

## Teacher Resource Bank

GCE Business Studies

Exemplar Response and Commentary

BUSS4 January 2010



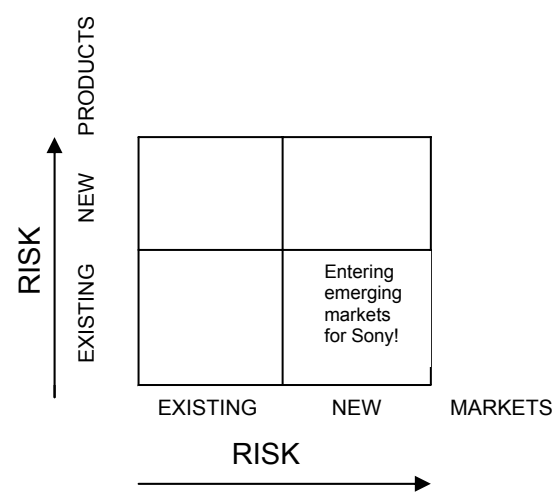
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**GCE Business Studies**

Exemplar Response and Commentary to BUSS4 January 2010 Question Paper.  
Please note that the candidate's response has been typed exactly as it was written.

<b>Question One</b>	
<b>AOs</b>	<b>Candidate Response</b>
<b>Content</b>	Sony's objective is to increase annual sales in the BRIC economies to 2000 billion yen in 2010. The BRIC economies are Brazil, Russia, India and China which are all currently emerging markets. Emerging markets are markets which GDP is rising rapidly which could allow these less economically developed countries (LEDCs) to become MEDCs (more economical developed countries). Research has shown that the BRIC economies could be the future for businesses.
<b>Application</b>	Sony are planning to target these emerging markets and this has proved to be successful, as of their competitors Microsoft did. Bill Gate's Microsoft decided to move production to China when it was releasing the Xbox (competitors against sony's computer entertainment industry) and were willing to lose \$100 per Xbox in regards to the advertisement budget (around \$2 billion) being so large. Microsofts reasoning behind this was to gain control of this market early on and improve on its current market share. This proved successful as on the release of the Xbox 360, they made outstanding profits which made the \$100 loss per original Xbox sold all worth it. If Sony were to follow in Microsofts marketing strategy for emerging markets they could adopt a similar approach to this. However if not executed right, could result in long-term damage for Sony.
<b>Content Application Analysis Evaluation</b>	By targetting emerging markets, it also allows for opportunities for their particular country (e.g. China). For example, if Sony were to open up a plant for production of their products, it will open up many job vacancies, and therefore lower China's employment rate. Sony already employees 180 500 people world wide and with a move to China (one of the economies of BRIC) this figure could dramatically increase. Mcdonalds is an example of a company who came to China and employeeed thousands of people for their company. Also this isn't the only positive opportunity to come when entering an emerging market. Sony could offer training to employees, as many of Sony's job require a relatively high level of skill, so not only are employees (e.g. in China) going to have a job, but will gain valuable skills from it too.
<b>Content Application Evaluation</b>	
<b>Analysis</b>	Brazil and China's annual income (equivalent to £7,000 and £3,000 respectively) isn't high at all. Therefore Sony could gain from this and find themselves with lower labour costs and this should ultimately increase overall profits and help them get closer to their target of 2000 billion yen in 2010. China is still classified as poverty stricken, so therefore only earn less than \$1 per day. If Sony were to target an emerging market, then they could pay their employees more than this but still less than the average wage in the UK, US or China, another positive for the emerging markets (China and Brazil). However, as China's and Brazil's average annual income is so low, this does mean that the aimed customers in these countries don't have the disposable income available to purchase Sonys products (as all their products available, DVD players, Flat screen TVs,

