



## **Practice Paper**

### **GCSE (9-1) Business**

J204/01 Business 1: business activity, marketing and people

### **MARK SCHEME**

**Duration:** 1 hour 30 minutes

**MAXIMUM MARK** 80

**Final Draft**  
**Last updated: 30/08/2018**

This document consists of 17 pages

Question	Answer	Marks	Assessment Objective
<b>SECTION A</b>			
1	B	1	1a
2	B	1	1a
3	A	1	1b
4	B	1	2(Q)
5	A	1	2
6	B	1	1b
7	C	1	2(Q)
8	D	1	2
9	A	1	1a
10	B	1	2
11	C	1	2(Q)
12	B	1	1a
13	C	1	1b
14	B	1	1b
15	D	1	2(PS)

Question		Answer	Marks	Guidance
<b>SECTION B</b>				
16	a	<p><b>(i)</b> <b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Creditors/lenders, e.g. the bank</li> <li>• The Government</li> <li>• Customers</li> <li>• Suppliers</li> <li>• Competitors</li> <li>• Local community, e.g. near to a store</li> <li>• Charity partners, e.g. Children in Need</li> <li>• Jobcentre</li> <li>• Landlords/owners of shopping malls where stores are located</li> </ul>	<b>2</b> AO1a 2	<p>1 mark for identification of any external stakeholder group, up to a maximum of 2 marks</p> <p>No marks available for any internal stakeholder group, e.g. employee, manager.</p>
16	a	<p><b>(ii)</b> <b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Owners may want larger profits</li> <li>• Managers may want better bonuses</li> <li>• Staff/Employees may want better pay or job security</li> </ul> <p><b>Exemplar responses:</b></p> <p>The owners of Boots UK may have the objective of higher profits <b>(1)</b>. They will want the company to be successful to increase their dividends <b>(1)</b>.</p> <p>The store workers at Boots UK will be looking for job security <b>(1)</b> so that the temporary jobs become permanent jobs <b>(1)</b></p>	<b>2</b> AO1a 1 AO2 1	<p>1 mark for identification of an objective of an internal stakeholder group.</p> <p>1 further mark for a development point in context.</p>

Question		Answer	Marks	Guidance
16	b	<p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Helps to reduce risk and/or increase chances of success</li> <li>• Helps to identify markets</li> <li>• Helps identify what resources are required, e.g. human resources</li> <li>• Helps to achieve aims/objectives, e.g. increased profitability, customer satisfaction</li> <li>• Helps to secure additional finance</li> </ul> <p><b>Exemplar responses:</b></p> <p>Boots UK's trade varies throughout the year. Business planning helps managers to identify what resources (such as labour) are needed at specific times (1) so that action can be taken to ensure that when Boots UK is at its busiest, staffing levels match demand (1).</p> <p>Business planning can help Boots UK to secure additional finance (1).</p>	<b>2</b> AO1b 1 AO2 1  <b>ARA</b>	<p>1 mark for understanding of an advantage to Boots UK of using business planning</p> <p>1 further mark for a development point in context.</p>
16	c	<p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Replace employees who leave, e.g. retirement, resignation, promotion, dismissal</li> <li>• Business growth / increase in customer demand</li> <li>• Skills gaps / shortages</li> </ul> <p><b>Exemplar responses</b></p> <p>Employees will leave Boots UK for different reasons throughout the year, e.g. retirement (1) and these employees need to be replaced so that the tasks that they carry out are still completed (1).</p> <p>New skills are needed by Boots UK throughout the year (1).</p>	<b>2</b> AO1b 1 AO2 1  <b>ARA</b>	<p>1 mark for understanding of a reason why a business may need to recruit new employees throughout the year</p> <p>1 further mark for a development point in context.</p>

