BUSINESS (ADVANCED LEVEL)

Paper 8929/5172
Effective Business Communication

Key Messages

- Examiners felt that the standard of answers to the tasks had improved this year. For candidates to achieve a distinction grade reference to the case study must be referred to in their answers.

General Comments

The tasks on the paper were fair, clear and unambiguous. It was felt that performance, apart from the letter and planning for an interview as the interviewee, had improved this session. The syllabus has been clearly covered by the majority of candidates. However the letter is still very weak in terms of layout and content. **Task 5** was well answered and this supported some candidates in achieving a higher grade.

Comments on Specific Tasks

Task 1

(a) Many candidates identified 'consequences' rather than 'causes'.

(b) Generally well answered. Candidates were able to identify three one way methods of communication and three two way methods.

(c) Many candidates were able to list at least three criteria for evaluating website effectiveness.

Task 2

(a) Letter Layout-there were some attempts to draw a logo but the address on the letterhead and that of the addressee were not realistic and not in the context of the case study.

The salutation and the complementary close in most cases did not correspond and the signatory was incorrect and not in context.

Letter Content-the date was often not in context

(b) The majority of candidates were able to gain maximum marks for this task.

(c) Candidates were able to list five components of a business report.

Task 3

(a) The majority of candidates did understand this task on rules which groups comply with if they wish to be successful.

(b) There were only a few candidates who did not recognise the factors affecting virtual groups.

(c) The majority of candidates were able to list four common elements of a meeting.

Task 4

(a) This task asked for a description of the purpose of a business interview. Many candidates related their answer to a selection interview.

(b) Many candidates did not read the task or assumed that the task was asking for preparation for a selection interview by the company or the interviewer. The task was asking for preparation by the interviewee. Those candidates who answered the task correctly did well.

(c) Candidates were able to list four types of interview other than recruitment and selection interviews.

Task 5

(a) Candidates were able to name four types of graphs and give a description but some candidates were not able to relate their answers to the case study and financial figures.

(b) The majority of candidates were able to explain what a flow chart is.

(c) Candidates were able to achieve four marks for this last task on PowerPoint.

BUSINESS (ADVANCED LEVEL)

Paper 8929/5173
Business Finance

Key Messages

- Candidates need to be reminded of the need to answer the question that has been set rather than the question that they hoped to see. A failure to provide a relevant answer will result in lower marks and Centres are urged to provide their candidates with more instruction in answering the particular question.
- Candidates should be encouraged to study the mark allocations carefully as this provides guidance as to how long they should spend on their answers.

General Comments

Overall the performance of the candidates who sat the October 2013 examination appeared to be similar to that seen in previous examination sessions. The majority of candidates appear to have good knowledge of the subject and they appear to understand what is required in order to be successful. There was clear evidence that the majority of candidates had managed their time well and had attempted all parts of all of the tasks.

However, Centres and candidates are once more reminded of the need to provide a formula when undertaking numerical tasks that require a calculation as a failure to do so can result in the loss of marks should their solution prove to be wrong. Candidates should provide evidence of their workings as this will contribute to their overall marks.

Centres and candidates are reminded of the need for precision when defining terms as vague responses will only attract low marks.

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 and if the answer requires illustrative examples to be included then they must appear in the answers.

Comments on Specific Tasks

Task 1

(a) Most candidates provided reasonable answers to this task with relevant discussion of the merits of using an overdraft facility rather than a loan agreement.

(b) The answers provided by the majority of candidates were good with clear and relevant discussion of the benefits that would accrue to the business. Weaker candidates tended to concentrate on the benefits that the individuals would receive rather than the business, reflecting the fact that they had not really read the question.

(c) The answers provided to this task were rather disappointing, mostly because they were too short. The task required that candidates discuss both objectives and provide an explanation as to why there could be a conflict between them. The mark allocation, (6), should have indicated to candidates that they needed to provide comprehensive discussion and Centres are urged to encourage future candidates to carefully study the mark allocations to ensure that they are capable of achieving higher marks.

(d) The answers to both parts of this task were good with most candidates clearly aware of how budgetary control and variance analysis is used to enhance business performance.

(e) The answers to this task were quite patchy. Most candidates were clearly aware of what is involved in limited liability but very few candidates could provide an explanation of an ultra vires audit. Centres are urged to address this knowledge gap for the benefit of future candidates.