<p>Application Analysis Evaluation</p>	<p>Cameras) are seen as luxury goods in which they can't afford. So even though production of their products could stay at a relatively low cost in comparison to UK, USA and Japan. Sales may not increase and therefore don't reach their target of 2000 billion yen for 2010.</p> <p>Another thing which Sony may have a problem with when targetting an emerging market is the Risk involved. Even though it's not necessarily new products, the market to them will be new and therefore increase the chances of failure.</p>
<p>Content Evaluation</p>	 <p>The diagram is Ansoff's Matrix, a 2x2 grid. The vertical axis is labeled 'RISK' and has two levels: 'EXISTING' at the bottom and 'NEW PRODUCTS' at the top. The horizontal axis is also labeled 'RISK' and has two levels: 'EXISTING' on the left and 'NEW MARKETS' on the right. The four quadrants are: top-left (New Products, Existing Markets), top-right (New Products, New Markets), bottom-left (Existing Products, Existing Markets), and bottom-right (Existing Products, New Markets). The bottom-right quadrant contains the text 'Entering emerging markets for Sony!'.</p>
<p>Application Evaluation</p>	<p>As you can see, according to Ansoffs Matrix (how much risk is involved when entering a new market or producing a new product). It's a fairly risky strategy. However as previous companies have shown, Ford, Mcdonalds, Starbucks, Microsoft, even though the risk may be high, the rewards can be great. Sony are also at an advantage because their are similar markets doing what they propose to do (Microsoft and Toshiba).</p>
<p>Application</p>	<p>Sonys business strategy on entering these emerging markets in order to achieve their proposed target could work and deem rewards because BRIC economies (the emerging markets) have over 40% of the worlds population, which therefore means that there's a huge number of potential customers which Sony havent taken advantage of. For Sony to conquer these 40%, they will need to spend a lot on advertising the brand and therefore getting brand recognition around the BRIC economies. They could follow Da Beers marketing strategy in China where they pumped \$6 million in advertisement of modern weddings with white dresses, most importantly, the idea of a diamond ring signifying marriage. They did this via TV advertisement and Magazines, Internet etc. This then turned the population of China away from the traditional wedding views of red dresses and gifts of mur and gold into the more modern wedding, especially Diamonds. Da Beers accumulated \$1.4 Billion pounds worth of sales for diamonds alone in 2005. So this shows that with correct advertisement and penetration into these markets, the rewards could reach Sonys target of 2000 billion yen in 2010.</p>
<p>Application</p>	<p>To conclude, I believe that it would be a good business strategy for Sony to penetrate these emerging markets as the markets in the US, UK and Japan have satrated. Looking at the life cycle of Sony, the</p>

<p style="color: red; font-weight: bold;">Content</p>	<p>way to conquer a saturating market is for extension strategies, which in this case would be entering an emerging market (BRIC economies)</p> <div style="text-align: center;"> </div>
<p style="color: red; font-weight: bold;">Evaluation</p>	<p>Not only will they be in a market which hasn't saturated, but targeting emerging markets allows for more opportunities for the BRIC markets and will allow them to grow to (lower unemployment, train them etc etc). So overall I believe the risk worth taking into these emerging markets is worth the potential rewards which could come from it.</p>

