BUSINESS STANDARD LEVEL

Paper 8928/5162
Effective Business Communication

Key messages

- There should be more attention to letter writing both in terms of business layout and in content. It is important to stress the importance of both stating the key message and then making sure that the letter provides adequate information for the recipients.

General comments

The standard of responses to the tasks has improved this year. There were very few poor scripts with unanswered tasks. It is evident that most Centres are teaching to the syllabus. However, as mentioned above, more attention should be given to letter writing both in terms of business layout and content.

Comments on specific tasks

Task 1

(a) Most candidates answered satisfactorily. Where marks were lost this was generally due to a lack of detail.

(b) Most candidates produced generally vague answers with most candidates focusing on the advantage of speed.

(c) Most candidates got a mixed response, with some candidates giving accurate and detailed answers, but others confusing this with part **(b)**. However overall this task was clear and presented no unnecessary difficulties for candidates.

Task 2

(a) This required candidates to write a business letter. Whilst there were some good responses, overall candidates need to improve this skill. Some candidates presented a template of how to write a letter, but did not actually write one. Some candidates spoiled a fairly good attempt at a letter by indicating format all over it. Most candidates failed to provide sufficient detail such as addresses of sender and recipient, date, contact details (e.g. phone, email etc.) for responses and name of recipient. The amount of detail in the letters was generally inadequate for the recipient.

(b) This required candidates to write an email. Again, many candidates failed to provide the required headers i.e. to, from, date, subject. In terms of content, candidates only did the minimum and failed to state when and where the meeting was to take place. Generally candidates need to be taught to put themselves in the position of the receiver of such communications.

Task 3

(a) There was a mixed response to this task but most candidates understood what they were required to do and made a fair attempt.

(b) Marks were lost here for a lack of detail. For example stating that relationships can have an effect on team working is not enough to earn the marks. Overall this task was clear and provided no unnecessary difficulties for candidates.

Task 4

(a) Candidates were required to explain the planning of a recruitment interview. Most candidates lost marks for this task due to lack of detail. Some candidates explained the stages prior to the planning but overall candidates responses were accurate but insufficient to earn the highest marks.

(b) This was answered well for open and closed questions. Most candidates could also provide an example of a scenario question, but very few understood what a leading question was. A number of candidates related this to a leader's role.

(c) This was generally answered well although some candidates described a performance appraisal review as a document. Overall however, there were no major problems here.

Task 5

(a) Where candidates selected the correct type of graphical aid, they gave accurate responses and earned the full marks. However many candidates did not consider the situation in the case study and selected inappropriate graphical aids.

(b) Whilst some candidates understood and could explain reasons for organisational charts, many candidates only gave vague answers for this task.

(c) This only required a list of five headings, but many candidates struggled with this. Often this was due to not reading the task properly and listing the key contents of a financial report; others gave the key features of a meeting. However in general, the task was answered well.

BUSINESS STANDARD LEVEL

Paper 8928/5163
Business Finance

Key messages

- Candidates should be reminded that it is essential to read the rubric of the tasks carefully. If the task requires that an explanation is given then a simple definition of the terms cannot attract the higher order marks.
- Centres and candidates are reminded of the need for precision when defining terms as vague responses will only attract low marks.
- Centres and candidates are once more reminded of the need to provide a formula when undertaking tasks that require a calculation as a failure to do so can result in the loss of marks should the solution that they provide prove to be incorrect.

General comments

Overall the performance of the candidates who sat the May 2012 examination was rather disappointing when compared to previous examination sessions. The majority of candidates appear to have a reasonable knowledge of most areas of the subject but their responses to the tasks tended to be rather vague and unfocused.

Comments on specific tasks

Task 1

Generally the answers provided for the **Tasks (a)** to **(c)** were satisfactory with many candidates achieving awards that were around or above the pass boundary.

The answers to part **(a) (i)** were particularly strong with the majority of candidates able to explain in detail what is involved in the process of incorporation.

The answers to the part **(a) (ii)** were patchy with some good answers and some very weak answers. Many candidates provided a simple list of possible expenses without any further explanation and as a result failed to gain marks.

The answers to part **(a) (iii)** were generally good with the majority of the candidates achieving high marks. This is clearly a topic that is well covered by the majority of Centres and Centres are to be congratulated for this.