Task 2

(a) It was pleasing to see that the majority of candidates were aware of the nature of a balance sheet and that they could produce a correctly formatted document.

(b) (i) Again it was pleasing to note that candidates had sound knowledge of the distinction between internal and external users of accounts.

(ii) This part of the task was not answered particularly well with few candidates achieving full marks. Some candidates lost marks simply because they did not identify different ratios that would be of interest to different users. If candidates wish to use a given ratio for different users they do need to provide an explanation as to how each user would employ that ratio.

Task 3

(a) The answers to this task were rather weak. Most candidates could provide relevant discussion of the legal formalities but fewer candidates could provide clear explanation of the financial formalities. In addition, some candidates entered into a discussion of the formation of a public limited company which was not strictly relevant to the task.

(b) (i) The answers to this task were generally good with most candidates capable of providing relevant advantages/disadvantages. However, there was, again, some confusion regarding the sale of shareholdings to the general public

(ii) This part of the task was answers well with most candidates giving a relevant financial advantage.

(c) The answers to this task were inconsistent. Most candidates could provide relevant answers to two of the methods of finance but few could address all three methods. There appeared to be some confusion as to how preference shares differed from ordinary shares.

Task 4

(a) This part of the task was answered well with candidates clearly aware of the nature of overhead costs and most candidates provided two relevant examples.

(b) (i) This part of the task was answered well with candidates clearly aware of how to allocate the overhead costs. Most candidates also provided a relevant formula at the beginning of their answers which ensured that they achieved some marks even if their calculations were incorrect.

(ii) This part of the task was answered well with candidates clearly aware of how to allocate the overhead costs. Most candidates also provided a relevant formula at the beginning of their answers which ensured that they achieved some marks even if their calculations were incorrect.

(c) The answers to this part of the task were patchy with many candidates providing vague statements of the benefits of a cost-centred approach. Candidates needed to stress the abilities to have greater control over costs to achieve the higher order marks.

Task 5

(a) The answers to this part of the task were inconsistent with many candidates providing vague reasons why depreciation of fixed assets is desirable.

(b) This part of the task was answered well with candidates clearly aware of the different methods of depreciating assets. The better candidates scored full marks because they provide short worked examples/formulae to show the differences between the chosen methods.

(c) The answers to this part of the task were weak with many candidates only providing vague factors that should be taken into account. In many cases, candidates tended to repeat their answers to part **(a)**, which was not really relevant.

(d) The answers to this part of the task were patchy with most candidates failing to explain how depreciation is treated in each of the year-end statements i.e. the balance sheet, the income statement and the cash flow statement.

BUSINESS (ADVANCED LEVEL)

Paper 8929/5174
Marketing

Key Messages

- Some candidates would still be advised to learn the whole of the syllabus in more depth before taking this examination, so that they can answer more correctly and appropriately for the situation described.

General Comments

There are mixed results 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. Some candidates were able to give very good answers indeed, and demonstrated strong understanding. The topic areas of research and the marketing mix were answered well once again. This appears to be an area of the syllabus that candidates know well.

The specifics of each task for this paper are detailed in the section that follows.

Comments on Specific Tasks

Task 1

(a) This first part of this task looked for candidates to explain why it is important to put the customer at the centre of all of a company's activities, specifically from a marketing perspective. Most candidates did this part of the task well.

(b) This part of the task proved more difficult to some candidates. Marks were available for explanations of how **three** marketing responsibilities contribute to a company's objectives. There are many responsibilities and any would have been acceptable as long as they were explained and also linked to meeting the company's objectives. In some cases, candidates simply listed three responsibilities with no further explanation. While this attracted three of the available 15 marks (1 for each responsibility), this should have been expanded with an explanation for two more marks for each, and then candidates should have explained how each would contribute to the organisation's goals.

For example –

(i) One responsibility of the marketing department is to **develop new products.** (1 mark) In the case of Amir's Office Supplies this could involve going through a process to decide what new stationery products should be added to the range. The new product development process involves the following stages:

Idea generation
Idea screening
Business analysis
Product development
Testing
Commercialisation and launch (2 marks)
This will contribute to business objectives by providing well-researched new products that meet customers' needs and also contribute to profitability. (2 marks)
This would then need to be repeated for two more responsibilities.

Task 2

This task was about marketing research and was generally done very well, with a number of candidates achieving full marks.

