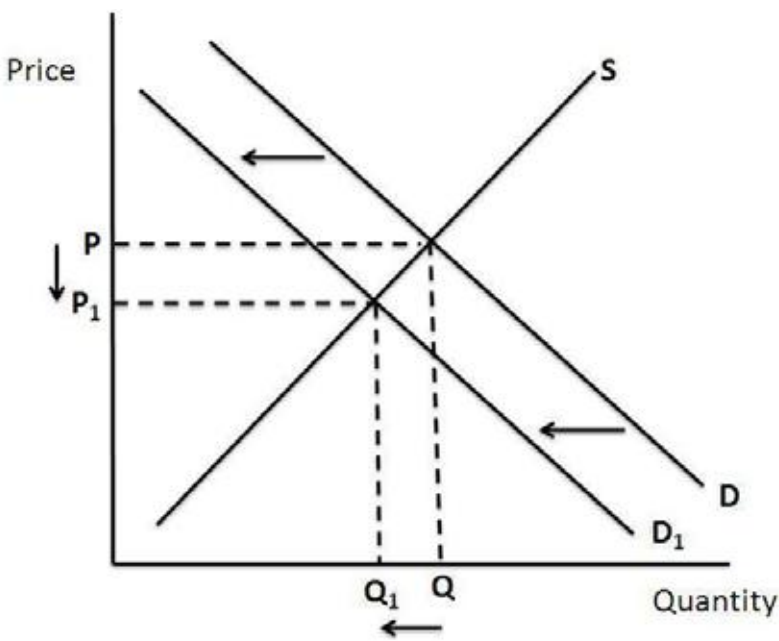


Unit 1 – Mark scheme

Question	Answer	Mark
1(a)	Knowledge 2 Up to 2 marks for defining the term 'market share', e.g.: <ul style="list-style-type: none"> The percentage of an industry or market's total sales (1) that is earned by a particular company over a specified time period (1). 	(2)

Question	Answer	Mark
1(b)	Knowledge 1, Application 2, Analysis 1 Quantitative skills assessed: QS3: construct and interpret a range of standard graphical forms. Knowledge 1 mark for correctly constructing a supply and demand diagram with correctly labelled axes as 'price' and 'quantity' (1) . Application Up to 2 marks for: <ul style="list-style-type: none"> Showing supply and demand curves with original equilibrium shown on quantity and price axes (1). Shifting the demand curve to the left (1). Analysis 1 mark for showing the new equilibrium has affected the quantity and price axes, reducing both (1) . 	(4)

Question	Answer	Mark
1(c)	<p>Knowledge 2, Application 2, Analysis 2</p> <p>Knowledge Up to 2 marks for defining decentralised organisational structure, e.g.:</p> <ul style="list-style-type: none"> • An organisational structure where daily operations and decision- making responsibilities (1) are delegated down the organisation (1). <p>OR</p> <p>For stating up to two advantages, e.g.:</p> <ul style="list-style-type: none"> • Quicker decision making (1). • Improves staff motivation (1). <p>Application Up to 2 marks for answers contextualised to Tesco, e.g.:</p> <ul style="list-style-type: none"> • Communications pass through only six management levels from the CEO to the sales assistant (1). • Sales assistants are more likely to take an active role in the running of the store (1). <p>Analysis Up to 2 marks for reasons / causes / consequences for Tesco, e.g.:</p> <ul style="list-style-type: none"> • This speeds up decision making about what products to offer in each local store (1). • More empowered employees may result in better customer service in the long term (1). 	(6)

Question	Indicative content	
1(d)	<p>Indicative content guidance</p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p>Knowledge, Application, Analysis, Evaluation – indicative content</p> <ul style="list-style-type: none"> • Distribution channels are the ways in which to get finished products to customers. • Tesco has both physical and online retail outlets, as well as 'Click and Collect', which uses a combination of online and physical retailing. • These different distribution channels offer more ways for customers to buy Tesco products, increasing sales and profitability across a wider range of products/services. • These distribution channels are more convenient for shoppers and therefore this may lead to an increase in market share for Tesco. • Having a wide range of distribution methods may result in additional costs for Tesco, which will have to maintain the many different distribution channels, such as 'Drive Through', which may reduce overall profitability. • Many customers prefer to shop from a physical retail store rather than use online shopping distribution channels and may not have access to the internet to be able to shop on line. 	
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–5	Accurate knowledge and understanding. Applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. An attempt at an assessment is presented that is unbalanced and unlikely to show the significance of competing arguments.
Level 3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors.