Question		Answer	Marks	Guidance
16	d	<p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• There may be lots of other employees at the meeting and it may be challenging to hear so employees do not follow the instructions.</li> <li>• There is no written record of the meeting (other than minutes or an audio recording) which makes it more challenging to prove what was said</li> <li>• Time consuming/expensive – employees are taken away from their normal job roles to attend the meeting</li> <li>• Challenging to arrange a time when all employees can attend – some employees work shifts (e.g. in stores that open 24 hours per day) and others may work part-time, so there may be some employees who will be unable to attend a specific time. The meeting may need to be repeated to enable all invited staff to attend</li> </ul> <p><b>Exemplar response:</b> There may be lots of people in the meeting <b>(1)</b> so it may make it challenging to ensure information about Christmas promotions are understood by all staff. <b>(1)</b> This may lead to staff not knowing about what promotions are which may lead to poor customer service and loss of customers. <b>(1)</b></p> <p style="text-align: right;">ARA</p>	<b>3</b> AO1b 1 AO2 1 AO3a 1	1 mark for understanding a disadvantage to a business of communicating important information at a meeting  1 further mark for application of a disadvantage for Boots UK of communicating important information at a meeting  1 further mark for analysis of a disadvantage for Boots UK of communicating important information at a meeting
16	e	<p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• The employee will only need to be paid when the business is busy</li> <li>• Easier to recruit employees (who want this sort of flexibility)</li> <li>• Can check on a potential employee before offering a permanent position.</li> <li>• Helps to fill a short-term lack of staff.</li> </ul> <p style="text-align: right;">ARA</p>	<b>1</b> AO1a 1	1 mark for identification of an advantage of employing temporary employees during busier periods

Question			Answer	Marks	Guidance
16	e	(ii)	<p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• There may not be suitably qualified/skilled employees looking for work when needed</li> <li>• The employees may lack commitment/motivation</li> <li>• It may be costly to train a temporary employee for a relatively short employment contract</li> <li>• Quality may be affected.</li> </ul>	<p>1 AO1a 1</p> <p><b>ARA</b></p>	<p>1 mark for identification of a disadvantage of employing temporary employees during busier periods</p>
16	e	(iii)	<p><b>Application may include:</b></p> <ul style="list-style-type: none"> <li>• Boots UK deal with medical &amp; health products</li> <li>• Boots UK is a customer facing business</li> <li>• Boots UK is part of a global business</li> <li>• Staff may be part-time or full-time</li> </ul> <p><b>Analysis may include:</b></p> <ul style="list-style-type: none"> <li>• There will be a need for training given the nature of Boots UK business</li> <li>• Temporary staff may be more likely to leave at short notice leading to both monetary and non-monetary costs for Boots UK</li> <li>• Permanent staff may provide better customer service leading to better sales or customer retention</li> <li>• Temporary staff may take up more of a manager's time which may be an issue during busy periods</li> </ul> <p><b>Evaluation may include:</b></p> <ul style="list-style-type: none"> <li>• A judgement that Boots UK should continue to use temporary employees during its busiest periods with justification</li> <li>• A judgement that Boots UK should not continue to use temporary employees during its busiest periods with justification</li> <li>• A judgement covering both sides from different perspectives (e.g. Boots UK should for certain job roles/tasks but not for other job roles/tasks) with justification</li> </ul>	<p>7 AO2 2 AO3a 2 AO3b 3</p>	<p><b>Use Levels of Response criteria</b></p> <p>All level descriptors describe the <b>TOP</b> of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</p> <p><b>Level 3 (5-7 marks)</b> (AO2 – 2 marks, AO3a – 2 marks, AO3b – 3 marks)</p> <p><b>Good</b> application of knowledge and understanding of business concepts and issues in the context of Boots UK. There is a detailed understanding of the relevant elements of the scenario (AO2). There are no additional marks available for application above those achieved at level 2.</p> <p><b>Good</b> analysis of business information, and/or issues to demonstrate understanding of the use of temporary employees by Boots UK to support its operations during its busiest period. There is a deconstruction of relevant information and/or issues to find connections and to provide logical chains of reasoning (AO3a).</p> <p><b>Strong</b> evaluation of business information and</p>

