknesses the businesses might be able to see why an objective wasn't being met.</p> <p>Strengths and weaknesses are what the business is good and bad at and covers things like customer opinions and comparison with a competitor (1 mark). For example, a business might find that it has a weakness because its products are inferior to those sold by a competitor (1 mark). A new objective might be to develop its product range (1 mark).</p>	3
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11	<p>Use the information above to analyse the benefit to Digby Security of encouraging enterprising behaviour within the business.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; padding: 5px;">Level</th><th style="text-align: center; padding: 5px;">Descriptor</th><th style="text-align: center; padding: 5px;">Marks</th></tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 5px;">3</td><td style="padding: 5px;">Uses the information to analyse how enterprising behaviour might benefit Digby Security.</td><td style="text-align: center; padding: 5px;">6–5</td></tr> <tr> <td style="text-align: center; padding: 5px;">2</td><td style="padding: 5px;">Explains the relevance of the information to enterprising behaviour.</td><td style="text-align: center; padding: 5px;">4–3</td></tr> <tr> <td style="text-align: center; padding: 5px;">1</td><td style="padding: 5px;">Demonstrates generic understanding of enterprising behaviour concept.</td><td style="text-align: center; padding: 5px;">2–1</td></tr> </tbody> </table> <p>Possible responses include:</p> <p>Knowledge (level 1)</p> <ul style="list-style-type: none"> • Enterprising behaviour – situations where an individual, or group, find new ways to improve the ability of a business to achieve its objectives eg identifying new operations processes or new target markets. • Can be demonstrated by a range of internal stakeholders eg employees, managers, owners. <p>Application (level 2)</p> <ul style="list-style-type: none"> • New approaches need to be found for divisions not reaching sales targets eg Greater London. • A different product range is required as the current one is considered inferior. • Sales staff seen as being inflexible and not meeting customer needs – a new way of handling potential customer queries is required. <p>Analysis (level 3)</p> <ul style="list-style-type: none"> • Flexibility to sell different product ranges would allow sales staff to be more enterprising in proposing relevant solutions for potential customers. • Regional managers need greater freedom to market products which are not seen as being inferior and to be allowed to adopt more enterprising approaches, more fitting to the needs of existing customers and able to deal with increased competition. 	Level	Descriptor	Marks	3	Uses the information to analyse how enterprising behaviour might benefit Digby Security.	6–5	2	Explains the relevance of the information to enterprising behaviour.	4–3	1	Demonstrates generic understanding of enterprising behaviour concept.	2–1	6
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<p>12</p> <p>Use the information above to analyse the benefit to High Hat Ltd of changing its form of business ownership to a public limited company (PLC).</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 10%;">Level</th><th style="width: 80%;">Descriptor</th><th style="width: 10%;">Marks</th></tr> </thead> <tbody> <tr> <td>3</td><td>Uses the information to analyse the benefit to High Hat Ltd of becoming a PLC.</td><td>6–5</td></tr> <tr> <td>2</td><td>Explains the relevance of the information to form of ownership.</td><td>4–3</td></tr> <tr> <td>1</td><td>Demonstrates a generic understanding of form of ownership concept.</td><td>2–1</td></tr> </tbody> </table> <p>Possible responses include:</p> <p>Knowledge (level 1)</p> <ul style="list-style-type: none"> • Form of ownership defines decision making, liability and scope of funding. • Includes unlimited liability forms (eg sole trader and partnership) and limited liability forms (eg Ltd and PLC). • Includes forms appropriate for not-for-profit (cooperative and CIC). <p>Application (level 2)</p> <ul style="list-style-type: none"> • Currently a Ltd which, although providing limited liability, will make it harder to raise equity finance. • Proposal to move to PLC would allow High Hat to raise additional equity finance in the open market ie issue more shares. • Potential takeover threat – changing the owners of High Hat – perhaps seeing Ltd as too vulnerable a form of ownership. <p>Analysis (level 3)</p> <ul style="list-style-type: none"> • High Hat needs finance – to buy rights, to fund short term losses arising from reducing monthly fees and, most importantly, to bring about sales growth – which could be raised through a listing on the stock exchange (public share offer). • Becoming a PLC could help High Hat grow, gain leadership and make it more difficult for a larger company to take it over (especially if leadership achieved). 	Level	Descriptor	Marks	3	Uses the information to analyse the benefit to High Hat Ltd of becoming a PLC.	6–5	2	Explains the relevance of the information to form of ownership.	4–3	1	Demonstrates a generic understanding of form of ownership concept.	2–1	<p>6</p>