The answers to parts **(b) (i)** and **(ii)** were rather weak with many candidates providing vague explanations as to why the costs were likely to vary. In many instances candidates provided very short answers which could not merit the full mark award.

The answers to part **(c)** were, generally good with relevant advantages and disadvantages being provided. Again this appears to be a topic that was well covered by the majority of Centres.

Task 2

Overall the responses provided for this task were rather disappointing with a sizeable minority of candidates appearing to be confused by all parts of the task.

The answers to part **(a)** were relatively good with most candidates being unable to provide an answer that explained some aspects of the money cycle as it would apply to the organisation in the case study. Some candidates provided an explanation of the circular flow of income within the wider economy and although this is partially relevant it was not focused enough to attract the higher order marks.

The answers to part **(b)** were quite weak and while many candidates were able to produce a relevant response, a sizeable minority tended to repeat their answers to part **(a)** and completely ignored the role that profits play within the money cycle. Centres are urged to address the issue of these concepts in order to ensure that future candidates are given the best possible chance of success.

Surprisingly, the answers to parts **(c)** **(i)** and **(ii)** were very disappointing with only a minority of candidates achieving high marks. Again, Centres are urged to address this issue in order to benefit future candidates and to remind candidates of the need to provide relevant formulas and detailed workings of their calculations.

Task 3

Overall the responses provided for this task were very disappointing with many candidates scoring marks that were below the pass boundary. The main problem appeared to be a failure by candidates to provide examples with complete explanations as to the differences that could be seen.

The answers to part **(a)** were generally better, with most candidates being able to provide correct examples of both tangible and intangible assets but the explanations of how they differed tended to be rather vague.

The answers to part **(b)** were much weaker with many candidates only producing very vague descriptions of the two methods of financing. Centres are urged to address this issue in order to benefit future candidates.

Task 4

Overall the answers to part **(a)** of this task were disappointing with many candidates appearing to be confused as to how the three elements of the accounting process differed.

The answers to part **(a)** **(i)** were generally satisfactory with most candidates being able to explain how accounting records would be entered into the accounting model.

The answers to part **(a)** **(ii)** were slightly weaker with many candidates tending to repeat their answers to part **(a)** **(i)**.

The answers to part **(a)** **(iii)** were generally poor with only a minority of candidates being able to identify this as the final process of the accounting model associated with the production of end of period statements.

The answers to part **(b)** were generally better with many candidates providing reasonable explanations of the differences between the two branches of accounting.

Task 5

The answers provided for this task were generally satisfactory and this is clearly a topic that is well understood by the majority of candidates.

The answers to part **(a)** **(i)** were generally good with most candidates being able to provide relevant discussion of the process of investment appraisal.

The answers to part **(a)** **(ii)** were generally good with most candidates being able to provide well argued explanations of the benefits of investment appraisal.

The answers to part **(b)** **(i)** and **(ii)** were generally good with many candidates being able to calculate the payback periods. It was pleasing to see that in the majority of cases, the candidates provided formulae to show how they were undertaking the calculations. In some cases this meant that they were still awarded marks, even though their calculations proved to be incorrect.

BUSINESS STANDARD LEVEL

Paper 8928/5164

Marketing

Key messages

- Candidates still, perhaps under the pressure of the examination situation, do not always read/analyse the requirements of the task sufficiently, or do not associate the number of marks available with the depth of the answer required. Teachers can help candidates develop these skills by discussing past paper tasks during teaching sessions.

General comments

It is very pleasing to report that most Centres achieved very good marks for this paper this session. Good candidates know the syllabus well, and are able to identify the relevant concepts required by each task. They also apply these concepts to the material in the Case Study. In addition, it is pleasing to see far fewer cases of poor time management this session, with the vast majority of candidates completing all five tasks.

Comments on specific tasks

Task 1

(a) This first part of this task looked for candidates to give an explanation of the term marketing orientation. Generally, candidates were able to do so for the five marks that were available for this part of the task. Examiners accepted a variety of explanations, all of which centred on focusing the whole organisation on satisfying the needs of customers through research and engagement.

(b) The second part of this task was also generally done well by many candidates. Most were able to explain the tasks that a marketing assistant would be expected to do in their role that were relevant to the Case Study and to the specific tasks identified in part **(b)** of this task. They were also able to link the contribution of the marketing task to the company's objectives.

