

# Meeting customer needs

Level: Pearson Edexcel Level 3 Advanced GCE

Subject: Business (9BS0)

Exam Board: Edexcel A level Business students for all boards

Topic: Meeting customer needs

Type: Mark Scheme

To be used by all students preparing for Pearson Edexcel Level 3  
Advanced GCE Business (9BS0)



# Mark Scheme

Q1.

Question Number	Indicative content	Mark
	<p><b>Knowledge 2, Application 2, Analysis 3, Evaluation 3</b></p> <ul style="list-style-type: none"><li>• Need to change the product mix.</li><li>• Need to do more market research.</li><li>• Market becoming more dynamic.</li><li>• More expensive materials or methods of production.</li></ul> <p><i>Potential counterbalance</i></p> <ul style="list-style-type: none"><li>• Depends on degree to which people want to purchase healthier snacks.</li><li>• Demand for regular crisps has still increased by 29%.</li><li>• 1000% revenue increase in air-dried apple crisps could be from a low base.</li><li>• Depends on the degree to which healthier crisps require different methods of production.</li></ul>	<b>(10)</b>



## EXAM PAPERS PRACTICE

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	5-6	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	7-10	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.



Q2.

Question Number	Indicative content	Mark
	<p><b>Knowledge 2, Application 2, Analysis 4, Evaluation 4</b></p> <ul style="list-style-type: none"><li>• Dynamic markets are those subject to rapid and fundamental change over a short time period</li></ul> <p>Consequences of a dynamic market</p> <ul style="list-style-type: none"><li>• New developments such as video subscriptions provide opportunities for Spotify to exploit new revenue streams as new customers are attracted</li><li>• Rapid change might allow businesses such as Spotify to become more niche and focus on higher-end customers, such as those prepared to pay for immersive Virtual Reality experiences</li><li>• New means of listening are evolving from smartphones to home systems such as Amazon Echo and Google Home – this creates new means of competing and new ways for customers to listen to music</li></ul> <p><i>Potential counterbalance</i></p> <ul style="list-style-type: none"><li>• The music streaming market is dynamic due to the change in product e.g. music, videos, virtual reality and this affects what Spotify offers its customers and this can increase product development costs</li><li>• Five new music subscription services launched between 2015 and 2017, but none of these have made a profit possibly because of the continuous marketing costs needed to compete in the dynamic market effectively with companies such as Apple</li></ul> <p><i>Potential judgement</i></p> <ul style="list-style-type: none"><li>• Apple and Google are able to operate their music streaming at a loss in order to gain new subscribers, whereas Spotify need to make a profit. This means that market research may be important for Spotify to be able to keep pace with the changes in this dynamic market.</li><li>• Spotify have only existed in this market since 2008 and the fact that they have the highest number of users in Europe and US suggest that they understand the nature of the market</li></ul>	<p>(12)</p>



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Level 4	9-12	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.



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Q3.

Question Number	Indicative content	Mark
	<p data-bbox="360 497 1189 526"><b>Knowledge 2, Application 2, Analysis 4, Evaluation 4</b></p> <ul data-bbox="406 566 1262 1198" style="list-style-type: none"><li data-bbox="406 566 1262 712">• Market positioning is an effort to influence consumer perception of a brand or product, relative to the perception of competing brands or products. It is achieved through product differentiation and adding value</li><li data-bbox="406 719 1262 824">• Emirates aims to position its airline at the higher price/higher quality end of the airline market, by investing in customer service and high quality aircraft</li><li data-bbox="406 831 1262 976">• Positioning effectively for Emirates allows it to charge customers a premium price, based on the reputation of the business and the strength of its brand, which may lead to higher profit margins</li><li data-bbox="406 983 1262 1198">• Positioning is important because it differentiates Emirates from competitors, which may offer customers a wide range of choice when booking tickets. Customers may be tempted by alternative carriers, such as British Airways, that emphasise other aspects, such as lower prices, convenience or speed.</li></ul>	