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13	<p>Use the information above to analyse the importance to the farm of managing its sales channels.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; padding: 5px;">Level</th><th style="text-align: center; padding: 5px;">Descriptor</th><th style="text-align: center; padding: 5px;">Marks</th></tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 5px;">3</td><td style="padding: 5px;">Uses the information to analyse a factor influencing use of sales channels.</td><td style="text-align: center; padding: 5px;">6–5</td></tr> <tr> <td style="text-align: center; padding: 5px;">2</td><td style="padding: 5px;">Explains the relevance of the information to sales channels.</td><td style="text-align: center; padding: 5px;">4–3</td></tr> <tr> <td style="text-align: center; padding: 5px;">1</td><td style="padding: 5px;">Demonstrates generic understanding of sales channels concept.</td><td style="text-align: center; padding: 5px;">2–1</td></tr> </tbody> </table> <p>Possible responses include:</p> <p>Knowledge (level 1)</p> <ul style="list-style-type: none"> • Sales channels relate to how a business delivers products to its customers. • Can be indirect, through intermediaries, such as wholesalers and retailers. • Can be direct to customers through owning own stores/e-commerce sites. • Indirect possibly helps to guarantee larger orders and reduce administrative tasks; direct possibly helps to control relationship with customers and gain higher margins (although margins could be comparatively lower, depending on nature of product). <p style="text-align: right; margin-top: -20px;">6</p> <p>Application (level 2)</p> <ul style="list-style-type: none"> • Farm would appear to have two sales channels on offer: <ul style="list-style-type: none"> ◦ Indirect through supermarkets, who deal with final customers. ◦ Direct through box scheme, with the farm delivering produce to customers' doors. • Sales channels relevant as direct gives more profit per box of vegetables, possibly through charging higher prices. <p>Analysis (level 3)</p> <ul style="list-style-type: none"> • Important to manage sales channels as profits need to be increased. • Using indirect: <ul style="list-style-type: none"> ◦ Cost increase would seem to be a key issue – if this does increase the cost of importing vegetables, then supermarket demand may well increase. ◦ Given this, the farm could bargain for a higher price from supermarkets and/or ensure higher sales which could make the box scheme less profitable. • Using direct: <ul style="list-style-type: none"> ◦ Veg box scheme gives the farm greater control over pricing, promotion and product (possibly) – a strong relationship with local customers could be developed. ◦ Local customers would also be affected by potential cost increase – prices of imported vegetables would also go up for them – so that the veg box scheme might be even more viable. 	Level	Descriptor	Marks	3	Uses the information to analyse a factor influencing use of sales channels.	6–5	2	Explains the relevance of the information to sales channels.	4–3	1	Demonstrates generic understanding of sales channels concept.	2–1
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14	<p>Use the information above to analyse the trend in UK inflation between 2009 and 2016.</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 10%;">Level</th><th style="width: 80%;">Descriptor</th><th style="width: 10%;">Marks</th></tr> </thead> <tbody> <tr> <td>3</td><td>Uses the table to analyse the trend in inflation.</td><td>6–5</td></tr> <tr> <td>2</td><td>Explains the meaning of the graph in relation to inflation.</td><td>4–3</td></tr> <tr> <td>1</td><td>Demonstrates generic understanding inflation concept.</td><td>2–1</td></tr> </tbody> </table> <p>Possible responses include:</p> <p>Knowledge (level 1)</p> <ul style="list-style-type: none"> • Inflation measures the rate at which general price level is changing. • CPI is a measure of the general price level – ‘consumer price index’ being an index of a representative basket of goods’ prices. • If CPI shows a positive change, we have inflation; if it is negative we have deflation. <p>Application (level 2)</p> <ul style="list-style-type: none"> • Scatter graph where each point shows the percentage change in CPI during a year – a very broad average. • The graph’s vertical axis starts at 0, which means that the UK never had deflation during the years. • In 2015, the value looks like 0 – UK had neither inflation nor deflation ie price level stayed the same compared to 2014. • Highest inflation was in 2011 as CPI grew by 4.5% compared to 2010. <p>Analysis (level 3)</p> <ul style="list-style-type: none"> • The trend in inflation could be for a decline in the rate of inflation ie could draw a downward sloping trend line through the data. • Could also argue that the trend is cyclical – peaking in 2011, reaching its lowest in 2015 but then starting to increase again. 	Level	Descriptor	Marks	3	Uses the table to analyse the trend in inflation.	6–5	2	Explains the meaning of the graph in relation to inflation.	4–3	1	Demonstrates generic understanding inflation concept.	2–1	6