Some marks were lost through lack of expansion on the tasks identified. There were five marks available for each part of task **1(b)** and that should indicate to candidates that more than just one sentence is required. For example, in **1(b) (i)** the task of the marketing assistant was to contribute to the launch of the new wooden toy product range. Many candidates correctly identified the need to carry out research. Others need to develop their answers more as this alone would only attract one or two of the five marks available. Candidates were expected to expand on this by explaining that the research would be needed to check the target audience for the product and where they might promote the product or carry out a launch event. Two of the five marks were for a link to the company's objectives. In this example it would have saved the company money by eliminating risk and helped grow market share.

Task 2

This task explored the role of marketing research.

(a) This part of the task was generally done well. Five marks were available for simply listing the stages of the marketing research process. Most candidates were able to do this.

(b) There were three sections to this part of the question. Candidates who understood the difference between primary and secondary research and read each section's requirements were able to gain high marks here and most were able to give good examples that were relevant to the Case Study.

Some candidates listed all the forms of secondary and primary research that they knew. When a task asks for one type of primary research or two sources of secondary research for a particular purpose then marks are only available for those specific examples. Candidates should read the tasks carefully as writing more than is asked for can waste time.

Task 3

This task explored segmentation and marketing planning for the company in the Case Study. It was good to see that some candidates were able to recommend appropriate methods of segmentation for the company in the Case Study. High marks were gained by candidates who explained how demographic segmentation (for example) was appropriate for a retailer selling toys. They explained that different toys would be appropriate for different ages and gender of children, and applied this to wooden toys and soft toys.

In part **(b)** there were many reasons why marketing planning was important to Bashir Designs and many candidates were able to expand on two that were suitable for the company. For example, marketing planning provides a guide for employees, helping them to work together to achieve objectives. This is important as Bashir Designs is expanding and taking on new employees. It is also market oriented and so wants to ensure all employees know about their customers. Candidates who simply stated that marketing planning provides a guide or plan for employees so that they know what to do limited the marks available to one or two marks.

Task 4

This task focused on two specific areas of the marketing audit stage of the marketing planning process, and also on the plan itself. Most candidates generally did well. It is important to answer the task as it is written in the paper. For example, parts **(a)** and **(b)** of this task asked **how** PEST analysis can contribute, and **how** the results of a SWOT analysis might be used. Many candidates were able to describe the tools PEST and SWOT but did not explain **how** the results were used.

(a) The marks for this part of the task were given for either general explanations of how PEST can contribute to the plan **OR** for specific examples of political, economic, social or technical factors that should be taken into account in Bashir Design's plan. Examiners accepted either approach to answering the task.

Most candidates were able to do this well and gain high marks.

(b) This part of the task awarded one mark for each of the letters explained and a further three marks were available for explaining where the points in the analysis come from and how it is used. To gain high marks candidates needed to explain how the results were used to set objectives, identify appropriate strategies or the fact that SWOT is a summary of the marketing audit.

(c) This part of the task asked about **the role** of the mix in the marketing plan. Although many candidates were able to explain what constitutes the marketing mix – i.e. the 7 Ps – this is only half the answer.

There was also a need to **explain its role,** which is to give the details or tactics of how the strategy and objectives will be delivered.

Task 5

This final task assesses the candidates' understanding of the competence relating to the importance and impact of each element of the marketing mix. On this occasion, the task linked to the Case Study, and the new range of wooden toys in part **(a)**.

(a) This part of the task allocated two marks to each of the 7 Ps of the marketing mix. Although many candidates could describe these generically, it was good to see that many were able to describe a mix that was related to the specifics of the Case Study and the task.

(b) This part of the task was not done as well. The task asked for **two** examples relating to the product element of the mix for Bashir Designs. Good examples described the two different product ranges and how they met the needs of customers. Others explained the need to ensure new product ranges (wooden toys) match the quality of the existing ranges of toys to ensure consistency for the company.

BUSINESS STANDARD LEVEL

Paper 8928/5165

Human Resource Management

Key messages

- Many candidates are still failing to provide the type of answer required in the questions. Part **(a)** of all tasks clearly requested a 'List' but many candidates persisted in writing essay type answers despite these tasks being worth a maximum of four marks. In a significant number of cases candidates provided longer and more focused answers for part **(a)** tasks than they did for part **(c)** tasks which did require much more detailed explanations. Apart from this candidates overall did take account of the marks available in each part of the task when determining the depth and scope of their answer.
- Candidates can answer tasks using bullet points but if they do so then the bullet points must ensure that they include enough detail to demonstrate that they have fulfilled the requirements of the task. In most answers bullet points of less than a complete sentence are unlikely to have included sufficient content to achieve the required marks.