Question		Answer	Marks	Guidance
		<p><b>Exemplar response:</b></p> <p>Boots UK may continue to employ temporary employees as it provides extra human resources during busy periods to cope with extra demand (AO2). However, the staff recruited may not be trained and therefore cannot support Boots UK with the tasks required, e.g. offer medical advice at the pharmacy counter (AO2). Permanent staff are more flexible and able to support a wider range of tasks as they have encountered a wider range of situations during their employment (AO3a).</p> <p>However, temporary staff may lack commitment and be unreliable (AO2) which could cause more problems for Boots UK's managers during their busy periods (AO3a). For example, a temporary employee may suddenly get a permanent job and leave Boots UK without any notice. This can result in the store being short-staffed and may lead to customer complaints and customers may go to rival retailers which could reduce the business's sales revenue and profitability.</p> <p>On balance, although temporary employees offer extra support for Boots UK during its busiest periods, I feel that the resources required to effectively manage them, deal with any unreliability and ensure that they are trained to offer customers a good level service is not worth the effort. I therefore feel that Boots UK should stop employing temporary employees from September to December each year (AO3b). I feel that permanent staff are more committed, and Boots UK should employ more permanent part-time employees. During the busy times of year Boots UK could then increase their hours on a temporary basis instead of employing temporary employees. (AO3b).</p>		<p>issues to demonstrate understanding of the use of temporary employees by Boots UK during its busiest period. A judgement is made and conclusions are drawn that are fully justified and which draw on underpinning knowledge and understanding (AO3b).</p> <p><b>Level 2 (3-4 marks)</b> (AO2 – 2 marks, AO3a – 1 mark, AO3b – 1 mark)</p> <p><b>Good</b> application of knowledge and understanding of business concepts and issues in the context of Boots K. There is a detailed understanding of the relevant elements of the scenario (AO2).</p> <p><b>Limited</b> analysis of business information, and/or issues to demonstrate understanding of the use of temporary employees by Boots UK during its busy period. There are some relevant chains of reasoning such as simple statements of cause and consequence (AO3a).</p> <p><b>Limited</b> evaluation of the use of temporary employees by Boots UK during its busy period which attempts to form a conclusion which shows some recognition of influencing factors (AO3b).</p> <p><b>Level 1 (1-2 marks)</b> (AO2 – 1 mark, AO3a – 1 mark)</p> <p><b>Limited</b> application of knowledge and understanding of business concepts and issues</p>

Question	Answer	Marks	Guidance
			<p>in the context of Boots UK. There is some use of relevant elements of the scenario (AO2).</p> <p><b>Limited</b> analysis of business information, and/or issues to demonstrate understanding of the use of temporary employees by Boots UK during its busy period. There are some relevant chains of reasoning such as simple statements of cause and consequence (AO3a).</p> <p><b>No</b> evaluation of Boots UK's use of temporary employees during its busiest periods.</p> <p><b>0 marks</b> – no response or not response worthy of credit.</p> <p>Responses can recommend either that Boots UK should or should not continue to use temporary employees during its busiest periods and still be awarded full marks.</p> <p>There are no marks for an unsupported judgement.</p>