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	<p><i>Potential counterbalance</i></p> <ul style="list-style-type: none"><li>• When customers purchase airline tickets, other factors are important considerations, such as the routes that the airline offers. These should match the requirements of the customer if sales are to be maximised</li><li>• Speed of the journey and/or convenient flight times may be more of a consideration for some customers so they would be less influenced by Emirates offer of quality aircrafts / excellent customer service</li><li>• Current market positioning in luxury market is vulnerable to external shocks such as war or recession, so other factors such as security might be more important</li><li>• Ultimately, ticket price may be the most important factor – airline tickets are a large proportion of most consumers' travel budget and this may be particularly true for passengers paying for children or other relatives.</li></ul> <p><i>Potential judgement</i></p> <ul style="list-style-type: none"><li>• Emirates has a big focus on the business traveller, so market positioning is very important because this market is competitive and tends to be differentiated on the basis of quality and customer service. Businesses paying for their employees to travel are likely to want them to travel in comfort, so that they arrive in a position to work more effectively</li><li>• Image and positioning are less important than practical considerations for many customers. Customers travelling for leisure or long-haul, with family members, are more likely to be concerned with the price of airline tickets and the convenience of the schedule on offer.</li></ul>	<p>(12)</p>
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Q4.

Question Number	Indicative content	Mark
	<p data-bbox="459 497 1216 528"><b>Knowledge 2, Application 2, Analysis 3, Evaluation 3</b></p> <p data-bbox="395 595 1289 627"><b>Limitations of secondary market research to Jamie Oliver's:</b></p> <ul data-bbox="440 663 1251 1012" style="list-style-type: none"><li>• Can actually be expensive to purchase, e.g. Market intelligence reports (MINTEL reports cost in excess of £1,000)</li><li>• Difficult to guarantee accuracy, how current it is (Wikipedia), lack of bias, etc.</li><li>• Jamie Oliver's was a private limited company, so rivals such as Leon could have accessed information, like company accounts</li><li>• Not specific to JO's but rather tends to be general, so for example the behaviours of loyal JO's customers may not have been represented</li></ul> <p data-bbox="395 1043 730 1075"><i>Possible counter-balance</i></p> <ul data-bbox="440 1111 1251 1491" style="list-style-type: none"><li>• Available immediately and often relatively inexpensive (or free)</li><li>• Eating out market is dynamic, so up-to-date instant information may be crucial when planning changes to business operations or menus to reflect changing consumer tastes, e.g. growth in demand for vegan food; primary research takes time to collect, process and present</li><li>• Since rivals in the casual dining sector (e.g. Leon) are in the main private limited businesses or public limited companies, then accounts are available to enable comparison</li></ul> <p data-bbox="395 1527 660 1559"><i>Possible judgement</i></p> <ul data-bbox="440 1594 1251 1751" style="list-style-type: none"><li>• Depends very much on the purpose of the secondary research data collected. If it was to discover disposable incomes of potential customers, then it would have made sense for JO's to make use of free Government (National Statistics) market research.</li></ul>	<p data-bbox="1295 1738 1359 1769"><b>(10)</b></p>



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	<p style="text-align: center;"><b>Knowledge 2, Application 2, Analysis 3, Evaluation 3</b></p> <ul style="list-style-type: none"><li>• Added value is the difference between the price and the total cost of the inputs needed to create a product.</li><li>• It can be achieved by augmenting a core product, in this case by offering on-line booking facilities or larger luxury seats than standard seats in the auditorium.</li></ul> <p>Benefits to providing value-added through luxury seating:</p> <ul style="list-style-type: none"><li>• Enables cinemas to charge higher prices, for example to pay a premium for luxury seats, which should boost revenue and potentially profits.</li><li>• It gives the cinema another source of revenue from such things as refreshments of soft drinks and chocolate.</li><li>• It could improve cash-flow as on-line bookings will help to ensure that income from ticket sales is received in advance and non-refundable in the case of non-attendance.</li></ul> <p><i>Possible counterbalance</i></p> <ul style="list-style-type: none"><li>• Revenues may not increase from the sale of luxury seats if the Price Elasticity of Demand (PED) is price elastic. Furthermore, profits may not necessarily increase in the short run because the purchase and installation costs will need to be paid.</li><li>• Some customers may not be too concerned about the seating, but rather be influenced by the film on offer or other sources of value added such as the availability of hot food or confectionery</li></ul> <p><i>Possible judgement</i></p> <ul style="list-style-type: none"><li>• Adding value through luxury seating adds to the cinema visitor experience. Without which some customers may simply prefer to stay at home on their comfy sofas and access a movie through OTT.</li><li>• For new blockbuster movies the cinema will always attract customers so the added-value extra of luxury seats will not be needed as the film is only available to watch at the cinema.</li></ul>	<b>(10)</b>