The first part of the task required a direct link to the content of the case study. Candidates needed to select an area for research that was relevant to Amir's Office Supplies plans. There were four key areas that were relevant, and full marks required three of these areas to be identified and explained. Candidates that selected areas for research that were general were able to gain low marks, but for full marks were only given to those who selected three of the following – new market entry competitor information, new market entry customer information, information to support the marketing audit (for example, PEST analysis) or new opportunities for communications or ordering through new technology.

The second part of this task was generally very well done, with most candidates able to identify two sources of secondary research that were relevant, and two forms of primary research that could be used.

Task 3

This task explored segmentation and buying behaviour that was relevant to the Case Study.

(a) A few candidates only were able to identify the categories of organisational buying as straight rebuy, modified rebuy and new buy. The fact that Amir's Office Supplies operated in organisational markets was stated in the question. Candidates needed to know this fact from the syllabus to gain the marks.

(b) Many candidates were able to describe each stage of the buying decision making process that applies to business-to-business (organisational) markets. This was encouraging. A few made the mistake of outlining the business to consumer process, and so were unable to gain full marks.

(c) Most candidates can define segmentation and so gained full marks.

Task 4

(a) This first part of the task was generally done well, with most candidates explaining what the PEST factors are, and identifying relevant factors from the Case Study.

(b) The quality of answers to this part of the task varied greatly. Some candidates were able to identify the elements of SMART that were missing from the examples of objectives in the task.

(c) There were quite a number of candidates that were unable to answer this part of the task that asked for examples of two control mechanisms that could be used in the marketing plan. Suitable examples included customer satisfaction, gaining market share, measures of sales volume. Candidates need to learn a range of control mechanisms or key performance indicators and then apply relevant ones in answering a task.

Task 5

It is pleasing to report that the first part of this task was approached very well, and many candidates achieved high marks for both their descriptions of a contextualised marketing mix for the range of office supplies. Candidates should be reminded to do more than just describe the elements of the marketing mix in a generic way (part **(a)**).

The second part of the task appeared to be slightly more of a challenge, although many candidates were able to identify the fact that the promotional element of the mix could be improved through digital communications tools.

BUSINESS (ADVANCED LEVEL)

Paper 8929/5175
Human Resource Management

Key Messages

- It is acceptable to use bullet point format in answers providing candidates recognise that all bullet point items have to be fully justified and not simply lists. Detailed essay-type answers are not always required but candidates must write in enough detail to demonstrate to the Examiner that they understand the tasks.

- There is strong evidence that many candidates need more guidance on examination technique. The more able candidates were those that showed good examination technique and also allocated sufficient time to answering each task.

General Comments

Previous attempts by candidates at this paper have only produced small numbers of good standard answers. Candidates at Advanced level should understand that repeating subject knowledge learnt in class is rarely sufficient to gain more than minimum Pass marks. Advanced level candidates should be able to analyse the case study in order to provide relevant, practical evaluations in their answers. In order to make this clear for candidates the layout of the paper followed the same style as the last session and tasks were broken into sub-tasks so that candidates could apply their general subject knowledge in the first part of the task and then apply this knowledge to the case study in the subsequent parts of the tasks.

A very simple business organisation was chosen for the case study and it did appear to be one that many candidates could relate to. Whilst many candidates were able to show evidence of applying knowledge and interpretation there were still a significant number of candidates with very poor understanding of the subject who achieved less than 20% of marks. The Standard level paper would have been a better choice for very many of the candidates sitting this paper.

Many candidates provided their fullest answers to Tasks **1** and **2** and these candidates then frequently produced much shorter and less detailed answers for Tasks **4** and **5**. This would suggest that this was due to poor allocation of examination time as the topics assessed in Tasks **4** and **5** are generally the most popular amongst candidates.

Those candidates gaining higher level marks submitted answers that referred to the case study and demonstrated skills in analysis and application of knowledge. Providing generic examples in answers shows knowledge sufficient for a Pass level mark but Advanced level candidates are expected to be able to interpret their knowledge and apply it to new specific case study situations for higher level marks. Distinction answers showed that the candidate was able to understand the tasks and apply their knowledge by ensuring that responses were clearly linked to the case study. The most able candidates will also end their answer with a conclusion summarising their answer and making recommendations where appropriate. Teachers should ensure that their candidates understand the importance of context.