	<b>Commentary</b>															
	<p><b>Para 1.</b> This is a good scene setting introduction outlying the nature of emerging markets. To develop it further it might have outlined some of the key arguments that were going to be used in the rest of the essay. Phrases such as “research has shown that” are rather vague - what research?</p> <p><b>Para 2.</b> This paragraph provides an interesting analysis of the strategy of a competitor and the potential implications of this for Sony. It highlights that short-term losses may be involved to gain market presence and longer term rewards. It makes a judgement that it depends how the strategy is executed.</p> <p><b>Para 3.</b> A slightly unusual paragraph focusing on the benefits of locating in emerging markets for the countries themselves. However, this could be considered to be a valid argument in relation to whether the strategy was a “good” one. The paragraph develops the benefits of job creation and training for local employees.</p> <p><b>Para 4.</b> This paragraph contains more analysis of the benefits for the countries of companies, such as Sony, locating there as well as the benefits of operating in a low cost economy. (Again this is looking at ‘good’ in terms of the overall impact of the decision to locate in these markets.)</p> <p><b>Para 5.</b> A developed argument about the effects of low income on demand for the type of products Sony produces and in terms of Sony hitting its target.</p> <p><b>Para 6.</b> In this paragraph, the candidate makes fairly good use of the Ansoff Matrix in the context of emerging markets. However, the potential benefits are also referred to and a judgement is made about the relative risk.</p> <p><b>Para 7.</b> This paragraph provides an analysis of the potential gains from markets of this size.</p> <p><b>Para 8.</b> A good use of product life cycle analysis and the need for Sony to have an extension strategy. This is pulled together in an evaluative conclusion.</p> <p>Overall a well structured and relevant answer.</p> <table data-bbox="443 1675 1342 1877"> <tr> <td><b>Content:</b></td> <td>Good understanding of relevant issues</td> <td><b>7/8</b></td> </tr> <tr> <td><b>Application:</b></td> <td>Good</td> <td><b>6/8</b></td> </tr> <tr> <td><b>Analysis:</b></td> <td>Reasonable</td> <td><b>6/10</b></td> </tr> <tr> <td><b>Evaluation:</b></td> <td>Reasonable</td> <td><b>9/14</b></td> </tr> <tr> <td><b>Total:</b></td> <td></td> <td><b>28/40</b></td> </tr> </table>	<b>Content:</b>	Good understanding of relevant issues	<b>7/8</b>	<b>Application:</b>	Good	<b>6/8</b>	<b>Analysis:</b>	Reasonable	<b>6/10</b>	<b>Evaluation:</b>	Reasonable	<b>9/14</b>	<b>Total:</b>		<b>28/40</b>
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Question Two	
AOs	Candidate Response
Content	Emerging markets are countries that have developing markets. Objectives are targets that a firm hopes to achieve.
Application	India's income per person is very low in comparison with the UK for example. Sony's products are those with high prices and would only be purchased by those with higher earnings per year. India, being a developing country does not have a minimum expected wage.
Analysis	Therefore business' tend to pay employees the cheapest they can, in order for staff to be motivated enough to work for them. If staff are not being paid enough, then people are going to spend money on living expenses rather than luxury goods like computer entertainment.
↓	
Evaluation	With such low income, India is a risky market to enter as people just do not have the money to spend. Although the population in India is very high, it doesn't mean however that sales of Sony's products will be higher.
Application	Another emerging market Russia, also holds similar problems. Income per head is higher in Russia than in India. However, still much lower than the UK and USA. Sales of Sony products in Russia are likely going to be higher than in India. This is because people have slightly better paid jobs, and more people have jobs in Russia.
Application	Russia being the biggest country and population in the EU, it holds a good chance of higher sales than India. With the population being higher, Sony are giving much more people the opportunity to buy their products. As income is still low per head in Russia, it still means Sony is at risk in this emerging market.
Evaluation	
Content/ Application	Brazil and China have similar income per head figures, this means Sony has a chance of sales in these areas. As Sony's objective is to increase annual sales in the BRIC economies, income may have a large effect on this. BRIC economies all have lower income per head than the UK for example. A lower income, means less potential customers for Sony as their products are luxury goods rather than essential items.
Application/ Content	Another factor that could prevent Sony from reaching its objective could be communication. BRIC economies speak very different languages, and Sony being an American company this could be crucial for them. Some languages like in China for instance are very hard to pick up. Sony will need to have employees that speak or know these languages in order to communicate with them. This will be expensive and very time consuming if they don't have employees to translate. Promotion in other countries in the BRIC economy will be difficult. This is because what might be socially expected in one country may be incorrect in others. Sony need to be aware of different language features of the BRIC economy, and to do this will need to communicate well with them.
Content	
Content	Another factor that could effect Sony when expanding in emerging markets is culture. Many countries have unique and different cultures and ways of living. For example, in the UK advertising a music player and using sexual features, eg kissing is acceptable. However, in a

<p>Application</p>	<p>country like India this would be seen as wrong. India take their religion and culture very seriously and therefore it is important that Sony do not offend them and cause a bad reputation for themselves. In past years, a car company named a new car model with a name which offended a particular country's culture. It is important that Sony do enough research and care into the emerging markets in order for them to succeed.</p>
<p>Evaluation</p>	<p>In conclusion I think income per head is the main barrier for companies like Sony to achieve their objectives. If potential customers do not have the money to spend on products/services then it is unlikely that sales will be high. After time, companies will be aware of culture and communication issues, as they can learn and develop skills of employees. Thus meaning companies are aware of language and cultural change, but without customers there will be no sales. Income per head is likely to be a large barrier for any company or market developing in BRIC economies, as if people don't have money then companies don't have sales.</p>
<p>Evaluation</p>	