General comments

Candidates were generally able to provide evidence of a good understanding of the syllabus. There were very few instances where candidates were not able to attempt all tasks on the examination paper. The majority of candidates demonstrated a good level of preparation and awareness of the subject. More able candidates were also able to use the opportunities provided to produce more informed answers by making appropriate reference to the information contained in the case study. The number of candidates attempting the examination without any obvious preparation was far lower than in previous sessions. Also many more candidates could demonstrate skills in applying their knowledge to specific situations.

Candidates producing the best answered tasks would often identify particular sections or include quotes from the case study in the interpretation and analysis of the questions. This was only possible because they had clearly taken sufficient time to read both the case study and the accompanying tasks very carefully. Top level candidates recognised that applying their knowledge to the case study was necessary to show they understand the importance of context and thereby gain higher level marks.

Overall candidates did manage their time well and only a very few of the weakest and unprepared candidates were unable to complete all the tasks within the allotted time. As in most previous years, a few candidates did provide very lengthy answers to **Task 1** and a few lines only for **Task 5** which suggests that these candidates had the ability to answer these tasks to a better standard if they had managed to allocate or plan their time more appropriately,

Comments on specific tasks

Task 1

(a) Most candidates were capable of distinguishing between the meaning and the purpose of HRM as requested. Most candidates gained three marks for listing ***right mix of skills, controlling wage and salary costs, ability to react to change***, the most able candidates gained the fourth mark by listing ***support or social costs*** in addition to wage and salary costs.

(b) This task was most frequently answered by providing the quote '***HRM as the process for creating and maintaining relationships between the people who work for and with them, and between organisations'***. This was sufficient for a Pass mark and more able candidates gained additional marks by explaining how JUANMART achieved this.

(c) Candidates generally recognised that JUANMART was using both **decentralisation and centralisation** in its operations whilst also including advantages/disadvantages of each method as part of their answer. Marks were awarded for relevant quotes from the case study but Merit level candidates would explain how responsibilities were divided between local line managers and Human Resource specialists. Distinction level candidates would also suggest how this division of roles was appropriate in this instance.

Task 2

(a) Candidates were asked to list four features of the employment market that JUANMART were in. This task was completed to a suitable level by nearly all candidates. Acceptable answers were included in the case study and included; **young, female, part-time, and unskilled**. Any additional information provided by candidates was ignored as it was unnecessary.

(b) Most candidates were able to explain the terms ***fair treatment; improved wages; better working conditions; ensuring legislation is followed*** quoted in the case study. Higher marks were awarded to those candidates that expanded their answers to explain how they performed ***typical trade union functions such as; negotiating, representing and informing workers.***

(c) Candidates that were able to quote the section on new cash register systems and explain the need for **training** in general terms were awarded Pass marks. Most candidates achieved marks at this level but few were able to access the higher marks available where candidates referred to **technological changes resulting in career changes**. The very best candidates produced a Merit level answer but also made reference to how technological change has implications for human resource managers and **lifelong learning**.

Task 3

(a) Nearly all candidates were able to list four types of employment contract; **permanent, temporary, specific jobs/tasks; part-time, fixed term.** This task only asked for lists so no explanation was required for these items; consequently no further marks were awarded to those candidates also providing definitions.

(b) Explanations of how contracts can be ended required a description of **resignation, redundancy, dismissal, mutual agreement and/or end of contract.** Answers simply listing the different methods of ending contracts were only awarded basic marks. More marks were awarded to those candidates that provided comprehensive explanations of each method of ending contracts and most candidates achieved some marks at this level.

(c) Very many candidates incorrectly chose to describe the activities involved in both the **recruitment** and **selection** process even though the task clearly only asked for a **selection** process. Answers relating to the recruitment process were therefore ignored. Pass marks only were awarded where candidates merely provided lists of the general process of **letters of application, CV's, application forms, references, tests and interviews.** Additional marks were awarded for the quality of the explanation of each item. Highest marks were awarded where the candidate applied their knowledge and made some reference to the selection practice suited to the Retail industry (e.g. practical customer service tests).