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15	<p>Use the information above to analyse how businesses in this country might react to trends in consumer spending.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; padding: 5px;">Level</th><th style="text-align: center; padding: 5px;">Descriptor</th><th style="text-align: center; padding: 5px;">Marks</th></tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 5px;">3</td><td style="padding: 5px;">Uses the information to analyse how trends in online and in-store consumer spending might alter business behaviour.</td><td style="text-align: center; padding: 5px;">6–5</td></tr> <tr> <td style="text-align: center; padding: 5px;">2</td><td style="padding: 5px;">Explains the relevance of the information to trends in consumer spending.</td><td style="text-align: center; padding: 5px;">4–3</td></tr> <tr> <td style="text-align: center; padding: 5px;">1</td><td style="padding: 5px;">Demonstrates generic understanding of consumer spending concept.</td><td style="text-align: center; padding: 5px;">2–1</td></tr> </tbody> </table> <p>Possible responses include:</p> <p>Knowledge (level 1)</p> <ul style="list-style-type: none"> • Consumer spending measures the purchases of all individuals within a country. • Consumer spending can be divided into categories eg by age of consumer or the product consumed. • It can fluctuate depending on incomes of individuals – higher income often results in higher consumer spending. <p style="text-align: right; margin-top: -20px;">6</p> <p>Application (level 2)</p> <ul style="list-style-type: none"> • The bar chart shows two different ways in which consumers have made their purchases – physically in-store or using the Internet to purchase online. • The chart shows the growth in spending – 2017 month compared to 2016 month – and any positive value shows an increase in spending. • In-store had only one month of decline – July – but the remaining months showed a small increase (1% to 4%); rate of increase peaked in October. • Online sales grew in all six months, showing higher rates of growth than in-store (between 12% and 16% higher); rate of growth also peaked in October. <p>Analysis (level 3)</p> <ul style="list-style-type: none"> • Sales have generally increased, irrespective of sales channel, and businesses within the country can see this as a positive sign eg can plan to increase output. • Cyclical aspect useful for businesses to know ie to step up production particularly around September and October. • Gap between growth of online and in-store indicates that businesses might want to devote more resources to e-commerce (promotion, web functionality, logistics etc) whilst maintaining physical outlets. 	Level	Descriptor	Marks	3	Uses the information to analyse how trends in online and in-store consumer spending might alter business behaviour.	6–5	2	Explains the relevance of the information to trends in consumer spending.	4–3	1	Demonstrates generic understanding of consumer spending concept.	2–1
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<p>16</p> <p>Use the information above to analyse the importance of living standards, indicated by the national survey results, for Smart Life's product mix.</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 10%;">Level</th><th style="width: 80%;">Descriptor</th><th style="width: 10%;">Marks</th></tr> </thead> <tbody> <tr> <td>3</td><td>Uses the information to analyse how changes in living standards might affect Smart Life's product mix.</td><td>6–5</td></tr> <tr> <td>2</td><td>Explains the relevance of the information to living standards/product mix.</td><td>4–3</td></tr> <tr> <td>1</td><td>Demonstrates generic understanding of living standards/product mix concept.</td><td>2–1</td></tr> </tbody> </table> <p>Possible responses include:</p> <p>Knowledge (level 1)</p> <ul style="list-style-type: none"> • Living standards measured in a variety of ways, but generally the lifestyle individuals can sustain. • Affected by income, government provision of services, taxation, inflation, employment prospects etc. • Living standards an aspect of social trends in terms of expectations and how these affect consumer spending. • Product mix relates to the range of products offered by a business. • Can be considered in terms of width/depth ie distinctly different products/similar products with modified features. <p style="text-align: right; margin-top: 10px;">6</p> <p>Application (level 2)</p> <ul style="list-style-type: none"> • Table split into household income groups – from low to high – but also indicates what each group felt about their changing living standards; worse might indicate a decline in living standards, while better might indicate an improvement. • Roughly half of each income group seem to say that things haven't changed – no decline or improvement. • Of those saying worse, low-income group seem to be most affected – comparatively higher number