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Q6.

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	<p><b>Knowledge 2, Application 2, Analysis 3, Evaluation 3</b></p> <ul style="list-style-type: none"><li>Quantitative research data is numerical.</li><li>Quantitative research data is often more easily collected and cheaper than qualitative research, through methods such as brief questionnaires or visits to potential competitors</li><li>Qualitative research data is collected to find out the motivations behind consumer behaviour.</li></ul> <p>Likely reasons could include:</p> <ul style="list-style-type: none"><li>Quantitative research data based on Great Yarmouth market stalls told Hot Chip that as much as 50% of sales was for chips only</li><li>This led Lord Somerleyton to believe there was a gap in the market for a chip-only fast food business.</li><li>Internal sales data told Hot Chip that chips on their own were initially popular, but then customers were requesting more adventurous toppings</li></ul> <p><i>Potential counterbalance</i></p> <ul style="list-style-type: none"><li>Qualitative data tends to provide more in-depth and valuable research information</li><li>For example, a focus group or consumer panel could be assembled in order to suggest new toppings and identify trends in customers' tastes in advance</li><li>Fast food customers may be concerned with the taste of their products, such as chips and this is more accurately researched through qualitative methods such as interviews and customer feedback forms</li></ul>	
	<p><i>Potential judgement</i></p> <ul style="list-style-type: none"><li>For a new business just starting, such as Hot Chip, quantitative research is the most straightforward and cheapest, particularly when the business has other set-up costs such as fitting restaurants and sourcing new ingredients</li><li>Qualitative research data provides more valuable data for a business such as Hot Chip, which has a specialist market niche and will not find broad quantitative data such as government statistics or competitors' sales information as useful or accessible.</li></ul>	<b>(10)</b>





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EXAM PAPERS PRACTICE

Q7.

Question Number	Answer	Mark
	<p style="text-align: center;"><b>Knowledge 1, Application 3</b></p> <p><b>QS2:</b> calculate, use and understand percentages and percentage changes <b>QS9:</b> interpret, apply and analyse information in written, graphical and numerical forms</p> <p><b>Knowledge: 1 mark</b> for</p> <ul style="list-style-type: none"><li>• Market share = sales of product or business/sales of whole market x 100 (mobile sales/e-commerce sales x 100)</li></ul> <p><b>Application: up to 3 marks</b> for</p> <ul style="list-style-type: none"><li>• Market share of mobile = <math>1.2\text{bn}/211.2\text{bn} \times 100 = 0.57\%</math> (2009) and <math>119\text{bn}/1519\text{bn} \times 100 = 7.83\%</math> (2015)</li><li>• Calculate percentage change = <math>7.83\% - 0.57\% = 7.26\%</math></li><li>• <math>7.26/0.57 \times 100 = 1273.68\%</math> (accept rounded up)</li></ul> <p>NB: If answer given is 1273.68% award 4 marks</p>	<b>(4)</b>



## EXAM PAPERS PRACTICE

Q8.