Comments on Specific Tasks

Task 1

(a) In part **(i)** many candidates were able to list the items in both the Operational and Strategic purposes of HRM; **Operational**: providing and deploying the right mix of skills, knowledge and experience; controlling the costs of employment; maintaining systems for motivating and developing individuals; replenishing human resources **Strategic**: contributing specialist expertise to medium and long term development (future); creating the ability to react to change; handling growth efficiently. Full marks were only awarded to candidates who fully explained each item but most candidates gained some marks in this part.

Part **(ii)** and **(iii)** of this task required candidates to provide examples of both Operational and Strategic purposes relevant to GME, the business in the case study. Good answers quoted **Operational**: right mix of skills – employing skilled miners; controlling costs - recruiting trained miners, using short term contracts; systems for motivating – payment and fringe benefits; replenishing human resources – using local agents. **Strategic**: medium and long term development – planning future employment needs in new countries; ability to react to change – planning of employment requirements, training needs; handling growth efficiently – planning training needs, recruitment of unskilled miners. A small number of well prepared candidates were able to provide suitable answers so the task did differentiate between the abilities of candidates.

(b) Candidates were asked to explain how HRM has developed into its current form. Full marks were awarded to answers that described the development of HRM; as a welfare activity, as a workforce centred activity, mediating between the organisation and its employees, as a management centred activity, supplying the organisation with the many types of resources which it needs to operate effectively. Candidates often had some awareness of the development but many answers were simply lists.

Task 2

(a) Candidates were expected to describe how technical change influences HRM at GME for part **(i)**. Candidates were required to provide answers that explained the creation of the need for new skills, implications for career development, implications for training, continuing professional development and lifelong learning, threat of redundancy, how work is organized. Most candidates could explain some of the factors but many answers were provided as bullet point lists. Answers for part **(ii)** were generally much better and the majority of candidates identified the main features of the employment market as Primary sector, male, young, healthy, full-time, skilled and regional. Distinction candidates also described how legislation on equal opportunities would be unlikely to apply in this industry due to the strenuous and potentially dangerous working conditions.

(b) This task asked candidates to explain what role other organisations would have with GME. Very many candidates explained some of the factors such as offering specialist local knowledge/experience; ensuring safe practices are followed; protecting employees rights/safety; negotiating with government agencies; recruiting employees. Many candidates only provided partial answers by referring to the role of just government agencies or just trade unions.

(c) Candidates were asked to explain how legislation relating to HRM could affect GME. Some basic marks were awarded to candidates who listed the relevant areas of legislation such as equal opportunities, health and safety, minimum wages, employment protection and maternity leave. A few candidates were able to explain how the relevant laws would affect GME but the very well prepared candidates also added the problems associated with the mining industry and also with GME operating in many different countries all with their own legislation.

Task 3

(a) Part **(i)** required candidates to describe different types of employment contracts. This was well answered and most candidates described contracts that were Permanent; fixed term; temporary; part-time; contracts for specific tasks, jobs or services. Full marks were only awarded for descriptions and not for answers that were lists. Part **(ii)** was an extension of this task and required candidates to recommend the most suitable contract for GME. Candidates usually gained some marks for recommending fixed term or full time, higher marks were awarded to candidates who also provided a justification for their choice and the Distinction level candidates often provided explanations as to why each type of contract was or was not suitable for GME.

(b) Candidates were required to describe the different ways of ending contracts in part **(i)**; resignation, retirement, redundancy, dismissal, mutual agreement, end of fixed term contract. Very many candidates simply provided lists of different ways of ending contracts in their answers so only gained some of the available marks. Better prepared candidates were able to provide some description for each type so gained full marks in this task. In Part **(ii)** candidates were required to explain the procedure GME should use to end contracts for staff caught stealing. Many candidates gave some explanation of the dismissal procedure but often candidates gained only one mark by simply stating dismissal.

Task 4

(a) This task clearly identified those candidates who had received reasonable preparation. These candidates were able to list working patterns for part **(i)** such as day work, shift systems, flexitime, working at home and casual employment and the most able also added suitable explanations as required by the task. Poorly prepared candidates were confused by this task and often gained no marks. As part **(ii)** required candidates to describe how effective each working pattern would be for GME the marks awarded tended to reflect the level of understanding shown for part **(i)**.