Question		Answer	Marks	Guidance
17	a (i)	<b>Answers may include:</b> <ul style="list-style-type: none"> <li>Profit</li> <li>Growth, e.g. to get bigger/have more shops</li> <li>Market share</li> <li>Survival</li> <li>Providing good service</li> </ul>	<b>2</b> AO1a 2  <b>ARA</b>	1 mark for the identification of an objective up to a maximum of 2 marks.
17	a (ii)	<b>Answers may include:</b> <ul style="list-style-type: none"> <li>Once established a business like The Works may have ambitions to aim for greater profits, whereas Saranne's business which is starting out is likely to strive to simply survive the first few months.</li> </ul>	<b>2</b> AO2 2  <b>ARA</b>	1 mark for application of different business objectives for The Works and Saranne.  1 further mark for explanation of how the objectives of an established business may be different to those of a business starting up.  Both marks require implicit or explicit context.
17	b	<b>Answers may include:</b> <ul style="list-style-type: none"> <li>Financial, e.g. loss of money</li> <li>Health of the entrepreneur from stress involved with starting a new business</li> <li>Nobody may be interested in the business idea</li> <li>Additional competition</li> </ul>	<b>1</b> AO1a 1  <b>ARA</b>	1 mark for the identification of an appropriate risk for an entrepreneur
17	c	<b>Answers may include:</b> <ul style="list-style-type: none"> <li>Discrimination</li> <li>Right to a contract</li> <li>Hours of work</li> </ul> <b>Exemplar response:</b> Employers must ensure that all applicants enjoy equality of opportunity (1). Saranne has limited experience of employment legislation and she must ensure that potential employees are not treated differently due to their ethnic origin (1). Therefore, Saranne must plan recruitment/selection activities so that they do not give any one group an unfair advantage (1).	<b>3</b> AO1b 1 AO2 1 AO3a 1  <b>ARA</b>	1 mark for understanding of employment legislation impacting on the recruitment of new staff  1 further mark for application of employment legislation on the recruitment of new staff  1 further mark for analysis of the impact of employment legislation on the recruitment of new staff

Question		Answer	Marks	Guidance
17	d	<p>£15,000 profit during the first year of trading  <math>5\% = £750</math> (1)</p> <p><math>£750 / 3 \text{ employees} = £250 \text{ each}</math> (1)</p> <p><math>£12,000 + £250 = £12,250</math> (1)</p> <p>Answer = <u>£12,250</u></p>	<p><b>3</b>            AO2 3</p> <p><b>OR</b></p>	<p>1 mark for correct calculation of 5% share of the profits made</p> <p>1 mark for correct calculation of division of profit share amongst the three employees</p> <p>1 mark for calculation of total pay plus the profit share bonus</p> <p>3 marks for correct answer, with or without working.</p>
17	e	<p><b>(i)</b></p> <p><b>Understanding may include:</b></p> <ul style="list-style-type: none"> <li>Examples of praise such as 'worker of the month', letter of commendation, recognition of effort in front of others</li> </ul> <p><b>Application may include:</b></p> <ul style="list-style-type: none"> <li>The retail nature of the business</li> <li>Only having 3 employees</li> <li>The level of competition in the market</li> <li>Saranne is a new entrepreneur</li> </ul> <p><b>Analysis may include:</b></p> <ul style="list-style-type: none"> <li>Benefits to Saranne's business</li> <li>The impact on the employee</li> </ul> <p><b>Exemplar response:</b>            Saranne could introduce a 'worker of the month' award (AO1b). This could be given to a worker who has designed an eye-catching window display for the book store (AO2). This would motivate other workers to do better displays in the future which would help to attract more customers in the future (AO3a).</p>	<p><b>3</b>            AO1b 1            AO2 1            AO3a 1</p> <p><b>ARA</b></p>	<p>1 mark for understanding of the use of praise to motivate staff.</p> <p>1 further mark for application of the use of praise by Saranne to motivate her staff.</p> <p>1 further mark for analysis of the use of praise by Saranne to motivate her staff.</p>