Question Number	Answer	Mark
	<p style="text-align: center;"><b>Knowledge 1, Application 3</b></p> <p>Quantitative skills assessed: <b>QS2:</b> Calculate, use and understand percentages and percentage change <b>QS9:</b> Interpret, apply and analyse information in written, graphical and numerical forms</p> <p><b>Knowledge: 1 mark for</b></p> <ul style="list-style-type: none"><li>Market share = value of sales of business (Nike)/total value of whole market x 100</li></ul> <p><b>Application: up to 3 marks</b></p> <ul style="list-style-type: none"><li>Nike sales = \$22.3bn in 2018</li><li>Total worldwide sports footwear sales = \$60.1bn (\$22.3+\$14.6+\$2.9+\$2.5+\$1.1+\$16.7)</li><li><math>22.3/60.1 \times 100 = 37.10\%</math></li></ul> <p><b>• If the answer given is 37.10% award 4 marks</b> <b>• If answer is not rounded to 2 decimal places (3 marks)</b> <b>• If answer does not indicate % (3 marks)</b></p>	<b>(4)</b>



## EXAM PAPERS PRACTICE

Q9.

Question Number	Answer	Mark
	<p style="text-align: center;"><b>Knowledge 1, Application 3</b></p> <p><b>QS2:</b> calculate, use and understand percentages and percentage changes <b>QS9:</b> interpret, apply and analyse information in written, graphical and numerical forms</p> <p><b>Knowledge: 1 mark for</b></p> <ul style="list-style-type: none"><li>• Change in value of sales = 2023 value - 2018 value</li></ul> <p><b>Application: up to 3 marks for</b></p> <ul style="list-style-type: none"><li>• 3% of £2 388m = £71.64m</li><li>• 5% of £2 734m = £136.7m</li><li>• The difference in value = £136.7m - £71.64m = £65.06m</li></ul> <p>NB: if the only answer given is £65.06m award 4 marks if answer is not given to 2 decimal places award 3 marks</p>	<b>(4)</b>

Q10.



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Question Number	Answer	Mark
	<p style="text-align: center;"><b>Knowledge 1, Application 3</b></p> <p><b>QS2:</b> calculate, use and understand percentages and percentage changes <b>QS9:</b> interpret, apply and analyse information in written, graphical and numerical forms</p> <p><b>Knowledge: 1 mark</b> for an understanding of how to calculate</p> <ul style="list-style-type: none"><li>• Number of people in 2016 - number of people in 2015 / number of people in 2015</li></ul> <p><b>Application: up to 3 marks</b> for</p> <ul style="list-style-type: none"><li>• Market growth from 2015 to 2016 is 0.25bn people (3.75bn-3.5bn)</li><li>• Calculate percentage change = <math>0.25/3.5 \times 100 = 7.14\%</math> (2dp)</li><li>• Percentage growth in air passenger demand was 6.7% (extract A), (7.14 - 6.7) so difference is 0.44% points. Accept 1 d.p. i.e. 0.4%</li></ul> <p>NB if the candidate only writes 0.44%, then award 4 marks.</p>	<b>(4)</b>



Q11.

Question Number	Answer	Mark
	<p style="text-align: center;"><b>Knowledge 1, Application 3</b></p> <p>Quantitative skills assessed: <b>QS2:</b> Calculate, use and understand percentages and percentage change <b>QS9:</b> Interpret, apply and analyse information in written, graphical and numerical forms</p> <p><b>Knowledge: 1 mark for</b></p> <ul style="list-style-type: none"><li>• Total McDonald's = Franchise owned + McDonald's owned</li></ul> <p><b>Application: up to 3 marks</b></p> <ul style="list-style-type: none"><li>• <math>198 + 533 = 731</math>; <math>384 + 584 = 968</math></li><li>• <math>968 - 731 = 237</math></li><li>• <math>237/731 \times 100 = 32.42\%</math> growth</li></ul> <p>NB: if the only answer given is 32.42% award 4 marks if answer is not rounded to 2 decimal places award 3 marks</p>	<b>(4)</b>



Q12.