(b) Candidates simply had to describe how a grievance procedure could operate at GME. Candidates could provide general explanations not applied to GME by simply stating the usual stages in such a procedure; initial discussion with line manager/Supervisor; if not resolved then discussed with higher level manager; formal written document available to all employees, may be formal investigation; should be conducted in an open and fair manner. Answers to this task were also weak and it may be that candidates had not allocated sufficient time to answer this task.

(c) In this task candidates were asked to provide examples of suitable standards, targets, key accountabilities and key competences for GME. Candidates were often able to provide general explanations of each term but only the better candidates answered the task properly by providing examples: Standards – amount of work miner should be capable of achieving, physical strength required; targets – agreed amount of material to be mined, hours worked per week; key accountabilities - main responsibilities of each miner (safety of others), duties as team member; key competences –skills using machinery, knowledge of safe working procedures.

Task 5

(a) Part **(i)** of this task required candidates to explain the most appropriate methods of financial payment for GME; Salaries/ wages/ annualised hours;– does not encourage teams to work towards targets; fixed rates – paid per hour not productivity; piece-work/payment by results/ productivity bonuses – best method for meeting targets; profit-sharing schemes – possibly suitable but long term benefit; share option schemes/pensions – not suitable as short term employment. Part **(ii)** was similar but required candidates to evaluate which fringe benefits would be most useful at GME: Subsidised food and accommodation – mines unlikely to be near workers home town; health care – work is dangerous and high risk of injury; social activities – miners likely to be away from family; Holidays – opportunity to return home; cheap loans – doubtful as limited time to repay loan; discounts on company products – miners unlikely to want minerals; company cars – unlikely as too expensive for this type of worker. Many candidates gained some marks for providing answers of a general nature but the better candidates achieved higher marks by making their answers specific to the nature of work at GME.

(b) Candidates often misunderstood or were unable to explain the main objectives in providing training and development. A number of candidates incorrectly described the different methods of training and only very capable candidates were able to explain objectives such as to avoid individual versus organisation attitudes; to meet training needs analysis; to ensure line managers can meet their responsibilities; to provide induction training; use of external trainers for new concepts; to maintain continuing professional development; to meet government supported initiatives. This task proved difficult for most candidates.

(c) In the final task candidates were asked to describe how the nature of work in the mines contributes to motivation. Many candidates had clearer not allocated sufficient time to answer this task fully and other candidates often provided general answers. The best prepared candidates did understand the difficult nature of the work in mining and described the difficulties in motivating workers such as; Working conditions will be poor and dirty; job satisfaction difficult as work is very physical and tiring; promotion prospects may exist; working relationships will be very important as team working; recognition of achievement if meeting targets; limited variety of work; level of responsibility; leadership style.

BUSINESS (ADVANCED LEVEL)

Paper 8929/5179

Business Organisation and Environment

Key Messages

- The paper consists of a case study and a series of tasks which should be answered based upon the knowledge acquired in studying the syllabus, and applied wherever possible to the case study.

General Comments

Addressing the subject of *examination technique* is a vital part of any candidate's examination preparation process. Teachers are advised that previous examination papers and the Principal Examiner's reports are readily available and it is recommended that they are used as resource material during the important revision period.

Points to bear in mind include:

(i) Candidates must not underestimate the importance of *time management*. An examination will clearly put candidates under pressure but they need to be instructed on how to pace themselves and not panic because of the time constraint**. Some candidates are still copying out the task at the start of their answer; this is not necessary and often leads to the candidate not having time to answer all tasks.**

(ii) Candidates are expected to read both the case study and the accompanying tasks **carefully** in order to understand precisely what they are required to do**. All too often, candidates fail to do justice to themselves simply because they either misread or fail to understand a task.**

(iii) *The purpose of having the case study is to expect candidates' responses to be made in the appropriate context.* This means that responses *should, where appropriate, be clearly related to the case study*. *Marks are often lost if the context is disregarded*. It is not enough to display knowledge; it needs to be applied to the case study. *Context is important!*

(iv) Candidates must be advised that a succinct and focused answer is preferable to one that is lengthy and offers little substance

(v) **Bullet points should not be used** as they often result in brief answers with no description or explanation.

(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.*

(vii) The majority of candidates undertake the examination in a second language. *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.

Comments on Specific Tasks

The case concerned Sharif Books Ltd (SBL), a book publisher based in Egypt.