	<b>Commentary</b>
	<p><b>Para 1.</b> This is not a very effective beginning to the essay. The definition of an emerging market is not very strong. Defining an objective is fine but as an opening paragraph little happens.</p> <p><b>Para 2.</b> The student refers to the low income in India but you might have expected some approximate figure for this or a comparison with eg the UK. The paragraph as a whole has a rather basic line of argument without much support, eg regarding the level of income or growth in India. It refers only to Sony rather than comparing this with other organisations or industries.</p> <p><b>Para 3.</b> This paragraph contains similar lines of argument and, once again, it is rather basic. The candidate states that the income per person is higher in Russia but still no data is provided on this. There is no discussion of eg demand for different products, the relative importance of other factors, the importance of the strategy adopted by a business or even how low incomes may be beneficial for business (eg in the case of outsourcing).</p> <p><b>Para 4.</b> Again similar arguments to ones used already and lacking any significant support. The candidate seems to lack much data on the BRIC economies and is struggling to develop an argument beyond “low income equals low sales; high income equals high sales”. There is very little reference back to the debate in the title.</p> <p><b>Para 5.</b> This paragraph makes a slightly surprising claim that Sony is an American company and generally is very basic demonstrating only low levels of skills. The level of insight into emerging markets is limited given that this is a pre-release theme. The student is not developing an argument in relation to the difficulties of doing business in these regions; the context and the level of insight is limited.</p> <p><b>Para 6.</b> Again a paragraph that lacks any depth; it is descriptive, rather vague at times and lacks development. Culture is indeed a key issue when trading abroad but there is not much analysis here.</p> <p><b>Para 7.</b> This is a very basic conclusion.</p> <p><b>Overall:</b> This essay is limited in relation to all the skills. There is no real depth of understanding, there is limited evidence of research, the analysis is basic and the judgements are not developed.</p> <p><b>Content: 2/8</b>  <b>Application: 3/8</b>  <b>Analysis: 2/8</b>  <b>Evaluation: 2/9</b></p> <p><b>Total: 9/40</b></p>

Question Three	
AOs	Candidate response 1
Content/ Application	The UK economy has recently hit an economic downturn and recession according to the business cycle but the country is now in recovery. The long term profits may have been affected by the businesses of actions during the recession.
Content/ Application	The first implication that could lead to a reduction in businesses profits is the long term finance businesses offered to ensure survival in the downturn. For instance banks and especially GM Motors and Vauxhall secured huge government loans initially of 260 million. These long term loans mean that business will be constantly repaying the loans and due to the size it will be for a long period of time.
Analysis	Although sales will eventually increase profit margins may not as the firm will be using its initial revenue to repay the unexpected loss. This will lead to profit margins being significantly low for a long period. This is shown by Vauxhall who have increased sales but have a lower profit margin than ever. The ability to gain finance was vital in order to ensure survival but it will mean businesses will carry on seeing the effects of borrowed capital not only short term but long as well.
Application	
Evaluation	
Content/ Application Analysis ↓	The second problem that may influence business, is those that have pursued strategy such as diversification and differentiation. For instance JJB Sports differentiated from high quality + high price to lower quality low price. If when the economy fully recovers the consumer demand changes back to high quality JJB will find themselves with low sales and falling profit margins. The low sales will lead to lower sales revenue which inevitably will lead to low profit margins. This means long term profits will be significantly damaged. The ability to reverse the changes is important as the recession would not last forever and companies would then need to adapt back to normal economy. Tesco have product developed at the same time as keeping an existing product range and have experienced increased profit.
Evaluation ↓	
Content/ Application	
Content/ Application ↓	The final reason why the change in economy may affect long term profits is the effect on brand image. Northern Rock were seen publicly to fail as a bank and were as a result taken over by the Government. Similarly Woolworths were publicly seen going into administration. If a company fails its customer not only will it lose its existing loyal customer but also brand image will be damaged in the long term. If brand image is negative then customer will be less likely to use the service, this will lead to a reduction in sales which means less revenue will be generated to pay off costs. This will then lead the business to financial difficulty and a huge drop in profit as it is all going to pay debts. Positive brand image is important as without it the company will see short term loss of customer but will also face an expensive long term battle to regain a good brand image.
Analysis ↓	
Evaluation	The first reason why the UK economic change will not affect business profits is that most firms have the ability to adapt to market conditions. For instance food retailers such as M&S and Tesco both launched a new product value range. This means not only does the shop offer its quality goods but also a lower cost range. The low cost means
Content/ Application	