expecting standards to fall. • Of those saying better; seems to be high-income group. • Smart Life probably has a wide and deep product mix – different types of furniture (chairs, tables etc), but also different qualities of materials for different income groups. <p>Analysis (level 3)</p> <ul style="list-style-type: none"> • Smart Life targets a wide range of income groups, so this could include all three income segments from the table. • Overall, would seem to be promising for sales if this continues as both middle and high income groups seeing living standards improving or static. • However, picture not the same for low income groups and Smart Life might need to either focus more on higher/middle income groups by altering their product mix eg move more 'up-market' or design a new and more 'basic/essential' range of furniture for the low-income segment. 	Level	Descriptor	Marks	3	Uses the information to analyse how changes in living standards might affect Smart Life's product mix.	6–5	2	Explains the relevance of the information to living standards/product mix.	4–3	1	Demonstrates generic understanding of living standards/product mix concept.	2–1	
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17	<p>How significant is innovation for businesses aiming to improve their competitive position in the UK market for vending services? Use Item A to justify your answer.</p> <table border="1"> <thead> <tr> <th>Level</th><th>Descriptor</th><th>Marks</th></tr> </thead> <tbody> <tr> <td>5</td><td>Uses Item A to develop a balanced analytical response. Analyses significance of factors affecting the ability of businesses to use innovation to improve their competitive position in the UK market for vending services. Evaluation of significance supported by analysis.</td><td>15–13</td></tr> <tr> <td>4</td><td>Uses Item A to develop an analytical response. Analyses factors affecting the ability of businesses to use innovation to improve their competitive position in the UK market for vending services. Judgement of significance supported by analysis.</td><td>12–10</td></tr> <tr> <td>3</td><td>Uses Item A to develop an explanatory response. Explains how innovation could help a business to improve competitive position in the UK market for vending services. Judgment of significance supported by explanation.</td><td>9–7</td></tr> <tr> <td>2</td><td>Uses Item A to support the response. Describes benefits of innovation for vending services businesses.</td><td>6–4</td></tr> <tr> <td>1</td><td>Demonstrates generic understanding of innovation.</td><td>3–1</td></tr> </tbody> </table>			Level	Descriptor	Marks	5	Uses Item A to develop a balanced analytical response. Analyses significance of factors affecting the ability of businesses to use innovation to improve their competitive position in the UK market for vending services. Evaluation of significance supported by analysis.	15–13	4	Uses Item A to develop an analytical response. Analyses factors affecting the ability of businesses to use innovation to improve their competitive position in the UK market for vending services. Judgement of significance supported by analysis.	12–10	3	Uses Item A to develop an explanatory response. Explains how innovation could help a business to improve competitive position in the UK market for vending services. Judgment of significance supported by explanation.	9–7	2	Uses Item A to support the response. Describes benefits of innovation for vending services businesses.	6–4	1	Demonstrates generic understanding of innovation.	3–1
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<p>Example responses:</p>																					
<p>Understanding (L1)</p> <ul style="list-style-type: none"> • Innovation as implementing new product features, functionality and applications as opposed to inventing new materials, processes etc. • Technological development as the pre-requisite for innovation through research and development to create new features, functions and applications. • Innovation also aided by a culture of enterprising behaviour within the business and, implicit from research, engaging with consumers and suppliers. • Potentially successful innovations need to be protected using patents to avoid competitors replicating the features and functions of the product. • Innovation can help to gain a competitive advantage through unique features/applications or through cost advantages brought about by the innovation. 																					
<p>Description (L2)</p> <ul style="list-style-type: none"> • Contactless payments – could help businesses to increase sales as easier for customers. • Auto-reporting – could improve the efficiency of a business and improve its image. • Large touch screen – could bring in money from advertising and/or encourage customers to use their business's vending machines. • Camera – encourage more purchases (eg multiple) and provide businesses with data that could help them eg who buys which products. • Food and drinks manufacturers – they could come up with better products, maybe ones for chilled foods, which would increase sales and/or get a better profit. 																					