Question		Answer	Marks	Guidance
17	e (ii)	<p><b>Understanding may include:</b></p> <ul style="list-style-type: none"> <li>Examples of bonuses such as a financial payment for effort, time off for good work, team-based bonuses, staff nights out.</li> </ul> <p><b>Application may include:</b></p> <ul style="list-style-type: none"> <li>The retail nature of the business</li> <li>Only having 3 employees</li> <li>The level of competition in the market</li> <li>Saranne is a new entrepreneur/small business</li> </ul> <p><b>Analysis may include:</b></p> <ul style="list-style-type: none"> <li>Benefits to Saranne's business</li> <li>The impact on the employee</li> </ul> <p><b>Exemplar response:</b> Bonuses involve offering an employee a monetary reward for doing something well/positive/meeting targets (<b>AO1b</b>). For example, an employee may receive a bonus if they sell over 50 books per week (<b>AO2</b>). This results in the employee working harder to sell more books in order to receive more pay (<b>AO3a</b>).</p>	<b>3</b> AO1b 1 AO2 1 AO3a 1	1 mark for understanding of the use of bonuses to motivate staff.  1 further mark for application of the use of bonuses by Saranne to motivate her staff.  1 further mark for analysis of the use of bonuses by Saranne to motivate her staff.
17	e (iii)	<p><b>Evaluation may include:</b></p> <ul style="list-style-type: none"> <li>A judgement that Saranne should use praise as the most effective method of motivation</li> <li>A judgement that Saranne should use bonuses as the most effective method of motivation</li> </ul> <p><b>Exemplar response:</b> Some employees are not motivated by financial rewards and value non-financial rewards more, e.g. praise. <b>(1)</b> Individualised motivational efforts are most effective as they can be tailored to the individual work/efforts of each employee and can also be offered instantly throughout the year. <b>(1)</b> I therefore feel that praise is the most effective way to motivate staff as it is the most flexible method and can be instantly offered by a manager to recognise good work <b>(1)</b>.</p>	<b>3</b> AO3b 3	1 mark for a judgement with limited justification which shows some appraisal of relevant information and/or issues OR 2 marks for a judgement with good justification which shows appraisal of relevant information and/or issues OR 3 marks for a judgement with strong justification which shows detailed appraisal of relevant information and/or issues

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18	a	<p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Can share workload and decision making</li> <li>• May benefit from complementary/diverse skills and experiences</li> <li>• Can raise more capital than a sole trader</li> <li>• Less formalities/paperwork than setting up a limited company</li> </ul> <p><b>Exemplar response:</b></p> <p>Jayda and Rory each bring diverse skills and experiences to the business from other job roles (<b>AO1b</b>). The various tasks can be shared amongst the partners so as to make the most of each partners' strengths, e.g. Jayda can do the marketing and Rory can look after the financial elements (<b>AO2</b>). This will increase the chances of success and improved performance (<b>AO3a</b>).</p> <p style="text-align: right;"><b>ARA</b></p>	<b>6</b> AO1b 2 AO2 2 AO3a 2	1 mark for understanding of a benefit of a partnership, up to a maximum of 2 marks  1 further mark for application of a benefit of a partnership to the owners, up to a maximum of 2 marks  1 further mark for analysis of a benefit of the business being set up as a partnership to the owners, up to a maximum of 2 marks
18	b	<p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Creativity ("new ideas")</li> <li>• Risk-taking ("not knowing what the future may bring")</li> <li>• Decisive ("have decided to set up")</li> </ul>	<b>1</b> AO2 1	1 mark for identification of a characteristic of an entrepreneur from Text 3  <b>NB:</b> The characteristic must be clearly stated or implied in the text to be rewarded.
18	c	<p><b>(i)</b></p> <p>Quantitative data:</p> <ul style="list-style-type: none"> <li>• Quantitative data is based on numbers or facts.</li> <li>• Quantitative data is typically easier to analyse than qualitative data</li> <li>• Can be used to create percentages, graphs and statistical information</li> <li>• Typically, quantitative data can incorporate responses from a larger number of respondents than qualitative</li> </ul> <p><b>Exemplar response:</b></p> <p>Quantitative data will provide Rory and Jayda with numerical data, e.g. predicted sales data, which will be relatively easy to analyse (<b>AO1b</b>). The data can be transferred to a table as can be seen with price and sales data (<b>AO2</b>). The data is less likely to suffer human bias and so</p>	<b>6</b> AO1b 2 AO2 2 AO3a 2	1 mark for understanding of a benefit of quantitative data  1 further mark for application of a benefit of a quantitative data to the owners  1 further mark for analysis of a benefit of quantitative data to the owners