<p>Analysis</p> <p>Evaluation</p>	<p>customers will be more inclined to shop as they will save money. This means the shops can build a loyal customer base and even gain new long term custom from the new products. This will result in repeat custom leading to sales figures being constantley high which as a result will mean sales revenue and profit margins are high. The adability of a firm is very important as it will allow a business to move with the market and gain long term custem as it will never fail customers as it will constantley move with them.</p>
<p>Content</p> <p>Analysis</p> <p>Evaluation</p>	<p>Another reason why business will not see a long term loss of profits is the expected boom that follows recovery in the business cycle. Perla fashion saw a huge rise in sales previous to the economic downturn and during the downturn have lost only 1290 sales once the economy recovers inflation will increase as will wages, this means the demand for products will once again rise. Due to increased demand the companies will see a higher/rising sales figures meaning an eventual rise in profit margins. The economic downturn would not last forever so if a business survived they would eventually see a rise in demand for there products leading to a sustained period of profit, allowing them to plan for the future financially. This is vitally important as without the stability (sic) of finance companies may once again be vunerable if a ressecion hit.</p>
<p>Analysis/ Evaluation</p> <p>Content/ Application</p> <p>↓</p> <p>Analysis</p> <p>↓</p> <p>Evaluation</p>	<p>The final reasen why businesses will not see long term profit hits is the ability to diversifie. Vodofone PLC were struggling in the 1990s so changed from tyres to mobile phones. They are now the 3<sup>rd</sup> largest mobile network suppliers. Similory king fisher Plc changed from outdoor wear to extreme sports wear and are predicted a sales increase of 22%. If a firm successfully moves into a new market with a new product they are open to a whole new level of potential custom, this may be turned into sales meaning a higher sales revenue. The company may also increase market share meaning it would be competitive and could steal custom from competition, meaning a further increase in sales. This high sales revenue and command in the market will lead to a sustained long term revenue and even profit. The ability to diversify is vitally important as business can move from there existing market damaged by the downturn to a new expanding market which ensures long term growth.</p>
<p>Evaluation</p>	<p>In conclusion, I believe that the UK economic change has not damaged long term profits as there are various techniques to deal with the downturn but also the recovery will increase the demand for products both short term and long term. Also business have the ability to diversifie leading to a potential long term hold in a new expanding market leading to long term profits.</p>

	<b>Commentary</b>
	<p>This was a very broad title in which students could select any aspect of the UK economy in recent years. As ever, this openness has many advantages but students must think carefully about which aspects they want to focus on before writing. The question specifically asks about 'long term' profits and good answers would refer to this.</p> <p><b>Para 1.</b> This paragraph shows an awareness of a recent economic issue, ie the recession and recovery but does little with this at this stage. The introduction claims long run profits may have been affected but there is no support for this claim. It may be better in an introduction to flag some of the key issues that the essay will cover.</p> <p><b>Para. 2.</b> This paragraph begins clearly with “the first implication” which suggests there may be more and that the student has organised their ideas- this is a good technique. There is an understanding of the issues involved in borrowing and an awareness that the car industry has received a lot of financial support. It highlights the long term effects of borrowing (which is important in this question); it may help you survive but damage your profit margins. This argument is developed reasonably well and keeps focused on the short run/long run issue in the question. This is an effective paragraph- it is in context, develops an argument and keeps focused on the question.</p> <p><b>Para. 3.</b> The student begins a new argument with a new paragraph- they have organised their ideas well so far. This is another interesting paragraph. It examines strategies that may have been adopted and analyses the possible effect of a recovery on a business that has positioned itself as low price. The candidate realises that the ability to change your product mix for a recession and then reverse this decision may be important to sustain long run profitability. Again there is a good focus on the question and the idea of long run profits. Many student answers to this question simply outlined why profits may be damaged or why they may not but never fully addressing the long run issue. Here the student flags up the importance of being able to reverse the strategy adopted in a recession when the economy recovers and uses Tesco as an example. Some of the analysis is similar to the previous paragraph but there is an attempt to develop an argument.</p> <p><b>Para 4.</b> Another paragraph with a clear argument. The candidate sets out the points he or she wants to make relating to brand image with a good line of argument here and again uses Northern Rock as a relevant example.</p> <p><b>Para 5.</b> The candidate now switches to the counter argument. He or she uses M&amp;S and Tesco to highlight the actions that might be taken to protect themselves in a recession. The language used here and through is quite evaluative highlighting for example that certain issues are “very important”.</p> <p><b>Para 6.</b> The candidate highlights that recovery will follow at some point and therefore businesses will do better; there is probably room here for more discussion of whether this is true (eg how easy is it to</p>

