



**ADVANCED SUBSIDIARY (AS)  
General Certificate of Education  
2016**

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**Business Studies**

**Assessment Unit AS 1**

*assessing*

**The Competitive Business**

**[AT111]**

**TUESDAY 14 JUNE, AFTERNOON**

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**MARK  
SCHEME**

## General Marking Instructions

### Introduction

Mark schemes are published to assist teachers and students in their preparation for examinations. Through the mark schemes teachers and students will be able to see what examiners are looking for in response to questions and exactly where the marks have been awarded. The publishing of the mark schemes may help to show that examiners are not concerned about finding out what a student does not know but rather with rewarding students for what they do know.

### The Purpose of Mark Schemes

Examination papers are set and revised by teams of examiners and revisers appointed by the Council. The teams of examiners and revisers include experienced teachers who are familiar with the level and standards expected of students in schools and colleges.

The job of the examiners is to set the questions and the mark schemes; and the job of the revisers is to review the questions and mark schemes commenting on a large range of issues about which they must be satisfied before the question papers and mark schemes are finalised.

The questions and the mark schemes are developed in association with each other so that the issues of differentiation and positive achievement can be addressed right from the start. Mark schemes, therefore, are regarded as part of an integral process which begins with the setting of questions and ends with the marking of the examination.

The main purpose of the mark scheme is to provide a uniform basis for the marking process so that all the markers are following exactly the same instructions and making the same judgements in so far as this is possible. Before marking begins a standardising meeting is held where all the markers are briefed using the mark scheme and samples of the students' work in the form of scripts. Consideration is also given at this stage to any comments on the operational papers received from teachers and their organisations. During this meeting, and up to and including the end of the marking, there is provision for amendments to be made to the mark scheme. What is published represents this final form of the mark scheme.

It is important to recognise that in some cases there may well be other correct responses which are equally acceptable to those published: the mark scheme can only cover those responses which emerged in the examination. There may also be instances where certain judgements may have to be left to the experience of the examiner, for example, where there is no absolute correct response – all teachers will be familiar with making such judgements.

**1 (a)** Explain why Framing Fantastic should undertake primary market research, using an example from the case study to illustrate your answer.

- It will allow Framing Fantastic to identify the tastes of consumers so that it can design frames and mounts to suit them
- Modifications and improvements to existing frames and mounts can be made on the basis of customer reviews from customers
- It will give Shane an idea of the size of the market so that the production of frames can take place at an appropriate scale
- It can give vital information about what styles of frames are in decline so that investment decisions are properly informed
- It allows Shane to identify different market segments so that he can aim his promotion appropriately.
- Can find out information about competitors
- Tailored to suit the needs of the business
- Can provide information that competitors don't know about
- Assist the decision to expand
- More relevant to the needs of the business
- Insufficient secondary data available

	<b>AO1 Knowledge and Understanding [2] marks</b>	<b>AO2 Application [2] marks</b>
<b>Level 2</b>	[2] marks Candidate demonstrates a satisfactory understanding of the term.	[2] marks Candidate makes satisfactory application of the term.
<b>Level 1</b>	[1] mark Candidate demonstrates limited understanding of the term.	[1] mark Candidate demonstrates limited application of the term.
<b>Level 0</b>	[0] marks Candidate demonstrates no understanding of the term.	[0] marks No attempt at application.

4

**(b)** Explain how product quality could be measured, using an example from the case study to illustrate your answer.

- Value of Sales – happy customers will order more frames and mounts and positive reviews posted on the web site will attract new customers
- Number of Complaints – Shane can make the assumption that a reduction in the number of complaints suggests greater customer satisfaction
- Price – customers will be willing to pay more for a bespoke frame or mount
- Market Share – Shane has an ‘expanding customer base’ which indicates the business is growing.
- Benchmarking against competitors
- Customer reviews
- State-of-the-art equipment
- Customer satisfaction surveys
- Durability
- Quality awards
- Fit for purpose
- Quality control checks

	<b>AO1 Knowledge and Understanding [2] marks</b>	<b>AO2 Application [2] marks</b>
<b>Level 2</b>	[2] marks Candidate demonstrates satisfactory understanding of what is meant by the term.	[2] marks Candidate demonstrates satisfactory application.
<b>Level 1</b>	[1] mark Candidate demonstrates limited understanding of what is meant by the term.	[1] mark Candidate demonstrates limited application.
<b>Level 0</b>	[0] marks Candidate demonstrates no understanding of what is meant by the term.	[0] marks Candidate demonstrates no attempt at application.