Task 1

(a) Medium term objectives included increasing market share, introduction of e-books, obtaining further Arabic rights to foreign authors and publishing more first novels from Egyptian authors. It was disappointing to see candidates include profitability objectives which were specifically excluded by the task.

(b) The calculations were:

Working Capital is \$1,200,000 - \$800,000 = \$400,000.

$$\text{Current Ratio is } \frac{\$1,200,000}{\$800,000} = 1.5 : 1 \text{ or } 3 : 2$$

These calculations have been in the syllabus for over a year and it was disappointing that many candidates offered no solution to this task.

(c) Ploughed back profits, bank loans and leases would all be suitable sources of finance. Short term sources such as overdrafts or trade credit were not allowed.

(d) To start e-book publishing will require an investment in technology. It will also require some specialised staff and market research to determine the format. Many candidates realised the technology and staff needs.

Task 2

(a) While some candidates gave good explanations of a matrix structure and why it would be effective, others offered only a vague description which could be applied to other types of organisation structure. A matrix structure brings together people with specialist skills to work as a team on a project. A new book would involve specialists in, for example, editing and marketing.

(b) Flexitime was not widely understood with many candidates confusing it with part-time. The task asked for the advantages and disadvantages to SBL but many gave the effects on the employees. Advantages included the improvement to staff motivation because of their ability to arrange their schedule around other commitments. A disadvantage to SBL is that scheduling meetings would be more difficult because of staff being at work at different times.

(c) This was a well answered task with many candidates obtaining near maximum marks. Some, however, did not give a stakeholder with a negative reaction, such as a competitor, which was asked for in the task.

(d) Formal communication takes place through channels approved by authorities, while informal communication, often about the same subject, usually take the form of casual discussions with no agenda or notes taken.

Task 3

(a) Bonuses motivate employees as long as they are perceived to be fair. Team-based bonus schemes will encourage teamwork and the better employees will encourage and lead the weaker employees. This means that productivity should improve for SBL.

(b) This task asked for the advantages and disadvantages to the operator but many gave the effects on SBL. Advantages to the operator included the machine being quicker and so the operator could reach bonuses easier. However the operator may not like the changes to his routine, and the necessary initial training may seem daunting.

(c) A laissez-faire leadership style allows subordinates considerable freedom to make decisions. Broad limits would be set and, as long as good results were seen, the managers would have very little supervision. Most managers would be effective in this environment but weaker or inexperienced managers would struggle. Many candidates knew what a laissez-faire manager was but were unsure of the effects on the senior managers in this particular context.

(d) Generally a task that was answered successfully. Most realised that on-the-job training would be more relevant and cheaper than sending employees on courses. The cost in lost production time of the trainer was a widely quoted disadvantage as was the variable quality of the training.

Task 4

(a) Most candidates did not know the role of a trade association such as that in the case study. They provide specialist advisers to look at the problems of individual members and the industry as a whole. SBL can also meet their competitors in a more social setting and often resolve disputes between them. The trade association will also carry out market research which will be available to all members.

(b) The effect of higher interest rates on the expenses of SBL was usually understood, but the effect on the exchange rate for an exporter like SBL was rarely mentioned. The effect on the disposable income of its customers was only occasionally given.

(c) A well answered task with most candidates pointing to the dangers to SBL of such an accusation with its legal and public relations consequences.

(d) Advantages included the lower cost of the suburban land and the easier transport of the bulky books from the suburban site. Disadvantages included difficult communications and supervision difficulties of the remote site.

Task 5

(a) Practical pricing methods include cost-plus, market-orientated including penetration pricing and competition based pricing. Skimming and destroyer pricing were not considered practical in SBL's circumstances.

(b) Practical promotional methods included advertisements in trade and consumer magazines, incentives to wholesalers and public appearances by authors around the publication date. Some candidates mentioned TV advertising which is very expensive and probably beyond the promotion budget.

(c) The distribution would be via the Internet and would therefore be free and instantaneous. Marketing could also be carried out on the website and payment to search engines would allow consumers to find the books easily. The saving in transport alone would be considerable.

(d) Due to cost factors, most of the market research would have to be secondary research. This could involve examining the catalogues of competitors as well as research carried out by the trade association. Some primary research on wholesalers and book shop owners could be carried out. Many candidates suggested primary research on consumers by way of surveys, but this would be a very expensive form of research.