	<p>regain staff and resources?) but the idea is fine.</p> <p><b>Para 7.</b> In this paragraph the candidate highlights that a business may diversify and this may reduce the impact of a recession. The example of Vodafone is inaccurate but the idea of diversification is fine. There is some evaluation here judging that the ability to diversify is vitally important.</p> <p><b>Para 8.</b> This pulls together the arguments that have been made earlier.</p> <p>Overall: This essay is well organised. Ideas are developed with a clear awareness of recent economic issues and the impact on some firms. Some of the analysis follows similar lines of argument but nevertheless ideas are examined in some depth. The judgement is reasonable - some of the ideas raised needed greater insight, eg flexibility is essential - and so what does this depend on? The ability to diversify is key - so what determines this? The conclusion lacks some of the insight that might help achieve top level evaluation.</p>															
	<table> <tr> <td><b>Content:</b></td> <td>a good level of understanding of the issues</td> <td style="text-align: right;"><b>7/8</b></td> </tr> <tr> <td><b>Application:</b></td> <td>a good level of application to the recession</td> <td style="text-align: right;"><b>6/8</b></td> </tr> <tr> <td><b>Analysis:</b></td> <td>well developed arguments</td> <td style="text-align: right;"><b>8/10</b></td> </tr> <tr> <td><b>Evaluation:</b></td> <td>reasonable judgements</td> <td style="text-align: right;"><b>8/14</b></td> </tr> <tr> <td><b>Total</b></td> <td></td> <td style="text-align: right;"><b>28/40</b></td> </tr> </table>	<b>Content:</b>	a good level of understanding of the issues	<b>7/8</b>	<b>Application:</b>	a good level of application to the recession	<b>6/8</b>	<b>Analysis:</b>	well developed arguments	<b>8/10</b>	<b>Evaluation:</b>	reasonable judgements	<b>8/14</b>	<b>Total</b>		<b>28/40</b>
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<b>Total</b>		<b>28/40</b>														

Question Three	
AOs	Candidate Response 2
	Recent changes in the UK economy will have effected every business in some way. Some business may have been effected possitively by this, and some negatively.
Content Application	Businesses with lower prices like Primark have been effected positively by this as people tend to buy product that are more affordable rather than those that are more expensive. During the UK recession the government lower interest rates in order to encourage customers to buy things rather to save money. This will mean businesses are getting more sales and the economy will have a better chance of getting of the recession. When the economy is eventually recovered from the recession, then the Government will then increase interest rates in order to encourage people to save money.
Analysis	
Content Application Analysis	Businesses with low prices will be popular in the recession, when people have less money to spend, therefore purchasing cheaper alternatives. However, when the recession has recovered businesses like Primark and Lidil etc, will be damaged by this. This is because during the recession people tend to use these companies alot as some have less money and some customers are afraid to spend too much money. In the business cycle after the slump (where the economy is out of the recession), it goes through a boom. Where the economy is growing fast and businesses are doing better. During this stage those companies with lower prices are likely to have a large decrease in sales and profits as people will be spending more money. This means that these businesses will have to think of a strategy that will encourage customers to carry on using their service. They will have to concentrate on factors like quality increase, in order to increase profits. Other companies with higher prices will have negative effects by the economy. But long-term they tend to do well. For example a company like Apple, who sell music players and laptops etc will have much lower sales during the recession as people tend to buy less luxoury goods during the economy crisis. But when the economy is going through the boom, people are going to buy their products much more, are therefore increase their profitability in the long-term. This will give them a chance to develop new products and carry on to grow, rather than spend money on research as Primark may have to do.
Content	
Analysis	
Content Analysis Evaluation	Other companies with higher prices will have negative effects by the economy. But long-term they tend to do well. For example a company like Apple, who sell music players and laptops etc will have much lower sales during the recession as people tend to buy less luxoury goods during the economy crisis. But when the economy is going through the boom, people are going to buy their products much more, are therefore increase their profitability in the long-term. This will give them a chance to develop new products and carry on to grow, rather than spend money on research as Primark may have to do.
Analysis	
Evaluation	In conclusion, for companies that operate in the UK, it may damage their long-term profits from being in the recession. Some companies with high prices like Apple, may not be damaged in the long-term profitability wise as people will eventually go on to spend more money. However, those companies with lower prices like Primark may be benefiting during the recession, but during the boom in the long-term may have damaged profits. Therefore it is important that businesses like Primark and Lidil change the marketing strategy slightly in times like the boom, in order to servive. As large companies with large market share like Apple can survive in the recession, long-term it gives them the chance to grow and develop.

	<b>Commentary</b>
	<p><b>Para 1.</b> This an introduction that does not really say anything; the student might have spent his or her time more effectively planning their response.</p> <p><b>Para 2.</b> The student’s understanding is not very precise in that it is the Bank of England not the government that controls interest rates. The argument about lower interest rates and more spending is valid although does not examine issues such as the problems of actually getting loans. There is limited application.</p> <p><b>Para 3.</b> A valid argument about the appeal of low prices in a recession but the analysis is limited (and of course low prices do not guarantee success and some products that are relatively expensive have still done well). There is an attempt here to relate back to the question and think about the long-term implications (eg when there is a recovery) which gets back to the question set.</p> <p><b>Para 4.</b> This paragraph basically reverses the argument in the previous paragraph but is still touching on short-term/long-term implications. Apple may not be the best example of a “luxury producer” suffering less sales in a recession.</p> <p><b>Para 5.</b> Not a very powerful conclusion – it essentially just repeats earlier arguments. Nevertheless, it does attempt to come back to the question and the short-term v long-term issues.</p> <p><b>Overall:</b> This a basic essay - it has a limited argument and there is not much debate. Essentially, it argues low price firms do well in a recession but badly in a recovery and high price businesses do well in a recovery and badly in a recession. There is not much debate of these issues - is it always true? What does it depend on? To what extent is the damage to long run profits “inevitable”? What determines the ability of, for example, low price firms to adapt in a recovery or higher price firms to adapt in a recession?</p> <p>Content: limited 3/8            Application: limited 3/8            Analysis: limited 2/10            Evaluation: reasonable 5/14</p> <p><b>Total: 13/40</b></p>