**AVAILABLE  
MARKS**

4

(c) Analyse the benefits to Framing Fantastic of using job production.

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MARKS

Job production involves creating products to the exact customer specification.

- Meeting individual needs – Framing Fantastic produces bespoke frames and mounts for both trade and individuals so they would be unique
- Quality – Shane has great experience in craft framing and is a recognised member of the Fine Art and Trade Guild so his products would be of excellent quality
- Reputation – Shane has built up a good reputation and takes great pride in his work. As the market is specialised he can deliver personal services to clients
- Price – due to the unique nature and quality of the products, Shane can charge a premium price and gain a good profit.
- Capital investment on a small scale
- Flexibility
- Multi-skilled staff
- Motivated workforce
- Less wastage
- USP

	<b>AO1 Knowledge and Understanding [2] marks</b>	<b>AO2 Application [2] marks</b>	<b>AO3 Analysis [4] marks</b>
<b>Level 2</b>	[2] marks Candidate demonstrates satisfactory understanding of the term.	[2] marks Candidate demonstrates satisfactory application of the term.	[4]–[3] marks Candidate demonstrates satisfactory analysis of the term.
<b>Level 1</b>	[1] mark Candidate demonstrates limited understanding of the term.	[1] mark Candidate demonstrates limited application of the term.	[2]–[1] marks Candidate demonstrates limited analysis of the term.
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8

- (d) Discuss the advantages and disadvantages to Shane of operating his business as a Sole Trader.

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A sole trader is a business owned by one person.

#### Advantages

- Shane can make all the decisions and implement them quickly
- Trading hours can be flexible – Shane works from home
- Shane can keep all the profit once costs and expenses have been deducted
- He can keep his accounts private except for tax purposes and VAT
- Shane can provide a personal service to his clients which will get him a good reputation
- Shane basically operates in a niche market providing bespoke frames and mounts so he has the opportunity to charge premium prices.
- Easy to set up

#### Disadvantages

- Unlimited liability – if the business fails, Shane is liable to the extent of personal possessions so he may lose his home and workshop
- Burden of Responsibility – Shane makes all the decisions so this may be stressful
- Impact on Home Life – There is no clear separation as Shane works from home so his family may suffer
- Financial Constraints – Shane would like to expand further but the amount of capital he can raise may restrict the growth of the business
- Cash Flow – Shane may experience cash flow problems as he has to produce the frames and mounts before payment is made. Personal circumstances may prevent the clients from paying so Shane will be left with a bespoke frame that he cannot sell on.
- Shane has to be a “Jack-of-all-trades”

Other valid alternatives accepted.

	<b>AO1 Knowledge and Understanding [3] marks</b>	<b>AO2 Application [2] marks</b>	<b>AO3 Analysis [3] marks</b>	<b>AO4 Evaluation [4] marks</b>
<b>Level 3</b>	[3] marks Candidate demonstrates competent understanding of the term.	[2] marks Candidate makes competent application of the term.	[3] marks Candidate demonstrates competent analysis of the term.	[4] marks Candidate demonstrates a competent evaluation of the arguments presented and forms a final judgement. Candidate demonstrates a competent standard of QWC.
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**AVAILABLE  
MARKS**

12

(e) Evaluate the usefulness of a marketing plan to a business such as Framing Fantastic.

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MARKS

#### Benefits

- Setting marketing objectives and targets means Shane will have a tool for measuring the progress of the business
- Setting these marketing targets will also motivate the employees and ensure that everyone is working towards a common focus
- The external environment constantly changes so preparing a marketing plan will assist Shane by keeping him focused on customers' needs
- Preparing a marketing plan ensures that Shane uses his human and financial resources effectively and he can reallocate resources to where they are needed most
- The marketing plan is an integral part of a business plan which Shane will need to produce if he wishes to source additional finance for future expansion
- Drawing up a marketing plan ensures that Shane considers all elements of the marketing mix
- Facilitates forward planning.
- Other valid alternatives.

#### Drawbacks

- The time and expense involved in drawing up a marketing plan may be significant and take the focus off the core activities of the business
- Shane will have to continually update the marketing plan in response to the changing external environment
- The employees may find that having such targets might prove restrictive to Framing Fantastic particularly if too much attention is given to meeting the targets causing it to lose focus on customers
- It may be difficult or expensive for Shane to gather accurate quantitative data required for the marketing plan
- Employees may become demotivated if the targets outlined in the marketing plan are not achieved
- Other valid alternatives.