Question Number	Answer	Mark
	<p style="text-align: center;"><b>Knowledge 1, Application 3</b></p> <p><b>QS2:</b> calculate, use and understand percentages and percentage changes <b>QS9:</b> interpret, apply and analyse information in written, graphical and numerical forms</p> <p><b>Knowledge: 1 mark</b> for</p> <ul style="list-style-type: none"><li>• Market growth = increase in sales/original sales x 100</li><li>• Difference in percentage growth = 2019-2020 - 2010-11 percentage growth.</li></ul> <p><b>Application: up to 3 marks</b> for</p> <ul style="list-style-type: none"><li>• Market growth from 2019 to 2020 is 17m subscribers (221.5m-204.5m)</li><li>• Calculate percentage change = <math>17\text{m}/204.5\text{m} \times 100 = 8.31\%</math> (2dp)</li><li>• Difference in growth between 2010-11 and 2019-20 = <math>62.34\% - 8.31\% = 54.03</math> or <math>54.03\%</math> (2dp)</li></ul> <p>NB: if the answer given is 54.03 or 54.03% award 4 marks if the candidate calculates 2010 - 2011 percentage change as 62.3376 and answer given is 54.02 or 54.02% award 4 marks if answer is not rounded to 2dp award 3 marks</p>	<b>(4)</b>





## EXAM PAPERS PRACTICE

Q13.

Question Number	Answer	Mark
	<p style="text-align: center;"><b>Knowledge 1, Application 2, Analysis 1</b></p> <p><b>Knowledge: 1 mark</b> for understanding what is meant by a dynamic market, e.g.</p> <ul style="list-style-type: none"><li>• a market that is subject to rapid/continuous change.</li></ul> <p><b>Application: up to 2 marks</b> for contextualised examples, e.g.</p> <ul style="list-style-type: none"><li>• video games consoles are a technological product/technology advances at a rapid rate</li><li>• competitors such as Nintendo Wii or Microsoft Xbox will be continually launching new products.</li></ul> <p><b>Analysis: 1 mark</b> for developing a reason/cause/consequence of operating in a dynamic market, e.g.</p> <ul style="list-style-type: none"><li>• video games consoles will therefore require large amounts of investment in design</li><li>• therefore it is easy to lose market share.</li></ul>	<b>(4)</b>

Q14.

Question Number	Answer	Mark
	<p style="text-align: center;"><b>Knowledge 1, Application 2, Analysis 1</b></p> <p><b>Knowledge: 1 mark</b> for understanding what is meant by niche market, e.g.</p> <ul style="list-style-type: none"><li>• it is a small, specialised market segment.</li></ul> <p><b>Application: up to 2 marks</b> for contextualised examples, e.g.</p> <ul style="list-style-type: none"><li>• lack of economies of scale in the purchase of silk and British Shetland wool</li><li>• the number of customers for £80 000 beds may be too few.</li></ul> <p><b>Analysis: 1 mark</b> for developing a disadvantage of operating in a niche market, e.g.</p> <ul style="list-style-type: none"><li>• resulting in higher unit costs</li><li>• therefore each bed will require a high profit margin.</li></ul>	<b>(4)</b>



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Q15.

Question Number	Answer	Mark
	<p style="text-align: center;"><b>Knowledge 1, Application 2, Analysis 1</b></p> <p><b>Knowledge/understanding: 1 mark</b> for understanding what is meant by adding value</p> <ul style="list-style-type: none"><li>• Adding value is the process of turning factor inputs into something that will sell for more than it costs</li><li>• Developing a USP is one way to add value</li></ul> <p><b>Application: up to 2 marks</b> for e.g.</p> <ul style="list-style-type: none"><li>• Hand-packed confectionery</li><li>• Traditional flavours</li></ul> <p><b>Analysis: 1 mark</b> for e.g.</p> <ul style="list-style-type: none"><li>• This gives retailers/customers greater convenience and as a result they may be prepared to pay a higher price to Bon Bon's</li></ul>	<b>(4)</b>

Q16.

Question Number	Answer	Mark
	<p style="text-align: center;"><b>Knowledge 1, Application 2, Analysis 1</b></p> <p><b>Knowledge/understanding: 1 mark</b> for understanding what is meant by product orientation, or one way product orientation is important</p> <ul style="list-style-type: none"><li>• The business concentrates on the production process and designing the product, then trying to sell it to the customer</li><li>• Product orientation is important as it reduces the need for a business to carry out market research</li></ul> <p><b>Application: up to 2 marks</b> for e.g.</p> <ul style="list-style-type: none"><li>• Rolex focuses on quality in marketing</li><li>• Products made by skilled craftspeople</li><li>• Rolex has built a global reputation for luxury</li></ul> <p><b>Analysis: 1 mark</b> for e.g. This approach is important because customers purchase on the basis of this quality and brand image, rather than Rolex adapting to customers' needs.</p>	<b>(4)</b>



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Q17.