	<p>Explanation and judgement (L3)</p> <ul style="list-style-type: none"> • Establish a niche. <ul style="list-style-type: none"> ○ Niche markets might exist for luxury products eg chilled foods. Food and drinks manufacturers could come up with these types of products and large touch-screen tower machines could convey the uniqueness of the product etc. • Move from follower to challenger (or challenger to leader). <ul style="list-style-type: none"> ○ Could have entirely contactless machines, with auto-reporting, and get a reputation for excellent service. ○ Could differentiate through use of the touch screen – better interface and elements of humour to encourage purchases and improve reputation. ○ Information provided by cameras could enable, in conjunction with touch screens, better promotional messages on the screen – customers' satisfaction increases leading to a better reputation. ○ Innovation from food and drinks manufacturers would need to be monitored and used to offer superior products (maybe better quality, for example) improving reputation. <p>Analysis, judgement and evaluation (L4 and L5)</p> <ul style="list-style-type: none"> • Establish a niche. <ul style="list-style-type: none"> ○ Would seem more likely given the investment required to establish a network of machines ie a local niche. ○ Scope for establishing a niche will always be an issue – difficult to see how you could ever have a niche for snacks, but drinks and chilled foods may well be possible. ○ Seems likely that innovation would be significant as you would have to offer something unique and this is likely to come from innovation in tower machine functions and from food and drinks manufacturers (maybe from outside of the UK?). • Move from follower to challenger (or challenger to leader). <ul style="list-style-type: none"> ○ Hard to see how a smaller, localised business could move from being a follower to a challenger as this would require huge investment in a network of machines? ○ However, with cashless systems and auto-reporting, maybe it would require fewer staff to service and maintain the machines. ○ Likely to help a challenger gain leadership? ○ Innovation would seem to be important, yet the most crucial aspect would be finance and being the first to market with innovations – if the benefits proved limited, then could result in business failure and exit from the market! • Overall, the significance of innovation is possibly highly significant if you already had the resources and market position, but not likely to help a follower become a challenger? Perhaps most useful in respect of niche markets where innovations in tower machines and food/drinks products could be used imaginatively. 	
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18	<p>Using Item B, evaluate the suitability of each option identified by Jack and recommend how BV Ltd should respond to its opportunities and threats in the short term.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; padding: 5px;">Level</th><th style="text-align: center; padding: 5px;">Descriptor</th><th style="text-align: center; padding: 5px;">Marks</th></tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 5px;">5</td><td style="padding: 5px;">Uses Item B to develop a balanced analytical answer. Analyses relative merits of all three options as suitable responses to BV's opportunities-threats. Evaluation of recommended response supported by analysis.</td><td style="text-align: center; padding: 5px;">15–13</td></tr> <tr> <td style="text-align: center; padding: 5px;">4</td><td style="padding: 5px;">Uses Item B to develop an analytical answer. Analyses relative merits of at least two options as suitable responses to BV's opportunities-threats. Judgement of recommended response supported by analysis.</td><td style="text-align: center; padding: 5px;">12–10</td></tr> <tr> <td style="text-align: center; padding: 5px;">3</td><td style="padding: 5px;">Uses Item B to develop an explanatory answer. Explains merit of at least one option as a response to BV's opportunities-threats. Judgment of recommended response supported by explanation.</td><td style="text-align: center; padding: 5px;">9–7</td></tr> <tr> <td style="text-align: center; padding: 5px;">2</td><td style="padding: 5px;">Uses Item B to support the answer. Describes purpose of at least one option in the context of BV's opportunities-threats.</td><td style="text-align: center; padding: 5px;">6–4</td></tr> <tr> <td style="text-align: center; padding: 5px;">1</td><td style="padding: 5px;">Demonstrates generic understanding of opportunities-threats and/or business responses to them.