As part of their discussion, candidates should consider both the benefits and drawbacks and come to a final judgement.

Candidates are expected to evaluate throughout their answers.



	<b>AO1 Knowledge and Understanding [3] marks</b>	<b>AO2 Application [2] marks</b>	<b>AO3 Analysis [3] marks</b>	<b>AO4 Evaluation [4] marks</b>
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- 2 (a) Explain what is meant by the term **adding value**, using an example from the case study to illustrate your answer.

Lawrence and David take a variety of materials and make them up into kitchen cabinets and work tops to meet the needs of their customers. They make the customer's 'dream kitchen come to life in their own home' and make a profit by doing so. Process of increasing a product's worth by modifying it, (Examples: customer service; after-sales service; make the product more desirable)

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**AVAILABLE  
MARKS**

4

- (b) Explain what is meant by the **people** element in the marketing mix, using an example from the case study to illustrate your answer.

People is one of the 7 P's in the marketing mix. Lawrence and David claim to have a team of specialists that include 'fully qualified trades people' ie plumbers, tilers and electricians who will provide a 'dream kitchen'

A fitted kitchen is very costly for the customer so the staff must provide a high quality design and fitting service to meet their expectations. Also the staff should have excellent skills in communication and product knowledge to build customer confidence.

Link to service.

	<b>AO1 Knowledge and Understanding [2] marks</b>	<b>AO2 Application [2] marks</b>
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**AVAILABLE  
MARKS**

4

(c) Analyse the factors that might affect the demand for fitted kitchens provided by Perks Kitchens.

- Time
- Price – new fitted kitchens are expensive
- The price of complementary and substitute goods - the business also offers a cheaper makeover service
- Change in taste and fashion – Lawrence and David must keep up-to-date with design specifications and materials that customers request
- Changes in population – more people will require new houses and this will impact on the demand for kitchens
- The level of disposable income – unemployment is still quite high in Northern Ireland
- Delivery – the time between design and completion may be long as the business is small and may not be able to cope with a lot of orders
- Advertising – the business has a website but not all potential customers may have access to a computer
- Competition – many DIY stores offer a financial payment plan to customers but this is not offered by Perks Kitchens.
- Reputation.

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**AVAILABLE  
MARKS**

8

(d) Discuss the advantages and disadvantages to Perks Kitchens of using secondary market research.

AVAILABLE  
MARKS

Advantages

- It is cheaper to complete than primary research so this will lower the costs for the business
- It can be a starting point for Lawrence and David before they focus on a specific area within Northern Ireland
- They have access to the internet and a lot more sources are available online so results can be checked for accuracy
- It is quicker to complete than primary so Lawrence and David could do a lot of the ground work themselves.
- Saves time.

Disadvantages

- The information is also available to competitors such as other kitchen fitting businesses in Northern Ireland so they too can identify trends and respond to them
- Perks Kitchens cannot verify the accuracy of the information or the quality of the research carried out
- The information may be out of date so mislead Lawrence and David in their decision making
- The information may be subject to bias if the original collector was out to prove something or argue a case.

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**AVAILABLE  
MARKS**

12

- (e) Evaluate whether a business such as Perks Kitchens should draw up a quality policy.

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#### Benefits

- Motivates employees to maintain standards
- Competitive edge
- By drawing up a quality policy Lawrence and David could agree high standards for the installation of their kitchens. This would provide excellence guidance for the other trades people
- Adherence to the policy would enhance customer satisfaction and so build up a good reputation for the business
- There would be fewer complaints which is important for customer reviews on the firm's website
- It would reduce the costs as kitchens would be fitted right first time thus eliminating waste
- The policy could be a stepping stone to a recognised quality award for the business and this would create a higher profile and attract customers
- Attract excellent tradespeople to work for the business.

#### Drawbacks

- It would take time for Lawrence and David to agree on standards and draw up the policy – this time could be put to better use in the business
- Living up to the expectations of the policy may prove difficult and cause stress in the workforce
- It may increase costs as more expensive materials may have to be used to meet the standards set down in the policy
- The other trades people in the team may resent Lawrence and David constantly monitoring their work
- Slow down production process to allow for checks
- Does not guarantee success.

As part of their discussion, candidates should consider both the benefits and drawbacks and come to a final judgement.

Candidates are expected to evaluate throughout their answers.

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**AVAILABLE  
MARKS**

12

**Total**

**80**