Question		Answer	Marks	Guidance
		<p>will help the owners to make more accurate decisions (<b>AO3a</b>).</p> <p>Qualitative data:</p> <ul style="list-style-type: none"> <li>Qualitative data is based on the opinions of the respondents.</li> <li>Can offer more in-depth information than quantitative data</li> </ul> <p><b>Exemplar response:</b></p> <p>Qualitative data can learn more about opinions (<b>AO1b</b>). This will provide independent comments such as those comparing their idea with Burgerz4U (<b>AO2</b>). This may help Rory and Jayda to improve the product they offer their customers (<b>AO3a</b>).</p>	ARA	<p>1 mark for understanding of a benefit of qualitative data</p> <p>1 further mark for application of a benefit of a qualitative data to the owners</p> <p>1 further mark for analysis of a benefit of qualitative data to the owners</p>
18	c	<p><b>Answer may include:</b></p> <p>A judgement over which type of data is likely to be most useful when setting up a new business with justification, i.e.</p> <ul style="list-style-type: none"> <li>Quantitative data is likely to be most useful when setting up a new business</li> <li>Qualitative data is likely to be most useful when setting up a new business</li> </ul> <p><b>Exemplar responses:</b></p> <p>Quantitative data is likely to be of most use as it will be quick and easy to look at numerical data and make decisions (<b>1 mark</b>).</p> <p>Quantitative data is likely to be of most use as it will be quick and easy to look at numerical data and make decisions. The owners will have a lot of important tasks to do when setting up a new business, so simplicity is crucial (<b>2 marks</b>).</p> <p>Quantitative data is most useful as this will make the restaurant a success. However, this depends on whether Rory and Jayda can accurately interpret the data. Therefore, a combination of quantitative and qualitative data may be the most useful when setting up Green</p>	3 AO3b 3	<p>1 mark for a judgement with limited justification which shows some appraisal of relevant information and/or issues</p> <p>OR</p> <p>2 marks for a judgement with good justification which shows appraisal of relevant information and/or issues</p> <p>OR</p> <p>3 marks for a judgement with strong justification which shows detailed appraisal of relevant information and/or issues</p>

Question		Answer	Marks	Guidance
		<p><b>Cuisine (3 marks).</b></p> <p>Qualitative data is most useful because this will make the restaurant a success <b>(1 mark).</b></p> <p>Qualitative data is likely to be most useful. As the business is not yet established it will not yet have a customer base so the owners need as much detailed data as possible to understand the reasons behind customer views <b>(2 marks).</b></p> <p>There is a lot of risk involved with decisions surrounding a new business, so qualitative data is likely to be of most benefit because it explores the opinions of the customers. The more information that can be obtained the lower the risk of failure <b>(3 marks).</b></p> <p style="text-align: right;"><b>ARA</b></p>		
18	d	<p><b>Answers may include:</b></p> <p>Cost-plus pricing is a strategy where the business looks at the cost to make the product and add the profit that they wish to make.</p> <p>Advantages of cost-plus pricing:</p> <ul style="list-style-type: none"> <li>• The pricing strategy ensures that a profit should always be made providing that enough meals are sold</li> <li>• The business owners are in full control of the profit margin achieved</li> <li>• A relatively simple way to set the price to charge</li> </ul> <p>Drawbacks of cost-plus pricing:</p> <ul style="list-style-type: none"> <li>• The price is set without consideration of any external factors, e.g. competitor prices or customers' ability/willingness to pay the price</li> <li>• The cost of producing the product may change frequently and therefore the price charged continually fluctuates</li> <li>• It may be challenging to achieve a sustainable competitive advantage as rivals may set a price lower etc.</li> </ul>	<p><b>9</b></p> <p>AO1a 1 AO1b 1 AO2 2 AO3a 2 AO3b 3</p>	<p><b>Use Levels of Response criteria</b></p> <p>All level descriptors describe the <b>TOP</b> of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</p> <p><b>Level 3 (7-9 marks)</b> (AO1a &amp; b – 2 marks, AO2 – 2 marks, AO3a – 2 marks, AO3b – 3 marks)</p> <p><b>Good</b> knowledge and understanding of cost-plus pricing and how it effective such a strategy may be (AO1a &amp; b). <i>There are no additional marks available for knowledge and understanding above those achieved at Level 2.</i></p> <p><b>Good</b> application of knowledge and understanding of business concepts and issues to the context of Jayda and Rory's business</p>