</td><td style="text-align: center; padding: 5px;">3–1</td></tr> </tbody> </table> <p>Example responses:</p> <p>Understanding (L1)</p> <ul style="list-style-type: none"> • Opportunities are external to the business and represent possible ways in which the business could increase sales/profits eg consumer trends. • Threats are external to the business and represent possible ways in which the business might lose sales/profits eg competitor innovations. • Businesses need to look at what they are good at (internal strengths), considering what they are bad at (internal weaknesses) and then consider the best strategy to deal with opportunities and threats eg using Ansoff's product development strategy or Porter's focus strategy. • Important to think about how competitors and customers might react to your strategy eg how easy would it be for a competitor to copy what you do? <p>Description (L2)</p> <ul style="list-style-type: none"> • Option 1 eg opportunities – opening a new branch exploits opportunity created by other business shutting down; threats – increasing geographic addresses declining number of businesses using vending machines and/or increase in home working. • Option 2 eg opportunities – takes advantage of potential increase in revenues from contactless and falling cost of investment; threats – encourages customers to sign up to new contracts, considering declining number of businesses. • Option 3 eg opportunities – takes advantage of new products coming from suppliers; threats – tries to deal with coffee shop threat and/or tax threat. <p>Explanation and judgement (L3)</p> <ul style="list-style-type: none"> • Option 1 eg this sticks to what the business already does and simply takes 	Level	Descriptor	Marks	5	Uses Item B to develop a balanced analytical answer. Analyses relative merits of all three options as suitable responses to BV's opportunities-threats. Evaluation of recommended response supported by analysis.	15–13	4	Uses Item B to develop an analytical answer. Analyses relative merits of at least two options as suitable responses to BV's opportunities-threats. Judgement of recommended response supported by analysis.	12–10	3	Uses Item B to develop an explanatory answer. Explains merit of at least one option as a response to BV's opportunities-threats. Judgment of recommended response supported by explanation.	9–7	2	Uses Item B to support the answer. Describes purpose of at least one option in the context of BV's opportunities-threats.	6–4	1	Demonstrates generic understanding of opportunities-threats and/or business responses to them.	3–1	15
Level	Descriptor	Marks																		
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4	Uses Item B to develop an analytical answer. Analyses relative merits of at least two options as suitable responses to BV's opportunities-threats. Judgement of recommended response supported by analysis.	12–10																		
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1	Demonstrates generic understanding of opportunities-threats and/or business responses to them.	3–1																		

	<p>advantage of an opportunity – no need to change the way the business operates, just a matter of increasing the size of the business so that the threat of declining opportunity for sales is cancelled out.</p> <ul style="list-style-type: none"> • Option 2 eg has the merit of growing the local business by getting ‘up-to-date’ – addresses a key weakness (standard vending machines) and offers the opportunity to increase revenues by at least 15%. Slight change in business model but can keep local reputation strength. • Option 3 eg this approach would seem to target weaknesses and threats – it may well encourage existing customers to stay with BV Ltd and could reduce the decline in sales caused by coffee shops and, possibly, higher tax. Customers don’t have to use the new products – same business model, same locality, just offering something extra! <p>Analysis, judgment and evaluation (L4 and L5)</p> <ul style="list-style-type: none"> • Option 3 is the least risky in that, unlike options 1 and 2, nothing fundamentally different is being proposed. • Options 1 and 2 both involve a degree of risk: option 1 in respect of not knowing what the market is like and why did the previous business close; option 2 in respect of the uncertainty about the popularity of the new tower machines. • All three options address opportunities-threats, however, in respect of strengths and weaknesses, option 1 seems to have the least going for it as option 2 keeps the business local whilst updating it and option 3 also keeps the business local and addresses the health concerns. • In conclusion, I would reject option 1 because we have little evidence why businesses are closing and it may well be difficult to scale the business up. • Overall, in choosing between options 2 and 3, they are both innovative and each one addresses key opportunities and key business weaknesses whilst sticking to the strength of being local. Option 2 gives BV Ltd an immediate ‘image-lift’, but it’s risky in terms of investment. Option 3 is more subtle, less risky and, possibly, the least disruptive option. 	
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Assessment outcomes coverage

Assessment Outcomes	Marks available in section A	Marks available in section B	Total Mark
AO1: Understand business organisation	20 marks 25%	0 marks 0%	20
AO2: Investigate trends in the economic environment	20 Marks 25%	0 marks 0%	20
AO3: Assess the impact of competition and innovation	5 Marks 6.25%	15 marks 18.75%	20
AO4: Assess business opportunities and threats	5 Marks 6.25%	15 marks 18.75%	20
Total	50 marks	30 marks	80

Question	Assessment Outcome 1	Assessment Outcome 2	Assessment Outcome 3	Assessment Outcome 4
1	1			
2	1			
3		1		
4		1		
5			1	
6			1	
7				1
8				1
9			3	
10				3
11	6			
12	6			
13	6			
14		6		
15		6		
16		6		
17			15	
18				15
Totals	20	20	20	20

Assessment objectives coverage

Question	Knowledge and Understanding	Application	Analysis and Evaluation	Total
1		1		1
2	1			1
3		1		1
4		1		1
5	1			1
6	1			1
7		1		1
8	1			1
9	1	2		3
10	1	2		3
11	2	2	2	6
12	2	2	2	6
13	2	2	2	6
14	2	2	2	6
15	2	2	2	6
16	2	2	2	6
17	3	3	9	15
18	3	3	9	15
Totals	24	26	30	80