Question 4	
AOs	Candidate Response
Content	<p>Within the technology market place innovation (entrepreneurial attitude to new product creation &amp; invention &amp; business methods) is important as this market has rapid change and never stands still. The most recent innovation is the iPad by Apple, a cross between the iPhone &amp; a laptop. If you stand still within this market, you are automatically behind. The percentage market share of a company is the percentage amount of sales the company has out of the whole market. In Intel Corp. cash 75% is very good, they are the market leaders for producing microprocessors.</p>
Content	
Application	<p>It has been said that having an innovative culture can guarantee the future success of a business. One reason in support of this is because technology is one of the fastest moving markets, as previously mentioned, and so to survive a company must be entrepreneurial &amp; willing to take risks in order to stay at the for-front of the market. If you don't succeed you are likely to get left behind. Therefore it can be said that innovation can help to ensure survival. As technology is always moving forward we can consequently assume that innovation will aid a businesses long term success.</p>
Evaluation	
Content	<p>A second reason is that a culture, often described as the attitudes values &amp; beliefs of the employees of a business, is throughout the whole company. With this being the case it is likely that employees could be more motivated, as it is a group belief, and may consequently work harder increasing the entrepreneurial aspect of the business. This is an example of both entrepreneurial culture and task culture whereby individuals talents are allowed to be used to their full extent. An example of this could be Google who have a relaxed work environment to bring out the entrepreneurial spirit of employees in order to be as innovative as possible.</p>
Content	
Application	
Content	<p>By having an innovative culture &amp; the effects being seen as above, corporate aims are more likely to be achieved through corporate objectives &amp; functional objectives being achieved more successfully. This as a result pushes the business forward &amp; can result in it being more efficient. A democratic style leader who has a considerate leadership style is likely to be effective in this type of company.</p>
Content	<p>However it has been argued that relying on an innovative culture could have negative impacts on future success. One element that shows this is that you cant rely on one area alone. This can be shown by the marketing mix whereby all four elements (price, product, place, promotion) must be used in conjunction with each other. If a company were to rely on innovation of its products alone then possible consequences could be bad leadership, unmotivated employees, increased absenteeism (and therefore higher costs), poor social responsibility, creating a negative image and could, in the worst extreme, result in the downfall of a company. In order to guarantee future success a company must look at all areas of its operations &amp; not just rely on culture.</p>
Analysis	



<p>Evaluation Application Content</p>	<p>Secondly culture does not make a business ‘economy-proof’ which can be evidenced by Google who withdrew from China due to being dissatisfied with market conditions &amp; red tape. Further to this if suitable staff were not employed and/or training schemes put in place then innovation may be harder to come by &amp; if this way relied on then the risk is not spread well and ‘all eggs are in one basket’ so the company may have nothing to fall back on. Anything could happen – innovation wont necessarily save you.</p> <p>In conclusion I think The Intel Corporation were right to be praised on their highly innovative culture, however I think it would be highly unwise to rely on this to guarantee future success.</p>
	<p><b>Commentary</b></p>
	<p>A key issue in this essay was the focus on an “innovative culture”. The question was not just about innovation or USPs or Research and Development although all of these topics may be relevant. The important aspect was to think about the culture of a business and the significance of this. Secondly, good answers would refer to the impact of an innovative culture on the “future success of a business”.</p> <p><b>Para 1.</b> In this paragraph there is an awareness of market share and the nature of the industry Intel is in; interestingly, it begins immediately with a focus on innovation rather than an innovative culture. Some assertions are made, eg “if you stand still in this market you are automatically behind” but are not developed.</p> <p><b>Para 2.</b> A perfectly valid idea that you need to innovate in a fast moving market but there is no depth to the analysis. How does this link to an innovative culture? How does this help a business remain competitive? What does the success of an innovative culture depend on? Is this type of culture only important in “fast moving markets”- why? There is a judgement that innovation can help to ensure survival and is needed if technology is “moving forward”.</p> <p><b>Para 3.</b> At last we get a definition of culture and an attempt to link this to success. However, it is not made clear how an innovative culture motivates. The Google example is relevant but could be developed. How does this help future success? To what extent does it help?</p> <p><b>Para 4.</b> There is not much of value in this paragraph.</p> <p><b>Para 5.</b> Here the candidate starts to develop the counter argument. The candidate highlights that other areas, such as marketing, matter as well as innovation; however the development of the argument is limited. It tends to be a list of “other things that can affect the success of any business”. There is some judgement that you need to look at all areas of operations and not just culture; however this could be developed, eg how important are these other factors relative to an innovative culture? What does it depend on?</p> <p><b>Para 6.</b> Not a particularly well written paragraph but some relevant ideas highlighting that “other factors matter”; even Google’s innovative culture did not save it from intervention by the Chinese government and the need to withdraw from this market.</p>