Question	Answer	Marks	Guidance
	<p><b>Exemplar response:</b></p> <p>Cost-plus pricing can help Jayda and Rory ensure that they generate a specific level of profit on each product sold (AO1a) which is important for a new business. Jayda and Rory know the total cost of each meal and can easily add 10% to these costs to calculate the price. From the market research they forecast that they will sell 100 meals so therefore make a profit of £120 which can help them to budget effectively. The market is competitive, though, and there is a risk that competitors will quickly adapt their prices to tempt customers to their products instead (AO2). Cost-plus pricing is therefore challenging to achieve a competitive advantage, unlike penetration pricing for instance (AO3a). I therefore feel that cost-plus pricing is not an effective way that Jayda and Rory can price their products because they are setting up a new business and gaining a competitive advantage is vital to ensure that they win customers over other local rivals, such as the fast food restaurant (AO3b). Other pricing strategies, e.g. penetration pricing would offer more flexibility and acknowledge competitors' actions.</p> <p>NB: An answer <b>MUST</b> make use of the data in Text 3 to advance into Level 3 (7-9 marks).</p> <p>Candidates can score maximum marks irrespective of the judgement made, e.g. in support of or against cost-plus pricing.</p>		<p>(including data in Text 3). There is a detailed understanding of the relevant elements of the scenario (AO2). <i>There are no additional marks available for application above those achieved at level 2.</i></p> <p><b>Good</b> analysis of business information, and/or issues to demonstrate understanding of the cost-plus pricing, <b>with reference to the data in Text 3</b>. There is a deconstruction of relevant information and/or issues to find connections and to provide logical chains of reasoning (AO3a).</p> <p><b>Strong</b> evaluation of business information and issues to demonstrate understanding of the effectiveness of cost-plus pricing, <b>with reference to the data in Text 3</b>. A judgement is made and conclusions are drawn that are fully justified and which draw on underpinning knowledge and understanding (AO3b).</p> <p><b>Level 2 (4-6 marks)</b> (AO1a &amp; b – 2 marks, AO2 – 2 marks, AO3a – 1 mark, AO3b – 1 mark)</p> <p><b>Good</b> knowledge and understanding of cost-plus pricing and effective such a strategy may be (AO1a &amp; b).</p> <p><b>Good</b> application of knowledge and understanding of business concepts and issues to the context of Jayda and Rory's business. There is a detailed understanding of the relevant elements of the scenario (AO2).</p>

Question	Answer	Marks	Guidance
			<p><b>Limited</b> analysis of business information, and/or issues to demonstrate understanding of the effectiveness of a cost-plus pricing strategy. There are some relevant chains of reasoning such as simple statements of cause and consequence (AO3a).</p> <p><b>Limited</b> evaluation of the effectiveness of a cost-plus pricing strategy, which attempts to form a conclusion which shows some recognition of influencing factors (AO3b).</p> <p><b>Level 1 (1-3 marks)</b> (AO1a or b – 1 mark, AO2 – 1 mark, AO3a – 1 mark)</p> <p><b>Limited</b> knowledge and/or understanding of cost-plus pricing (AO1a or b).</p> <p><b>Limited</b> application of knowledge and understanding of business concepts and issues to the context of Jayda and Rory's business. There is some use of relevant elements of the scenario (AO2 – 1 mark).</p> <p><b>Limited</b> analysis of business information, and/or issues to demonstrate understanding of the effectiveness of a cost-plus pricing strategy. There are some relevant chains of reasoning such as simple statements of cause and consequence (AO3a – 1 mark).</p> <p><b>No</b> evaluation of the effectiveness of a cost-plus pricing strategy.</p>

Question	Answer	Marks	Guidance
			<p><b>0 marks</b> – no response or no response worthy of credit.</p> <p>There are no marks for an unsupported judgement.</p>