Question Number	Answer	Mark
	<p style="text-align: center;"><b>Knowledge 1, Application 2, Analysis 1</b></p> <p><b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p> <p><b>Knowledge/understanding: 1 mark</b> for understanding the limitations of secondary market research data, e.g.</p> <ul style="list-style-type: none"><li>• The data is collected by an organisation for general use</li></ul> <p><b>Application: up to 2 marks</b> for contextualised example, e.g.</p> <ul style="list-style-type: none"><li>• Data is from 2016</li><li>• Data is 3 years old</li><li>• Consumers aged 40–59 account for 63.2% of coffee consumption in the USA</li></ul> <p><b>Analysis: 1 mark</b> for explaining a limitation of the secondary market research data, e.g.</p> <ul style="list-style-type: none"><li>• The demographic information may have changed, potentially making it inaccurate/less useful</li></ul>	<b>(4)</b>

Q18.

Question Number	Indicative content	Mark
	<p><b>Knowledge 2, Application 2, Analysis 4, Evaluation 4</b></p> <ul style="list-style-type: none"><li>• Lack of economies of scale.</li><li>• Fewer resources to compete with market leader (Walkers).</li><li>• Less brand recognition.</li><li>• Inability to compete on price.</li><li>• More vulnerable to failure.</li></ul> <p><i>Potential counterbalance</i></p> <ul style="list-style-type: none"><li>• Economies of scale are not crucial in a niche market.</li><li>• Walkers operates in a different market segment.</li><li>• Strong branding may allow a premium to be charged.</li><li>• Adapt to changes/opportunities in the market.</li><li>• Unlikely to suffer diseconomies of scale.</li></ul>	<b>(12)</b>



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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	5-8	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	9-12	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.



## EXAM PAPERS PRACTICE

Q19.

Question Number	Answer	Mark
	<p style="text-align: center;"><b>Knowledge 1, Application 2, Analysis 1</b></p> <p><b>Knowledge: 1 mark</b> for understanding what is meant by market orientation, e.g.</p> <ul style="list-style-type: none"><li>• the consumer is the most important factor when providing products.</li></ul> <p><b>Application: up to 2 marks</b> for contextualised examples, e.g.</p> <ul style="list-style-type: none"><li>• beds are handcrafted around individual needs</li><li>• Vi-Spring produce one of the world's most expensive beds.</li></ul> <p><b>Analysis: 1 mark</b> for developing a reason/cause/consequence of the high level of market orientation, e.g.</p> <ul style="list-style-type: none"><li>• therefore Vi-Spring are able to charge high premium prices for their beds</li><li>• makes it more difficult for competitors to enter this market.</li></ul>	<b>(4)</b>



EXAM PAPERS PRACTICE

Q20.

Question Number	Answer	Mark
(a)	<p style="text-align: center;"><b>Knowledge 1, Application 2, Analysis 1</b></p> <p><b>Knowledge/understanding: 1 mark</b> for</p> <ul style="list-style-type: none"><li>• For understanding what is meant by product differentiation, e.g. the extent to which consumers perceive one product as being distinctive from its rivals.</li></ul> <p><b>Application: Up to 2 marks</b> for contextualised example, e.g.</p> <ul style="list-style-type: none"><li>• Adidas differentiates itself using its NEO fashion brand</li><li>• Adidas is using floral prints to respond to trends</li><li>• Adidas uses the three stripe branding and logo</li></ul> <p><b>Analysis: 1 mark</b> for developing reason/cause/consequence of product differentiation e.g.</p> <ul style="list-style-type: none"><li>• Product differentiation attracts customers to Adidas as customers see that they are getting a more attractive product to that sold by competitors such as Nike</li></ul>	<b>(4)</b>