<p>Application</p> <p>Application</p> <p>Evaluation</p>	<p>It's not always as simple for a company to release new products frequently to become successful. If we take Ladbrokes for example, in 2001 Chris Bell became CEO of Ladbrokes and individually changed the look and direction of Ladbrokes, over a long period of time. It took him 7 years to make the company what it is today, as it's now seen as a large gambling company which can require to everyone's needs. Chris Bell bought in a couple of trainee managers who were given a large delegation of power, and would have to make all the marketing and advertisement decisions individually, and could only go to Chris Bell for advice, not help. Chris Bell believed that if young managers, who were well educated in the business would perform best under pressure and when the job is new to them. As a result of this idea from Chris Bell, Ladbrokes is now the most successful gambling organisation in its division.</p> <p>To conclude, I don't believe that the 'easyness' towards changing a struggling company into a successful one can be measured. A company could transform overnight (eg Apple – Ipod) with one particular idea from the Chief Executive or it could be a long-term process in which a whole company starts from small and slowly gains market control (eg Ladbrokes). However I don't believe it's just down to the Chief Executive, as everyone involved in the company must work together in order to make it successful. This could lead from the floor workers in a particular shop, to the board directors who own the company. Communication is key for the success of a company.</p>
	<p><b>Commentary</b></p>
	<p>The key issue in this question was “how easy” it is for a Chief Executive to change a struggling business. Weaker responses tended to focus on ‘how’ to turn around a business rather than try and judge how easy it is.</p> <p><b>Para 1.</b> An interesting start to this essay showing a very strong familiarity with Apple and the role of Steve Jobs and an interesting view of him as a leader rather than a manager. A very promising beginning. We would not expect anyone to know this background about Jobs in order to answer this question but it is always interesting to see.</p> <p><b>Para 2.</b> Another interesting paragraph. It brings in Branson as someone having a similar role to Jobs and, in both cases, stresses the importance of them as a leader to complement the managers. The judgement is that leaders are as important as managers. The development of the argument could be strengthened.</p> <p><b>Para 3.</b> Another relevant example in the form of George Davies. This is a bit descriptive and, at times, the sense is that it has wandered from the question. However, it does show an awareness of someone turning around businesses and comes back to the title at the end of the paragraph making a relevant judgement.</p> <p><b>Para 4.</b> More insight into Job's career at Apple. Again rather descriptive and not used particularly.</p> <p><b>Para 5.</b> This paragraph highlights the importance of R&amp;D in Apple's industry and therefore that it is not just the Chief Executive that matters.</p>

	<p>It makes good use of the product life cycle in context highlighting different products in the Apple range and making a good judgement that it is not just the Chief Executive that matters. The importance of extension strategies and the need for the Chief Executive to keep the business developing new products is then analysed.</p> <p><b>Para 6.</b> Again a slight tendency to ‘tell a story’ about what happened at a business but underlying this is the argument that it is not easy to bring about change and can take time to happen; why it can be difficult could have been explored more.</p> <p><b>Para 7.</b> The conclusion highlights that change can vary in terms of the time it takes and the student relates back to the cases they have examined before. The judgement about it involving everyone is valid although not really explored before. Nevertheless, there are judgements throughout the essay.</p> <p>Overall: Clearly a well informed candidate able to provide insights into the role of business leaders in a number of different companies. Several important issues are understood and ideas are analysed in context. At times, the answer is descriptive but, overall, this is a very strong answer with a good grasp of some key issues and a firm grasp of the role of different Chief Executives within their business.</p>															
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