Task 4

(a) The four methods for monitoring and measuring work should have included items such as **targets; standards; key competencies; appraisal system.** Many candidates gained all four marks on this question. This task only asked for lists so no explanation was required for these items; consequently no further marks were awarded to those candidates also providing definitions.

(b) Candidates were generally able to quote the relevant section on problem solving systems for a Pass mark or explain **discipline and grievance procedures** in general terms. Merit level marks were awarded for detailed explanations of the stages in each procedure and highest marks were given to those candidates able to suggest which levels of management staff should be involved at various stages of the procedures and linking their answer to the retail industry.

(c) A number of candidates provided similar answers to this task as for part **(b)**, it should be apparent that consecutive tasks are unlikely to be on the same topic. The weakest Pass level answers listed the systems or concentrated on one or two particular system e.g. **works councils, worker directors, committees**. Better Pass level answers also made reference to the quote from the case study and candidates providing examples of how JUANMART could benefit - **exchange of ideas, better links between workers and managers, greater understanding and trust,** gained marks at Merit level. A few very able candidates expanded their answers to other benefits such as **less disputes, a more satisfied and productive workforce providing better customer service to shoppers.**

Task 5

(a) Again a well answered task and virtually all candidates were able to list four fringe benefits. Acceptable answers included **subsidised food, health care, staff discounts, cheap loans.** Company cars and accommodation were not accepted as these would be unlikely to be offered to part-time shop staff. A significant number of candidates also selected **bonuses** which were not accepted as being a fringe benefit.

(b) Most candidates identified ***wages*, *payment by results and pensions*** as being the methods of payment for workers at JUANMART. Higher marks were awarded where candidates provided clear explanations including reference to the relevant quote from the case study. Most candidates were able to obtain a least a Pass mark on this question.

(c) Candidates were required to explain what **motivation** is or list/explain **motivational theories** as a basic requirement. Pass level candidates explained that the shop staff lacked motivation, with reference to the quote in the case study. At the Merit band candidates also explained why these factors **demotivate** staff and a good number were able to link their answer to motivational theories. A small number of candidates added to this by identifying the **implications for JUANMART of having demotivated staff** and recognising the practical implications for the retail trade**.** It did appear as though a significant number of candidates had a good understanding of this topic but had not allocated sufficient time to answer the task as fully as they were able.

BUSINESS STANDARD LEVEL

Paper 8928/5169

Business Organisation and Environment

Key messages

The following bullet points **summarise** the advice teachers and invigilators should give to their candidates:

(a) They should:

- **read and make sure that the Examiner's instructions are clearly understood;**
- focus on the essentials of each task or question;
- **relate the length of the reply to the number of marks available for that question, we have seen too many candidates write long answers to early tasks on the paper and then run out of time before the end of the paper;**

(b) They should NOT:

- **copy out the tasks or questions; this is still seen in a few cases and leads to candidates running out of time**
- wrongly number the tasks or part-tasks;
- include irrelevancies i.e. demonstrating knowledge that is not called for. This problem will be minimised if the **candidates read the task carefully**

Other points to bear in mind include:

(i) The invigilator must emphasise that 15 minutes' reading time is provided in order to help candidates become acquainted with the contents of the examination paper.

(ii) **An expectation of the case study is that candidates will respond in the appropriate context**. This means that, unless the task calls for the rehearsal of general business knowledge, answers should be clearly related to the case study. Too many responses are generic and so ***marks are often lost because the context is disregarded.*** It is not enough to display knowledge and teachers should ensure that their candidates understand the importance of context.

(iii) Candidates must appreciate that **a *short and focused answer*** is preferable to one that is lengthy and offers little substance. At no point in the examination paper are candidates required to submit detailed essay-type answers, but they must write a sufficiency of detail to demonstrate to the Examiner that they understand the tasks.

(iv) Candidates are mostly asked to describe or explain, and a typical failing is an insufficiency of description or explanation. Bullet points will usually **not** earn good marks.

(v) The majority of candidates sit the examination in a second language and incorrect spelling and grammatical errors do **not** result in the deduction of marks. The demonstration of business knowledge is much more important than the quality of written language. The Examiner must be able to understand the answers and cannot be expected to guess the candidate's meaning and intention.