Question	Indicative content
1(e)	<p>Indicative content guidance</p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p>Knowledge, Application, Analysis, Evaluation – indicative content</p> <ul style="list-style-type: none"> • The marketing mix is the way a business uses price, product, place and promotion to market and sell its products. • Price comparison websites compare the price of a particular product or service in different stores or from different companies. • Tesco will have to ensure that the pricing of its products is competitive in comparison to other supermarkets and retailers, and may have to adapt its marketing mix and become more price conscious. • Tesco may have to focus its promotion on its wide range of products and services as a way to gain a competitive advantage and not try to compete on price. • This may have a negative impact on sales / profits, as customers are able to use the internet to compare prices quickly and then select the cheapest place to shop, which may be one of Tesco's rivals such as Asda. • If Tesco prices are competitive, these websites may lead to an increase in sales as consumers can see easily that they are the cheapest supermarket. • Tesco can use this in its promotional material to gain customers and to show how price competitive it is for branded goods offered by its rival supermarkets. • It may have no impact because there are many factors that affect demand for different supermarkets, as some customers are more influenced by the range of products / quality and ease of shopping rather than the overall price of their shopping. • Tesco may have to amend all or part of its marketing mix in order to take account of the price-comparison websites, depending on how many customers use them to compare prices.

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–7	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	8–10	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information and shows an awareness of competing arguments/factors, leading to a supported judgement.

Question	Answer	Mark
2(a)	Knowledge 2 Up to 2 marks for defining the term revenue, e.g.: <ul style="list-style-type: none"> • Total income earned by a business (1) from the sales of its products (1). 	(2)

Question	Answer	Mark
2(b)	Knowledge 1, Application 2, Analysis 1 Quantitative skills assessed: QS2: calculate, use and understand percentages and percentage changes QS7: interpret values of price and income elasticity of demand. Knowledge 1 mark for identifying the formula for PED: <ul style="list-style-type: none"> • % change in QD / % change in price (1). Application Up to 2 marks for selecting the correct data: <ul style="list-style-type: none"> • -25% (1) × -2.0 (1). Analysis 1 mark for calculating the percentage change in sales: <ul style="list-style-type: none"> • 50% (1). NB: All 4 marks for answers that give the correct answer (50%), regardless of working.	(4)

Question	Answer	Mark
2(c)	<p>Knowledge 2, Application 2, Analysis 2</p> <p>Knowledge Up to 2 marks for defining design mix, e.g.:</p> <ul style="list-style-type: none"> • The way in which function, aesthetics and economic manufacture (1) are combined in the overall design (1). <p>OR</p> <p>For giving two reasons why it is important, e.g.:</p> <ul style="list-style-type: none"> • To make it attractive to potential customers (1); differentiation from competing products (1). <p>Application Up to 2 marks for answers contextualised to Lego, e.g.:</p> <ul style="list-style-type: none"> • Lego bricks are unique and come in a range of themes (1). • Children are influenced by the look and feel of the colourful bricks. (1). <p>Analysis Up to 2 marks for reasons / causes / consequences for Lego, e.g.:</p> <ul style="list-style-type: none"> • Lego toys are very different to other toys on the market, resulting in higher potential profits for Lego toys (1). • If the bricks look good, this will increase demand for Lego toys, resulting in higher sales (1). 	(6)

Question	Indicative content	
2(d)	<p>Indicative content guidance</p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p>Knowledge, Application, Analysis, Evaluation – indicative content</p> <ul style="list-style-type: none"> • Branding involves creating a name, symbol or design that identifies and differentiates a product from others. • Young children can be very influenced by branding, with the Legends of Chima and the Lego Movie appealing to a wide range of different age groups of children. • Lego can charge premium prices for differentiated products, such as Lego Legends products, resulting in higher profits for the business. • Branding can often result in customers of all ages being less price sensitive to the premium prices charged by Lego for its toy sets. • Branding can be very expensive to achieve because Lego will need to spend large amounts to maintain the brand image through advertising and promotional methods. • Some customers may be unwilling to pay the higher prices of the Lego toy sets and may prefer to buy cheaper unbranded toys. 	
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–5	Accurate knowledge and understanding. Applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. An attempt at an assessment is presented that is unbalanced, and unlikely to show the significance of competing arguments.
Level 3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information and shows an awareness of competing arguments/factors.

Question	Indicative content
2(e)	<p>Indicative content guidance</p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p>Knowledge, Application, Analysis, Evaluation – indicative content</p> <ul style="list-style-type: none"> • The product life cycle describes the stages a product goes through from when it was first thought of until it is finally removed from the market. It consists of stages such as introduction, growth, maturity and decline. • The original Lego brick was launched in 1958 and is still in the maturity stage of the product life cycle. However, Lego has also launched new products such as Lego Chima and the Lego Movie. • Toys may have a short life cycle, so Lego will need to know when to launch new toys into the market and it may help Lego to forecast demand for its different ranges of toys. • Lego can have a range of toys at different stages of their life cycle in order to replace toys that have entered the decline stage of the life cycle. • It is difficult to foresee transitions in product life cycle stages since the key indicator is sales, which are always calculated with some time lag. • Slowing sales of toys do not necessarily mean the product has reached the decline phase and the resulting conclusion to retire the toy and divert resources may be wrong. • Not all toys go through every stage of the product life cycle and the success of a toy will depend on a number of external factors that might be difficult to control. • The product life cycle is very important for the Lego Group for some products and gives them guidance on when to launch a new toy into the market.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–7	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	8–10	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors, leading to a supported judgement.

Question	Indicative content
3	<p>Indicative content guidance</p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p>Knowledge, Application, Analysis, Evaluation – indicative content</p> <p>Financial</p> <ul style="list-style-type: none"> Financial methods include piecework, commission, profit share, performance related pay. MUFC offers a profit-sharing bonus scheme, health insurance and car allowance for all levels of employees. Financial methods such as profit sharing may encourage employees to remain at MUFC, as Taylor states that money motivates and employees will feel rewarded for their contribution to the overall profits of MUFC. Some employees may prefer the incentive of financial rewards such as bonus payments or profit share, because there is a more direct link between how hard they work and the reward they will receive. Financial rewards are important in order to attract the best footballers. MUFC is in a competitive market and in order to attract and retain the best footballers away from rivals such as Liverpool and Chelsea football clubs, they need to ensure that the members of the football team enjoy high levels of pay and financial benefits. <p>Non-financial</p> <ul style="list-style-type: none"> Non-financial techniques include delegation, consultation, empowerment, flexible working, job enlargement, job enrichment, job rotation and team working. MUFC recognises employees through a performance development review and promotes wellbeing with fitness classes in the stadium (Extract E). Non-financial techniques, such as a staff restaurant, may lead to a healthier workforce, which will then have lower absenteeism / labour turnover. MUFC has a wide range of employees, from footballers in the football team to people off the pitch who work behind the scene. They may be motivated more by being allowed greater independence rather than through financial rewards. According to Maslow, MUFC may achieve higher levels of motivation from the use of empowerment as this may fulfil the self-esteem needs of employees. This may result in benefits such as improved quality and productivity. However, Herzberg disagreed about the effectiveness of pay as a motivator and may not lead to the retention of employees. Different employees will be motivated by different techniques – footballers may be motivated differently to employees working in the stadium. MUFC would need to compare the effectiveness of financial and non-financial methods to see which was best in retaining employees. There are many other things that affect motivation, such as leadership styles and organisational structure, which could impact on retention. Ideally, MUFC should use a combination of both strategies and this may lead to effective employee motivation and retention at MUFC. Both techniques may result in less labour turnover for MUFC as employees feel valued and are rewarded for their hard work on and off the pitch.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	Isolated elements of knowledge and understanding. Weak or no relevant application of business examples. An argument may be attempted, but will be generic and fail to connect causes and/or consequences.
Level 2	5–8	Elements of knowledge and understanding, which are applied to the business example. Arguments and chains of reasoning are presented but connections between causes and/or consequences are incomplete. Attempts to address the question. A comparison or judgement may be attempted but it will not successfully show an awareness of the key features of business behaviour or business situation.
Level 3	9–14	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses developed chains of reasoning, so that causes and/or consequences are complete, showing an understanding of the question. Arguments are well developed. Quantitative and/or qualitative information is introduced in an attempt to support judgements, a partial awareness of the validity and/or significance of competing arguments and may lead to a conclusion.
Level 4	15–20	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses well-developed and logical, coherent chains of reasoning, showing a range of cause and/or effect(s). Arguments are fully developed. Quantitative and/or qualitative information is/are used well to support judgements. A full awareness of the validity and significance of competing arguments/factors, leading to balanced comparisons, judgements and an effective conclusion that proposes a solution and/or recommendations.