(vi) Unclear or untidy scripts can present Examiners with unnecessary difficulties. No marks are deducted from scripts where candidates ignored advice about, for example, leaving margins clear, or starting each task on a separate sheet of paper, *but teachers* and candidates must acknowledge that these instructions have a purpose.

General comments

Teachers are strongly advised to address the subject of **examination technique** when preparing their candidates for the examinations. It remains a concern to Examiners and may inhibit the award of higher marks for many candidates.

Comments on specific tasks

The case concerned Wang and Choo Jewellry Ltd (WCJ) a retailer of jewellery products who also designed some of the jewellery that they sold.

Task 1

(a) This task was looking for the reactions that WCJ should have to the drop in demand caused by a recession. Reducing costs, reducing prices and focusing on gaps in the market were good answers and were widely seen.

(b) The task asked for advantages of a Limited Company compared with a Partnership. Limited liability was often seen, as was ease of continuity and ease of raising capital.

(c) Bank overdrafts were usually understood. The reason they are used was too often described as a general financial need, such as the purchase of long term assets, instead of specifically to cover temporary shortages of working capital.

(d) Basic bookkeeping was included in the syllabus but most candidates were not familiar with the main books of account entry such as the cash book, sales book and various ledgers.

It should be noted that as from 2013 this part of the syllabus has been changed, with basic knowledge of the Profit & Loss Account replacing basic book-keeping.

Task 2

(a) The need for supervisors to work shifts was widely stated as was the difficulty of staff often reporting to different Supervisors. This would make performance evaluation of the staff particularly difficult.

(b) (i) Channels of communication were generally well described as the route by which a message is communicated, and it was recognised that this route usually followed the hierarchical structure.

(ii) Staff are set targets to motivate them and also to provide a benchmark against which to measure their performance. Many candidates recognised that the targets would be linked to the overall objectives of WCJ although the link to motivation was not so widely seen.

(c) The skills of the two principals complement each other and cover the full range of business needs, thus reducing the need to employ expensive skilled staff. Too many candidates copied straight from the case study without offering any of their own comments or conclusions.

(d) While candidates generally understood a formal hierarchical structure, they need to link it to the specific case of WCJ, and this lack of context hampered candidates obtaining higher marks.

Task 3

(a) Non-financial incentives include promotion, holidays and some fringe benefits. This was generally well answered although some candidates included financial benefits such as bonuses.

(b) A well answered task with the lower costs of part-time staff and the flexibility provided by them seen as major advantages.

(c) This task was awarded many high marks as candidates widely understood the importance of loyalty with its need to support the ethics and objectives of WCJ. The team working skills and the need to follow codes of conduct, such as a dress code, were also well presented.

(d) Many candidates understood the advantages of trade union or staff association membership, such as negotiating on behalf of employees or representing them in grievance or disciplinary proceedings. Some candidates missed out on higher marks awarded when putting their answer into the context of WCJ.

Task 4

(a) Survival of the business, when faced with a drop in demand, should become an important objective. This was not often seen, although reduction in costs and reduction in prices were seen but not always set out as a corporate objective. Some objectives given such as 'make a profit' would be general business objectives, not ones to cope with a recession.

(b) A generally well answered task with many candidates realising that the concentration of stores would increase foot traffic. Marketing for the shopping centre as a whole would also increase foot traffic.

(c) (i) The main effect would be a reduction in the amount of money WCJ could retain to finance future growth, or could pay out in dividends to its shareholders. Many candidates stated that WCJ would have to increase prices to pay the tax, not understanding that the increase would only affect the business if they were successful and therefore profitable.

(ii) This was well answered with the negative effects of competition being described well, although the positive effects were not so widely seen.

(d) Technological changes in the areas of manufacture, communication and record-keeping were all seen but again not always described in the context of WCJ.

Task 5

(a) Advertising methods such as television, magazines and newspapers were often listed. The description was not always very full.

(b) The advantages of marketing were well understood but not well applied to the exclusive jewellery. The advantage this gave WCJ over their competitors and the ability to charge a higher price were not realised by many candidates.

(c) Again context was left out by many candidates. Better candidates realised the importance of market research to finding the wants of their customers. The problems with stocking products that their customers did not want could have led to losing customers, and having to discount in order to move unpopular stock.

(d) Well answered with many candidates realising that, with a luxury product, price is not as important as design. The unique products designed by Lily would be important, as customers would not have identical products available elsewhere with which they could compare price.